

33. The industry has resumed partial operation on the basis of the SC&P authorization to produce 1,500 trucks a month. A number of problems are faced, including shortages of raw materials and lack of housing, food and transportation for workers. As a result the authorized total of trucks is not being manufactured.

Toyota produced 149 trucks in September and 511 in October. During these months Diesel was doing mainly truck repair, while Nissan was not in production. Planned production per month is as follows:

	<u>Toyota</u>	<u>Nissan</u>	<u>Diesel</u>
November	600	50	50
December	800	100	100
January through March (3 months total)	1500	500	500

Nissan is in the poorest condition of the three and will require some time for the reorganization of both equipment and personnel. Both its own factories and those of its subcontractors suffered considerable damage during the war.

Railway Rolling Stock

34. The rolling stock situation has not changed materially during November. The Ministry of Transportation has announced parallel programs of construction and reclamation to solve the most critical shortages of railway equipment. A more careful accounting of existing stocks has been made during the past month.

35. Plans for new construction for the year ending September 1946 are as follows:

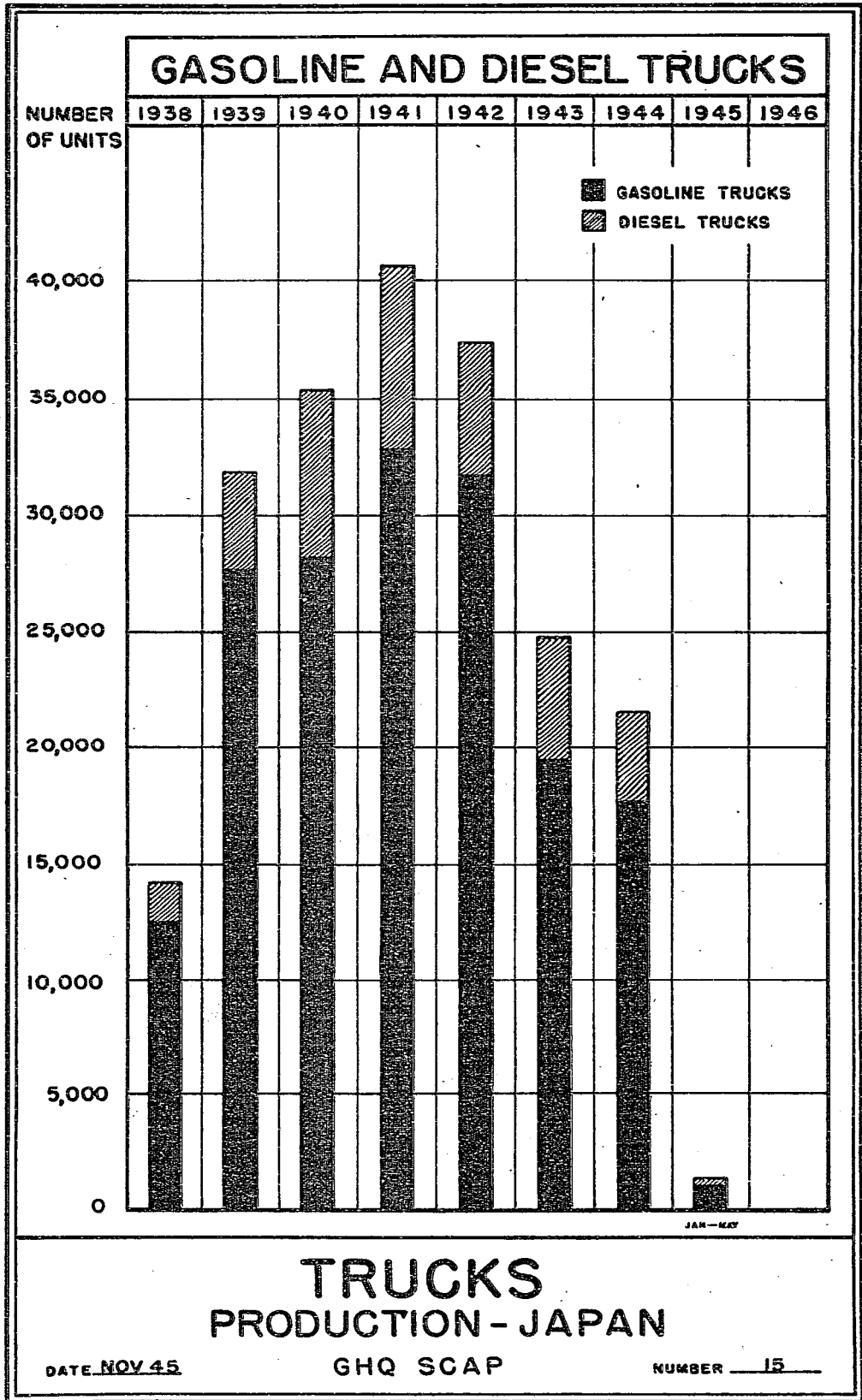
	<u>Government Railway</u>	<u>Private Railway</u>	<u>Total</u>
Steam Locomotive	310	50	360
Electric Locomotive	86	14	100
Passenger and Electric Car	1,200	440	1,640
Freight Car	2,400	205	2,605

Railway officials hope to obtain 60,000 to 70,000 tons of duralumin from the aircraft industry to produce light weight high speed cars of a new design. Working models of the new type are already under construction.

36. Worn and damaged units in critical categories such as petroleum tank cars and passenger cars are being repaired but the rate of return to service has fallen behind the total of shortages. Damaged workshops, scarcity of coal and difficulties in recruiting labor are the principal problems.

Shipbuilding

37. At the end of the war 122 steel ships totalling 372,530 gross tons were under construction. 49 of these vessels totalling 141,170 gross tons had been launched prior to the close of the war. Since that time eight ships aggregating 22,460 gross tons have been commissioned and five ships of 9,020 gross tons have been launched.



Permission has been granted to complete the construction in demilitarized status of ten escort craft and one mine layer for use in repatriation. The Japanese have prepared a program to build 65 new ships for a total of 211,000 gross tons.

Ship Repair

38. Two hundred twenty-six steel vessels of 354,351 gross tons were repaired in September and 258 ships of 503,837 gross tons in October. Many had suffered typhoon damage. The following table lists steel ships under repair at various dates:

	<u>Number</u>	<u>Gross Tons</u>
1 September	240	537,775
30 September	313	714,288
31 October	287	602,045
10 November	284	612,569
20 November	303	612,477

Shipyards

39. During October eight additional yards engaged in new ship construction went on a full 24-hour daily schedule, making 23 out of a total of 46 yards operating on that basis. Although working on a 24-hour schedule, none are operating at 100 percent of capacity. The other shipyards are handicapped by labor and housing shortages and by heavily mined harbors.

The 23 shipyards in full operation are the more important of the yards and do the bulk of the work. They are as follows:

<u>Name</u>	<u>Location</u>
Hakodate Dockyard	Hakodate
Ishikawajima Shipyard	Tokyo
Nihon Kokan	Tsurumi
Mitsubishi	Yokohama
Uraga Dockyard	Uraga
Nagoya Shipbuilding Co.	Nagoya
Kawasaki Shipbuilding Co.	Kobe
Mitsubishi	Kobe
Harima Shipyard	Aioi
Mitsui	Tamano
Urabe Tayama Works	Mukajima
Hitachi	Innoshima
Hitachi	Mukajima
Mitsubishi	Shimonoseki

<u>Name</u>	<u>Location</u>
Nihon Koka	Asane
Kasado Dockyard	Kasado
Kyushu	Wakamatsu
Hayashikane Heavy Industry	Hayashikane
Mitsubishi	Nagasaki
Kawanami	Koyakejima
Hashihama Dockyard	Hashihama
Tohoku Dockyard	Shiogama
Kawaminami	Fukahori

Wooden Ships

40. Japan has 548 yards with a total of 2,000 ways capable of building wooden coastal, fishing or related vessels. Seven hundred ways with a capacity of 70,000 gross tons of shipping at one time are in operation. The balance are handicapped by lack of machine shops, saws and labor accommodations and by a shortage of wood cutters. Most of the operating yards are engaged in repair work. Only 25 wooden ships over 100 gross tons in size and with a total of 4,350 gross tons were completed in the period from the end of the war through October. Four months is the average time required to build a wooden ship.

TEXTILES

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General

41. Preparations are being made for the reorganization of the Japan Textile Association in order to bring it into line with occupation policy toward control associations.

42. Figures supplied by the Textile Association the following capacities now existing in the main branches of the spinning and weaving industries:

	<u>Existing Capacity (No. of Spindles)</u>	<u>Work-able Rate</u>	<u>Workable Capacity</u>	<u>Annual Output per Unit in Pounds</u>	<u>Annual Output Thousand of Pounds</u>
Cotton and Staple Fibre	(2,712,694	95%)	Ctn S F 2,190,219 386,840	224 154	490,629 59,573
Rayon	212	72%	153	792,000	121,176
Staple Fibre	469	64%	300	---	237,600
Worsted	397,724	90%	351,951	80	28,636
Spun Silk	150,852	90%	135,766	40	5,431
Woolen (Cards)	425	90%	382	76,420	29,231
Flax	50,610	85%	43,018	410	17,637
China Grass	67,544	85%	57,412	360	20,668
Jute	17,616	85%	14,973	2,300	34,438
Others	98,084	85%	83,371	350	30,014
Manila (hand) (automatic)	883 3,028	35% 85%	750 2,574	83,350 13,224	62,475 34,039
Raw Silk	28,344 Basins (48,344 expected by Jan 1947)				13,200

	<u>Existing Capacity (No. of Looms)</u>	<u>Net Workable Rate</u>	<u>Net Workable Capacity Looms</u>	<u>Annual Production Thousand of Sq. Meters</u>
Cotton	102,280	85%	B-65,929 N-12,371	1,038,481 115,170
Staple Fibre	31,540	85%	B-20,019 N- 3,701	128,532 14,257
Silk	B- 9,526 N- 3,209	85% 85%	B- 8,097 N- 2,728	2,658 .618
Rayon	B-75,352 N-36,221	85% 85%	B-55,932 N-18,843	311,728 73,513
Worsted))	5,658	39,733
Woolen)- 10,400)	- 85%	3,182	33,251
Flax and China Grass	14,602	80%	11,682	136,416
Jute	590	80%	472	32,966
B-Broad	N- Narrow			

43. According to the figures of the Japan Textile Association, actual production during August, September and October was as follows:

(1) <u>Cotton and Staple Fibre</u>	<u>August</u>	<u>September</u>	<u>October</u>
Pure Cotton	5,030 bales	3,704 bales	3,950 bales
Mixed Yarn	403 bales	644 bales	501 bales
Staple Fibre	477 bales	421 bales	585 bales
Others	613 bales	583 bales	872 bales

1 Bale equals 400 pounds

(2) <u>Artificial Fibre</u>	<u>August</u>	<u>September</u>
Rayon Pulp	318 metric tons	600 metric tons
Rayon	158,102 lbs	67,170 lbs
Staple Fibre	477,627 lbs	410,280 lbs

(3) <u>Other Fibre Spinning and Processing</u>	<u>August</u> (lbs)	<u>September</u> (lbs)	<u>October</u> (lbs)
Pure Spun Silk	452	518	671
Mixed	48	41	32
Noil	125	151	183
Flax	146,000	101,500	122,800
Jute	425,000	467,000	446,000
Rope	7,550,000	7,405,200	7,260,000
Worsted	373,427	341,125	335,681
Woolen	1,570,826	1,562,440	1,571,927
	<u>August</u> (sq yds)	<u>September</u> (sq yds)	<u>October</u> (sq yds)
Spun Silk Fabrics	203,496	223,271	283,881
Woolen Fabrics	232,372	149,810	189,088
Hemp Fabrics	88,996	42,477	40,761
Cotton Fabrics	3,391,374	8,659,328	5,295,573
Rayon Fabrics	1,036,688	4,607,342	2,573,001
Silk Fabrics	4,472,603	4,612,251	4,103,507
Staple Fibre Fabrics	2,098,162	3,106,575	3,060,380
Regenerated Fabrics	224,963	371,972	4,103,235

	August (dozen)	September (dozen)	October (dozen)
Undershirts and drawers	41,170	52,080	47,800
Stockings	53,440	77,010	71,000
Gloves	84,330	22,380	12,200

Silk

44. The Japanese Government submitted on 1 November its plan for a new public agency for the silk industry to replace the control association that had been dissolved by SCAP order. Review of the plan by this Headquarters led to the withdrawal of the original program.

45. On 20 November representatives of the silk industry met to organize an association free from government participation and control. They plan to have their organization in complete order by 26 December so that legislation may be presented to complement their program. This will permit the new association to take over the functions of the government controlled Raw Silk Control Association.

46. All short-cut fibre previously frozen has been freed for domestic and export use. Permission has been given to complete all silk cloth in process pending analysis of finished goods for domestic or export release. The stock pile of raw silk is being tested for export at the rate of 300 bales a day. This rate will be increased in December so that the condition of the 46,000 bales will probably be determined by February 1946. This total consists of 36,000 bales which are being rechecked, 6,000 bales of previously untested yarn and 4,000 bale lots in packing cases.

Cotton

47. Production continues at the rate of about 10 percent of capacity. Although the estimate of raw cotton on hand has been raised from 91,000 to 100,000 piculs (1 picul equals 132 pounds), this stock is extremely low and is only a fraction of requirements. Lack of cotton is the primary problem of the industry; some manufacturers are slowing down production in order to stretch cotton stocks as far as possible and thus retain their labor. Other mills are reported to have reduced working hours because of difficulties of food supply for the workers. The cotton industry is also suffering from shortages of fuel, of starch for sizing, of repair parts and of other materials.

Rayon and Staple Fibre

48. Operations are currently at about 30 percent of capacity. The biggest problem is the shortage of salt to make caustic soda which is used in converting pulp into rayon or staple fibre material. The industry is further handicapped by shortages of coal, disulphide and other materials. A number of plants have been repairing or rebuilding their equipment despite the shortage of building materials.

Rope and Twine

49. Requirements both for immediate needs and on an annual basis are estimated as follows:

	<u>Immediate Needs</u> (Metric Tons)	<u>Annual Needs</u>
For Fishing	9,600	34,560
For Land Use	1,800	6,480
For Ships	<u>600</u>	<u>2,160</u>
Total	12,000	43,200

The spindles needed to supply immediate needs are estimated at 2,100 for rope and 300 for twine. Spindles available are respectively 2,465 and 311.

Dyeing and Finishing

50. This branch of the textile industry could produce about 50 percent of peacetime capacity if cloth and finishing and dyeing materials were available. Materials most urgently needed are textile dyes, coal, soap, soda and lubricants. The production of textile dyes amounted to 28,000 tons in 1939 of which 12,000 tons were exported. Production has declined to 10 percent of 1939, but the equipment is largely intact and could produce 25,000 tons a year if materials were available. Japanese dyes are the equal of foreign dyes in quality.

51. The Dyers and Finishers Association desires the repeal of the ordinance prohibiting the manufacture of luxury goods and permission to buy cloth for resale.

Textile Machinery

52. Production capacity is estimated as follows:

	<u>Spindles</u>	<u>Looms</u>
October 1945 to March 1946	150,000	5,000
April to September 1946	400,000	16,000
October to March 1947	600,000	30,000

Materials required to produce the above quantities are 500 tons of pig iron and 150 tons of steel for each 10,000 spindles and 300 tons of pig iron and 300 tons of steel for each 1,000 looms.

CONTROL ASSOCIATIONS

Dissolution Plans

53. The Ministry of Commerce and Industry has been directed to prepare plans for the orderly dissolution of control associations and control companies and for their replacement by public agencies to exercise necessary functions. Such plans have been submitted for the following industries: Electrical Machinery Production Control Association, Japan Raw Silk Control Association, Special Iron Manufacturers Association, Textile Control Association, Automobile Control Association, Meat Control Association, and Iron and Steel Control Association.

Dissolutions

54. The Japan Raw Silk Control Association was dissolved by SCAP order.

Approval has been given for the proposed repeal of the Petroleum Industry Law, Synthetic Oil Industry Law and the Petroleum Monopoly Law during the Special Session of the Diet in December.

55. The Heat Control Association has been dissolved. With the approval of this Headquarters necessary public functions have been transferred to the prefectural governments.

56. The National Financial Control Association (Zenkoku Kinyu Toseikai) has been dissolved and a plan for its liquidation approved.

OTHER MANUFACTURING

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Electrical Goods

57. Production of electrical equipment is limited and manufacturers have been slow in getting back into operation. Absenteeism on the part of the workers is one problem. The reason for the acute shortage of electric light bulbs is seen in the following table of production:

<u>Fiscal Year</u> <u>(April to 31 March)</u>	<u>Units</u>
1941/2	167,000,000
1942/3	152,000,000
1943/4	116,554,000
1944/5	45,742,000
April to September 1945	4,029,000

Chemicals

58. The industry is greatly handicapped by shortages of coal, raw materials and labor. The carbide industry is operating at about 30 percent of capacity; the soda industry is producing at only 10 percent of capacity due to the shortage of salt. Various companies have made preparations for resuming production, and a number of plants making ammonium sulphate, soda, and rubber products have made some progress in repairing air raid damage.

59. The present condition of the principal chemical factories based on information supplied by the Japanese Government is as follows:

<u>Product</u>	<u>Total No. of Factories</u>	<u>Operable at 50-100% per-damage Capacity</u>	<u>Operable at 0-50% Pre-damage Capacity</u>	<u>Net Operable</u>
Nitric Acid	10	5	4	1
Sulphuric Acid	73	45	15	12
Caustic Soda	35	26	6	3
Soda Ash	4	-	4	-
Ammonium Sulphate	14	7	6	1
Calcium Cyanamide	12	8	-	4
Calcium Carbide	33	27	-	6
Ethyl Alcohol	18	16	-	2
Glycerine	16	12	-	4
Industrial Explosives (privately owned plants only)	24	22	-	2
Dyestuffs	16	-	9	7
Hardened Oils and Fatty Acids	26	20	1	5
Soap	47	33	7	7
Celluloid	16	4	2	-
Benzol and Toluol	13	10	3	-
Drugs	643	16	470	157

For a few products (e.g. sulphuric acid) some factories include two or more plants making the product listed.

60. To meet the urgent need of explosives for coal mining, the Japanese Government has been authorized to manufacture 1,110 tons of dynamite and other mining explosives during the remainder of the year.

Synthetic Petroleum

61. The development of synthetic oil manufacture began in 1937 when the government drew up a seven year plan for subsidizing synthetic production. The ultimate aim was self-sufficiency in gasoline and heavy oil by the combined use of synthetic oil, indigenous crude and alcohol. By August 1944 sixteen plants had been established, virtually all of which were partly or wholly in operation. The location, capacity and degree of damage of these plants are shown on Map No. 16 at the end of this summation.

Processes

62. The Japanese synthetic industry employs three methods: hydrogenation or direct liquification, Fischer-Tropach synthesis, and low temperature carbonization. Average yields of synthetic crude from coal of 8 to 13 percent by weight are obtained.

Present Condition

63. Present capacity is estimated at 35 to 40,000 kilolitres of synthetic crude a year. Because of the shortage of coal, only two plants located in Hokkaido near the coal fields are operating. The Takikawa plant of Nippon Jinzo Sekiyu is producing about 50 kilolitres of 40-octane fuel a day; the Rumoi plant of the same company is operating on a small scale. Synthetic plants were allotted 70,000 tons of coal for the last quarter of 1945, but this allocation is not being realized. There is no immediate prospect of obtaining coal except for those plants located at or near the coal mines.

Rubber Industry

64. The manufacture of critical rubber items is now proceed-

ing on the basis of two allotments approved by SCAP of 6,000 metric tons of crude rubber from military stocks and of 1,590 tons from civilian stocks.

The production plan of essential consumers goods for the period 21 October to 20 January 1946, based on the 6,000 ton allotment, is as follows:

<u>Product</u>	<u>Quantity</u>
Rubber soled socks	1,070 metric tons
Rubber shoes and boots	700
Rubber soled canvas shoes	650
Auto tires and tubes	1,500
Bicycle " " "	650
Belt	400
Hose	380
Rubber Fabric	500
Medical Appliance	<u>150</u>
Total	6,000 metric tons

The additional 1,590 tons of crude rubber allocated by SCAP, is being used according to the following plan:

<u>Product</u>	<u>Quantity</u>
Rubber Shoes	250 metric tons
Reclaimed Compound	100
Latex Products	40
Rice Mill Rolls	220
Others	620
Reserve	<u>360</u>
Total	1,590 metric tons

Due to the shortage of other raw materials particularly gasoline and benzol as solvents and of coal as fuel, it is expected that little more than 50 percent of the above production schedules will be realized.

Synthetic Rubber

65. The synthetic rubber industry in Japan was devoted entirely to military uses; 95 percent was used in the production of selfsealing gas tanks for aircraft. Though the annual capacity of the synthetic rubber industry was 750 metric tons, actual production did not rise above the 220 tons reached in 1944. The industry is not now operating. Production costs of over \$ 100,000 per ton are prohibitive.

Ceramics

66. The present status of the ceramics building materials industry is as follows:

	<u>Building Brick</u>	<u>Fire Brick</u>	<u>Roofing Tile</u>
Number of plants	361	191	6,750
Number of kilns	376	979	10,500
Present annual capacity	¥450,000,000	¥1,422,000	¥150,000,000
Average annual consumption 1926-30	¥100,000,000	¥250,000	¥80,000,000

SCIENTIFIC

67. Under the provisions of Directive No. 3 all Japanese scientific and technical research establishments are required to submit monthly reports on their activities. About 50 of these reports have so far been received.

68. Reports have been called for on production capacity for synthetic Vitamins and on research on the following subjects:

Synthesis of Butylene Glycol

Ceramics

Breeding a new type of hop

Production of Butylene Glycol by fermentation

The components of tobacco smoke

Utilization of lignin

Manufacture of synthetic fibre

Molecular structure by electron diffraction

Utilization of magnesite

Oil soluble synthetic resins

Extraction of zirconium from ore

Electro-endosmosis

Preparation of metallic Tantalum, Niobium and Niobium.

Utilization of pentosans

Preparation of activated carbon

Manufacture of Titanium Dioxide

Synthesis of hormones and vitamins

Synthesis of citric acid

Mechanism of lubrication

SECTION 4

TRANSPORTATION AND PUBLIC UTILITIES

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RAIL TRANSPORTATION

1. Historically Japanese railways compare favorably with modern foreign systems in engineering, design, organization and operation. During the war they sustained relatively slight damage from bombings and remained substantially intact. Their efficient operation suffered from such factors as the overtaking of capacities, lack of proper maintenance and the withdrawal of personnel, supplies and materials for military purposes.

2. In view of the disrupted condition of coast-wise shipping and the shortage of trucks the railways are the backbone of the entire transportation system. Over-all facilities are adequate for basic needs and for the requirements of the Occupation Forces, but lack of sufficient coal for normal operation is becoming critical. Long deferred maintenance is necessary.

Organization and Administration

3. The railroads are under the Ministry of Transportation, which has jurisdiction over all transport. Supplementing the government railways is a subordinate net work of private railroad and tramway facilities, including 12,700 miles of track operated by 166 separate companies. Although these holdings represent approximately 28 percent of the total track mileage, their volume of traffic and freight is comparatively small. During 1943-44, passenger traffic on the private lines was about 11 percent of that on government railways and freight about 2 percent.

Railway Networks

4. Railway networks cover the four main islands of Japan. In general the high carrying capacity trunk lines follow the coastline, while secondary lines of low-carrying capacity cut across the islands' mountain ranges.

Each of the four main industrial areas (Tokyo-Yokohama, Nagoya, Osaka-Kobe-Kyoto and Koji-Shimonoseki) has a rather complete rail net within its immediate environs. Outside these areas facilities rapidly decline to two or three trunk lines connecting these centers with each other and with their principal markets and sources of supply.

5. Route and track mileage of government and private railways as of 1 November 1945 were:

	<u>Government</u>		<u>Private</u>		<u>Total</u>
	<u>Steam</u>	<u>Electric</u>	<u>Steam</u>	<u>Electric</u>	
Main Track Mileage	1,542	12,576	1,192	5,344	20,654
Siding Track Mileage	<u>376</u>	<u>5,474</u>	<u>685</u>	<u>621</u>	<u>7,156</u>
Total	1,918	18,050	1,877	5,965	27,810
Route Mileage	813	11,268	1,130	3,728	16,939

Plant and Equipment

6. Most of the railroads in Japan are 3'6" gauge, steam operated, and single tracked. The Tokaido Main Line and its extension to Shimonoseki, the Sanjo Main Line, is double tracked and the sections between Tokyo and Kumazu (78 miles) and between Kyoto and Adashi (52 miles) are electrified. In view of the extremely mountainous character of the islands, numerous tunnels, bridges, retaining walls and steep grades are prevalent. The rolling equipment and track are comparatively light.

Government railway locomotives and cars for the periods indicated were:

	<u>Locomotives</u>			<u>Cars</u>		
	<u>Electric</u>	<u>Steam</u>	<u>Total</u>	<u>Electric</u>	<u>Freight</u>	<u>Passenger</u>
1926	87	3,678	3,965	822	61,897	8,092
1936	169	4,066	4,235	1,553	73,184	9,640
1941	226	4,974	5,200	1,805	101,222	11,744
1942	239	5,126	5,365	1,828	105,835	11,440
1943	261	5,533	5,794	1,963	113,997	11,598
1944	292	5,944	6,236	2,143	120,747	11,675
November						
1945	292	5,970	6,262	2,151	120,999	11,669

7. The Ministry of Transportation has furnished data with regard to estimated main war damages to the plant and equipment of the government railways and the progress made in effecting repairs as follows:

	<u>Number of Units Damaged</u>	<u>Percent of Total Units</u>	<u>Percent of Repairs Completed as of 30 November 1945</u>
<u>Rolling Stock</u>			
Locomotives	891	14	97
Electric Cars	563	26	32
Freight Cars	9,557	8	44

	Number of Units Damaged	Percent of Total Units	Percent of Repairs Com- pleted as of 30 November 1945
Passenger Cars	2,228	19	50
Track	1,057 miles	5	94
Elevated Lines	12 miles	34	98
Bridges	10	1	98
Station Buildings	100	3	15 (of area)
Office Buildings & Workshops	16,150,000 sq.ft.	16	7 (of area)
Coal & Water Equipment	80	7	65
Signal & Safety Appliances	170	5	98
Electric & Communication Equipment			
Power Plants	1	25	0
Substations	17	21	50
Trolley Wire	95 miles	5	80
Telephone & Telegraph Wire	56,389 miles	13	35
Electric Wire for Signals	2,614 miles	9	25
Switchboards	145	19	28
Automatic Signals	600	8	90
Carrier Transmission Equipment	85 sets	26	21
Ferry Boats	59,142 Gross Tons	56	28

The above figures are considered approximations; many items of plant and equipment are not included.

8. In addition to bomb damage and to severe storms in September, 1945, the railways suffered greatly from insufficient maintenance and non-replacement of units destroyed or worn beyond repair. Skilled labor and repair materials were removed for military purposes without consideration of the effect on railway operations and by the end of the war the plant and equipment were in bad repair. Skilled labor is gradually returning from military duties. The shortage of repair parts and materials has been partially eliminated. Improvement in maintenance can be expected.

Coal

9. The most serious problem is the coal shortage. The railways are experiencing difficulty in obtaining enough for minimum essential needs. Representatives of the Ministry have furnished

the following on the government railway's consumption and stock-piles:

<u>Month</u>	<u>Short Tons</u>	
	<u>Coal Consumption</u>	<u>Quantity on Hand at end of Month</u>
April 1945	706,600	396,800
May	705,500	472,900
June	765,400	539,000
July	605,200	501,500
August	532,400	450,800
September	515,900	383,600
October	520,300	295,400
November 28	-----	176,400

Traffic and Freight

10. Prior to the war, most of the coastwise freight traffic was water-borne. The railways were largely devoted to passenger traffic and short freight hauls. Beginning in 1942 and continuing to the end of the war there existed an increasing shift from sea to all-rail movements of freight.

Tonnage, ton-miles, length of haul and freight train miles on government railways for years indicated were:

<u>Year</u>	<u>Tonnage (1,000 tons)</u>	<u>Ton-miles (1,000 ton mi.)</u>	<u>Length of Haul (miles)</u>	<u>Freight Train Miles (1,000 mi.)</u>
1926	82,408	8,136,916	98.6	32,203
1936	107,584	11,162,419	103.7	131,256
1941	167,212	20,450,536	122.8	198,202
1942	174,201	23,250,994	133.5	212,058
1943	193,975	29,185,846	151.3	247,112
1944	184,504	29,597,146	160.5	269,798

11. Passenger traffic increased concurrently with rapidly increasing freight transport volume. The government made strenuous efforts to reduce volume by placing drastic restrictions on travel, but numbers of passengers carried and passenger miles continued to increase. The trend of passenger traffic of government railways is shown below:

<u>Year</u>	<u>Passengers Carried (1,000 mi.)</u>	<u>Passenger Miles (1,000 mi.)</u>	<u>Average Miles per Passenger</u>	<u>Passenger Train Miles (1,000 mi.)</u>
1926	740,333	11,987,305	16.2	63,861
1936	1,058,631	16,290,247	29.6	115,331
1941	2,172,219	34,514,841	29.3	129,067

<u>Year</u>	<u>Passengers Carried (1,000 mi.)</u>	<u>Passenger Miles (1,000 mi.)</u>	<u>Average Miles per Passenger</u>	<u>Passenger Train Miles (1,000 mi.)</u>
1942	2,279,840	37,562,887	29.2	128,355
1943	2,648,100	46,027,852	29.8	122,527
1944	2,889,399	47,486,783	28.6	116,919

The large increases in freight and passenger traffic were made with only a moderate increase in rolling stock. The railways are operating at capacity, particularly the facilities for passenger traffic, and there has been no overall reduction in volume.

SHIPPING

12. An increasing variety and tonnage of commodities is being shipped between Japanese ports in Japanese vessels. Coal remains the principal cargo handled though November tonnage was greatly reduced due to short supply. As a result total tonnage declined despite increased volume for other items. The tonnage shipped and received at the different ports during November is shown on map No. 17 (at end of the Summation).

A comparison of volume of shipping in various commodities for the past three months is shown in the following table:

TONNAGE OF COMMODITIES SHIPPED BETWEEN JAPANESE PORTS (LONG TONS)

	<u>September</u>	<u>October</u>	<u>November</u>
Coal	168,351	253,918	133,370
Coke	308	4,757	8,935
Fertilizer			654
General Cargo	1,702	534	2,245
Gold Ore			475
Lumber	4,457	19,984	30,087
Milk		668	1,164
Paper & Pulp	10,554	8,499	12,877
Plaster of Paris			300
Potatoes (seed)		12,421	20,154
Provisions	6,693	4,690	5,917
Salt	1,204	1,275	3,816
Steel & Iron			6,570
Straw Products		982	10,743
Limestone			1,400
Iron Ore			6,353
Total	183,359	307,728	247,068

13. During October five Japanese merchant ships were sunk by striking mines with an accompanying loss of 6,500 tons of cargo. No losses were reported in November.

ELECTRIC POWER

14. There are approximately 6,000,000 KW of hydro-electric generating capacity available in Japan. During the winter months limited stream flow will reduce output to approximately 3,000,000 KW. Practically no electric power is now being produced by thermal plants due to the coal shortage and lack of demand.

15. Present demand is approximately 2,500,000 KW with an indicated increase trend of about 10 percent per month. During the period of minimum hydro-electric power production a shortage is therefore expected to occur, particularly in Kyushu. The new 110 KV transmission line from Shiminoseki to Koji will partly alleviate the shortage but its capacity is limited to 50,000 KVA by the size of the 50 to 60 cycle frequency changers.

16. It is expected that 100,000 tons of coal will be used in Thermal Plants in Kyushu this winter of which 40,000 tons are now in stocks at the plants and 60,000 tons will come from nearby mines.

17. The Japanese Government is planning further expansion of the hydro-electric resources of Japan by construction of dams and new power plants. Proposed electrification of 10,600 miles of rail-ways between 1946 and 1950 will require 250,000 KW capacity and will effect an annual saving of 2,000,000 tons of coal by the use of one billion KWH of electric power.

GAS INDUSTRY

18. Air raid damage destroyed 35 to 45 percent of the productive capacity of the Japanese gas industry. Repairs are progressing and are expected to be completed by April 1946.

Fuel Situation

19. The coal shortage necessitates the rationing of gas supplies. The allocation of coal for December is 12,000 metric tons for the area from Nagoya to Aomori and 14,000 metric tons for the area from Osaka to Shiminoseki. These areas include 30 percent of Japan's gas plants. The normal allocation would be about 6,000 metric tons per day.

Rationing

20. Prior to 21 November gas was supplied to the mains in Tokyo three times a day for cooking purposes. Dwindling coal stocks necessitated a reduction to one period of three hours per day, 4 AM to 7 AM, beginning 21 November. In other cities the period of supply ranges from three to eight hours per day. During off periods a pressure of 40 mm. water column is maintained to avoid the necessity for purging.

Domestic consumers are substituting electricity or charcoal for cooking.

Industries using gas, such as lamp works in glass working, are severely handicapped by the gas shortage.

Future Demand

21. During the winter months it is expected that both home and industrial demand for gas will greatly increase. Ability to meet this demand will depend upon the supply of coal and other necessary materials. In Tokyo at present a daily production of 250,000 cubic meters of gas is requiring approximately 600 metric tons of coal per day. It is estimated that gas requirements will be 925,000 cubic meters per day between December and March.

SECTION 5
IMPORTS AND EXPORTS

C O N T E N T S

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GENERAL

1. Export of coal to Korea and Hongkong and the import of small quantities of salt and tapioca have been made on a memorandum basis. Oil, kerosene and dynamite have been made available from surplus stocks of the Occupation Forces to meet most serious civilian requirements. Commitments have been made for additional coal shipments and for the export of silkworm eggs, mining timbers and pitch.

TRADE POLICY

2. Foreign trade is under the direct control and administration of the Supreme Commander. No Japanese contact with foreign agencies or governments is permitted, and all import and export transactions channel through this Headquarters. Exports will be delivered by the Japanese Government to SCAP at designated ports in Japan, with the same procedure in reverse for imports.

Japanese Trade Body

3. Directive of 9 October required the Japanese Government to create a responsible agency for handling imports. Imports of foodstuffs are under the jurisdiction of the Ministry of Agriculture and Forestry, salt under the Monopoly Bureau of the Finance Ministry, and other commodities under the Ministry of Commerce and Industry.

Trade Program

4. Directives of 9 and 10 October require the Japanese Government to supply detailed plans for exports and imports.

5. There are certain products which can be exported from Japan and are in short world supply; even preliminary indications that some quantities of these products are expected to be available for export are of value.

INTERIM TRADE

Memorandum Shipments

6. The following trade has been permitted on a memorandum basis with adjustment as to values to be made when definite policies have been established. Exports and imports on this basis

have been as follows during the period through 30 November 1945:

<u>Commodity</u>	<u>Country</u>	<u>Amounts</u>
<u>Exports</u>		
Coal	Korea	52,273 metric tons
Coal	Hongkong	24,000 metric tons
<u>Imports</u>		
Salt	Korea	2,519 metric tons
Tapioca	Hongkong	870 metric tons
Dynamite	U.S. Army	300 metric tons
Fog Oil (SAE 30)	U.S. Navy	71,000 drums
Kerosene	U.S. Army	24,000 barrels

EXPORT AND IMPORT COMMODITIES

7. A directive of 26 November authorized the completion of all semi-finished silk greige goods which had been frozen by an earlier directive. The Japanese Government has been instructed to furnish detailed stock lists and samples of all silk cloth on hand or whose completion has been authorized. Raw silk and silk cloth are available in sufficient quantity to permit the resumption of silk exports within a few months. One hundred fifty thousand sheets of silkworm eggs are available for export to China in addition to the 150,000 sheets to be shipped to Korea about 10 December.

8. The current limited export of mining timbers to China is in exchange for salt.

9. The handicraft trade has important export possibilities; 1946 production is estimated at ¥ 100,000,000. Practically no imported materials are required except lacquer juice from China and a special type of mussel shell used in the cultivation of pearls.

10. An export association has been organized by the handicraft trade; samples and illustrated catalogues are being prepared. Present output is being purchased by the Occupation Forces Post Exchanges.

PORT FACILITIES

11. A survey of port facilities, port operations and the stevedore situation is continuing.

SECTION 6

LABOR

CONTENTS

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GENERAL

1. Pressing labor problems are the recruitment of sufficient labor for the coal mines and the correlation of wages with the increased cost of living. The Japanese Government has been charged with the responsibility of solving these problems with the advice and assistance of the Occupation Forces. Progress has been slow and continued pressure for remedial measures is being applied.

Legislation

2. A trade union bill considered progressive by classes of labor leaders has been submitted to the Cabinet for presentation to the special session of Parliament. It legalizes the status of labor unions, guarantees the right of workers to organize and encourages collective bargaining. Prefectural governors have been directed to establish non-partisan mediation committees responsible for the mediation and arbitration of labor disputes until permanent legislation has been enacted.

Labor Organization

3. A definite movement toward the organization of trade unions is apparent.

The development of a national federation of trade unions has bogged down considerably. Internal differences and concentration upon political activities have diverted high level labor leaders from trade union objectives.

Strikes

4. Labor disputes are few and of a non-serious nature except for disturbances in coal mining areas by Koreans and Chinese. The strike of newspaper workers at the Yomiuri Hoshi in Tokyo has attracted national attention and country-wide support from all elements of labor. This month-old strike has been a testing ground for a new-found labor freedom and has proved to be educational not only to the public but also to the management, the government and the labor leaders themselves.

LABOR SUPPLY

Labor Exchanges

5. Labor exchanges in the Tokyo-Yokohama area conform to the organizational pattern of the United States Employment Service, but are basically weak in administration and in personnel techniques. Labor leaders attribute the impotence of the employment exchange systems to an unimaginative bureaucracy.

Unemployment

6. Unemployment estimates range from 4 to 13 million persons with little substantiating evidences. The Work Department of the Metropolitan Police Board estimates the total number of unemployed in Tokyo at 600,000 persons. The occupational census to be conducted on 1 December 1945 will provide a fairly accurate survey of the situation.

Procurement of Labor for Occupation Forces

7. The procurement of civilian labor for the Occupation Forces by the Japanese Government is progressing satisfactorily. Partial reports on the number of civilians employed are:

	<u>Week Ending</u>	<u>Requested</u>	<u>Assigned</u>
EIGHTH ARMY	27 Oct 45	286,598	248,069
SIXTH ARMY	3 Nov 45	64,677	62,230

These figures include some duplications. A reporting procedure to compile reliable statistics on labor employed by the occupation forces has been established.

Recruitment of Labor for Coal Mines

8. The liberation and gradual repatriation of approximately 130,000 Koreans and Chinese formerly employed in underground coal mining operations have resulted in a serious decline in coal production. Freed from virtual slavery in the coal pits Koreans and Chinese have refused to continue to work and have prevented Japanese from doing so by violence and intimidation. The majority of the liberated workers has been evacuated from mining areas to embarkation points, permitting occupancy of quarters by Japanese and the partial resumption of operations.

The Japanese are reluctant to take coal mining jobs because of hard work, long hours, strict discipline and the sub-standard working conditions of the mines.

The Japanese Government has been made responsible for the replacement by Japanese labor or repatriated coal miners. It has instituted the following programs:

(1) Recruitment of volunteer labor through various propaganda media. Advice and facilities of this headquarters have been made available.

(2) Increase of food rations for miners and families, increase of wages, clothing and footgear and special food bonuses of sweet potatoes, sake and oil.

(3) Improvement of working conditions and repair of mine living quarters.

The Japanese estimate that 60,000 mine workers must be recruited by 1 January 1946 and an additional 70,000 by March 1946 to meet production requirements. While the number recruited during the first half of November was only 7,661, officials are optimistic because the wage and food ration increases were not announced until mid-November. Other measures include the transfer of metal miners to coal operations, the formation of volunteer coal production corps among prime users of coal and the utilization of convict labor.

A high priority has been placed on the repatriation from the South Pacific, Korea and China of Japanese civilians and military personnel experienced in mining work. The Japanese Government estimates that 68,000 miners were serving in these areas.

WAGES

Wage Rates

9. Black Market wage rates being paid to day workers, as reported by the Metropolitan Police Board on 15 November 1945 are:

<u>Occupation</u>	<u>Daily Wage in Yen</u>	
	<u>Maximum</u>	<u>Minimum</u>
Carpenter	50.00	30.00
Plasterer	50.00	25.00
Mat-maker	35.00	30.00
Plumber	40.00	30.00
Painter	50.00	30.00
Coalie laborer	21.00	10.00

These rates as well as those paid to factory and office workers have declined slightly since the occupation began. The scale for newly hired employees in permanent positions appears to be declining more rapidly. A reliable index of wage rates is planned.

The Welfare Ministry is undertaking a nation-wide wage survey, the Cabinet Bureau of Statistics is compiling available data and the Bank of Japan has started a cost of living survey.

Wage Controls

10. It is expected that the consolidation of non-cooperating agencies charged with wage and salary controls under the Welfare Ministry will be accomplished by 1 January 1946. A revision of wage control regulations to be submitted by a committee of economists, labor leaders and members of the Diet is being considered by the Welfare Ministry.

A majority of companies have deliberately evaded wage controls through one means or another. The wage control regulations, which support some employers who are reluctant to grant increased wages, has in effect curtailed inflationary increases. Wage rates established by prefectural authorities for civilian labor employed by the Occupation Forces have remained fairly constant.

LABOR LEGISLATION

Interim Measures

11. The Welfare Minister and other officials charged with the administration of labor matters have been directed to disassociate labor affairs, particularly labor disputes, from police functions as soon as practicable. This will eliminate the primary Japanese instrumentality for mediation and arbitration of disputes.

As an interim procedure pending revision of the Labor Disputes Adjustment Act of 1926 or the enactment of adequate legislation, the Welfare Ministry directed the prefectural governors to appoint Mediation Committees with management, labor and the public equally represented. The police will intervene in labor disputes only when criminal acts occur.

Proposed Legislation

12. Salient features of a proposed trade union bill drafted by a deliberative committee appointed by the Welfare Ministry and submitted to the Diet are:

- (1) Workers are guaranteed the right to organize and collective bargaining is encouraged.
- (2) Laws and regulations infringing upon these rights are enumerated and declared inapplicable to trade union activities.
- (3) Discrimination on account of union membership is prohibited.
- (4) Registration of trade unions is required and provision for voluntary incorporation is made.
- (5) Trade agreements are to be legally binding upon employers and trade unions.
- (6) Labor Relations Committees composed of an equal number of representatives from management, labor and the public are to be established on national and prefectural levels.
- (7) Responsibilities of Labor Relations Committees are compilation of statistics on labor disputes and investigation of labor conditions, mediation and arbitration of disputes and submission of recommendations for improving labor conditions.
- (8) Labor Relations Committees may order appearance of witnesses and presentation of pertinent documents.

A resolution supplementing the proposed trade union bill recommends the formation of a separate Labor Ministry with labor functions divorced from police activities on all governmental levels. Militant nationalists are to be excluded from positions in labor unions and Labor Relations Committees.

Upon review of the proposed bill, this Headquarters suggested that dubious points including the autonomy of the unions and the non-partisan membership of Labor Relations Committees be clarified. Trade union officials ranging from rightists to Communists have approved the proposed legislation as a progressive measure.

LABOR UNIONS

13. Sangyo Hokoku kai (Sampo) has been dissolved as an operating organization.

To speed up the liquidation of the units in the prefectures and in the individual factory and mine, the Welfare Ministry has been instructed to ascertain assets held by all units as of 15 August 1945 and to arrange for their prompt disposition.

National Trade Union Federation

14. The revival of an active national trade union federation, announced on 11 October 1945 after a conference of prominent labor leaders, has progressed slowly. The preparatory committee named to draw up organizational plans has not yet produced an active program to complete the formation of a labor federation. Contributing reasons are:

(1) Labor leaders are not agreed among themselves as to policy details and a head for the federation.

(2) Labor leaders concentrating on political activities in connection with the special session of the Diet.

(3) The ideological differences which formerly separated the prewar labor leaders not being fully reconciled, notwithstanding the outward display of solidarity.

(4) The lack of a unified campaign to organize labor unions from the ground up.

Trends in Unionization

15. Despite the lack of progress toward a national labor federation, there is a definite movement toward labor unions throughout Japan. Union activities are particularly noticeable among the newspaper workers in Tokyo. All leading newspaper companies have been organized and an All Japan Union of Press Employees inaugurated. A Teachers Union under the leadership of Toyohiko Kagawa is to be formally launched on 2 December 1945. Its main objectives are improvement of teachers' living conditions and democratization of the educational system. A Fisherman's Association was announced formally and some progress has been achieved in organizing the railway workers. A Federation of Traffic Workers Unions comprising street car transport workers in six major cities is to be reorganized along prewar lines by 1 January 1946. The Communications Workers Union composed primarily of post office employees is in the process of formation. Organizational activity is reported among miners in the Hokkaido and Joban coal fields.

The Communist Party has launched a union organizational campaign and claims to have achieved some success among railroad workers, coal miners, dock hands, Tokyo municipal employees and transportation workers. Party leaders assert that they will discourage strikes because direct action will hinder the reconversion of industry. The exact strength of the Communist labor movement is not ascertainable but Communists admit that they are weak in members at the moment.

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LABOR DISPUTES

Yomiuri Hochi Shimbun Strike

16. A precedent-making strike has been in progress since 27 October 1945 at the Yomiuri Hochi Shimbun, the largest newspaper in the Tokyo area. The strike involving about 1,000 workers was precipitated by the discharge of five employee representatives demanding the resignation of officers and directors because of their war guilt; the democratization of management and the improvement of working conditions. The workers have taken control of production facilities but have continued to issue the daily paper. The president of the company and other officers including editorial writers have not been permitted to participate in these operations. The principal obstacle to immediate settlement of the dispute is the refusal of the company president to accede to the workers' demand that he acknowledge his war guilt by resigning.

In an effort to settle the issue the Tokyo Governor appointed a Mediation Committee in accordance with the recent Welfare Ministry regulation. The Yomiuri employees refused to submit their case to mediation charging that public members of the committee were biased. The stand by the Yomiuri Employees Union has emphasized the necessity for impartial arbitration in labor matters on the part of the government. The Tokyo Metropolitan Office has announced the appointment of a special mediation group to weigh the merits of disputes.

Takasaki Police Strike

17. Police of Takasaki, Gunma Prefecture, went on a 2-day strike in protest against the method of sugar distribution. The local press claimed this to be the first police strike in Japanese history.

Labor Statistics

18. The separation of labor functions from police activities has caused a breakdown in the reporting of strike statistics. The Welfare Ministry has assumed responsibility and is inaugurating a reporting procedure. Prefectural governors are required to notify the Welfare Ministry whenever a strike occurs and to supply details on a prepared form. Reports of individual disputes are submitted weekly to this headquarters. Incomplete data indicates that only a few strikes of short duration have occurred.

LABOR BUREAU REORGANIZATION

19. In order to cope with the increasing number of labor problems including the supply of civilian labor to the Occupation Forces, the Welfare Ministry has abolished the Bureau of Labor and has established the following:

Bureau for Occupations.

Division for Planning.

Division for Vocational Exchanges.

Division for Vocational Guidances.

Bureau for Labor Policy.

Division for Labor Policy.

Division for Management of Labor.

Division for Payment.

SECTION 7
COMMUNICATIONS

C O N T E N T S

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GENERAL

1. Restoration of Japanese civil communications for use of the Occupation Forces and to provide for the minimum needs of the civilian economy proceeded satisfactorily. Substantial progress was made in eliminating major bottle-necks in the toll circuits. Overseas radio service and domestic broadcasting were improved. Manufacture of critical items such as tubes was expedited. Substantial quantities of Japanese military communications equipment were released for use by the Home Ministry.

2. Direct needs of the Occupation Forces are being met. The chief remaining difficulties are service annoyances and delays incident to those wire and radio routes where the quality or number of circuits are inadequate according to United States standards. These difficulties are being overcome. Press message radio service has shown improvement. Provision for the transmission of sender composition messages to the United States is in immediate prospect.

3. Civilian communication services fall far short of American standards but such deficiencies are not interfering with essential activities. Maintenance in general and the reconstruction and maintenance of the local plant in war damaged cities may become problems unless communications manufacture shows a more rapid recovery. Manufacturers in this field face the same basic difficulties as other manufacturers, namely lack of fuel and power and labor difficulties due to shortages of food and shelter. If these problems can be overcome, the current plans of the Japanese Board of Communications should be adequate to keep abreast of requirements.

4. Domestic broadcasting remains a problem chiefly because of administrative difficulties. Facilities for transmission are now adequate and the shortage of receivers is no longer critical.

WIRE COMMUNICATIONS

Japanese Restoration Activities

5. The program of the Japanese Board of Communications for repairing the war damage to the wire communication system in the four home islands has shown substantial progress. The repeater station which was demolished at Hiroshima by the atomic bomb has been rebuilt and equipment is being installed. It is expected that this station will be ready for operation about 5 December.

The toll cables in the Hiroshima area have been repaired on a temporary basis by utilizing sections of Japanese naval cables. Materials are on hand for permanent repairs to be completed about 10 December.

6. A second toll cable route between Tokyo and Sendai has been completed as far as Taira and construction work is in progress between Taira and Sendai. The estimated completion date for the entire Tokyo-Sendai project is 31 March 1946.

7. On the island of Kyushu all bare wire long distance circuits which were damaged during the war have been repaired. The construction of the long distance cable route on Kyushu between Oita and Fukuoka has been discontinued temporarily and the cables earmarked for this project have been diverted to the Taira-Sendai section. No firm completion date for the Oita-Fukuoka section has been set.

8. The Board of Communications awarded a contract to the Dai An Company, a private corporation, for extensive rehabilitation work on its outside wire communications plant. While much of the initial work will be concerned with clearing debris in war damaged areas, reconstruction constitutes the main problem. For such work the company is faced with a shortage of tools. Although the necessary tools cannot be purchased in the commercial market, the Home Ministry has on hand considerable quantities received from stocks of the Japanese Army and Navy. Arrangements have been made between the contractor, the Board of Communications and the Home Ministry for providing the necessary construction tools. The contractor will thus be able to begin the reconstruction program early in December. Future progress will depend primarily on the availability of necessary line construction materials and other communications equipment, particularly those required for local service as war damaged cities are rebuilt.

Maintenance Program

9. The Board of Communications is preparing a plan for reorganizing the maintenance forces which handle both the inside and outside routine repairs to the wire plant. This reorganization was suggested by this Headquarters in order that repairs to the wire plant being used by the Occupation Forces might be handled more efficiently. A school for the training of maintenance men has already been started in Tokyo. The students in this school are being instructed in making routine tests of central office equipment, in locating and clearing equipment troubles and in proper maintenance of telephone exchanges. After these men are trained and placed in the central offices it is believed that the occupation force telephone service will be generally improved.

Submarine Cables

10. Information obtained on all submarine cables owned or controlled by the Japanese Government indicates that there was only one submarine cable in operation on 30 November. This is a 28-pair voice frequency cable between Japan and Korea. Service on all other submarine cables has been interrupted.

While the lack of submarine cable service is not serious in view of the restrictions enforced with respect to external traffic, certain repair work is being permitted. This Headquarters released the cable repair ship *Tsurishi-ima* to the Board of Communications and it will be reconditioned and reoutfitted by the Japanese. The first mission of the ship will be to repair the submarine cable between Kure and Matsuyama during December.

Police Communications

11. A survey was completed of the extensive communication network owned and operated by the Japanese police organization for passing orders and warnings and handling administrative traffic. The line of communication is from the Peace Preservation Bureau in the office of the Home Ministry to a regional police office, to a prefectural police office, to a city or town police office and to an individual police box within the city or town.

Before the war the system depended primarily on the wire network but during the war the wire system suffered serious damage and a radio net was established to supply the requirements for communication. This radio system is still in the course of expansion and will be operated even after the rehabilitation of the wire plant. Radio will supplement the wire facilities and serve as a standby for use in emergencies.

12. The police wire network is a separate system entirely independent of the Board of Communications. Only voice transmission is used. There are no wire telegraph or teletypewriter facilities. The system has its own pole lines, cables and wire circuits and the police organization handles its own maintenance work. There are approximately 60,000 kilometers of wire in the basic police network. Each large city owns an independent wire net. Both the prefectural and city wire systems are operated independently but are connected to the national system to provide complete coverage of Japan.

Railway Communications

13. The railway communication system in Japan has also been surveyed. It is not connected to the commercial system except in Tokyo. Limited telegraph service is offered to the public through the railway system at most large railway stations but messages sent over the railway circuits are turned over for delivery to a Board of Communications office in the appropriate town or city.

The entire railway wire system is owned and operated by the government through the Ministry of Transportation's General Bureau of Railways.

14. Since the communication activities of the railway system are primarily for service to a public utility, there is no financial income to the communications system other than that allowed by the General Bureau of Railways for the specific purpose of maintaining and improving the communication service. Funds collected for public telegraph service are handled by the operating personnel along with train fares, freight and other service charges and are not credited separately.

15. The total value of the railway communications plant is about £ 100,000,000. This includes:

Wire and cable

Route miles.....	15,742
Wire miles.....	415,874

Carrier systems

Three-channel.....	70
Single-channel.....	60
Telegraph.....	19

Exchanges

Automatic.....	59
Common battery.....	266
Magneto.....	479
Telegraph instruments.....	2,853
Telephones.....	101,626

The overall war damage to the communications plant was between 15 and 20 percent.

16. The railway communication system is presently operative but overloaded and in need of numerous repairs and improvements. Communication lines are available in most places where railroads are operating and the network covers the four main islands of Japan reasonably well. However new construction is desirable especially on main lines to relieve the overload on existing facilities. In general the repair of war damage and the replacement of badly worn equipment has proceeded satisfactorily and facilities are adequate to provide the essential communication requirements for the continued operation of the railroads.

Future Problems

17. The needs of the Occupation Forces require only the completion of a few remaining toll projects which are currently under way and the planned improvements in maintenance work in order to minimize service annoyances. Initial survey data on facilities and organization are complete except for refinements. The needs of the civilian economy are being satisfied in their basic aspects.

RADIO COMMUNICATIONS

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GENERAL

18. There has been general improvement in the radio service rendered for the Occupation Forces and for essential civilian purposes. From the standpoint of Allied personnel, the outstanding development was the conclusion of arrangements to open two-way sender composition radiogram service with the United States starting 5 December. Relative to Japanese radio there has been increased emphasis on SCAP control particularly of the foreign or external circuits. Investigations by this Headquarters led to the closing of three circuits serving China, the Dutch East Indies and Siam.

19. Members of the Board of Communications worked under the direction of this Headquarters to catalog frequency assignments. The records of the Board are poor and no master file was available to provide complete information on frequencies, call

signs, locations and power of the hundreds of transmitters used for communications and safety services.

A directive has been issued to the Japanese ordering them to inform SCAP ten days in advance of proposed operation of a new station or of changes in frequencies, call signs or points of communication.

20. Obvious weakness in the administration of civil radio communications by the Japanese Government make it difficult to supervise radio stations without becoming undesirably involved in operating details. The Board of Communications after making frequency assignments does little to monitor stations and hold them to assigned frequencies.

DOMESTIC BROADCASTING

Reorganization Activities

21. The agitation for reorganization of the Broadcasting Corporation of Japan has increased. On 21 November a group of the Corporation's junior executives held an All Japan Employees' Representative Conference, attended by two delegates from Tokyo and one each from Osaka, Nagoya, Kumamoto, Sendai, Sapporo and Matsuyama. Discussions were held relative to the organization's by-laws, commercial advertising for radio stations, rumors of the organization of a rival network and methods for democratizing broadcasting. No recommendations were made.

22. On 27 October this same group had submitted proposed amendments to the articles of incorporation of the Broadcasting Corporation of Japan intended to reduce government control. These articles of incorporation cannot be changed without approval of the Board of Communications and the Board of Information. The former apparently favors the changes but the Board of Information has not yet agreed to the proposal.

23. A proposal was made by the Board of Communications to set up and operate 200 radio broadcasting stations throughout Japan in order to carry election broadcasts. The stations were to be operated by local officials of the Board of Communications and the Broadcasting Corporation and used equally by all political parties but were not to be part of the regular networks. This proposal was rejected since the operation of 200 additional individual stations would create difficult problems and after the election there would be no economic justification for their continuance.

24. A proposal to establish a commercial broadcasting organization to be supported by advertising was informally presented to this Headquarters during November and was represented as having been approved by the Board of Communications and the Cabinet. The projected corporation was to have an initial capitalization of ¥ 10,000,000 to be underwritten by business men and industrialists. Operations would start with a 100 KW transmitter already available.

Advocates of the proposal believed that there would be no serious difficulty in competing for listeners with the Broadcasting Corporation of Japan and were confident that the operation would be self-supporting. Because of the shortages of competent broadcast personnel and equipment, the leaders of the venture were advised that this Headquarters did not view the proposal with favor at this time.

25. This Headquarters has remained aloof from plans thus far proposed for changes in domestic broadcasting. Although it is recognized that the entire broadcasting structure is in need of a

thorough reorganization in order to improve the program content, radical changes might endanger the present flow of information and education. A common weakness of Japanese proposals which have developed spontaneously is the lack of assurance that an adequate broadcasting service will be maintained.

Operations

26. Steps were taken during the month to improve technical operations. The coverage and quality of the Armed Forces Radio Station WVER in Tokyo were enhanced by increasing the power of the transmitter from 10 to 50 KW. Four 10 KW transmitters under construction at the end of hostilities were turned over to the Broadcasting Corporation of Japan to be used as outlets for its second network. The poor quality of the modulation of the transmitter at the Tokyo station and of the antenna design of smaller stations has led to an investigation of means of improving operations using equipment the best of which is on a par with 1935 American standards.

FOREIGN COMMUNICATIONS

27. The International Telecommunications Company and the Board of Communications have continued to operate certain international circuits under censorship. Circuits are in use for commercial radio telegraph traffic to Geneva, Stockholm, Lisbon and Moscow and for radio telephone traffic to Formosa and Geneva. In addition the Board of Communications is operating commercial radio telegraph circuits to Korea and Formosa.

Other circuits are being operated for the Occupation Forces by the Telecommunications Company. These include radio telephone circuits to San Francisco for broadcast relay work and to Korea as a military telephone channel. Radio telegraph circuits to the United States are operated for RCA, Mackay Radio and Press Wireless for the purpose of carrying press dispatches and personal traffic for Allied troops.

Three foreign circuits operated by the International Telecommunications Company were closed. A circuit from Tokyo to Tientsin and Tsingtao was closed by the Chinese. The Dutch East Indies circuit to Bandoeng and Boekittinggi and the Thailand circuit to Bangkok were closed because of insufficient traffic.

Press Service

28. Among the problems in international communications which arose was that of speeding up press service to the United States over the radio circuits of the International Telecommunications Company. Delays of as much as ten to twelve hours were occurring because of bad equipment, faulty operating practices, indifference on the part of employees and language difficulties. On 7 November representatives of the Board of Communications were given two weeks in which to correct bad maintenance conditions, off-frequency operation and poor supervision.

Since very little had been done by 21 November the President of the Board of Communications was made personally responsible. He was given until 5 December to effect the needed changes. Additional American officers were supplied for supervisory purposes at the central telegraph office in Tokyo and at the radio transmitters and receivers. Considerable progress has resulted although the situation is not yet entirely satisfactory. The improvement in handling time is shown below:

	Total Mes- sages Filed	Messages by Time Intervals from Filing Until End of Transmission	
		Within 2 hrs.	Over Two Hours Number Percent
November 19-21	356	178	178 50
November 22-24	286	177	109 38
November 25-27	216	157	59 27
November 28-30	222	186	36 16

Sender Composition Messages

29. Arrangements were made during the month for the establishment of personal "sender composition message" service between the United States and Japan. It is expected to replace to a large extent EFM or fixed text messages, about 800 of which have been filed daily. This service will be instituted on 5 December in Tokyo and will be available to all military and civilian personnel accredited to the theater. Personnel stationed outside Tokyo will file their messages locally to be brought to Tokyo by courier for transmission to the United States. Incoming messages will be delivered through the Army Post Office system.

30. Rates for sender composition messages are low. Full day rates will be ¥ 3.00 per word to San Francisco or Los Angeles and ¥ 3.60 to other points in the United States. The corresponding rates for deferred messages with a minimum of ten words are ¥ 1.00 and ¥ 1.30 per word.

The division of revenue between the American companies and the Japanese Government after deducting for the United States telegraph "land haul" is 50 percent to each, as compared with the prewar division of two-thirds to the Japanese and one-third to the American companies.

31. Involved in arrangements for this service was the establishment of methods for settling accounts between the Japanese Board of Communications and the Mackay Radio, Press Wireless and RCA. While some details of the basic plan must still be completed in the United States, it is far enough along to warrant the inauguration of service.

Incorporated in the general plan but with final arrangements not yet in effect are the means for settlement on transmission of press and governmental messages, radio programs and radio telephony.

It has been suggested that the American companies would collect dollars from collect press messages and prepaid telegraph messages and program transmissions. The Japanese would collect yen from prepaid press messages, telephone calls, program transmissions, sender composition messages and EFM's. Net balances would then be struck on a monthly basis.

Balances owed by each debtor company to Japan could be paid quarterly into a common pool in a blocked account in the United States. This pool would also serve to pay any balances due American creditor companies. Japanese Government balances could be held in the pool pending disposition by appropriate United States Authority.

Radio Telephone Service

32. It is expected that radio telephone service capable of handling about 50 calls a day will be inaugurated in January. Early tests of single-sideband equipment in Japan have proved satisfactory. The rates for the service will be \$12.00 or ¥ 180 for a person-to-person call of three minutes duration. The service will necessarily be limited to emergency calls from Japan to the United States although it may later be expanded to cover other types of calls.

JAPANESE ARMY AND NAVY RADIO

33. The Japanese War and Navy Ministries continued to operate radio circuits to provide communications for demobilization, repatriation and administration. On 1 December the War and Navy Ministries will cease to exist and the function of repatriation will be taken over by the First and Second Demobilization Ministries. These two ministries will continue to operate such radio circuits as are necessary to carry out their functions. As the need for these radio circuits decreases, stations will be shut down and the equipment turned over to the Home Ministry for civilian use or destroyed.

34. On 3 November there were 85 active Japanese Army radio stations. Of these, 74 were in Japan, four in Korea and seven were located in other areas for communication with the home islands. The total number of stations had been reduced to 73 by 27 November.

This Headquarters has been informed by the Japanese that out of a total of 53 Navy stations, 23 are located on the home islands and 30 in other areas. This information is being verified.

INTEREAL COMMUNICATIONS AND SAFETY SERVICES

35. Approximately 180 radio-telegraph stations of the emergency network which had been set up to supplement the wire lines have been allowed to continue operating on a non-interference basis. These stations carry domestic telegrams which would ordinarily be carried by the wire lines if it were not for the poor condition of the latter. They operate as part of the Board of Communications' commercial facilities.

36. Samples of the messages sent over the police radio network were translated during the month and studied from a censorship point of view. Nothing objectionable was found in these messages.

Marine Services

37. During November a survey was completed of the radio compass and radio beacon ship-to-shore stations operated by the Ministry of Transportation's Lighthouse Bureau. Eleven out of 17 stations had been totally destroyed and two others had been partially destroyed. The remaining four stations suffer from obsolescence and lack of maintenance. The Japanese Government will be permitted to rehabilitate them and place them in operation as part of its safety services. Former Navy direction finding stations will be turned over to the Lighthouse Bureau if

Necessary for the safety of shipping in Japanese coastal waters. When placed in actual operation these stations will use prewar procedures and standards and the facilities will be available to all shipping.

38. The General Marine Bureau of the Ministry of Transportation has made application through the Board of Communications to install and operate a radio communications net between Hiroshima, Takamatsu, Koji, Otaru, Shiogama, Niigata, Tokyo, Yokohama, Nagoya, Osaka and Kobe. This radio network is to carry dispatches concerning arrival and departure of ships, sanitary inspections maintenance and cargoes. At the present time these messages are being sent over the public wire facilities of the Board of Communications but are subject to delays because of the damaged condition of the wire system.

Aeronautical Services

39. Additional Japanese radio beacon and radio range stations were ordered to be placed in operation for the use of Allied planes. With these additions a total of six stations are now in operation. They are located at Kagoshima, Tokyo, Nagoya, Asakusa, Fukuoka and Osaka.

40. In addition to the radio beacons and ranges the Aeronautical Bureau of the Ministry of Transportation has under its control a total of 11 direction finding stations and 23 communications transmitters. In general the radio facilities of the Aeronautical Bureau are in first-class condition since they were maintained and repaired during the war. Although the direction finding stations are not being used, the communications network is being utilized by the Japanese to carry administrative messages and for the courier service being operated by the Troop Carrier Command.

COMMUNICATIONS INDUSTRY AND SCIENCE

41. Progress was made in certain lines of manufacturing. Manufacture of wire, cable and radio transmitter and receiver tubes was stimulated through pressure exerted by SCAP but production was sufficient only for those projects of direct interest to the Occupation Forces.

42. The arrival of the first of a group of highly qualified military and civilian personnel from the United States has made it possible to develop plans for a more complete investigation of the Japanese communications manufacturing industry.

43. Information has been collected from the Japanese covering 78 corporations engaged in manufacturing communications equipment and eight laboratories or scientific institutions formerly engaged in research, development or instructional activities in the field of communications. The report for the Reparations Commission covered estimated production capacities of 72 manufacturing corporations operating 107 plants, which were classified by type of equipment as follows:

PRODUCTION CAPACITY OF COMMUNICATIONS INDUSTRY

	<u>Companies</u>	<u>Plants</u>
Telephones Equipment	15	22
Radio Sets	27	35
Radio Tubes	10	19
Other Radio Components	20	31
Totals	72	107

Radio Production

44. The Japanese Government recognizes the immediate need for the production of sufficient additional radio receivers to enable the people as a whole to listen to programs of a public service character. On 13 November the Japanese Government was directed to submit by 1 December a plan for expediting the production and distribution of home radio receivers.

45. Despite the general lethargy in communications manufacturing, the program for expediting the manufacture of transmitting tubes resulted in the production of a total of 66 transmitting tubes of five different types during November. This was sufficient to permit both the Armed Forces Radio Service and the Broadcasting Corporation of Japan to increase the power of their stations.

46. An inspection of the Horikawa Plant of the Tokyo Shibaura Company, in which the large 150 kilowatt transmitting tube for Radio Tokyo and other transmitting tubes for BJ are to be made, found work progressing on a 24 hour basis. The particular building used for the large tube suffered bomb and fire damage and the necessary flooring, pipes and machinery are being built literally from the group up. By 30 November the building was about 80 percent complete. It is still expected that these facilities will be ready in January but a shortage of gas for glass blowing, annealing furnaces and ovens and a shortage of coal may set back the production schedule.

47. Sufficient radio receiver tubes were produced to equip 2,683 receivers already on hand for use by schools. They are now in the process of distribution in the prefectures.

Wire and Cable Production

48. The only large wire and cable plant operating or in a position to operate is the Yokohama Works of Furukawa Wire and Cable Limited. This factory dispersed most of its machinery to places of safety during the air raids. The plant structure itself escaped completely from bomb damage although the entire surrounding area was devastated. Both the Board of Communications and the International Telecommunications Company have placed orders for their entire requirements with this plant.

The Furukawa Company is producing the 120 kilometers of 14-pair carrier cable required for use between Sendai and Taira and has completed 50 percent of that order. Final production on this cable is scheduled for 31 December.

The progress of manufacture and the condition of the plant were determined by actual inspection of the factory by SCAP representatives.

49. The policy to be followed in allowing research and development in the field of communications is receiving continued study.

USE OF JAPANESE MILITARY COMMUNICATIONS EQUIPMENT

50. Equipment and tools reclaimed from Japanese Army and Navy stocks are proving an important factor in the restoration of civil communications. While it was possible to get industry started on the more critical items, the lack of general production thus far might have proved serious except for the augmentation of existing stocks with reclaimed military communications equipment.

An important contribution was made to the overseas telegraph service by locating military items to supplement overloaded equipment. Additional high speed tape equipment and a supply of replacement parts for existing equipment were obtained. Numerous Japanese kana code perforators were located and a program set up to convert them for use in cutting English character tape. Older models of Japanese kana code perforators are being disassembled for replacement parts. Modifications of Japanese tape keying heads are not required. All work is being performed by Japanese personnel under Occupation Force supervision.

51. Japanese Army and Navy radio transmitting stations provide another source of supplemental equipment. They are used to serve the needs of the Occupation Forces and of the Japanese Government's repatriation activities. When there is no further need for a station, it is ordered dismantled and turned over to the Japanese as supplemental equipment.

52. In view of the acute need for replacement parts a program has been inaugurated to obtain such parts through the disassembly of purely military types of Japanese communication equipment. This program requires collection of the equipment into centrally located areas where the work of disassembly will be performed. All work is to be performed by the Japanese under Occupation Force supervision. Parts suitable for civilian use will be returned to the Japanese. Purely military items will be destroyed.

Previously issued instructions providing for the return intact of communication equipment directly suitable for civilian use were not affected.

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SECTION 8

RATIONING AND PRICE CONTROL

C O N T E N T S

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GENERAL

1. Curtailed production, short supply and the reluctance of producers to sell at fixed prices continue to hamper the distribution of essential consumers goods through normal channels. Efforts are being made to strengthen the distribution system with special attention to the food rationing program.

Rationing and price controls are operated by the Japanese Government within broad policies established by SCAP. Because of the acute food situation and the shortage of consumers goods, permission to relax controls over essential commodities cannot be granted although needless control agencies are being eliminated.

The Japanese Government has been cooperating with SCAP in efforts to hold prices and to stem inflation. Much has been accomplished by suggesting changes in existing control regulations and methods and allowing the Japanese Government to carry out these suggestions in its own way. Major changes in price or rationing controls are submitted to this Headquarters for approval before public announcement is made.

FOOD

Staple Foods

2. As staple foods constitute the bulk of the national ration, strict control is necessary. Existing control companies have therefore been retained, despite their monopolistic character, in order to assure prompt collection and equitable distribution of the crops now being harvested. Radical changes in existing controls of collection and distribution are felt to be inadvisable at this time.

Stocks of staple foods in the large cities became critically low. The Tokyo staple food reserve was down to a four days' supply at existing ration allowances. This condition was more dangerous than in previous years because of the late harvest and the farmers' reluctance to meet official rice quotas. The Ministry of Agriculture and Forestry corrected the situation for the time being by obtaining reserve stocks from nearby rural areas. In the future the Japanese Government has been instructed to notify SCAP whenever the food stocks of large urban centers fall below a ten day reserve.

Perishable Foods

3. Prior to 20 November the distribution of perishable commodities was rigidly controlled. The Ministry of Agriculture and Forestry established quotas for vegetable producing areas based on quarterly estimates of production. The Ministry's orders were transmitted through the Agricultural Associations to the Village Agricultural Associations. The latter sold the produce of their members to one of the Fruit and Vegetable Control Companies at official prices set by the Ministry; but producers in the metropolitan areas brought in their own produce. The Control Companies in turn transported the produce to the wholesale markets where it was sold at fixed mark-ups to representatives of the Retail Dealers Control Association. Large cities were divided into wholesale districts, which were in turn sub-divided into retail territories in which certain members of the Retail Dealers Control Association operated. The retail dealers sold to consumers in their territory at a fixed 30 percent mark-up and normally utilized the neighborhood associations to make the final ration breakdown.

4. Theoretically this system should have provided equitable distribution at low prices. Prior to the occupation it had deteriorated to the point of almost complete collapse. For example, the official distribution of vegetables in Tokyo had become merely a token distribution amounting per capita to only 52 grams per day in August, 25 grams in September and 37 grams in October. The actual distribution of vegetables was accomplished by the daily migration of thousands of consumers into the country to purchase vegetables directly from the farmers at black market prices. The trains were jammed with people bringing back potatoes, vegetables and fruit. It is estimated that as many as 900,000 persons made such expeditions from Tokyo on a single Sunday. While transportation of foodstuffs by individuals on passenger trains was a violation of a public ordinance, no effort to enforce it had been made for many months.

Law Enforcement

5. A similar laxity had developed in compelling farmers to fulfill their fruit and vegetable quotas. In part such hazard enforcement stemmed from the popular attitude that violation of price and rationing regulations is of no great consequence. In the case of fruits and vegetables there were additional obstacles to the effective enforcement of a rigid control program. The large number of small producers, the irregular nature of vegetable production, the importance of suburban producers who do not market through Agricultural Associations and the difficulty of establishing official prices when there are great variations in quality and numerous varieties of a single type of vegetable were all factors in the situation. It is estimated that 80 percent of all perishable foods were sold on the black market.

Modified Plan

6. On 20 November the Japanese Government introduced a modified plan of distribution in order to improve the flow of perishables into urban areas through official channels. The new plan abolishes the official price ceilings and permits authorized agents of consuming areas to negotiate directly with producers for large scale purchases.

The rest of the distribution system remains the same except that farmers in the vicinity of Tokyo bring their produce to market and sell to authorized dealers at auction. The proceeds of the auction less 5 percent are turned over to the farmers. A

daily ration of vegetables is established each morning and the retailer is limited in his purchases by the amount of the day's ration and the population of his territory. The retailer is allowed a 20 percent mark-up and must make his first distribution to the neighborhood associations.

Results

7. Under the modified plan the quantity of vegetables offered for sale in official channels increased considerably. The average receipts of perishable foods during the first 6 days after the plan was introduced were four times the average of the first 20 days of the month. With the gradual upward trend in the amount of produce marketed through official channels, the number of Tokyo residents going out into the country to buy vegetables is being reduced.

8. With the removal of price ceilings on perishable fishery products, deliveries of fresh fish to the Tokyo fish market have shown a marked increase. The old system of auction sales is again being used and prices have risen to approximately seven times the former ceilings, or nearly to the black market level. Appreciable quantities of fish are still marketed through black market channels due to the scarcity of fuel oil and transportation. The Bureau of Fisheries is instituting a daily radio announcement to inform consumers of the current wholesale prices of fresh fish and fish products.

Rationing Methods

9. Rationing systems and procedures have not been greatly changed, but one innovation is the formation of Committees of Rationing in the neighborhood associations to supervise the distribution of food. Prices and ration allowances of all foods are to be given wider publicity in order to educate the general public on food control matters. Complaints of graft and hearing on the part of rationing officials have been numerous.

10. The system of retail outlets is gradually being improved. During the war the number of food distribution outlets was reduced to the point where each served hundreds of households, resulting in long ration lines and the loss of many man-hours. Distribution outlets for staple and perishable food products are being increased and dealers are again beginning to make direct deliveries to households. Consumers may now register with dealers near their homes or offices and are not limited to those arbitrarily designated by the government.

Ration Allowances

11. Despite mounting public criticism the daily ration of staple foods (rice, wheat, barley, sweet potatoes and soya beans) remains unchanged at 2.1 go (approximately 294 grams). It is supplemented by the increasing amounts of perishable foods now being marketed in urban areas. A special increase in the ration allowance has been granted to coal miners in order to discourage absenteeism and to increase production. A supplemental ration for Formosan and Chinese nationals has been authorized.

OTHER COMMODITIES

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CLOTHING

12. There has been no change in the system of clothing rationing. Due to the shortage of fabrics and textile raw materials, no ration tickets have been issued in 1945 except special rations for certain classes of needy persons.

Stocks of raw cotton and other fibres are continuing to shrink, and the acute shortage of salt used in the manufacture of caustic soda is retarding the recovery of the rayon and staple fibre industries. This is partly offset by the release of cut silk fibre by the SCAP directive of 26 November. Imports of raw cotton and salt are required before clothing production is sufficient to meet even minimum needs. Leather stocks formerly held by the Japanese armed forces have been released for the production of shoes, which will be rationed only to needy persons.

FUELS

Petroleum

13. The Petroleum Distribution Company continues to handle the distribution of petroleum products under allocations made by the Fuel Bureau of the Ministry of Commerce and Industry. Allotments in kiloliters for the month of November were as follows:

Allotment of Petroleum by Consumer Categories for November 1945:

Type	<u>Gasoline</u>	<u>Kerosene</u>	<u>Gas Oil</u>	<u>Diesel Oil</u>	<u>Fuel Oil</u>	<u>Lube Oil</u>	<u>Grease Oil</u>	<u>Total</u>
Ships	25	120	200	6,914	533	643	7	8,442
Autos	2,710					568	7	3,285
Fishing Farming & Forestry	177	3,703	1,629	807		509	13	6,838
<u>Gov't Use</u>								
Railroads	190	20	51	49	51	248	8	617
Harbors	3	5	3	9		8	1	29
Others	33	13	15	17		26	12	116
Public Use	44	10	2	17		24	2	99
Mining & Industry	238	340	170	204	170	832	119	2,073
Diplomats	15					1		16
Total	3,435	4,211	2,070	8,017	754	2,859	169	21,515
Reserve	410	325	163	325	187	207	7	1,624
Grand Total	3,845	4,536	2,233	8,342	941	3,066	176	23,139

Unit: Kiloliters

Coal

14. The Japan Coal Company which handles the distribution of coal throughout Japan, has made the following allocation of coal for the month of December:

<u>ALLOCATION</u>	<u>METRIC TONS</u>
Mining	188,000
Bunker Coal	50,000
Allied Occupation Forces	60,000
Gas & Coke	42,000
Iron & Steel Manufacture	66,000
All types of heating in Hokkaido	42,000
Ammonium Manufacture for use in Fertilizer	26,000
Railways	415,000
Miscellaneous	88,000
Export to Chosen	70,000
Export to Allied Forces in Hongkong	<u>18,000</u>
Total Available for Distribution	1,065,000

According to estimates of the Fuel Bureau, an additional 300,000 to 400,000 metric tons of coal may be available in the near future from Japanese Army and Navy stocks taken over by the Occupation Forces. The transfer of this coal to the Japanese Government for distribution through normal channels is now in progress.

PAPER

15. The Newsprint and Publishing Paper Allotment Committee established pursuant to the SCAP directive of 29 October is now functioning. It is composed of subcommittees for newsprint and publishing paper respectively, each subcommittee consisting of 5 government members, five industry members and five disinterested members. For December all newspapers were granted a basic 12 percent increase of newsprint and 75 percent of the new applications for paper were approved.

In October it was estimated that the monthly production of newsprint would reach 17 million pounds by December. Due to the coal shortage actual output has dropped to 6 million pounds a month. Eight million pounds of newsprint will have to be drawn from existing inventories to maintain the current level of consumption in December. December consumption will be approximately 21 percent of the 1939 rate.

LUMBER

Distribution Plan

16. The Forestry Division of the Ministry of Agriculture and Forestry plans the national distribution of logs and lumber after consultation with the Ministries interested in industries using lumber as a raw material. The Division formerly drafted its plans for a 12 months period, but is now planning only 3 months ahead.

An allocation is made to each prefecture which has the responsibility of approving applications for the use of lumber in accordance with the national plan.

Each prefecture has a lumber control company which is in turn a member of the national organization, the Japan Lumber Company. All lumber cut in each prefecture is sold by the sawmill to the prefectural control company. If the latter accumulates more lumber than the amount allocated to it, it theoretically sells the surplus to the Japan Lumber Company for distribution to areas of short supply.

Allocations

17. The allocation of lumber made by the Forestry Division is usually below actual production. The allocation for the year beginning April 1944 was 85 million koku as against actual output for the period of 106.6 million koku. The same figures for the 6 months April through September 1945 were 31.4 million and 33.2 million koku respectively. The allocations for these two periods were as follows:

	April 1944/March 1945	April/Sept. 1945
General Construction	57%	53%
Shipbuilding	10%	7%
Cartwright	2%	1%
Mines	14%	18%
Rail Ties	3%	2%
Telephone Poles	1%	1%
Piles	1%	1%
Pulp	6%	7%
Veneer & Plywood	6%	9%
	<u>100%</u>	<u>100%</u>

PRICE CONTROLS

Control Organizations

18. The Japanese Government is planning to create a Price Board in the Ministry of Finance to take over the functions of the Cabinet Investigation Board. It will consist of three sections: Section 1 Price Policies, Statistics, General Affairs; Section 2 Commodity Prices, and Section 3 Rents, Fees, Transportation Charges and Wages. The personnel of the Board will consist of men drawn from the interested ministries and professional experts, scholars and other qualified citizens.

The establishment of the Price Board will be a step toward centralized control of commodity prices. If staffed with qualified personnel, it will be able to coordinate the price control activities of the different Ministries.

Enforcement

19. The Economic Police Section operates directly and indirectly in enforcing the price and distribution control laws. The police uncover violations of these laws and arrest violators who are turned over to the Public Procurator's office for prosecution. In 1943 470,000 cases of violations were found by the police and a similar number up to August 1944. While later figures are not available, Japanese officials estimate that violations are becoming more numerous.

Public Education

20. The Economic Police attempt to prevent violations of the price and distribution control laws by a process of public education and publicity. While public education policies are planned at the national level, wide latitude is given to each prefecture which is responsible for control within its own boundaries. A variety of methods and organizations have been employed, but most have ceased functioning since the cessation of hostilities and exist only on paper. They include the following:

(1) Public meetings for the discussion of economic controls reached over four million people in 1942. No meetings have been held since the occupation began.

(2) Pamphlets, bills and posters were formerly prepared by the prefectures and distributed to the people.

(3) Councils for the Economic Police were started in 1938 to enlist popular support for the price and rationing control system. The councils possessed no authority and were purely advisory bodies. They were of two types: the General Councils, composed of representatives of economic associations, consumers and "learned men" that discussed problems of a general economic nature; the Special Councils, composed of specialists that dealt with specific problems as they arose. In 1943 there were 1,191 General and 1,485 Special Councils now inactive.

(4) Economic Living Consultation offices were started in 1941 to counsel the public on personal problems concerning prices, distribution, housing and other matters. In 1942 there were 3,714 offices which handled about two and a quarter million cases of which legal solutions were found in one and three-quarter million cases. They still exist on paper.

(5) Some efforts were made to control inflation by means of appeals by high officials, by the use of broadcasting facilities and by the public exhibition of prices.

21. In addition to the above functions of enforcement and public education, the economic police collect information on economic conditions and on black market prices and violations for the use of the government ministries which set price and distribution policies.

Black Markets

22. It has been suggested to Japanese officials that more effective enforcement of price control laws would aid in stamping out the black market. In the past month several large scale black markets have been raided, and their operations successfully suspended. Particular attention is being given to controlling the distribution of staple foods.

Black market prices are declining due to the larger quantities of goods becoming available and to the weakening of control organs. The average of black market prices for the Tokyo area which was 16.7 times the official rate in the middle 10 day period of October had dropped to 9.5 times in the last 10 days of November, as shown in the following table:

BLACK MARKET PRICES IN TOKYO CITY
(Source: Metropolitan Police Board)

Article	Unit	Official	End of Nov	Ratio	Middle of Oct	Ratio
		Price in Yen (a)	Price	to (a)	Price	to (a)
Sugar	1 kan	3.86	600.-	155.-	1,000.-	250.-
Rice hulled	1 sho	0.53	80.-	151.-	70.-	132.-
Rice ball	1 piece	0.10	10.-	100.-	8.-	80.-
Toilet Soap	1 piece	0.10	7.-	70.-	20.-	200.-
Soy	1 sho	1.32	80.-	60.6	60.-	45.5
Cooking Oil	1 sho	2.21	130.-	58.8	130.-	58.8
Cotton Thread	1 bundle	0.30	16.-	53.3	22.-	73.3
Towel	1	0.25	13.-	52.-	20.-	80.-
Canvas shoes	1	2.85	95.-	33.3	120.-	42.1
Cotton socks	1	0.50	15.-	30.-	35.-	70.-
Kitchen Knife	1	0.68	15.-	22.1	20.-	29.4
Elec bulb (100w)	1	0.90	17.-	18.9	20.-	22.2
Writing Pad	50 leaves	0.17	2.8	16.4	4.-	23.5
Silk Thread	1 momme	0.20	3.-	15.-	15.-	25.-
Kitchen Brush	1	0.15	2.-	13.3	2.40	11.-
Broom	1	2.50	26.-	10.4	30.-	12.-
Shoe-block	1	0.50	5.-	10.-	7.-	14.-
Shoes	1	42.-	400.-	9.5	530.-	12.6
Sewing needle	25	0.20	1.80	9.-	3.-	15.-
Tobacco	1	0.45	4.-	8.9	18.-	40.-
Clogs	1	3.60	30.-	8.3	60.-	16.7
Tooth Brush	1	0.18	1.50	8.3	3.-	16.7
Door Paper	1 roll	2.-	15.-	7.5	16.-	8.-
Envelope	10 leaves	0.10	0.70	7.-	1.50	15.-
Leather Purse	1	12.-	70.-	5.8	100.-	15.-
Shoe-repair	1 half sole	7.05	40.-	5.7	80.-	11.3
Painted Clogs	1	3.-	15.-	5.-	20.-	6.7
Safety Razor	1	0.25	1.20	4.8	1.50	6.-
Aluminum Fan	1	9.-	40.-	4.4	80.-	8.9
Straw Sandals	1	0.24	1.-	4.2	1.50	6.2
Aluminum Ladle	1	1.-	3.-	3.-	5.50	5.5
Mino Paper	1	0.03	0.07	2.3	0.20	6.7
Fry Pan	1	7.-	15.-	2.1	70.-	10.-
Wash Basin	1	8.40	13.-	1.5	32.-	3.8
Radish	1 kan	free	8.-		5.-	
Sweet Potato	1 kan	free	20.-		20.-	
Median				9.5		16.7

Price Movements

23. The government purchase price of rice was raised from ¥ 92.50 to ¥ 150.00 per koku to enable farmers to fulfill their quotas without loss. The official price ceilings were removed on perishable foods on November 20 to encourage distribution through authorized channels. On the first day of the semi-free market system, prices jumped high in the black market. After four days they declined sharply and are now below former prices in the black market.

24. The Japanese Government has requested permission to delegate price determination and control functions to prefectural governments or control associations, claiming that the task of revising official prices on thousands of articles, rents and fees is too great a task for the Central Government. None of these requests has been granted and every effort is being made to maintain strict control over all essential commodities particularly over staple foods.

INTERNAL TRADE

25. New shops are being opened daily throughout the country, many catering to Allied personnel. Thousands of Japanese crowd around market centers where available goods are often displayed on the ground. Some new commodities such as kitchen utensils are beginning to appear.

26. During the war many economic powers were delegated to the prefectural governments. Each governor considered the interests of his prefecture before the national interest, with the result that goods did not always flow freely over political boundaries. The governors of Kyushu have called a conference to remedy this situation and similar steps will be taken throughout Japan.

SECTION 9
MONEY AND BANKING

C O N T E N T S

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GENERAL

1. The note issue of the Bank of Japan reached an all time high of 45.62 billion yen on 20 November, reflecting an apparent tendency toward hoarding.
2. The present weakened reserve position of Special Banks and the Yokohama Specie Bank is the result of the abandonment of sound banking principles in financing the war effort. Statements of the Bank of Japan, the Yokohama Specie Bank, other special banks and ordinary banks reflect the tremendous expansion of credit during the war.
3. Security and commodity exchanges remain closed, but may reopen for limited trading when the financial program of the government is defined.
4. The Bank of Japan has commenced the investigation of certain closed institutions under specific instructions by SCAP. Representatives of this Headquarters are on duty in these institutions to protect property and records and to submit reports to this Headquarters. The assistance of Chinese and French representatives in disposing of Chinese and French banks has been requested.
5. Stocks of precious metals and large sums of Bank of Japan currency continue to be discovered by Allied military personnel.
6. Many problems are arising in connection with the directive prohibiting transactions in assets owned or controlled in Japan by persons resident abroad. Transactions in the property of non-residents are now allowed for non-operational domestic expenditures incident to the maintenance of the property and payment of allowances to families of non-resident employees.
7. An enforcement agency has been established to investigate, report and make recommendations concerning institutions or persons suspected of violating or evading directives or instructions issued by the Supreme Commander or ordinances or other en-

actments of the Japanese Government promulgated at the direction of the Supreme Commander.

BANKS AND CURRENCY

8. Bank of Japan notes represented 95 percent of the total circulation in May 1945. Except for a slight drop in September the note issue reached an all-time high of 45.62 billion yen on 20 November. This is an increase of 3.59 billion yen since 20 October.

It is assumed that this increase in the note issue of the Bank of Japan reflects hoarding for the decline of economic activity since the occupation would normally be expected to cause a contraction rather than an expansion of the currency.

Bank of Japan

9. The statements of the Bank of Japan as of 20 October and 20 November are summarized as follows:

(Millions of Yen)

<u>Assets</u>	<u>20 October 1945</u>	<u>20 November 1945</u>
Loans to Banks	24,690	27,263
Cash and Bullion	540	534
Govt. Bonds & Debentures	11,980	14,329
Agency Accounts	14,860	15,704
Miscellaneous Accounts	5,840	7,132
Capital Unpaid	-- --	55
Total	57,910	65,017
<u>Liabilities</u>		
Notes Issued	42,040	45,628
Govt. Deposits	11,260	14,425
Other Deposits	3,450	3,643
Misc. Accounts	950	1,109
Capital & Reserve	210	212
Total	57,910	65,017

Note Issue

10. The bank note issue of the Bank of Japan during the early years of the war was correlated closely with the holdings of government bonds. The bank paid for its government bond investments by issue of bank notes to the recipients of governmental disbursements. Since 1941 the increase in note circulation has followed the increase in loans to other banks. The enormous disbursements for war contracts and war damage losses during the last two years have been financed through an expansion of loans within the banking system itself.

Yokohama Specie Bank

11. The Yokohama Specie Bank was the principle instrument in the complicated system of currency manipulation employed by the Japanese Government to finance its military expenditures in occupied countries. During the last year of the war, Japan began to lose economic as well as military control of the occupied areas. Currency issues increased rapidly in the areas where the notes of the Central Reserve Bank of China circulated. Large expenditures in Central China during 1945 were reflected in the 31 October 1945 statement of the Shanghai branch of the Yokohama Specie Bank showing total assets and liabilities of 340 billion yen.

This statement with astronomical figures is based largely on a special deposit of 219 billion yen in the name of the Central Reserve Bank of China. Throughout the war, the Shanghai branch secured currency from the Central Reserve Bank of China through the device of crediting this special deposit account. The special deposit account was reduced from time to time by turning in Central Reserve Bank of China notes purchased in the open market for gold.

The statements of branches of the Yokohama Specie Bank in other occupied countries show the effect of currency manipulations abroad. These operations have seriously affected the domestic statement of the Yokohama Specie Bank.

As of 31 October 1945 their position was as follows:

Assets	31 October 1945		Consolidated
	Domestic Branches	Foreign Branches	
	(Millions of Yen)		
Cash	72	5,935	6,007
Deposits with other Banks	275	198,417	198,692
Loans	6,214	96,416	102,630
Japanese Govt. Bonds	1,415	7	1,422
Inter-office accts	3,385	28,506	31,891
Other assets	<u>111</u>	<u>62</u>	<u>180</u>
Total assets	11,472	329,350	340,822
<u>Liabilities</u>			
Bills payable	522	1,151	1,673
Borrowed money	3,960	61,576	65,536
Deposits	2,008	37,082	39,090
Special deposits	1,627	224,902	226,529
Inter-office accts	2,992	4,449	7,441
Capital & Reserves	<u>373</u>	<u>190</u>	<u>563</u>
Total liabilities	11,472	329,350	340,822

Other Special Banks

12. In addition to the Bank of Japan and the Yokohama Specie Bank, seven other special banks continue in operation. Their relative importance is indicated in the following table:

<u>Total Assets</u>	<u>30 September 1945</u>	<u>31 October 1945</u>
	(Millions of Yen)	
Hypothec Bank	8,396	8,532
Industrial Bank of Japan	16,696	16,935
Central Bank for Agriculture and Forestry	11,523	not available

Current reports have not yet been furnished by the Peoples Bank, the Pension Bank, the Hokkaido Colonial Bank and the Central Bank for Commercial and Manufacturing Associations. The operations of these banks are relatively minor in national importance.

The most recent statements of the three banks, giving the principal balance sheet items of each, are summarized as follows:

	<u>Hypothec Bank</u> 31 Oct. 1945		<u>Industrial Bank</u> 31 Oct. 1945		<u>Central Bank for Agric. and Forestry</u> 30 Sept. 1945	
	(Millions of Yen)					
<u>Assets</u>	Amount	Per- cent	Amount	Per- cent	Amount	Per- cent
Cash and Deposits	2,815	32.2	356	2.1	1,287	10.3
Government Bonds	484	5.7	556	3.3	4,906	42.6
Loans and Advances	3,202	37.6	15,145	89.3	1,204	9.6
<u>Liabilities</u>						
Total Deposit Acct.	2,440	28.6	2,481	14.6	10,981	95.4
Debentures and Borrowed money	5,246	61.4	13,305	81.2	42	0.6
Capital and Reserves	409	4.8	360	2.1	59	0.8

The high cash position of the Hypothec Bank is largely due to deposits with the Deposit Funds Management Bureau. Cash and government bonds holdings are notably high for the Hypothec Bank and especially the Central Bank for Agriculture and Forestry. The Industrial Bank's position in this respect is poor. The high ratio of loans and advances in the Industrial Bank reflects its greater use as a source of funds for manufacture of munitions.

The Central Bank for Agriculture and Forestry which functioned during the war as a channel for collecting the savings of agricultural credit cooperatives is a deposit institution.

The Hypothec Bank and Industrial Banks are investment banks rather than deposit banks. The reserve position of all three banks is weak.

Ordinary Banks (Commercial Banks)

13. The last full report on the condition of all banks was published as of 31 May 1945. The Ministry of Finance submitted a consolidated report as of 30 September 1945 which presents the picture to the extent that 15 out of 62 ordinary banks were included on the basis of their August 31 reports and one special bank on the basis of its July 31 report. Reports of 31 May 1945 and 30 September 1945 follow:

	<u>May 31, 1945</u>	<u>Sept. 30, 1945</u>
	(Millions of Yen)	
Cash	2,201	4,591
Deposits in Banks	<u>2,874</u>	<u>4,069</u>
Total	<u>5,075</u>	<u>8,660</u>
Government Bonds	28,309	33,182
Foreign Securities	567	550
Debentures	5,829	5,904
Stocks	<u>1,077</u>	<u>1,090</u>
Total Investments	<u>40,857</u>	<u>49,386</u>
Loans on Bills	35,631	53,419
Loans on Securities	5,577	3,502
Overdrafts	3,025	2,774
Bills discounted	781	340
Call Loans	<u>769</u>	<u>808</u>
Total Loans	<u>45,783</u>	<u>60,843</u>
Current Deposits	8,674	11,360
Ordinary Deposits	24,420	33,090
Savings Deposits	32,627	34,064
Other Deposits	<u>10,810</u>	<u>24,172</u>
Total Deposit	<u>76,531</u>	<u>102,676</u>

Big Five Banks

14. More complete and accurate information is available on the "Big Five" ordinary banks (commercial banks): Teikoku, Mitsubishi, Yasuda, Sumitomo and Sanwa. Foreign branches of the big five ordinary banks, showed tremendous expansion as the result of the increased cost of financing the war and the depreciation of currencies. The Shanghai Branch of Mitsubishi Bank showed an increase in total assets from ¥ 1,271 million to ¥ 23,296 million between 28

February 1945 and 24 July 1945. The principal increases during this period were £ 14,829 million in Bills Discounted and £ 4,483 million in Advances. Deposits rose from £ 1,199 million to £ 13,682 million and Re-Discounts from nil to £ 9,316 million.

15. The last monthly statements of the domestic branches of the "Big Five" are as follows:

	<u>September 30, 1945</u>	<u>October 31, 1945</u>
	(Millions of Yen)	
<u>Assets:</u>		
Cash and Bank Deposits	3,651	3,146
Government Bonds	13,469	13,651
Other Bonds and Stocks	2,064	2,017
Loans and Discounts	46,755	47,954
Other Assets	<u>15,721</u>	<u>15,756</u>
Total Assets	81,659	82,524
<u>Liabilities:</u>		
Deposits	56,715	56,392
Borrowed Money	13,334	15,772
Capital and Reserves	2,923	2,493
Other Liabilities	<u>8,687</u>	<u>7,878</u>
Total Liabilities	81,659	82,524

Yasuda Bank

16. A study is being made of the Yasuda Bank. The Yasuda Bank is controlled by the Yasuda family who hold more than 60 percent of the stock directly and an additional 30 percent indirectly. Since 1923 it has absorbed a score of big and small institutions and now operating 167 branches in Japan, 3 in Korea and 1 in Manchuria. At 30 September 1945 it held about 13 percent of the total deposits in all Japanese banks.

Condensed statements of the Yasuda Bank as of 31 December 1941 and 30 September 1945 follow:

	(Millions of Yen)	
<u>Assets</u>	<u>30 September 1945</u>	<u>31 December 1941</u>
Cash due from banks	657	306
Loans and discounts	11,010	1,727
Securities	3,404 <u>2.1/</u>	1,083
All others	<u>2,860</u>	<u>88</u>
Total Assets	17,931	3,204

Liabilities

Deposits	13,999	2,880
Borrowed Money	2,261	---
Capital and reserves	996	251
All others	<u>675</u>	<u>73</u>
Total Liabilities	17,931	3,204

22/ Over 80 percent are government bonds.

In addition Yasuda Bank controls seven other banks whose branches, assets and deposits are shown:

Banks Affiliated with Yasuda

Name	Locality	No. of Branches	Total Assets (Millions of Yen)	No. of Depositors
Asahi Kyorisan Bank	Asahi	29	474	177,125
Shikoku Bank	Kochi	50	632	210,000
Higo Bank	Kumamoto	33	334	160,000
Nippon Savings Bank	Tokyo	277	9,893	12,500,000
Fukuoka Bank	Fukuoka	63	1,855	584,180
Chiba Bank	Chiba	46	971	354,051
Hokuriku Bank	Toyama	<u>59</u>	<u>1,852</u>	<u>310,000</u>
Total For Subsidiary Banks		562	16,011	14,295,356

Savings Institutions

17. The Deposit Funds Management Bureau is the largest savings institution of Japan and is the head office of the postal savings system. The Nippon Savings Bank is the most important savings bank in Japan.

The state of savings institutions in Japan may therefore be judged by the condition shown by the Deposit Funds Management Bureau and the Nippon Savings Bank on their last statements:

Nippon Savings Bank Deposit Funds Bureau
30 September 1945 30 June 1945
(Millions of Yen)

Assets	Amount	Percent of Total Assets	Amount	Percent of Total Assets
Cash and Deposits	319	3.2	71	.1
Government Bonds and Advances	8,670	86.6	35,157	80.0
Debentures, Loans and Advances	192	1.9	8,745	19.0

<u>Liabilities</u>	<u>Amount</u>	<u>Percent of Total Liabilities</u>	<u>Amount</u>	<u>Percent of Total Liabilities</u>
Total Deposit Accounts	7,819	79.0	37,802	86.0
Debentures and Borrowed Money	1,672	16.5	None	None
Post Office and Social Insurance Accounts	None	None	3,637	8.3
Capital and Reserve	156	1.5	2,507	5.7

The high proportion of cash and government bonds gives the Nippon Savings Bank the soundest appearance of any bank in Japan. The Deposit Funds Management Bureau would seem to be in a similar position except that a large proportion of its loans is to local government units in Korea, Formosa and China.

SECURITY AND COMMODITY EXCHANGES

18. Both the Security and the Commodity Exchanges remained closed. Conditions under which the Stock Exchange might be allowed to reopen were discussed with representatives of the Ministry of Finance, the Brokers Associations and Stock Exchange officers. The Stock Exchange in the past was manipulated by the Japanese Government. The Brokers Associations and officials of the Exchange have been working on plans for removing restrictions which formerly prevented a free market. When the study is complete recommendations will be made to SCAP by the Japanese brokers. Definite plans have not yet been considered for the reopening of any Commodity Exchanges.

Security Trends

19. Over the counter trading in securities increased during the month of November. Some securities were traded in at a wide range of prices. In spite of such instability certain trends in security prices were noticeable. Government bonds were reported to be trading around the 65 to 75 level. Brewery and entertainment stocks were strong. Railway stocks in general showed advances from August levels while steamship stocks declined moderately. Gas and electric stocks were steady to a shade better. Large spinning and weaving stocks declined and munitions and mining stocks were extremely weak.

LIQUIDATION

20. At the direction of this Headquarters the bank of Japan is investigating the affairs and reporting on the assets and liabilities of the Bank of Chosen, Bank of Taiwan, Chosen Colonization Bank, Banque Franco-Japonaise and Deutsche Bank fuer Ostasien and is preparing detailed statements and reports of these institutions.

21. The Bank of Japan was directed to pay certain liabilities of the Tokyo and Kobe Branches of Banque Franco-Japonaise, including deposits other than those of the city of Tokyo and was directed to take charge of the property and affairs of the Tokyo Branch of Banque de L'Indochine and pay certain depositors.

22. The Bank of Japan as agent is receiving voluntary payments on obligations by debtors of all of the 29 closed institutions. It

was directed to take into custody and place in its vaults for safe-keeping all cash, negotiable securities and other movable property of high value belonging to the closed institutions.

INSURANCE

Present Status

23. Life insurance is being written in rural areas, but new business in fire, marine and transportation insurance is practically at a standstill.

The essential difference between the American and Japanese control of insurance is that the American control is designed for the protection of the policy holders while the Japanese control has been used for the purpose of governmental utilization of assets.

The Japanese companies in general are organized and appear in readiness to resume operations. A valuation of government securities must be established before the condition of the individual insurance companies can be determined. An examination of the assets and organization is being conducted by the Japanese insurance companies.

PROPERTY

24. Reports concerning the properties of the governments and nationals of Germany and other enemy countries have been received.

More than two million dollars worth of silver bars buried by the Japanese Navy in an open salvage dump were discovered and placed in the vaults of the Bank of Japan in Tokyo. Instructions concerning the preparation and submission of inventories and reports of such stocks have been completed. Large quantities of Bank of Japan yen currency belonging to the Japanese Army and Navy have been seized. Report as to the exact amount is being compiled. Further collections of precious metals and precious stones were placed in the vaults of the Bank of Japan in Tokyo and in the vaults of the Imperial Mint at Osaka. Property of the Puppet Philippine Embassy, the Puppet Manchurian Embassy and the Puppet Chinese Embassy was taken into custody under control of this Headquarters.

25. Engraving plates used in printing Bank of Chosen notes have been temporarily released to the Japanese Government printing office through the office of SCAP Fiscal Director in order to print Bank of Chosen notes of 100 yen denomination as requested by Korean Military Government authorities.

REGULATING

Changes in Major Controls

26. The directive prohibiting transactions in assets owned or controlled in Japan by persons resident abroad was amended in the following respects: permission was given for the payment of arrears in salaries and operating expenses by branches and agencies in Japan of concerns which maintained offices abroad, providing such expenses were incurred in operations performed before the effective date of the original directive. Permission was given also for the payment of expenses necessary for the upkeep and maintenance of properties owned by such branches and agencies. Permission was granted for branches or offices in Japan of firms employing Japanese abroad to pay allowances to the employees' families that are residing in Japan. No such payments may be made from funds remitted to Japan since 15 August 1945.

27. The directive governing the repatriation of Koreans and Chinese from Japan and from island areas formerly occupied by Japan has been amended to allow these repatriates to take with them bank pass books and evidences of ownership of property in Japan. The currency limitation of 1,000 yen per person for Korean and Chinese repatriates leaving Japan and other areas is retained in force.

28. The directive governing export and import of financial instruments has been amended to allow Japanese repatriates returning to Japan to take in with them postal savings pass books issued in Korea, Taiwan, Kwantung Province and North China. The postal savings system operating in these areas was managed as an integrated whole and the proceeds of deposits outside of Japan were remitted to Japan for investment or other disposal. Pass books evidencing postal savings deposits represent claims on assets in Japan and their import and use in Japan will not result in any foreign exchange transactions.

Other Significant Action Taken

29. Contracts between persons in Japan and foreign owned or controlled concerns require the special permission of this Headquarters. Special licenses were issued to Time, Newsweek and the New York Times Overseas Edition for publication in Japan for distribution to Japanese civilians. Proceeds of sales will be kept in Japanese yen currency. No special allotment of paper is being made for the civilian distribution permitted by these licenses.

30. Many remittances and collections both in favor of and against Japanese banks were in process when our blocking controls were put into effect. Authorization has been given to allow payment on such remittances and collections in favor of individuals in Japan when the transactions were completed, except for such payment, prior to the issuance of our controls and when the amount involved in each case is not in excess of 1,000 yen.

Data Requested from Japanese Government

31. All arrangements have been completed for securing reports on Japanese external assets. Report forms, press releases and necessary ordinances have been issued. The Japanese Government is mobilizing the necessary personnel for summarizing the information obtained and for presenting it to this Headquarters.

32. Complete reports are being presented on external remittances and collections, inward and outward, transacted by Japanese banks from 1 August 1945 to the date of promulgating the ordinance prohibiting such transactions.

33. Complete descriptive data have been requested on all foreign firms having branches or agencies in Japan which desire to make payments either of arrears in salaries and operating expenses or of expenses of maintenance and upkeep. Similar reports have been requested from all branches or affiliates of concerns employing Japanese abroad and who desire to pay allowances to families resident in Japan.

ENFORCEMENT

Manchurian Refugee Relief Association

34. The Manchu Kankei Kikokusha Engokai was organized during August 1945 to furnish aid to Japanese civilian returning from Manchuria. The majority of the refugees being assisted by the association were employees of the Manchurian Heavy Industries Company which was one of the largest wartime organizations in Manchuria. A 16 November directive blocked the funds and bank account of the Relief Association.

SECTION 10
PUBLIC FINANCE

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GENERAL

1. Measures have been taken to stop uncontrolled government expenditures, to curb reckless borrowing and to freeze payments due on war contracts, war damage insurance and similar obligations arising from war guarantees. A drastic program has been launched for the absorption of all war profits and the assessment of a capital levy designed to spread ownership of the nation's production facilities and resources among a larger and more democratic group of owners. The pension system which gave special benefits to the military class has been ordered abolished by 1 February 1946. It effective and recognizable steps toward balancing the budget are essential.

The government published the first detailed report on Japanese war expenditures that has ever been made public.

Constitutional revision to make the budget fully subject to Diet control is a necessary step toward democratic government.

BUDGET

Status

2. The status of the formal budget remained unchanged in November except for the curtailment of the total of Special Account expenditures authorized for the fiscal year by ¥ 2.5 billion. Since expenditures of the Special Account flow from the General Account which did not change, this reduction did not affect the over all picture of the budget.

The following table gives a comparison of actual receipts and expenditures through 31 October 1945 with those authorized by the budget as revised:

(In Thousands of Yen)

<u>Item</u>	<u>Original Budget</u>	<u>Post-War Revision</u>	<u>Actual Through 31 October 1945</u>
<u>General Account</u>			
Expenditure	28,951,027	24,975,220	
Less transfer to War Account	<u>10,113,563</u>	<u>10,175,688</u>	
Net Expenditure	18,837,444	14,799,532	5,737,507
Revenue (taxes, monopolies, enterprises, miscellaneous)	<u>17,719,245</u>	<u>12,107,843</u>	<u>4,900,215</u>
Net deficit (from public loans)	1,118,199	2,691,689	837,292
<u>War Account</u>			
Expenditure	85,000,000	85,000,000	57,667,599
Revenue	<u>9,461,374</u>	<u>9,461,374</u>	
Net Deficit	75,538,626	75,538,626	57,667,599
<u>TOTAL</u>			
Expenditure	103,837,444	99,799,532	63,405,106
Revenue	<u>27,180,619</u>	<u>21,569,217</u>	<u>4,900,215</u>
Deficit	76,656,825	78,230,315	58,504,891

3. Total national revenues and expenditures during the eight year period since the start of the war with China as compiled from data furnished by the Japanese Ministry of Finance follows:

1937-38 through 31 October 1945

(In Thousands of Yen)

	<u>General Account</u>	<u>War Account</u>	<u>Total</u>
Net Expenditure	59,635,107	194,796,165	254,431,272
Net Revenue	<u>58,803,046</u>	<u>5,002,243</u>	<u>63,805,289</u>
Net Deficit	832,061	189,793,922	190,625,983

Budgeting Developments

4. SCAP directive required the Japanese Government to pay its extraordinary war obligations only into blocked accounts, with no withdrawals except by permission of this Headquarters. These obligations include government guaranteed war risk insurance, claims for cancelled war contracts and other claims for losses caused by government orders during the war or at its conclusion; the total estimated at about ¥ 50 billion, of which ¥ 4 billion is included in the current budget for the Special War Account, while the balance of ¥ 46 billion has not been budgeted.

By the same directive the government was forbidden to issue bonds or otherwise borrow money, obtain or give credit, assume

any further contingent liabilities, grant any new subsidy or tax exemption except to political subdivisions or sell or transfer any property without prior approval. The total amount authorized for subsidies in the 1945-46 budget is estimated by the Oriental Economist at ¥ 7.2 billion.

5. The directive of 24 November ordered discontinuance of payments of military pensions, discharge allowances or other benefits other than for physical disability and further required that the sums set aside for such payments be recovered. Pensions payments were also forbidden to members of banned organizations and individuals who have been arrested, interned, or removed from public office.

6. The Japanese Government was directed to proceed with its plan for the recapture of war profits and the assessment of a capital levy on industries which had been occupied with war contracts.

7. The government published the first detailed report on Japanese war expenditures which has ever been made public. The details of the Special War Account, from which nearly all expenditures were made, had been a tightly held secret of the War and Navy Ministries ever since the start of the war with China in 1937. Control of this account passes to the Finance Ministry when the War and Navy Ministries are dissolved on 1 December 1945. A summary of the report is given below:

1937 thru 25 October 1945

(In Millions of Yen)

	MINISTRY				Total
	War	Navy	Munitions	Finance	
Total amount budgeted					222,128
Amount sanctioned by Emperor	a/ 113,390	72,285	18,918	975	205,568
Balance not sanctioned					16,560
Actually expended	b/ 112,402	65,710	15,711	973	194,796
Balance sanctioned not expended	988	6,575	3,207	2	10,772
Balance budgeted not expended					27,332

Notes:

a/ Proposed expenditures were submitted to the Emperor every three months for sanction and could not be spent until sanction was obtained.

b/ Amounts spent outside Japan in the latter part of the war are estimated.

REVENUE

Reorganization of National Finances

8. A general proposal for the reorganization of the national

finances of Japan was received from the Japanese Government on 16 November 1945. This reorganization was based on two main points: a new tax designed to eliminate and recapture all war profits and a universal graduated capital levy. This proposal was approved in principle on 24 November. A draft of the legislation covering this program is required to be presented to SCAP for approval.

EXPENDITURES

Controls

9. The directive of 24 November 1945 has established controls over expenditures at key points. Restrictions on the granting of new subsidies, tax allotments, rebates, or similar benefits, cover expenditures that are large in both number and amount. The same is true of the controls established over guarantees or commitments to pay any obligations of banks, insurance companies, trust companies, security companies, investment companies, industrial or commercial concerns or other public or privately owned enterprises. The restraints on the sale or other disposition of governmental real estate, fixed assets, utilities or other public undertakings will prevent their disposition except at an approved valuation and to diversified purchasers.

Pensions and Benefits

10. The directive of 24 November 1945 requires the termination of the entire military pension system as rapidly as practicable with a deadline 1 February 1946. This will eliminate an annual expenditure estimated at over ¥ 1,500 million.

Army officers were eligible for retirement at the end of 13 years active service, non-commissioned officers and enlisted men at the end of 12 years. One year of foreign service counted for four years. The result was that virtually all Japanese soldiers overseas would have been eligible for pensions. The minimum pension was one third of pay at the time of retirement. In the case of officers, two thirds of one percent of pay at the time of retirement was added for each year of service beyond 13 years. Non-commissioned officers and enlisted men received 7 yen and 6 yen respectively per year increase for each year beyond 12 years. The Navy pension system was essentially the same.

Officers and enlisted men in the Japanese Army and Navy were receiving a retirement allowance on discharge of an amount equal to one year's pay plus wartime allowances. Amounts ranged from ¥ 110 for an enlisted man to ¥ 9,540 for a general. Payments of amounts due officers and men at the time of discharge were made in cash up to ¥ 1,000, the remainder in time deposits ranging from 3 to 6 months. A total of ¥ 3,247 million, including both cash and certificates, in discharge payments was made up to 30 September 1945 with an estimated ¥ 1,500 million to be paid thereafter.

11. The directive further required the termination of pensions and other benefits arising from membership in or services to organizations dissolved or suspended, or paid to persons removed from office or interned or arrested, as a result of any order of the Supreme Commander. A comprehensive report is to be submitted by the Japanese Government covering amounts paid in either cash or certificates for pensions or benefits of the prohibited types.

12. Expenditure to the Imperial Household appears as a separate item in the General Account Section of the national budget and is referred to as the Civil List. It has remained at ¥ 4,500,000 for a number of years and covers generally the salary expenses of the Imperial Household.

IMPERIAL HOUSEHOLD FINANCE

13. The term "Imperial Household" includes the Emperor and his immediate family, together with the Imperial Princes and their consorts and Princesses. At present the Imperial Household consists of 15 family groups totalling 68 persons.

Administration

14. The bulk of the property of the Imperial Household is administered by the Imperial Household Department pursuant to the provisions of the Imperial Household Property Ordinance and the Imperial Household Accounts Ordinance. The Imperial Household should be considered as an entity and not as 15 separate holdings.

The Imperial Household possesses some of the characteristics of a quasi-public institution and some of the features of a privately owned holding trust. Much of the property of the Imperial Household, particularly forest areas, was acquired by donation from the national government or its subdivisions. The largest securities holdings of the Imperial Household are in the Bank of Japan and the Yokohama Specie Bank.

Holdings

15. Reports submitted by the Imperial Household department indicate the holding of the Imperial Household to be as follows:

Cash	¥ 53,014,855
Negotiable Securities	311,371,503
Lands	362,293,953
Standing Timber	592,865,000
Buildings	<u>299,296,657</u>
TOTAL	¥ 1,598,841,968

The fund of ¥ 5,711,471 created for the old court nobles to be divided among them in 1960 and the Imperial Household Treasury Bureau Directory Special Fund of ¥ 8,019,396 are considered by the Japanese to belong to the various families and are not included in the total for the Imperial Household.

Income

16. The income of the Imperial Household is substantial. In 1944 gross income was ¥ 111,359,050 and expenditures were ¥ 86,364,108 leaving a net balance of ¥ 24,994,942. The largest portion of this income was from farm and forest lands; without this income a deficiency of approximately ¥ 10 million would have resulted. Current receipts through September 1945 are ¥ 48,391,930 and current expenditures for the same period are ¥ 67,511,662. These figures do not present a true picture for 1945 because ordinarily a large part of the income is received during the last quarter of the year.

Budget

17. The budget of the Imperial Household for the fiscal year ending 31 December 1945 including all supplementary budgets during 1945 is summarized as follows:

Ordinary Revenue	¥ 33,184,158
Extraordinary Revenue	<u>10,000,000</u>
TOTAL REVENUE	43,184,158
Ordinary Expenditures	¥ 28,319,055
Extraordinary Expenditures	<u>17,294,449</u>
TOTAL EXPENDITURES	45,613,504

Imperial Forestry Bureau

Ordinary Revenue	¥ 101,319,705
Extraordinary Revenue	<u>4,652,013</u>
TOTAL REVENUE	105,971,718
Ordinary Expenditures	¥ 82,960,312
Extraordinary Expenditures	<u>11,106,248</u>
TOTAL EXPENDITURES	94,066,560

The preceding figures indicate that, exclusive of the Imperial Forestry Bureau, the deficit in the Imperial Household account was expected to be ¥ 2,429,346.

Restrictions

18. The 18 November 1945 directive was issued by the Supreme Commander to the Japanese Government regarding the Imperial Household property. This directive provided that:

- (1) Transactions involving Imperial Household property could not be effected without approval of this Headquarters.
- (2) Transfers since 15 August 1945 be nullified unless they were incidental to normal operations.
- (3) Following transactions must be approved by this Headquarters: Disposition or acquisition of any capital assets. Exercise of any voting rights with respect to securities owned. Exercise of any managerial control with respect to any enterprise the securities of which are owned. Bestowal of gifts or special money grants. Supplementing any item of expenditure from Reserve Funds. Loans between accounts. Expenditures in excess of the budget. Expenditures not provided in budget. Expenditures from First or Second Reserve Funds.
- (4) 1946 Budget for the Imperial Household be submitted to this Headquarters for approval.
- (5) A statement be submitted of the property holdings of the Imperial Household.

PAYMENTS INTO BLOCKED ACCOUNTS

19. In 1945 the Diet passed the Enterprise Readjustment Act which provided for indemnities to be paid to owners of plants converted to war industry, plants abolished, buildings pulled down under the Air Raid Precaution Law and plants taken over under the Air Raid Defense Law. In addition to the large expenditures under this law, sums were being paid out in settlement of War Risk Insurance Claims.

War Risk Insurance Claims. To channel these funds into war industry and to prevent these payments from aggravating inflation, the Special Law for Disposing of Funds was enacted in 1945. This act set up the system of blocked accounts which is still in effect. Under this system, funds were released from blocked accounts for the payment of taxes, for paying retirement allowances, for purchase of shares of stock where businesses are amalgamated, for purchase of equipment and stock in war industries and to pay off bank loans.

From the start of the system of blocking until the end of August 1945, ¥ 18,878 million had been paid into blocked accounts of which ¥ 5,116 million had been released. During September 1945 ¥ 566 million had been released. Total releases of blocked funds from the beginning of the system as reported by the Oriental Economist are summarized as follows:

(Thousands of Yen)

Releases to March 1945	¥ 3,188,152
Releases from March to August 1945	1,977,796
Releases during September 1945	<u>555,649</u>
Total	¥ 5,721,597

The purposes for which these blocked funds were released during the month of September 1945 were:

(Thousands of Yen)

<u>Purpose</u>	<u>Amount</u>	<u>Percent</u>
Payment of bank loans	¥ 349,051	58
Payment of debts to non-bank organizations	56,721	11
Acquisition of shares of other companies	4,146	4
Funds for living expenses during conversion, etc.	2,627	1
Payment of retirement allowances and salaries	25,124	4
Payment of taxes	12,361	2
Purchase of equipment, etc.	60,726	11
Purchase of houses, etc.	4,832	1
All others	<u>40,061</u>	<u>8</u>
Total	555,649	100

The present regulations applying to blocked accounts are being thoroughly revised. The Ministry of Finance proposed that the release of funds would require SCAP approval except for certain purposes for which they requested blanket authority as follows:

- (1) Daily expenses, living expenses of individuals, lump sums up to ¥ 5,000 and allowances up to ¥ 300 per month.

- (2) New construction up to ¥ 5,000 in cash and for purchase of homes up to ¥ 5,000, by transfer to blocked account of seller.
- (3) Taxes or other governmental charges.
- (4) Conversion of war industries to peacetime production when the conversion plan is approved.
- (5) Capital and operating expenses for peacetime enterprises when there is no other source of funds.
- (6) Retirement allowances in the case of companies which are liquidating or reducing their size when there is no other source of funds.

The directive of 24 November provides that no payment will be made by the Japanese Government or by any other person upon any claim arising from the production or supply of war materials, from war damage, or from the construction or conversion of war plants, except into blocked accounts. Releases from blocked accounts for use as collateral will require the approval of this Headquarters; any such releases from blocked accounts made on or since 15 August 1945 which exceed ¥ 5,000 are to be redeposited within 30 days from 24 November 1945.

NATIONAL DEBT

20. Revised figures received from the Ministry of Finance on the national debt as of 30 September 1945 follow:

Government Bonds	¥ 122,497,915,385
External Loans	886,689,249
Bank Loans	<u>48,224,000,000</u>
Total	¥ 171,608,604,634

Bond issues in October were ¥ 7,029,430,000 bringing the total issue for this fiscal year (April through October) to ¥ 22,721,560,000. National government bonds in the amount of ¥ 130,414,759,584 were reported outstanding as of 26 November 1945.

The external loans referred to in the above table are as follows:

Rate	<u>Sterling Loan</u>	<u>Dollar Loan</u>	<u>Franc Loan</u>
7.0%	-	¥ 5,185,510.00	-
6.5	-	29,890,403.00	-
6.0	¥ 132,981,629.62	59,658,140.00	-
5.5	95,106,069.24	40,939,451.00	-
5.0	230,884,366.90	-	-
4.0	<u>137,251,573.42</u>	-	¥ 154,892,106.00
TOTAL	¥ 596,223,639.18	¥ 135,573,504.00	¥ 154,892,106.00

The conversion rates used in the table above:

1 pound sterling = 9.763 yen
1 dollar = 2.006 yen
1 franc = 0.337 yen

21. Government borrowing from banks was started in the fiscal year 1943-44 mainly as a device to cover expenditures in occupied areas. Budget authorizations for this purpose were as follows:

(Millions of Yen)

1943-44	¥ 3,300
1944-45	¥ 25,200
1945-46	¥ <u>30,136</u>
	¥ 58,636

The bank borrowings for the Special Account for War Expenses were as follows:

(Millions of Yen)

(1) Military and other expenditures in occupied areas	43,834
(2) Short term obligations of less than 1 year. . .	1,290
(3) Non-negotiable time deposit certificates (5 year 3.6 percent int. Approx.) issued for government purchases of air fields, industrial facilities, etc., i.e. the government's direct participation under Enterprise Adjustment Act	2,915
(4) Navy arsenal funds (short term)	40
(5) Loans for miscellaneous purposes.	<u>145</u>
TOTAL	¥ 48,224

The largest single item of ¥ 43,834 million represents the government's indebtedness to domestic banks (Yokohama Specie Bank, Bank of Japan and the Overseas Funds Bank) for their advances of credit to banks in occupied areas to support their issue of local currency to the Japanese military in those areas. The 24 November directive prohibited the Japanese Government from incurring indebtedness in any form without SCAP approval.

ZAIRATSU

General

22. The dissolution of the Zaibatsu is a primary step in the democratization of Japan's economic life. Attention has been initially centered on the four largest and best known of the Zaibatsu; Mitsui, Mitsubishi, Yasuda and Sumitomo. These are the dominant firms but it has been made clear to the Japanese Government that appropriate action would be taken with reference to all similar combines, including direct and indirect subsidiaries with monopolistic characteristics.

Investigation

23. A substantial amount of material on the financial condition and methods of operation of the various Zaibatsu holding companies and families is being accumulated. Conferences have been held with all the Zaibatsu groups and reports have been received on all the holding companies and on the personal holdings of the four big families. They include complete files of recent balance sheets, lists of security holdings and listings of controlled and affiliated companies.

24. The unraveling of the Japanese economic structure is a difficult task because the business and financial structure is badly involved. Many agreements designed to restrain trade, allocate markets and fix prices and production quotas exist and require remedial action.

Liquidation Commission

25. A satisfactory plan for the dissolution of the big four holding companies was submitted by the Japanese Government and was approved in general by the SCAP directive of 6 November. The Japanese Government is to set up a Holding Company Liquidation Commission which will possess broad powers and which will be completely subject to SCAP control both as to personnel and operations. The holding companies are to transfer their assets to this Commission and will cease to exercise any control over the enterprises affected. Immediately after the transfer of securities, the directors and auditors of the holding companies will resign their posts and proceedings for the dissolution of the companies will be commenced.

26. The Commission will issue non-negotiable receipts for the transferred assets and will proceed with their liquidation. When the securities are offered for sale, preference will be given to the employees of the companies concerned. On final liquidation of the transferred assets the receipts will be redeemed in Government bonds maturing not less than ten years from date of delivery and which with certain exceptions will be non-negotiable and ineligible for use as collateral. During the period of liquidation the Commission will protect the interests of small shareholders, will exercise the voting rights of the transferred securities and will determine normal operating questions.

Limitations

27. The re-accumulation of Zaibatsu interests will be prevented by placing a limitation on the number of shares that may be purchased by any one single purchaser. The members of the Mitsui, Iwasaki, Yasuda and Sumitomo families are required to resign all offices, and they and the holding companies are forbidden to purchase or otherwise acquire any of the transferred property when offered for sale by the Commission. The Japanese Government was directed to take immediate steps to effectuate the program.

28. Relative size and security holdings for Mitsui, Mitsubishi, Yasuda and Sumitomo are shown in Table No. 19.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN and KOREA

Number 2.

November 1945

PART IV
SOCIAL - JAPAN

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SECTION 1
PUBLIC HEALTH AND WELFARE

C O N T E N T S

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Public Welfare	
Administration of Hospitals	
Veterinary Affairs	
Dental Affairs	
Nursing Affairs	
Supply	
Legal	
Preventive Medicine	

GENERAL

1. There was a noticeable increase in the shift of population from rural communities to those urban areas where new residences had been constructed. There was no evidence to confirm rumors of widespread starvation or of mass undernutrition.

Disease Incidence

2. There was no indication of any significant increase in disease incidence. A small but definite outbreak of louse-borne typhus occurred in the coal mining regions of Hokkaido. The mortality was so low that serological confirmation was necessary to identify the disease. The rate of diphtheria was far too great but did not exceed that for 1944.

3. There was a steady improvement in disease reporting as a result of continuous pressure and supervision by this Headquarters. Gradual improvement was also noticed in the general administration of hospitals.

4. Hospital beds were 62 percent occupied. There were sufficient doctors and nurses available with one doctor to two hospital patients.

Supply

5. Little manufacture of medical equipment or supplies has begun. The supply of biologicals particularly diphtheria anti-toxin was deficient. The initiation of necessary manufacture has been directed.

6. Collection of stocks of narcotics by the Occupation Forces continued satisfactorily.

Repatriation

7. By 25 November 405,602 Koreans and 11,399 Chinese had been

repatriated. There were some quarantine difficulties due to overcrowding at repatriation centers. Limitation of travel to these ports alleviated this difficulty. The establishment of quarantine procedures and supervision by this Headquarters of personnel crossing the straits between Hokkaido and Honshu have prevented the spread of typhus to the general population. The Japanese Government's arrangements for the feeding and transportation of repatriates were adequate.

Medical Personnel

8. The supply of medical, dental, veterinary and nursing personnel continues to be adequate. Most of these are employed at less than their capacity because of improper distribution.

PUBLIC WELFARE

Welfare Administration

9. Specific details of reorganization of the Veterans' Protective Board have been the subject of continuing discussions in order to deemphasize its military aspects.

10. This Headquarters has directed the Japanese Government to discontinue military pensions and other monetary benefits to veterans by 1 February 1946. Preliminary conferences have been held with Japanese Government pension officials to determine the probable effect of this discontinuance upon the relief case-load.

Contacts have been established with Japanese social workers who are graduates of social work schools and universities in the United States. These professional people whose work was discouraged by Japanese officials during the war have formed the New Japan Social Work Committee. Its purposes include the initiation of modern social work practices in Japan, assistance in establishing social work courses in schools and universities and raising of the personnel standards of the public welfare organizations. Informal discussions were held with committee members to speed up the program with particular reference to strengthening public welfare personnel practices.

Relief

11. The latest report submitted by the Ministry of Health and Social Affairs indicated that 83,502 persons were receiving assistance under the various welfare laws. The following table shows the differences between urban and rural areas in amounts granted by four categories of assistance.

COMPARATIVE PAYMENTS IN SEN PER DAY UNDER FOUR RELIEF LAWS

A. In Cities

No. of People in Family	Relief Law	Mother- Children Protection Law	War Sufferers Relief Law	Soldiers' Family Relief Law
1	35	35	90	115
2	67	67	155	195
3	94	94	190	240
4	115	115	225	290
5	122	122	250	320
For each additional person	12	12	25	30

B. In Towns and Villages

1	25	25	60	85
2	46	46	100	145
3	64	64	125	180
4	78	78	150	215
5	90	90	170	240
For each additional person	10	10	20	25

The Japanese Government was directed to hold certain stocks of foodstuffs and clothing, consisting of former Japanese Army and Navy items turned over to the Home Ministry, for relief purposes. These stocks will be held for issue upon orders of this Headquarters. The Japanese Government was further directed to submit a plan for a central control distribution agency. This plan is to provide for: (1) eligibility for relief determined by individual need as shown by family budgetary deficiency, (2) free issuance of supplies, (3) maintenance of family case records and accounting procedures, (4) distribution of supplies through normal ration channels, (5) avoidance of mass feeding or distribution schemes, and (6) monthly reports of persons aided and status of supply stocks throughout Japan.

Social Insurance

12. Contributions paid into social insurance funds before the end of hostilities far exceeded benefits granted under any of the programs. Japan did not have a true unemployment insurance program although it had legalized the separation allowance custom by enactment of the Pension Law. Japanese officials estimated that 6,000,000 persons were unemployed on 15 November.

Red Cross

13. The American Red Cross will furnish personnel skilled in Red Cross organization to supervise the reorganization of the Japanese Red Cross.

Repatriation

14. During the four-week period beginning 23 October the number of Koreans repatriated from Japan increased from 183,800 to 405,602 and Chinese from 3,100 to 11,399. The number of Japanese returned from all overseas areas increased from 207,062 to 601,396 during this same period.

The eleven ports designated as reception centers for the processing of returning Japanese have been organized to care for a total of 45,500 returnees daily. The Ministry of Welfare is responsible for coordinating activities necessary to receive, process and evacuate returnees under terms of the directive of 15 October as revised and amended on 17 November.

Ten of these ports have an estimated daily capacity of 30,500 for processing and loading of Koreans and Chinese for repatriation from Japan. Directives specify the responsibility of the Japanese Government for transportation to the center, providing food, medical and other supplies required during the entire movement and for currency limitations. Health and quarantine measures necessary for the adequate control of communicable diseases have been stressed both in regard to Japanese returnees and to Koreans and Chinese processed for repatriation.

The process of repatriation of Japanese has to date been almost balanced by the repatriation of Koreans and Chinese as shown in Chart No. 20. The problem of repatriation has had so far a minimal effect upon the domestic economy and welfare problems of Japan.

By November 1945 it had become necessary to direct the Japanese Government to furnish returnees from the Philippines with additional clothing. The areas from which Japanese will be returned together with an estimate of the numbers involved is shown on Map No. 21 (At end of Summation)

Repatriation of Koreans and Chinese

15. Inspection of the reception centers and embarkation ports in southern Honshu and northern Kyushu revealed that measures in force for the feeding, housing, sanitation, and control of movements of repatriates were unsatisfactory. Immediate corrective action was taken by the Occupation Forces. Rail movement of repatriates into congested areas was stopped for ten days to permit a clearance of the backlog of repatriates awaiting ship transportation. Sanitary facilities and housing were improved. A shipment of DDT was obtained to delouse repatriates for typhus prevention. Quarantine and inoculation control have been established.

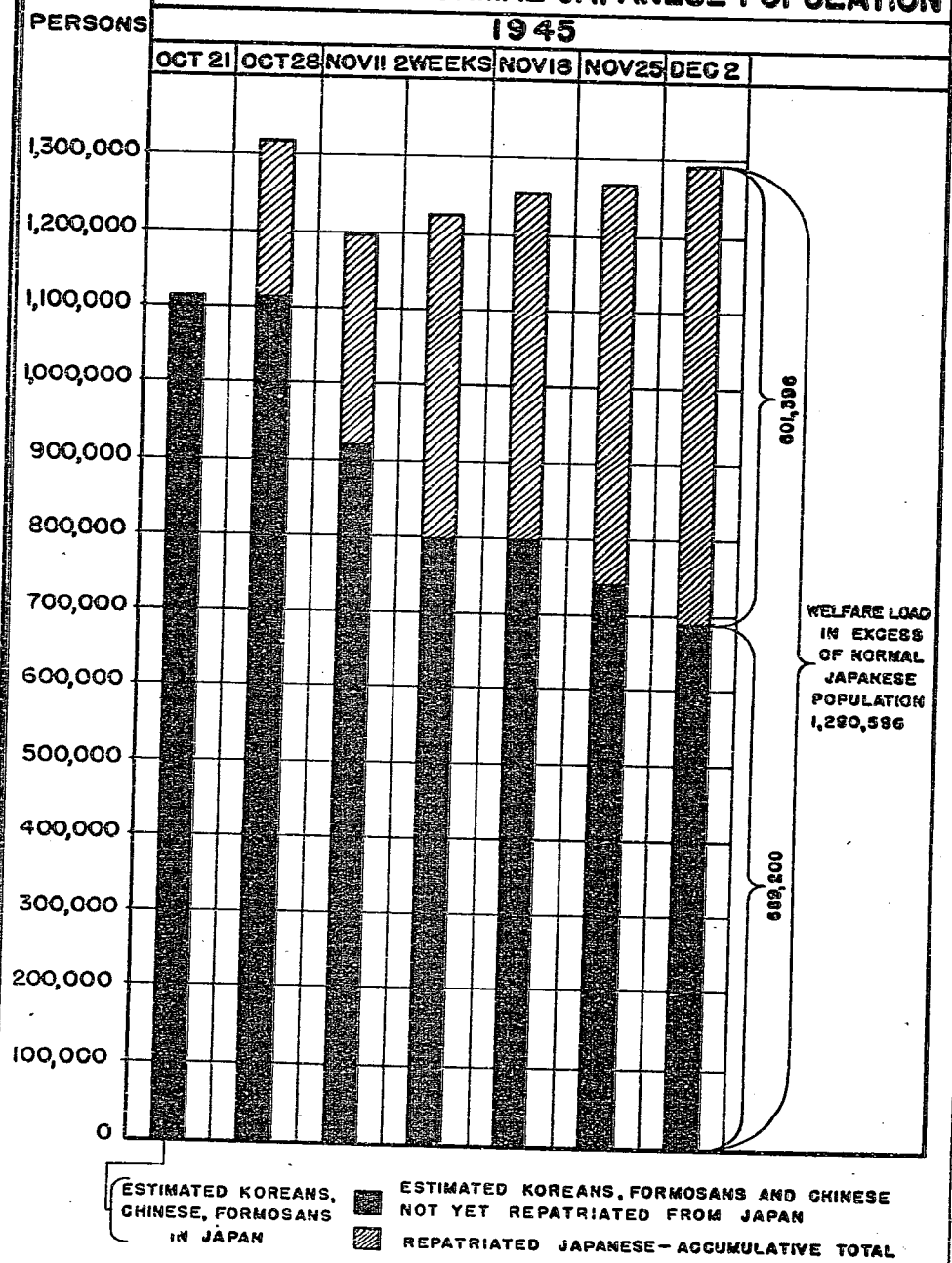
Foreign Nationals

16. This Headquarters authorized the International Red Cross to discontinue the distribution of recovered airdropped POW supplies to foreign nationals on 15 November. The American Red Cross was authorized to ship sufficient clothing for 5,000 persons from Manila to Japan. These items will be made available to needy foreign nationals.

ADMINISTRATION OF HOSPITALS

17. Weekly Japanese civilian hospital strength reports show a reduction in the total number of hospital patients and out-patients treated. Out of a capacity of 127,539 hospital beds 71,890 were

WELFARE LOAD IN EXCESS OF NORMAL JAPANESE POPULATION



REPATRIATION

KOREANS, CHINESE, FORMOSANS FROM JAPAN AND JAPANESE TO JAPAN

DATE NOV 45

GHQ SCAP

NUMBER 20

occupied. No significant increase in total numbers of hospital admissions was reported by any prefecture.

Demobilized Veterans Patients

18. To end preferential treatment of veterans and their families to the exclusion of others two directives were issued to the Japanese Government. The first transferred supervisory authority of all hospitals, sanatoria, nursing homes and other hospital facilities of the Relief Board for Veterans to the agency of the Ministry of Health and Social Affairs responsible for the hospitalization of civilians. The second directive transferred supervisory authority of all Japanese Army and Navy hospitalization facilities to the same civilian agency in the Ministry of Health and Social Affairs as they are turned back to the Home Ministry. The Occupation Forces were directed to return all Army and Navy hospitals to the Japanese Government as soon as practicable.

VETERINARY AFFAIRS

19. Veterinary affairs in the Kyoto, Osaka, Kobe, Nara, Sendai and Fukushima areas were surveyed. Officials appeared to be aware of their responsibilities. They are hampered by the fact that the veterinary service had been badly neglected for five years and was in a state of complete confusion immediately after surrender.

Animal Disease Control

20. The Japanese Ministry of Agriculture and Forestry reported the following new outbreaks of communicable animal diseases in November: anthrax in Hyogo, Tottori, Wakayama and Gumma prefectures; blackleg in Tottori; swine fever in Fukushima; swine plague in Fukushima and Iwate; and swine erysipelas in Shimane prefectures.

Immunization and quarantine are the control measures used. Tubercular testing is being applied in most prefectures but measures for the eradication of bovine contagious abortion are neglected.

Meat and Dairy Inspection

21. Progress has been made in reestablishing the meat inspection service. All slaughter houses surveyed during the month had government inspectors on duty.

Pasteurization of milk was still hampered by faulty equipment and shortage of fuel. As a result most milk is consumed in the raw state.

DENTAL AFFAIRS

22. The Japanese Government reported that ¥ 188,759.76 was paid out for dental care of 50,860 insured patients during the first quarter of this year.

The supply of gold for dental work has been inadequate and this Headquarters approved a method of rationing and distribution of gold which was submitted by the Japanese Ministry of Health and Social Affairs. It was recommended that 2020 kg. of gold be released from government stocks for dental purposes.

Approximately 3,000 dentists are still displaced. Their relocation has progressed more rapidly than for most other classes of the population.