

Should the proposed production figures for December be attained, a total of 1,758 truck chassis would have been produced during the October-November-December period. Past production figures indicate that the figure of 1,650 is probably too high.

27. The automobile factories are still producing the army type vehicle with gasoline engine. The vehicle manufacturers do not make the cab or body. Production of the gas producer which is so necessary during the prevailing fuel shortage is suspended pending further study of the cartel system.

28. Recent loss by the automotive industry of procurement subsidies plus shortages of critical materials and experienced labor have caused the price of the automobiles to rise to more than four times the 1939 level. Future increases in production costs portend a further increase in retail prices to 10 or more times those of 1939. Price rises require approval of the Japanese Government.

#### SHIPBUILDING INDUSTRY

29. All shipyards are operating at approximately 50 percent of capacity due to shortage of labor, damage to equipment and presence of mines in harbors. Yards unable to operate with maximum efficiency on a 24 hour basis and which were granted permission to reduce temporarily to a two shift per day schedule were:

<u>Yard</u>	<u>Location</u>
Mitsubishi	Yokohama
Mitsubishi	Nagasaki
Hakodate Dock	Hakodate
Kanaminami	Koyakijima
Kanaminami	Fukshori
Nagoya Zosen	Nagoya
Kawasaki Heavy Industry	Kobe

30. On 1 December 1945 there were 222 steel ships of 510,642 gross tons under repair and on 27 December 1945 there were 228 ships of 531,072 gross tons under repair.

31. The Kure, Maizuru and Ominato Navy Yards were activated to repair merchant vessels, the Kure Navy Yard being designated also as a salvage depot.

32. Permission was granted the Japanese Government to complete construction of a 500 gross ton tugboat in the Mitsubishi yard at Shimonoseki.

33. The Japanese Government was authorized to complete construction of 10 escorts and one mine layer in a demilitarized status for use in repatriation service.

TEXTILE INDUSTRY

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General

34. An item of outstanding importance was the meeting on 20 December at which the new textile association was formed.

The above meeting for the formation of a new association was an attempt on the part of the textile industry to make control more democratic yet to continue working closely with the government since many controls will continue to be exercised.

The new association covering the textile industry includes the following 13 subsidiaries: cotton and staple spinning; cotton and staple fibre weaving; silk and rayon weaving; rayon production; wool spinning; wool weaving; hemp, ramie, flax and jute spinning; cord making and weaving; dyeing and finishing; twisting; knitting; sewing; sundry, including narrow tissues and bats, and distribution of goods.

Spinning

35. The following tables cover production and stocks:

SPINNING PRODUCTION  
October and November 1945

	<u>October</u>		<u>November</u>	
	<u>Bales</u>	<u>Pounds</u>	<u>Bales</u>	<u>Pounds</u>
Pure cotton yarn	3,900	1,560,000	3,832	1,532,800
Mixed cotton yarn	501	200,400	155	62,000
50% raw cotton ) 50% staple fibre)	50	20,000	---	---
Staple fibre yarn	585	234,000	1,020	408,000
Others, including miscellaneous fibres, short cut cocoons, etc.	<u>873</u>	<u>349,200</u>	<u>1,662</u>	<u>664,800</u>
Total	5,909	2,363,600	6,669	2,667,600

	<u>October</u>		<u>November</u>	
	<u>Bales</u>	<u>Founds</u>	<u>Bales</u>	<u>Founds</u>
Spun silk	671	80,520	811	97,320
Staple fibre and silk, various mixes	32	3,840	60	7,200
Noil	183	36,600	191	38,200
Worsted	--	335,681	--	166,286
Woolen	--	1,571,927	--	911,322
Flax	--	122,800	--	87,230
Jute	--	446,000	--	Under investigation
Manila rope	--	7,260,000	--	4,858,652
Rayon pulp	(626 short tons)	1,252,000	(234 short tons)	468,000
Rayon	--	240,890	--	291,900
Staple fibre (not spun)	--	937,900	--	1,239,400

SOURCE: Japan Textile Association.

WEAVING PRODUCTION  
October and November 1945  
(square yards)

<u>Fibre or Product</u>	<u>October</u>	<u>November</u>
Throstle spinning yarn	283,881	348,578
Woolen	189,088	1,351,183
Flax and hemp	40,761	33,336
Cotton	5,295,573	4,998,968
Rayon	2,573,001	2,239,560
Silk	4,193,507	3,684,237
Staple fibre	3,960,380	1,944,447
Regenerated fibre	4,103,235	264,622

SOURCE: Japan Textile Association.

KNITTED GOODS PRODUCTION  
October and November 1945  
(dozens)

<u>Product</u>	<u>October</u>	<u>November</u>
Undershirts	47,800	17,795
Stockings	71,000	80,242
Gloves	12,200	56,631

SOURCE: Japan Textile Association.

**STOCKS IN TEXTILE MILLS**  
31 October and 30 November 1945  
(pounds)

	<u>31 October</u>	<u>30 November</u>
Pure cotton	15,200,000	13,200,000
Rayon pulp	23,752,000	7,056,000
Rayon	8,867,430	9,159,330
Staple fibre	10,002,950	9,955,821
Rayon, staple fibre, silk mix	12,814,619	11,593,623
Jute	1,857,175	1,441,830
China grass	7,500,618	4,552,150
Flax	3,900,000	3,531,000
Manila	1,536,360	801,000
Other hard fibres	1,235,370	2,374,880

SOURCE: Japan Textile Association.

**STOCK IN TEXTILE DISTRIBUTING ASSOCIATION**  
31 October and 30 November 1945  
(pounds)

	<u>Yarn in Mill</u>		<u>Yarn on Market</u>	
	<u>31 October</u>	<u>30 November</u>	<u>31 October</u>	<u>30 November</u>
Pure cotton	6,930,000	6,150,000	--	--
Mixed cotton	1,040,000	1,420,000	767,000	728,000
50% raw cotton) 50% staple fibre)	160,000	160,400	692,000	3,280,000
Staple fibre	2,420,000	1,920,000	85,300	1,230,000
Others	1,690,000	2,540,000	207,000	2,520,000
Spun silk	600,000	107,000	1,200	1,200
Noil	437,400	343,000	7,440	7,440
Worsted	665,610	656,526	--	--
Woolen	830,850	822,825	--	--
Jute	3,092,500	--	--	--
China grass) Flax )	2,366,000	2,232,122	--	--
Manila) Others)	859,200	1,027,400	--	--

SOURCE: Japan Textile Association.

36. Production capacities within the textile industry before and after damage from bombings, fire and deliberate scrapping:

PRODUCTION CAPACITY  
(yen)

<u>Industry</u>	<u>Present Capacity</u>	<u>%</u>	<u>Previous Capacity</u>
Textiles	3,235,316,236	35.3	9,165,201,802
Spinning cotton and staple fibre	522,288,075	19.7	2,651,208,503
Rayon	113,905,440	25.4	448,446,613
Staple fibre	176,418,000	35.4	498,355,932
Spun silk	52,134,144	38.3	136,120,480
Worsted	77,031,055	23.7	325,025,549
Woolen	45,892,120	63.1	72,729,192
Flax	31,218,162	--	47,661,316
China grass	41,336,640	--	63,109,374
Hemp by cotton and woolen coarse	60,027,120	65.5	91,644,458
Jute	18,940,545	--	28,916,863
Manila rope	37,254,240	--	56,876,702
Looms-cotton	719,876,751	32.3	2,223,720,591
Silk & rayon	163,278,056	33.5	487,397,182
Woolen	200,511,336	35.7	561,656,403
Hemp (heavy) (light) (hose) (jute)	241,583,760	90.0	269,426,400
Dyeing and finishing	146,061,000	33.2	439,942,771
Wool finishing	41,216,972	50.8	81,135,772
Raw silk	148,900,000	28.7	518,815,331

SOURCE: Ministry of Commerce and Industry.

Raw Silk

37. The Raw Silk Association's stock will be allotted as follows:

ALLOTMENT OF STOCK IN RAW SILK ASSOCIATION

<u>Group</u>	<u>No. of Shares</u>	<u>Yen Value</u>
Sericulturists	18,000	9,000,000
Silkworm egg breeders	1,000	500,000
Silk reelers	15,000	7,500,000
Exporters	<u>6,000</u>	<u>3,000,000</u>
Total	40,000	20,000,000

SOURCE: Ministry of Commerce and Industry.

It is estimated that 150,000 bales of silk of a quality satisfactory for export will be produced by December 1947. The present 28,344 operating basins would limit production to 97,000 bales in the next silk year.

Cotton

38. The cotton spinning production figures indicate little difference in pure cotton yarn output between October and November. There was a decrease in certain mixes of staple fibre with cotton yarn. The consumption of staple fibre yarn increased from 873 to 1,662 bales.

Weaving decreased from 5,295,573 square yards in October to 4,998,968 square yards in November. The weaving of staple fibre yarn dropped from 3,960,380 square yards in October to 1,944,447 square yards in November. Regenerated fibres were 264,622 square yards in November.

The production capacity and the anticipated production figures of the Japanese cotton textile industry were:

ESTIMATED PRODUCTION OF COTTON TEXTILE INDUSTRY  
February 1946 through February 1947  
(production in thousands)

	Workable Spindles	Est. Active Spindles	Est. Prod. Yarn (pounds)	Est. Prod. Grey Cotton Cloth (square yards)
February	2,557	1,500	25,714	--
March	2,658	2,120	36,342	102
April	2,755	2,754	47,085	145
May	2,856	2,856	48,914	188
June	2,856	2,856	48,914	195
July	3,056	3,056	52,228	195
August	3,056	3,056	52,228	208
September	3,100	3,100	53,142	208
October	3,150	3,150	54,057	212
November	3,200	3,200	54,857	216
December	3,250	3,250	55,771	219
January	3,300	3,300	56,571	223
February	--	--	--	226

a/ Based on estimated import requirements of over 300,000 tons of raw cotton.

SOURCE: Japan Textile Association.

The total production for home demand was estimated in terms of cloth. In reality 25 percent of the yarn will be used for hosiery, fishing nets, sewing threads, tirecords and the like. The exact apportionment will vary in accordance with the amount of cotton available.

Rayon and Silk

39. Stock and production for October and November 1945 were:

STOCKS IN MILLS  
October and November 1945  
(short tons)

	<u>October</u>	<u>November</u>
Rayon pulp	11,876	3,528
Rayon filament	4,434	4,580
Staple fibre	5,001	4,978

SOURCE: Japan Textile Association.

RAYON PULP AND YARN PRODUCTION  
October and November 1945  
(short tons)

	<u>October</u>	<u>November</u>
Rayon pulp	626	234
Rayon yarn	120	146
Staple fibre yarn	469	620

SOURCE: Japan Textile Association.

SILK AND RAYON WEAVING PRODUCTION  
October and November 1945  
(square yards)

	<u>October</u>	<u>November</u>
Rayon fabric	2,573,001	2,239,590
Silk fabric	4,193,507	3,684,237

SOURCE: Japan Textile Association.

Wool

40. Pertinent wool data are:

WOOL REQUIREMENTS AND PRODUCTION

	<u>Worsted Spindles</u>	<u>Woolen Cards</u>	<u>Total Capacity</u>	<u>Wool Power-looms</u>
Maximum capacity	1,628,554	733	--	30,929
Present capacity	397,724	425	--	10,446
Work capacity (percent)	<u>90</u>	<u>90</u>	<u>--</u>	<u>85</u>
Net capacity	357,951	382.5	--	8,879
Unit production (pounds/year)	<u>80</u>	<u>76,420</u>	<u>--</u>	<u>4,200</u>
Total annual capacity (in pounds)	28,636,080	29,230,650	57,866,730 a/	37,291,800

a/ Greasy wool needed to produce 57,866,730 lbs. scoured wool: 128,000,000 lbs.

SOURCE: Japan Wool Importers Association.

Maximum yearly importation of greasy wool (1930-1939):  
 245,386,000 lbs.  
 Consumption of scoured wool-average annual (1926-1930):  
 72,364,200 lbs.  
 Availability of wool: none.

Worsted cloth required immediately	32,240,000 lbs.
Woolen cloth required immediately	<u>27,600,000 lbs.</u>
<b>Total</b>	59,840,000 lbs.
Worsted cloth needed annually	51,648,000 lbs.
Woolen cloth needed annually	<u>43,864,000 lbs.</u>
<b>Total</b>	95,512,000 lbs.

The average cost of scoured wool for the years 1937-1938 was ¥ 2.055 per pound; the export value of piece goods was ¥ 4.05 per pound.

#### Knitting and Hosiery

41. A meeting of knitting and hosiery manufacturing representatives was held on 22 December 1945 at the Japan Textile Association. The problems discussed were:

Loss to machinery and factories due to bombing, fire and other damage.

Needs of the industry: cotton, rayon and silk yarns, vegetable and lubricating oils, repair materials, knitting needles and food for workers.

Possibility of manufacturing knit goods for export.

42. The Knitting and Hosiery Section of the Japan Textile Association reports that existing machines are operating at about 10 percent of capacity. Status of machinery and yarn follows:

#### KNITTING AND HOSEIERY INDUSTRY October 1945

	<u>Circular Knit</u>	<u>Flat Knit</u>	<u>Warp Knit</u>	<u>Hosiery Knit</u>	<u>Flat Knit for Cotton Gloves</u>
Machines before war	26,347	30,035	397	30,631	17,711
Scrapped	<u>11,710</u>	<u>17,958</u>	<u>79</u>	<u>17,114</u>	<u>251</u>
Registered as of December 1944	14,537	12,077	318	13,517	17,460
Damaged by bombs	<u>4,181</u>	<u>3,371</u>	<u>100</u>	<u>2,122</u>	<u>1,071</u>
Machines operable October 1945	10,456	8,706	218	11,395	15,389
Yarn consumed, lbs/machine/day	35	20	30	8	7.5
Average weight of knit goods, lbs/doz	10	10	5	1.5	1.5
Capacity, doz/day	3.5	2	6	5.3	50
Gross yearly output knit goods (in 1,000 doz)	10,978	5,223	392	18,118	24,583

SOURCE: Japan Textile Association.



**YARN RECEIVED FROM SPINNING MILLS**  
November 1945  
(pounds)

	<u>Circular Knitted Fabric</u>	<u>Hosiery</u>	<u>Gloves</u>
Cotton	60,000	--	102,467
Staple fibre	23,000	--	64,259
Rayon	17,600	13,980	--
Woolen	8,600	--	--
Worsted spun silk	--	--	59,470
Waste fibre	--	--	15,893
Cotton-staple fibre mix	--	--	184,615
Waste cotton	--	--	106,823
Cotton and staple fibre yarn (50%)	--	--	7,835
<b>Total</b>	<b>109,200</b>	<b>13,980</b>	<b>541,362</b>

SOURCE: Japan Textile Association.

**YARN IN STOCK**  
30 November 1945  
(thousand pounds)

	<u>Circular Knitted Fabric</u>	<u>Warp Knitted Fabric</u>	<u>Flat Knitted Underwear</u>	<u>Flat Knitted Outerwear</u>	<u>Hosiery</u>
Cotton	0.3	--	--	--	137.6
Staple fibre	100.8	--	--	--	31.6
Spec. staple fibre	2.4	--	--	--	10.3
Silk and staple fibre	39.6	--	--	--	--
Rayon	0.9	6.8	--	--	175.3
Worsted spun silk	46.9	3.5	239.3	49.1	64.1
Waste fibres	0.6	--	17.3	27.6	--
Spun silk	55.7	--	--	--	38.4
Raw silk	73.3	4.5	--	--	49.6
Worsted staple fibre	--	--	7.6	--	--
Worsted woolen	--	--	26.0	--	--
Spun woolen	--	--	--	0.4	--
Cotton and staple fibre mix	--	--	--	--	60.9
<b>Total</b>	<b>320.5</b>	<b>14.6</b>	<b>290.2</b>	<b>77.1</b>	<b>567.8</b>

SOURCE: Japan Textile Association.

43. Estimated annual yarn requirements (300 work days) were 228,209,250 pounds; including 109,788,000 for circular machines, 52,236,000 for flat-knit machines, 36,875,000 for laborers' gloves, 27,348,000 for hosiery and 1,962,000 for warp-knit products.

44. The number of employees in the industry as of 1 April 1942 was estimated as 54,856 including 35,824 women. It is estimated that in recent years two-thirds of all employees were shifted to jobs in other industries.

OTHER MANUFACTURING

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Optical Glass and Optical Instruments

45. Optical glass was produced on a very limited scale prior to 1936. Since that time considerable development and expansion has been made in the industry to meet the requirements of the military forces. Less than four percent of 1944 production was for civilian use. Production increased over 500 percent from 1939 to 1944. Production from 1936-1945 was:

OPTICAL GLASS AND INSTRUMENT PRODUCTION

Year	Optical Glass Production (short tons)	Optical Instrument Production a/ (thousand yen)		
		Civilian	Military	Total
1936	13	8,011	5,956	13,967
1937	24	9,127	7,524	16,651
1938	52	10,828	11,639	22,467
1939	92	13,578	14,207	27,785
1940	112	9,949	32,972	42,921
1941	138	12,470	52,749	65,218
1942	251	10,801	75,012	85,813
1943	353	9,559	122,749	132,308
1944	475	8,104	215,713	223,817
1945	132	1,737	14,619	16,356

a/ 25 companies.

SOURCE: Ministry of Commerce and Industry.

The present stock of optical glass exceeds 294 short tons with a valuation of ¥ 15,760,640. This amount of glass equals the total peacetime production for 1936-1940 inclusive.

Some production facilities were destroyed by fire but sufficient equipment still exists to produce 330 short tons per year provided coal and raw materials are available. Based on pre-war civilian usage the present stock of glass is sufficient to meet all requirements for approximately two years.

Sheet Glass

46. Japan has an extremely large capacity for the production of flat glass products. Its pre-war production was second only to that of the United States.

All sheet glass production in Japan is controlled by two concerns, the Mitsubishi Chemical Industrial Company, Ltd. (formerly Asahi Glass Co.) and the Nippon Plate Glass Company, Ltd. The Mitsubishi plants are known as the Amagasaki, Makiyama and Tsurumi and are located respectively at Amagasaki (Kyogo Prefecture), Yawata (Fukuoka Prefecture) and Yokohama (Kanagawa Prefecture). The Nippon plants are known as the Futashima and Yokkaichi and are located at Wakamatsu (Fukuoka Prefecture) and Yokkaichi (Mie Prefecture) respectively.

The Futashima plant was operating in December with monthly production at 30,000 cases (case of 100 square feet). The Amagasaki plant plans to resume production in January 1946 with a capacity of 20,000 cases per month. The other three plants are scheduled to resume production in April and May 1946.

The present stock of flat glass at the five plants is 88,816 cases. The breakdown shows:

STOCK OF SHEET GLASS  
December 1945  
(cases)

	<u>Mitsubishi Plants</u>			<u>Nippon Plate</u>
	<u>Tsurumi</u>	<u>Amagasaki</u>	<u>Makiyama</u>	<u>Glass Company</u> <u>Both Plants</u>
2mm window glass	0	4,353	441	51,282
3mm window glass	0	15,206	961	45
5mm window glass	0	357	183	3,565
8mm window glass	0	0	0	423
Figure and plate glass	12,000	0	0	0
Total	12,000	19,916	1,585	55,315

Handicraft

47. The handicraft trades have shown increased activity. Home industry and small scale factories are increasing their outputs. No production figures are available for the many scattered units but the number of contracts made by the Army Post Exchange representatives with the miscellaneous manufacturers has hastened revival of the industry.

Ceramics

48. As of 1938 there were over 6,500 potteries operating and making a wide assortment of products for both domestic and export consumption. Most of these plants were small family establishments which employed less than five workers.

During recent years many plants were converted to the manufacture of munition products or were forced to suspend production because of lack of coal or other raw materials which had to be imported. The equipment in many plants has deteriorated due to lack of upkeep and now is in no condition for immediate use.

The Chinaware Controlling Association estimates that 16,200 metric tons of iron and 10,890 metric tons of pig iron will be required to recondition 2,500 plants for production in 1946. If this number of plants can be restored and 200,000 metric tons of coal made available approximately ¥ 100,000,000 worth of products can be produced in 1946.

Products to be produced in 1946 will largely be of a low quality. High-grade pottery was neglected during recent years and quantity alone was stressed. It will take from six months to a year for industry to resume its skill in the art of making first class pottery and artistic ware.

Electrical Goods

49. The production of electrical equipment continues at a low level.

Petroleum

50. Present annual production of crude oil is estimated at 260,000 kiloliters. A critical shortage of equipment and material is hindering increased production. The weekly production of crude oil in Japan was:

PRODUCTION OF CRUDE OIL  
18 November to 15 December 1945  
(kiloliters)

Oil Field	Nov. 18-24	Nov. 25-Dec. 1	Dec. 2-8	Dec. 9-15
Kashiwazaki	977.71	972.11	950.49	928.42
Akita (Teikoku Co.)	2,586.38	2,436.20	2,340.74	2,312.70
Yamagata	1,017.30	1,046.80	999.40	1,052.50
Hokkaido	99.05	98.87	99.05	102.09
Niigata	20.15	24.58	22.51	24.90
Akita (Daido Co.)	24.21	25.37	21.65	27.24
Niitsu	80.70	84.93	41.23	18.95
Hachimori	13.70	39.10	19.70	31.82
Weekly totals	4,819.20	4,727.76	4,494.77	4,498.62

SOURCE: Ministry of Commerce and Industry.

51. Refineries in the northern Honshu area are in operation but because of severe weather conditions the Hokkaido refinery closed down. Refined petroleum production during December was:

PRODUCTION OF REFINED PETROLEUM  
December 1945  
(kiloliters)

Name of Company	Location	Gasoline	Kerosene	Gas	Diesel Oil	Fuel Oil	Lube Oil
Nippon Oil Co.	Kashiwasaki	596	333	420	106	350	379
Nippon Oil Co.	Niigata	-	-	568	242	513	455
Nippon Oil Co.	Akita	66	71	-	250	-	-
Nippon Oil Co.	Hokkaido	38	21	5	117	-	-
Nippon Oil Co.	Yokohama	-	-	-	60	300	117
Showa Oil Co.	Niigata	316	260	-	1,109	466	644
Showa Oil Co.	Hirasawa	-	129	72	88	-	349
Nippon Kogyo Co.	Funakawa	446	162	-	825	-	-
Total		1,462	976	1,065	2,797	1,629	1,944

52. The Nissan Ekital Henryo Company in Kyushu produced 197 kiloliters of synthetic fuel oil during December. The annual production capacity for the industry is 35,000 kiloliters but because of the coal shortage all but the one plant had ceased operations.

Rubber

53. The production of rubber goods increased during December. Details together with January 1946 estimates were:

PRODUCTION OF RUBBER GOODS  
November and December 1945  
(kilograms)

Type of <u>Rubber Goods</u>	<u>November Production</u>	<u>Reported Data, Dec. Production</u>	<u>Estimated Data, Dec. Production</u>	<u>Total December Production</u>
Number of factories	411	329	82	411
Auto tires and tubes	133,243	197,111	20,000	217,111
Bicycle tires and tubes	151,532	119,449	14,000	133,449
Footwear	127,243	127,064	1,000	128,064
Rubber boots	165,533	147,293	5,000	152,293
Canvas shoes	41,506	17,245	--	17,245
Rubber soles and heels	110,888	79,702	500	80,202
Industrial belt	40,710	64,830	1,000	65,830
Hose	54,025	26,905	1,000	27,905
Rubber cloth	77,059	74,456	1,000	75,456
Repair sheet	25,534	40,138	--	40,138
Medical goods	12,182	106,494	1,800	108,294
Latex	2,767	2,861	--	2,861
Rice thresher rolls	56,790	57,319	5,000	62,319
Mechanical and misc. goods	132,740	190,628	4,000	194,628
Total	1,131,752	1,251,495	54,300	1,305,795
Reclaimed rubber	57,900	69,500	--	69,500

SOURCE: Rubber Control Union.

**PRODUCTION PLANS - RUBBER GOODS MANUFACTURE**  
 November 1945-January 1946  
 (thousands of metric tons)

<u>Articles</u>	<u>Nov.</u>	<u>Dec.</u>	<u>(Estimate)</u> <u>Jan.</u>	<u>Total</u>	<u>Third</u> <u>Quarter</u> <u>Allocation</u>	<u>Fourth</u> <u>Quarter</u> <u>Plan a/</u>
Auto tires and tubes	133.2	217.1	200	550.3	1,407.4	750
Bicycle tires and tubes	151.5	133.4	150	434.9	674.7	500
Footwear	127.2	128.1	150	405.3	1,039.0	600
Rubber boots	165.5	151.3	170	486.8	714.5	600
Canvas shoes	41.5	17.2	15	73.7	604.0	100
Rubber soles and heels	110.9	80.2	81	272.1	272.0	300
Industrial belt	40.7	65.8	50	156.5	400.0	150
Hose	54.0	27.9	50	131.9	385.0	150
Rubber cloth	77.1	75.5	75	227.6	487.5	250
Repair sheet	25.5	40.1	34	99.6	130.0	120
Medical goods	12.2	108.3	31	151.5	151.5	200
Latex	2.8	2.8	3	8.6	33.0	10
Rice thresher rolls	56.9	62.3	60	179.2	205.0	150
Mechanical and misc. goods	132.7	194.6	200	527.3	638.6	600
<b>Total</b>	<b>1,131.7</b>	<b>1,304.6</b>	<b>1,269</b>	<b>3,705.3</b>	<b>7,112.2</b>	<b>4,480</b>
Reclaimed rubber	57.9	69.5	63	190.7	190.7	200

a/ Fiscal year 1945 ends 20 April 1946.

SOURCE: Rubber Control Union.

54. Various factors enter into the discrepancy between planned and actual production. Of the 264 factories which submitted reasons for their inability to resume full operation, 22 percent noted shortages of coal, 12 percent labor, 9 percent medicine and 16 percent equipment as the principal handicaps. Labor shortages exist only in limited areas. There is more than enough labor to turn out 32,000 tons of rubber products annually. A detailed survey of factors retarding the production of rubber goods showed:

**FACTORS HINDERING PRODUCTION OF RUBBER GOODS a/**

<u>Critical Items</u>	<u>Degree of Operation</u> <u>(factories)</u>			
	<u>Full</u>	<u>Half</u>	<u>None</u>	<u>Starting</u>
Labor	13	13	4	1
Coal	23	30	4	1
Medicine	13	9	1	0
Equipment	10	18	12	3
Sub materials	9	9	0	1
Carbon black	1	0	0	0
Textiles	9	7	1	0
Crude rubber	5	4	0	0
Fuel	7	7	0	0
Reconstruction from war damage	0	8	27	0

<u>Critical Items</u>	<u>Degree of Operation</u> (factories)			
	<u>Full</u>	<u>Half</u>	<u>None</u>	<u>Starting</u>
Transportation	0	0	2	1
Materials	1	2	1	0
Solvent	8	9	0	2
Food	1	5	0	0
Oil	0	2	0	0
Electric power	1	2	0	0
Finance	0	0	1	0
Scrap rubber	0	1	1	0

a/ Data from 264 factories only.

SOURCE: Rubber Control Union.

55. Stocks of raw materials at the various factories as of 20 December included: 4,360 metric tons of crude rubber, 171 metric tons of latex, 523 metric tons of reclaimed rubber, 220,000 tan of textiles (tan varies between 30-50 pounds), 205 kiloliters benzole, 126 kiloliters of gasoline and 4,052 metric tons of coal.

56. During December the Rubber Controlling Association was dissolved and the Rubber Union took its place. Their functions and purposes are identical but the directors of the Rubber Union are to be elected by its members rather than appointed by the Ministry of Commerce and Industry.

57. Although the industry is now operating at approximately 45 percent of capacity it is expected that production of critical rubber goods will gradually increase. Production in the fourth quarter of the 1945 fiscal year will approximate 55 percent of capacity.

#### CONSTRUCTION

58. A meeting of representative general contractors from all parts of Japan was held on 30 November 1945 and organized the General Contractors Association of Japan, a self-governing body designed to promote the interests of the contractors and to expedite the execution of plans for reconstruction.

59. The number of members as of 15 December 1945 was 1,512 with representatives from every prefecture in Japan.

60. Progress in reconstruction is retarded by shortages of lumber, cement, hardware, glass, tools, equipment, transportation and skilled workers. Street and building repair and emergency housing construction are making moderate headway despite these handicaps.

#### LEGISLATION

61. Control legislation underlying the wartime industrial structure which was repealed or amended during the special session of the Diet follows:

- (1) The General Industrial Mobilization Law.
- (2) Petroleum Industry Law.
- (3) Synthetic Petroleum Law.
- (4) Petroleum Monopoly Law.

- (5) Automobile Manufacturing Law.
- (6) Iron Manufacturing Industry Law.
- (7) Machine Tools Manufacturing Law.
- (8) Aircrafts Manufacturing Industry Law.
- (9) Light Metals Manufacturing Industry Law.
- (10) Essential Machinery Manufacturing Law.
- (11) Synthetic Chemical Industry Law.
- (12) Wartime Administration Exceptions Law.
- (13) Munitions Corporation Law.
- (14) Law pertaining to Imports and Exports.
- (15) Law No. 15 (Creating Control Associations).
- (16) Law Pertaining to Lottery Tickets for International Exposition.





SECTION 4

TRANSPORTATION AND PUBLIC UTILITIES

C O N T E N T S

	Paragraph
Rail Transportation. . . . .	1
Shipping . . . . .	3
Electric Power . . . . .	7
Gas Industry . . . . .	10

R A I L T R A N S P O R T A T I O N

1. The Ministry of Transportation is developing long range plans for the rehabilitation of the Japanese railways. These plans include renovation and construction to existing lines, systems and stations as well as electrification of the majority of the present steam operated sections.

2. The scarcity of coal during the past quarter adversely affected operational schedules of the railroads. Some passenger service was curtailed to effect economies in the fuel supply. Additional trains and more frequent schedules will function as the coal situation eases.

S H I P P I N G

3. Coastal shipping decreased to about 186,000 long tons during December 1945. Proportionate decreases occurred in practically all commodities handled. Cargo breakdown of commodities shipped between Japanese ports follows:

C A R G O S H I P P E D B E T W E E N J A P A N E S E P O R T S  
D E C E M B E R 1 9 4 5  
(long tons)

Coal	117,889
Coke	8,157
General cargo	12,556
Lumber	13,043
Paper and pulp	5,705
Potatoes (seed)	4,730
Provisions	9,472
Steel and iron	5,375
Straw products	7,170
Iron ore	1,321
Gypsum	<u>900</u>
Total	186,318

SOURCE: Japanese Civilian Merchant Marine Committee.

4. A summary of the cargo carried by Japanese tankers between Japanese ports since the beginning of the occupation follows:

**CARGO CARRIED BY JAPANESE TANKERS**  
(kilolitres)

	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
Black oil	1,001	1,687	3,840	1,919	8,447
Kerosene	2,704	1,000	1,511	453	5,668
Gasoline		1,370		2,682	4,052
Light oil		1,200			1,200
Diesel oil			200		200
Turpentine	—	—	1,235	1,475	2,710
Total	3,705	5,257	6,786	6,529	22,277

SOURCE: Japanese Civilian Merchant Marine Committee.

5. Employment of demobilized naval technicians by the Ministry of Transportation for expediting the repair and reconstruction of transportation facilities was authorized.

Navigation Aids

6. The Lighthouse Bureau was directed to restore and operate 17 radio beacon and direction finding stations for civilian use.

**ELECTRIC POWER**

7. The present electric power load is approximately 50,000,000 kilowatt hours per day which is 56 percent of the peak of 90,000,000 KWH per day in 1944. Practically all of this load is generated by hydro-electric plants.

8. Number and capacity of hydro-electric plants in Japan follow:

**HYDRO-ELECTRIC PLANTS**  
30 November 1945

	Public Utility		Private	
	<u>No. of Plants</u>	<u>Capacity (KW)</u>	<u>No. of Plants</u>	<u>Capacity (KW)</u>
Under 5,000 KW	1,157	1,166,109	56	61,185
5,000 to 49,999 KW	264	3,636,955	13	175,450
Over 50,000 KW	17	1,118,400	0	0
Total	1,438	5,921,464	69	236,635

Aggregate Total

Plants                    1,507  
Capacity                6,158,099 KW

SOURCE: Bureau of Electric Power, Ministry of Commerce and Industry.

A few steam generating stations are operating in Kyushu. The total steam generating capacity is 3,949,267 kilowatts as rated by the Japanese Government. The total capacity is in excess of present demands. Only 25 percent of the total capacity is capable of operation due to lack of and the poor quality of coal, un-repaired air raid damage and the existing low state of maintenance. Number and capacity of thermal plants in Japan follow:

THEMAL PLANTS  
20 November 1945

	Public Utility		Private	
	No. of Plants	Capacity (KW)	No. of Plants	Capacity (KW)
Under 5,000 KW	60	41,677	100	229,990
5,000 to 49,999 KW	37	641,100	64	748,000
Over 50,000 KW	<u>20</u>	<u>2,220,500</u>	<u>1</u>	<u>68,000</u>
Total	117	2,903,277	165	1,045,990
<u>Aggregate Total</u>				
	Plants		282	
	Capacity		3,949,267 KW	

SOURCE: Bureau of Electric Power, Ministry of Commerce and Industry.

An operational problem has developed in the large urban areas although a surplus of electric power exists at present. The scarcity of charcoal and manufactured gas has stimulated the widespread use of electric heaters which are being used for cooking and domestic heating. The secondary distribution systems supplying domestic consumers were not designed for the high current carrying capacity required for this type of electrical load. The overloading of these systems in this manner is resulting in frequent failures and in interruptions of service extending from four to five days before repairs can be effected.

9. The general level of electric power demand leading up to the war as compared to the anticipated demand for the year 1950 follows:

COMPARISON OF POWER CONSUMPTION  
(10 million KWH)

<u>Kind of Usage</u>	<u>1930</u>	<u>1935</u>	<u>1940</u>	<u>1942</u>	<u>1950 (estimate)</u>
Metal industry	652	1,927	5,434	8,401	3,707
Mining	1,154	2,100	3,571	3,770	2,540
Machine and tool industries	340	787	1,583	2,287	1,025
Chemical industry	3,162	5,307	7,792	7,412	8,460
Ceramics industry	495	853	1,045	845	1,070
Textile industry	1,523	2,264	1,853	994	1,563
Electric utilities	45	242	530	487	a/
Lumbering & wood industries	95	118	186	156	220
Printing & binding	38	41	44	42	50
Food provision	332	275	463	427	500
Other industries	32	105	67	62	500
Electric railway	1,016	1,294	1,684	1,779	3,000
Public utilities	700	860	1,098	1,460	1,100
Electric lighting	2,780	2,800	2,900	2,600	3,300
Rural electrification	254	280	335	350	2,000
<b>Total Consumption</b>	<b>12,618</b>	<b>19,253</b>	<b>28,585</b>	<b>31,072</b>	<b>29,035</b>

a/ Included with Public Utilities.

SOURCE: Electric Power Bureau of Ministry of Commerce and Industry.

Electrification of railroads, a rural electrification program and increased application of electricity to industrial and domestic uses will result in increased power demand for 1950.

GAS INDUSTRY

10. Reconstruction of the gas industry continued very slowly. Physical repairs are progressing but interruptions existed due to the lack of sufficient quantities of coal. The availability of manufactured gas service in Japan ranges from three to eight hours per day depending on locality. In the Tokyo area the availability is three hours per day. Improvement in the coal situation has not reached consumers.

SECTION 5  
IMPORTS AND EXPORTS

1. Imperial Ordinance No. 703 of 14 December 1945 established the Board of Trade (Boeki-Cho) reporting directly to the Minister of Commerce and Industry. This agency is to exercise complete control over import and export trade but is subject to the Minister of Finance when state monopoly commodities are concerned and to the Minister of Agriculture and Forestry when dealing with such items as food, fodder and fertilizer. The Committee for the Distribution of Imported Goods is integrated with the Import Bureau of the Board of Trade.

IMPORTS

2. Imports were limited to salt and kerosene as follows:

IMPORTS  
From 30 August to 31 December 1945

<u>Commodity</u>	<u>From</u>	<u>30 Aug to 1 Dec 1945</u>	<u>December 1945</u>	<u>Total</u>
Salt (metric tons)	Korea	2,569 a/	1,000	3,569
Kerosene (bbls.)	U.S. (Army)	24,000	738	24,738

a/ Corrected figure.

SOURCES: Japanese Government Central Liaison Office.  
SCAP.

Foreign Trade Agency

3. SCAP memorandum of 9 October 1945 directed the Japanese Government to create an agency to be responsible for receiving and distributing imports so as to assure equitable distribution at costs consistent with prevailing price levels.

By Imperial Ordinance No. 704 of 14 December 1945 the Japanese Government established the Committee for the Distribution of Imported Goods. There are to be up to 70 members in the committee to include the Minister of Commerce and Industry who will act as chairman. Other appointments are to be made by the Cabinet from among the secretaries of certain ministries and from among persons having related official duties or business experience.

EXPORTS

4. Three items in addition to coal were exported as shown below:

EXPORTS  
From 30 August to 31 December 1945

<u>Commodity</u>	<u>To</u>	<u>30 Aug to 1 Dec 1945</u>	<u>December 1945</u>	<u>Total</u>
Coal (metric tons)	Hongkong	24,000	8,400	32,400
Coal (metric tons)	Korea	60,161 a/	37,241 b/	97,402
Silkworm eggs (sheets)	Korea	0	150,000	150,000
Mining timbers (pieces)	China	0	42,211 b/	42,211
Pitch	Korea	0	2,336	2,336

a/ Revised

b/ Based on incomplete reports and subject to upward revision.

SOURCE: Japanese Government Central Liaison Office.

### Silk

5. Surveys of inspection, testing and grading laboratory facilities and warehousing capacity available at Yokohama have been made. Approximately 50,000 bales of raw silk are ready for export.

A directive dated 13 December requested the Japanese Government to furnish by 25 December an inventory as of 1 September of raw, semi-finished and finished silk. A statement showing the amount of silk processed each month since that date was also requested.

Another directive of the same date required the Japanese Government to submit by 25 January 1946 more complete and detailed inventories of raw silk, greige, semi-finished and finished goods.

The Japanese Government has submitted preliminary inventory figures on silk piece goods totalling approximately 17,000,000 yards. The bulk of this silk was formerly held by the Japanese military.

The Japanese Government was directed to release in December 9,000 bolts of silk (50 yards per bolt) to the Army Exchange Central Purchasing Office.

### Angora Rabbit Wool

6. A report on the Angora rabbit wool industry shows that before the war Japan exported yearly to United States 30,000 to 35,000 pounds of standard grade Angora-wool. At present the production is approximately 100,000 pounds a year, of which 80 percent is standard grade.

### Bamboo

7. Exports amounted to ¥ 895,000 in 1936 and ¥ 1,359,000 in 1939. Since bamboo is cut only during winter months, that part of the 1945 crop available for export is awaiting disposition. The entire production for 1945 was 15,883 bundles; each bundle has a circumference of approximately 20 inches at a point about four and one-half feet above the base.

### Straw Braids

8. There are from 200,000 to 300,000 pieces (60 yards per piece) of straw braid available for export. Barley straw which would otherwise go to waste is used. Women and children supply the labor.

### Tuna Fish Livers

9. Present production amounts to 100 tons a year which meets normal domestic requirements. Estimate for 1946 production is 120 tons.

SECTION 6

LABOR

C O N T E N T S

	Paragraph
General. . . . .	1
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GENERAL

1. The first Labor Union Law in Japanese History was promulgated on 21 December 1945. This law legalizes the status of labor unions and provides for encouragement of collective bargaining. Procedural policies to implement the law have not yet been issued by the Japanese Government.

2. Labor organizations are mushrooming throughout Japan in practically all types of industries. The three major fields in which unions are flourishing are coal mining, transportation and manufacturing.

3. Labor disputes are increasing. The primary demands are wage increases, a fair distribution of food and participation of labor in management. The latter demand is becoming increasingly important inasmuch as it is usually accompanied by a demand for the resignation of those company officials considered to have been undemocratic in treatment of labor.

4. Prices of daily necessities have shown no tendency to decrease and demands for 200 to 500 percent wage increases to eliminate disparities between income and subsistence living costs are becoming more frequent.

LABOR LEGISLATION

Labor Union Law

5. The Labor Union Law was enacted by the recent extraordinary session of the Diet and signed by the Emperor on 21 December 1945. The bill as introduced in the Diet differed in some respects from the draft reported by the deliberative committee due to changes incorporated by the Bureau of Legislation. The most important features of the law may be summarized as follows:

(1) Workers are guaranteed the right to organize and collective bargaining is encouraged.



(2) Laws and regulations which infringe on labor union activities are invalid.

(3) Government employees, other than police, firemen and prison officials, have the right to organize but strikes by workers in public enterprises may be prohibited or suspended.

(4) Employers are prohibited from discharging or discriminating against employees because of union membership.

(5) Registration of labor unions is required and provisions for voluntary incorporation are included.

(6) Incorporated labor unions are exempt from income taxes.

(7) Provisions regarding collective bargaining agreements are included.

(8) Labor Relations Committees are established on national and prefectural levels.

The Japanese Government plans to enforce the Labor Union Law as of 1 February 1946 by which time an Imperial ordinance prescribing the administrative procedures and policies will be issued.

6. Although labor union bills have been drafted in Japan since 1919 the present law is the first to be passed in Japanese history. The press has hailed it as an epoch making step in the democratization of Japan although some critics maintain that it will impede economic reconversion because the growth of labor unions will create additional obstacles for industrialists to overcome.

#### Abrogated Laws

7. The Diet abrogated the following two labor measures during the session:

The Regulation to Guarantee Employment to Demobilized Soldiers (The Japanese "G. I. Bill of Rights").

The Regulation Regarding the Labor Note Book which was enacted in 1941 to control labor mobility.

#### Constitutional Reform

8. The Constitution Investigating Society is a privately organized group of prominent persons which has recommended to the government the following constitution changes pertaining to labor:

##### "The Rights and Duties of the People:

"The people have the duty to work. The people have the right to work and to be paid for working. The people have a right to lead healthy and cultural lives. The people have the right to a reasonable amount of rest. The Government must recognize the maximum eight hour labor system and the salaried vacation system and it must furnish workers with sanatoriums and social and cultural institutions. The people have a right to have their livelihood secured when they become unable to work due to old age or illness. Men and women have, officially and privately, equal rights. Racial discrimination is prohibited."

#### "Economics:

"The freedom of farming associations and movements for the improvement of labor conditions of all workers is guaranteed. All laws and regulations, contracts and measures which restrict or interrupt freedom are prohibited."

9. The Constitution Investigation Committee appointed by the government has instructed the deliberative committee which drafted the Labor Union Law to submit its recommendations on the "rights and duties of labor" for incorporation into an amended Constitution.

#### Directed Reform

10. The Japanese Government has been directed by this Headquarters to insure that no discrimination will be exercised against any worker in either private or government work in wages, hours or working conditions by reason of nationality, creed or social status.

#### LABOR UNIONS

#### Dissolution of Labor Front

11. The Ministry of Welfare has assumed responsibility for the liquidation of the assets of Sangyo Hokokukai popularly known as Sampo. Instructions were issued to prefectural governors that all Sampo assets would be secured by the government and put to good and proper public use with particular emphasis, when practicable, to the benefit of workers and the newly developing labor unions.

The Ministry of Welfare called two meetings, one in Tokyo 17 December and the other in Kobe 23 December, at which prefectural officials and former Sampo officials throughout Japan were directed to effect and report upon the liquidation program for all Sampo units. Liquidation of assets is to be completed by 1 March 1946 at which time a final report will be made to this Headquarters.

12. The Japanese Government was instructed on 6 December to abolish Romu Kyokai, the successor to Romu Hokokukai, an important element in the Japanese wartime labor front. This action was to be accomplished by 1 January 1946 and the Japanese Government has completed plans to effect an orderly dissolution.

Welfare facilities and all properties of the organization will be secured and administered by the government. Procedures to guarantee the regular supply of labor for the Occupation Forces which was a postwar function of Romu Kyokai are to be supervised by governmental Boards for Day Laborers set up in every important city. This action completes the abolition of all major wartime agencies for the control and regimentation of Japanese labor.

#### Political Party Influence

13. The Japanese Communist Party claims to have organized labor unions with an approximate membership of 100,000 workers throughout Japan. Organizational efforts have been concentrated in the coal mines of Hokkaido and Kyushu where a total of 65,000 miners are said to have joined communist-influenced unions.

The Hokkaido Tenko Rodo Kumiai Tengo Kai (The Hokkaido Coal Mine Labor Union Federation) which is communist led is negotiating a regional trade agreement covering about 45,000 workers with the Hokkaido Sekitan Kogyo Renmei (Hokkaido Coal Operators League) which

represents the principal coal mines in Hokkaido. Communists have also been active in organizing shipbuilding, dockyards, railroads and manufacturing industries.

#### Statistics

14. The Ministry of Welfare's incomplete reports as of 29 December show 88 labor unions with a membership of 126,587 workers.

#### Women's Unions

15. The response of women to union organization is slow. The traditional monopoly of leadership by men in public affairs carries over to labor union activity. The Planning Committee for a National Federation of Labor Unions includes four women.

About 100 female employees participated in the Yomiuri newspaper dispute and 25 women were appointed to various Yomiuri welfare committees. The nurses in the Tokyo Police and Red Cross Central Hospital demonstrated against the administrative staff and succeeded in obtaining wage increases and an increase in food distribution.

Women in communications, medical supplies, food-confectionery, pencils and ribbon-rope industries are conducting organizational activities; no membership figures are yet available.

#### Union Activity

16. On 12 December the proprietors of Japan's principal motion picture studio concluded an industrial code in which among other policies they agreed to recognize and to practice collective bargaining when labor unions develop within the industry.

17. The Fishermen's Union claims 10,000 members which is one percent of the industry. Since the fisherman's entire family works in the fishing industry, union leaders are considering the advisability of making the family the unit of union membership. Because fishermen's operations are involved in an economic net of supply brokers, ship operators, processors, cannery operators and marketing brokers the organization among fishermen is assuming the characteristic of "labor union cooperatives".

18. The outline of organization among the 500,000 teachers of Japan forecasts an operating structure with objectives similar to the teachers' associations in the United States. Recently the All Japan Teachers Union presented a petition to the Minister of Education requesting improvement in working conditions, removal of anti-democratic forces in education and reinstatement of teachers dismissed for liberal ideas.

### LABOR DISPUTES

#### Trend

19. The number of labor disputes has increased steadily since the occupation commenced but no serious work stoppages have occurred. The Ministry of Welfare reports 112 labor disputes involving 82,269 participants from 1 September to 24 December. Of this number 48 were strikes with 28,752 workers involved. A breakdown of disputes by industrial classifications follows:

STRIKES AND LABOR DISPUTES  
1 September 1945 to 24 December 1945

<u>Industry</u>	<u>Number of Disputes</u>	<u>Number of Strikes</u>
Metal	10	4
Mechanical	24	7
Chemical	7	1
Printing	3	1
Wood	5	3
Food	1	1
Construction	4	2
Other industry	2	1
Mines	41	24
Transportation	11	2
Miscellaneous	4	2
<b>Total</b>	<b>112</b>	<b>48</b>

SOURCE: Ministry of Welfare.

Causes of Disputes

20. The primary causes of disputes appear to have undergone some changes since October. Initially workers demanded collective bargaining recognition, protection against discharges and increased retirement allowances but at present the chief demands appear to be for increased wages, adequate distribution of food and participation of workers in management. The latter is peculiar to the current Japanese labor movement.

Current Disputes

21. The Yomiuri Hochi newspaper strike which attracted national attention was settled on 11 December 1945 through the efforts of a special mediation committee. The union gained recognition as the collective bargaining agency and the president and other high officials resigned. An administrative council composed of company and labor representatives will advise on editorial, personnel and business policies and a further agreement on wages, hours and working conditions will be negotiated.

22. In the Hokkaido Mitsui Bibai coal mine the union ceased work on 6 December but resumed production operations on 13 December. The resumption of operations was based on a so-called "self control" principle whereby workers performed normal operations while management officials were excluded from the mine. Output during the "self control" period of about two weeks exceeded the average daily production for the preceding two months.

The agreement concluded between the company and the union provided for a labor-management committee, wage increases, recognition of the union as the collective bargaining unit and an eight-hour work day.

23. A dispute in the privately owned Keisei Electric Railway was settled 28 December after two weeks of negotiations and unrest. The 1,200 employees assumed responsibility for operations of the railway without participation by management during the negotiations. The union collected the fares, paid the workers' wages and banked the balance for the company.

The terms of settlement included recognition of collective bargaining, 500 percent increase in wages, the eight-hour work day, employee participation in management, democratic reorganization of the company and payment of the expenses of the dispute by the company.

The Keisei dispute received considerable study by union leaders, industrial managements and the Ministry of Transportation because of the nature of the union's demands and orderliness of the negotiations.

24. Labor unrest was particularly noticeable among telegraph, telephone and postal workers who are government employees but no interruption of services resulted. A "strike" among telephone workers in Sendai took the form of switchboard operators announcing, "I am a worker on strike" before calls were placed. Postal workers in Tokyo threatened to strike unless their conditions of employment were given immediate attention.

In response to accumulated demands the Board of Communications established a committee consisting of employee and government representatives to study and recommend corrective measures covering wages, food and commodity allowances and housing. The action of this committee will affect not only communications employees but other government employees as well.

25. On 30 December, after eight days of negotiations and a mass demonstration before the Tokyo City Hall, the Transport Workers Union concluded an agreement for 8,500 street car workers with the Tokyo Municipal Traffic Bureau.

The terms of settlement included a 200 percent increase in wages and the establishment of a committee to promote rights and procedures for regular employee promotions. The Committee consists of five employees, five men from the Municipal Traffic Bureau and five men from the Municipal Assembly.

26. The Japanese press reported that a labor dispute arose within the Imperial Palace for the first time in Japanese history when about 50 of the 600 Imperial Household guards charged with protection of the Palace demanded democratization of the Guards Section and removal of the chief. The dispute was settled amicably by the resignation of the Chief of the Guards Section.

#### Labor Relations Policies

27. SCAP has adopted the following policies in the handling of labor disputes:

Strikes, lock-outs and other work stoppages which are inimical to objectives of military occupation are prohibited.

Mediation and arbitration of labor disputes which are not inimical to occupation objectives are responsibilities of the Japanese Government. The prefectural mediation committees established by a Ministry of Welfare order of 2 November are designated as appropriate agencies to intervene in such disputes.

28. Government and union leaders have been informed of the above policies and an explanation has been given of those production activities and services considered to be essential to the occupation objectives. Government officials have been advised to further the development of agencies and administrative procedures capable of taking corrective measures prior to disputes resulting in work stoppages. Labor leaders have been advised to develop responsi-

bility and stability in their organizations and urged not to resort to strike action without first exhausting the possibilities of negotiations and mediation procedures. Parties concerned realized that indiscriminate work stoppages would hamper the economic reconstruction of Japan and an earnest effort appears to have been made to adopt and to adhere to an "avoid strikes" policy.

#### WAGES

##### Outline of Problem

29. The wide disparity between present day wages and the cost of subsistence living is becoming increasingly apparent. The initial reaction of some employers to reduce wages and salaries as unemployment increased has been replaced by a widespread realization of the need for higher wages.

The legalization of collective bargaining and the growing strength of the labor movement are influential in highlighting the discrepancies between wages and costs of living.

Unions are demanding and receiving wage increases ranging from 200 to 500 percent and employers are admitting the justification of such demands in the light of current costs.

##### Administrative Changes

30. The Ministry of Welfare appointed a Central Wage Committee whose function is to consider existing wage problems. This committee will report on minimum wages, wage control revisions and other aspects of the wage problem.

31. The Ministry of Welfare concluded a wage survey among representative industries and although final results have not been tabulated preliminary findings indicate the existing disparity between wages and living costs. The Central Wage Committee has access to these reports in formulating its conclusions.

32. As a temporary expedient the Japanese wage and salary control authorities requested and were given approval to grant a temporary commodity price allowance to workers and an increase in family allowances. The purpose of this action was to permit a temporary increase in wage ceilings particularly for government and private white collar workers until such time as a more permanent and effective wage control program is instituted.

According to this measure either the basic wage or salary can be increased not to exceed ¥ 100 per person per month. In addition the ceiling on family allowances was raised from ¥ 5 per dependent per month to ¥ 20. The Ministry of Welfare is to submit reports with respect to any noticeable effects resulting from the above increases.

33. The Ministry of Finance had originally planned to transfer its functions relative to salary control to the Ministry of Welfare as of 1 January 1946 but this action has been postponed until 15 January 1946. At that time all salary control agencies, now dispersed among several ministries, will be coordinated under the jurisdiction of the Wage Division of the Ministry of Welfare.

#### UNEMPLOYMENT

##### Legislation

34. Imperial Ordinance No. 697, promulgated on 3 December 1945 provided for the creation of a Central Unemployment Measures Com-

mittee and Prefectural Unemployment Measures Committees. The functions of these committees shall be "to investigate and to deliberate on important matters affecting measures for unemployment."

The Central Committee composed of 30 members has been appointed and a sub-committee is currently preparing recommendations concerning the problems of expansion of production of civilian commodities, stimulation of labor to enter industry and relief for unemployed white collar workers.

#### Occupational Registration

35. The occupational registration of all males of ages 12 to 59 and unmarried females ages 12 to 39 was conducted on 1 December 1945 under the jurisdiction of the Ministry of Welfare. The following table was compiled from preliminary reports:

#### BREAKDOWN OF GENERAL UNEMPLOYED 1 December 1945

Occupation	MALE		FEMALE		TOTAL	
	Number	Percent	Number	Percent	Number	Percent
Technicians	44,570	2.6	2,769	0.2	47,339	1.5
Workers	919,594	53.9	369,879	24.9	1,289,473	40.4
Office Workers	288,109	16.9	294,377	19.8	582,486	18.3
Occupation Non-Existent	<u>453,186</u>	<u>26.6</u>	<u>818,509</u>	<u>55.1</u>	<u>1,271,695</u>	<u>39.8</u>
Total	1,705,459	100.0	1,485,534	100.0	3,190,993	100.0

SOURCE: Ministry of Welfare.

The number of persons registered was lower than previously estimated and government officials have offered as partial explanations: the inherent pride of the Japanese people creates a reluctance to admit unemployment; those engaged in black market activities and those temporarily working for the occupation forces have registered as employed; and the announcement in late November that the Japanese Government was considering labor conscription to increase coal production which may have influenced males to register as employed rather than unemployed.

36. An analysis of registration results is being conducted by the Japanese Government to include a breakdown of the employable population by industry, occupation, age groups and employment status as of 1 December 1945.

#### RECRUITMENT OF COAL MINE LABOR

37. The campaign to recruit 60,000 new workers for Japan's coal mining industry has been successful according to a Ministry of Welfare report which shows 60,074 workers have entered the coal mines between 5 November and 22 December. Coal production increased from about 550,000 metric tons in November to more than 800,000 metric tons in December. This production rate still remains considerably below Japan's minimum requirements but indicates a hopeful upward trend.

38. An investigation of the Hokkaido coal mines in mid-December by SCAP personnel revealed that the inducements promised newly recruited coal miners by the Japanese Government were not being fulfilled. Increased food rations, clothing distribution and higher wages had not been extended workers and considerable unrest was resulting.

The failure of the government to fulfill its promises mitigated against the recruitment campaign inasmuch as many newly employed laborers quit and the resultant rumors restrained others from volunteering for mine work.

By the end of the month reports showed decided improvement in work attendance and production.

#### CHILD LABOR

39. The Supreme Commander in a statement to the Premier on 11 October declared that the Japanese Government should institute "such measures as may be necessary to correct the evils which now exist in child labor practices." Hitherto unpublished statistics on child labor as compiled by the Bureau of Census in 1940 are shown on Chart No. 16.

#### ADMINISTRATIVE REORGANIZATION

40. During the debate on the Labor Union Bill the creation of a Ministry of Labor was urged to cope with the increasingly important and difficult problems of labor. The government subsequently announced its decision not to inaugurate a separate Ministry of Labor at this time.

41. In compliance with SCAP instructions the reorganization of prefectural governments to effect a separation of police and labor functions is progressing. Those sections of the Tokyo Metropolitan Police Board concerned with labor have been transferred to the Bureau of Civil Affairs under the Tokyo Metropolitan Government. The labor sections of the Department of Police in the prefectures are being transferred to the Department of General Affairs.





SECTION 7

COMMUNICATIONS

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GENERAL

1. Labor troubles have developed within the communications field but no interruption of service has occurred. A committee appointed by the Board of Communications to study communications workers' problems made recommendations which quieted the unrest.

2. Restoration of Japanese communications kept abreast of minimum needs of the civilian economy. All-out emphasis on permanent construction and improvements in maintenance and service as well as substantial increases in the current level of production will nonetheless be required to provide completely adequate communication facilities and service for the Japanese civilian population. Domestic and foreign radio services have shown the greatest improvement. The Sender Composition Message (SCM) service for accredited theater personnel was inaugurated as planned and is operating smoothly between Japan and the United States. The peak holiday traffic which was the greatest traffic in Japan's history was well handled except for some local delivery delays within Japan.

3. The Board of Communications has completed a master list of radio frequencies and has undertaken the operation of radio range stations needed by Allied Air Forces.

4. Shortage of transportation, fuel, coal, industrial gas and skilled labor continued to hinder speedy resumption of communications manufacturing. Industry meetings have been held under Japanese auspices at which government representatives urged manufacturers of communications equipment to develop an aggressive program of self-help, with assurances of all possible government assistance. Japanese Army and Navy equipment disassembled for distribution to civilian users continued to be a valuable source of repair parts for civil communications facilities.

WIRE COMMUNICATIONS

Japanese Reconstruction Activities

5. The program of the Japanese Board of Communications continued to show satisfactory progress with respect to land cable lines. Major circuits are in usable condition and temporary repairs have been completed. Reconstruction will improve with the increased delivery of cable and other required materials. Maximum activity may be deferred until weather conditions become more suitable for outside plant work.

Main routes of the wire communication system are shown on Map No. 17.

6. The repeater station at Hiroshima is now ready to operate. Permanent cable repairs scheduled for completion 10 December 1945 have not been finished. Cable installed by the Japanese more completely utilizes the existing lines but the balancing of the lines has not been completed.

The To-yo-Sendai cable construction project is 65 percent complete. Remaining gaps in the cable are confined to the Taira-Sendai section. The over-all project is scheduled for completion by 31 March 1946.

7. The contracting firm of Dai-An has started general rehabilitation work on the outside wire plant of the Board of Communications. Operations are being expanded as tools, equipment and supplies become available. Shortages of trucks and gasoline have handicapped operations.

#### Maintenance Program

8. The Board of Communications held conferences on maintenance practices. Progress has been made towards establishing uniform practices throughout the system.

9. The maintenance training program which was started in November 1945 has been continued. The first school for teaching cable splicing with the objective of improving efficiency and of standardizing technique will train a class during February 1946.

Other training schools formerly operated by the Board of Communications are being re-established and are expected to commence operations in April 1946.

#### Personnel Problems

10. Complaints of employees of the Board of Communications regarding the rising cost of living, lack of adequate housing and clothing and transportation difficulties resulted in several minor strikes. Workers made demands for better pay and improvement of living conditions. The Board of Communications formed a committee to investigate and take action on the subject. The committee was formed from Board of Communications personnel, workers' representatives and representatives of interested Japanese Government agencies. Recommendations made by the committee provided for pay increases to employees in the lower pay bracket, increased rice allowances and the construction of dormitories to house about eleven thousand urban employees. These recommendations have been approved by the Cabinet and are to be effective in January.

11. The improvements apparently are satisfactory to the communication personnel thus removing for the present the causes for labor unrest. The President of the Board of Communications issued a statement to employees asking that they refrain from any demonstrations which might interfere with communications. The employees have indicated that they will not interrupt services at any time through labor disputes or unrest.

12. The Board shows wages for average towns to be slightly over ¥ 100 per month for new employees and slightly less than ¥ 400 per month for employees with 20 years of service.

13. Promotions are slow but it was stated that any employee with initiative and ability may advance to supervisory positions.

Such cases of promotion are exceptional, particularly among the women employees. The situation is similar to that encountered throughout Japan in that few women ever advance to hold supervisory positions of importance. The supervisors among the telephone employees in Japan are generally selected from engineers.

Various schools are conducted for new employees and instruction varies in length of time depending upon the course. Engineers are secured from graduates of universities or higher technical schools, the latter being comparable to American trade schools.

14. Many trained technical employees of the Board of Communications were employed outside Japan during the war. Fatalities in Japan, failure of technical training programs and the removal of employees to other areas caused a serious shortage of trained and experienced personnel.

#### Submarine Cables

15. The submarine cable repair ship *Eitoku Maru*, 147 gross tons, is now working on the repair of the Kure-Matsuyama cable. Reconditioning of the 1,700 gross ton repair ship *Tsurushima* has been delayed due to difficulties encountered in securing provisions and other supplies.

#### Electrical Power Communications

16. The private communications system of the power industry, which is separate from other systems, was found to be in a satisfactory state of repair and adequate for the needs of the power plants now in operation.

### RADIO COMMUNICATIONS

17. The Japanese have made a number of technical improvements in the wire lines of the Broadcasting Corporation of Japan. These improvements are for the purpose of increasing the quality of the Armed Forces Radio Network. Improvements on the Broadcasting Corporation equipment are also being made.

The Broadcasting Corporation has ordered daily frequency response and noise level tests on circuits which carry radio programs. Reported data will be of value in effecting improvements for both Armed Forces Radio Service and Japanese services. Certain transmitter tests will be made daily enabling the ECJ engineering department in Tokyo to keep a constant check on the stations and determine those in need of technical help.

Wire and radio interconnections of the Broadcasting Corporation of Japan are illustrated in Map No. 33.

Several mobile field strength measuring units and mobile transmitter repair units are being formed for the purpose of gathering data on coverage and making repairs on transmitters.

#### International Circuits

18. A new service for press dispatches was inaugurated between the Osaka transmitting station of the International Telecommunications Company and British Wireless and Cable in London. Sender Composition Messages (SCM) service between Japan and the United States was inaugurated according to plans.

19. The traffic for December on seven of the more important international circuits follows:

<u>Circuit</u>	<u>Messages</u>
Tokyo-Kaijo	117
Tokyo-Taihoku	16,023
Tokyo-Geneva	813
Tokyo-Moscow	316
Tokyo-Stockholm	264
Tokyo-Lisbon	5
Tokyo-San Francisco	113,058

20. The large number of messages on the Tokyo-San Francisco circuit reflects the large amount of EFM and SCM traffic originated in December. The SCM service was established on 5 December in accordance with a directive to the Japanese Government dated 1 December. It supplements the EFM service inaugurated earlier. That SCM service was well received by the Occupation Troops is indicated by the total of 45,004 Sender Composition Messages of all classes transmitted during December. The heaviest day was 24 December when a total of 5,087 Sender Composition Messages was handled.

21. A breakdown of the traffic to the United States during December 1945 and on 24 December 1945 follows:

Class of Service	<u>Messages</u>	
	<u>December</u>	<u>24 December</u>
Press	3,472	76
EFM	64,582	6,834
SCM		
Full rate	1,670	166
VLF	39,118	4,769
MLT	3,209	135
Deferred	<u>1,007</u>	<u>16</u>
Total	113,058	12,047

A number of days in December saw heavier commercial traffic out of Japan than at any time in her history.

#### Domestic and Safety Services

22. The Japanese Board of Communications has completed a master frequency list of all the domestic and international radio stations in Japan. This list is being used by Occupation Forces in determining the location of transmitters causing interference to Allied radio circuits. Such interference is reported to the Board of Communications as it occurs and the Board takes responsibility for correcting or eliminating the operation of faulty Japanese transmitters. Off-frequency or wide-band operation by the Japanese has been the cause of several cases of interference on international radio circuits.

23. The Board of Communications was directed to take over the operation of the six radio range stations previously operated by the Aeronautical Bureau which was disbanded by SCAP directive. These radio range stations are located at Kagoshima, Tokyo, Nagoya, Amakusa, Fukuoka and Osaka. They are being operated by the Japanese for the Allied Air Forces.

24. The Japanese Police radio network was enlarged. The police are expediting the completion of small local radio nets in various prefectures.

25. The radio-telegraph facilities of the Board of Communications telegraph system were improved by turning over to the Board of Communications the former Army transmitting station at Meki on the outskirts of Hiroshima. This station is needed to relieve possible bottlenecks to civilian telegrams which originate or pass through Hiroshima as cable lines in this area have not been completely restored.

#### COMMUNICATIONS MANUFACTURING AND RESEARCH

##### General

26. Manufacturing concerns in the communications field are making uncertain progress in their efforts to rehabilitate buildings and equipment, re-install equipment evacuated during bombing and to overcome the extensive disorganization which characterized many plants. The shortages retarding production on orderly schedules are transportation, coal, industrial gas and labor. A further handicap is the difficulty of rebuilding the complex raw materials and piece parts supply structure of the communications industry.

27. The communications sections of the Ministry of Commerce and Industry and the Electrical Manufacturing and Distribution Control Association sponsored industry meetings for the manufacturers of radio receiving sets, radio receiving tubes and telephone equipment which stressed the importance of communications in the economy of the nation. The industry was urged to pursue an aggressive program of self-help. Assistance in every possible way was assured by government agencies.

##### Radio Receiver Production

28. Government and industry representatives submitted a variety of estimates of radio receiver production for 1946. An early estimate from government sources of 4,500,000 radio receiving sets has been revised to 3,100,000 sets. Production of receivers is regarded as desirable in accordance with the occupation policy of providing facilities for maximum dissemination of information and education.

The government reports that industry representatives are showing signs of reluctance to expand production beyond a peak rate of 200,000 sets per month. Industry evidently considers the ultimate demand to be limited to that amount. Pre-war sales of home radio receivers follow:

##### PREWAR SALES HOME RADIO RECEIVERS

<u>Year</u>	<u>Quantity</u>
1939	1,163,000
1940	1,371,000
1941	1,413,000

SOURCE: Ministry of Commerce and Industry and Board of Communications.

There were about 7,500,000 radio receivers in Japan before the war or about one radio for every 10 persons. At present about 3,000,000 sets are in operating condition. To attain a reasonable level of 15,000,000 sets would require 60 months at the planned rate of production even if all existing sets remained operative over the five-year period. The market is far from saturated. Industry plans should provide for ultimate production rates considerably in excess of 200,000 sets per month.

Tube Production

29. The production of radio receiving tubes will continue to be a major limiting factor in the production of broadcast receivers for a considerable period of time. The latest official government reports predict a production of 20,000,000 tubes in 1946.

30. Transmitting tube production anticipated during January and February 1946 indicates production in excess of present known requirements, except for certain types which will remain in short supply due to a shortage of industrial gas. This shortage presents a serious threat to continued operation of radio communication and broadcasting.

Government agencies are attempting to reschedule production to balance excesses against deficiencies. Most of the critical tubes are produced by the Nippon Electric Company. Attempts are now being made to secure sufficient coal to operate a gas generating plant owned by the company at their Ikuta Laboratory in Kawasaki.

Production of Telephones and Cable

31. The production of telephones in the last quarter of 1945 amounted to only 18,000 sets against a forecast made in October 1945 of 47,000 sets. The production of maintenance parts increased from ¥ 1,000,000 in November 1945 to ¥ 3,000,000 in December 1945 with a planned production of ¥ 3,350,000 per month for the first quarter of 1946.

32. Cable production for projects involving cable construction or repair has been loosely scheduled. Satisfactory production has been maintained on cable for the Taira-Sendai cable project, the permanent repair project in the Hiroshima area and other projects.

CABLE PRODUCTION  
(thousand feet)

	<u>Jan 1946</u>	<u>Feb 1946</u>	<u>Mar 1946</u>
City	1,650	1,650	1,650
Suburban	162	266	230
Carrier	<u>941</u>	<u>941</u>	<u>1,186</u>
Total	2,753	2,857	3,116

SOURCE: Electric Wire and Cable Makers Association.

This program is based on the volume of materials, man power and fuel available at present.

### Research of Japanese Laboratories

33. Arrangements have been made with the Ministry of Education for the submission of monthly reports on independent research projects conducted by faculty members of universities and technical schools.

The Board of Communications is surveying the manufacturers of communications equipment to obtain a report of research facilities within the industry. Completion of this survey will provide information from manufacturers who do research or development work to varying degrees but have no specific laboratory organization for research.

34. Research activity of the Electrotechnical Laboratory of the Board of Communications is limited to projects approved by this Headquarters. This organization suffered the heaviest air raid damage of any of the major laboratories engaged in communication research.

While research activities increased during December they are still handicapped due to the lack of critical materials and facilities. The Nippon Electric Company, formerly Sumitomo Teshushin Kohyo, K. K., revised the organization of its laboratory during the investigation of its activities and now plans to resume its research program in January.

### JAPANESE ARMY AND NAVY EQUIPMENT

35. The return of Japanese Army and Navy signal communications equipment suitable for civilian use is progressing very satisfactorily. In some sectors, all reported equipment has been located and returned to the Japanese Home Ministry.

### Repair Parts from Japanese Equipment

36. The program for disassembly of military types of Japanese Army and Navy signal communication equipment is providing a valuable source of repair parts for civil communications facilities. The parts salvaged by this disassembly program include resistors, meters, coils, condensers, miscellaneous hardware, tubes, plugs, jacks and cords. These items are being returned to the Japanese Home Ministry and are used in restoring desirable civil communications.

37. Facilities have been expanded to accommodate the large amount of equipment being received. Six depots are now operating at Tokyo, Sasebo, Kure, Sapporo, Nagoya and Kobe. An average of 100 major items of Japanese communication equipment is disassembled daily at each depot. Approximately 300 pounds of serviceable items suitable for civilian use are made available daily by each depot.

### Radio Communication of Japanese Demobilization Ministries

38. A total of 43 former Japanese Army stations are now being operated by the First Demobilization Ministry. Of these, 33 are in Japan, two in Korea and eight are located in other areas.

Of the 31 former Navy stations being operated by the Second Demobilization Ministry, 22 are located in the Home Islands and nine in outlying areas.

An order affecting 38 inoperative stations not needed in their present location provides for the dismantling of the stations and the return of equipment suitable for civilian use to the Japanese Home Ministry. This is a first step which is expected to be followed by similar dismantling of larger numbers of inoperative Japanese military stations.



39. The previous policy on the distribution of returned Japanese Army and Navy signal communication equipment has been amended to permit local distribution by the receiving agency of all wire communication equipment. The receipt of reports from the various Japanese collecting agencies to the Home Ministry by telegraph is expediting the distribution of critical items of equipment.

SECTION 8  
RATIONING AND PRICE CONTROL

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GENERAL

1. Food shortages are being experienced in most large urban areas and steps taken by the Japanese Government have not measurably altered the situation. Although there exists an overall shortage of staple foodstuffs upon which the Japanese diet is based, an improvement in the machinery of distribution would tend to alleviate the present serious trend.

2. The pressure of rising prices against official price ceilings continues unabated. Though there has been no overall relaxation of economic controls, price increases have been authorized where rising costs of production have made former official prices impractical to maintain.

3. Within rather broad limits the Japanese Government is permitted to effect changes in the price structure as it deems necessary. All such changes are subject to revision by SCAP.

FOOD

Staple Foods

4. Collection and distribution of staple foods continues to be a problem which is illustrated by the low supply in certain large urban areas. During the last half of December 1945 staple foodstocks in Tokyo varied between a five and eight day supply. Kyoto in the most critical position of all large urban areas maintained a two to six day supply throughout the month. Under prewar conditions large cities maintained a twenty to thirty day supply. The food supply for major Japanese cities during December 1945 is indicated in Chart No. 19.

5. The key to the problem of urban food stocks lies in the collection program. Collection of staple foods from farmers continued to fall far below planned quotas. November 1945 collections amounted to 51 percent of estimated collections. Collections during the first ten days of December 1945 showed sharp declines reaching a rate of only 18 percent of prior estimates.

6. On 24 December a directive was issued to the Japanese Government approving an increase in the Government purchase price of rice from ¥ 92.50 to ¥ 150.00 per koku and an increase in the government subsidy from ¥ 42.50 to ¥ 75.00. This increase was deemed necessary to meet the increased cost of production of the farmer and stimulate production of staple foods for authorized markets.

#### Perishable foodstuffs

7. Distribution of fresh fish, vegetables and fruit through official channels has increased substantially. The sharp price rise following the removal of price ceilings upset equitable distribution under the rationing system.

The mark-up made by fish and vegetables retailers has been reduced from 30 percent to 20 percent. Some profiteering by retailers has been prevented by increasing the vigilance of enforcement officials and publicizing daily prices.

#### Vegetables

8. A formal rationing system for vegetables has never existed. Under the present system a daily allowance is determined according to the supply available in a particular district. Each family has the opportunity to purchase its allowance through its neighborhood association. Practically everyone elected to receive the distribution when fish and vegetables were scarce and priced low. At present less than half of the vegetables and fresh fish are being distributed in this manner. The inability of a segment of the population to purchase its full allowances because of high prices is a strong reason why the established ration system is ineffective. Many persons able to purchase prefer to wait until after the distribution to neighborhood associations thereby enabling them to purchase what they desire in the free market sale of remainders.

#### Fish

9. Consumers have been experiencing difficulty purchasing fish. Prices of fresh fish have increased an average of 600 percent over previous ceiling prices. A portion of the consuming public is unable to purchase at present prices and it will become increasingly difficult for low income groups to purchase fish when their savings are depleted.

SCAP directive of 4 December 1945 arranged for the sale of Naval fuel oil to be used by the fishing industry. The release of fuel oil should increase the fish landings throughout Japan. This oil is used to implement a "link system" which will put pressure on the fishermen to sell their catch through official channels.

The Japanese Government has instituted an allocation system whereby the distribution of oil will be contingent on fishing areas fulfilling quotas for shipping fish to large cities and other deficit areas.

Ceiling prices are being reestablished and will be revised monthly to allow for seasonal fluctuations in the supply of different types of fish. The ceiling prices which are to take effect on 9 January 1946 are still high but are a substantial improvement over currently prevailing prices and will make it possible to maintain a high level of distribution through official channels.

Average December prices of fresh fish at the Tokyo wholesale market as compared to previous official prices and proposed prices follow:

PRICE LIST OF FRESH FISH  
(per kan a/)

Species	Tokyo Market Price <u>b/</u>	Previous Official Price	Proposed Price	Percent of Market Price	Percent of Prev. Official Price
Sea Bream	¥100.00	¥13.50	¥50.00	50	370
Tunny	88.00	15.00	40.00	45	266
Yellow Tail	95.00	5.00	40.00	42	800
Itoyori (Snapper)	62.50	4.50	40.00	61	888
Gurnard	40.00	3.00	30.00	75	1000
Mackerel	39.25	8.00	20.00	51	251
Whale Meat	20.00	10.67	20.00	100	119
Menuke	25.00	8.00	15.00	60	187
Squid	27.95	8.00	15.00	53	187
Nemeta Karei (Flounder)	28.00	9.00	13.00	46	144
Sardine	25.38	6.00	13.00	51	216
Cod	17.00	7.00	13.00	76	185
Kichiji (Black Cod)	18.00	5.50	10.00	55	181
Alaska Pollack	12.00	6.00	8.00	66	133
Abura Karei (Flounder)	5.71	3.00	5.00	67	166

a/ 8.267 lb.

b/ December average price at Tokyo wholesale market.

SOURCE: Bureau of Fisheries, Ministry of Agriculture and Forestry.

Rationing Methods

10. Rationing machinery differs according to the various rationed commodities. The distribution of the staple ration is carried out by the Central Foodstuffs Control Corporation and the Local Foodstuffs Control Corporation in each prefecture.

Distribution is made on the basis of a ration book (haikyutsucho) which shows the quantity a family is entitled to receive and contains ledger entries of the distribution made. The family retains the ration book and the distribution agency maintains a duplicate card record for each family.

Soy Products

11. Soy Products have a special importance in the Japanese diet as they are the principal source of salt and second to the staple food ration as a source of protein. Soy sauce (shoyu) and soy bean paste (miso) are the most important soy products. At the national level the distribution of soy products is under the jurisdiction of the Control Section, Foodstuffs Bureau, Ministry of Agriculture and Forestry. Each of the two products is directly controlled by its own control company.

Bean Paste

12. Bean paste is under the control of the All Japan Bean Paste Control company (Zenkoku Miso Toosai Kabushiki Kaisha) with a prefectural control company in each prefecture. The prefectural bean paste control company purchases the bean paste from the pro-

ducers and then sells to the central control company.

The Ministry of Agriculture and Forestry allocates the available supply to the prefectures in accordance with their requirements based on population and the ration allowances for miso. The allocation of the materials required for the production of the bean paste is handled in the same manner. The central control company sells the bean paste to the prefectural control companies according to the allocation and the prefectural company then sells to local retailers.

#### Soy Sauce

13. The central control company for soy sauce is the All Japan Soy Sauce Control Company (Zenkoku Shoyu Toosei Kabushiki Kaisha) which also has local control companies in each prefecture. The machinery for purchase and wholesaling of soy sauce differs from that in effect for soy bean paste principally in the role played by the "specified manufacturers".

The "specified manufacturers", which are the most important producers of soy sauce, are the Noda Shoyu Company, Yamasa Shoyu Company, Choshi Shoyu Company and the Marukane Shoyu Company. These companies receive their allotment of raw materials for manufacture of soy sauce directly from the central control company. The allotment of required raw materials for other producers is determined by the prefectural control company according to the directions of the prefectural governors.

The central control company purchases the produce of the "specified manufacturers" directly and distributes the soy sauce to the prefectures in accordance with the allocation made by the Ministry of Agriculture and Forestry. The allocation of production of the local producers is directed by the prefectural control company under the supervision of the prefectural governor. The local control companies sell the soy sauce to retailers for distribution to consumers.

#### Distribution

14. The distribution of soy bean paste and soy sauce to consumers is handled in the same manner. The prefectural control companies for soy sauce and soy bean paste distribute their products to branch offices, which sell to retail dealers who handle soy bean paste, soy sauce, salt and sake. Consumers receive their rations of soy bean paste and miso from the retail dealers monthly.

Prescribed allowances of soy bean paste and soy sauce are being currently filled in most instances, according to the Ministry of Agriculture and Forestry.

#### Salt

15. Distribution of salt has been handled as a government monopoly for many years. The government purchases the salt from producers and distributes it to the prefectures through the Monopoly Bureau of the Ministry of Finance. Branch offices of the monopoly bureau sell salt for food use to local wholesalers who resell to retail outlets. These in turn sell to consumers either directly or through neighborhood associations. Sales at each level are at fixed markups.

At present the government is paying a subsidy to producers in order to hold down the price of salt, especially for industrial users.

Salt is one of the few food commodities in which the ration allowance is obtained by presenting a ration ticket, although one ration ticket is often presented for an entire neighborhood association. The present ration allowance is being filled but distribution is often behind schedule. The Monopoly Bureau states that the basic ration of 200 grams can be maintained.

#### Ration Allowances

16. More detailed information has been obtained concerning the ration allowances of Japanese foodstuffs. Staple foodstuffs, soy products and salt are the only articles of diet distributed according to standard ration allowances.

The following additional items are rationed on an irregular basis depending on availability:

(1) Edible oil (rape oil, soy bean oil, peanut oil): Approximately 3 go (0.54 liters) per year.

(2) Sugar: Issued only to babies in very small allowances which vary with age and whether baby is nursing. There is a monthly allocation of 5,000 piculs (300 metric tons) for use in making condensed and powdered milk.

(3) Milk: Distribution is made only to nursing babies, women in pregnancy or post-natal confinement, and people who are physically weak or ill. Rations range from 187.5 to 750 grams per person per day.

(4) Fresh sweet potatoes: This distribution is in addition to the staple ration. Considerable quantities were distributed in November and early December 1945. The scarcity of fresh sweet potatoes will be acutely felt until April when other vegetables become available.

(5) Fruits, vegetables, and fish distribution varies widely with ability to pay. A monthly expenditure of ¥ 13.50 per person for vegetables and fish would provide approximately 25 momme (93.75 grams) of vegetables and 4 momme (15 grams) of fish per day.

17. The rationed allowances for staple foodstuffs, soy products and salt are:

(1) Staple ration: 2.1 go (297 grams) per day consists of rice, wheat, barley, or rye bread or noodles containing equivalent quantity of flour. Sweet potatoes may be substituted at the ration of 7 kilograms of sweet potatoes for 2 kilograms of rice. The ration of 2.1 go is the standard allowance, but there are variations according to age, sex and type of work.

(2) Soy Products:

Soy Bean Paste: Northern Japan, 240 momme (900 grams per month. Central Japan, 180 momme (675 grams). Southern Japan, 120 momme (450 grams).

Soy Sauce: Northern Japan, 2.0 go (435 grams) per month. Central Japan, 2.7 go (587 grams). Southern Japan 3.7 go (804 grams).

(3) Salt: 200 grams per month.

18. The approximate daily caloric and protein intake of standard ration allowances and supplementary food purchases follows:

<u>Standard Ration Allowances</u>	<u>Quantity</u>	<u>Calories</u>	<u>Protein (grams)</u>
Staple ration	2.1 go (297 grams)	1,050.0	22.0
Soy bean paste	6 momme (22.5 grams)	29.3	3.09
Soy sauce	0.09 go (19.6 grams)	4.1	0.24
Salt	6.67 grams	0	0
Standard Ration Total		1,063.4	25.32
<u>Supplementary Food Purchases</u>			
Edible oil	1.53 cc	14.2	0
Fresh vegetables	25 momme (93.75 grams)	20.6	0.83
Fresh fish	4 momme (15 grams)	11.2	1.95
Sweet potatoes	200 grams a/	242.0	4.0
Supplementary Food Total		288.0	6.78
TOTAL		1,351.4	32.1

a/ Based on distribution in Tokyo from 1 November 1945 to 9 December 1945, a peak period.

SOURCES: Ministry of Agriculture and Forestry, Ministry of Finance.

#### CLOTHING

19. A slight increase in the clothing supply has been accomplished through release of Japanese military clothing stocks. The present distribution which is limited to the most needy is expected to continue.

Distribution of clothing by quarterly periods for 1945 and comparative 1944 totals, as reported by the Japanese Bureau of Textiles, Ministry of Commerce and Industry, are shown in Table No. 21.

20. Black market operations in clothing are not extensive. Those which do exist are a result of the following factors: (1) On termination of the war military textile commodities held by many manufacturers were released through black market channels rather than to official control agencies. (2) Commodities salvage by dealers who suffered damage by air raids were fed into black market channels. (3) Price enforcement measures have been generally weak. (4) Tendency of the Japanese people to consider that distribution controls are wartime measures which cease to be applicable in time of peace.

The Bureau of Textiles of the Ministry of Commerce and Industry is at present instituting measures to improve the situation. These include an investigation of all military stocks of textiles and clothing to ensure their flow through proper distribution channels, greatly augmented price enforcement measures, and a program of public enlightenment to explain the principles

of and the need for maintaining controls.

FUEL

Petroleum

21. The abolition of all subsidies to the petroleum industry combined with increases in cost of production have made necessary the revision of prices which had been fixed on the basis of conditions prevailing in early 1944. The new prices which go into effect 15 January 1946 are calculated to enable the oil industry to operate on its own earnings from an estimated annual output of 300,000 kiloliters of crude oil. A comparison of old and new prices of petroleum products follows:

PETROLEUM PRODUCTS PRICES

	Present Price <u>Per KL.</u>	Revised Price <u>Per KL.</u>	<u>Increase</u>	<u>Percent- age</u>
Gasoline for motor cars	¥316.00	¥1,200.00	884.00	279.7
Gasoline for rubber industry	370.00	1,800.00	1,430.00	386.5
White kerosene	204.00	1,000.00	796.00	390.2
Brown kerosene	184.00	900.00	716.00	389.1
Gas oil	157.00	800.00	643.00	409.6
Insulation oil for high voltage	935.00	4,600.00	3,665.00	392.0
60 spindle oil	276.00	1,300.00	1,024.00	371.0
300 ice machine oil	902.00	4,500.00	3,598.00	398.9
Dynamo oil	788.00	3,900.00	3,112.00	394.9
140 turbine oil	1,080.00	5,300.00	4,220.00	390.7
120 machine oil	239.00	1,400.00	1,161.00	485.8
Marine engine oil	1,012.00	5,000.00	3,988.00	394.1
30 mobile oil	671.00	3,300.00	2,629.00	391.8
250 Diesel engine oil	937.00	4,700.00	3,763.00	401.6
120 cylinder oil	950.00	4,600.00	3,650.00	384.2
150 axle oil	222.00	1,000.00	778.00	350.5
Liquid paraffine	987.00	5,000.00	4,013.00	406.6
B fuel oil	91.00	650.00	559.00	614.3
C fuel oil	87.00	600.00	517.00	589.7
	<u>Per Ton</u>	<u>Per Ton</u>		
0-100 straight asphalt	76.00	370.00	294.00	386.8
10-100 blown asphalt	109.00	530.00	421.00	386.2
120° paraffine	585.00	2,800.00	2,215.00	278.6
Hard pitch	70.00	350.00	280.00	400.0
Soft pitch	65.50	350.00	274.50	419.1

SOURCE: Japanese Fuel Bureau, Ministry of Commerce and Industry.



22. Stocks of petroleum as of 30 November 1945 follow:

PETROLEUM STOCKS  
30 November 1945  
(kiloliters)

	Gas- olene	Ker- osene	Gas Oil	Diesel Oil	Fuel Oil	Lubricat- ing Oil	Grease Oil a	Crude	Total
Petroleum Dis- tributing Co.	5,500	6,300	2,100	6,100	500	7,500	400	0	28,400
Petroleum Refinery Co.	3,440	5,472	1,785	3,743	1,204	3,690	353	50,990	70,677
Joint Enter- prises Co.	0	0	0	0	0	10,389	0	0	10,389
<b>Total</b>	<b>8,940</b>	<b>11,772</b>	<b>3,885</b>	<b>9,843</b>	<b>1,704</b>	<b>21,579</b>	<b>753</b>	<b>50,990</b>	<b>109,465</b>

a/ Grease oil is shown in tons.

SOURCE: Japanese Petroleum Distributing Control Company.

23. Allotment of petroleum by consumer categories for December 1945 follows:

PETROLEUM ALLOCATION  
December 1945  
(kiloliters)

	Gas- olene	Ker- osene	Gas Oil	Diesel Oil	Fuel Oil	Lubricat- ing Oil	Grease Oil a	Total
Ships	28	122	204	7,053	544	513	6	8,470
Automobiles	2,880	0	0	0	0	657	7	3,544
Fishing, farm and forestry	145	3,329	1,350	7,482	0	447	8	12,761
Government railways	196	14	53	120	52	357	9	801
Harbors	4	5	4	9	0	12	2	36
Others	34	13	16	28	0	39	3	133
Diplomats	16	0	0	0	0	2	0	18
Public use	45	11	2	25	0	34	2	119
Mining and industry	245	350	175	1,050	175	1,326	123	3,444
Reserve	410	350	174	350	226	300	12	1,822
<b>Total</b>	<b>4,003</b>	<b>4,194</b>	<b>1,978</b>	<b>16,117</b>	<b>997</b>	<b>3,687</b>	<b>172</b>	<b>31,148</b>

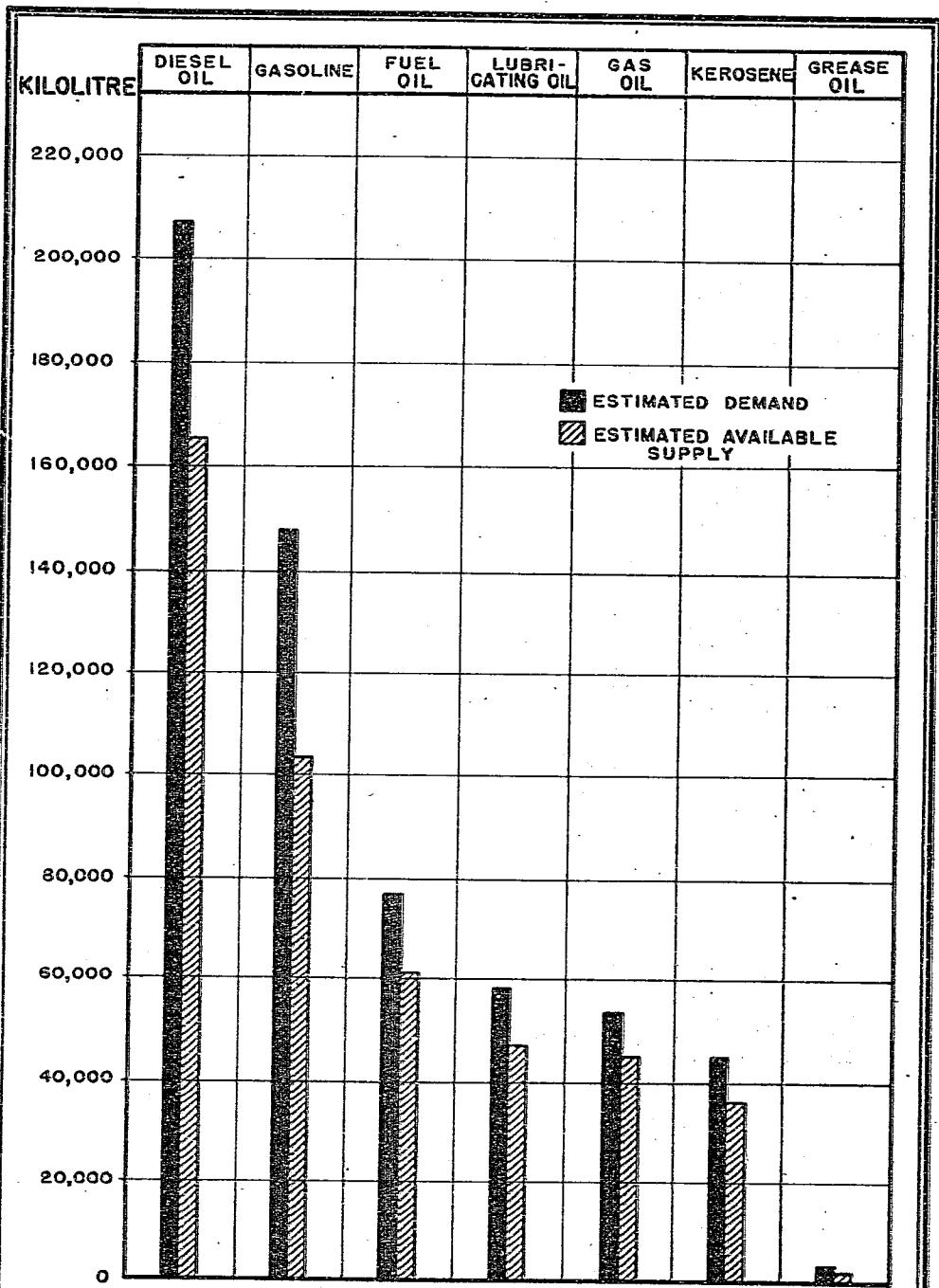
a/ Grease oil is shown in tons.

SOURCE: Japanese Petroleum Distributing Control Company.

24. The relation of consumer demand and production of petroleum is indicated in the accompanying chart.

Coal

25. Allocation of coal has been based on increased withdrawals from existing stockpiles, as well as current production. The total amount available for distribution in January will depend on the quantity mined during that period. The comparison between December and January allocations follows:



SOURCE: JAPANESE COMMERCE AND INDUSTRY FUEL BUREAU.

# PETROLEUM PRODUCTS

ESTIMATED DEMAND AND ESTIMATED AVAILABLE SUPPLY  
JANUARY 1946 - JUNE 1946

## JAPAN

DECEMBER 45

GHQ-SCAP

NUMBER 22

0531

**COAL ALLOCATION**  
(thousand metric tons)

	<u>Dec. 1945</u>	<u>Jan. 1946 a/</u>	<u>Jan. 1946 b/</u>
Mining	188	216	232
Ships (bunker coal)	50	45	50
Allied forces in Japan	60	102 c/	102
Gas and coke	42	42	50
Iron and steel mfg.	66	28	42
Heating in Hokkaido	43	60	100
Mfg. of ammonium sulfate	26	65	90
Railways	415	415	445
Export to Korea	70	70	70
Export to Hong Kong	18	18	18
Salt	11	11	25
Miscellaneous	<u>77</u>	<u>48 d/</u>	<u>97</u>
<b>Total</b>	1,066	1,120	1,321

a/ Allocation plan based on minimum expectancy of coal production during January.

b/ Allocation plan based on a reasonably attainable estimate of coal production during January.

c/ GHQ: 68,000 metric tons.  
EIGHTH Army: 34,000 metric tons.

d/ 30,000 metric tons anthracite and powdered coal to be used to make carbide and briquettes.  
18,000 metric tons inferior coal to be used by hospitals, breweries and sundry industries.

SOURCE: Japanese Coal Bureau, Ministry of Commerce and Industry.

**PAPER**

26. Production of newsprint has continued to decline as a direct result of the coal shortage. December output was eight million pounds. Production in January 1946 is expected to fall to three million pounds. The production rate is anticipated to increase gradually and should reach five million pounds by February 1946. The current rate of consumption, 13 million to 14 million pounds monthly is being maintained by withdrawals from inventories. The Oji Paper Company has reserve stocks of approximately 24 million pounds, which are expected to be sufficient to maintain the present rate of consumption until production increases.

27. The paper allotment committee established by the directive of 28 October 1945 has been functioning independently, its decisions subject only to review by SCAP. Paper has been allotted impartially to all groups.

**LUMBER**

28. No changes have been made in the controls over lumber. The Japan Lumber Company handles the physical distribution, while the Forestry Section of the Ministry of Agriculture and Forestry is responsible for allocating existing supplies to various usages. The allocation plan for January 1946 follows:

ALLOCATION PLAN FOR ROUGH LOGS  
JANUARY 1946  
(1,000 cubic feet)

Public works and construction	26,400
Shipbuilding	2,025
Cartwright wood	450
Mine timbers	4,000
Sleepers (cross ties)	1,350
Telegraph poles	675
Pulp	3,750
Veneer and plywood	280
TOTAL	38,930

SOURCE: Japanese Ministry of Agriculture and Forestry.

PRICE CONTROLS

29. Prices to consumers during the war were held unreasonably low in comparison to production costs and the difference was usually defrayed by government subsidies. This subsidization of production, especially of raw materials, aided in holding price ceilings in line.

Government subsidies of commodities which are vital to the daily needs of all citizens are being removed very gradually. Commodities that were heavily subsidized for war purposes and the prices of which have little direct effect upon the normal consumer are being increased in price and the subsidies removed.

Price Division

30. The newly created Price Division in the Ministry of Finance is now in operation. A total staff of approximately 50 persons has been authorized by the Japanese Government. It is the policy of the Price Division to bring official prices into line with costs of production as necessitated by the gradual elimination of subsidies to producers.



SECTION 9

MONEY AND BANKING

C O N T E N T S

	Paragraph
General . . . . .	1
Financial Institutions. . . . .	2
Regulating. . . . .	19

GENERAL

1. Ordinary banks showed fractional increases in aggregate deposits and investments while the aggregate deposits of savings banks declined moderately. There has been a small net increase in securities held in bank portfolios. The banking system found it necessary to meet current demands for credit by borrowing from the Bank of Japan. Currency issue has been expanding rapidly and the net result of the present banking practice is inflationary.

The note issue of the Bank of Japan continued to increase, reaching a new high of ¥ 51.09 billion on 20 December 1945.

Changes in controls over importation of currency and financial instruments into Japan allowed the importation by repatriating Japanese nationals of certain documents and instruments evidencing the ownership of claims expressed in yen currency and payable in Japan.

Reports have been received on the external assets of the Japanese Government and of all financial institutions with the exception of those closed by instructions from this Headquarters.

The Bank of Japan, under policies and procedures established by this Headquarters, is making progress in its examination and investigation of closed banks.

FINANCIAL INSTITUTIONS

Currency

2. The note issue of the Bank of Japan increased ¥ 5.47 billion during the period 20 November to 20 December 1945. The increase apparently is due largely to hoarding of cash since there has been no comparable expansion of economic activity or in commodities available for the market.

3. In order to exercise some control over the printing and issue of Bank of Japan notes, a directive has been issued to the Japanese Government requiring the Ministry of Finance to obtain the consent of this Headquarters before printing any additional currency or any new issues.

Bank of Japan

4. The condensed statement of the Bank of Japan as of 20 November and 20 December 1945 follows:

BANK OF JAPAN  
Condensed Statement  
(millions of yen)

<u>Assets</u>	November 1945	December 1945
Loans to banks	27,263	33,987
Cash and bullion	534	531
Government bonds and debentures	9,499	7,074
Advances to government	4,830	10,680
Agency accounts	15,704	18,598
Miscellaneous accounts	7,132	3,354
Capital unpaid	<u>55</u>	<u>55</u>
Total Assets	65,017	74,279
<u>Liabilities</u>		
Notes issued	45,628	51,091
Government deposits	14,425	17,786
Other deposits	3,643	3,572
Miscellaneous accounts	1,109	1,618
Capital and reserves	<u>212</u>	<u>212</u>
Total Liabilities	65,017	74,279

SOURCE: Bank of Japan.

5. The large increase in notes issued has been partly attributed to an increase in advances to the government but is mainly due to the increase in loans to banks.

6. The directive of 11 December 1945 requires banks and trust companies to submit reports of condition each month. These reports are made to the Bank of Japan by the institutions and in turn the Bank of Japan reports to this Headquarters. A statistics department has been set up in the Bank of Japan for the purpose of collecting this information.

7. Selected balance sheet items of the Bank of Japan are presented in Chart No. 23.

Banking Operations

8. Total deposits of all Japanese banking institutions, excluding the Bank of Japan, increased slightly during November 1945, the increase in special blocked deposits and current accounts offsetting the decrease in savings and other deposits. The expansion of blocked deposits is accomplished by accounting entries between the Central Insurance Corporation, which is the government reinsurance agency through which war risk and earthquake guarantees are extended, and the ordinary banks. This is a paper transaction which results in no flow of currency into the banking system. A net withdrawal of currency from banks resulted from the reduction of other deposits.

9. Bank credit was expanded by approximately four billion yen during November 1945 or an increase of 4.5 percent. Available data indicate that the proceeds of many of these loans were used to pay severance bonuses and taxes as well as current expenses. A sizeable portion of the loans was based on claims against the government or on government guarantees.

10. Cash payments of free deposits and extension of loans have not been accompanied by liquidation of previous advances. On the contrary, there has been a small net increase in securities held. The banking system has found it necessary to borrow from the Bank of Japan in order to meet current demands for credit thus causing the rapid expansion of the currency issue.

#### Special Banks

11. Current statements indicate little change in the condition or operation of the nine special banks.

#### Ordinary Banks

12. The aggregate deposits and investments of ordinary banks increased only fractionally during November 1945 whereas extension of loans accelerated. The moderate expansion of deposits in commercial banks apparently reflects the need for larger deposit balances occasioned by rising prices rather than an expansion of commercial activity. The expansion of special bank credit during November 1945 was partly to provide funds for reconversion and current operations. Funds for payment of retirement allowances and taxes were likewise supplied which increased the fund of purchasing power without contributing proportionately to an increase in present or anticipated production.

13. The aggregate deposits and investments of all ordinary banks as of 30 October and 30 November follow:

#### ALL ORDINARY BANKS (hundred thousands of yen)

	30 October 1945	30 November 1945
Deposits	104,765	105,181
Loans	62,342	66,095
Securities	42,166	42,678

SOURCE: Japanese Ministry of Finance.

#### "Big Five" Ordinary Banks

14. No pronounced changes in the operation or condition of the "Big Five" banks during November 1945 are revealed by available statements. Aggregate deposits, loans and securities of the five institutions changed very little during the month.

#### Savings Banks

15. The moderate decline in the aggregate deposits in savings banks which characterized October 1945 was repeated in November 1945. The slight depletion of deposits was accompanied by a decrease in cash and deposits in other banks. Little change occurred in the institutions' portfolios other than an increase in total loans to depositors.



16. The reduction of deposits caused a moderate depletion in the resources of savings banks. This trend has been consistent during the past two months.

17. The aggregate deposits, loans and securities of all savings banks as of 30 October and 30 November 1945 follow:

ALL SAVINGS BANKS (hundred thousands of yen)		
	30 October 1945	30 November 1945
Deposits	7,827	7,649
Loans	649	695
Securities	8,756	8,701

SOURCE: Japanese Ministry of Finance.

#### Blocked Accounts

18. The directive of 24 November 1945 expanded the system of blocked accounts in effect under Japanese law by requiring the payment of claims against the Japanese Government arising from the production or supply of war materials to be made into blocked accounts. Payments of claims for war damages or claims arising from the construction or conversion of industrial plants to wartime production were already subject to such limitations. Payments made since 15 August 1945 to any one claimant in excess of ¥ 5,000 for one of the above mentioned purposes were required to be redeposited into a blocked account.

#### REGULATING

#### Changes in controls over the Import and Export of Currency and Financial Instruments.

19. The major changes in controls over importation of currency and financial instruments into Japan were to allow the importation by repatriating Japanese nationals of certain non-negotiable documents and instruments evidencing the ownership of claims expressed in yen currency and payable in Japan. Repatriating Japanese nationals were allowed to bring in with them Army and Navy field postal savings passbooks, post office life insurance policies, other insurance policies and bank passbooks issued by organizations in Japan and expressed in Japanese yen. Japanese nationals were also permitted to bring in Japanese Government bonds in lieu of yen currency, up to the limits previously admitted of ¥ 200 for soldiers, ¥ 500 for officers and ¥ 1000 for civilians.

20. A change in currency import controls was made to allow Japanese prisoners of war being repatriated to Japan to bring in with them earnings they accumulated during the period in which they were held prisoner. The amount of these earnings may be imported as yen currency or as exchange certificates exchangeable for yen currency at the point of debarkation in Japan. This action was taken to avoid administrative difficulties in accounting for unpaid balances of prisoners of war in outlying areas and also in accordance with the provisions of international law relating to treatment of prisoners of war.

21. Export controls were amended to allow Korean and Chinese nationals being repatriated from Japan to their homelands to take out of Japan passbooks and insurance policies issued by organizations either in Japan or in the country to which they are being repatriated.

Action with Respect to Property in Japan

22. Branches or agencies in Japan of concerns with head offices abroad, other than those belonging to nationals of former enemy powers, have been permitted to pay current expenses entailed in the maintenance and upkeep of their facilities in Japan and to make payment on account of operating expenses incurred prior to the directive of 22 September 1945 which prohibits transactions in the property of such organizations. In the case of one Japanese branch, an insurance company with head office in Formosa but doing 90 percent of its business in Japan, resumption of operations was permitted under such restrictions as were deemed necessary to protect the assets and claims of foreign policyholders and shareholders.

Information Received from the Japanese Government

23. Reports have been received on the external assets of the Japanese Government and of all financial institutions with the exception of those closed by instructions of this Headquarters. Reports from other concerns and from individuals are currently being received and verified by the Bank of Japan. Plans have been formulated for summarizing the information in these reports by areas in which the property is located, by type of property included, and by the currency in which Japanese holdings of foreign securities and foreign currencies are expressed. Reports have also been received on foreign exchange assets picked up at Japanese ports from persons repatriating to and from Japan.



SECTION 10  
PUBLIC FINANCE

C O N T E N T S

	Paragraph
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Taxation and Revenue . . . . .	3
National Government Budget, Expenditures and Borrowing . . . . .	4
Special Account for War Expenses . . . . .	7
Special Accounts . . . . .	10
Local Government Finance . . . . .	13
Imperial Household . . . . .	17
Zaibatsu . . . . .	21

GENERAL

1. The decrease of military pensions and the suspension of discharge allowances caused a sharp drop in payments from the special account of war expenses. The bulk of remaining payments are indemnities for war contract cancellations which are being paid into blocked accounts.

A request to finance an increase in the subsidy of rice through issuance of ¥ 1.5 billion rice notes was approved by this Headquarters. Government guaranteed loans were authorized for the purpose of increasing coal and fertilizer production.

This Headquarters has approved the request for authority of local governments to float short term loans, engage in lending operations and sell local government properties in some instances.

Several additional budgets of the Imperial Household were approved. These were principally concerned with year-end allowances, grants and bonuses.

Zaibatsu

2. A schedule of restricted concerns has been compiled and published by this Headquarters. A chairman has been appointed for the Holding Company Liquidation Commission.

TAXATION AND REVENUE

3. The directive of 24 December 1945 issued to the Japanese Government abolished the Japanese retail sales tax levied on items sold to personnel of the Armed Forces of the United Nations.

NATIONAL GOVERNMENT BUDGET, EXPENDITURES AND BORROWING

General Account

4. Supplementary Budgets Numbers One and Two for the fiscal year 1945-46 were submitted to this Headquarters for approval before

introduction to the special session of the Diet. The amounts and purposes were ¥ 180 thousand for expenses of the Diet session and ¥ 205 million for emergency measures to stimulate production of salt and food. Both budgets were approved and passed by the Diet.

5. Government expenditures continued at a high, though decreasing, rate. The government was directed to devise and put into effect a new system of administrative reports which would yield prompt and accurate data on current expenditures.

6. Principal activity during the month consisted of action on a number of requests for approval of borrowing by the government itself or its agencies or instrumentalities. Several small requests for borrowing for specific purposes and several small issues of savings bonds for sale directly to the public were approved. A bond issue for seven billion yen to finance the general deficit of the government has been held in abeyance pending formulation of a program for reduction of expenditures and financing of unavoidable deficits from such sources as will produce the minimum of inflationary effect. Interim financing was permitted by loan from the Bank of Japan to meet payments for specified essential purposes.

#### SPECIAL ACCOUNT FOR WAR EXPENSES

7. Further analysis of this account during December 1945 disclosed that the total of expenditures previously reported was greater than payments actually made. This was due to a Japanese public accounting technique by which an apportionment to a paying official is treated as an expenditure regardless of whether or not the whole sum is actually disbursed. The total actually paid is less by several billions of yen than the total of such expenditures.

8. Actual current payments from the special account for war expenses dropped sharply during the month due to the tapering off of military pensions and the suspension of discharge allowances and other emoluments as directed by this Headquarters on 24 November 1945. A large proportion of the remaining payments from this account are indemnities for war contract cancellation and similar items which are paid into blocked bank accounts rather than in cash.

9. Borrowing for this account was included in the request for approval of the seven billion yen bond issue on which action is pending.

#### SPECIAL ACCOUNTS

10. In connection with the forthcoming national budget for the fiscal year 1946-47, the Japanese Government is being required to furnish a separate budget for each special account subsidiary to the general account budget by 15 January 1946.

11. The Rice Control special account revenue is financed through the issuance of short term government obligations called rice notes. A request for issuance of ¥ 1.5 billion of rice notes was approved by this Headquarters. This is estimated to be approximately one-half the cost of the rice subsidy for the remainder of the fiscal year. This subsidy which is one-half the price received by the farmer has been increased due to an increase in the price to the farmer, the proportion of subsidy to total cost remaining the same.

12. Government guaranteed loans of ¥ 300 million to the Japan Coal Company Limited and ¥ 2.5 million to the Northeast Copper Ore Refining Company Limited were authorized with the proviso that such loans were for the purpose of increasing production of coal and fertilizer respectively.

## LOCAL GOVERNMENT FINANCE

13. Local government finances have received scant attention by the Japanese administration heretofore due to the pressure of national financial problems. The controls over local government expenditures and borrowings imposed by the directive of 24 November 1945 has brought the matter to the foreground.

14. Local Governments include the 47 prefectures, 207 cities and 10,416 towns and villages in Japan. Problems involved in the various communities are similar although there are a large number of units concerned. It has been found feasible and necessary to deal with local units as a group.

15. Japanese local governments follow the practice of carrying budgeted debt and deficits through short term bank loans which are refunded toward the end of the year through issuance of bonds or other long term securities to the Deposit Funds Section of the Ministry of Finance and the bureaus supervising post office and other government insurance reserves. Disposition of a request for issuance of ¥ 1.5 billion of local government bonds follows:

(thousands of yen)

<u>Purpose</u>	<u>Requested</u>	<u>Permitted</u>	<u>Abevance</u>
Education	5,000	4,200	800
Sanitation	20,000	14,600	5,400
Industry	50,000	33,500	16,500
Public works (calamities)	120,000	63,600	56,400
Public works (ordinary)	100,000	77,000	23,000
Electricity & gas	10,000	6,500	3,500
Measures to prevent property damage	350,000	350,000	0
Rehabilitation expense	250,000	127,500	122,500
Budgetary deficit	557,000	111,400	445,600
Miscellaneous	<u>38,000</u>	<u>27,360</u>	<u>10,640</u>
Total	1,500,000	815,660	684,340

16. Blanket authorizations have been granted to local governments as follows:

- (1) Floating of short term bank loans is permitted provided the loans will be repaid within the fiscal year from revenues or from the proceeds of the sale of bonds, issuance of which is permitted by this Headquarters.
- (2) Continuance of normal operations of public pawn shops, which are important in rural areas.
- (3) Lending operations by local governments, where the purpose is to promote or improve security, standard of living or economic development within the community concerned. Such lending operations include loans for the purchase of farm lands, to refund high interest indebtedness incurred by farmers, to various public works projects to relieve unemployment and to construct dwelling houses.
- (4) Continuance of the Officials Mutual Relief System which permits borrowing against advance salaries and pensions.

- (5) Investment of sinking funds, endowments, and other funds of communities, subject to existing legal restrictions.
- (6) Subsidies, tax exemptions, tax allotments, rebates or any similar benefits with the proviso that they do not violate any restrictions imposed on the National Government in this regard.
- (7) Sale of local government properties, but the fair market value at time of sale must be received if sold to anyone other than another governmental entity.

Financial measures which are within the limits of these authorizations and comply with directives issued by this Headquarters need not in the future be submitted for prior approval.

#### IMPERIAL HOUSEHOLD

17. Effective 18 December 1945, the Japanese Government made the Ministry of Finance responsible for insuring compliance by the Imperial Household with directives of this Headquarters.

18. The following additional budgets of the Imperial Household for 1945 were approved by this Headquarters:

- (1) Additional budget number two for the Imperial Forestry and Estates Bureau consisting of additional expenditures of ¥ 2,391,365.
- (2) Additional budget number six for the section of the account for negotiable property. This is a year-end accounting transfer.
- (3) Additional budget number seven for the ordinary account consisting principally of an additional expenditure for the Palace guards to cover year-end allowances and cost of reconstructing the offices and barracks of the Imperial Palace guards amounting to ¥ 7,380,000.
- (4) Additional budget number eight for the ordinary account. This is a year-end transfer from the account of negotiable property to the ordinary account of ¥ 4,250,000.

19. A request by the Emperor to make certain money and land grants was approved with the exception of a grant of ¥ 100,000 to the former Lord Keeper of the Privy Seal, who is under arrest.

20. Approval was given to the distribution of ¥ 10 million in bonds for the relief of air raid victims. This grant was actually made by the Emperor on 17 April 1945 but distribution of the bonds was not effected until December 1945.

#### ZAIRATSU

21. The four largest Zairatsu holding companies: Mitsui, Mitsubishi, Sumitomo and Yasuda have furnished resumes of their financial situation and subsidiary companies.

22. The relative size and security holding of the big four holding companies follows:

**BIG FOUR HOLDING COMPANY ASSETS**  
(thousands of yen)

<u>Company</u>	<u>Capital a/</u>	<u>Number of Stockholders</u>	<u>Assets b/</u>	<u>Securities Held</u>
Mitsui Honsha	299,910	14,326	1,232,474	1,051,356
Mitsubishi Honsha	240,000	13,211	619,188	598,095
Sumitomo Honsha	225,000	9	1,154,125	328,780
Yasuda Honsha	<u>30,000</u>	<u>10</u>	<u>139,927</u>	<u>118,401</u>
<b>Total</b>	<b>794,910</b>	<b>27,556</b>	<b>3,145,714</b>	<b>2,096,632</b>

a/ Paid-up capital.

b/ Assets in all cases reduced by amount of unpaid capital.

SOURCE: Latest financial reports and other data submitted by the above companies.

23. Due to restrictions placed on the principal holding companies, many requests are being received for transfer of assets, exchange of securities, loans to subsidiaries and presenting gifts to foundations of various kinds. These requests have generally been denied because they tend to anticipate the action of the Holding Company Liquidation Commission and their rejection at the moment has no effect on the production of goods.

Restricted Concerns

24. SCAP has established and published a schedule of restricted concerns. This schedule includes the 18 holding companies and their 335 subsidiaries.

25. The directive of 31 October 1945 prohibiting the sale, trade or transfer of capital securities by restricted concerns was amended by the directive of 8 December 1945 in the following respects: (1) Freedom of action is permitted to convey, pledge or transfer securities in cases where the seller, purchaser or both included or their immediate families hold one percent or less of a specific security. (2) Bonds and debentures can be paid at their due date or in conformity with the provisions of indentures published at time of issue.

26. Regulations governing restricted concerns were further amplified by directive of 8 December 1945 which required SCAP approval of the following transactions: (1) payments, transfers and withdrawals not incidental to the normal course of business, (2) sale, transfers and other dispositions of capital assets, (3) changes in capital stock, (4) issuance of bond issue or new stock, (5) payment or declaration of dividends and (6) payment of bonuses and operation allowances to officers and directors.

Living Expenses for Zaihaten

27. SCAP has permitted the Japanese Imperial Government to authorize the payment of funds for direct living expenses and taxes to members of the Mitsui, Iwazaki, Yasuda and Sumitomo families. The Japanese Government is charged with the responsibility for justifying the approval of such expenses and maintaining an accurate record of all such payments.





GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION  
of  
NON-MILITARY ACTIVITIES  
in  
JAPAN AND KOREA

Number 3

December 1945

PART IV  
SOCIAL - JAPAN

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SECTION 1  
PUBLIC HEALTH AND WELFARE

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GENERAL

Disease Incidence

1. The incidence of communicable disease has not exceeded that of previous years. Outbreaks of typhus fever in Hokkaido and southern Honshu have been brought under control. Smallpox occurring in Japanese civilians in southern Honshu and contracted by a few of the occupation personnel has been abated. Other communicable diseases which have occurred in the indigenous population remained within the normal limits and have not affected military personnel.

Quarantine stations have been established at all reception centers to control the spread of typhus, smallpox and other quarantinable diseases during the movement of repatriates into and out of Japan. In addition to physical inspection, control measures include vaccination against smallpox and typhus, inoculation for typhoid and paratyphoid, and delousing by means of DDT dusting procedure. Railroad cars and boats used by Allied personnel are being treated with DDT monthly.

The focus of typhus in Japan has centered around the coal miners in Hokkaido. Institution of typhus control measures in these localities has resulted in a drop in incidence from 151 cases in the first week in November to 44 cases in the first week in December.

Nutrition

2. The problem of food receives a great deal of attention in the press although the comment is frequently without factual background.

3. Deaths of individuals who died without medical attention have been used as a basis for rumors that large numbers were dying of starvation. Post mortem examinations have been required of all such cases. Reports of these examinations have failed to reveal any deaths from starvation.

#### Relief

4. The Japanese Government has been directed to submit a plan for relief measures for the first half of 1946.

#### Medical Supply

5. Some of the shortage of civilian medical supplies is being alleviated by distribution to civilians from Japanese Army and Navy stocks. Part of these stocks is being held as an emergency reserve. Medical supply manufacturing has been increased slightly but is still hampered by shortages of raw materials and fuel.

#### Hospitalization

6. Hospital bed occupancy continued to decline during November with 53 percent of capacity in use at the end of the month. The total number of patients reported actually decreased while the total number of beds and hospitals available for civilians increased.

7. This Headquarters directed the Japanese Government to transfer Japanese Army and Navy Hospitals to the Health Ministry. When this transfer has been completed the number of hospital beds available for civilians will be increased almost 100 percent.

### PUBLIC WELFARE

#### Welfare Administration

8. Subsidy payments are made by the Ministry of Health and Social Affairs under provisions of the 1945 Japanese Government budget. These subsidies are made to private welfare and medical associations or agencies and cover a wide variety of activities. The payments constitute a large portion of the total amounts expended by government in Japan for relief and welfare services.

9. The New Japan Social Work Interim Committee (Shinippon Shakaijino Kiseidomei), which is composed of Japanese social workers among whom are graduates of social work schools and universities in the United States, has adopted a program of refresher and in-service training courses for social workers. The membership of the committee includes representatives from both public and private welfare agencies located in the Tokyo area.

#### Relief

10. A memorandum for the Japanese Government on the subject of relief was issued during the month. The directive states that the relief of destitution must be undertaken directly by the Japanese Government and that SCAP will hold it responsible for the prevention of widespread hunger and distress.

Current legislation permits small payments to the aged, mothers and several other special categories of persons, but makes no provision for unemployment relief or for the general care of persons who are involuntarily dependent.

11. The Japanese Government has prepared a plan for the utilization of the Japanese Army and Navy supplies held for relief purposes. This plan was submitted in compliance with a memorandum for the Japanese Government requiring the free distribution of reserve food and clothing stocks to needy persons. The distribution of these supplies will become part of and implement the over-all relief program. The plan requires the distribution of reserve food supplies through ration channels after investigation of individual need by a local public welfare agency. Withdrawal authorizations

will be distributed gratuitously to persons whose need has been established on a family budgetary deficiency basis.

#### Repatriation

12. Inspections of the reception centers and embarkation ports in Kyushu and southern Honshu revealed improved conditions relative to the feeding, housing, sanitation, organization and control of personnel movements at those localities. By 30 December 1945, a total of 620,219 Koreans, 3,464 Formosans, 30,406 Chinese and 434 Ryukyans had been repatriated from Japan. Shipping became available during this month for the first repatriation movement of Formosans and Ryukyans from Japan. The Japanese Government estimates indicate that 713,000 Koreans, 26,000 Formosans, 1,000 Chinese and 99,000 Ryukyans remain to be repatriated. The movement of repatriates from and to Japan together with its effect on the population of the country are shown in Chart No. 24.

13. Medical, housing, feeding and quarantine facilities have been established at the reception centers for repatriates entering or leaving Japan. All of these reception centers are now in operation. Repatriates coming into Japan from areas such as China, Formosa, South Sea Islands and the Philippines are being processed on debarkation. Repatriates moving from Korea are processed at the ports in Korea so that complete reprocessing is not required at Japanese reception centers for this group.

14. As of 30 December 1945, the number of Japanese military and civilian personnel repatriated to Japan was 924,534. Reports indicate that for the most part, these repatriates have been assimilated in the normal life of Japan and to date have not become an undue relief burden despite the fact they are permitted to bring only limited funds with them on returning to Japan. The Japanese Government has submitted revised figures on the number of Japanese nationals in various areas. These data together with status of repatriation to Japan are shown on Map No. 25.

#### Foreign Nationals

15. A memorandum was issued directing that the Japanese Government provide care for all resident nationals of countries which were at war with the United Nations who are unable to purchase rationed foodstuffs and other items by reason of blocked money accounts.

#### ADMINISTRATION OF HOSPITALS

16. Weekly Japanese civilian hospital strength reports received from the Ministry of Health and Social Affairs show the total number of hospital patients to have decreased during the eight weeks ending 30 November despite the fact the number of hospitals reporting had increased. The average number of out-patients remained practically unchanged. Complete reports for the periods indicated are shown in the following table:

JAPANESE CIVILIAN HOSPITAL WEEKLY STRENGTH REPORTS

Period	No. of Hosp	Capacity	Number of Patients		
			In-Patients	Out-Patients	Total
12 Oct	2,504	126,441	77,463	225,005	302,468
19 Oct	2,504	122,532	76,754	244,780	321,534
26 Oct	2,598	131,747	77,091	229,472	306,563
2 Nov	2,595	133,448	76,078	237,240	313,318
9-Nov	2,598	136,845	75,956	235,281	311,237
16 Nov	2,614	138,577	74,728	229,086	302,814
23 Nov	2,634	139,409	73,369	201,780	275,419
30 Nov	2,630	142,926	72,869	231,269	304,138

(See Chart No. 26)

17. The Japanese Government was directed to transfer all Japanese Army and Navy Hospitals to the Ministry of Health and Welfare for operation as civilian institutions open for the treatment of all categories of civilians. Of the 292 hospitals involved, 234 with a bed capacity of 125,825 were army installations while 58 with a bed capacity of 30,900 belonged to the navy. An estimated 70,000 army and 30,000 navy patients in these hospitals are now being treated as civilians. This has resulted in a marked increase in hospital beds available to civilians.

VETERINARY AFFAIRS

Animal Industry

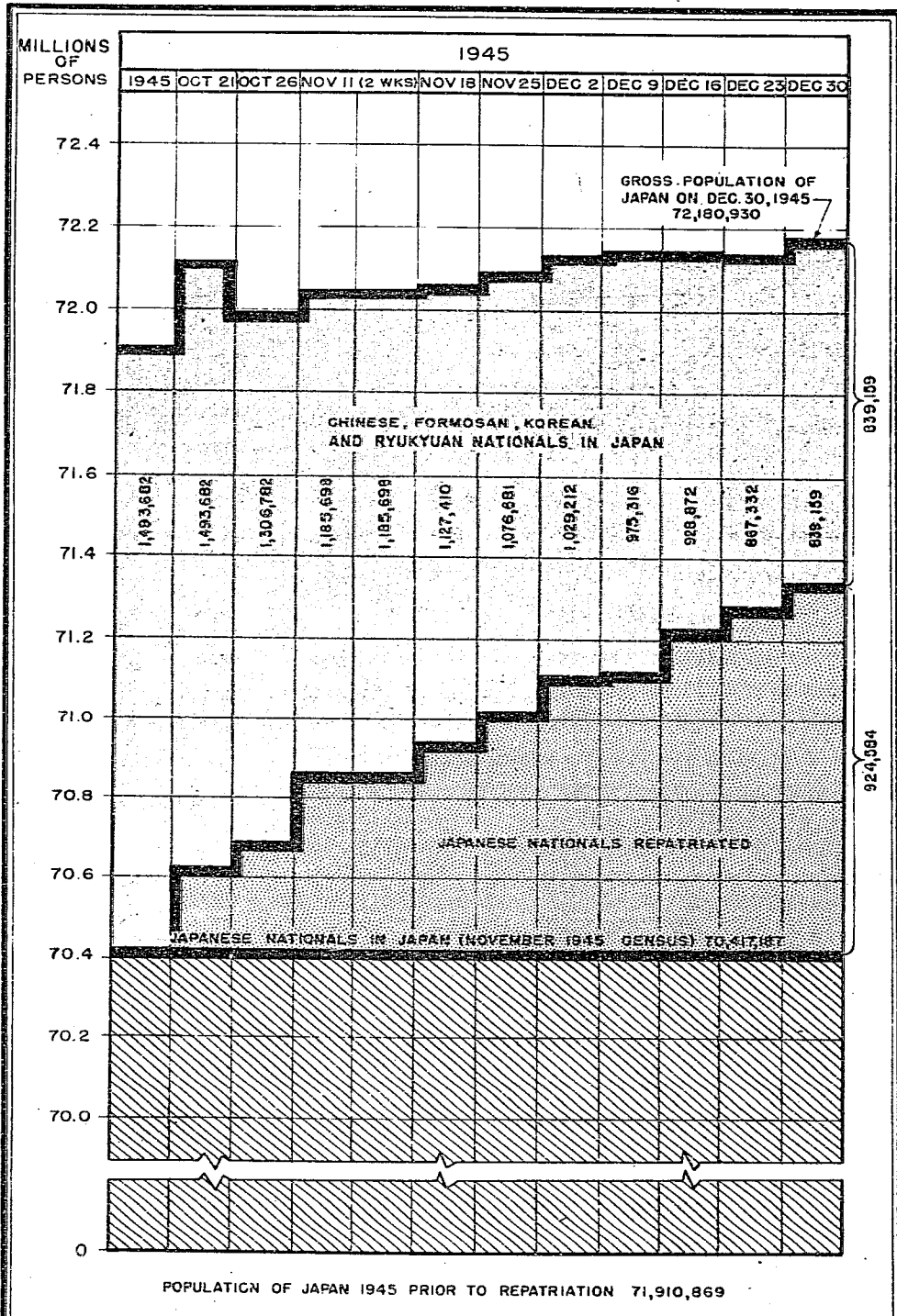
18. The Ministry of Agriculture and Forestry estimated the 1945 livestock population to be: dairy cattle 246,000; other cattle 2,072,000; horses 1,254,000; sheep 181,000; goats 253,000; swine 250,000; chickens 17,204,000; and rabbits 3,000,000. Compared with 1944 census figures this represents an increase of 63,000 horses and a decrease of 60,000 swine, 85,000 cattle and 5,679,000 poultry.

19. A report of horse breeding operations in Japan shows 1,864 stallions located on 21 government horse farms and 4,141 stallions in the hands of private owners. Government institutions for horse breeding include two stallion breeding farms which have 259 brood mares, two stallion training farms, 17 stallion depots, one stallion depot agency and one horse improvement institute. Four percent of the stallions are of Thoroughbred, Percheron or Arab strains while the remainder are Anglo-Norman, Hackney and native horse mixtures.

Animal Disease Control

20. The Ministry of Agriculture and Forestry's summary of animal disease report for November included the following:

Disease	Outbreaks	Cases
Blackleg	1	1
Infectious abortion	5	21
Texas Fever	2	23
Anthrax	1	1
Swine Plague	1	10
White Diarrhea, chickens	14	3,660



## THE EFFECT OF REPATRIATION UPON THE POPULATION OF JAPAN

DECEMBER 1945

GHQ · SCAP

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The animal disease incidence shows no marked change from previous reports. Control measures appear to be effective.

21. Reports of new outbreaks of communicable animal diseases by the Ministry of Agriculture and Forestry during December were:

<u>Prefecture</u>	<u>Disease</u>	<u>Cases</u>
Hyogo	Anthrax (bovine)	1
Osaka	Swine Cholera	51
Ehime	Blackleg	2

Meat And Dairy Inspection

22. The Veterinary Hygiene Section, Ministry of Health and Welfare, summary report of October slaughter house inspections includes the following totals:

	<u>Cattle</u>	<u>Calves</u>	<u>Sheep and Goats</u>	<u>Swine</u>	<u>Horses</u>
Slaughtered	5,030	894	24	1,203	6,343
Totally condemned	9	4	0	1	10
Partially condemned	191	9	0	20	447
Viscera condemned	858	41	0	235	491

23. The following information is included in the November milk inspection report (except Hokkaido which did not report):

Total milk plants	2,859
Volume of milk produced (liters)	6,188,098

Results of laboratory examinations:

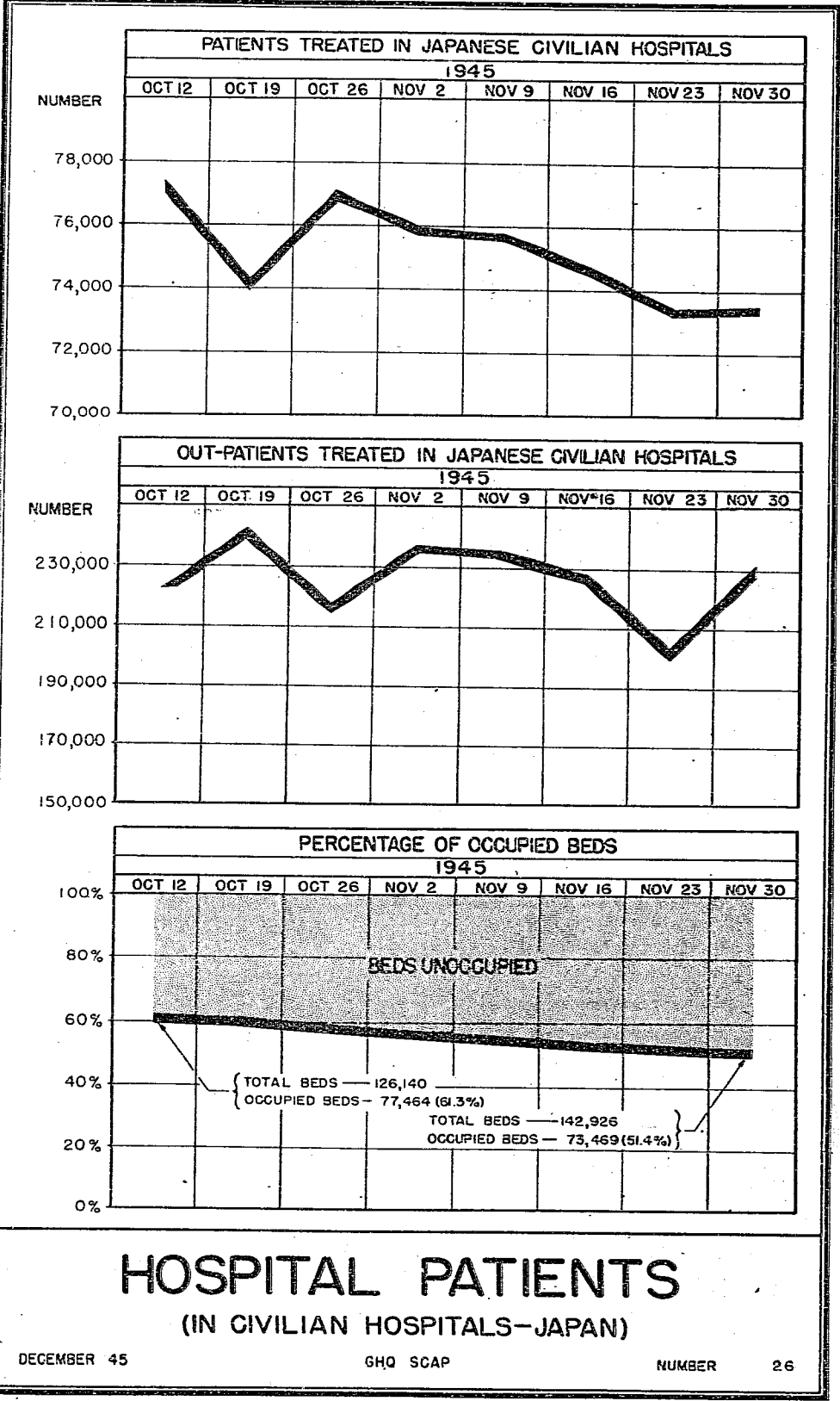
Total examinations	5,606
Over bacterial standard (2,000,000 per cc)	747
Under butterfat standard (3%)	870
Total milk retailers	1,419

Total dairy products produced (pounds):

Whole milk powder	58,126
Skim milk powder	566,213
Condensed milk	1,516
Sweetened condensed milk	88,477
Butter	6,371,870
Cheese	600,576

24. Inspection indicates a concerted effort on the part of the Ministries of Public Health and Welfare and Agriculture and Forestry to re-establish an effective veterinary service.





# HOSPITAL PATIENTS

(IN CIVILIAN HOSPITALS—JAPAN)

#### DENTAL AFFAIRS

25. Insufficient equipment and supplies and the lack of housing facilities are the main factors that are retarding the re-establishment of individual dental practices.

##### Dental Supplies and Equipment

26. Survey of the principal factories for the manufacture of dental supplies and equipment shows that there are sufficient facilities to satisfy domestic consumption providing enough raw materials and fuel are obtainable. Mal-distribution of available supplies has been the cause of complaint.

##### Practitioners

27. During November 295 dentists were re-established in practice.

#### NURSING AFFAIRS

28. In the past three months there has been a definite trend toward raising the standards of nursing throughout Japan. Leaders are becoming aware of the importance of a standardized course of instruction for clinical as well as public health nurses.

29. There is a need for uniformity in prefectural examinations. Nursing personnel should compose part of the board.

30. A good public health text in Japanese is needed in order that students may not be entirely dependent on notes taken in class.

31. The Ministry of Health, Public Health Nurses Association, and the National Health Insurance Association sponsored a refresher course for Public Health Nurses. There were 46 prefectures represented by 250 nurses. The nurses who attended were supervisors of health centers, instructors of Public Health Nurses Training Schools and instructors of insurance nurses.

32. Some of the prefectures have held refresher courses for Public Health Nurses in their area.

##### Nursing Association

33. An informal meeting of the Public Health Nurses' Association was held in Tokyo on 4 December 1945. A letter in the form of a petition was sent to the Ministry of Health asking permission for the nurses to have their own organization with nursing personnel at the head.

#### MEDICAL SUPPLY

34. A critical shortage of typhus control supplies, particularly DDT and powder dusters has existed for the past month. Several small shipments of DDT arrived during the latter part of the month and limited stocks are now available for delousing. One substantial shipment of DDT is due in January and movement of 50,000 pounds by air from United States has been authorized. Additional shipments of DDT and powder dusters are enroute and when received will provide sufficient stocks of these items.

35. Import requirements of raw material for manufacture of medical supplies during 1946 was estimated as 3,000 metric tons. The estimate was based on the amount of medical supplies required to provide a minimum standard of medical care and treatment.

36. Informal reports indicate a slight increase in the production of medicines during December. High priority is being given to production of biologics, X-ray film and other items in short supply.

37. A reserve of medical supplies for civilian relief is being assembled from excess stocks in Pacific areas. The reserve will be held for immediate shipment upon call from this Headquarters.

38. Press reports and field inspections indicated shortages and mal-distribution of medical supplies. A directive was issued requiring the Japanese Government to place greater emphasis on the distribution of Japanese Army and Navy medical supplies.

39. Studies of the Japanese methods of distribution found that the existing system although complex was capable of moving supplies from producers and military depots to consumers. It was determined that current Japanese procedures could be utilized. Effective stimulation of medical supply distribution has been initiated through supervision and use of definite illustrative examples.

#### Stock Control

40. The Ministry of Health and Social Affairs is able to correlate production with requirements and stocks on hand through a system of prefectural health bureaus, wholesalers, associations of doctors and dentists, and other control and consultive agencies. The control is rigid and is maintained on approximately 500 medical supply items selected on the basis of their importance to the medical profession or because they must be imported.

41. Requirements are determined four times each year. Doctors, dentists, veterinarians and druggists report their quarterly needs through their respective district associations. The district figures are merged at the prefectural level by the respective associations for transmittal to the prefectural distribution control companies. These control companies consolidate district requirements with the needs of large prefectural hospitals which are not under district control and determine net requirements by taking into consideration stocks on hand at this level. The prefectural distribution control companies are analogous to wholesale distributors of medical supplies in the United States. The statements of net requirements are forwarded to the prefectural health bureaus for transmittal to the Ministry of Health and Social Affairs where their requirements are merged with those of large national hospitals outside of prefectural controls. This final compilation shows the stock requirements at the national level.

#### Distribution of New Production

42. Distribution of new production originates in the Central Medicine Control Company, Ltd., acting under the supervision of the Ministry. This concern authorizes shipment from manufacturers to the various national control companies. They store and distribute medicines and drugs other than home remedies.

43. Central agencies supply the large national hospitals and the prefectural wholesale organizations. Distribution to the hospitals is based on quantities set by the various national control companies and with the approval of the Ministry.

Prefectural wholesale organizations are supplied on the basis of previously submitted requirements; availability of stocks; population; and number of doctors, dentists and other dispensers. The Ministry is consulted and approves all such distribution.

44. Prefectural agencies supply the large hospitals not under district control and make distribution by district after consultation with the associations representing the prefectural doctors, dentists and pharmacists. Similarly the district associations are consulted for distribution by group and the group organizations for the final distribution to the various dispensing agencies.

It should be noted that although requirements originate with the dispensers that the distribution of stock is on a consultative arbitrary basis. Requirements are not requisitions.

45. Graph No. 27 shows receipts of selected controlled medicine items from manufacturers by the Central Control Company and distribution made by them to the prefectural level. The items selected are important to the medical profession and the graph indicates the condition of medical supply prior to and subsequent to the surrender.

#### Distribution of Japanese Military Medical Supplies

46. One of the most important current problems of medical supply is the distribution of returned Japanese Military medical supplies.

After Japanese Army and Navy medical stocks are inspected, narcotics impounded and supplies required by the Occupational Forces are withdrawn, the balance is turned over to the Home Ministry. The Ministry receipts for the stock and transfers it to the Ministry of Health and Social Affairs which is responsible for its distribution through normal civilian channels.

47. The prefectural health bureaus take physical possession of medical supplies and arrange to have them removed from depots and collection points. As the supplies are received in prefectural warehouses, an itemized inventory is accomplished and a report forwarded to the Ministry.

The Ministry immediately authorizes distribution of approximately 20 percent of the returned stock to civilian channels within the reporting prefecture. In making this arbitrary distribution consideration is given to the quantities available and the nature of the items involved. A consolidation has been made of all reports received to date; 40 prefectures out of 46 have reported. An analysis is being made to provide for a reserve amounting to approximately 30 percent of the total stock returned; the balancing of stocks between prefectures; and distribution of the balance of 50 percent into civilian channels.

48. A memorandum was dispatched to the Japanese Government on 20 December directing that movement of military supplies into civilian channels be expedited. It was indicated that necessary transport, labor and warehouses must be made available and that the objective was to see that the supplies were furnished to the ultimate user, the sick Japanese civilian.

#### Production

49. Production of medical supplies is generally on the increase. This Headquarters by close supervision is highlighting to the Japanese the items on which production should be accelerated. The chief obstacles to increased production in order of importance are lack of fuel, raw and semi-processed materials and equipment.

50. Medicine manufacture is hampered by chemical shortages especially organic chemicals.

51. Production of biologicals is far below requirements. Figures for four important items are:

<u>Product</u>	<u>Diphtheria Antitoxin</u>	<u>Diphtheria Toxoid</u>	<u>Smallpox Vaccine</u>	<u>Triple Typhoid Vaccine</u>
<u>Unit of measure</u>	<u>cc</u>	<u>cc</u>	<u>Vaccination</u>	<u>cc</u>
Production Sep 45	166,507	70,950	290,000	1,163,944
Production Oct 45	177,617	229,115	500,000	665,874
Production Nov 45	211,888	285,960	753,000	396,334
On hand 30 Nov 45	188,009	700,000	1,212,000	812,542

52. Penicillin manufacture is still in the experimental stage. The three plants in operation produced 168,000 oxford units in November and 152,000 in December. Three more plants are starting to produce penicillin.

53. Production of X-ray film was estimated to be one-third or less of the minimum requirements for Japan. The production was limited by lack of relatively minor amounts of fuel and raw materials. This situation was pointed out to the Ministry of Commerce and Industry with the result that sufficient materials are being allotted to triple production.

#### Narcotics

54. For violation of memorandum prohibiting manufacture of narcotics the Japanese Government reprimanded three Ministry of Health officials for lack of supervision, directed that a Tokyo-to official be reprimanded in accordance with Civil Service disciplinary punishment and reported that two officials at the Hoshi Medicine Manufacturing Company have been discharged.

55. Crude and semi-processed narcotics are being concentrated at the 29th Medical Depot in Yokohama and the Japanese Mint in Osaka by the EIGHTH and SIXTH Armies respectively. Most of such stocks in the Tokyo area have been removed. An additional 3,866.4 kg of raw opium located near Kobe was reported to the SIXTH Army.

#### LEGAL

##### Veneral Disease Control

56. In compliance with a directive of 16 October the Japanese Government issued its ordinance of November 22nd on venereal disease control. This was amplified by regulations and instructions applicable throughout Japan effective 1 December.

##### Japanese Ministry of Health and Social Affairs

57. The Japanese Cabinet announced a 50 percent reduction in government employees and ordered all Ministries to submit their plans for such reduction by 1 February 1946. After approval by the Cabinet enabling legislation will be passed and reduction will be in progress in March. It was apparent that the Ministry of Health and Social Affairs plans to cut horizontally, that is reduce by about one-half, regardless of whether personnel concerned are qualified technically or are general non-professional administrators.

58. On 18 December the Ministry was informally ordered to submit to this Headquarters the names and positions held by all

those considered for elimination; the list to reach this office prior to action. In addition conferences were begun on 31 December with various Ministry Officials to determine the exact functions and duties of each Bureau and Section and each member thereof.

Professional Associations

59. On 4 December the Nurses Association of Japan met in Tokyo and directed a letter to the Minister of Health and Welfare requesting that the Association be freed of the government control imposed during the war and restored to the status of a self-governing organization.

The recent ordinance permitting members of the Medical and Dental Associations to elect their own officers did not include the Nurses Association.

Medical Education

60. English translations have been secured of the Japanese Medical Practice Act and the related regulations. The increase in the number of medical graduates and corresponding lowering of standards for admission to practice have been the subject of numerous complaints by medical practitioners to this Headquarters.

Control of Drugs and Biologicals

61. Investigations indicate that legislation controlling the quality and uniformity of drugs and biologicals is insufficient in some cases and non-existent in others.

PREVENTIVE MEDICINE

General

62. Population figures showing total population by region and prefecture have been obtained from the latest census. On the basis of these figures rates per thousand per annum have been derived and charts have been prepared indicating the rates and trends for the reportable communicable diseases over a five year period. Allowing for seasonal fluctuations, all of the diseases charted showed progressive increase during the five year period. Peaks were reached for all diseases either in 1944 or late summer of 1945.

63. Currently there are no epidemics of communicable disease if past prevalence of reportable communicable diseases are used as criteria. The normal disease prevalence in Japan approaches what would be considered epidemic incidence in the United States.

64. A study of official Japanese reports reveals comparative communicable disease rates per 10,000 population for 1944 and 1945 as follows:

PEAK RATES

Disease	1944		Current Rate
	1944	1945	(First Two Weeks of Dec 45)
Diphtheria	22.6 (Nov)	13.1 (Nov)	14.00
Dysentery	25.6 (Aug)	31.7 (Aug)	4.00
Epidemic Meningitis	0.45 (Apr)	1.80 (Mar)	0.10
Paratyphoid Fever	4.60 (Aug)	2.80 (Oct)	1.50
Smallpox	0.13 (May)	0.40 (Jun)	0.24
Typhoid Fever	15.20 (Aug)	16.90 (Sep)	9.00
Typhus Fever	1.30 (May)	0.87 (May)	0.15

No cases of cholera and plague reported.

Reports for typhus and smallpox; dysentery, typhoid and paratyphoid; and for diphtheria are shown in Charts No. 28, 29 and 30 respectively.

65. Demonstrations and instruction in the technique of de-lousing individuals by means of DDT insecticide powder were given to workers of the Tokyo Metropolitan Health Department.

66. The Imperial Japanese Government has been directed to treat all railway cars, certain ferries and other selected public conveyances assigned for the use of the occupational forces with DDT insecticide spray at monthly intervals. Regional car managers of the government railways are to obtain supplies and supervision from the military commands concerned.

67. A complete survey has been made of current information available as a result of Japanese research on Japanese B. encephalitis. Our present knowledge of this disease is limited and effective control measures are unknown.

68. Data were procured from the Institute of Tuberculosis Research at Kiyose regarding past and current work of the organization. These data were consolidated into a summary report.

#### Sanitary Engineering

69. Water supplies throughout the country are being restored gradually to prewar levels of quantity delivered and quality. In some areas this work, especially repair of distribution systems, has been progressing very slowly due to lack of some materials and to shortage of labor. Low wages normally paid municipal employees offer no incentive to the unemployed; it is stated that food is the only compensation in which the unemployed are interested. Reports on present status of public water supplies and reasons for any deficiencies present are now being collected from prefectures by the Ministry of Health and Social Affairs.

In public water supplies of the few cities where chemicals are locally available, chlorine dosages are being increased to make the water acceptable for direct consumption by occupational forces. Treatment is under the supervision of engineer water supply personnel.

70. Chlorine production for December increased somewhat over that for November but did not reach the previously estimated figure due to shortage of salt and coal. Arrangements were completed for the importation of salt from normal sources in China but shipments have not been received and existing stocks are rapidly being depleted.

71. Demonstration and instruction in operation of diatomite filters were given for officers and men of SIXTH and EIGHTH Armies interested in field water supplies for military forces. These filters are now being shipped to this area to replace the portable and mobile units. They will furnish protection against amoebic cysts and cercariae of schistosomiasis which is not provided by sand filters at the high rates of filtration used by the Army.

72. Disposal of wastes is being carried on in nearly normal manner. Additional trucks from Japanese sources have been assigned in two cities to relieve the shortage of transportation for removal of nightsoil.

73. Repair of required sections of sewage collection systems in the larger cities is reported as practically complete except for damaged pumping stations in Osaka. Inspections of sewage treatment

plants in Tokyo reveal a general lack of maintenance over a period of several years. It is believed that similar conditions exist in other cities and is due to lack of materials and supplies for upkeep of mechanical equipment and to shortage of labor. The Ministry of Health and Social Affairs is obtaining data on the present status of restoration of sewerage systems and treatment plants.

Conferences have been held with officials of the Ministry relative to the reinstatement of the educational program carried on before the war for construction of sanitary privies and storage vaults for nightsoil and for the general improvement of sanitary conditions.

74. Discussions have been held with Japanese officials for the development of a mosquito survey and control program in those areas where mosquito-borne diseases are endemic.

75. Sanitation in the railroad stations in all major cities in Japan has been improved. Those stations, which were formerly filthy and in which homeless and destitute individuals lived, were major health hazards. Under instructions from this Headquarters these vagrants have been moved elsewhere. The stations have been physically cleaned up and are now in a relatively sanitary condition. The principal cities involved were Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe and Shimonoseki.

#### Laboratory Activities

76. The program for establishing standards of laboratory procedure for the diagnosis of venereal disease was put into effect early in the month together with the first of a succession of refresher courses for public health officers engaged in laboratory diagnosis of venereal disease. This course and the organization of techniques were carried out at the Government Institute for Infectious Diseases, Tokyo, with a part of the field work at the Yoshiwara Hospital. Laboratory officers and technicians of Occupation Force military hospitals serve as control observers on performance.

77. The medical examiner program initiated in late November became operative in the Tokyo area. Deaths among vagrants, which had been ascribed by the Japanese to undernutrition, have been more completely investigated with autopsies being performed when indicated. Underlying infectious disease, particularly tuberculosis or pneumonia, has been found to be the cause of death.

78. Further inspection was made of important manufacturing laboratories producing urgently needed vaccines and sera and production data were collected and analyzed. A number of production bottlenecks was uncovered. Certain diagnostic laboratories were investigated as part of the general survey.

#### Nutrition Activities

79. On 11 December 1945 a memorandum was issued by this Headquarters to the Imperial Japanese Government directing the institution of nutrition surveys among the civilian population of Japan under supervision of this Headquarters. The purpose of these surveys was to provide factual information on the nutritional health and actual food consumption of the Japanese people.

80. A nutrition survey was conducted in the city of Tokyo from 15 to 24 December. The study consisted of two parts: physical examination and dietary intake determination. Employed in the survey were 65 physicians, 140 nutritionists and 200 clerical workers.



Examinations were made on a 1.2 percent sample of the population in each of the 35 Ku's or Districts of Tokyo. These samples were selected on the basis of age, sex, occupation and economic status using 1 November 1945 census figures and included 33,000 persons. The dietary data were obtained by having each nutritionist visit the home of 10 families selected on the statistical sampling basis in each Ku and obtain a record of all food eaten over the preceding three day period by each member of the family. A total of 2,777 households were surveyed.

A preliminary survey is being made in order to select rural areas of the same approximate population as the urban areas of Tokyo in order to obtain comparable data on the relative nutrition of urban and rural population.

#### Veneral Disease Control

81. As of 15 December the directive to the Ministry of Health and Welfare requiring the reporting of veneral diseases has been complied with by nine prefectures. The number of cases reported has not yet reached significant proportions.

The demonstration-examination-treatment project in Tokyo has been fully established with the completion of a two week course of training in laboratory methods for clinicians under the auspices of the Government Institute for Infectious Diseases.

82. No improvement has been noted in the supply of anti-veneral disease drugs. Production of penicillin is still in the experimental stage. Types and quantities of bismuth and arsenical compounds are inadequate to meet current needs.

#### Port Quarantine Service

83. An extended inspection of repatriation ports and centers was made by representatives of this Headquarters accompanied by Chief of Port Quarantine Section of the Ministry of Health and Social Affairs. The following installations were visited:

Kure, including Ugina, Minoshima and Otake

Kagoshima-Kajiki, Sasebo, including Uragashiro and Horio

Moji-Tobata and Maizuru

With the exception of the two last named centers which were not in operation, the above installations were found to be in good working condition and adequately staffed.

A new repatriation center at Tanabe (Wakayama) is now being set up.

#### Population Statistics

84. The Japanese Government has released the data from the 1 November 1945 census. The population of Japan proper was reported as 71,996,477. The census of 1 October 1940 gave the population for the same area as 72,354,670.

The population data by District and Prefecture is listed in the following table.

POPULATION OF JAPAN, 1945 and 1940 CENSUS a/

	<u>1 Nov 1945</u>	<u>1 Oct 1940</u>
<b>HOKKAI DISTRICT</b>	3,518,389	3,272,718
HOKKAIDO	3,518,389 b/	3,272,718
<b>TOHOKU DISTRICT</b>	8,268,023	7,164,674
AKITA	1,211,962	1,052,275
AOMORI	1,083,250	1,000,509
FUKUSHIMA	1,957,356	1,625,521
IWATE	1,227,789	1,095,793
MIYAGE	1,461,316	1,271,238
YAMAGATA	1,326,350	1,119,338
<b>KANTO-SHINETSU DISTRICT</b>	19,754,583	21,304,250
CHIBA	1,766,873	1,588,425
GUMMA	1,546,031	1,299,027
IBARAKI	1,944,573	1,620,000
KANAGAWA	1,865,667	2,188,974
HAGANO	2,120,950	1,710,729
NIIGATA	2,389,663	2,064,402
SAITAMA	2,047,090	1,608,039
TOCHIGI	1,546,355	1,206,657
TOKYO	3,488,284	7,354,971
YAMANASHI	839,057	663,026
<b>TOKAI-HOKURIKU DISTRICT</b>	9,831,975	9,228,504
AICHI	2,857,338	3,166,592
GIFU	1,518,649	1,265,024
ISHIKAWA	887,510	757,676
MIE	1,394,286	1,198,783
SHIZUOKA	2,220,358	2,017,860
TOYAMA	953,834	822,569
<b>KINKI DISTRICT</b>	10,528,105	12,577,357
FUKUI	724,856	643,904
HYOGO	2,821,892	3,221,232
KYOTO	1,603,797	1,729,993
NARA	779,685	620,509
OSAKA	2,800,958	4,792,966
SHIGA	860,911	703,679
WAKAYAMA	936,006	865,074
<b>CHUGOKU DISTRICT</b>	6,230,132	5,718,434
HIROSHIMA	1,885,471	1,869,504
OKAYAMA	1,564,626	1,329,358
SHIMANE	860,275	740,940
TOTTORI	563,220	484,390
YAMAGUCHI	1,356,540	1,234,242
<b>SHIKOKU DISTRICT</b>	3,836,376	3,337,102
EHIME	1,361,484	1,178,705
KAGAWA	863,553	730,394
KOCHI	775,576	709,286
TOKUSHIMA	835,763	718,717
<b>KYUSHU DISTRICT</b>	10,028,892	9,751,631
FUKUOKA	2,746,855	3,094,132
KAGOSHIMA	1,538,466 c/	1,404,408 c/
KUMAMOTO	1,556,351	1,368,179
MIYAZAKI	913,687	840,357
NAGASAKI	1,318,589	1,370,063
OKIYA	1,124,513	972,975
SAGA	820,431	701,517
<b>JAPAN PROPER - TOTAL</b>	<b>71,996,477 d/</b>	<b>72,354,670 e/</b>