

"Income payment to individuals classified by kinds of income during the year 1946 is estimated to be as follows:

(in billions of yen)

	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>
Salaries and wages	10.0	17.5	23.1	29.5
Proprietor's income (including commerce)	40.8 (11.4)	37.7 (8.2)	50.6 (12.9)	70.1 (24.7)
Dividends and interest	1.4	1.5	1.4	1.4
Rents	<u>1.3</u>	<u>0.9</u>	<u>0.7</u>	<u>1.2</u>
Total	53.5	57.6	75.8	102.2

"Income earned by people engaged in commerce decreased in percentage to the total after the switch-over to new yen last year, but it immediately started to increase again and in the fourth quarter of 1946 it increased slightly to 21.4 percent from 21 percent in the first quarter of 1946. This figure should be studied in view of the fact that people engaged in commerce occupy not more than 7.1 percent of the total gainfully employed population.

"The consumer-price survey of the Cabinet Bureau of Statistics is so conducted as to reflect actualities as much as possible without confining the survey to working people only.

"According to one of the above surveys made in Tokyo in January 1947, it was disclosed that families whose monthly expenses exceed ¥ 4,000 comprise 15 percent of the total and their expenditures constitute 38 percent of the city's consumption. Thus it can be seen that in spite of the '¥ 500 limitation life' still officially in force at that time, part of the people were leading comfortable lives.

"14. There remains no problem if such deficit as in the national budget can be filled by deposits collected from such profitable fields as mentioned above. People belonging to these fields which have made profits are mainly engaged in transactions of goods or are related with enterprises supplying services and it is difficult to collect taxes correctly against their true incomes. Furthermore, their consumption propensities are rather high; in other words they tend to spend a high proportion of their income. We must admit, therefore, that it is very difficult to expect those people to contribute to the renovation of our national economy through increase of sound savings.

"15. All things considered, the fact that our national finance, important enterprises and the household economy of the people are alike suffering from deficit leads to the following conclusions:

"(1) That stock of materials is fast running low.

"(2) Repairs and replacements which must be regularly done in order to maintain national economy in a sound condition are left undone, and the situation is going from bad to worse.

"(3) National debt to foreign countries is steadily increasing.

"A situation like this cannot be allowed to last indefinitely because it will endanger the national economy as a whole by diminishing the scale of production day by day.

*16. What does it mean concretely that the scale of production is becoming smaller? In principle, factors of production consist of land, capital equipment (such as machines, factories and buildings) and labor. In order for these elements to contribute to production, their waste must be made up for and their breakdown repaired constantly. The following examples typically show how our country has recently failed to carry it out thoroughly.

- "(1) Deterioration of land resources: As regards the forest which is among the more important natural resources of our country, deforestation has not been followed by proper afforestation. Last year only about 70,000 chobu (171,542 acres) was afforested, while the average during 1939 to 1941 reached 490,000 chobu (1,176,288 acres). The example shows how the land has been deteriorating. To give another instance, owing to melting snow and heavy rainfall occurring in the districts of Hokkaido and the northern half of Honshu in the middle of April this year, damage amounted to ¥ 1,037,000,000. It is usual that the typhoon causes floods in summer but it is uncommon for spring thaws to cause so much damage. This can be attributed to the insufficient repairs of river banks due to the shortage of materials and funds. This inundation carried away 215,000 koku (1,100,000 bushels) of rice and 43,000 koku (220,000 bushels) of wheat, teaching us the lesson that negligence of keeping up the land will accelerate damage in the future.
- "(2) Superannuation of enterprise equipment: There are many examples, but we will here enumerate typical ones. First, in 1936, one year before the Sino-Japanese Incident, there were 3.87 cases of breakdown of the government railway's rolling stock per million train kilometers. In 1941, the coefficient jumped to 16.41 and in 1946 increased sharply to 101.9. Second, in regard to the generating capacity of steam power plants, the authorized maximum capacity was 2,870,000 kilowatts, while actual capacity is estimated to be about 1,090,000 kilowatts (or 1,400,000 kilowatts in case better quality coal is supplied). This means the latter is less than half of the former. The reason is, of course, that the equipment has deteriorated. The decay of equipment is a natural result of the past overstrained operations. Now it is high time to make replacements or over-all repairs. However, the rapid increase of expenditures on personnel in each enterprise hinders the thorough repair or replacement of plants and equipment. According to reports made by nine principal electric companies, the percentages of personnel expenditure and the depreciation expenditure to that of total expenditure were respectively 22.8 percent and 18.2 percent in 1944 but in the current year's budget, the percentage was 42.9 and 3.5 respectively, showing a far greater divergence between them.
- "(3) The deterioration of people's health: The physical deterioration of the people is shown in the reports on the physical condition of primary-school students in towns and cities.

"The reports compare the physical condition in 1937 with that in 1946 by sex. As a similar tendency can be seen both in cases of boys and girls, the figures for boys only are cited below:

Class	Height (centimeters)		Weight (kilograms)	
	1937	1946	1937	1946
1st year	110.3	107.0	18.4	17.6
2nd year	116.4	111.9	20.4	19.6
3rd year	120.3	116.9	22.5	21.3
4th year	125.5	121.0	24.7	23.3
5th year	130.5	126.6	27.2	25.2
6th year	134.7	129.9	29.8	27.5

"A careful study of the above table shows that during these nine years, the growth of our school children was retarded nearly one year in both their height and weight. In other words, the physical standard of children of the present sixth-year class corresponds to that of the fifth-year class of nine years ago, that of the fifth is lowered to the level of the fourth, and so on.

"17. Shrinking production will affect national economy not only in scaling down production but in making its rehabilitation far more difficult. We often come across a case in which the Japanese proverb 'one inch amounts to eight feet' should be applicable. With immediate attention, a repair of one inch is enough, while a negligence of one or two months makes a repair of eight feet inevitable. If we neglect treatment now, the loss in the future would become irrecoverable in the industrial sphere, just as immediate attention will save a lot of trouble in matters of health. We have experienced that many times.

"These examples contribute to showing us that such an ill omen has already begun to reveal itself in our national economy. And they also indicate that the policy which we are going to take has much to do with the future development of national economy.

"18. In other words, what has been said in the foregoing lines means that our country at present can hardly satisfy the least requirement in order for labor to produce, which, together with land, capital and equipment constitutes the requisite of production. The lamentable decrease in the productive power of our country is told in detail by figures given under individual topics. In the field of manufacturing industries, the productivity per worker is fluctuating between one third and one half that of prewar days. The decrease in productivity of workers, however, cannot be ascribed wholly to the worker. It may be attributed to various causes, such as damaged equipment, shortage of raw materials or fuels and poorer management. It must be clear to everybody that we shall effect a substantial renovation of our national economy simply through restoration of the productive power of each laborer to the level of prewar days.

"Meanwhile, by securing a livelihood for working people, we mean positive participation by laborers in the formulation of a structure by which honest workers may increase the fruits of their labor and thereby raise their standard of living.

"19. What is the system in which the increased fruits of labor flow to enrich the life of the working people? This is an important and fundamental problem but we shall now consider only the

immediate and concrete aspects. Let us take a roundabout but practical example. We begin with a given level of wages. The official price is revised and raised two- or threefold. Then the wage level must be raised because the given level cannot sustain life under the new price level. The official price consequently rises again. Since there will be no end to this circular movement, it is said that the wage level and price level must be determined simultaneously. There is no question as to the desirability of the simultaneous determination, but why does this circular movement occur?

"Even if the official price is revised and raised two- or threefold on the basis of a given level of wages, no circular movement of wages and price should occur if all the living necessities can be purchased at official prices. Everybody will say that it is only natural. But why can we not actually escape the circular movement? This is because black-market profits which are several times the profits calculated in the official price schedule exist in the circulating process.

"In our efforts to contract these black-market profits and if possible to eliminate them lies the only effective means to cut the said circulation and, also, the shortest cut to connect the fruits of labor directly with the substance of the life of the working people. So long as a portion of their wages is taken in the form of black-market profits, the unreasonable distribution of income will only be repeated no matter how earnestly the wages may be revised to cope with the rising officially fixed prices. Herein lies the core of the problem facing the economy of this country at the present. Even from the long-range point of view, it may be said that the formation of a structure where the fruits of labor immediately give benefits to the working people does start from the solution of these familiar but difficult problems.

"20. Although it is difficult to expect perfectly accurate statistical figures, the logic of economy cannot be denied. Especially must the economy of a country, essentially organic in structure, be grasped and diagnosed as an organic whole. The itemized explanation of this matter which is to follow has also been written from this standpoint, and therefore should be read from the same standpoint.

INDIVIDUAL TOPICS

Prices, Wages and the Cost of Living

- "(1) Price Levels. Lately we hear about 'the sliding scale' in wages, which is devised to increase the wage as prices go up. The salient feature of this device is that the workers' concern does not lie in the nominal money wage but in the real commodities needed for living which the wage can purchase. Everyone in the nation has realized through personal experience that any increase in wages, be it 50 percent or double, does not prove of any help if prices go up proportionately with it.

"Thus we are confronted with the problem of how, in what manner, the price level should be determined. There are the official price level and the black-market price level. Various surveys are made and published in the press about the moves made by each of these two levels, and everyone has some idea about them. It is also clear that neither of them serves to show the unique level of the real prices of commodities. Especially under the present circumstances where there is a wide divergence

between the official price and black-market price, neither of them will serve singly to measure the trend of the prices as a whole.

"(2) The 'Effective Price.' How then should the real price level be determined, if we are to use a single figure? For this purpose the following variables will be necessary:

- (a) Official price.
- (b) The quantity purchased at the official price.
- (c) The price in the black market.
- (d) The quantity purchased at the black-market price.

"Take for instance the prices of staple food (in rice equivalent) in Tokyo. The comparison of the prices for a period of two weeks from 27 January to 9 February as against the period from 7 to 20 April shows:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
27 January-9 February				
At official price	725	3.64	48	
At black-market price	<u>557</u>	27.40	<u>277</u>	
Total	1,282		325	13.90
7 April-20 April				
At official price	1,165	3.64	79	
At black-market price	<u>445</u>	36.20	<u>299</u>	
Total	1,610		378	8.54

NOTE: A - Consumption (calories per capita per day).
 B - Unit price (yen per kilogram).
 C - Amount of consumption (yen per family).
 D - Average unit price (yen per kilogram).

SOURCE: Consumer Price Survey of the Cabinet Bureau of Statistics.

"As seen from the above figures, the black-market price shows an increase of 32 percent, while the actual average price shows a decrease of almost 40 percent. A similar instance took place in November last year when the office price of rice was suddenly raised by 90 percent. According to the same statistics, a comparison of prices in Tokyo in two weeks in October as against those in two weeks in November reveals that the actual price on the average went down from ¥ 8.36 to ¥ 6.24, while the official price nearly doubled. The fact that the purchases on black market decreased from over one quarter to one fifth of the total quantity purchased has greatly influenced the above circumstances. Let us call this average price the 'effective price.'

"(3) The Fluctuations of Effective Price. The indexes of official prices and of black-market prices have

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their own meaning respectively. However, the level we must compare with wages and the household economy is this effective price. Whether the effective price will rise or fall depends upon the fluctuations of official prices and black-market prices, but the amount of officially rationed goods has a great effect upon the effective price. Thus, if we make an index of the effective price of foodstuffs in Tokyo, using the materials obtained from the Consumer Price Survey, we find the fluctuation recorded as given below. (In the following index the two-week period between July 1 and 14 of last year is used as the base.)

	All <u>Food</u>	Staple <u>Food</u>	Other <u>Food</u>
July 1946	102.0	100.0	103.7
November 1946	80.9	46.1	104.1
January 1947	124.4	75.3	155.4
February 1947	130.2	84.0	162.0
March 1947	140.5	95.2	170.8
April 1947	129.5	75.8	162.8

NOTE: Here, each month denotes a four-week period; thus July (July 1-28); November (October 21-November 17); January 1947 (January 13-February 9); February (February 10-March 9); March (March 10-April 6); April (April 7-May 4).

As nearly 70 percent of the living expenses are for foodstuffs, the index of these goods roughly indicates the fluctuation of living expenses as a whole. Although we do not have figures more recent than May 1947, these statistics clearly show that the effective price of staple food has gradually fallen since July 1946 to less than one half during the season for movements of new rice in November (in spite of the nearly doubled official price of rice), but that from this time on it has begun to rise again, though not to the level of July last year. Taking all foodstuffs into consideration, the prices in April this year advanced 30 percent over those in July last year. It is quite conceivable that they have made a fairly sudden rise more recently; but the statistics which have been cited tell us eloquently above anything else how such phenomena as the appearance of new rice and the release of imported foods in large quantity have increased the distribution to be made through the regular route and served to reduce the effective price.

(4) Comparison with Prewar Price Levels. We have explained, so far, only the recent movement of prices. How many times has the recent price level risen compared with the prewar period? Since the black-market price shows an abnormal rise, it is almost impossible to estimate statistically how many times the recent effective price has risen compared with the prewar period. If we take up only the official price, the wholesale price of May this year was 21.5 times that of June 1937 and the retail price

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27.9 times that of June 1937. The rising rate of fees such as railway freight and subscription price of newspapers was eight times those of September 1939, showing a much more moderate rise.

"As is obvious, it is impossible to estimate the increase of the cost of living in comparing it with that of the prewar period only from statistical data of official prices. We have to change our method in order to estimate the increased rate of the cost of living. We may first estimate the quantities of necessities of life that an average Japanese citizen may consume under the current deficit circumstances, which will more or less represent the real consumption today. Dividing those quantities into two parts, quantities to be purchased through the legitimate ration channel and those to be purchased through black markets, and adding up those two amounts, we can estimate how much is paid for consumers' goods.

"Then we calculate the cost of household goods of the same quantities as mentioned above at the price level in 1937. The ratio of those two amounts roughly shows the rate of increase of the cost of living during the past 10 years.

"It is very difficult to get the accurate figure, as the cost of quantities to be purchased through black market is elastic because of the difficulty of fixing the average quantities of consumer goods to be consumed. The rate in June 1947, however, was roughly 60 to 70 times the rate 10 years ago.

- "(5) Fluctuation of Wages. To show how wages have risen compared with the rise in the cost of living can be seen in the following table of daily wages:

	1937 <u>Average</u>	April <u>1947</u>	<u>Multiple</u>
Underground miner	¥ 2.20	¥ 81.59	37
Manufacturing worker (male)	2.48	57.80	23

"Even in the case of miners who have received the most favored rate of increase, it cannot keep pace with the rise in the living cost of late. However, the present wages are different from those in the past, and it is difficult to compare the existing ones with the standard in the past, because special rations are given at present according to the degree of heavy labor and payment is often made in kind or in form of subsidy for employees' cooperative associations.

"But it should be admitted in any case that the rise in wages had lagged behind the actual advances in commodity prices.

- "(6) Relations Between Commodity Prices, Wages and Family Expenditures. The working classes, especially those living in urban communities, have considerable interest in commodity prices and wages as having direct bearing on their family budget. It may be superfluous to show the condition of family expenditures by

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government statistics for it is something every individual is well versed in. Just as with every sort of statistics, it is hardly possible to show by the mere assortment of figures the struggle of balancing our family budget and the particular individual circumstances pertaining to this question. But the people may take the average figures given here as a yardstick with which they may compare their own.

- *(7) Analysis of Family Income. Comment on the deficit in family budget will not be made here, for it has been roughly stated in the Over-all Analysis above. Here we shall first see the analysis of the average family income. The following are the average figures (for an average family of working people in Tokyo with 4.46 members) for February investigated by the Price Board.

	<u>Yen</u>	<u>Percentage</u>
<u>Earned Income</u>		
Basic pay	534.62	19.4
Allowances	1,246.78	45.3
Incomes from side jobs	229.84	8.3
Incomes from domestic garden vegetables	<u>5.90</u>	<u>0.2</u>
Total	2,017.14	73.1
<u>Other Income</u>		
Income on property	3.69	0.1
Pensions, insurance	—	—
Total	3.69	0.1
Withdrawals of savings deposits	149.65	5.4
Proceeds of property sold	215.34	7.8
Gifts received	239.35	8.7
Loans	106.84	3.9
Others	<u>24.17</u>	<u>0.9</u>
Total	735.35	26.7
Grand total	2,756.18	100.0

NOTE: In February the pay in cash was limited to ¥ 700 but analyzing the income of a family the average income was ¥ 1,816.86, of which the pay in cash was ¥ 1,041.84 and the tax deduction, etc., was ¥ 269.88. The withdrawal from the frozen deposits was ¥ 505.14, which was withdrawn as 'living expenses.' The 'withdrawal of savings deposits' mentioned in the above table is outside the withdrawal of about ¥ 500 referred to here.

*The earned income including such incomes as from the domestic garden vegetables represents about 70 percent of the total income. The withdrawals from savings deposits, proceeds of property sold,

and money borrowed which are indicative of 'take-noko' life, amount to about 17 percent, as against 12 percent in October last year, a fact which shows that the family budget has become more and more difficult to balance.

"(8) Analysis of Household Expenses. Now let us see the household expenses. There are various results of research along this line. Here we take up the Consumer's Price Survey by the Cabinet Bureau of Statistics which is considered to follow the best scientific methods. The following table shows the fluctuation of household expenses in Tokyo during the first four months of this year in comparison with July 1946.

<u>Expenditures</u>	<u>July 1946</u>	<u>January 1947</u>	<u>February 1947</u>	<u>March 1947</u>	<u>April 1947</u>
Total food	1,477	1,845	2,097	2,363	2,425
Staple food	(638)	(513)	(672)	(798)	(785)
Clothing	151	210	210	295	352
Light and fuel	46	136	159	172	134
Housing	78	99	102	147	174
Others	<u>267</u>	<u>350</u>	<u>362</u>	<u>454</u>	<u>576</u>
Total expenses	2,019	2,640	2,930	3,431	3,661
Percentage, food to total	73.2	69.9	71.6	68.9	66.3

NOTE: Months above mean four-week periods respectively shown as follows:

July (1946)	from July 1 to July 28
January (1947)	from December 30 to January 28
February (1947)	from January 27 to February 23
March (1947)	from February 24 to March 23
April (1947)	from March 24 to April 20

"The statistics above show the typical and a average household expenses in Tokyo. Accordingly they are generally higher than workers' household expenses. Yet percentage of food expenses in the total household expenses is between 66 percent and 73 percent. This shows clearly how strained the household budget is for everybody.

"(9) Analysis of Staple Food Purchase. Let us look further into the household expenditures. Most of it is spent in purchasing staple food both at official prices and black-market prices as shown below:

	<u>Percent of Black-market Purchase of the Total</u>	<u>Value of Same</u>	<u>Percent of Black-market Expenditure of the Total</u>
January	22.8	361	70.3
February	35.4	537	80.1
March	41.3	672	84.5
April	31.3	622	79.6

NOTE: Each month indicates the same period as the foregoing table.

"In short, from 20 to 40 percent of the total quantity is purchased at black-market prices, while about 70 to 85 percent of total expenditure is spent for that purpose. If 10 percent of the black-market food could be purchased at official prices, without changing the total quantity, we could save as much as 23.2 percent of total expenditure in the case of April referred to above. This clearly shows the significance which the increased rationing through legitimate channels will have upon the household expenditures.

People's Livelihood

"(1) Food. The amount of food supplies is closely connected with the maintenance of life, the productivity of labor and the level of wages.

"(A) On the past supply. The necessary amount of food to be taken normally by a Japanese is supposed to be 2,150 calories and about 75 grams of protein per capita per day. The prewar situation investigated by the Science Encouragement Institute of Japan corresponds approximately to the above standard.

"After the end of the war, the amount of calories taken gradually decreased and fell below the amount needed, as shown in the following table made on the basis of statistics of the Ministry of Agriculture and Forestry:

	<u>Calories</u>	<u>Protein (grams)</u>
1941	2,105	64.7
1942	1,971	60.2
1943	1,961	60.6
1944	1,927	61.2
1945	1,793	65.3

NOTE: The above figures were calculated by dividing the total supply of food estimated in each year by the total population.

"Last year various unfavorable conditions mentioned hereafter began to show themselves. In April the delay of rice distribution in consumption areas

began and the crisis reached a climax on 'Food May Day.' So far as statistical investigation can determine, indigenous food can supply only 1,325 calories. Sources of supply other than those shown in the statistics and the release of imported food of over 687,000 tons (37 percent of staple foodstuffs ration required in the same period) from May to October, contributed to the successful overcoming of the food crisis.

"The actual consumption in 1946, based on the approximate average of sample investigations carried out four times through the year by the Ministry of Welfare, is as follows:

	Total Calories	Calories Ob- tained from Rations a/	Total Protein b/	Protein Ob- tained from Rations a/
Urban workers	1,600	60	60	50
Mine workers	1,800	80	60	66

a/ Percent.
b/ Grams.

NOTE: All figures are per capita per day.

"(B) The unfavorable conditions for the supply of food. The loss of sources of supply as a result of defeat in the war is an important factor to be taken into account. The main sources lost are as follows:

"(a) The cessation of import of rice, cereals, sugar, soybeans, etc., from Korea, Formosa, Manchuria, the Southern Areas, etc., means the loss of 20 percent of calorific supplies.

"(b) The cessation of the import of Manchurian soybeans means 100 percent loss of imports of vegetable protein supply and a heavy blow to the supply of miso and shoyu, necessitating the utilization of substitute materials.

"The total demand of foodstuffs has, on the other hand, increased as repatriates from abroad totaling more than 5,000,000 up to the present time have added to the total population in Japan since the termination of war.

"As for the production situation of indigenous foods throughout the entire fields of agriculture, fisheries and livestock, productivity has gradually declined due mainly to the insufficient supply of necessary production materials.

"The supply operation of foodstuffs for the large consuming cities has become extremely tight on account of increasing difficulties in delivery and collection caused by such factors as falling-off of transportation, shortage of goods to be supplied in return for shipment of food and currency depreciation as a result of inflation.

"According to a survey of the Ministry of Agriculture and Forestry, the comparison in statistics in this connection between 1940 and 1946 is shown as follows:

"Total marine products fell off by 40 percent mainly due to the sharp decline in the sardine catch which was far less than normal while the production of marine vegetables decreased by 20 percent. On the other hand, the total fish and other marine products shipped into the six largest cities dropped percent, showing a much greater decrease than the production decline mentioned above.

"(C) Current food situation. Favored by fine weather, the rice harvest amounted to more than 61,000,000 koku, and that of sweet potatoes more than 1,470,000,000 kan last year.

"Relying on this good crop and the importation of foodstuffs, the Government raised the ration to an average of 4 go for each farmer, and 2.5 go for each ordinary consumer. In order to secure the above ration the Government asked farmers for rice deliveries up to 10 percent over their previous quotas. By this means the Government barely maintained its basic standard of ration until the middle of May, supported, however, by release of imported food. Nevertheless, the delay of delivery gradually increased in consumption areas during May and June. As of 20 June the shipment of rice reached the highest point at about 103.8 percent, while delivery of rice in 21 prefectures in which principal cities are located has been delayed on the average of 11.8 days.

"What will be the consequence if the present food situation continues even after July?

"The supply of indigenous foods is presumed as follows in terms of rice equivalents which indicates shortage of 8,000,000 koku against the required amount.

<u>Supply a/</u>		<u>Demand a/</u>	
Government stock	1,816	Ration for general consumers and farmers	14,486
Early consumption of new rice	1,293	Special ration for laborers and direct ration by Government	1,573
1947 wheat	4,090	Carry-over required	799
Sweet potatoes	989		
Irish potatoes	772		
Total	8,960	Total	16,858
		Deficit	7,898

a/ Unit - thousands of koku.

SOURCE: Survey of the Bureau of Staple Food Administration on 1 July.

"Imported foodstuffs are the main means to cover the above deficit. But even if as much imported foodstuffs as currently expected are added to the indigenous supply, approximately 20 days' deficit in the general home ration on the average would still remain.

"A survey by the Ministry of Agriculture and Forestry on the ration of supplementary foodstuffs per capita per day in the six largest cities disclosed that the fresh fish and shellfish rationed from January to April averaged approximately 10 momme a month and that the vegetables rationed from April to May averaged approximately 20 momme a month. This situation is expected to be further aggravated during the summer period when the supplies usually fall.

"As for seasonings, the rationing of miso has been reduced to one half since last March after the delay of ration in several preceding months and present stock is barely enough to last two and one-half months. The current ration of soy sauce also does not exceed one half or one third of the standard and 'moromi' (material for soy sauce) on hand is sufficient to produce soy sauce for seven months.

"While the standard ration per capita per day in the six largest cities averages 1,300 calories with a little less than 40 grams of protein, the actual ration at present does not exceed 1,100 calories with 30 grams of protein.

"As a conclusion, the actual demand and supply situation of food is really in a state of great concern, and therefore enforcement of drastic measures for increasing production and expediting the shipment of indigenous food as well as the renovation of eating habits are considered to be absolutely necessary.

"(2) Clothing. As regards textiles, any increase in home consumption cannot be expected until the Japanese economy is fully restored. This is quite clear from the following reasons: almost all silk of which output decreased considerably as compared with that of prewar period, should be exported to the United States in exchange for importation of foodstuffs, etc., as silk is the main export item; cotton is imported, aiming at re-export following processing; the quick restoration of rayon and staple fiber production cannot be expected because of the present critical situation of raw materials and coal. In prewar days we consumed 11.2 pounds of textile goods per capita per year including production material such as those for producing tires, belts, electric wire and fishing net and about 10 pounds in the form of clothing. However, consumption has gradually been restricted since the outbreak of the war to 6.2 pounds in 1941, 5.8 pounds in 1942, 3.4 pounds in 1943, 1.3 pounds in 1944 and 1.2 pounds in 1945. (1 pound is equivalent to 10 yards of narrow-width white cotton cloth.)

"Ration of clothing in 1946 was raised temporarily to 2.6 pounds as there were supplies besides

those newly produced, from stocks held by the control association, the military or otherwise concealed or hoarded. Although we foresee an increase of import of materials and the consequent increase in production this year, the supply for home consumption will hardly reach the level of two pounds per capita. Of the supply, priority must be given to the ration of necessities for laborers who are directly concerned with industrial reconstruction such as mining, agriculture, the fishing industry and communications, and necessities for pregnant women and babies. It will thus result in a ration of scarcely one pound per capita for the general public. The clothing shortage will reach its peak this year, and the gradual increase in supply can be expected to start from next year.

"(3) Daily Necessities. In regard to principal daily necessities, under the present circumstances no immediate improvement is expected in the supply of their raw materials, the stringency of which will probably last for some time to come un eased and unimproved. Taking soap, matches, rubber-soled socks and paper for example, it will be found that the ration of their output, estimated on the basis of materials allocated for this year, are respectively 5, 40, 34 and 28 percent of the average for the seven years from 1930 to 1936 including exportation. The expected value of their home consumption, based on this calculation, will be two cakes of soap, each weighing 50 grams, per capita per year, four matches per capita per day as now distributed among the people by the increased ration effected in April this year, one pair of rubber-soled socks for seven persons for one year and only 7.5 pounds of paper per capita for one year.

"(4) Fuel for Home Use. Regarding charcoal, firewood and briquettes, which constitute the main items of fuel for home use, the index numbers of their output are shown in the following table, divided into two periods--prewar and postwar periods. From these numbers it is evident that the production of charcoal and firewood after the war decreased to about two thirds of their prewar production and the production of briquettes to about 40 percent of the prewar period.

	<u>Prewar Period</u> 1930-1936	<u>Postwar Period</u> 1945-1946
Charcoal	100	65
Firewood	100	66
Briquettes	100	43

"Under such circumstances where the production of fuel for home use was diminished, such stringency was experienced in its demand and supply after the war, especially in the six major consuming cities. This situation, aggravated by the transportation difficulty, became so critical that at the end of 1946 average rations of charcoal, firewood and briquettes per capita per annum were only approximately 1.4 bales in terms of charcoal.

Although gas is used in many houses in these six major cities, it was extremely insufficient in supply in the postwar period due to coal shortage. To make up for this fuel shortage, the use of electricity rapidly and widely prevailed among the city dwellers.

"Lastly, speaking of the expected supply of fuel for home use for this year, the minimum amount of charcoal, firewood, briquettes, electricity and gas required for one standard household consisting of five family members is estimated at 15 bales in terms of charcoal. However, considering actual conditions of their production and their deliveries to the Government during the period from April to June this year, which proved only about 60 percent of the goal originally planned, it will not be an easy task to obtain the required minimum of fuel.

"Difficulty is also expected in realizing any degree of increase in the supply of gas under the present conditions of coal supply. As for electric power, a greater shortage is expected in the coming winter than during the last when considerable difficulty was experienced due to the dearth of water. All this foretells that the coming winter will be a very hard period for the supply of fuel for home-use.

"(5) Housing. According to the survey made by the Reconstruction Board the housing shortage due to the war, classified according to different causes, is as follows:

Shortage due to war disasters	2,100,000
Shortage due to increased destruction for dispersion purposes	550,000
Shortage due to increased demand by overseas repatriates	670,000
Shortage due to insufficient supply during the war	<u>1,180,000</u>
Total	4,500,000

"Against this shortage, there are 100,000 houses on the credit side due to deaths by war disasters, in addition to some 400,000 houses constructed after the termination of war. The balance is therefore 4,000,000 houses which represent the shortage due to the war.

"Besides these, 200,000 houses comprising 50,000 houses destroyed by fires, storms, floods and other calamities, 50,000 houses brought to destruction by natural decay, and 100,000 houses which are necessary for meeting the increased demand due to the natural increases of household, are required to be constructed each year.

"On the other hand, a total of 590,000 houses have been constructed since the close of the war of which approximately 400,000 houses are residential with the remainder constructed as shops and other buildings. This rate of construction can

demand has rapidly increased in consequence of the production recovery of mining and industry and increased consumption for cooking and heating, and rose above the prewar level in March last year. An unprecedented shortage of electric power was experienced during the turn of the year 1946-47, owing to the fact that capacity of hydroelectric power plants was decreased by lack of water and thermal plants were not able to make up for it on account of shortage of coal and deterioration of facilities and equipment. In Western Japan, in particular, which depends largely on thermal plants, restriction on use of electric power came to be counted as the greatest obstacle to production. Since April when water began to be abundant, capacity of hydroelectric power plants has been increased and the electric power crisis has become temporarily less acute. In Western Japan, however, strict restrictions are continued. If things continue to be as they are now, the shortage of electric power in the dry season next year will be worse than that experienced this year, paralyzing the whole industry. In order to forestall such a situation, it will be necessary to make efforts to repair thermal power plants, to increase the stock of coal on the side of supply, to make all necessary preparations for restraining nonessential use and assure the supply to essential uses on the side of demand of electricity.

"As for coal, production has fallen off drastically since the end of the war to 554,000 tons, or 18.7 percent of the average of 1935-37, in November 1945.

"Since then coal production has gradually increased, rising to 1,700,000 tons in May 1946 and to 2,000,000 in November 1946. The production has not, however, increased very much since then, reaching 2,170,000 tons in December 1946, 2,010,000 tons in January 1947, 2,030,000 tons in February, 2,250,000 tons in March, 2,080,000 tons in April, and 2,100,000 tons in May. Greater effort will be required to reach the production level of 2,500,000 tons per month or 30,000,000 tons per year.

"The actual output of coal in 1946 was 22,310,000 tons and fell short of the goal of 23,000,000 tons set at the beginning of the year and further short of the revised goal, inclusive of the special production increase program of 24,000,000 tons. Since last year, the Government has attempted emergency measures to increase coal production, but no visible improvement has been achieved. This has proved that it is impossible to achieve rapid increase in coal production by sporadic or superficial measures.

"With regard to coal production, it must be noted that the deterioration of quality should not be disregarded while too much emphasis is laid on the achievement of quantitative goals. The supply of coal with inferior calorific value means as great a waste as the supply of inferior quality of food. For example, the Government railway consumed 4,000,000 tons of coal or eight percent of the total consumption in our country in 1936. Last year, while the mileage covered by trains was almost the same, it consumed 6,960,000 tons or 30 percent of the total consumption. This increase of coal consumption was partly due to decreased skill of drivers, deterioration of equipment, etc., but mainly accounted for by the deterioration of quality of coal. We must take care not to make the coal production increase result in increased production of stone and earth. On the side of coal consumption, attention must be called to the fact that as so little coal as is available is equally distributed to many factories, operation efficiency of all factories is curtailed and more coal is required than before to produce the same quantity of manufactured goods, which in return accelerates the coal shortage.

"Specific attention is also invited to the connection between coal production and industrial production. The purposes

for which the coal is consumed can be classified into two categories, namely nonindustrial such as railway bunkering, heating, gas and coke and thermal power, and industrial production such as steel and iron, machinery, spinning and ceramics. The requirement of the first category cannot be reduced any more than the minimum required for the maintenance of economy, just as the food requirement for survival of a man cannot be cut down below a certain degree. With an insufficient supply of coal, the greater part of the total must be apportioned to the nonindustrial requirement and the allotment to the other category must be extremely limited. In other words, the slightest increase in the current coal production will have a comparatively big effect on mining and industrial production. As an illustration, a 20 percent increase in coal output means a 40 percent increase in industrial production. The increased industrial production will make it possible to supply the mines with more materials and machinery required for further expansion of coal production. Thus one production increase stimulates other production increases. The contradictory problems involved in Japanese economy will thus find their solution in increased coal production.

Situation of Agricultural Production

"In staple foods, acreage under rice and wheat has been decreased as compared with that in prewar days. The production of rice and wheat, which had been 67,050,000 koku and 23,250,000 koku respectively in the average return between 1937 and 1939 dropped to 61,380,000 koku and 11,580,000 koku in 1946. Curtailed acreage and underproduction of both rice and wheat--the two main staple foods--have been chiefly responsible for the present plight. On the other hand production of potatoes has been greatly increased; sweet potato production in 1946 reached 1,470,000,000 kan, or a 150 percent increase over the average production between 1937 and 1939, as a result of increases in both acreage and production.

"As for production per tan, there has been practically no change in rice, but a conspicuous decrease in barley and wheat. Barley and wheat production in 1946 were only 1.03 koku and 0.70 koku per tan respectively as compared with the average production of 2.01 koku and 1.41 koku between 1937 and 1939. These figures tell us that the productive power of the land has definitely been decreasing. This has been caused by various reasons as follows:

"During the war emphasis had been placed on the cultivation of rice, wheat and potatoes in preference to other crops; the cultivation of legumes had been decreased; the lack of feed caused difficulty in the raising of livestock, inviting a sharp decline in production of self-supplied fertilizer. It may be said that these causes have jointly disturbed the normal or rational circulation within agricultural management and have been detrimental to the conservation of land productivity. To make the matter worse, production materials in agriculture as well as in industry have long been badly in need of repair or replenishment, which is unavailable under these circumstances. Thus the land has been losing its productive power.

"The comparison between the figures of 1946 as against those in 1937 shows that: in nitrogenous fertilizer, 920,000 tons were produced against 1,900,000 tons; in phosphatic fertilizer, 400,000 tons as against 1,920,000 tons; and in potassic fertilizer 110,000 tons as against 250,000 tons. As regards agricultural implements the situation is still more aggravated and only 20 to 30 percent of supplies in and around 1940 are available.

"As the food situation grew worse, there was a conspicuous decrease in the number of cattle whose feed was turned

to human consumption; suspension of import of their feed also contributed to the decrease. In 1946 oxen and cows for labor decreased to 1,830,000, milch cows to 160,000, horses to 1,070,000, pigs to 90,000 and poultry to 20,400,000, or, as compared with the highest figures in the past, a decrease of 91 percent was shown in the number of hogs, 62 percent in poultry, 15 percent in oxen and cows, 30 percent in horses and 38 percent in milch cows.

"On the other hand, a great number of demobilized or repatriated persons joined the rural communities, and consequently the per-family area of tillable land diminished from 1 chobu (2.45 acres) to 8.7 tan (2.0815 acres). The situation being as above, we must admit that the actual phases of agricultural production have yet to face many difficulties. Still, agriculture is comparatively well off as compared with manufacturing industries. In other words, the direct blows of the war such as air raids and other adverse circumstances hit agriculture comparatively lightly. In prewar Japan, one half of its population was engaged in agriculture and the other half in industries. Later, production in value nearly twice as much as that in agriculture was accomplished by those engaged in mining and other industries whose number hardly reached one half of those engaged in agriculture. After the war, the production in mining and other industries dropped to one third of that of the prewar days, whereas the agricultural production maintained an 80 percent level. Consequently the comparative position of agriculture in Japan's economy has greatly increased in importance. Agriculture will eventually contribute to a large extent in the restoration of our economy if we can increase production by stabilizing conditions through land reform.

Transportation

"Production and Transportation. Transportation is to production what the wheels are to the car. Therefore, it will be impossible to maintain normal economic operations without smooth relations between them. In this sense a transportation plan must be mapped out in parallel with the plan for materials demand and supply in the planned economic operation.

"Examination of sea and land transportation will show that more industrial activities than the present will surely meet with obstructions in the field of transportation.

"For instance, in case the annual coal output reaches the level of 30,000,000 tons, the movement of raw materials and supplies other than coal must be increased in order to operate various industries, pari passu with the increase in transportation of coal itself.

"In such a case it will be impossible to meet the ever-increasing demand on transportation unless the transportation capacity is widely increased through chartering foreign vessels.

"Railway Transportation. The outline of the condition of land transportation can be seen in the present situation of the government railways.

"(1) Present condition of facilities and rolling stock.

"The total length of the government railways throughout the country extends about 32,000 kilometers. The total tonnage of materials used therein includes about 2,300,000 tons of steel materials and 45,000,000 sleepers. On the assumption that rails have a life of 30 years and sleepers can be used for about

seven years, it is necessary to maintain about 70,000 to 80,000 tons of rails and 6,000,000 to 7,000,000 sleepers for use annually. The consumption of steel materials for repair works has shown a downward tendency since 1939 and fell below the level of 10,000 tons in 1944 and 1945. Assuming that the standard for annual consumption of steel materials for repair work be set at 3.14 tons per kilometer as an average from 1930 to 1938, it can be estimated that the shortage of steel materials for repair will reach 250,000 tons.

"In other words, we are that much behind in our repair work.

"As for rolling stock, the same thing can be said. The number of superannuated cars compared with the total number of available cars has increased to 30 percent in locomotives, 20 percent in passenger cars, 25 percent in electric cars and 25 percent in freight cars. Prewar percentages of the rolling-stock breakdown were eight percent in locomotives, seven percent in passenger cars, eight percent in electric cars and one percent in freight cars. These have recently increased to 25 percent in locomotives, 17 percent in passenger cars, 25 percent in electric cars and nine percent in freight cars.

"The distribution of steel materials to the government railways in 1946 was estimated at 145,000 tons which is less than 58 percent of the minimum requirement of 250,000 tons.

"In order to maintain the railways in a normal condition as in the prewar period, it is necessary to obtain almost 1,000,000 tons of steel materials, including 150,000 tons for repair work, 250,000 tons necessary for reconstruction of rails which became superannuated during the war, and about 500,000 tons for rolling stock plus additional requirements.

"Even for the reconstruction of government railways, it is a prerequisite to have the over-all recovery of production of materials such as steel.

"The situation of the government railways is described here as an example; the condition of local railways (private enterprise) is worse than that of the government railways.

"The present condition of truck transportation is difficult due to the shortage of gasoline and tires.

"(2) Volume transported by railway.

"The quantity of materials transported by railways has greatly increased as the result of the decrease in marine transportation and of the increase in production of war materials during the war. Compared with 1936, the quantity transported by railway during the period between 1943 and 1944 doubled in tonnage and the ton-kilometers transported increased as much as 2.6 times, while the number of passengers increased threefold.

"Following the termination of the war, the traffic volume of freight decreased sharply. The average volume of transportation each month in the second half of 1945 reached the level of 6,000,000 to 7,000,000 tons, which corresponds to 40 percent of the 14,880,000 tons transported monthly in 1943, and to 80 percent of 8,150,000 tons transported monthly in 1936. With resumption of industry, freight transportation has increased. The total volume transported during 1946 was estimated at 100,000,000 tons, and the average tonnage transported in one month is estimated at 8,300,000 tons which compares with the level of 1936.

"Compared with that of freight, the percentage of decrease in the transportation of passengers after the war was very small. The accumulated number of passengers transported in 1946 was estimated at 3,000,000,000 which is equivalent to three times the 1,060,000,000 passengers transported during 1936. However, the traveling mileage of the passenger trains was equivalent to 80 percent of 1936, and that means that the congestion of trains is four times as heavy as that in 1936.

"Sea Transportation.

"(1) The present shipping condition. Japan, which occupied third place next to Britain and the United States prior to the outbreak of the war, with 6,330,000 gross tons of ships maintained, lost ships amounting to 7,800,000 tons during the war and maintained about 1,400,000 tons just prior to the end of the war.

"Of this tonnage, as there are some detained in foreign countries, Japan now has actually 763 steel vessels of over 100 gross tons, whose total tonnage is estimated at 1,330,000 tons.

"As for freighters, there are about 460 vessels available whose total tonnage is estimated at about 900,000 tons. As these vessels are used for transportation of Japanese repatriates and for special missions, besides usual transportation of materials, only about 380 vessels of 630,000 tons are employed for transportation of freight.

"What is worse, about 70 percent of the freighters having been constructed during the war, are poor in efficiency and often develop trouble, and their life will be short. The remaining vessels generally are about 40 years old, though their efficiency is higher than that of wartime standard vessels, and are superannuated. There are only nine vessels capable of ocean navigation, including those engaged in transportation of repatriates. Moreover, Japan is severely lacking in vessels over 2,000 gross tons capable of coastal navigation.

"(2) Actual volume. Then what is the actual volume of transportation possible by those vessels?

"The movement of freight was inactive for a few months following the war, reflecting the dull industrial situation. The capacity of sea transportation was estimated at least at the level ranging from 200,000 to 400,000 tons monthly.

"With the gradual revival of industrial production in 1946, especially with the demand for transportation of special materials, in addition to imports of salt and exports of ties to China since the second half of the same year, the scarcity of shipping began to be felt. The actual transportation in 1946 was 6,680,000 tons. This is equivalent to 20 percent of the annual capacity of sea transportation in the period from 1935 to 1937.

"Blessed by favorable seasonal conditions since April it has been possible to transport approximately 800,000 tons monthly. In view of the shipping type, capacity of harbor facilities and condition of the movement of freight, it seems difficult with the present shipping conditions to increase the actual amount of transportation.

"In order to meet the ever increasing demand for sea transportation, it is an urgent necessity to improve the capacity of vessels, to increase the bottoms by asking for charter

of foreign vessels and to accelerate the repair work on damaged vessels and construction work on ships which have been going on since the war, and to fix adequate freight rates. After the war Japan chartered from the U. S. Army 100 Liberty-type vessels and 100 L. S. T.'s for transportation of repatriates, and as a result the repatriation has been very much expedited. Moreover, eight vessels of C type were also chartered and are engaged in transportation of phosphate rock from the South Seas.

"(3) Shipbuilding conditions. As for shipbuilding, 391 steel vessels were built in 1946, including fishing boats of 129,000 tons. However, it will be very difficult to construct and make repairs adequately owing to the shortage of raw materials including steel and pig iron.

Public Finance and Banking

"Finance and National Economy. National finance does not show only the revenues and expenditures of the Government's accounts. As is often said figuratively, it is the window through which the whole aspect of the national economy can be seen. Therefore, the unbalanced economy in such quarters as industries and the people's living expenses may often influence national finance. It is true that the causes and effects of the existing inflation of currency and prices lie in the shifting of deficit from the living expenses to industries, from the living expenses and industries to public finance and vice versa. But in our actual society, industrial management is not compatible with deficit economy. On the other hand, the minimum expenses are indispensable to maintain the people's working strength, and there is a limit to the curtailment of their living expenses. In connection with national finance, it is often superficially considered that increased printing capacity of paper currency would lead to enlarging the people's consuming power; and therefore public finance has so often been treated in an easy manner from olden times.

"But we must not miss the interdependent relation of national economy to the whole.

"Substance of Last Year's Budget. The main reason above all for unhealthy swelling of currency is the unbalance in financial revenue and expenditure. The aggregate net expenditure of the general and special account of 1946 fiscal year in the original budget amounted to ¥ 94,000,000,000. As a great number of expenditures are added to that amount by several supplementary budgets, the total expenditures reached ¥ 192,200,000,000, which is twice the original budget. As a result the Government had to take measures to issue deficit loans and to borrow for balancing a deficit of ¥ 76,600,000,000.

"Such an expansion of expenditure mainly has been caused by the price rise during the last fiscal year and the increase of unavoidable expenses as the result of defeat in war. It cannot be overlooked in this connection that insufficient supervision over the budget also served to increase expenditures.

"During inflationary times, expenses increase more rapidly than revenues. Although the increased income tax was levied and the amount of natural increase in the general account reached a remarkable sum in the 1946 fiscal year, it could not avoid an enormous deficit. The unbalanced expenditure of the Government fund, which is approximately equal to the said deficit, is marked in the appended list. The income from the property tax (Capital Levy Law), which is temporary in its nature, is included in the said sum; substantial deficit during the last fiscal year exceeds the amount in the list.

"Problem of This Year's Budget. The budget for this fiscal year has been fixed to meet the request of the Government to keep it balanced, and the general account was limited to ¥ 114,500,000,000, but it is clear that increased expenditures are inevitable in view of the rise of prices of commodities and personnel expenses, especially the increase of price adjustment expenditures of this year which was originally budgeted at ¥ 10,000,000,000. In addition to this, indispensable expenditures, such as emergency construction, estimated at ¥ 27,000,000,000 are destined to increase.

"For these expenditures, the increase of revenue is not expected in spite of the utmost efforts made by the Government, owing to the fact that the black-market profit prevailing at present cannot be controlled by the legal procedure of taxing. In the case of special accounts of Government expenses, owing to the rise of personnel expenses and prices of commodities, the expenditure is expanded so much that it will be difficult to sustain a balance even with a rise of fares or fees in railways and communications special accounts. As a whole, the situation cannot be looked upon as bright. Unless sufficient remedies are worked out to meet the situation, currency inflation will be stimulated and there is a danger that the national economy will thereby be brought to a catastrophe.

"The Present State of Industrial Finance. Industrial finance also has important bearing upon currency inflation. Monthly loans of financial institutions in the first half of last year were at most ¥ 2,000,000,000 to ¥ 3,000,000,000 but the figure soared in the latter half and went up as high as ¥ 13,900,000,000 in December.

"The demand for industrial funds, or new investment, should be essentially small when the industrial reconstruction is slow and the production is low. The major part of the enormous demand for funds is in fact due to wage increases and increased costs of production. The rise of costs of production in turn causes increased prices and invites expansion of industrial finance. The vicious circular movement has been repeated.

"The Government thereupon enforced funds control in March this year. Due to this fund control and to the fact that the financial institutions were short of funds, the increase of loans in March and April was small--¥ 4,200,000,000 in March and ¥ 3,200,000,000 in April.

"The problem, however, is not easy. The aggregate industrial fund surpasses the net accumulation fund. That is to say, the industrial fund of the nation is in deficit and is financed by the creation of credit of the Bank of Japan. In the fund allocation plan of the first quarter, the industrial loan is ¥ 24,000,000,000 including ¥ 9,000,000,000 of the Reconstruction Finance Bank, whereas the net accumulation of fund is only ¥ 16,000,000,000, the increase of free deposit being estimated at ¥ 30,000,000,000 and the decrease of blocked account at ¥ 14,000,000,000. The majority of enterprises are in deficit, and the important and basic industries are correspondingly worse off. In the first-quarter fund allocation plan the fund for deficit finance is ¥ 3,400,000,000. It is partly because the price of goods produced is relatively low, but the more fundamental reason is that these enterprises continue to operate in practically the same status as before in spite of the fact that the rate of operation and production has been decreased.

"Because the basis of management of enterprises is unsound, they tend to rely on the Reconstruction Finance Bank for loans instead of financial institutions. The amount to be financed

by the said bank is estimated to reach ¥ 9,000,000,000 during the first quarter of this fiscal year. This is not a sound and normal phenomenon inasmuch as industrial financing should be made by financial institutions.

"State of Fund Accumulation. Enormous amounts of funds were distributed, as stated above, both financially and industrially, but the fund accumulation was far from sufficient. Due to the national savings movement since last October, general free savings have shown considerable increase, but the monthly goal of ¥ 10,000,000,000 was not attained in general. The net accumulation, or the balance of increase of free savings and decrease of the blocked account, is smaller still, being insufficient to cover the industrial fund. Furthermore, the present declining trend in savings should be noticed. Before and during the war, the proportion of long-term deposits and demand deposits was roughly 55 to 45, but is roughly 20 to 80 at present. The newly increased deposit is unstable, and it is difficult for the financial institutions to mobilize it in long-term finance.

DISTRIBUTION OF GOVERNMENT FUNDS, LOANS OF FINANCIAL INSTITUTIONS AND SAVINGS
(millions of yen) a/

Month	Net Distribution of Government Fund	Increase or Decrease of Loans of Financial Institutions b/			Increase or Decrease of Savings		
		General	R.F.B.	Total	Free Account	Blocked Account	Balance
April 1946	5,954	827		-827	2,015	-3,552	-1,537
May 1946	6,772	2,061		2,061	3,186	-5,783	-2,597
June 1946	2,926	3,105		3,105	3,096	-2,196	900
July 1946	3,181	2,131		2,131	3,544	-3,585	-41
August 1946	393	510	42	552	4,005	-8,292	-4,287
September 1946	2,891	8,354	525	8,879	6,279	-1,037	5,242
October 1946	1,953	4,839	657	5,496	7,704	-789	6,915
November 1946	1,785	7,323	784	8,107	7,233	2,125	9,358
December 1946	6,190	13,933	1,415	15,348	10,550	3,281	13,831
January 1947	8,598	6,415	693	7,108	6,808	-6,606	202
February 1947	1,425	5,357	1,469	6,826	7,811	-3,656	4,155
March 1947	8,537	4,181	1,626	5,807	13,458	-13,342	116
April 1947	876	3,240	1,743	4,983	6,157	-9,844	-3,687
May 1947	5,698						

a/ These figures include estimates, and the following points are taken into consideration. (1) In the net distribution of Government funds postal savings and other funds related to the Deposit Bureau are discounted from the Government deposit so that actual amount of excess of payment or receipt is obtained. (2) The increase and decrease of loans is adjusted with a view to showing: (a) after September 1946, only the new account is shown; (b) the increase and decrease of wartime insurance are dropped. The figure for March 1947 does not include figures of insurance companies. That of April 1947 does not include figures of insurance companies and agricultural associations. (3) The blocked account is adjusted as follows to show actual increases and decreases: (a) after November 1946 only the first blocked account is shown; (b) the increase due to the transfer from the special deposits to the first blocked account is omitted.

b/ Unmarked numbers are increases; numbers marked with minus signs are decreases.

"There are various reasons for the failure of increase of saving, among them being too much hoarding of cash by the new-yen class and farming and fishing areas. In any event currency inflation is inescapable as long as savings do not cover financial and industrial fund demands.

Labor and Employment

"Increase of Population. The total number of repatriates including demobilized soldiers was 5,360,000 up to the end of May 1947. (Investigation of the Repatriation Board, Welfare Ministry.)

The population in Japan as of 1 October 1947 is estimated to be 77,850,000 (estimate by the Economic Stabilization Board). The present population in the Japanese Islands is 12 percent higher than the population of 59,250,000 in 1935. As the percentage of working people among the repatriates is high, the increase of the population to be absorbed in various jobs is quite sizable.

"Unemployment Situation. On the other hand, the production activity of the mining industry at present is about 30 percent of the prewar level, while the agricultural population has reached the state of saturation. Approximately 10,000,000 unemployed people will be inevitable even if productivity recovers to the prewar level.

"The number of unemployed after the war is not so large as feared. According to the 1946 investigation by the Welfare Ministry of people seeking employment, only 210,000 persons were seeking jobs among the 400,000 completely unemployed who were the object of the investigation.

"In the employment agencies, the number of people seeking employment is usually smaller than that of people seeking employees. During one year since May 1946, the percentage of the people seeking employment was around 68 percent of the number of people seeking employees.

"Judging from the census on 26 April 1946 the number of the completely unemployed (that is, who are able to work and willing to work but held no jobs) was only 1,590,000, the number of people who worked for one week or less per month was 1,960,000 and the number of people working between eight days to less than 20 days a month numbered 4,320,000. This state of affairs should be called the latency of unemployment. It is due to the fact that, under the inflation, if economic control is imperfect, one can earn one's bread without working in constant jobs, or such person can often make a livelihood more favorably than a constant employee. Under the inflation, in other words, unemployment cannot be recognized as genuine. Therefore, such unhealthy phenomena arise as the fact that the supply of labor is short in fields essential to national economy and abundant in economically unnecessary enterprises. The result is that the inactivity of production will be accelerated and economic recovery will consequently be delayed because laborers shun the hard productive jobs and concentrate on easy or commercial jobs.

"Employment Situation. The employment figure which showed a marked decrease immediately after the war, has indicated a steady increase, gaining each month until the end of last year. According to the yearly employment research made by the Cabinet Bureau of Statistics the total figure of employment at the end of 1945 was 3,870,000 in the mining and manufacturing industries, total industrial employment being 7,570,000, while these figures rose to approximately 6,000,000 and 10,000,000 respectively in July last year, attaining as high a level as prewar days.

"The mining and manufacturing production, however, remains as low as 30 percent of the prewar level. Thus the productive power per capita is about one third of what it was before the war. In other words, the situation of excessive employment exists.

"Employment, which had continued its upward trend until the end of last year, stopped rising from the beginning of this year with the exception of the coal mining industry. This is partly due to the production stalemate in the manufacturing industry caused by the lack of raw materials and to the shortage of power and coal since last January. But more basic than this is the fact that the unbalanced situations attendant to the postwar economy in

Japan have put pressure upon the management of those unessential industries which have lost their elasticity, and have driven them to face the immediate probability of operation curtailments, production stoppage and disposition of excessive labor.

"Productivity of Labor. As mentioned above, average productivity per laborer at present in Japan is one third or less than that of prewar days. Unbalance between employment and productivity was generally noticed after the war in many industries in Japan and this situation still persists without any sign of improvement. For instance, the following are the figures showing the trend in the fields of coal mining, cement industries and the government railways:

(a) Average monthly output of coal per miner (in tons):

1933	18.9
1936	17.5
1941	13.9
1945	5.9
1946	5.4
January 1947	5.5
February 1947	5.5
March 1947	6.0
April 1947	5.4
May 1947	5.3

(b) Average monthly production of cement by worker of the industry (in tons):

1945	25
1946	14

(c) Number of government railway employees. Train operation kilometers in 1936 and in 1946 are about the same but the number of employees in 1946 was 573,000 against 228,000 in 1936. This is about two and one-half times the number of employees in 1936.

"For what reasons have such circumstances as above mentioned been brought about? Generally speaking, want of food-stuffs, traffic congestion, lack of dwellings, deterioration of equipment, operation curtailment, difficulties in securing material and power, poor quality of material and superannuation of equipment may be cited as the main reasons. Furthermore, laxity of labor discipline and insufficient technical training can also be considered.

"Special Ration of Food and Necessities to Workers. In order to maintain productive capacity of labor by workers who are mostly responsible for increasing production, special rations of rice and necessities are being distributed to workers on a priority basis out of extremely restricted national resources. But it cannot be said that the matter thus far has been planned and dealt with very successfully. Preferential and well-coordinated steps are being specifically taken for rations to coal miners who play a leading role in increasing the production. However, there are still certain cases where the actual results fall short of the aims. We will briefly describe the quantity of each article actually delivered last year and the rationing programs decided upon in March this year for securing articles for the use of miners.

"(1) Actual delivery of each article to workers (including articles rationed for shipment of agricultural products, etc.).

Alcoholic beverages	505,000 koku
Cigarettes	1,300,000,000 pieces
Work clothes	16,000,000 pieces
Towels	12,000,000 pieces
Working gloves	9,400,000 pairs
Rubber-soled tabi	7,900,000 pairs
Rubber boots	250,000 pairs

"Besides the above, soap, soy sauce and sweets were delivered in some quantities.

"(2) Programs for securing articles for the use of miners.

"a. As for staple foodstuffs, six go for a worker, three go for each member of his family per day (excluding surface workers' families) and one go per worker per day as between meal food (including surface workers). In addition miso, soy sauce, salt, vegetable, fish and shellfish, etc., will be rationed, securing more than twice as much as the general rationing rates.

"b. As for fancy food, one go of sake per day (including ordinary ration) will be given to underground workers in accordance with their actual working days and five go per month to surface workers. Fifty cigarettes per capita per month will be given as an additional ration to both underground and surface workers when the actual output exceeds the scheduled quantity. Sweets, 100 monme per capita per month, will be supplied to juvenile miners and women workers instead of sake and cigarettes.

"c. Articles for work and for daily use. Work clothes, gloves, rubber-soled tabi and gaiters are articles indispensable for work. Necessary quantities, for instance, 1.5 work clothes, eight rubber-soled tabi and three towels will be maintained. As a particular requirement mainly in Hokkaido in winter, rubber boots and rubber miner's boots are available to supply in a yearly total quantity of 120,000 and 70,000 pairs respectively.

Foreign Trade

"Foreign Trade After the War. Since the termination of the war, our trade has been conducted within very narrow limits by the Board of Trade under the control of the General Headquarters of the Allied Forces. The turnover up to date is therefore quite different from that of prewar normal days both in total amount, in its articles and contents and in the relations of countries.

"It is presumed that normal trade by Japan will be resumed gradually through the introduction of individual trade with the commercial representatives which the Headquarters has made known and which will be granted after 15 August; but let us survey the general outline of postwar trade.

"The import of foodstuffs up to December last year since the termination of war has taken the lead, amounting to 861,000 tons, and occupied 61 percent of the total imports.

"If we add to this import fertilizers and oil for fishing boats, the total of such importation occupied more than 70 percent in value of the whole, which shows that materials pertaining to food occupy the greater part of the imports. The rest of the import is cotton, which is to be re-exported after manufacture in Japan.

"Of the exports, the main article is silk, occupying 47 percent of our total amount. However, as our total export itself is small, the absolute quantity of our silk export is not considerable. Other exports comprise coal, sleepers, machines, and especially last year, lead, tin, antimony and rubber which had been exported temporarily from wartime stocks. The full-scale export of cotton yarn and cloths was not realized during 1946, the amount of their export occupying only 1.3 percent of our total exports.

"According to statistical investigations made concerning the goods channelled through the United States Government and United States trade companies, which occupied the major part of our total exports and imports, our imports were approximately \$ 300,000,000 and our exports about \$ 120,000,000 at the end of last year, the balance showing \$ 150,000,000 excess of imports over exports. Exports and imports in 1936 including those of the former Japanese possessions respectively amounted to ¥ 3,600,000,000 at the then prevailing yen value, which, if converted into U. S. dollars at the then current rate of exchange and with the modification on the basis of the increased price index in the United States, is approximately \$ 1,800,000,000. Upon this basis, the exports and imports of last year are only about six percent and 17 percent respectively of those of 1936.

"As regards the exports and imports which were made during the first five months of this year, foodstuffs and other related goods occupy about 80 percent of the total amount of our imports as was the case last year and cotton and rubber, etc., which are used as materials for processing or manufacturing are about eight percent.

"Furthermore, the month of May witnessed the importation of heavy oil for the steel industry amounting to 13,000 kiloliters from the United States and of pig iron to the amount of 4,700 tons from Korea. As regards materials for processing and manufacturing, in addition to cotton (740,000 bales in 1946 and 187,000 bales during the first five months of this year) about 4,000 tons of crude rubber were imported from Malaya from January to May and about 1,000 tons from the Netherlands Indies from March to May. In addition, in June about 7,400 bales of wool and 200 tons of manila hemp were imported for the first time from Australia and the Philippines, respectively.

"Next, as regards the articles for export of this year, silk and silk goods occupy nine percent of our total exports, and cotton yarn and cloths 34 percent, while other important goods for export are metal, machinery, chemical medicine, agricultural and marine products, coal and sleepers, etc.

"Compared with last year, the exportation of products manufactured from American cotton has made much progress, and the export of marine products and miscellaneous goods has also started.

"Regarding the dollar balance since January this year, exact figures are not yet available, but it is certain that the negative balance is reaching a considerable amount.

"The division of Japanese trade by countries shows that in 1946 the exports to the United States and the imports from that country made up 96 percent and 69 percent respectively of the total, the trade with America being thus of overwhelming importance. Next to the United States came Korea and China, with 19 and 7 percent respectively in the amount of Japanese exports.

"In the present year, the imports from the United States so far make up about 95 percent of the total amount. In exports, the raw silk shipped to the United States has declined to the level of 20 percent of the total amount of exports, owing to the unfavorable sale of raw silk in that country, while by reason of increased exports of cotton goods, rayon goods, etc., the exports to the Netherlands Indies, Great Britain, Hongkong and Malaya have risen respectively to 18.4 percent, 12 percent, 11.2 percent and 3 percent of the total amount of exports. The exports to Korea and China have respectively reached 16.4 percent and 11.5 percent of the same total, showing approximately the same percentage as last year.

"Characteristics of Postwar Trade. What are regarded as characteristic points of the postwar trade may be picked up as follows out of the facts stated above.

"(1) Food the major import item. As mentioned already, food occupies 60 percent of the total imports or 70-80 percent if fertilizer and diesel oil for the fishing industry are added. This fact as well as the fact that the expense for foodstuffs occupies 60 percent or 70 percent of average household expenditures show the remarkable decline of the living standard of the whole nation. In order to restore the normal condition of Japanese economy, it is required to import a large quantity of raw materials for production. As long as most of the imports are foodstuffs, it is difficult to expect the economic recovery of this country.

"Tracing the results of foreign trade during the past two years after the termination of hostilities, foodstuffs were imported at first, followed by such raw materials for re-exportation as cotton, wool or crude rubber and production materials like diesel oil, steel and iron. Examining the imported items, it is clear that the aim of importation, which was simply relief from starvation at first, gradually shifted to economic reconstruction. This shifting is, however, retarded by insufficient means of payment caused by inactivity in exportation.

"(2) Trade on a small scale and excess of imports. As has already been pointed out, the present trade amounts to only about 10 percent of the prewar level. It should further be noted that a comparatively large excess of imports exists; in 1946 the excess of imports over exports amounted to nearly \$ 200,000,000. As long as this state of affairs continues, the minimum requirement of foodstuffs is quite impossible to import, to say nothing of foreign raw materials.

"Moreover, it should be remembered that a considerable part of the export was taken out of stocks of tin, crude rubber and others and, accordingly, a future increase in exports cannot be expected without serious effort on our part.

"(3) The United States the main trading country. An overwhelming part is played by the United States in the postwar trade of Japan, occupying 95 percent of her total imports. In exports the United States accounted for 70 percent in 1946 and 20 percent during five months this year; accordingly, the adverse balance as against the United States is enormous. In prewar days, excess

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of imports over exports in Japan's trade with the United States used to be made good by her favorable balance with the neighboring countries in Asia.

"The present extent of adverse trade with the United States is a foregone conclusion, since the silk export to United States which used to occupy more than half of our exports has dropped a good deal and the import of food from Asiatic countries has now been switched over to imports from the United States. Prewar trade figures show the United States shared only 20 percent of Japan's trade while neighboring Asiatic countries controlled about 60 percent. What is necessary now is, therefore, to increase American-bound exports as much as possible and to trade more with Asiatic neighbors, importing foodstuffs and raw materials from them, thus readjusting the trade balance and magnifying its volume.

"(4) Export of processed goods started. In view of the poor resources in Japan and the insufficient means of payment, great importance shall be attached to the 'processing trade' in which the imported raw materials are processed and re-exported. Trade of this type is expected to play an important role in overcoming the difficulty in which the Japanese economy now finds itself.

"The Allied Powers were generous enough to arrange the importation of cotton since last year, which enabled us to export yarns and piece goods to various parts of the world since January this year. Recent importation of crude rubber and manila hemp also will not fail to add to the export of processed goods, giving us power to purchase foreign goods on a larger scale.

CONCLUSION

"We were apt to lack courage in the past to face the reality.

"During the war, which was like a bad dream, our leaders' cowardice helped to bring tragedy to our nation. They tried to lead our nation to close their eyes to the facts which they did not like and to distort the facts in such a way as to suit the direction in which they wanted to lead the nation.

"The actual economic situation of our country as revealed in this report certainly is not the sort that can easily be overcome.

"Although not all the facts are assembled here, due partly to unavoidable circumstances, it cannot be said that the report has not succeeded in informing our nation of the seriousness of the present conditions. Speaking figuratively, our difficulties are not simply that our fingers have been cut and our legs broken. It may be said that we are suffering from more serious physiological effects such as blood poisoning or a functional disorder of the ductless glands. The fact that honest men are quite often fooled and that those who work sincerely suffer from losses testify to the 'physiological' malady of the economic organism of this country. The Government desires to share the facts of these difficulties frankly with the people, and to make such realization a basis for the reconstruction and rehabilitation of our country.

"In our modern society with its complex organization, it is no easy task to trace how the result of the labor of each individual is related with the improvement of his own living conditions. It is not so simple a relation as that in which Robinson Crusoe could improve his livelihood through his own efforts.

When, however, we face an economic crisis we are forced willy-nilly to realize things in their real direct relationships. Indeed, we must do so. The stages in which the people, after going through conditions in which the base of livelihood gets more and more restricted, emerge with hope for the future into the road to rehabilitation and reconstruction, shall be the stages in which those who work honestly in close relation with each other will make their livelihood easier through their own effort, though inevitably they shall have to go through a temporary period of deficiencies which they should take as a hardship imposed on them by themselves. The starting point of a democratic government must mean that we are faced with the question of forming a government of the people, by the people and for the people. 'Government for the people' must be a 'government by the people.' The Government can succeed, we are convinced, only on the basis of support and encouragement of the people."

Press Reaction

8. Tokyo newspapers commented extensively on the "White Paper."

Mainichi noted that Japan's economy is completely bankrupt, although hope was expressed that a collapse could be avoided by effecting emergency economic measures. The Government was encouraged to face all obstacles with courage.

Asahi supported the "White Paper," holding that it clarified the imperative need for halting the vicious cycle of wages and prices, increasing coal supplies and improving the individual productivity of workers.

Yomiuri declared that a mere report of economic conditions was insufficient to win the nation's cooperation. On the basis of the facts offered by the Government the newspaper urged that new economic policies take account of "age-old bureaucratic control."

Tokyo Shimbun doubted that many people would understand the Government's report. It urged more detailed statistical reporting in terms of "food, clothes and houses needed for maintaining the living standards."

Nihon Keizai urged that the Government report periodically to the people to inform them specifically concerning economic conditions. Such reports would enable the people to judge the "right political paths."

POLITICAL DEVELOPMENTS

Proposed Coal Control

9. A Special Mines Investigating Committee, headed by Social Democrat Kanju Kato, voted 3 July to nationalize all coal mines. The issue was approved by the Social Democratic Party's Political Affairs Research Committee, whose chairman is Mosaburo Suzuki, and by the Central Executive Committee

10. Announcement of Party's desire to implement its platform pledge by effecting national control of coal mines caused immediate opposition in conservative circles. Although Mainichi and Asahi newspapers disapproved state control in principle, they favored coal control because of the economic crisis. Nihon Keizai denounced the plan as an invitation to bureaucracy.

11. Minister of Commerce and Industry Chosaburo Mizutani, to whom direction of the coal control program was entrusted, hoped at

first to have a bill ready for presentation to the Diet by 20 July, but disagreements with the Democratic Party, which refused consent for national control except as a last resort, delayed the introduction of the measure. Further difficulty arose with the publication by Mizutani of a draft coal-control bill. Both Democrats and Cooperatives protested the announcement on the ground that publication violated a joint agreement to withhold from publicity all separate plans until such time as an agreement was reached by all Government parties.

The Democratic Party on 18 July censured the Social Democrats for this action, but the latter denied Party responsibility for the publication.

The Liberal Party, on receipt of reports filed by members sent to Kyushu and Hokkaido during the Diet recess, adopted resolutions opposing the Social Democratic plans of nationalization of coal mines.

Emergency Food Program

12. The Cabinet on 23 July approved a Super-Emergency Food Program recommended by Minister of Agriculture Rikizo Hirano, promising large bonuses, chiefly in the form of silk goods, chemical fertilizers and other scarce commodities for farmers who deliver grain in excess of the 110-percent quotas already asked.

Five thousand tons of fertilizer and 100,000 bolts of silk were set aside for this purpose. The program called for distribution of one bale of fertilizer or one tan (six square yards) of silk for each extra bale of rice contributed. The price to be paid for excess deliveries was to be triple the present official price, with quadruple prices for those supplying more than 120-percent quotas.

Hirano expressed belief that these inducements would cause farmers to deliver whatever excess rice they may possess to the Government instead of to the black market.

13. A further decision, made the same day, allowed special relief rice rations to be supplied to government railway and communications workers, but not to employees of similar private enterprises, on the ground that the former are essential industries.

Civil Service

14. Kozo Mizuguchi, representing the All-Japan Government and Public Employees Union Council, submitted a series of "demands" designed to stimulate "democratization" of the nation's civil service to Prime Minister Katayama on 5 July.

The Union asked;

- (1) Free and "rational" appointment of Government and public office employees by abolishing the examination system.
- (2) Procedures by which the people might recall "unworthy" officials.
- (3) Abolition of the undemocratic system of rank discrimination among officials.
- (4) Abolition of the old pension system and establishment of a new pension system and social insurance.

- (5) Establishment of a rational professional rank system based on efficiency and ability.
- (6) Establishment of a rational pay system.
- (7) Conclusion of collective contracts between the Government and the Union.

15. Shin Hochi, a newspaper established by postal officials in the interest of civil-service reform, supported amendment of the Higher Civil Service Examination, which it said had been established by Prince Hirobumi Ito as a means of giving independence to the bureaucracy. The time was not ripe, it said, for complete abolition of the system since political parties had not yet sufficiently matured to be an effective agency for nominating candidates to office.

Yomiuri noted that while previous Cabinets discussed the idea of civil-service reform little was ever accomplished, whereas the Katayama Cabinet evidenced a sincere and serious attitude toward reform.

Proposed New Party

16. Rumors of the possible formation of a new political party to be composed of Liberals and Shidehara Democrats were revived.

Disagreement over the terms of a suggested bill for coal control, favored by the Social Democrats but opposed by the right-wing Democrats and by the Liberals, gave rise to reports, first voiced in the newspapers Yomiuri and Shin Yukan, that the Liberal Party would be dissolved and succeeded by a new conservative group committed to furthering individual enterprise and to a minimum of state economic controls.

Former Prime Ministers Kijuro Shidehara, nominally honorary president of the Democratic Party and Shigeru Yoshida, head of the Liberals, were said to be agreed upon the desirability of the new party. In addition Tomomatsu (Banboku) Ono, Liberal secretary general, and Vice-speaker Manitsu Tanaka, Democrat, were reported active in the movement.

Ono suggested on 1 July that the Liberal Party might eventually form an alliance, if not a merger, with the Shidehara faction of the Democratic Party and that the Social Democrats might merge with the Ashida group of Democrats.

Social Democratic Advisers

17. Scholars and university professors were appointed on 8 July as advisers to the Political Affairs Research Committee of the Social Democratic Party.

The committee was headed by Mosaburo Suzuki, with Kanae Hatao, former economics professor of Kyushu State University and new member of the House of Councillors, as vice-chairman.

Other members were Hiromi Arisawa, Toshiyoshi Miyagawa and Hyeo Ouchi of Tokyo State University, Ruokichi Minobe of Hosei University, and Shinjiro Kitazawa of Waseda. Kazuo Okochi of Tokyo State University, a member of the Central Screening Commission, was also listed among the new advisers.

Democratic Party

18. The resignation of Kijuro Shidehara as Honorary President

of the Democratic Party, submitted in May, was not officially presented to the Democratic Party. Minister of Welfare Sadakichi Hitotsumatsu, to whom the resignation was entrusted, declined to offer the letter in the hope that a reconciliation might be effected. Hitotsumatsu denied having consulted with Shidehara and with Liberals regarding the formation of a new conservative party.

19. Members of the Youth Section of the Democratic Party, meeting in a national convention 17 July, passed resolutions urging Prime Minister Katayama to stabilize the national livelihood at once "without excessive consideration of abstract ideological principles."

The Youth Section also called for the prompt return of Japanese nationals from Soviet-controlled areas.

Liberal Party

20. The Liberal Party passed resolutions on 12 July urging a thorough Diet investigation into charges made by one of its members, Koichi Seko, that approximately ¥ 50,000,000,000 worth of hoarded war materials remained hidden in Japan.

Countercharges made through the press asserted that Liberal Party leaders had received campaign contributions, alleged by some to total ¥ 6,000,000, in connection with the distribution of certain hoarded war goods which had been discovered.

People's Cooperative Party

21. The national convention of the People's Cooperative Party elected Minister of Communications Takeo Miki as chairman of the Central Committee of the Party on 1 July. He succeeds Sanchiko Yamamoto, who was purged early this year.

Miki, formerly secretary general of the People's Cooperative Party, was succeeded by Seiichi Okada, while Kyoji Funada remained as chairman of the Political Affairs Research Committee.

Minister of State Junzo Sasamori and Eiichi Awamura were made permanent advisers.

Communist Party

22. The Communist Party announced an emergency food program on 1 July calling for increase in farm products, priority in distribution of necessities for farmers, democratization of distribution channels, and mobilization of hoarded foodstuffs into legitimate channels.

It stressed that requests for foreign food imports should be made only after fulfillment of quotas of domestic crops.

Salient points follow:

- (1) A Farm Products Prices Council to be formed by farmer, labor and consumers' organizations.
- (2) Large increase in prices of staple foodstuffs and other farm products to cover costs of production, with proportional raises in wages and salaries.
- (3) Thorough searches of warehouses of fertilizer companies, agricultural associations and other related organizations by "democratic" groups to expose hoarded fertilizers and other farm goods.

- (4) State management of the fertilizer industry.
- (5) Ending of the present 110-percent rice collection program for 1946 crops, and the purchasing of crops at prices to be fixed by the proposed Farm Products Prices Council.
- (6) A Central Food Conference to control all Government-purchased rice and to expose "unregistered" rice.
- (7) Temporary slackening of controls over perishable foodstuffs.
- (8) Allocations of quotas for rice collections on the basis of findings to be made by city, town and village food communities.
- (9) A Central Food Conference, composed of representatives of prefectural food committees and of other related "democratic" organizations for democratic operation of collection, distribution, adjustment and planning.
- (10) Food corporations to be supervised by prefectural and other food committees to prevent foods from being illegitimately channelled and to stamp out corrupt practices.

THE DIET

Party Membership

23. On 1 July the lineup of the various political parties in the Diet was reported as follows:

HOUSE OF REPRESENTATIVES

Social Democrats	143
Democrats	129
Liberals	125
People's Cooperatives	31
Dai-ichi Club (Independents)	16
Japan Farmers	8
Communists	4
Unaffiliated	2
Vacancies	<u>8</u>
Total	466

HOUSE OF COUNCILLORS

Ryokufu-kai (Green Breeze)	95
Social Democrats	48
Liberals	42
Democrats	42
Independents' Council	15
Communists	4
Unaffiliated	1
Vacancies	<u>3</u>
Total	250

Diet Recess

24. The Diet recessed from 12 to 25 July. This recess, taken because of the failure of the Cabinet to complete bills for consideration, gave rise to much press criticism. The newspaper Minpo rebuked the Diet for unnecessary vacationing, pointing out that if the Cabinet had failed to submit bills, individual members should themselves introduce measures or should use the time for open debate upon topics of national importance.

Nihon Keizai said that the Diet had failed in its purpose. Inexperience of new members and failure of older members to function had severely handicapped the legislative process, the paper said.

Free Discussions

25. Much comment concerned the innovation, in both Houses, of "free discussion," a system whereby individual members are permitted to express their opinions upon topics of national interest. The Houses experienced some difficulty in shifting from interpellations to debates but progressed considerably in each of the four free discussions held during July. All members appeared eager to participate in the discussions.

Change in Diet Procedure

26. A further departure from the traditional conservatism appeared on 1 July when the Prime Minister addressed the House of Representatives prior to delivering his speech before the House of Councillors.

27. Much significance was seen by Japanese in the decision of Cabinet members, except on special occasions, to take their seats in the chamber as members of the House instead of sitting on a platform above the level of the rank and file.

Legislative Authority

28. Ryosaki Koji, Liberal Party, and Masanori Tsunashima, Farmers' Party, criticized the Cabinet for formulating bills for Diet consideration. Both men said that as the Constitution gave to the Diet sole lawmaking authority, any interference with that process by the Cabinet, even though composed of Diet members, was an infringement of the Diet's prerogative. Tsunashima on 3 July threatened to carry to the Supreme Court his contention that the Cabinet was to be freed entirely from participation in the lawmaking process.

29. Mainichi and Nihon Keizai each proposed that the Diet assume activity in making investigations and in calling hearings to discuss current conditions.

The Seko Case

30. The House of Representatives appointed a 20-man special committee on 25 July to investigate charges that ¥ 50,000,000,000 worth of war materials remained hidden.

The appointment followed published statements made by Koichi Seko, Liberal member of the Diet, implying that certain political leaders had been involved in conspiracy connected with the black market. Seko filed no specific accusations against any individual but said that records in his possession indicated that two, and perhaps three, State Ministers had been guilty of indiscretion.

Among them, he said, "certain members of the Ministry of Agriculture and Forestry may be involved," and added that officials of the Ministry of Transportation and the Bank of Japan were mentioned in the papers which he possessed.

At no time did Seko name names, although he professed an eagerness to do so before a Diet committee.

Pressed by his fellow Liberals to be more specific, Seko merely said, "Some Cabinet members cannot be said to be not connected with the case."

Subsequently a cabinet minister was quoted by the press as having said that Seko had in mind Foreign Minister Hitoshi Ashida, Chief Cabinet Secretary Suyehiro Nishio and Economic Stabilization Director Hiroo Wada, who was formerly Minister of Agriculture.

All three men promptly issued categorical denials of the statements.

31. Seko's interest in the discovery of hoarded materials began when he was Vice-minister of Home Affairs. He then found, he said, about ¥ 700,000,000 worth of hoarded goods.

On the basis of these discoveries he issued approximately 150 directives calling for searches for hidden goods to be channeled into legitimate distribution routes.

Charges have been made that swindlers and racketeers forged Seko's name to many other directives in order to secure allocations of discovered war materials.

32. Tokyo Shimbun, analyzing this situation on 12 June, nearly a month prior to publication of Seko's accusations, charged that some agricultural associations bought these forgeries in an attempt to gain unfair allotments of war materials, especially fertilizers and clothing.

The newspaper asserted that the Brothers' Cooperative Welfare Society (Kosai Dobo Kyoryukai), which operated among prefectural agriculture associations and local labor unions, acted as intermediary for local leaders who sought to get war goods illegally for possible black-market activities.

The Brothers' Cooperative Welfare Society was also charged with having been an undercover agency for the collection of Liberal Party campaign funds.

33. Some observers explained the ¥ 50,000,000,000 figure as due to Seko's optimism and to his credulity. Since the Government offered to informants a 20-percent commission of all hoarded goods discovered as a result of their tips, scores of individuals reported irresponsible rumors in hope of collecting a reward. Seko, they said, merely totaled the sums of all these rumors.

34. The Liberal Party in an official statement called for a full investigation in order to clear up the general misconceptions but said it believed Seko's hands to be free of guilt.

35. Prefectural officials in Saitama and Ibaraki denied Seko's charges that hidden war goods exist in those areas.

House Thanks SCAP for Whaling

36. The House of Representatives adopted a resolution on 5 July

thanking SCAP for a second authorization of Japanese whaling in the Antarctic.

The text of the resolution follows:

"It is a cause of profound gratitude for all people of Japan that whaling in the Antarctic Ocean has been authorized to Japan for the second time by SCAP who entertains a deep sympathy for the present food situation of Japan and a lofty humanitarian love for her people.

"We are convinced that the authorized whaling will contribute greatly toward the assurance of necessary nutrition to the people of this country and overcome the present food crisis.

"The House of Representatives hereby expresses its heartfelt thanks to SCAP."

THE PURGE

37. During the period 4 January through 26 July a total of 569,400 persons were screened by the Central and Local Public Office Qualifications Examination Committees.

Of 23,145 persons screened by the Central Government Committee, 241 were barred from public service and 1,528 were removed. Of those removed by the Central Government Committee, 1,144 were career commissioned officers of the First and Second Demobilization Boards who fell under the mandatory provisions of the Ordinance. Two hundred ninety-six persons fell under the economic provisions of the Ordinance.

On the local government level 546,255 persons were screened, of whom 373 were barred and 688 were removed.

Further Implementation of Purge

38. The Government promulgated Cabinet Order No. 119 on 2 July enabling the Prime Minister without collecting questionnaires to designate persons as falling under the provisions of the 1946 Purge Directive. Only where there is positive evidence that such persons come within the purview of the Directive may they be so designated. The designation becomes final after 30 days unless the persons concerned file exemption requests accompanied by completed questionnaires.

This implementation will enable the designation of persons who fall within the purview of the Purge Directive but who have escaped designation by resigning from or remaining out of public service.

Dai Nippon Butoku-kai

39. The Cabinet on 25 July announced purge criteria for the elimination of influential officials of the Great Japan Military Virtue Society (Dai Nippon Butoku-kai) from public service.

This society was founded in Kyoto in 1895 with the avowed purpose of cultivating the Japanese military spirit by encouraging the traditional samurai arts of kendo (Japanese fencing), archery and wrestling. By the outbreak of the war an estimated 8,000 graduates of schools maintained by the Society were teaching these military arts to young people throughout Japan. Butoku-kai leaders included generals and other military figures.

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The Cabinet announcement declared that all influential officials at the national level of the association from the date of its reorganization 23 March 1942 until 2 September 1945 shall be presumed to fall under Category C of the Purge Directive as militarists and ultranationalists, unless satisfactory counterevidence was produced. The critical period at prefectural and local levels is 22 September 1942 - 2 September 1945 unless reorganization began earlier.

Determination of guilt or exemption will be made by the Screening Committees of the Japanese Government.

Publications

40. Forty-one companies on the Information Media Blacklist and 25 newspaper companies and magazine publishers having a circulation of 20,000 or more were added to Paragraph 10, Appendix II, Cabinet and Home Ministry Ordinance No. 1 of 1947, by a cabinet order issued 31 July. Ninety companies had already been added to the Ordinance on 27 March by Cabinet and Home Ministry Ordinance No. 6 of 1947. The total number of information media organizations to be screened was 218.

As of 25 July the Government had received 60 petitions presenting counterevidence on behalf of information media organizations.

PERSONNEL CHANGES

41. Hitoshi Ashida, Foreign Minister, was appointed deputy Prime Minister on 3 July in addition to his other duties. He was to function as Prime Minister in the event of the inability of the Prime Minister.

42. Kozakichi Matsuoka, speaker of the House of Representatives, was named to head the Constitution Popularization Committee replacing Ashida, who had resigned. Tsuneo Matsudaira, president of the House of Councillors, became vice-chairman replacing Yoshinari Abe, former Minister of Education.

43. Sei-jiro Yoshikawa, until 1941 minister to Canada, became deputy chief of the Central Liaison Office on 15 July, in succession to Jiro Shirasu, resigned. Yoshikawa, born in Nagano in 1893, is a graduate of the Tokyo Imperial University Law School.

44. Kinji Ito resigned 18 July as Vice-minister of Welfare.

LOCAL GOVERNMENT

Local Autonomy

45. In an unprecedented resolution, prefectural governors on 5 July complained to Prime Minister Katayama, Speaker Matsuoka of the House of Representatives and President Matsudaira of the House of Councillors that the central government was maintaining too many branch offices, thus conflicting with the principle of local autonomy.

The governors requested the transfer of a large portion of central government activities to local officials.

Foreign Minister Ashida, in his capacity of deputy Prime Minister, promised that the Government would reduce the number of local branches, but said that under present conditions it would be impossible to abolish all central government activity in the prefectures.

SECTION 2
PUBLIC SAFETY

C O N T E N T S

	Paragraph
Law and Order.	1
Accidents.	5
Prisons.	7
Fire	10

LAW AND ORDER

Black-market Activities

1. Police continued to arrest numerous black-market operators, especially those violating food regulations. Tightened inspection control netted 280 bales of rice being shipped illegally via train baggage facilities; 175 black-market brokers involved were arrested.

Delinquency

2. The Tokyo Metropolitan Police examined 813 streetwalkers in June and found 183 to be diseased. Of the total examined 140 were repatriates or war sufferers, 178 were living with their families and 495 were homeless.

Crime

3. Criminal offenses reported in May numbered 146,045 with 69,893 persons arrested, compared with 161,153 and 91,845 respectively the previous month. Approximately 75 percent of the offenses were violations of the criminal code, of which larceny constituted 86 percent. See charts, following two pages.

Of the 69,893 persons arrested 67,046 were Japanese, 2,818 Koreans and 29 of other nationalities.

4. Police continued to round up gang leaders in Tokyo and other cities for unlawful occupation of lands, intimidation and extortion.

ACCIDENTS

5. To reduce traffic accidents the Osaka Prefectural Police Department ordered heavier punishment for violators of traffic regulations.

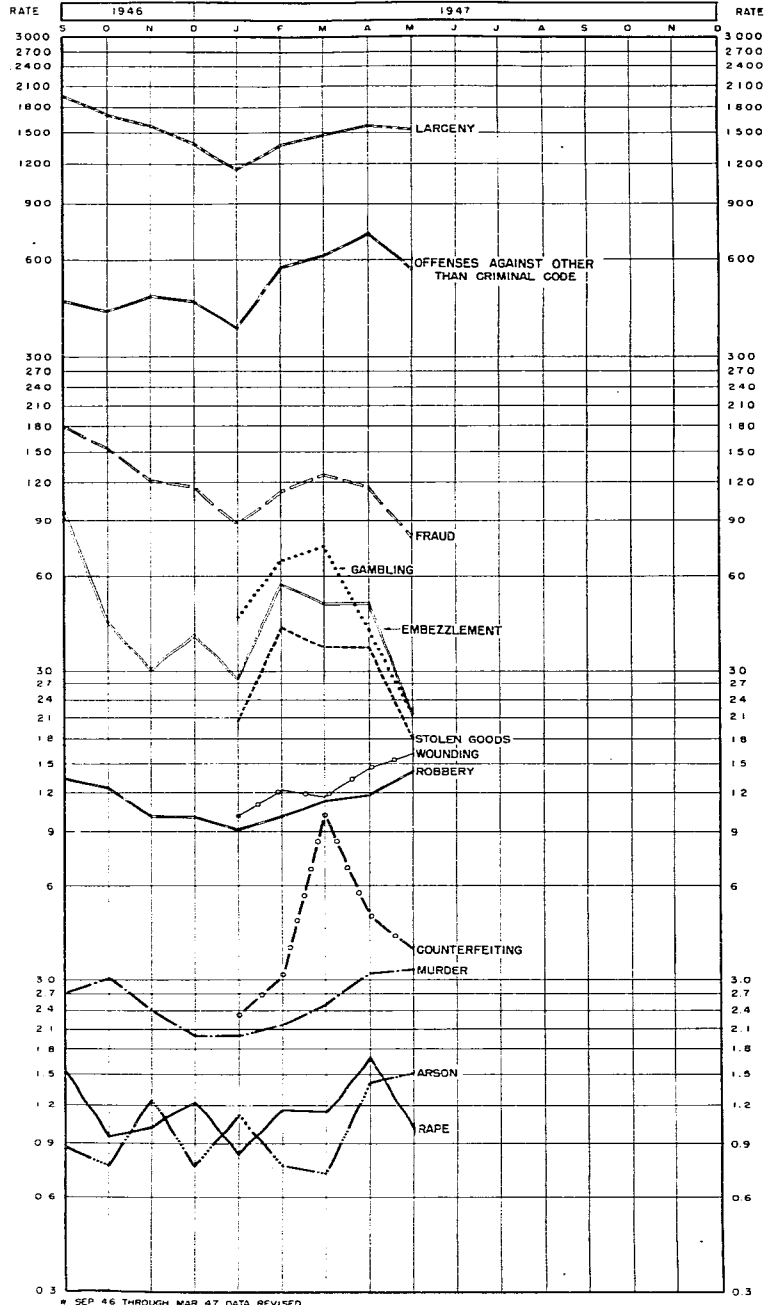
Rail Accidents

6. Ninety-seven persons were killed and 267 injured in rail accidents during June, as shown on the chart on page 66, a decrease from 138 and 274 respectively during the previous month. The majority of the mishaps were due to personal negligence of passengers.

A.I.U.O.K. 5908

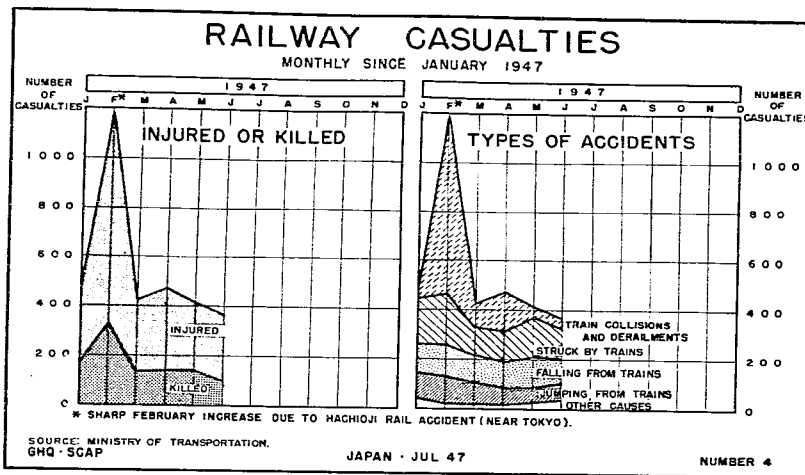
CRIMINAL OFFENSES*

RATE / 100,000 POPULATION PER ANNUM



* SEP 46 THROUGH MAR 47 DATA REVISED
 NOTE ON SEMILOGARITHMIC CHARTS EQUAL RISES OR FALLS INDICATE EQUAL PERCENTAGE CHANGES.
 SOURCE: MINISTRY OF HOME AFFAIRS
 GHQ - SCAP JAPAN JUL 47 NUMBER 2

A.I.U.O.A. #202

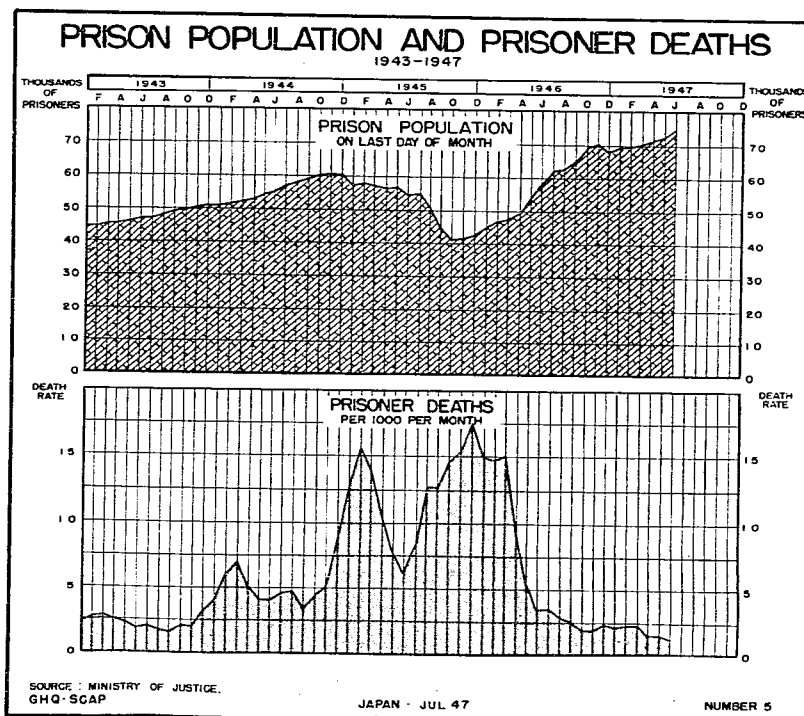


PRISONS

Prison Population and Deaths

7. The prison population on 30 June numbered 74,720, an increase of 2,378 over the previous month. Of the total, 60,039 persons were sentenced and 14,681 were awaiting trial.

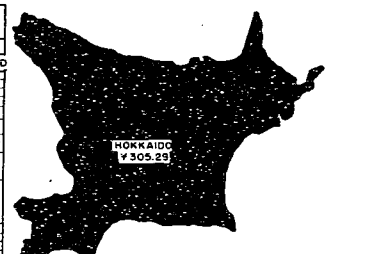
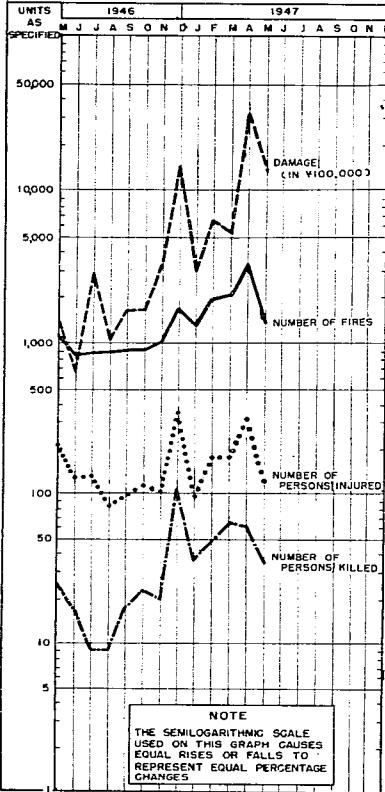
8. Prison deaths in June totaled 90 with a rate of 1.2 per 1,000 inmates.



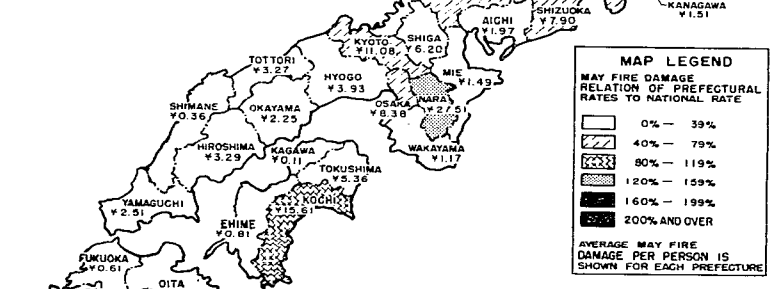
A.I.U.O.A. 1947

FIRES

NUMBER, CASUALTIES AND DAMAGE MONTHLY SINCE MAY 1946



NOTE
NATIONAL RATE = ¥19.06
AVERAGE MAY FIRE DAMAGE PER PERSON

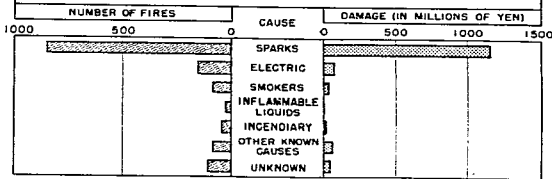


MAP LEGEND
MAY FIRE DAMAGE RELATION OF PREFECTURAL RATES TO NATIONAL RATE

- 0% - 39%
- 40% - 79%
- 80% - 119%
- 120% - 159%
- 160% - 199%
- 200% AND OVER

AVERAGE MAY FIRE DAMAGE PER PERSON IS SHOWN FOR EACH PREFECTURE

CAUSES OF FIRES - MAY 47



SOURCE: MINISTRY OF HOME AFFAIRS.
GHQ-SCAP

JAPAN - JUL 47

NUMBER 6

A.I.U.O.K. 1/10/47

SECTION 3
LEGAL AFFAIRS AND WAR CRIMES

C O N T E N T S

	Paragraph
Legal Affairs	1
Investigation of Suspected War Criminals.	3
Apprehension of Suspected War Criminals	5
Prosecution of War Criminals.	8

LEGAL AFFAIRS

Japanese Judicial Administration

1. A 15-man Consultative Committee for Nomination of Supreme Court Judges was organized on 18 July. The Committee includes the speaker of the House of Representatives and the president of the House of Councillors as ex-officio members, four persons nominated by the Prime Minister and nine members publicly elected.

Thirty candidates for Supreme Court judges were recommended by the Committee.

2. Conferences were held by the Ministry of Justice on cases involving illegal possession of Occupation Forces' property and changes necessary in Japanese law for enforcement of SCAP directives regarding concurrent jurisdiction of courts in Japan.

INVESTIGATION OF SUSPECTED WAR CRIMINALS

3. Investigation of 81 atrocity cases involving B-29 flyers was completed, reducing the backlog of total investigations on hand.

ATROCITY INVESTIGATIONS

	Cases on Hand <u>25 Jun</u>	Cases Received <u>25 Jun-24 Jul</u>	Cases Completed <u>25 Jun-24 Jul</u>	Cases on Hand <u>24 Jul</u>
POW camp conditions	16	1	2	15
POW camp atrocities	136	1	0	137
B-29 flyers	641	13	81	573
POW ship	55	0	0	55
Kempei-tai (Military Police)	31	0	0	31
Miscellaneous	<u>1,038</u>	<u>69</u>	<u>48</u>	<u>1,059</u>
Total	1,917	84	131	1,870

4. Interrogations and investigations of alleged atrocities and unlawful killings in the Southwest Pacific and in Hankow and Shanghai continued.

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APPREHENSION OF SUSPECTED WAR CRIMINALS

5. The Japanese Government was ordered to apprehend 20 former Army and Navy officers, 15 civilians and 12 former enlisted men suspected of alleged war crimes and deliver them to Sugamo Prison for incarceration.

6. Thirty-seven names were deleted from previous apprehension lists and the status clarified of 36 persons previously ordered apprehended as suspected war criminals.

7. The Japanese Government was notified of the hospital arrest of five persons while 68 persons suspected of committing war crimes were interned in Sugamo Prison.

PROSECUTION OF WAR CRIMINALS

8. By 24 July 286 defendants had been tried, of whom 276 were found guilty and 10 acquitted. Twenty-six of the 276 guilty were given the death penalty while 250 were given sentences ranging from one year to life at hard labor.

9. From 9 May to 24 July 16 trials involving 31 defendants were completed. Of the 31 tried four were acquitted, two sentenced to death and the remainder received from one year to life imprisonment.

TRIAL OF WAR ATROCITY CASES
Japan

<u>Name</u>	<u>Official Capacity</u>	<u>Rank</u>	<u>Date</u>	<u>Results of Trials</u>
TOSHINO, Junsaburo	Guard	1st Lt	10 Mar 47- 9 May 47	Death by hanging
WADA, Shusuke	Inter- preter	Civ		Life imprisonment
AIHARA, Kazutane	Guard	Cpl		Death by hanging
KAJIYAMA, Shin	Ship- master	Civ		Acquitted
TANOUE, Suketoshi	Medical Sergeant	Sgt/Maj		25 years
YOSHIDA, Hisao	Guard	Pvt		Acquitted
UEDA, Jiro	Guard	Pvt		20 years
HATTORI, Sho	Guard	Sgt		10 years
KOBAYASHI, Risaku	Medical Orderly	Civ		Acquitted

KUROIWA, Yasuhiko	Sgt/Maj	Sgt	9 Jun 47- 12 Jun 47	10 years

<u>Name</u>	<u>Official Capacity</u>	<u>Rank</u>	<u>Date</u>	<u>Results of Trials</u>
KURIHARA, Yoshio	Sgt	Sgt	16 Jun 47- 17 Jun 47	10 years
AKIYAMA, Fukujiro	Inter- preter	Civ	19 Jun 47- 23 Jun 47	2 years
YAJIMA, Shichisaburo	Camp Commander	Maj	9 Jun 47- 24 Jun 47	Life imprisonment
HOSOI, Sotouemon	Guard	Civ		15 years
MORITA, Masaichi	Guard	Civ		10 years
SHIMIZU, Shuichi	Medical Orderly	Sup Pvt		4 years
KAYAHATA, Hideyoshi	Guard	Civ		1 year
WATANABE, Katsunosuke	Camp Commander	Police Sgt	17 Jun 47- 24 Jun 47	12 years
NAKANISHI, Masao	Supply Officer	1st Lt	24 Jun 47- 25 Jun 47	1 year
OBAYASHI, Kiyoshi	Guard	Civ		25 years
HASEGAWA, Wataru	Guard	Civ	30 Jun 47- 2 Jul 47	14 years
MORITA, Hiroyuki	Guard	Sgt		15 years
MIMURA, Taizo	Guard	Civ	1 Jul 47- 3 Jul 47	5 years
SANO, Sokichi	Camp Commander	1st Lt	19 Jun 47- 7 Jul 47	2 years
ONODERA, Shoji	2nd in Command	Sgt		5 years
MIYAKAWA, Nobuhiro	Guard	Civ	1 Jul 47- 7 Jul 47	22 years
YOSHITSUGU, Seiichiro	Camp Commander	Lt	23 Jun 47- 9 Jul 47	8 years
SUYENAGA, Aijaku	Camp Doctor	Civ		4 years

<u>Name</u>	<u>Official Capacity</u>	<u>Rank</u>	<u>Date</u>	<u>Results of Trials</u>
KOJIMA, Itchisaku	Chief, Pris Lab	Civ	9 Jun 47- 17 Jul 47	Acquitted
TOMA, Seisaku	Guard	Civ	14 Jul 47- 17 Jul 47	1 year
OGASAWARA, Kiyoshi	Guard	Civ	14 Jul 47- 24 Jul 47	3 years

10. In addition to the cases completed and those in session 27 cases were referred to the Commanding General, EIGHTH Army, for reference to a Military Commission for trial. At the present time cases are being prepared against 174 suspected perpetrators of war atrocities.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN

Number 22

July 1947

PART III
ECONOMIC

T A B L E O F C O N T E N T S

	Page
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SECTION 1
AGRICULTURE AND FISHERIES

C O N T E N T S

	Paragraph
Agrarian Reform	1
Crop Conditions	7
Livestock and Dairy Products.	9
Fisheries	12

AGRARIAN REFORM

Tenant Land Purchases

1. Local Land Commissions on 2 July purchased 219,027 cho (536,745 acres) of land for resale to tenant farmers under the Land Reform Law, the second in a series of purchases to transfer 1,514,817 cho (3,712,195 acres) to tenant farmer ownership.

2. The July purchases were 53,535 cho (131,193 acres) greater than planned and brought land purchased to 348,286 cho (853,506 acres), as shown in the chart on the following page. These purchases were 89,768 cho (219,985 acres) greater than revised acquisition in March.

Church-owned Lands

3. On 3 July the Government was notified that agricultural lands owned by religious institutions are subject to the Land Reform Law.

Land Commission Membership

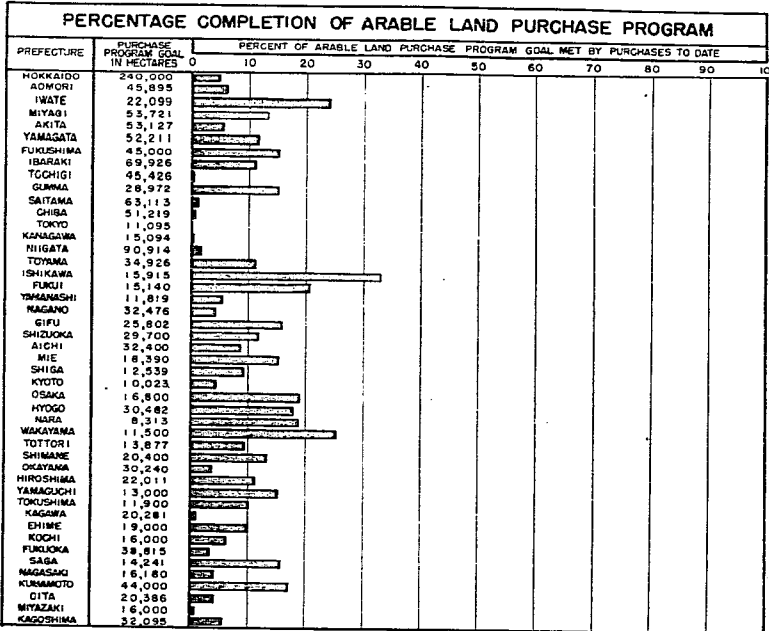
4. The Government directed on 16 July that effective 31 August members of local, prefectural or central land commissions must resign from any other land commission, except when the Central Land Commission decides that such an action would seriously impede the land reform program. Regardless of circumstances all dual memberships must cease after 31 December.

Local Land Commissions

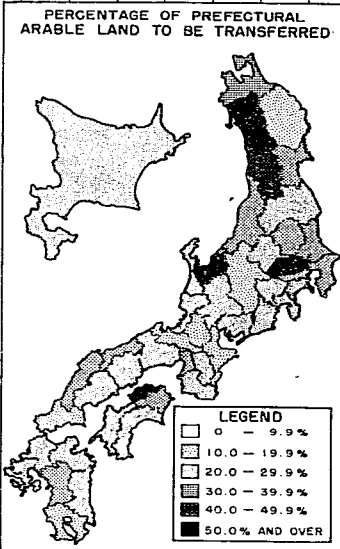
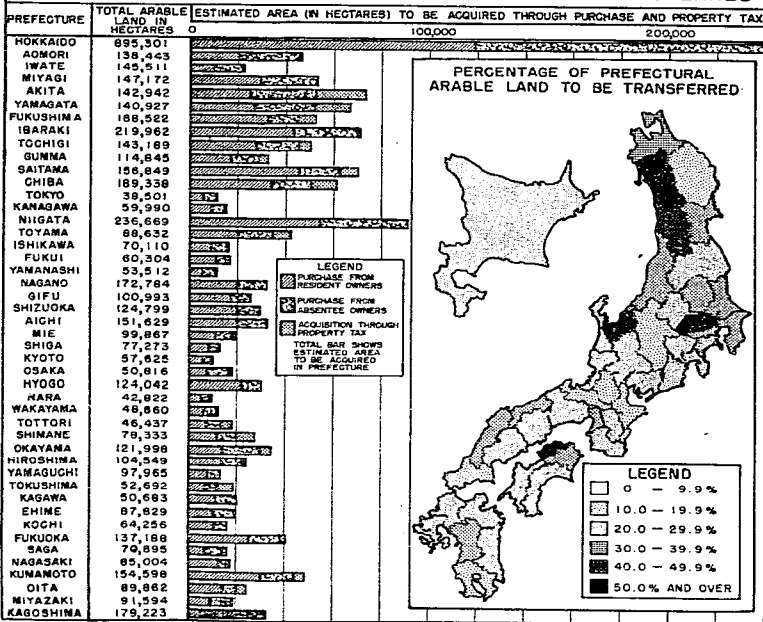
5. Local Land Commissions by June totaled 10,986 and included 56,891 tenants, 33,759 owners, 22,928 owner-cultivators and 1,010 neutrals. Neutrals are members who, though not engaged in agriculture, are unanimously appointed by local land commissioners.

LAND REFORM PROGRAM

STATUS AS OF 1 JUNE 1947



TOTAL ARABLE LAND AND ARABLE LAND TO BE TRANSFERRED



NOTE: DATA ARE CONVERTED FROM CHOBU. 1 CHOBU=0.9917 HECTARES. 1 HECTARE=2.471 ACRES.

SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY. GHQ-SCAP

JAPAN - JUL 47

NUMBER 7

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MEMBERSHIP CHANGES IN LOCAL LAND COMMISSIONS
December - June

	<u>Tenants</u>	<u>Owner-Cultivators</u>	<u>Owners</u>	<u>Neutrals</u>	<u>Total</u>
Recalled	1,144	193	235	0	1,572
Purged	31	16	55	0	102
Other	<u>754</u>	<u>342</u>	<u>657</u>	<u>18</u>	<u>1,771</u>
Total	1,929	551	997	18	3,495

SOURCE: Ministry of Agriculture and Forestry.

Land Reform Enforcement

6. On 4 July the Secretary of the Supreme Court requested the cooperation of the Director of Higher Courts and chief judges of local courts in enforcing land reform, in directing attention to illegal evictions by landlords and temporary restraining orders barring tenants from land the latter are cultivating.

CROP CONDITIONS

7. Cool weather has delayed growth of rice and white potatoes in northern regions where crops are from one to two weeks under normal growth. Blight damage to white potatoes in the Kanto Plain and Tokai regions was heavy. Early collections and rapid consumption are essential to help minimize spoilage.

Land Use Map

8. The Government completed a 1:800,000 land use map of Japan delineating in color crop production areas, forests, orchards and wasteland. Selected cities and towns, contours, prefectural boundaries, highways, railroads, harbors, mines and quarries also are shown.

LIVESTOCK AND DAIRY PRODUCTS

Livestock

9. Twenty-five high-quality, one-year-old Holstein bulls were donated to 16 breeding stations by the Heifer Project Committee, an organization supported by American church groups.

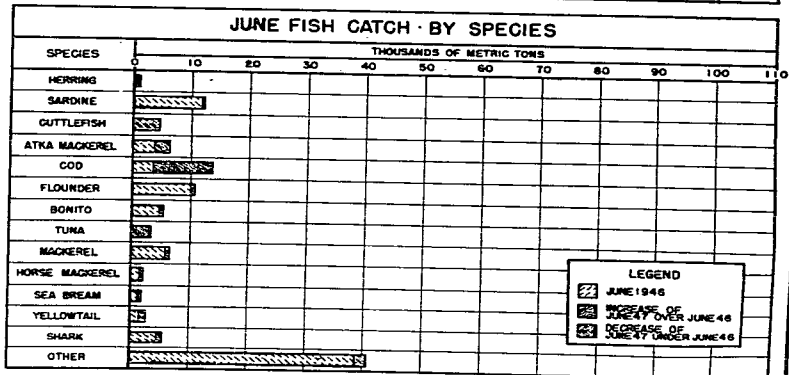
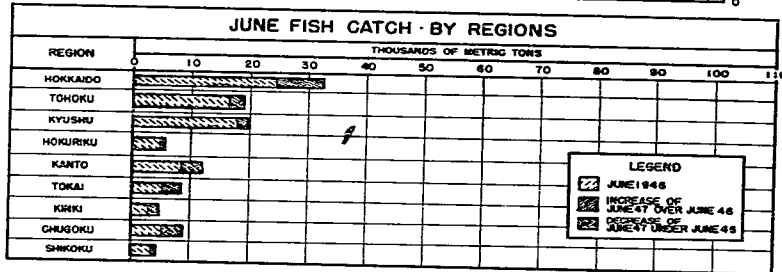
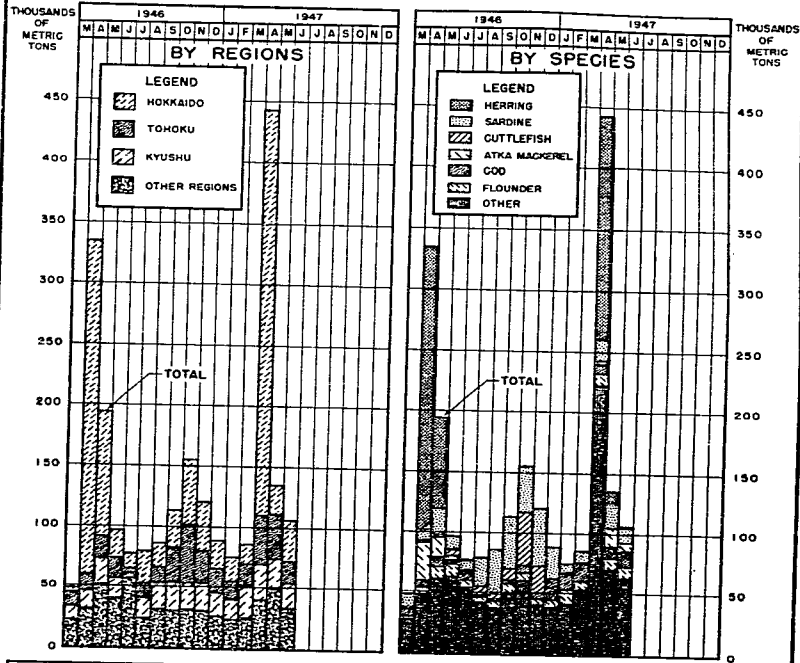
10. Livestock slaughtered during May declined to 25,291, or 1,190 fewer than in April. A further decrease in June brought the slaughter to 23,412, as shown in the chart at top of next page.

The slaughter of cattle, totaling 14,092 in April, declined to 12,182 in May and 11,904 in June. The number of hogs slaughtered, 7,289 in April, increased to 8,790 in May and dropped to 6,800 in June. Slaughter of horses fell from 4,063 in April to 3,358 in May, increasing slightly to 3,368 in June. The number of goats, sheep and calves slaughtered rose from 937 in April to 961 in May and 1,280 in June.

Milk Production

11. May milk production, charted on next page, rose to 9,591 liters, an increase of 1,306 over April and 1,631 over March.

FISH CATCH



SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY, BUREAU OF FISHERIES.
GHQ-SCAP JAPAN - JUL 47

NUMBER 10

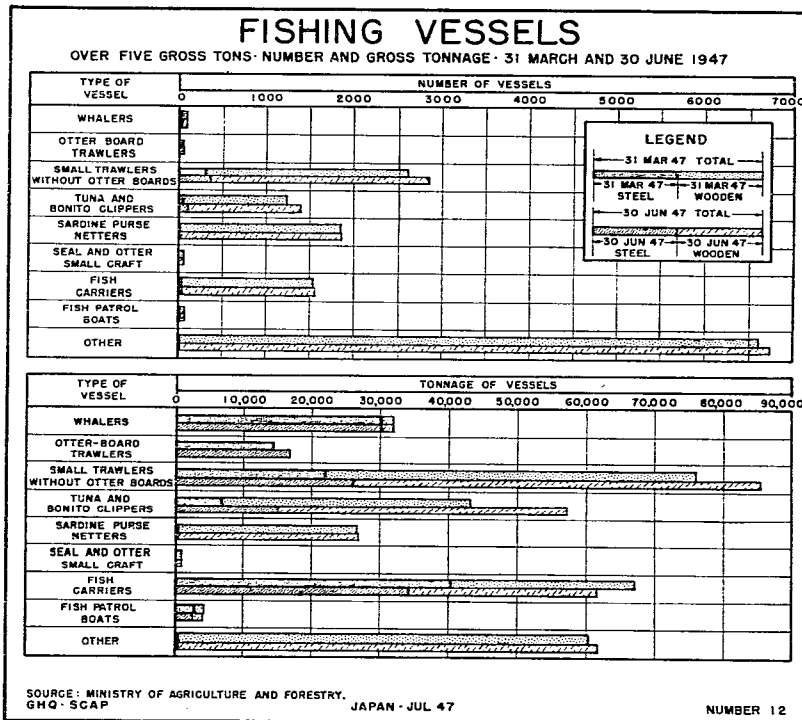
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Marine Oil Exports

15. The Vitamin A-D Association has agreed to make available for export all liver oil with a potency higher than 30,000 international units of Vitamin A per gram, in line with the program to step up fishery exports and help meet the world shortage of liver oil. Whale oil valued at \$ 3,000,000 and 25 tons of Vitamin A and D oil valued at \$ 750,000 have already been exported.

Fishing Fleet

16. There were 14,639 steel and wooden fishing vessels of 5 to 500 gross tons in June, an increase of 549 over May. Steel craft, primarily whalers and trawlers, total slightly less than half the tonnage of wooden boats.



Trawler Licenses

17. Trawler licenses, issued by the Bureau of Fisheries, are divided into three groups, for trawlers over 200 gross tons, from 40 to 180 gross tons and under 50 gross tons. Authorization was obtained for 60 ten-year licenses for the 200-ton class, 930 five-year licenses for the 40-180-ton class and 3,200 five-year licenses for the 50-ton class.

18. About 235 of the 40-180-ton class licenses have been issued to two large companies which formerly operated in China and Formosa waters and will rehire former employees now being repatriated to Japan.

A.I.:U.V.A. 15002

Tuna and Bonito Licensing

19. Fifty companies and associations have received 121 permits to operate tuna and bonito boats. Individual fishermen have received 365 licenses. Of the 486 permits so far issued 278 are held by experienced operators.

A.I.U.U.K. 1902

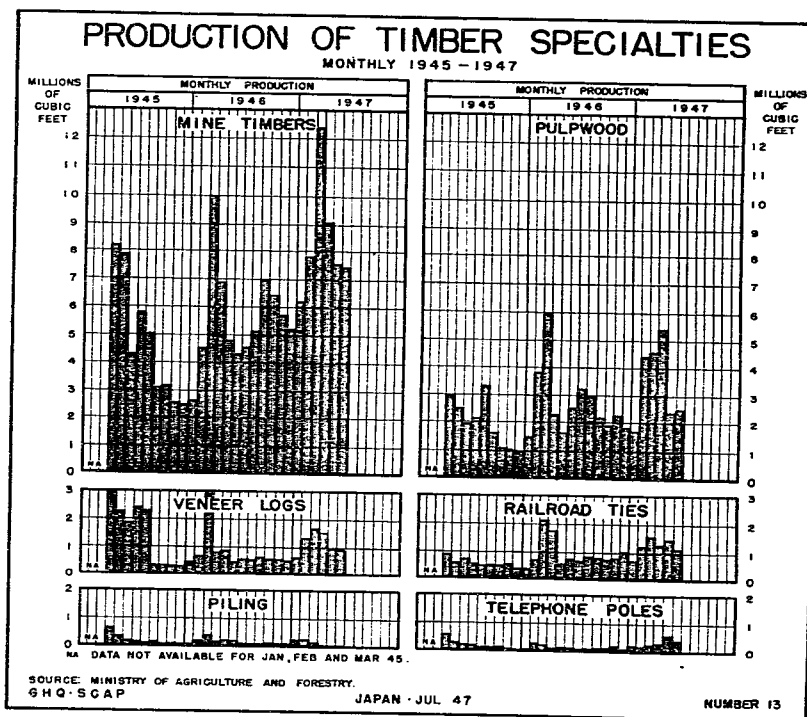
SECTION 2
FORESTRY AND MINING

CONTENTS

	Paragraph
Log and Lumber Production	1
Mining.	5

LOG AND LUMBER PRODUCTION

1. June production of all logs totaled 545,856,000 board feet, exceeding May output by 1,032,000 board feet. Note the graph on the following page. Six of nine lumber items gained. Stockpiles declined to 2,119,304,000 board feet, 2,048,000 under the previous month.



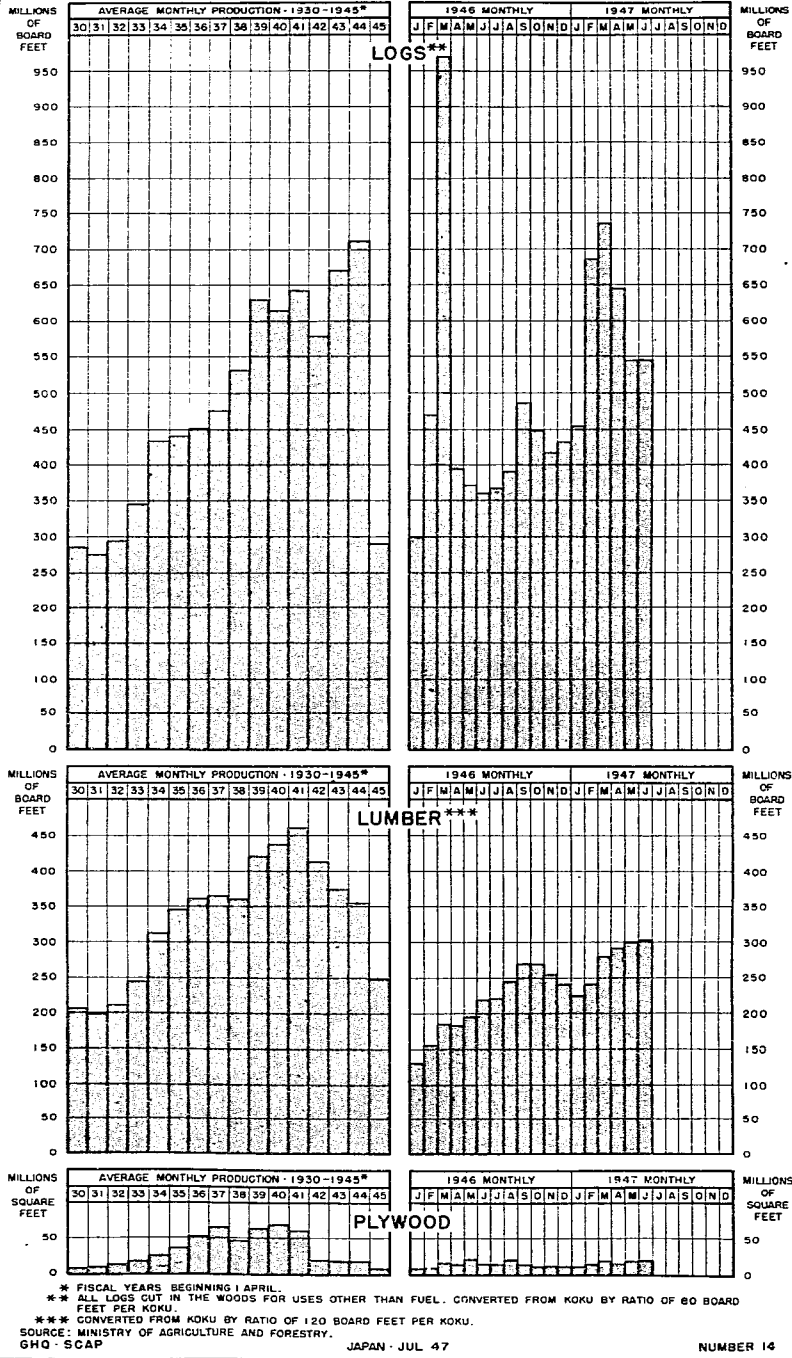
Firewood and Charcoal

2. Firewood production in June declined 161,554 cubic meters under May to 657,151 and deliveries fell 112,593 to 364,348. Charcoal output of 70,760 metric tons was 30,485 under May with June deliveries of 75,802 metric tons trailing the previous month's by 25,382 metric tons. Gasumaki (small blocks of fuelwood for internal combustion engines) output gained to 30,453 metric tons. Deliveries reached 27,938. See the chart at top of page 85.

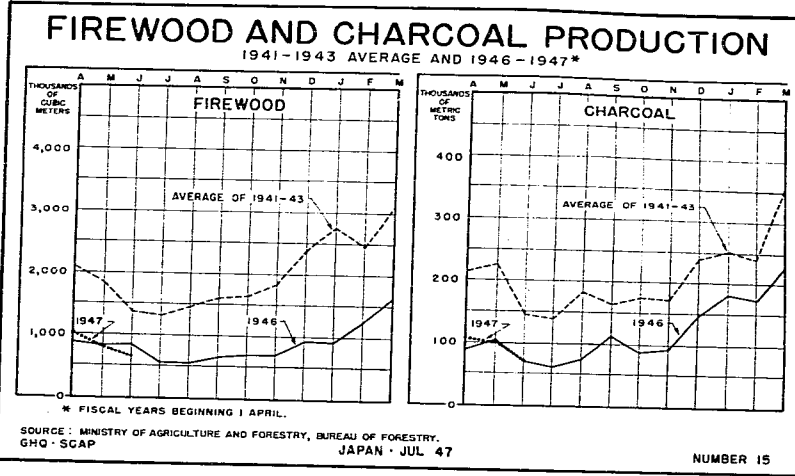
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LOG, LUMBER AND PLYWOOD PRODUCTION

1930-1947



A.I.U.O.A. 1/27/02



Production Requirements

3. Materials requirements for forest roads, reforestation and flood control varied only slightly in the first two quarters of the 1947-48 fiscal year. The only substantial drop among the major requirements occurred in timber needs for forest roads in the second quarter which fell from 20,000,000 board feet to 3,192,000.

Chemical products used in building forest roads fell slightly in the second quarter to 1,276 metric tons. Detonators needed in the second quarter declined 78,090 to 2,064,910 while the requirement for fuse cord rose 488,070 meters to 1,973,570.

Timber and chemical products needed for reforestation and flood control reached 10,640,000 board feet and 3,781 metric tons respectively, small gains over the first quarter.

4. The estimated amount of coal, oil products, nonferrous metals and plywood for the production of timber, charcoal and firewood and special forest products increased considerably over the first quarter. Ten of 13 principal items gained with only coke, paper and sheet glass requirements declining.

FORESTRY PRODUCTION MATERIALS REQUIREMENTS
(metric tons)

	Timber	Firewood, Charcoal and Briquettes	Special Forest Products a/	Total
Coal				
1st quarter b/	5,500	102,400	1,725	109,625
2nd quarter c/	62,280	165,540	3,008	230,828
Coke				
1st quarter	10,000	0	0	10,000
2nd quarter	785	0	4,000	4,785

	<u>Timber</u>	<u>Firewood, Charcoal and Briquettes</u>	<u>Special Forest Products a/</u>	<u>Total</u>
Oil products (kiloliters)				
1st quarter	9,555	120	76	9,751
2nd quarter	14,601	2,119	123	16,843
Fig iron				
1st quarter	875	25	15	915
2nd quarter	1,021	54	26	1,101
Steel materials				
1st quarter	3,836	126	306	4,268
2nd quarter	4,657	617	704	5,978
Nonferrous materials				
1st quarter	134	17	33	184
2nd quarter	123	210	58	391
Chemical products d/				
1st quarter	1,801	10,525	297	12,623
2nd quarter	2,062	15,570	482	18,114
Timber (board feet)				
1st quarter	5,436,800	400,000	1,359,200	7,196,000
2nd quarter	5,436,800	1,520,000	2,370,480	9,327,280
Plywood (square feet)				
1st quarter	142,330	0	35,582	177,912
2nd quarter	142,330	235,239	620,563	998,132
Textile fibers				
1st quarter	0	0	13	13
2nd quarter	123	85	15	223
Fatty oil products e/				
1st quarter	341	0	184	525
2nd quarter	341	5	320	666
Paper				
1st quarter	18	610	30	658
2nd quarter	70	348	13	431
Sheet glass (boxes)				
1st quarter	1,200	200	110	1,510
2nd quarter	0	0	0	0

a/ Includes lacquerware, bamboo sprouts, gall nuts and fungus for food use.

b/ From 1 April to 30 June.

c/ From 1 July to 30 September.

d/ Includes acids and salts.

e/ Includes hardened oil, industrial fat oil and refined glycerine.

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

MINING

	Paragraph
Coal	5
Oil	10
Mining Industry	13

COAL

Production

5. Mine yields were 1,382,200 metric tons of coal the first 20 days of July, 29,600 under the same period in June.

6. June coal output was 2,128,000 metric tons, 1,700 over revised May production and 82,000 under the June quota. Average daily production rose 3,400 metric tons from the revised May figure to 84,000. Note the graph on following page.

Deliveries

7. June coal deliveries totaled 2,025,000 metric tons, six percent under the 2,155,000-ton allocation, 98,000 tons under the final May delivery figure and 84,300 tons less than preliminary figures for June production. Deliveries to specific industries ranged from an excess over final allocations of 44 percent to a shortage of 32 percent. See charts, pages 89, 90 and 91.

Stockpiles

8. June stockpiles declined 15,800 metric tons to 738,800, of which 95 percent was available.

COAL STOCKPILES
30 June
(metric tons)

Available

Absolute minimum required on hand at all times for operating purposes	421,200
Stockpiles available under present conditions	80,800
Stockpiles available if additional shipping facilities are provided	<u>199,100</u>
Total	701,100

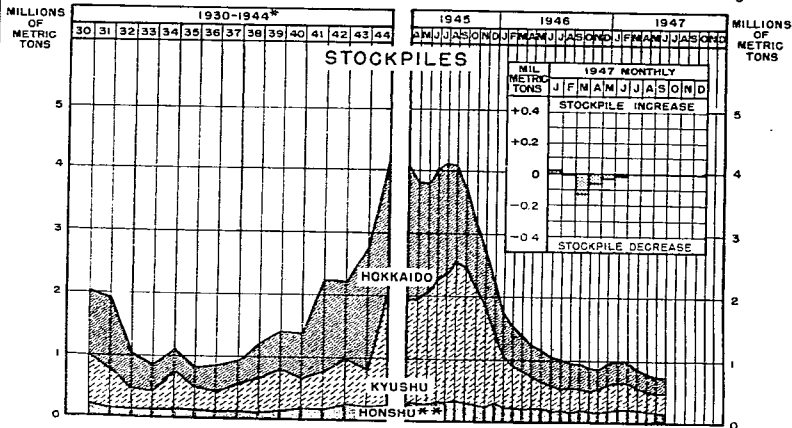
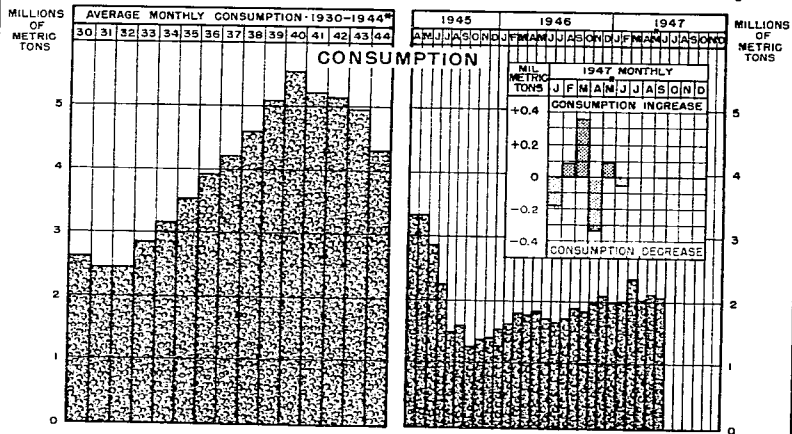
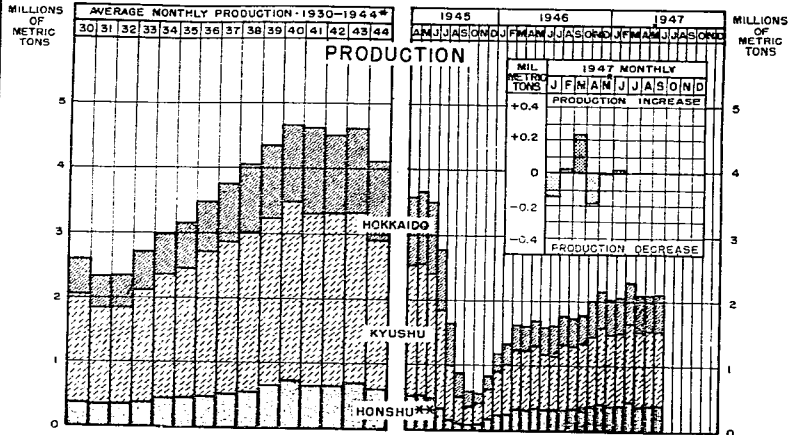
Unavailable

Stockpiles of low calorific value due to prolonged exposure	3,600
Stockpiles contaminated due to prolonged exposure	3,200
Stockpiles in inaccessible areas	<u>30,900</u>
Total	37,700

SOURCE: Ministry of Commerce and Industry, Coal Board.

COAL PRODUCTION, CONSUMPTION AND STOCKPILES

1930-1947

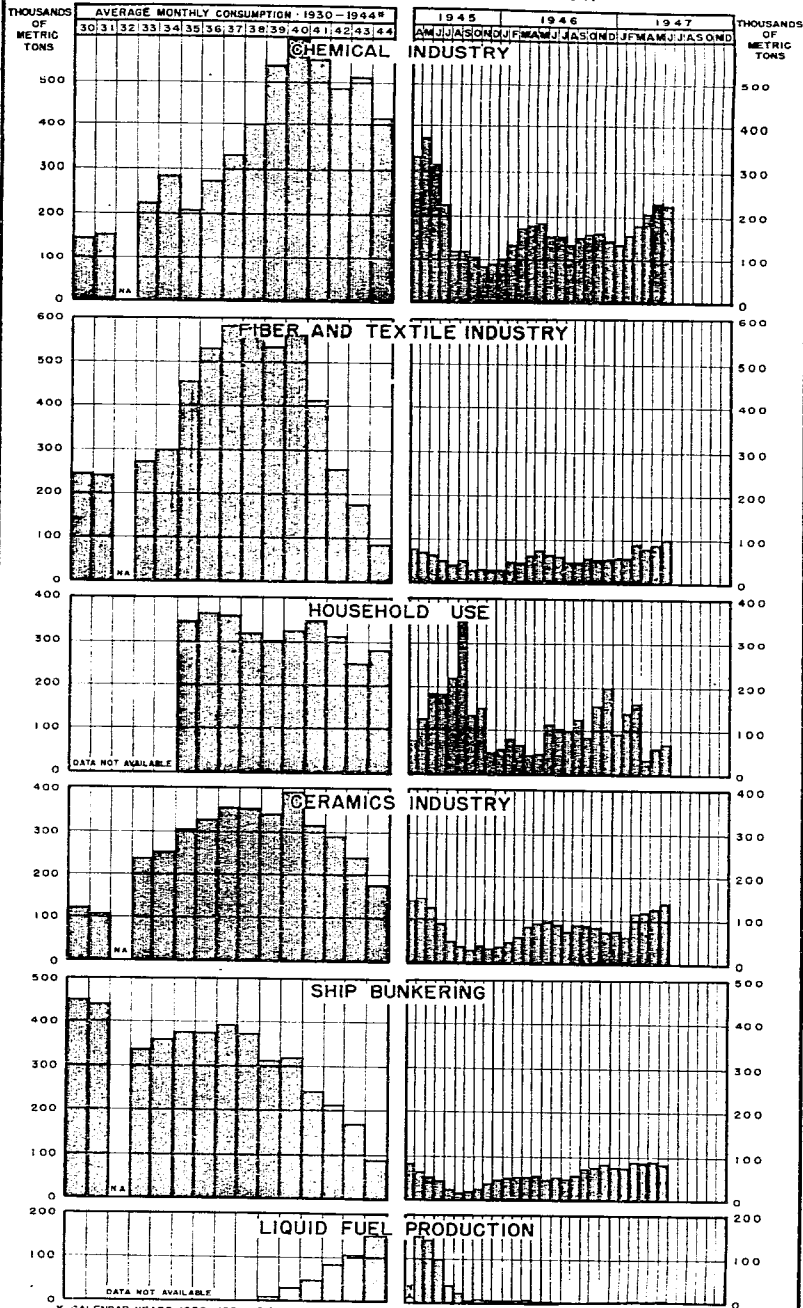


* REVISED.
 ** 1930-1938 ARE CALENDAR YEARS; 1939-1944 ARE FISCAL YEARS BEGINNING ON 1 APRIL.
 *** HONSHU DATA INCLUDE SMALL AMOUNT OF PRODUCTION AND STOCKPILES IN SHIKOKU.
 SOURCE: MINISTRY OF COMMERCE AND INDUSTRY.
 GHQ-SCAP

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COAL CONSUMPTION

BY PRINCIPAL USER CATEGORIES - 1930-1947



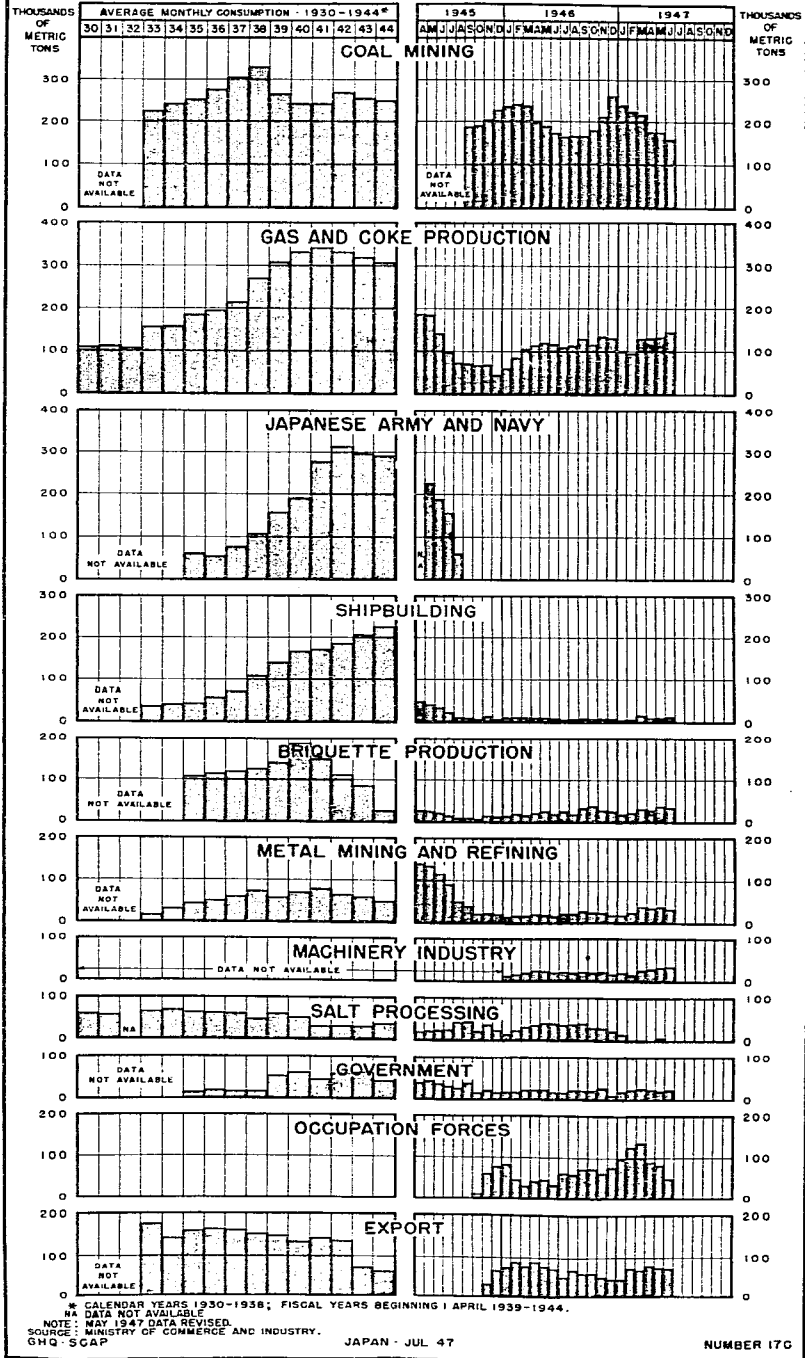
* CALENDAR YEARS 1930-1938; FISCAL YEARS BEGINNING 1 APRIL 1939-1944.
 NA DATA NOT AVAILABLE
 NOTE: MAY 1947 DATA REVISED
 SOURCE: MINISTRY OF COMMERCE AND INDUSTRY.
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COAL CONSUMPTION

BY PRINCIPAL USER CATEGORIES - 1930-1947

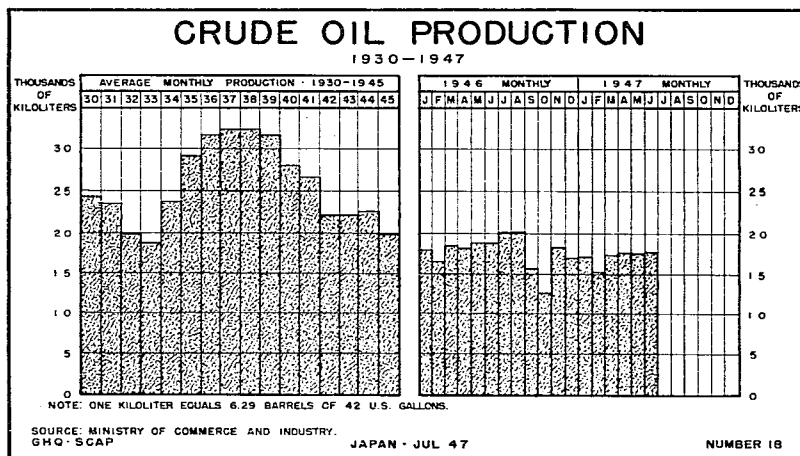


Lignite

9. June lignite production, 8,237 metric tons under the revised May output, was 218,794 tons, and stockpiles declined 30,593 metric tons under the final May figure to 396,366. Deliveries fell from 244,006 in May to 230,000. Note the chart on the following page.

OIL

10. Crude oil production in June was 17,790 kiloliters, 121 more than in May and representing an average daily production of 593 kiloliters. Monthly production since the winter decline has trailed output of corresponding months in other years by about 1,000 kiloliters, partly due to the failure of some exploratory areas to overcome the natural decline in output of producing fields.



Drilling Operations

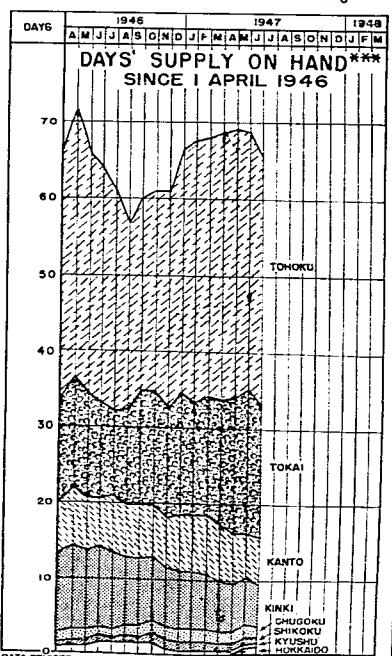
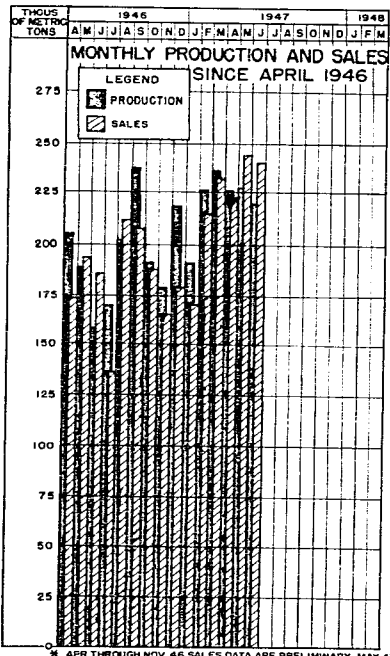
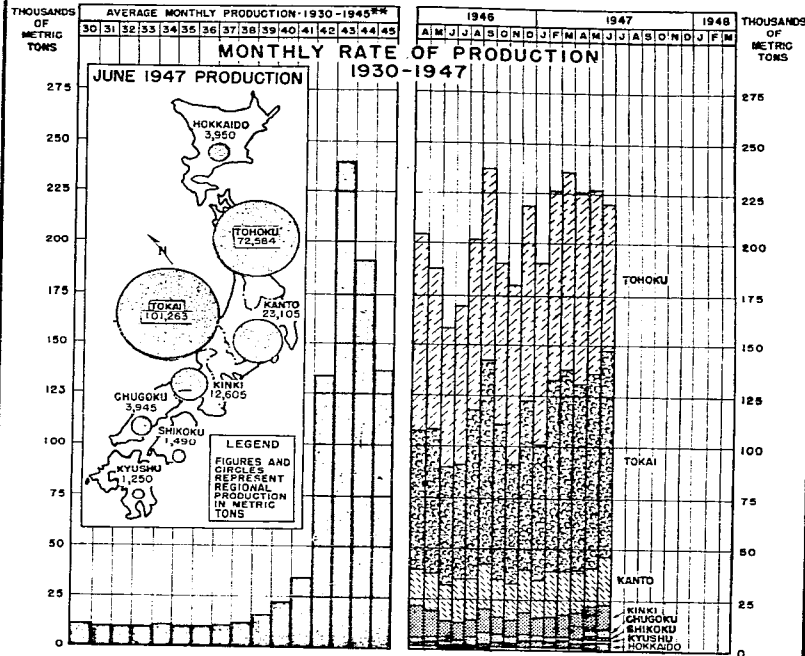
11. One feeling-out well and two exploration wells were completed as oil producers in June drilling operations by the Imperial Oil Company. Initial production of the wells was 3.3, 2 and .5 kiloliters.

DRILLING OPERATIONS
June

	<u>Exploitation</u>	<u>Feeling-out</u>	<u>Exploration</u>	<u>Total</u>
Completed as oil producers	0	1	2	3
Completed as gas producers	1	0	0	1
Abandoned	0	0	1	1
Commenced during month	1	0	2	3
Other wells drilling at end of month	6	6	4	16
Total strings active at end of month	7	6	6	19

SOURCE: Imperial Oil Company.

LIGNITE PRODUCTION, SALES AND STOCKPILES* BY REGIONS



* APR THROUGH NOV 46 SALES DATA ARE PRELIMINARY. MAY 47 DATA REVISED.
 ** 1939-1945 DATA ARE GIVEN FOR FISCAL YEARS BEGINNING 1 APRIL.
 *** DAYS' SUPPLY ON HAND DATA ARE BASED ON AVERAGE DAILY SALES DURING FISCAL YEAR 1946-6,194.4 METRIC TONS.
 SOURCE: MINISTRY OF COMMERCE AND INDUSTRY.
 GHQ-SCAP JAPAN - JUL 47 NUMBER 19

Exploration Program

12. Three of Imperial Oil Company's geological projects and one gravity survey of the geophysical program were completed in June.

MINING INDUSTRY

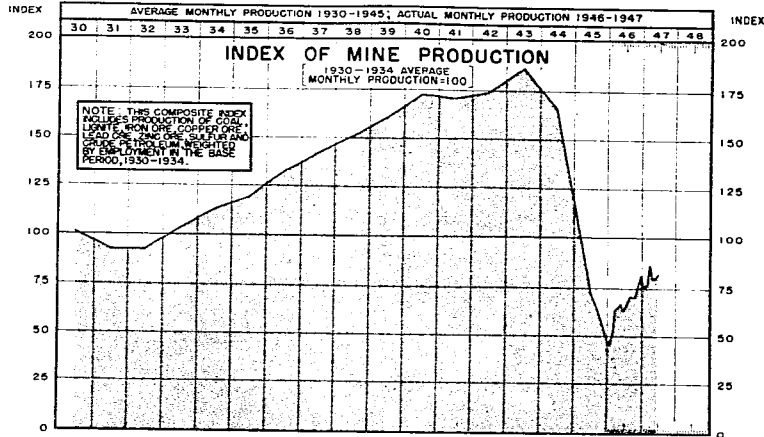
13. Tin, molybdenum, fire clay, gold and pyrite, sulfur and iron ore were among the 14 of 25 mineral commodities which gained in May. Declines under April levels occurred in stockpiles of 16 commodities.

Sixteen of the 51 principal mineral and metal mines, excluding fuel producers, are concentrated in southern Honshu, while the remaining mines are scattered throughout Japan, as shown in chart on page 96.

14. Continuing shortages of steel rope, conveyor belts, petroleum products and efficient flotation reagents are limiting production, while shortages of food, clothing and housing are hampering the recruitment program.

MINE PRODUCTION

SPECIFIED MINE PRODUCTS 1930-1947



MINE PRODUCT	UNIT	AVERAGE MONTHLY PRODUCTION					JUNE 1947 PRODUCTION
		1930-1934	1935-1939	1940-1944	1945	1946	
ANTIMONY (CONTENT)	METRIC TONS	NA	14,452	18,183	35,500	4,417	7,197
ARSENIC (CONTENT)	"	199,142	319,335	217,220	NA	NA	132,600
BARITE CONCENTRATE	"	NA	847,083	1,174,150	628,333	48,417	109,000
CHROMITE CONCENTRATE	"	1,265,317	3,654,300	5,140,133	3,626,167	603,417	242,000
COAL	"	2,598,000,000	3,765,400,000	4,533,000,000	1,864,000,000	1,698,000,000	2,128,000,000
COBALT (CONTENT)	"	NA	10,285	32,583	359,083	NA	857
COPPER (CONTENT)	"	5,214,217	5,569,350	6,926,700	2,622,000	1,428,250	1,945,000
FLUORSPAR CONCENTRATE	"	0,000	33,867	503,400	267,250	21,500	12,000
GOLD (CONTENT)	"	1,095	1,893	1,514	066	097	135
GYPSSUM CONCENTRATE	"	4,372,450	9,242,333	14,175,650	6,951,750	3,605,833	3,575,000
IRON CONCENTRATE	"	24,032,083	58,252,767	204,021,275	116,046,912	46,437,831	41,013,000
LEAD (CONTENT)	"	518,633	872,100	1,459,167	593,500	354,083	601,000
LIGNITE	"	10,000,000	11,200,000	124,600,000	137,000,000	196,000,000	220,000,000
LIMESTONE	"	562,433,233	899,355,067	1,039,548,908	383,666,667	NA	NA
MANGANESE CONCENTRATE	"	2,674,783	8,428,600	22,605,166	13,303,583	2,366,583	2,672,000
MERCURY (CONTENT)	"	417	1,795	15,357	7,550	4,083	5,053
MOLYBDENUM (CONTENT)	"	900	400	11,416	19,333	8,167	6,073
PETROLEUM (CRUDE)	KILOLITERS	21,648,800	30,714,600	23,813,400	19,947,000	17,697,000	17,790,000
PYRITE CONCENTRATE	METRIC TONS	65,699,900	150,435,650	146,465,594	33,664,832	39,572,748	66,038,000
SILVER (CONTENT)	"	15,152	26,206	25,471	1,456	2,770	5,052
SULFUR (REFINED)	"	7,751,400	17,124,883	13,086,249	3,160,667	1,782,417	2,421,000
TIN (CONTENT)	"	124,450	158,433	123,817	8,125	4,500	10,425
TUNGSTEN CONCENTRATE	"	3,968	18,283	60,050	22,333	4,917	1,879
ZINC (CONTENT)	"	1,651,117	3,165,700	5,570,866	2,795,000	1,757,750	2,752,000

MINE PRODUCT	PERCENTAGE INCREASE / DECREASE OF JUNE 1947 OVER / UNDER JUNE 1946 PRODUCTION									
	0	10	20	30	40	50	60	70	80	90
ANTIMONY (CONTENT)	[Bar chart showing 164% increase]									
ARSENIC (CONTENT)	[Bar chart showing 118% increase]									
BARITE CONCENTRATE	[Bar chart showing 263% increase]									
CHROMITE CONCENTRATE	[Bar chart showing 263% increase]									
COAL	[Bar chart showing 263% increase]									
COBALT (CONTENT)	[Bar chart showing 263% increase]									
COPPER (CONTENT)	[Bar chart showing 263% increase]									
FLUORSPAR CONCENTRATE	[Bar chart showing 263% increase]									
GOLD (CONTENT)	[Bar chart showing 263% increase]									
GYPSSUM CONCENTRATE	[Bar chart showing 263% increase]									
IRON CONCENTRATE	[Bar chart showing 263% increase]									
LEAD (CONTENT)	[Bar chart showing 119% increase]									
LIGNITE	[Bar chart showing 263% increase]									
LIMESTONE	[Bar chart showing 263% increase]									
MANGANESE CONCENTRATE	[Bar chart showing 263% increase]									
MERCURY (CONTENT)	[Bar chart showing 263% increase]									
MOLYBDENUM (CONTENT)	[Bar chart showing 263% increase]									
PETROLEUM (CRUDE)	[Bar chart showing 263% increase]									
PYRITE CONCENTRATE	[Bar chart showing 263% increase]									
SILVER (CONTENT)	[Bar chart showing 263% increase]									
SULFUR (REFINED)	[Bar chart showing 263% increase]									
TIN (CONTENT)	[Bar chart showing 263% increase]									
TUNGSTEN CONCENTRATE	[Bar chart showing 148% increase]									
ZINC (CONTENT)	[Bar chart showing 263% increase]									

LEGEND
 [Hatched box] PERCENTAGE INCREASE OF JUNE 1947 OVER JUNE 1946
 [White box] PERCENTAGE DECREASE OF JUNE 1947 UNDER JUNE 1946

NA: DATA NOT AVAILABLE.

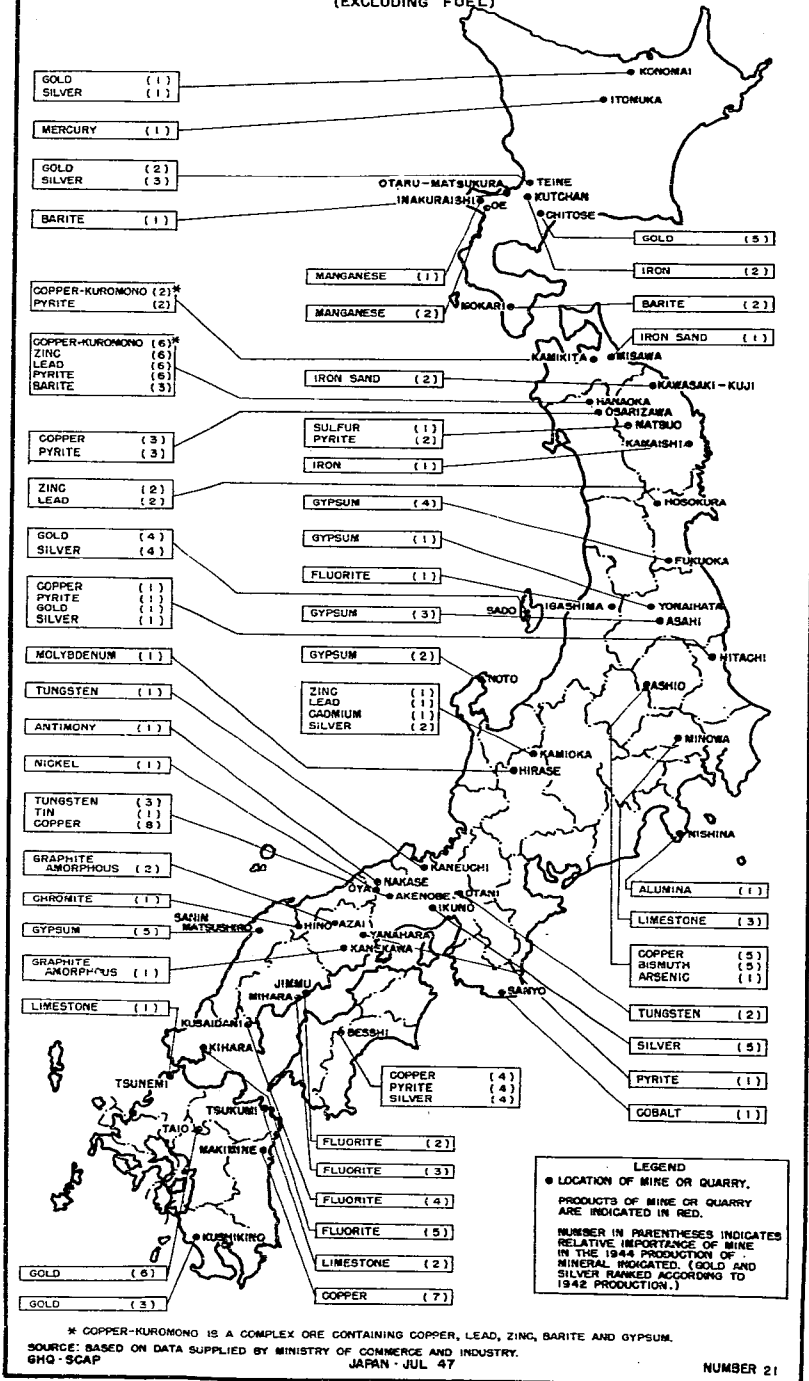
SOURCE: MINISTRY OF COMMERCE AND INDUSTRY, GHQ-SCAP

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NUMBER 20

LEADING MINERAL PRODUCING MINES

(EXCLUDING FUEL)



SECTION 3
HEAVY INDUSTRIES

C O N T E N T S

	Paragraph
Coke	1
Metal Industries	2
Rubber	12
Petroleum	13
Cement	14
Construction	15
Shipbuilding	19
Chemical Industries	20
Machinery	32

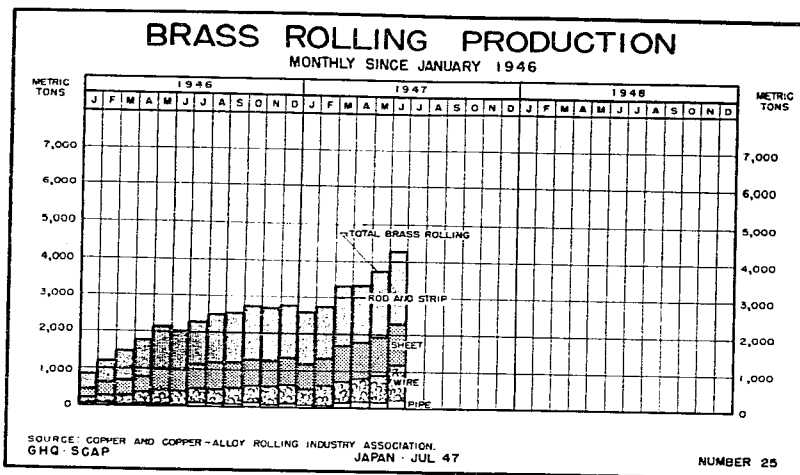
COKE

1. June coke production totaled 153,500 metric tons, 820 tons less than May. Coke stockpiles at the end of June decreased to 38,200 metric tons while coal stockpiles increased to 69,500 tons.

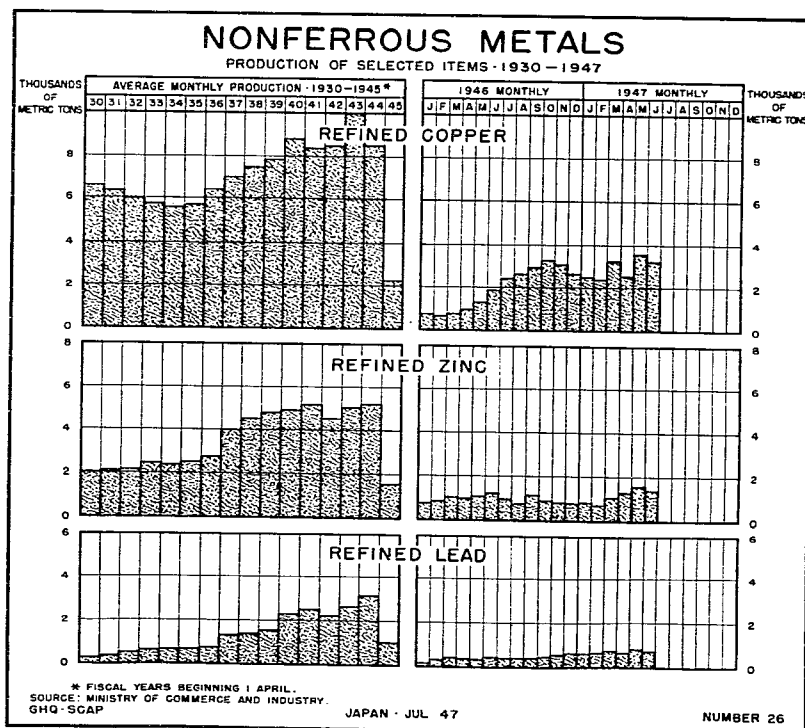
COKE ALLOCATION AND DISTRIBUTION
June
(metric tons)

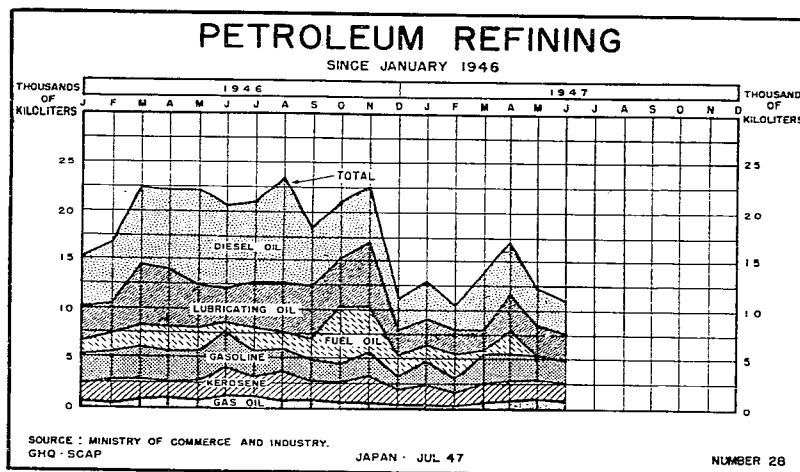
	<u>Allocation</u>	<u>Distribution</u>
Consumed by producers	70,180	61,270
Chemical industry (including fertilizer)	74,226	61,472
Metal industry	15,021	13,409
Industrial machinery	12,496	11,934
Rolling-stock manufacturing	5,301	5,214
Electrical machinery	3,906	3,719
Ceramics industry (including cement)	2,424	2,337
Shipbuilding	1,612	1,547
Others	1,900	1,737
Reserves	<u>1,187</u>	<u>1,150</u>
Total	188,253	163,789

SOURCE: Ministry of Commerce and Industry, Coal Board.



9. Smelter repairs were responsible for a 28-percent decrease in lead smelting and a 12-percent decrease in production of refined lead in June.



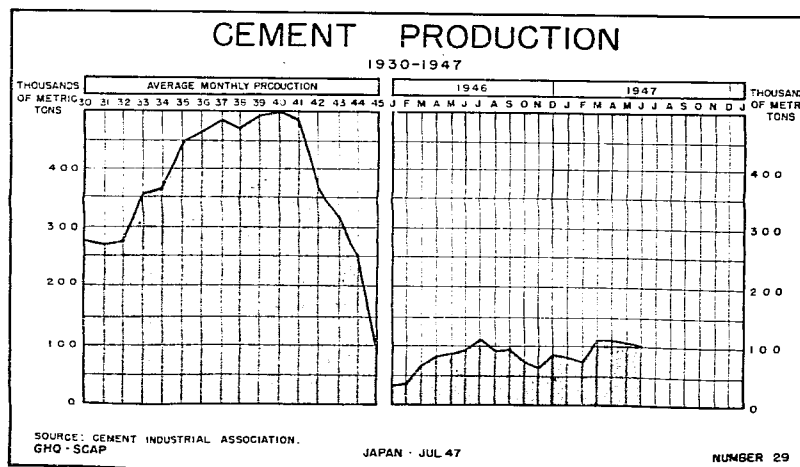


CEMENT

14. Thirty-six operating plants produced 100,502 metric tons of cement and 98,722 tons of clinker during June, decreases of 5,961 and 25,407 metric tons respectively from May.

STOCKS HELD BY CEMENT PLANTS 1 July (metric tons)

Coal	33,916
Clinker	118,983
Cement	124,530
Bags (pieces)	3,841,449



CONSTRUCTION

Coal-miners' Housing

15. The second Coal-miners' Housing Program which began in May provided for construction of 7,843 new houses and repair and rehabilitation of 14,645 old units. By 30 June construction of 246 houses had been completed and 6,172 units had undergone repairs.

Building Permits

16. Building permits issued in June for new construction totaled 33,229, an increase of 7,926 above May; building permits issued for repairs increased 1,208 above May to 4,062.

No permits for nonessential construction, including theaters, dance halls and restaurants, were issued during June.

Housing and Industrial Construction

17. A new high of 31,551 housing units started was reached in June, an increase of 5,154 above the May high. New construction units completed totaled 22,408 in June compared with 21,932 in May.

NEW CONSTRUCTION STARTED
June

	<u>Urban</u>		<u>Rural</u>		<u>Total</u>	
	<u>Units</u>	<u>Floor Area a/</u>	<u>Units</u>	<u>Floor Area a/</u>	<u>Units</u>	<u>Floor Area a/</u>
Dwellings	6,340	254,364	14,323	552,281	20,663	806,645
Combined dwellings and shops	4,664	194,343	1,074	48,525	5,738	242,868
Nonresidential buildings	<u>1,733</u>	<u>192,895</u>	<u>3,417</u>	<u>201,993</u>	<u>5,150</u>	<u>394,888</u>
Total	12,737	641,602	18,814	802,799	31,551	1,444,401

a/ Square meters.

SOURCE: Board of Reconstruction.

NEW CONSTRUCTION COMPLETED
June

	<u>Urban</u>		<u>Rural</u>		<u>Total</u>	
	<u>Units</u>	<u>Floor Area a/</u>	<u>Units</u>	<u>Floor Area a/</u>	<u>Units</u>	<u>Floor Area a/</u>
Dwellings	5,902	225,730	8,144	330,666	14,046	556,396
Combined dwellings and shops	3,143	144,747	604	40,138	3,747	184,885
Nonresidential buildings	<u>1,942</u>	<u>228,709</u>	<u>2,673</u>	<u>174,765</u>	<u>4,615</u>	<u>403,474</u>
Total	10,987	599,186	11,421	545,569	22,408	1,144,755

a/ Square meters.

SOURCE: Board of Reconstruction.

<u>Prefecture and City</u>	<u>Number of Dwellings Destroyed During War</u>	<u>Number of Dwellings Remaining After War</u>	<u>Number of Dwellings Newly Built</u>
Carried forward	1,943,615	1,640,454	352,947
Hiroshima			
Hiroshima	61,825	42,087	12,217
Kure	22,306	30,426	3,945
Fukuyama	10,154	1,344	4,370
Yamaguchi			
Shimonoseki	-	-	94
Ozuki	9,224	32,168	-
Ube	5,168	19,653	2,185
Tokuyama	4,427	4,006	1,613
Kudamatsu	-	-	271
Shimomatsu	48	7,584	1,749
Hikari	181	6,891	537
Iwakuni	336	10,398	287
Tokushima			
Tokushima	18,153	5,193	2,309
Kagawa			
Takamatsu	15,956	5,484	2,023
Ehime			
Matsuyama	13,284	10,734	3,955
Uwajima	6,315	3,946	1,058
Imaharu	8,099	2,769	810
Kochi			
Kochi	12,064	15,275	2,964
Fukuoka			
Fukuoka	14,106	50,793	4,409
Moji	3,891	23,205	732
Yawata	14,273	36,259	1,310
Omuta	11,082	24,832	3,840
Kurume	4,506	13,898	3,098
Wakamatsu	1,203	16,392	417
Nagasaki			
Nagasaki	14,207	40,255	1,648
Sasebo	12,825	40,219	894
Kumamoto	11,426	31,016	5,464
Arao	875	8,987	-
Oita			
Oita	2,916	13,441	998
Miyazaki			
Miyazaki	2,250	13,614	2,823
Nobeoka	3,765	10,748	3,261
Miyakonojo	1,592	10,323	2,362
Kagoshima			
Kagoshima	27,036	10,962	7,557
Kawauchi	2,766	4,005	-
Sendai	-	-	1,018
Total	2,259,874	2,187,362	433,165

a/ Does not include approximately 500,000 dwellings razed in construction of firebreaks.

SOURCE: Board of Reconstruction.

SHIPBUILDING

19. Civilian shipyards completed repairs on 438 vessels totaling 917,115 gross tons between 10 June and 10 July.

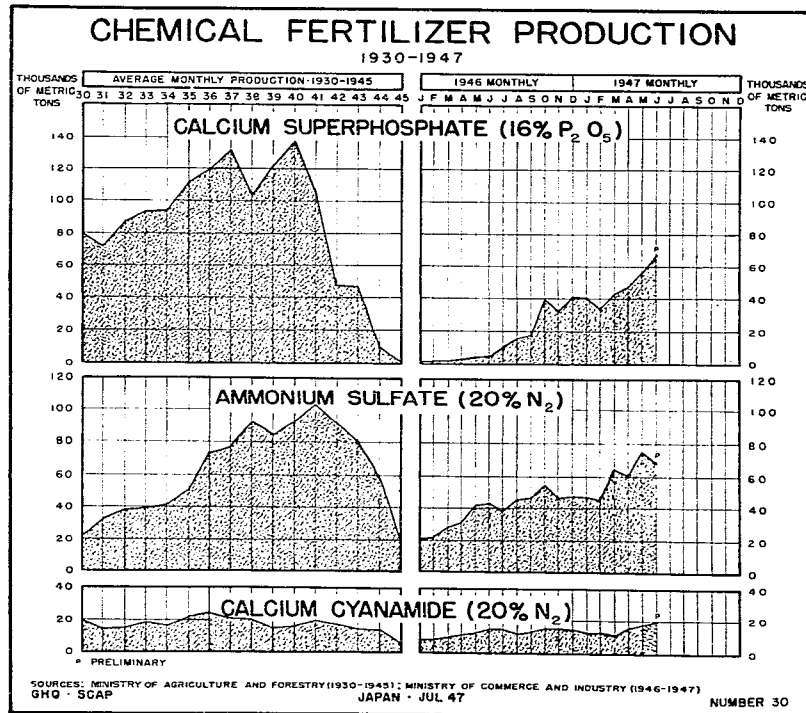
From 21 June to 20 July four steel cargo vessels totaling 9,870 gross tons were completed and one 16-ton steel vessel was launched. During the same period 25 steel fishing vessels totaling 2,615 gross tons were launched and 35 steel fishing vessels totaling 3,906 gross tons were completed. Six wooden ships totaling 1,200 gross tons were launched and 14 wooden ships totaling 2,940 gross tons were completed.

CHEMICAL INDUSTRIES

20. Basic heavy chemical production continued at about the same level in June with a production index of 44 percent of estimated requirements for a balanced economy compared with 43 percent in May. The largest decrease was in production of the finer types of dyes and their intermediates. Note the charts on the following two pages.

Fertilizer

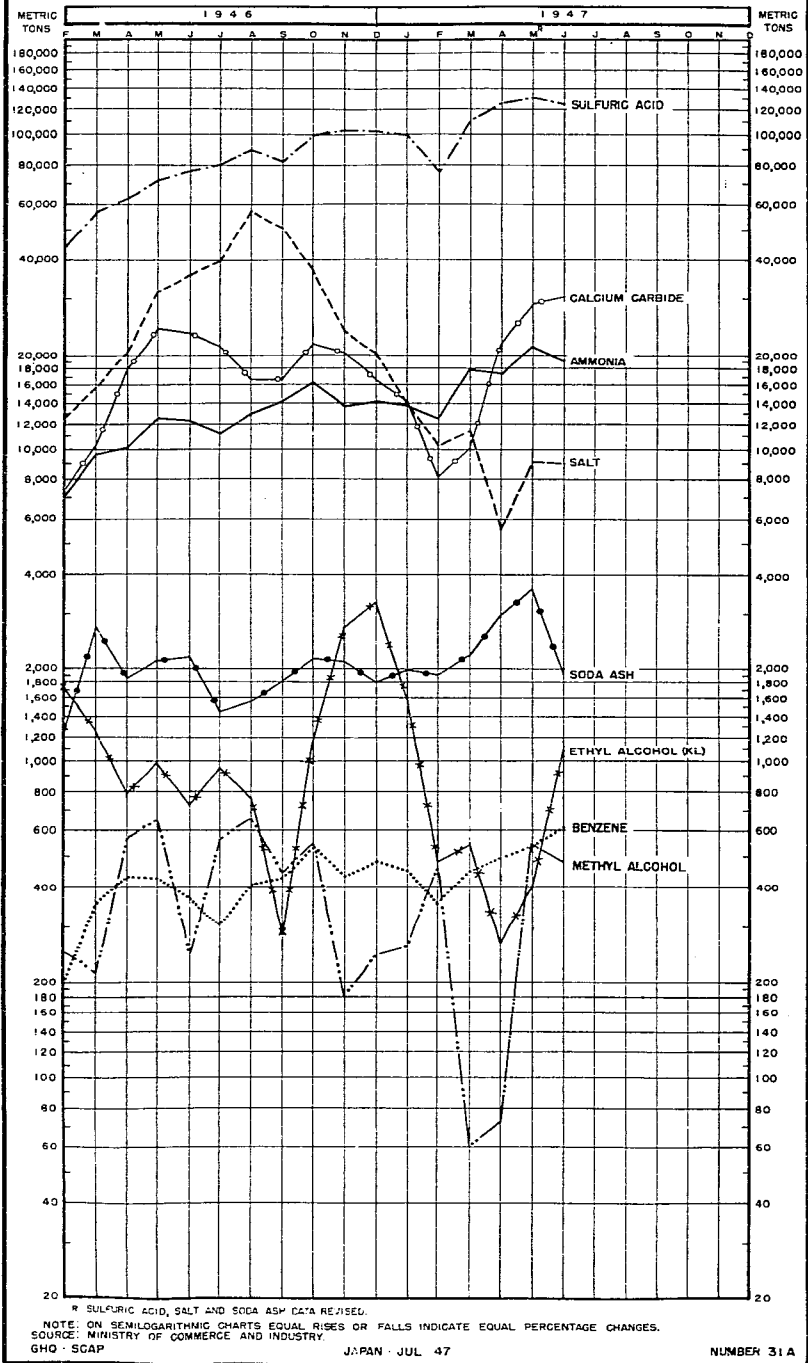
21. Calcium superphosphate production increased 18 percent above May to 67,340 metric tons, reflecting the current temporary availability of pyrite.



22. Ammonium sulfate production in June decreased 11 percent with output of 67,429 metric tons as a result of reduced quality of electric power and numerous shutdowns for repair.

PRODUCTION OF PRINCIPAL CHEMICALS

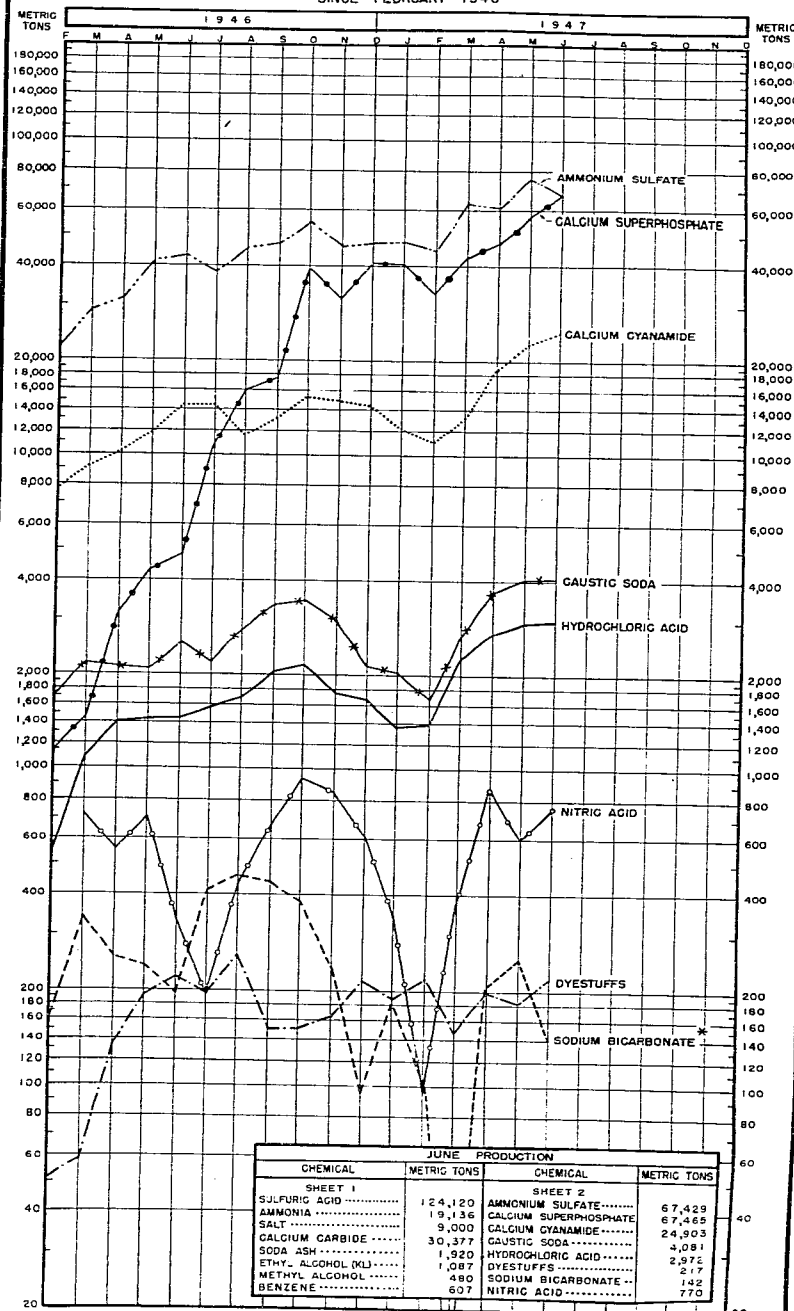
SINCE FEBRUARY 1946



A-11-100000 1946

PRODUCTION OF PRINCIPAL CHEMICALS

SINCE FEBRUARY 1946



JUNE PRODUCTION			
CHEMICAL	METRIC TONS	CHEMICAL	METRIC TONS
SHEET 1		SHEET 2	
SULFURIC ACID	124,120	AMMONIUM SULFATE	67,429
AMMONIA	19,136	CALCIUM SUPERPHOSPHATE	67,465
SALT	9,000	CALCIUM CYANAMIDE	24,503
CALCIUM CARBIDE	30,377	CAUSTIC SODA	4,081
SODA ASH	1,920	HYDROCHLORIC ACID	2,972
ETHYL ALCOHOL (KJ)	1,087	DYESTUFFS	217
METHYL ALCOHOL	490	SODIUM BICARBONATE	142
BENZENE	607	NITRIC ACID	770

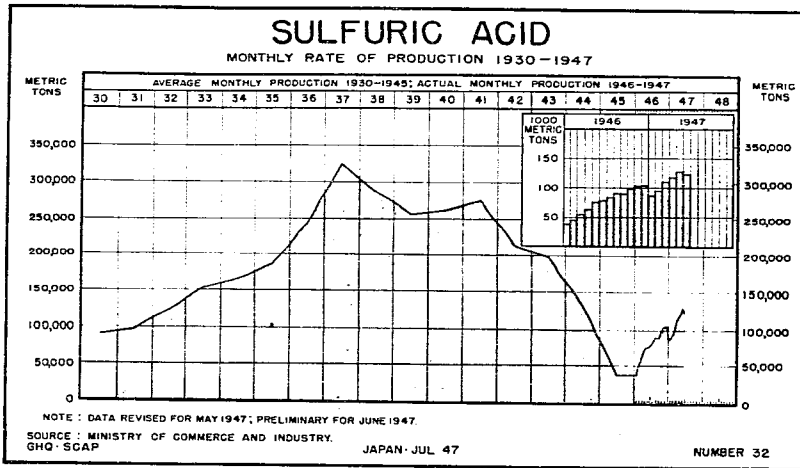
* MARCH SODIUM BICARBONATE PRODUCTION = 0.
 NOTE: ON SEMILOGARITHMIC CHARTS EQUAL RISES OR FALLS INDICATE EQUAL PERCENTAGE CHANGES.
 SOURCE: MINISTRY OF COMMERCE AND INDUSTRY.
 GHQ - SCAP JAPAN - JUL 47 NUMBER 31 B

A.I.O.O.I.A. 1300C

23. A seasonal increase in carbide production enabled calcium cyanamide output to reach a new postwar high of 24,903 metric tons (equivalent to 19,922 tons of 20-percent-nitrogen content) in June, nine percent above the May high.

Sulfuric Acid

24. Production of sulfuric acid decreased from a revised May high of 129,924 metric tons to 122,755 tons in June as the lack of pyrite was felt by the industry.



Soda Industries

25. Production of sodium products in general dropped in June due to decreased coal allocations to the industry. Of the 4,130-metric-ton output of caustic soda, 3,761 tons were produced by the electrolytic process as manufacturers with mercury-type cells increased their output. This process requires little coal and directly produces a purer and more concentrated product than the diaphragm-type cells. See chart at top of facing page.

26. Domestic salt production continued at a low level with imports meeting the major portion of requirements to enable fuel supplies to be used in more vital industries. Note the second graph on opposite page.

Coal-tar Products

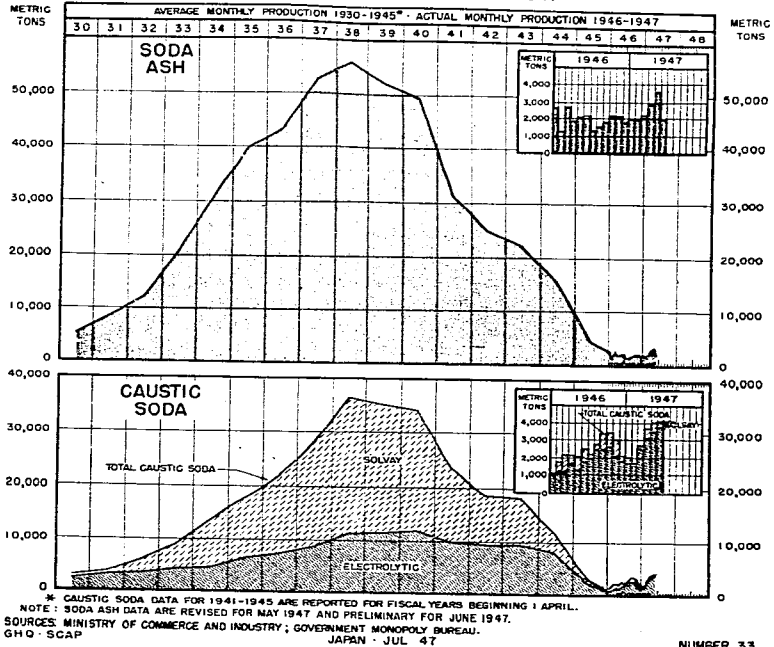
27. Benzene production increased from 538 metric tons in May to 607 tons in June because of increased efficiency in coal-tar recovery by several large plants.

Dyes and Intermediates

28. Total dye production increased from 182 metric tons in May to 217 tons in June with an increase in sulfur dye output accounting for the major gain. A sharp cut in the industry's coal allocation prompted the shift to sulfur dye production, which requires less coal than the more desirable types of dyes. Direct dye output decreased from 34 metric tons in May to 27 tons in June; vat dyes decreased from 28 to 14 tons; acid dyes from 19 to 12 metric tons and basic dyes from 9 to 6 metric tons.

SODA ASH AND CAUSTIC SODA

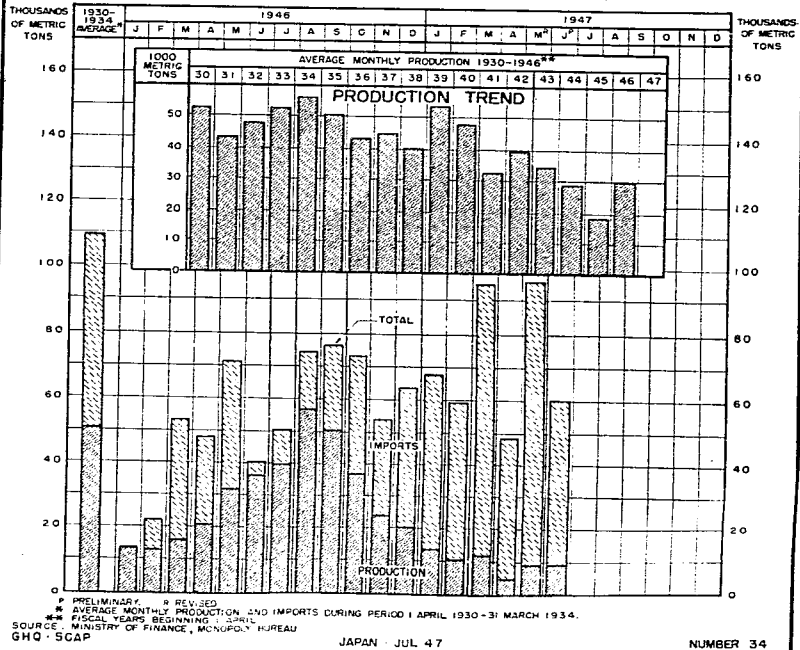
RATE OF MONTHLY PRODUCTION 1930-1947



NUMBER 33

SALT PRODUCTION AND IMPORTS

RATE OF MONTHLY PRODUCTION AND IMPORTS 1930-1947



NUMBER 34

29. Production of intermediates in general dropped sharply with chlorbenzene, nitrotoluene, phthalic anhydride, benzidine base and B-naphthol output decreasing from 103 metric tons in May to 43 tons in June. H-acid, phenol and aniline production showed a slight gain in June to 51 metric tons compared with 45 tons in May.

Oil and Paint

30. Paint production declined from 760 metric tons in May to 582 tons in June, the lowest since December 1945. Output of hardening oil increased 31 percent over May to 436 metric tons.

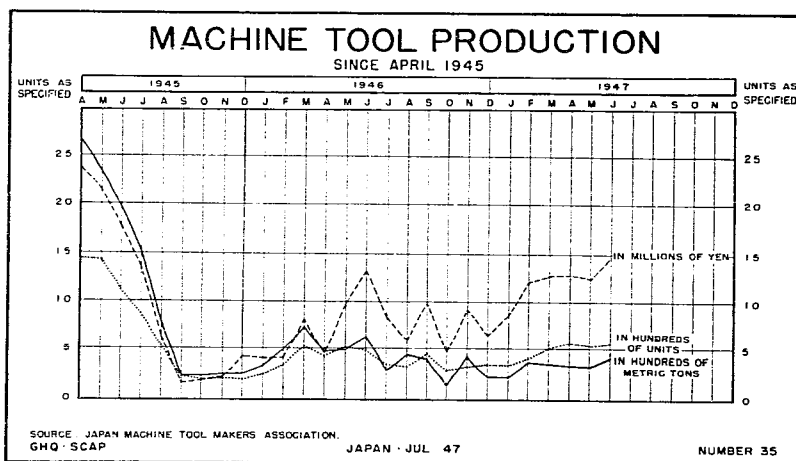
Acetylene Derivatives

31. Production of acetone and acetic acid increased in June to 71 metric tons and 619 tons respectively. The present rate of production is sufficient to meet essential requirements.

MACHINERY

Machine Tools

32. Fifty-two plants manufactured 555 machine tools in June, an increase of four percent above May.



Precision Bearings

33. June output of precision bearings totaled 415,651 valued at ¥ 21,453,648, compared with May production of 394,005 valued at ¥ 20,288,782. Journal bearings for railway rolling stock constituted 32 percent of total output by value.

Small Tools

34. Sixty-seven factories employing 7,106 persons manufactured small precision tools in June. Output of milling cutters and taps and dies increased. Shortages of steel and coal continued to retard production.

SMALL TOOL PRODUCTION
(units)

	<u>May</u>	<u>June</u>
Straight-shank drills	664,835	406,825
Taper-shank drills	26,806	22,485
Milling cutters	20,602	32,387
Taps and dies	272,520	289,443

Industrial Machinery

35. Production and repair of all categories of industrial machinery was valued at ¥ 444,600,000 and grossed 15,072 metric tons, an increase of six percent by value but a decrease of 19 percent by weight compared with May figures.

Over-all production was proportioned 74 percent for new units, 24 percent for parts and accessories and two percent for repairs.

INDUSTRIAL MACHINERY PRODUCTION
(thousands of yen)

	<u>May</u>	<u>June</u>
Chemical-manufacturing machinery	82,484	66,995
Pumps	37,640	44,517
Prime movers	24,739	42,621
Woodworking machinery	36,092	40,756
Mining machinery	27,356	36,247
Cranes and hoists	30,714	33,803
Printing and bookbinding machinery	24,091	29,908
Metal-forming equipment	31,401	28,915
Fans, blowers, compressors	31,816	26,804
Conveyors	11,218	14,071
Food products machinery	12,026	13,901
Iron- and steel-manufacturing equipment	15,521	12,473
Power transmission equipment	9,450	10,552
Rubber-manufacturing machinery	7,932	10,536
Crushers, mixers, pulverizers	11,191	9,275
Foundry equipment	8,641	7,224
Pulp- and paper-making machinery	1,778	2,141
Miscellaneous	<u>14,418</u>	<u>13,901</u>
Total	418,505	444,640

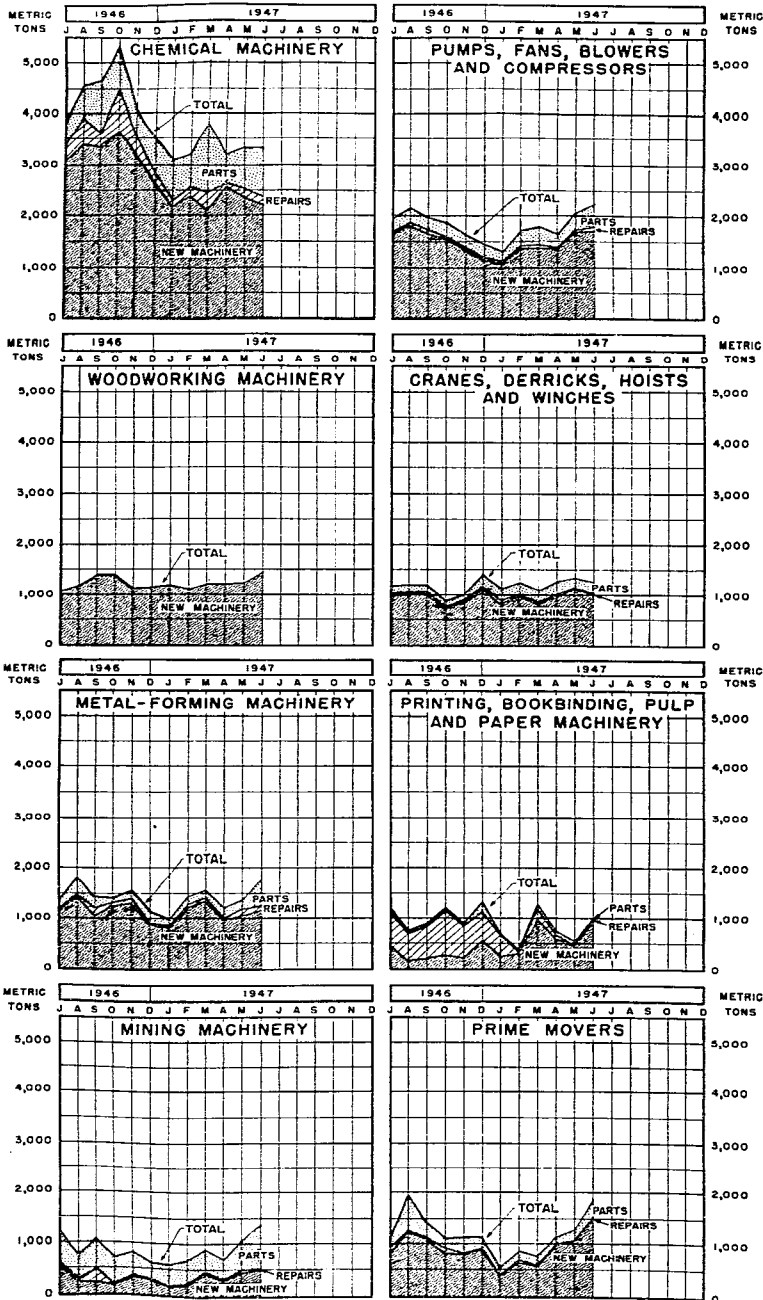
SOURCE: Industrial Machinery Association.

Mining equipment output increased 32 percent in value in June with output of closely related equipment such as conveyors and prime movers showing substantial gains. See chart on the following page.

36. Consumption of raw materials and fuel by the 1,262 reporting plants showed only slight increases.

INDUSTRIAL MACHINERY PRODUCTION

PRINCIPAL CATEGORIES SINCE JULY 1946



SOURCE: INDUSTRIAL MACHINERY ASSOCIATION, WOODWORKING MACHINERY ASSOCIATION AND PRINTING AND BOOKBINDING ASSOCIATION.
G.H. SCAP JAPAN - JUL 47 NUMBER 36

RAW MATERIAL AND FUEL CONSUMPTION
(metric tons)

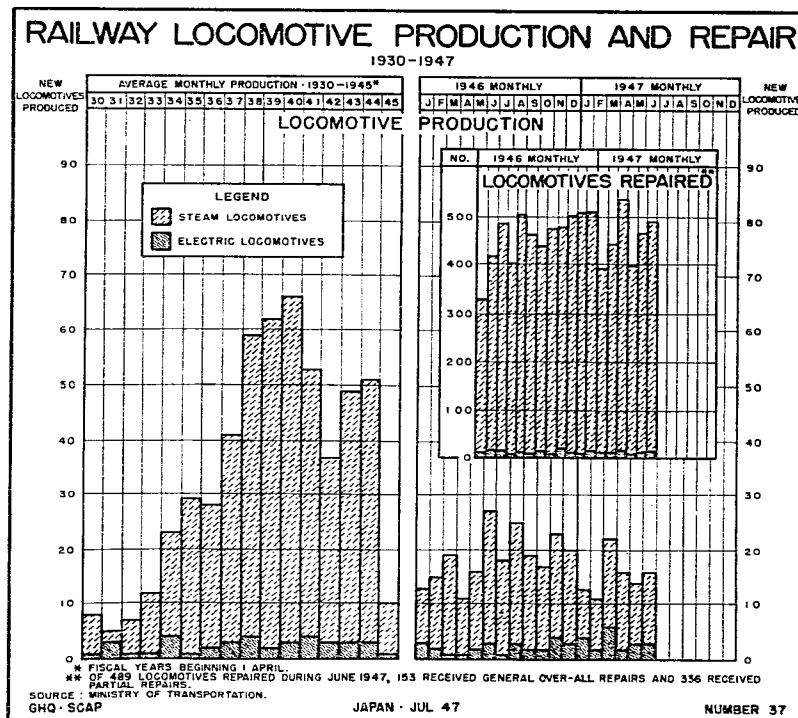
	May	June
Steel	9,547	10,814
Iron	10,375	12,145
Coal	7,179	8,627
Coke	6,739	9,316
Power <u>a/</u>	10,061	10,921

a/ Thousands of kilowatt hours.

SOURCE: Japan Industrial Association.

Railway Rolling Stock

37. Thirteen steam locomotives were manufactured in June, an increase of two over May, while production of electric locomotives remained constant at three.



Passenger-car output increased 17 above May to 95 in June. Freight-car production declined to 76 in June compared with 97 in May. Shortages of raw materials, coal and coke are hampering the industry's output.