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**TREATMENT OF JAPANESE
NATIONALS OVERSEAS**

**MINISTRY OF FOREIGN AFFAIRS
JAPANESE GOVERNMENT**

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I. INTRODUCTION

At the war's end Japanese living in Japan's overseas possessions and in foreign countries numbered roughly 3,680,000 residents in general and 3,360,000 military personnel.

Of the residents in general 3,138,000 have been repatriated during the past four years so that as of July 1949 there remained 447,000 in North and South Americas and 95,000 elsewhere.

Of the military personnel, 3,010,000 have been sent home, and some 350,000 are yet to be repatriated. Practically all of the latter are in Soviet areas.

As regards the 447,000 Japanese residents in the American continents, there are problems of adjustment arising from the wartime measures taken by the respective countries affecting their person and property.

The Japanese civilians remaining elsewhere, numbering 95,000, who can not come home, may be divided into the following 3 categories.

- (i) Detainees in Soviet areas, mostly in Sakhalin and Siberia. Those in Manchuria and North Korea, which were under Soviet occupation immediately after the war's end, are included in this category for the sake of convenience.
- (ii) Those detained for service, technical and otherwise, in various parts of China.
- (iii) Those connected with war crimes.

Details concerning the treatment of the overseas Japanese will be dealt below in the respective chapters. Special attention is invited here to the fact that with respect to their persons and property, the Japanese numbering over 6,000,000 were subject in many cases to treatment which was inconsistent with international law and usages as well as the terms of the Potsdam Declaration.

Tens of thousands of women and children and aged persons perished in the course of evacuation as the result of hunger and privation and of criminal assault. Even now, four years after the termination of hostilities, hundreds of thousands of Japanese civilians as well as prisoners of war are being held for in bondage. It is the fervent hope of the Japanese

Government that the deliverance of these unfortunate people will be effected at the earliest possible date by sympathetic action on the part of the Allied Headquarters.

It may be added that problems are pending concerning the 3,188,000 civilian repatriates with respect to the property, the assets and obligations they have left behind at their former places of residence. The mass removals of people on such a stupendous scale in so short a space of time, which are without parallel in history, have naturally given rise to innumerable problems relating to property disposition and other matters. Presumably, these will be considered in connection with the question of reparation. For the present, the Japanese Government desires at least to obtain information on the postwar dispositions that have been made so far in these matters.

II. TREATMENT IN NORTH AND SOUTH AMERICAS

The manner of adjustment of the wartime measures vis-a-vis Japanese residents in North and South Americas varies according to country. But Japan owes a heavy debt of gratitude to the United States, which has always acted in an exemplary manner in dealing with this matter by disposing of the various problems with equity and generosity, and which has gone beyond the mere adjustment of wartime measures by considering a policy of treating the Japanese even better than they were in pre-war days with respect to immigration and citizenship.

The adjustment of wartime measures against Japanese residents in the American continents involves the three questions of: (1) remedial steps for the forcible relocation; (2) return of the deportees to their original countries of residence, and (3) repeal of the special wartime economic measures. As regards the first question, most of the Japanese have been permitted to return to their original places of residence. But with respect to compensation for the losses suffered through relocation, no steps have been taken except in the United States and Canada. As regards the second question, it should be stated that a great majority of the deportees desire to return to the country where they had lived, and where many of them have left their families. As regards the third question, the war time restrictions have been lifted in most countries as far as the Japanese residents remaining on the spot are concerned. But the question is yet to be solved in Peru and Brazil, and a speedy and equitable settlement is desired.

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It may be mentioned in this connection that some Latin American countries which remained merely in a technical state of war, or only severed diplomatic relations with Japan, and which suffered no losses from actual warfare, instituted economic measures against Japanese residents that were in many instances entirely out of proportion to such a status of those countries vis-a-vis Japan. The Japanese Government hopes that sense of justice on the part of those countries will lead to rational measures of adjustments.

The following descriptions of the treatment of Japanese in individual countries, where problems are pending, are based partly on the reports of our foreign service personnel who returned by exchange boats, and partly on the informations which were brought back by Japanese residents from the respective countries, and of which the authenticity is unconfirmed.

A. Canada

When the war ended, some 4,000 left the country, after having been semi-compulsorily made to sign repatriation applications.

B. Peru

(1) Of the 1,600 Japanese, who were ordered deported at the outbreak of war, and were first shipped to the United States, 1,200 have been repatriated, while of the 400 remaining in the United States, 100 have been allowed to return to Peru, and 300 remain still in the United States, awaiting permission to go back.

(2) During the war the Enemy Assets Control Law and the Enemy Enterprises Procurement Ordinance were put into force. Since the war's end these measures have not been repealed. As a matter of fact, Japanese residents may make bank withdrawals only up to one-half of their total frozen deposit, while no measure has been instituted to compensate the Japanese for losses they have suffered through compulsory transfer of their business or property.

C. Brazil

During the war, restrictions were imposed upon Japanese bank withdrawals, the representation right was denied to Japanese for principal Japanese firms and cooperations, leading firms or banking institutions were either taken over by Brazilians or placed under their

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control. All these measures have not yet been cancelled, although it is reported that a bill for partial lifting of the ordinance for freezing Japanese assets is now before the federal Congress.

D. Panama; Salvador; Costa Rica; Haiti; Ecuador

300 Japanese from Panama and 40 or more from the other countries were ordered deported immediately following the declaration of war, and returned by exchange boat. Their seized assets have not yet been released.

III. SOVIET AREAS

1. Occupation by Soviet Forces

The Soviet Union declared war against Japan on August 9, 1945. Hostilities ceased on August 15, but the Soviet forces beginning with the latter part of August proceeded to occupy Manchuria, North Korea, Saghalien and the Kuriles. The important dates relating to the Soviet occupation of these territories are as follows:

A. Manchuria

	Occupation	Withdrawal	Occupation Period	Chinese Communist Army's Entry
Harbin	Aug. 15, '45	Apr. 25, '46	8m 11 d	Apr. 26, '46
Kirin	Aug. 17, '45	Mar. 23, '46	7m 6 d	Mar. 24, '46
Changechun	Aug. 18, '45	Apr. 14, '46	7m 27 d	Apr. 18, '46
Mukden	Aug. 18, '45	Mar. 15, '46	6m 28 d	Oct. 31, '47

Note: Mukden was taken on March 16, '46, by the Chinese Nationalist forces, who occupied the city for 1 year and 8 months until the entry of the Chinese Communist army on October 31, '47.

B. Kwantung Area

Occupied since August 19, 1945.

C. North Korea

Occupied for 3 years and 5 months from early in August, 1945 till December 26, 1948.

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D. Saghalien

Occupied since early in August, 1945.

E. The Kuriles

Occupied since the latter part of August, 1945.

2. Repatriation from Soviet Areas

The estimated numbers of Japanese at the war's end in the Soviet occupied areas—namely, Manchuria, South Saghalien, the Kuriles, North Korea and the Kwantung territory, and the numbers of repatriates from and unrepatiates in the respective areas are given in Tables I and II below. (The war end Japanese population in the Soviet areas is an estimate based on the most reliable data in the possession of the Japanese Government, the figures marked * being those as given out by G.H.Q.)

Table I.

Japanese Population at the End of the War	Nos. of Repatriates up to the End of October 1949	Unrepatriated
2,726,352*	2,339,424*	386,929*

Table II.

Siberia	Numbers of unrepatiates according to areas				Total
	South Saghalien and the Kuriles	North Korea	Manchuria		
247,191*	79,426*	0*	60,312*	386,929*	

Note 1:

The above tables take into account the cases of death as confirmed by the Japanese Government on the bases of letters from detainees or reports of repatriates.

Note 2:

Although "unrepatriated" under North Korea are marked 0 in the Table II above, some 500 Japanese are believed to be there according to reports of repatriates.

3. Deportation to Siberia

As described above, there were at the war's end altogether 2,726,352 Japanese, counting both military personnel and civilians, in the areas occupied by Soviet forces. But during the ensuing 9 months a great many of them were deported to Siberia.

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The Potsdam Declaration stipulates

The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

It was naturally expected that the Japanese prisoners of war in the Soviet occupied areas would be speedily returned to Japan, as were those in other areas, in accordance with this provision of the Potsdam Declaration. But on the contrary, they were taken far into Soviet territory to be distributed among a thousand and more camps scattered over Siberia and European Russia and there to be subjected to forced labor. Moreover, a similar treatment was meted out to a considerable number of Japanese civilian residents in general. Such an action on the part of Soviet authorities is something unprecedented in international usage, which contravened the principles of humanity as well as the terms of the Potsdam Declaration.)

4. Negotiations relating to Repatriation

Shortly after the war's end the SCAP Headquarters in Tokyo, to the profound gratitude of all Japanese, opened negotiations with the Soviet Government on the question of repatriation of the Japanese from Soviet controlled areas. There was no Soviet response for over a year until toward the end of November, 1946. At the start of the negotiations the G.H.Q. proposed a plan, under which 360,000 would be repatriated per month. But the agreement concluded between the Soviet Union and the SCAP authorities on December 19, 1946 provided for a monthly repatriation of 50,000.

Between late December, 1946 and early December 1947, some 620,000 Japanese were repatriated from Siberia, the Kuriles, South Sakhalien, North Korea and Dairen. 290,000 were returned in 1948 between May and December; and 84,973 from June to the end of October of this year. The total number of repatriates during the past two years fall below the figure set by the SCAP-Soviet Agreement, which provides for monthly repatriation of 50,000.

Meanwhile in view of the slow progress of the repatriation the G.H.Q. had proposed more than once a plan for bringing back 160,000 Japanese a month. But the Soviet Government would not agree, and, instead notified the suspension of repatriation during the winter months of 1947, and also of 1948. The G.H.Q. offered to dispatch ice-breakers, and to furnish the

repatriation ships with the necessary winter equipment, but the Soviet made no reply.

On March 17 this year the G.H.Q. requested the Soviet Government for an early reopening of repatriation, and on April 27 for a report on the health conditions of Japanese detainees. No formal reply has been received to date.

On the other hand, through a news agency, the Soviet Repatriation Agency in Moscow made public its plan for completing repatriation of all the 95,000 Japanese prisoners of war within this year. The low figure quoted in this statement for the Japanese prisoners of war was widely at variance with that published by the SCAP authority, and caused consternation and profound anxiety on the part of the Japanese public.

The G.H.Q. in its strongly-worded statement of June 13 characterized the Soviet letter as follows:

"The purpose of the letter is obviously twofold: to incite irresponsible and unruly minority elements in Japan to violence and disorderly resistance against the duly constituted Government of Japan and the lawful orders and processes thereof with a view to creating confusion, unrest and bewilderment in the ranks of the law-abiding Japanese masses, and to screen the Soviet unconscionable failure to abide by the requirements of International Law and specific Potsdam commitments in the return of over four hundred thousand Japanese citizens, long held in bondage, to their homeland."

Among those who were repatriated this year were included many civilians (76,417 military personnel and 8,556 civilians). These were led bands of "activists" who attributed their belated return to the failure of the Japanese Government to dispatch ships, and who proclaimed themselves as champions of liberty set for liberating their homeland from the clutch of imperialism. They snubbed the reception committee, and refused to fill in the repatriation cards, but marched in formation, singing the International, conducted mass meetings at railway stations, and behaved otherwise in a most absurd and erratic manner. Many of them would not talk even to their own family members, who had come to meet them, but ran to the Communist Party Headquarters to sign up as comrades.

The return of these self-appointed crusaders of Communism would seem

to indicate a political design as well as economic purposes behind the Soviet manipulation of the repatriation program. >>

5. Conditions at Detention Camps

No official report is available. The following accounts are based on the stories brought back by repatriates.

A. Work and Compensation

The detainees in Siberia are assigned to heavy labor generally in railway construction, timber cutting, public works, coal mining and development of mines, as shown in Table III.

Table III
Work Assignments
(as of 1948)

Assignments	Camp Number, 1946	Percentage against Total Camp Number	Camp Number, End of 1948	Percentage against Total Camp Number
Railway Construction	396	36.4	158	65.6
Timber Cutting	176	16.1	14	5.8
Building	200	18.4	27	11.2
Coal and Other Mines	139	12.8	30	12.4
Farms	35		3	
Timber Mills	35		2	
Factories	35	16.3	1	5.0
Public Works	20		0	
Electric Power Plants	16		3	
Others	37		2	
Total	1,089	100	241	100

Nothing was paid at first to Japanese detainees in Siberia. But from the end of 1947 most of them seem to have received something. But the cash payment over and above the cost of board was around 20 rubles a month; and even in case of special technicians it seldom exceeded 150 rubles. At any rate, all excess payments above 150 rubles were put into compulsory saving accounts, and withdrawal was permitted only immediately prior to departure for repatriation, so that the use for the money was exceedingly limited.

B. Health and Death Rate

The Soviet health office conducted monthly health examinations of the Japanese detainees in all camps. The men were classified according to their state of health into 3 categories: 1st Class (strong and healthy); 2nd Class (ordinarily healthy); 3rd Class (Weak); O K (sickly); and A D (actually sick). Those of the 3rd Class and below were exempted from work. In case the temperature fell to 20 degrees below zero or lower, 2nd Class men were exempted from outdoor work, and so were 1st Class men in case of 30 degrees below zero, or lower. But in not a few camps when the supreme order for "Work First" was zealously observed, even men of the 2nd class were called out to work when the thermometer registered 50 degrees below zero. It is reported that sometimes the number of those to be recognized as being sick was set at a certain ratio (For instance, 40 to 1,000), or persons whose temperature did not exceed 38 degrees were not recognized as "sick", and ordered to work.

Under such conditions as above, the death rate among the detainees in Siberia was extremely high (Between the end of 1945 and the spring of 1947 20% of the detainees are said to have died).

As of the end of 1948, the total number of those who were definitely known to have died reached 90,000. The causes of death among the 7,022 who died at Camp No. 36 at Taishet are tabulated below.

Table IV

Cause of Death	Nos. of Dead	Percentage
Epidemic (Mostly Eruptive Typhus)	2,732	39
Malnutrition	2,570	37
Tubercular Diseases	424	6
Lung Ailments	309	4
Pneumonia	308	4

It may be added that when a detainee died, the report of the post-mortem direction of the body made by a Japanese army surgeon was made in triplicate, and it was generally believed by the Japanese in the camp that a copy of this report was being sent to the Japanese Government. As a matter of fact, the Government has received no such report, nor any

other official communication from the Soviet authorities concerning Japanese detainees.

C. Correspondence with Families

Postcards sent from detainees in Siberia to their families in Japan numbered 82,567 in 1946; 419,481 in 1947; 417,165 in 1948; and 103,306 up to May end in 1949; totalling 1,025,519. Of course, there are not a few detainees, who have never written home. The return cards sent from Japan amounted to about 80% of the incoming mail. It appears those, owing to the frequent transfer of detainees from one camp to another, often failed to reach the persons to whom they were addressed. It is reported by repatriates that they saw in their camps many times piles of evidently undelivered mail from Japan.

For this non-delivery of replies from home, most of the detainees were made to believe that the cause lay in the insincerity of the Japanese Government in handling the mail.

D. Indoctrination

In the two and a half years past the Soviet Union appears to have sent back the detainees of older age or poor health, who could not be of much use, and held those who were considered capable of serving political, economic or military ends.

14 generals, who were sent back in February this year from the Generals Detention center at Havarovsk were all such persons useless to the Soviet Union. All high army officers who were connected with military operations in Manchuria are being held. As for the common soldiers still detained, a great majority of them are young and strong men who can be used in one way or another. They are being instructed and trained in Communist doctrine and practices, as has been demonstrated in the behaviour of the recent repatriates.

6. Saghalien and the Kuriles

In South Saghalien and the Kuriles the Soviet authorities seem to have pursued the same policy of sending back the useless persons first. So far 290,000 have been returned. Those who still remain are said to be being offered special inducements for volunteering to settle down more or less permanently.

7. Manchuria and North Korea

According to latest reports, there remain in Manchuria not a few Japanese who are detained for service by the Chinese Communist army, as described elsewhere. The livelihood of these persons are assured to a certain extent. But other Japanese are left to shift for themselves, barely keeping themselves alive, men as coolies and women as amahs, or by engaging in other menial work. An outstanding feature in this case is the inclusion of a large number of women and girls, who do not exactly fall in the category of detainees, but who are doing menial work for lack of the means of returning to Japan, and another 10,000 who have been taken as concubines by Manchurians. They are all awaiting anxiously and impatiently the day of their deliverance. It may be added that some 2,800 Japanese were brought back this autumn by repatriation ships, the Takasago-maru and the Yamazumi-maru from Dairen. Of these, 1,127 coming home on board the Takasago-maru were those who had been sent to Dairen in June of this year. There is, however, no assurance at this time as to the repatriation of over 60,000 Japanese still remaining in Manchuria.

In view of the fact that both Manchuria and North Korea were first occupied by Soviet forces, and the disposition of Japanese residents was left in their hands, and furthermore that even after the nominal withdrawal of Soviet forces, Soviet influence has predominated in these areas, the Japanese Government hopes that all problems relating Japanese residents in these areas will be speedily solved by the initiative and effective action on the part of the Soviet Union.

IV. QUESTION OF SERVICE DETAINEES

Today, over four years after the war's end, there are, apart from prisoners of war, more than 30,000 Japanese civilians composed of technicians, skilled workmen, business executives, etc. and also women and children estimated to number 9,000—in various areas of East Asia, who are being made to serve the Allied countries. Practically all of these persons are submitting to work under orders or as the result of compulsion or kidnapping. Even where the form of free contract exists, the truth in most cases is nothing but forced labor or service.

While a great majority of the bona fide Japanese residents have been shipped to Japan, regardless of their wishes, some others, whose services

are needed, are detained against their will. The crux of the whole matter seems to lie in the fact that because the international situation has prevented the conclusion of peace for all these years, and because Japan is a defeated country, her helpless civilian residents are being sometimes ruthlessly exploited in any line of labor, even in a civil war. In view of the dim prospect of a peace treaty being concluded in the near future we can not but feel a grave concern over the livelihood of indefinite continuation of this wholly unjustified and inhuman treatment of our nationals.

As stated above, the so-called "free contracts" are not free in most cases, and the terms of the contracts are often utterly disregarded. It is earnestly hoped that the way will be paved for the investigation of facts, for the protection and proper treatment of the Japanese detainees through the intercession of the International Red Cross, the United Nations agencies or other international organs.

Note: The Draft Convention for the Protection of Civilian Persons in Time of War, Article 48.

No contract, agreement or regulation shall impair the right of every worker, whether voluntary or not, and wherever he may be, to apply to the representatives of the Protecting Power, in order to request the said Power's intervention.

The conditions of the civilian detainees in the various areas are briefly outlined below.

A. China

There is a great difference in the situation between those who were first detained by the Chinese Nationalist authorities and later continued in the service of the Chinese Communist army, and those who from the beginning have been detained by the Communists.

(1) Detainees under the Nationalists

Shortly after the war's end—namely on September 30, 1945, the General Headquarters of the Chinese Nationalist Armies promulgated the "Law relating to the Detention for Service of Japanese Nationals in China," under which Detention Commissions were set up in various areas, at whose discretions Japanese technicians, skilled workmen and business executives were detained for service.

With regard to this measure the Chinese Government did not serve any formal notice to the Japanese Government. On the basis of information received from the detainees on the spot as well from repatriates such

detainees numbered 583 as of February, 1949, as shown in the annexed Table.

As the Communist forces advanced, the Japanese detainees requested the Nationalist authorities for release and repatriation. But they were promised safe withdrawal, in case of danger, into Nationalist territory in company with Chinese Government personnel.

However, when the Communist appeared in the scene, the Nationalist authorities fled in most cases, leaving the Japanese to their fate, who thus lost the opportunity of returning home.

On their entry the Communist authorities investigated the personal status of the Japanese left on the spot. Those who had actively participated in the war against the Communists were imprisoned, while others were set free after cursory examination. Some possessing talent and skills, were retained and assigned to their respective lines of service.

When any of these detainees expressed their desire to be permitted to return to Japan on the ground that their connection with the Nationalist authorities had been severed, the Communists would assume a menacing attitude, saying that "Those Japanese, who are wanting to go back, will be considered as not desiring the completion of the Chinese revolution." Thus the detainees are submitting silently to forced labor for fear of Communist retaliation.

How Japanese detainees are treated under the Communist regime is partly known. In the days of the Nationalists, the detainees were paid in kind as well as in cash, though the treatment varied according to area.

From the time of the Nationalist rule all Japanese desired to be repatriated at the earliest possible date. That being impossible, they asked to be allowed to go home on leave, or send for their families from Japan, or remit money to them. These matters still remain pending issues now under the Communist regime. It should be noted that today with all means of communication cut off under the Communists rule this anxieties of the detainees and their families at home are mounting higher than ever.

(2) Detainees under the Communists

In Manchuria the Communist Military authorities requisitioned the services of Japanese as they saw fit. There were altogether 30,000 Japanese thus taken in by the Communists, consisting of 5,800 farm hands, some 6,300 technicians and 6,900 others (miscellaneous workers), and 10,000 mine

workers, including some technicians commandeered in the Tunghua and Antung areas. (See appended Tables V and VI)

Often the detainees of the above class were not given even nominal contracts, but simply carried off by force in most cases. The names, address, or conditions of health are all unascertainable. With no correspondence being permitted, they are placed in a position even worse than others.

Table V

Detainees in China (excepting Formosa),
Originally Held under Nationalist Regime

Compiled: July 29, 1949.

Area	Detainees	Dependents	Total	Assigned Work
Mukden	36	41	77	Medical; rolling stock; miscellaneous plants
Fushun	18	4	22	Coal mine
Chinchow	3		3	Medical; electrical work
Fushin			9	Coal mine
Chihfent			9	Coal mine;
Changchun			600	geological survey
Kirin			12	Railways; miscellaneous plants
Peking			80	Medical; electrical work
Tientsin			21	Chemical industries; paper mill; telegraphy; arsenal
Tsingtao			6	
Tsinan	27	17	44	Medical; spinning; miscellaneous factories
Taiyuan			700	
Shanghai			250	
Hankow			66	Medical; spinning
Canton	4		4	Auto drivers;
Hainan Island	13		13	shoe manufacture
Total for				Aquatic industry
Manchuria			742	
North China			851	
Central China			316	
South China			17	
Grand Total of all China			1,926	

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Table VI

Detainees in Manchuria (excepting Kwantung Territory)
Held by the Communists from the Beginning

As of July, 1949

Area	Farm Hands	Technicians	Others	Total
Harbin Area	3,346	2,861	2,199	8,406
Tsitsihar Area	620	951	606	2,177
Chamusu Area	500	1,280	2,391	4,171
Mutanchiang Area	646	290	903	1,839
Hsientao Area	694	886	873	2,453
Tunghua Area	—	—	—	(8,926)
Antung Area	—	—	—	(2,064)
Total	5,806	6,268	6,972	30,036

Remarks:

1. The Table is based on the investigation conducted by the North-East Japanese Residents Disposition Liaison Office of the Nationalist Government in October, 1946. The figure for each area has been obtained by deducting from the Chinese figure the number of those unrepatriated up to July, 1949.
2. The number of women is estimated to be 3% of the total—namely at 9,000.
3. No break-down is available for the Antung and Tunghua Areas.
4. Not included in the Table, the number of women who have become concubines of Manchurians is estimated at 10,000, while another 10,000 are believed to remain as free laborers.

B. Korea

According to information obtained by the Office for Winding Up Remaining Affairs of the Chosen Government General in Seoul, it has been officially announced that not a single Japanese now remain in South Korea.

In North Korea 20 technicians are detained, and their dependents number 60. Of these technicians 18 were released from service in February, 1948. But on the eve of their departure for Japan 15 were arrested on suspicion of espionage and put in the Soviet prison in Pyohyang. What has become of them since is unknown.

C. Formosa

250 Japanese including dependents were detained by the Nationalist

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Government authorities, of whom 172 have been returned recently, so that there remain now 78 including dependents, on the island.

The circumstance surrounding their detention and the treatment are about the same as in China proper.

D. Kwantung Territory

It is estimated that some 3,000 Japanese are currently detained by the Chinese Communist authorities in the spot. They consist mostly of physicians, nurses, and railway technicians, and their dependents.

V. PROBLEMS OF WAR CRIMINALS OVERSEAS (INCLUDING WAR CRIME SUSPECTS AND OTHERS HELD IN DETENTION IN CONNECTION WITH THE WAR)

1. Number of Overseas War Criminals and War Crime Suspects

A. So far as is known to the Japanese Government 1,751 Japanese are imprisoned or detained overseas as war criminals or war crime suspects. The Japanese Government is notified of the names of those convicted and the sentences imposed upon them through the Allied Headquarters, but no official report on other matters is received from the detaining countries. The chief source of information is those, who, having been either acquitted, or released upon the expiration of their prison terms, come back to Japan. Sometimes, on-the-spot reports by the representatives of International Red Cross are transmitted to the Japanese Government through the courtesy of its Tokyo office.

On the basis of such information, Japanese war criminals and war crime suspects overseas are distributed as follows:

Table VII

Japanese War Criminals and War Crime Suspects
Held Overseas (Sept. 1, 1949)

Detaining Country	Prison	Convicted		Pending	Total
		Malay	North Borneo		
Britain	Malay	343	0	0	343
	North Borneo	21	0	0	21
	Hongkong	58	0	0	58
	Total	422	0	0	422

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Australia	Manus Isl.	234	0	234
	Hongkong	31	0	31
	Total	265	0	265
Netherlands	Batavia	697	18	715
	Medan	3	0	3
	Macassar	1	1	2
	Total	701	19	720
Philippines	Manila	107	51	158
French Indo-China	Saigon	0	53	53
	Pulo Condore	91	0	91
	Total	91	53	144
Burma	Rangoon	42	0	42
	Grand Total	1,628	123	1,751

Note:

- The Table does not include prisoners-convicted for ordinary crimes.
- Those, who were convicted for war crimes in the Chinese court, and who have been since transferred to the Sugamo Prison, Tokyo are omitted.
- Some Koreans and Formosans are included in figures of this Table.

B. It is believed that there are a certain number of Japanese, not included in the above list, who are being imprisoned in Soviet areas as war criminals or suspects. With regards to these, no official report has been received, and little information is obtainable from repatriates from those areas. It is only known that 10 or more Japanese are imprisoned in North Korea, and a similar number in the Dairen area. The Soviet Government has announced that about 10,000 Japanese are under investigation on charges of war crimes, but nothing is known as to the nature of the crimes, or the progress of the examination. The Japanese Government is deeply concerned over the fate of those Japanese accused of war crimes behind the iron and bamboo curtains.

C. The Japanese Government is desirous of knowing facts concerning those belonging to the category B above, and also being informed of the changes occurring in the status of those under category B, so that it may have always reliable data on hand as regards the actual number and conditions of Japanese war criminals and war crime suspects held overseas.

To this end it is desired that concerning those of A category, the Government will receive from the detaining country periodical reports con-

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cerning prisoners' state of health, cases of death, and the measures taken relating thereto, in addition to the usual notifications of sentences passed upon them which it receives now.

2. The Desires of the Japanese Government concerning the Treatment of Prisoners

We are grateful to see that with a few exceptions the treatment given the Japanese war criminals and war crime suspects by the detaining countries is steadily improving. Nevertheless, the forced labor or incarceration in a strange country over long years is causing indescribable sufferings to the prisoners and their families at home. The Japanese Government from a humanitarian standpoint submit to all the countries concerned its desires as follows for their favorable and sympathetic consideration.

A. Transfer of Prisoners to Japan

In February this year 242 Japanese war criminals imprisoned in China were transferred to Japan to serve out their terms in a Tokyo prison. It is desired that similar transfers will be effected with respect to the prisoners held in other areas.

As already stated, penal servitude in an alien land under an unaccustomed climate and mode of life subjects the imprisoned as well their families in Japan to severe mental strains and anxieties beyond imagination. It is especially the case in the various areas of East Asia, where conditions are unsettled.

Some of the prisoners have been away from their families as long as 10 years, with the prospect of further prolonged separation. Homes are breaking up. It is the most fervent wish of all concerned that the prisoners be transferred to Japan. The Japanese Government is well aware of the impropriety of submitting such a request before the conclusion of a peace treaty. But in view of the current situation which gives little hope for an early peace, we take this opportunity of conveying their ardent desire to the Allied Headquarters.

B. Speedy End of Trials

War crimes trials have been completed for the most part. But there still remained as of the beginning of last September 123 men whose cases

were pending, as shown in Table VII. For the sake of the accused and their families, a speedy disposal of these cases is desired. In this connection the action taken by the Far Eastern Commission in recommending under the date of April 2 all the member countries to complete investigations of Japanese war crimes by June 30 and to finish all trials by September 30 is a source of profound gratitude.

C. Proper Treatment of Prisoners

The treatment of Japanese prisoners by the detaining countries with respect to food, work, health, comforts, correspondence, etc. is generally improving. But complaints on sundry points are heard, especially in the British and Australian zones.

For instance, in the Singapore Area, prisoners sleep on concrete floor, and are forced, to work barefoot, the use of any kind of footwear having been forbidden ever since the day of their incarceration, while the sick receive no proper medical attention. In the Philippines the food is given the prisoners (since their transfer from U.S. Army control) on the premise that a substantial portion is to be sent in by friends or relatives. In the absence of such outside source of supply, the food rations for Japanese prisoners are bound to fall far below the required level. Such and other instances are reported by those prisoners who have returned to Japan upon the completion of their terms. In brief, it is desired that the countries concerned will give humane considerations to the needs of the Japanese prisoners with regard to food, clothing and health matter, by taking into account the climate and mode of life to which they are not accustomed.

D. Relief and Comforts

(1) Relaxation of Restrictions on Correspondence

Needless to say, correspondence with family and friends gives the greatest comfort to the prisoners, and it is equally necessary to their families. While correspondence is generally permitted, there exist rather severe restrictions on the contents and the frequency thereof, only once in one and a half months being permitted in the Singapore Area. It is desired a more generous measure—at least with respect to frequency—will be taken regarding correspondence.

(2) Comfort Goods

With the permission of the G.H.Q. the Japanese Government has sent several times in the past newspapers, magazines and daily necessities for Japanese. But this is forbidden in the British and Australian zones.

Permission is earnestly desired for the sending of goods to comfort the prisoners in their solitude and to supplement the supply of provisions on the spot.

(3) Religious Service

For the inspection of the conditions of servitude with a view to improving them, permission is desired to dispatch representatives of the Japanese Red Cross, and also to send representatives of Japanese religious institutions to minister to the spiritual needs of the prisoners.

Furthermore, concerning those war criminals who have been executed, information is desired with respect to the post-mortem dispositions of their bodies, ashes, and personal belongings.

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THE STANDARD OF LIVING
FOR THE JAPANESE PEOPLE

FOREIGN OFFICE
JAPANESE GOVERNMENT
AUGUST 1948

0214

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Preface

It was reported that the Far Eastern Commission on April 18, 1947 decreed that the Japanese post-war standard of living shall be substantially that prevailed from 1930 to 1934. The present study treats of the substance of the 1930-34 standard of living and the conditions which will be required to maintain that standard at a future time—1953, tentatively set for the present study—on the basis of Japan's population which will have increased by that time.

The period from 1930 to 1934 includes a time of the worst depression in Japan during the past decades when the average Japanese lived on a very modest scale. Moreover, it was not until 1937 when the China Affair broke out that the effect of the expansion of Japan's armament began to tell upon her economy to any significant extent. It is therefore considered more appropriate to choose as the base years a longer period, for example from 1929 to 1936, which includes the years of both depression and recovery. However, the arguments of the present study are grounded on the 1930-34 years in line with the decision of the Far Eastern Commission.

The average annual per capita income of the Japanese people in 1930-34 was ¥224 (at the 1930 value), or \$110.60 (ditto). It was extremely low in comparison with the levels then prevailing in the Western countries.

It is estimated that Japan's population in 1953 will have increased about 26 per cent over the 1930-34 period. In order that such increased population may maintain the same level of consumption as in 1930-34, an increase of about 20 per cent in the national income is required, assuming that the scale of the national finance and of the accumulation of capital remains the same as in the above pe-

riod. For such increase, an increase of about 40 per cent in the industrial income is presumed necessary, which means a scale of industry approximating that in effect in 1936. In foreign trade, an increase of about 65 to 75 per cent over the average figures of 1930-34 is needed.

The composition of industry in 1953 is expected to differ substantially from that in the past, owing to the tendency of the country to switch from light industries to heavy industries. It is anticipated that machinery and tools as well as chemical products will comprise greater proportions of the export trade. The proportion of the textile industry and of the food industry is expected to decrease by 20 to 30 per cent, while the metal, machinery and tool, chemical, gas and electric industries will have to be expanded by 2 1/2 times.

The above statement assumes that Japan's economic foundation remains as it was in 1930-34. In fact, however, it has suffered extensive damage from the War. The total loss at the end of the War is estimated to reach ¥49,600,000,000 or \$4,300,000,000 at the 1939 value, amounting to 20 per cent of the national wealth of that time. Since the economic foundation has thus been reduced, the substance of the life of each member of the nation must inevitably be lowered, even if he earns the same amount of income. In order to make up for the losses in the national wealth, the above-mentioned production figures will have to be increased accordingly.

Such is the summary of the present study. The estimated computations are as a rule in terms of the yen value of 1930, excepting those of foreign trade, which are in terms of the yen value of 1939 (Note 1).

(Note 1)

Yen-Dollar Exchange Rate (Annual Average; Per ¥ 100)	1934	¥ 29.511
1930	1935	¥ 28.571
1931	1936	¥ 28.951
1932	1937	¥ 28.811
1933	1938	¥ 28.198
	1939	¥ 28.086

I. The Significance of the 1930-34 Period in the Japanese Economy

It was announced on April 18, 1917 that the Far Eastern Commission on January 23, 1917 determined that "the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period of 1930-1931", that "data about the standard of living during 1910-1931 should be used to make an estimate of Japan's peaceful needs in 1950", that "in estimating the nature and size of the industrial structure within the level, account should be taken of such factors as technological developments, the balance of payments and employment", and that "acceptance of the above policy should not be interpreted to mean acceptance in advance of a specific level for any particular industry".

Then what was the period 1930-34 for the Japanese economy? Japan enjoyed unusual prosperity during World War I. Enterprises were newly started or expanded in rapid succession and accommodations by banks were "much too easy to obtain. This trial of expansion was not checked even after the war on account of various circumstances. Although prices in foreign countries were being gradually lowered following the reconversion to peacetime economy, prices in Japan alone showed no appreciable decrease and remained far above the international level, owing to inadequate post-war economic readjustment. Consequently, Japan's trade balance annually registered an excess of import; the large amount of species

accumulated abroad during the war was almost totally lost; and the fluctuation in the exchange rate of the yen became increasingly greater.

In the meantime, Britain restored the gold standard in 1925 and many other countries followed suit. With the return of France to the gold standard in 1928, the fluctuation in the value of currency which had continued so long after the war came at last to an end. Thereafter, international exchange speculation centered on the yen. In Japanese business circles the need came to be more and more keenly felt of restoring the yen to the gold standard and rationalizing enterprises thoroughly for the improvement of trade balance. The Hamaguchi Cabinet formed by the Min-seito Party in July 1929 immediately set the preparation for the rescission of the gold embargo in compliance with the popular demand and after a half year, namely, in January 1930, the gold embargo was lifted.

The Hamaguchi Cabinet, known as the retrenchment cabinet, adopted a drastic deflationary policy in enforcing the rescission of the gold embargo; Expenditures from the national treasury were drastically curtailed and the reduction of the production cost through the rationalization of management was effected in every field of economy.

Just at this moment Japan was also engulfed in the world-wide panic which started in the New York Stock Exchange in the autumn of 1929 and spread to Europe

in 1931. When Britain suspended the gold standard in September of that year, the world again plunged into an era of currency instability. Japan was affected seriously by Chinese boycotts as well as by the fall of the pound and decline of export trade. The Government was compelled to ship a large amount of species in order to prevent exchange speculation and flight of capital.

The Inugai Cabinet of the Seiyunkai Party which was formed in December, 1931 immediately imposed gold embargo. The policy of the new Cabinet was, with regard to foreign exchange, to prohibit the exportation of gold and allow the yen to fall for a while and, internally, to stimulate the recovery of industry by moderate inflation. The Inugai Cabinet fell in May 1932, but its Finance Minister, Mr. Korekiyo Takahashi, remained in office in the succeeding Cabinet until February 1936. The effects of his policy, though opportune, were realized only very slowly, because of the deep-rooted nature of the world panic then prevailing. The annexed Tables Nos. 1-4 and Diagrams 1-4 indicate the domestic prices, the output of industrial production and of mining production, and the national income in and around that period.

Prices fell by 9.5 in three years from 130.5 in 1926 to 121 in 1929. They fell by 21 to 100 in one year from 1929 to 1930. A further fall to 85, the lowest point, was registered in 1931. Thereafter a gradual, but extremely slow, rise was registered: the 1930 level was not restored until 1935 and the 1929 level was reached only in 1937.

The industrial output dropped from ¥7,700,000,000 in 1929 to ¥5,900,000,000 in 1930 and further to ¥5,100,000,000 in 1931, which was the lowest point. An increase was annually registered thereafter, but it was not until 1933 that the 1929 level was regained. Production rose rapidly from 1937 on.

The mining output also showed a similar trend. It fell from ¥380,000,000 in 1929, down to ¥300,000,000 in 1930 and further to ¥240,000,000 in 1931. It increased slowly thereafter, attaining in 1934 the 1929 level. Since then a considerable increase was registered annually.

The national income generally remained around ¥13,000,000,000 from 1922 to 1926. Taking a downward trend from 1927 to 1929, it registered a sharp drop of ¥900,000,000 in the years 1929-30 and a further drop of ¥1,900,000,000 to ¥8,700,000,000 in 1931. Since then it began to increase slowly until in 1933 it reached ¥11,900,000,000 the level of 1929. It rose annually thereafter and showed a rapid increase since 1937.

As the above figures indicate, Japan's pre-war economic activities dropped sharply from 1929 down to the lowest point in 1931 and began to recover slowly thereafter, but it was not until 1934 or thereabout that the 1929 level was restored; the upward trend was gradual until 1936 and it was after 1937 that they became really brisk.

In September 1931 the Manchurian Incident broke out. The military appropriations in the Government budget, which had formerly stood around ¥500,000,000 increased to ¥680,000,000 in 1932, ¥870,000,000 in 1933 and ¥940,000,000 in 1934. In spite of the steady increase, the military appropriations still comprised only 6 or 7 per cent of the national income. It may be safe to conclude that it was due to the timely financial policy of the Government that Japan's industry recovered, although slowly, from 1932. Mrs. E.B. Schumpeter says in her book, *The Industrialization of Japan and Manchukuo, 1930-1940* (1941), that the industrial recovery of Japan of that time was not due to the expansion of the military expenditure in the Government budget. She points out the fact that from 1933 to 1936 the output of metal,

chemicals, machinery and tools by factories employing five or more workers increased from ¥3,000,000,000 to ¥6,000,000,000, while the total expenditure for the Army and Navy (only a fraction of which was expended for immediate military supplies) only increased from ¥500,000,000 in 1931-32 to ¥1,000,000,000 in 1936-37.

In July 1937 the China Affair broke out, whereupon the proportion of the military appropriations in the Government budget rose to the 70 per cent level from the former 40 per cent level. Japan's economy thus began to acquire military features from July 1937. In April 1938 the National General Mobilization Law was enacted under which natural resources,

fuels, labor, etc. were subjected to rigid Government control, and the development of necessary industries was planned for the purpose of national defence. (See Table No. 5 and Diagram 5.)

In the light of the above-stated circumstances, it will be seen that the period from 1930 to 1934, chosen as it was by the Far Eastern Commission as the named pre-war peaceful economy, happens to coincide with the five years during which Japan suffered the worst business depression of recent times. A really typical period which includes not only a time of depression but also a time of return to moderate prosperity would be the eight years from 1929 to 1936.

II. The Substance of the 1930-34 Standard of Living

(1) National Income

The figures on the national income of Japan in 1930-34, according to researches of the Economic Stabilization Board, are given in Table No. 6: it totalled ¥13,700,000,000 in 1930; was reduced to ¥11,757,000,000 in 1931; rose to ¥12,877,000,000 in 1932 and increased to ¥15,402,000,000 in 1933 and ¥16,310,000,000 in 1934. As stated in the preceding Chapter, however, Japan was overtaken by the world panic in 1930-31 in consequence of which production decreased, currency was deflated and prices fell. Towards the end of 1931 the Government reimposed gold embargo and took steps to prevent the flight of capital to foreign countries, but the depression continued until 1933 and prices were not restored to the 1930 level until as late as 1935. Meanwhile, there were considerable price fluctuations during 1930-34. This fact must be taken into account in comparing the substance

of the national income, and the figures for the different years must be divided by the respective price indices in order to work out the so-called real national income. The results are as follows: (See also Diagram 6.)

Real National Income for 1930-34
(in million yen)

	National Income	Price Index	Real National Income
1930	13,701	100.0	13,701
1931	11,757	85.0	13,832
1932	12,877	88.9	14,485
1933	15,402	98.4	15,652
1934	16,310	97.8	16,678
Average	14,870		14,870

(Note) The national income figures are according to researches by the Economic Stabilization Board. The price indices are the combined wholesale and retail price indices computed by the Bank of Japan.

The average per capita income of the

nation, computed by dividing the above-listed real national income by the number of population in the respective years, is as follows:

Per Capita Real Income of the Nation for 1930-34

	Real National Income (in million yen)	Total Population (in thousand)	Per Capita Income (in yen)
1930	13,701	64,450	213
1931	13,832	65,371	212
1932	14,485	66,285	219
1933	15,652	67,318	233
1934	16,678	68,272	244
Average	14,870		224

(Note) Population figures are according to the Institute of Population of the Ministry of Welfare.

(2) National Consumption

The part of the above-stated national income presumably applied to national consumption was, as shown in Table No. 7, ¥9,680,000,000 in 1930, ¥8,220,000,000 in 1931, ¥8,834,000,000 in 1932, ¥9,502,000,000 in 1933 and ¥9,942,000,000 in 1934. These figures, divided by the price index for each year with 1930 as the basis and again divided by the total population of each year, are as follows:

	(in million yen)	(in yen)	(in million yen)	(in yen)
	National Consumption	Price Index	National Consumption divided by Price Index	Same divided by Population
1930	9,680	100.0	9,680	150
1931	8,220	85.0	9,671	148
1932	8,834	88.9	9,937	150
1933	9,502	98.4	9,657	144
1934	9,942	97.8	10,166	149
Balance	9,238		9,822	148

As tabulated above, the average per capita consumption of the nation for 1930-34 is ¥148 (at the 1930 value). The part of the household consumption immediately applied to foods and drinks was 36.7 per cent on the average. The dwelling expenses constituted 11.8 per cent and clothing expenses 10.6 per cent. (See Table No. 7.)

The food intake of the nation in 1930-34 is given in Table No. 8, which shows that the average daily per capita calorie intake of the nation at that time was 2,233 and that of protein was 66.4 grams, including 11.8 grams of animal protein.

The domestic consumption of clothing materials in 1930-34 is given in Table No. 9.

The per capita consumption of textiles during the period under reference was as shown in Table No. 9, a little more than 10 pounds a year on the average. These figures cover general civilian use and industrial use. It is estimated roughly that the former comprised 70 per cent and the latter 30 per cent.

The 1930-34 average consumption and the per capita consumption of principal industrial raw materials and finished products immediately connected with people's consumption are shown in Table No. 10.

(3) Production

What were the productive activities in Japan in 1930-34 to meet the above described consumption? Table No. 11 shows the volumes of principal products in that period with respect to agriculture, forest-

ry, the aquatic industry, mining and the manufacturing industry.

The yield of rice in 1930-31 was 62,574,000 *koku* (9,836,000 grain tons) on the average, 70,829,000 *koku* (10,624,000 grain tons) in 1931 being the largest crop in twenty years since 1924. The output of coal in that period was 31,173,000 tons on the average. This figure represents only about 55 per cent as against the high figure registered in 1940, namely, 56,311,000 tons.

The output of ordinary steel was 2,200,000 tons and that of pig iron 1,250,000 tons. These figures represent about 45 per cent and 30 per cent of the record production registered respectively in 1938 and in 1942. The output of cotton thread was 1,157,655,000 pounds on the average, about 73 per cent of the 1937 record figure.

The actual figures of production for that period, especially those in respect of chemical and machinery and tool, are extremely low as compared with the later years when these industries made rapid strides.

The total and net amounts of production of each industry in 1930-31 in terms of money (the net amount being the balance after subtracting from the total amount the costs of raw materials and power and fuel) are given in Table No. 12. According to the net amounts of production for various industries listed in the table, the year 1931 shows again over 1930 of 18 per cent in agriculture and 8 per cent in the aquatic industry, 41 per cent in mining and 44 per cent in the manufacturing industry. In other words, it is shown that the increase of the total national income in that period was realized mostly in the field of mining and manufacturing industry; in the absolute amount, the gain in the field of manufacturing industry is over halving.

The total and net amounts of production of each branch of the manufacturing

industry are given in Table No. 13. Compared with 1930, the net production figures for 1931 show increases respectively by 5 per cent in the food industry and 16 per cent in the textile industry, while in the chemical industry the increase amounts to 101 per cent, in the metal industry to 141 per cent and in the machinery and tool industry to as high as 238 per cent, indicating a signal development in the five year period of the chemical, metal and machinery and tool branches of the manufacturing industry. The trend of manufacturing industry to outstrip agriculture and the aquatic industry became more remarkable after 1931, with a phenomenal progress in the heavy and chemical industries.

The average 1930-31 supply and demand of the principal articles produced by the above described industries are as in Table No. 14, showing that Japan must depend on foreign trade to a great extent in order to make up for the discrepancy between consumption and production.

(4) Foreign Trade

Japan's foreign trade in 1930-31 averaged ¥3,300,000,000 in total, of which the import amounted to ¥1,680,000,000, exceeding by ¥70,000,000 the export which stood at ¥1,610,000,000.

	Total	Export	Import	Import Excess
1930	3,016	1,470	1,546	76
1931	2,383	1,147	1,236	89
1932	2,811	1,410	1,431	21
1933	3,778	1,861	1,917	56
1934	4,455	2,172	2,283	111
Average	3,295	1,612	1,683	71

(Source: Table of Foreign Trade by the Ministry of Finance)

There were fluctuations in foreign trade during the above period. The decline

in 1931 and 1932 was mostly due to the fall of prices. The indices of the amount of foreign trade for this period, in mon-

ey and quantity, taking those for 1928 as 100, are, according to researches of the Yokohama Specie Bank, as follows:

	Index of Value in Money		Index of Quantity		Index of Unit Price	
	Export	Import	Export	Import	Export	Import
1929	109.0	100.9	111.2	104.8	98.0	96.2
1930	74.5	70.4	102.6	92.1	72.7	76.5
1931	58.2	56.3	105.8	102.2	55.0	55.1
1932	71.5	65.2	125.0	100.9	57.2	64.6
1933	91.4	87.3	138.1	104.6	68.3	83.4
1934	110.1	103.9	136.4	111.6	67.4	93.1

(1928=100)

It is shown that in quantity there was no decrease in 1931 as compared with 1930 and the export grew steadily each year at a much greater pace than the import. It means that the prices per unit of import goods rose but those of export

goods did not, and Japan sold a large quantity of low-priced export goods in order to purchase high-priced import goods.

Items of foreign trade, export and import roughly classified, are as follows (for details see Tables No. 15 and No. 16):

	Export (=100.0)				Import (=100.0)			
	Food-stuffs	Raw Materials	Semi-finished Products	Finished Products	Food-stuffs	Raw Materials	Semi-finished Products	Finished Products
1930	9.2	4.6	37.2	49.0	13.6	54.3	15.4	16.7
1931	9.2	4.1	38.4	48.2	13.0	56.0	14.8	16.2
1932	7.7	3.8	36.2	52.3	11.3	59.2	14.1	15.5
1933	8.8	4.1	29.9	57.2	9.1	62.1	17.3	11.6
1934	8.1	4.5	23.6	63.7	7.7	61.7	18.3	12.2
Average	8.6	4.2	33.1	54.1	10.9	58.7	16.0	14.4

Raw materials comprise about 60 per cent of the total import with their percentage increasing year by year. On the other hand, the percentages of the imported finished products and foodstuffs decrease every year. In export, finished products amount to about 55 per cent of the total and their percentage increases every year. Semi-finished products come next comprising about 33 per cent, the percentage declining annually. All this accounts for the fact that Japan was importing industrial raw materials to process them for export so as to offset thereby increasing domestic consumption.

Japan is extremely short of raw materials. In mining resources, only a few items, such as pyrites ore and sulphur, have a surplus that can be exported.

There is barely enough of copper and zinc. A greater part of demand for a variety of minerals, such as iron ore, lead, tin, nickel, mercury, phosphate, potassium, bauxite, graphite, magnesite, etc., must be met by imports from abroad. Coal is nearly self-sufficient so far as quantity is concerned. In respect of quality, however, millions of tons of caking coal for iron manufacture and anthracite for the chemical industry have to be imported. The domestic production of oil hardly amounts to 10 per cent of demand. Raw cotton, wool, rubber, etc., as industrial raw materials must be all purchased from abroad. Self-sufficiency in foodstuffs was possible before the War by importation from Korea and Formosa. But now there is annual shortage of about

2,000,000 tons.

Under these circumstances foreign trade occupies an extremely important position in the Japanese economy. The percentage of the total value of foreign trade as against the national income in 1930-34 was 23 per cent on the average as shown in the table below.

Total Value of Foreign Trade and National Income (in million yen)

	National Total of Foreign Trade (A) Trade (B)		B/A
	1930	1931	
1930	13,701	3,016	0.22
1931	11,757	2,383	0.20
1932	12,877	2,841	0.22
1933	15,402	3,778	0.25

Domestic Production and Exports (in million yen)

	Total production (A)		Exports to Foreign Countries (B)		B/A	Exports to Foreign Countries and Colonies (C)		C/A
	1930	1931	1932	1933		1930	1931	
1930	12,575	1,470	0.117	1,912	0.152			
1931	10,870	1,147	0.106	1,514	0.139			
1932	12,368	1,410	0.114	1,837	0.149			
1933	15,683	1,861	0.119	2,391	0.152			
1934	17,403	2,172	0.125	2,838	0.162			
Average	13,779	1,612	0.117	2,098	0.152			

National Consumption and Imports (in million yen)

	National Consumption (A)		Imports from Foreign Countries (B)		B/A	Imports from Foreign Countries and Colonies (C)		C/A
	1930	1931	1932	1933		1930	1931	
1930	9,680	1,546	0.160	2,096	0.217			
1931	8,220	1,236	0.150	1,770	0.215			
1932	8,834	1,431	0.162	1,616	0.183			
1933	9,502	1,917	0.202	2,105	0.222			
1934	9,942	2,283	0.230	2,535	0.255			
Average	9,238	1,683	0.182	1,844	0.200			

The statistical figures of exports of Japan Proper to and imports from Korea, Formosa and Saghalien in 1930-34 are summarized in the following table

Exports from Japan Proper to Colonies (in 1,000 yen)
(From the Government Year-Book of Statistics)

	1930	1931	1932	1933	1934	Average
Korea	278,194	217,770	258,670	339,817	439,623	306,815
Formosa	123,127	114,763	133,457	149,912	176,991	139,650
Saghalien	35,328	28,199	29,116	31,431	37,129	32,241
Mandated Islands	5,461	5,780	6,255	8,550	12,635	7,736
Total	442,110	366,512	427,498	529,710	666,378	486,442

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Imports to Japan Proper from Colonies (in 1,000 yen)

(From the Government Year-Book of Statistics)

	1930	1931	1932	1933	1934	Average
Korea	240,695	249,027	282,144	315,854	407,694	299,083
Formosa	218,633	201,424	222,683	230,747	279,410	230,599
Saghalien	80,025	71,257	63,456	73,456	96,648	76,979
Mandated Islands	10,629	12,791	13,849	18,156	16,461	14,377
Total	549,982	534,499	582,186	638,213	800,213	621,018

On the average through the five years, the exports of Japan proper to the Japanese colonies were ¥ 486,000,000 and its imports from those colonies were ¥ 624,000,000, with an import excess of ¥ 138,000,000. Japan's exports to her colonies were about 30 per cent of her average exports to foreign countries, which were ¥ 1,612,000,000, while her imports from her colonies were about 37 per cent of her average imports from foreign countries, which were about ¥ 1,683,000,000. These percentages bear out the importance of

colonial trade to Japan during those years. The bulk of importation comprised food-stuffs, such as rice, sugar, etc., while that of exportation consisted of industrial products, such as textiles, machinery, metal-ware, etc. These exports and imports with those former Japanese colonies will henceforth be reckoned as a part of foreign trade.

The non-trade incomes and outgoings of Japan in the same period are as follows:

(According to the Announcement of the Ministry of Finance)
(in million yen)

	1930	1931	1932	1933	1934	Average
Ordinary Incomes & Outgoes	(+) 133.0	(+) 83.6	(+) 102.1	(+) 111.8	(+) 202.5	(+) 126.6
Marine Transport	(+) 125.3	(+) 100.6	(+) 99.7	(+) 126.1	(+) 157.5	(+) 121.8
Insurance	(+) 0.4	(+) 2.0	(+) 8.9	(+) 8.7	(+) 14.9	(+) 7.2
Overseas Enterprises & Services	(+) 90.6	(+) 78.1	(+) 146.2	(+) 157.8	(+) 174.9	(+) 129.5
Interests & Dividends	(-) 80.1	(-) 72.4	(-) 97.4	(-) 115.1	(-) 101.8	(-) 93.5
Others	(-) 2.7	(-) 25.6	(-) 55.2	(-) 65.8	(-) 43.0	(-) 38.5
Extraordinary Incomes & Outgoes	(-) 147.9	(-) 232.7	(-) 100.1	(-) 21.0	(-) 210.1	(-) 142.4

It will be seen that there was an excess of receipts of ¥ 120,000,000 in ordinary non trade accounts on the average which served to cover the unfavorable trade balance. Greatest items in the receipts came from marine transportation and enterprises & services, each of which totalled ¥ 120,000,000 on the

average. Interests and dividends constituted larger items in the outgoings, approximating ¥ 100,000,000.

In the extraordinary incomes and outgoings, there was an excess of outgoings of about ¥ 140,000,000. There was also an excess of import in the foreign trade of the Japanese colonies. Therefore, there

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was an annual excess of outgoings of ¥ 135,000,000 taking Japan as a whole,

while the average outflow of gold and silver was ¥ 175,000,000 each year.

	(in million yen)					
	1930	1931	1932	1933	1934	Average
Trade Incomes & Outgoes	(-) 76	(-) 89	(-) 21	(-) 56	(-) 111	(-) 71
Non-Trade Incomes & Outgoes						
Ordinary	(+) 133	(+) 84	(+) 102	(+) 112	(+) 203	(+) 127
Extraordinary	(-) 148	(-) 233	(-) 100	(-) 21	(-) 210	(-) 142
Colonial Trade						
Korea	(-) 63	(-) 40	(-) 32	(-) 12	(-) 22	(-) 34
Formosa	(-) 22	(-) 11	(-) 13	(-) 18	(-) 12	(-) 15
Mandated Islands	0	0	0	0	(+) 2	0
Total	(-) 176	(-) 239	(-) 61	(+) 5	(-) 150	(-) 125
Outflow of Gold & Silver	301	410	121	28	14	175

III. International Comparison of the 1930-34 Standard of Living

The substance of the standard of living of the Japanese people in the 1930-34 period and the outline of the productive activities and foreign trade which rendered it possible have been described in the foregoing Chapter. Now, how did the Japanese standard of living stand in comparison with other countries?

It is extremely difficult to compare the standards of living between nations. The foreign exchange rate does not necessarily reflect the economic condition of a country. It is frequently manipulated, while the degree of dependence upon foreign trade varies according to countries. Although it might be, for such reasons, an extremely primitive method for the international comparison of the standards of living to compare per capita incomes of various countries as computed by the respective countries and as converted at exchange rates in the respective years, the result reached by such method is given below tentatively.

	Per Capita Amount of Income (in dollars)	Year of Investi- gation
U.S.A.	538	1939
Britain	473	1939
Australia	435	1937
Canada	376	1937
New Zealand	350	1937
Denmark	243	1936
Belgium	241	1937
France	204	1927
Norway	198	1936
Greece	139	1934
U.S.S.R.	117	1938
Chile	98	1937
Japan	81	1930
"	60	1936

(Note) The national incomes except for Japan are from *The Economic Almanac*, 1940. The figure for Japan is according to the Statistics Bureau of the Cabinet.

The figure for Japan in 1930, which was 81 in 1931, dropped to 60 in 1936, be-

cause of the fall in the exchange rate of the yen from \$ 49.375 per ¥ 100 in 1930 to \$ 28.951 in 1936. According to the above table, the Japanese per capita income was about 1/9 of the American and about 1/8 of the British.

Mr. Colin Clark in his *Conditions of Economic Progress* (1940) sets an "International Unit" through the adjustment of the exchange rate in line with the domestic purchasing power of the currency of each country. The "International Unit" as such represents the amount of goods or labor purchasable in the United States for one dollar. He compares on the basis of this unit the average per capita incomes of various nations through 1925-34 as follows:

	per employed person (in International Unit)
U.S.A.	1,381
Canada	1,337
Britain	1,069
Australia	980
France	684
Germany	646
Greece	397
Finland	380
Hungary	359
Japan	353
Italy	343

According to the above table, the per capita income in Japan is about 1/4 of that in America and about 1/3 of that in Britain.

In the *Quarterly Journal of Economics*, February 1937, Mr. M. K. Bennett employs a special method in his attempt at international comparison of the standards of living. He selects the following fourteen items for each country and lists figures for each of these items. The country showing the highest figures in respect of each item is given the highest points to be followed by countries showing lesser figures, the country showing the lowest figures being given one point. However, the above order of points is reversed in respect of item 1, and item 2. By totalling

these points, he computes the standard of living for each country.

- (1) Death rate per 1,000 population
- (2) Birth rate per 1,000 population
- (3) Ratio of population engaged in professional services
- (4) Ratio of population of 5-20 years of age going to primary and secondary schools
- (5) Per capita number of correspondence through mail service
- (6) Telephones per 1,000 population
- (7) Mileage of telephone and telegraph lines per 100,000 population
- (8) Telegrams dispatched per 1,000 population
- (9) Locomotives per 100,000 population
- (10) Automobiles per 1,000 population
- (11) Per capita sugar consumption
- (12) Per capita tobacco consumption
- (13) Per capita tea, coffee and cocoa consumption
- (14) Per capita orange and banana consumption

Japan was not among the countries investigated. In the following table Japan is added with its points computed according to Mr. Bennett's methods.

U. S. A.	188 points
Britain	155.5 "
Denmark	147 "
Switzerland	142.5 "
Poland	135 "
Belgium	137 "
Germany	129 "
Sweden	127 "
Norway	123 "
France	123 "
Finland	61.5 "
Italy	59.5 "
Japan	59 "
Spain	58 "
Portugal	35.5 "

(1924-33 average: in the case of Japan, 1930-34 average)

According to the above table, Japanese standard of living was about 1/3 of the American or of the British.

IV. Estimated National Income Required for the Future Realization of the 1930-34 Standard of Living

What will be the scale of industry the Japanese people may require in order to maintain the same standard of living as they enjoyed in the 1930-34 period? According to the announcement of the Far Eastern Commission of April 18, 1947, it seems that the Commission provisionally envisions 1950 as the time when the Japanese people will attain their 1930-34 standard of living. In reality, however, the actual output of Japan's manufacturing industry has barely been restored to 15 per cent of the 1930-34 output according to the figures made public by the Economic and Scientific Section, G-10 in July, 1948. The population of Japan is increasing by about 1,000,000 every year (cf. Table No. 19). In order that the population so increased may live according to the 1930-34 standard, greater productive activities are required. Obviously, it will be some time later than 1950 that the Japanese productive activities are restored to such an extent. It is, however, difficult to predict the time exactly, since the speed of restoration will be affected by several factors, such as the amount of foreign capitals introduced and the economic rehabilitation of the world, especially of the Far Eastern countries.

Because of the population increase, the longer the delay in the industrial recovery, the greater will become the scale of production necessary for the maintenance of the same standard of living.

However, on the assumption that the above-mentioned standard of living is to be attained in 1953, the outline of the required scale of Japan's industry will be considered below.

The average national income through 1930-34 was ¥ 14,870,000,000 (1930

value), of which ¥ 9,822,000,000 was applied to national consumption; ¥ 3,343,000,000 to financial expenditures; and ¥ 1,705,000,000 to the creation of civilian capital. Both financial expenditures and the creation of capital have an indirect bearing upon the standard of living of the people. Directly, however, the amount of consumption by the people determines their standard of living. The average total population in Japan Proper through 1930-34 being 66,339,000, the quotient of the total national consumption ¥ 9,822,000,000 divided by the total number of population, namely ¥ 148,0577, represents the average per capita national consumption of the time.

The population in Japan in 1953 is estimated to be 83,647,000 (cf. Table No. 20).

In order that such a population may maintain the same standard of living as in 1930-34, ¥ 12,385,000,000 (¥ 148,0577 × 83,647,000) will be required. However, in order to render such national consumption possible, financial expenditures for national administration and civilian capital investments for the continuance of production will be required. All these must be derived from the national income of the respective years.

The average financial expenditures through 1930-34 amounted to ¥ 3,343,000,000 (1930 value), of which ¥ 718,000,000 was military appropriations. In the future financial expenditures of Japan, military appropriations will not be necessary. The proportion of the civilian expenditures excluding military appropriations in 1930-34 as against national consumption was 0.267 - (¥ 3,343,000,000 - ¥ 718,000,000) ÷ 9,822,000,000.

The amount applied to the civilian capital investments in 1930-34 is estimated

to have averaged ¥ 1,705,000,000 every year. Its proportion as against national consumption is, therefore, 0.174 (¥ 1,705,000,000 ÷ ¥ 9,822,000,000).

Assuming that the national consumption for 1953 is ¥ 12,385,000,000 and assuming that the proportions between national consumption and the respective amounts applied to financial expenditures and the civilian capital investments remain the same as in 1930-34, the financial expenditure for the year will be ¥ 3,307,000,000 (¥ 12,385,000,000 × 0.267).

Likewise, the civilian capital investments will be ¥ 2,145,000,000 (¥ 12,385,000,000 × 0.174).

Therefore, in order that over 83,600,000 population may maintain the same consumption as in 1930-34, the national income will be required to be ¥ 17,837,000,000 (¥ 12,385,000,000 + 3,307,000,000 + ¥ 2,145,000,000).

It means that as a result of an increase of about 17,000,000, namely about 26 per cent, in population, the national income has to be increased by about 20 per cent, namely ¥ 2,967,000,000 (¥ 17,837,000,000 - ¥ 14,870,000,000).

Then from what fields of production is the additional national income of ¥ 2,967,000,000 (1930 value) to be obtained?

The comparison between the national incomes of 1930 and of 1934 shows that the former was ¥ 13,701,000,000 and the latter ¥ 16,378,000,000 (both in 1930 value), an increase of ¥ 2,977,000,000. The source of the increase were agriculture, the aquatic industry, mining and the manufacturing industry, commerce, public service and professions, etc. The increase of the national income from those sources amounted to ¥ 3,054,000,000. On the other hand, there was a decrease of about ¥ 77,000,000 in the transferred incomes due to Government expenditures, in indirect taxes and in the balance of international payment, etc. The income increase

classified according to sources is as follows:
(in million yen)

Agriculture and Forestry	384
Aquatic Industry	21
Mining	110
Manufacturing Industry	1,639
Communications and Transportation	147
Commerce	495
Public Service and Professions	102
Imputed Land and House Rent	64
Overseas Enterprises and Services	92
Total	3,054

As regards the additional income of ¥ 2,967,000,000 required in 1953, it is impossible to estimate accurately the percentages to be derived from various sources. However, it is assumed that various branches of production will continue to contribute to the increase in the national income as they did in 1930-34. Only the earnings from overseas enterprises and services are excluded, since they cannot be relied on as future source of income.

The percentage of the increase in each branch of industry in 1930-34 is shown below (overseas enterprises and services excluded).

Agriculture and Forestry	13.0
Aquatic Industry	0.7
Mining	3.7
Manufacturing Industry	55.3
Communications and Transportation	5.0
Commerce	16.7
Public Service and Professions	3.4
Imputed Land and House Rent	2.2
Total	100.0

The additional sum of ¥ 2,967,000,000 in the national income required in 1953 may be itemized on the basis of the above percentages as follows:

(in million yen)	
Agriculture and Forestry	388
Aquatic Industry	21
Mining	110
Manufacturing Industry	1,641
Communications and	

Transportation	148
Commerce	495
Public Service and Professions	101
Imputed Land and House Rent	65
Total	2,967

By adding the above figures to the average incomes from the respective branches of production through 1930-34, we may arrive at the total incomes to be derived therefrom in 1953.

	(in million yen)		
	Average Income in 1930-34(A)	Increase in 1953 (B)	Total Percentage of B to A
Agriculture & Forestry	2,158	386	18
Aquatic Industry	197	21	11
Mining	274	110	40
Manufacturing Industry	4,205	1,611	38
Communications & Transportation	919	188	21
Commerce	2,579	495	19
Public Service & Professions	1,435	101	7
Imputed Land & House Rent	1,068	65	6

As shown above, the income increased by 18 per cent in agriculture and forestry, by 11 per cent in the aquatic industry, by 40 per cent in mining and

V. Estimated Scale of Trade Required for the Realization of the 1930-34 Standard of Living

As stated in the preceding Chapter, an increase of about 20 per cent in the national income and of about 40 per cent in the income from the industrial production is required in order that the Japanese people may regain in 1953 their 1930-34 standard of living. The foreign trade requirement for the same living standard will be studied hereunder.

It has been stated under (4) "Foreign Trade", Chapter II, "The Substance of the 1930-34 Standard of Living", that Japan cannot be self-sufficient domestically

by 39 per cent in the manufacturing industry as against the basic period is needed. If the percentage of income against the amount of production is assumed to be the same as in the basic period, it is estimated that in the manufacturing industry production increase of nearly 40 per cent is necessary.

The Economic and Scientific Section of GHQ has made public the annual production indices of the manufacturing industry for 1930-47 with the 1930-34 average taken as 100 as follows, from which it will be seen that the scale of industrial production required in 1953 approximates to the 1936 level.

Annual Production Indices of the Manufacturing Industry			
(By ESS, GHQ, SWAP; 1930-34=100)			
1930	88.1	1939	196.6
1931	87.7	1940	198.3
1932	94.6	1941	205.8
1933	106.8	1942	195.1
1934	122.4	1943	180.2
1935	134.6	1944	153.0
1936	144.3	1945	59.8
1937	167.4	1946	26.6
1938	180.1	1947	34.1
		June, 1948	45.2

in necessities of life such as clothing, food and dwelling, and that she must import from abroad a considerable amount of such materials and to that end she must export industrial products, for which the bulk of industrial raw materials must in turn be imported. In 1953, when her population is estimated to increase by as much as 26 per cent over 1930-34, the dependence of the Japanese economy upon foreign trade will be still greater.

Japan's population in 1953 is estimated to reach 83,647,000. In order to feed

that number on the 1930-34 basis, the importation of foodstuffs of about ¥1,034,000,000 in the 1939 value is needed as shown in Tables No. 21 and No. 22. (Figures used in the present Chapter are all based on the 1939 value, because in that year prices of industrial or agricultural products were better balanced than in the 1930-34 period of world-wide depression.) These import figures represent an amount necessary for the daily per capita intake of 2,233 calories as in 1930-34. However, the kinds of foodstuffs taken will not necessarily be the same as in those years. In the light of world production situation, wheat instead of rice will be imported in the staple food; as a source of animal protein, domestic fish will be relied upon rather than imported meats. All these considerations are intended to minimize imports. Therefore, the food importation would cost more, if the variety of foodstuffs should remain the same as in 1930-34.

With regard to textiles, imports worth ¥325,000,000 in the 1939 value are needed as shown in Table No. 23.

It is difficult to estimate the necessary amount of imports relating to mining and the manufacturing industries. These imports are as a rule used as raw materials for production purposes. The required amounts will be determined by the scale of Japan's industry in 1953. It cannot be computed simply through multiplication of the per capita consumption in 1930-34 by the estimated number of 1953 population as in the case of foodstuffs and textiles. The scale of Japan's industry in 1953 must be about 1.39 times of that in 1930-34 as stated in Chapter IV. That is however the increase for the industry as a whole. There should be considerable differences in the rate of increase among the various branches of production. In five years from 1930 to 1934, the net output was increased by 5 per cent in the food industry and 14 per cent in the

textile industry, while in the chemical industry the increase was 101 per cent, in the metal industry 141 per cent and in the machinery and tool industry as much as 238 per cent, as shown in Chapter II (3). It is a phenomenon common to all countries that as the national income increases the proportions of the heavy industries grow greater. Accordingly, in Japan's industrial composition in 1953, the proportions of the machinery and tool industry, metal industry and chemical industry are expected to become considerably larger than in 1930-34. No accurate estimate of these proportions is possible. It is, however, assumed here for the calculation of necessary imports that the increase in all industries is uniformly 1.39 times. Then the amount of importation of necessary materials will be, as shown in Table No. 24, about ¥1,726,000,000.

The total of the above figures represents the amount of importation of essential materials in 1953, which is ¥3,086,000,000. On the other hand, Japan's products for exports are very scanty, which, apart from raw silk and silk textiles, consist of agar-agar, pyrethrum, ammonium sulphate, coal, porcelain, etc., of which the total export value in 1953 is estimated to be no more than ¥422,438,000 (cf. Table No. 25). The deficiency amounting to about ¥2,664,000,000 must be covered by exporting finished industrial products made by imported raw materials.

The export value of processed products using foreign raw materials, taken from the export statistics for 1939, and the estimated value of raw materials required for such products are shown in Table No. 26. It shows that the export value of processed products amounted to ¥2,256,000,000, of which cotton goods comprised 25.6 per cent, machinery and tools 16 per cent, rayon goods 7.9 per cent and metal goods 7.2 per cent.

The total value of the imported raw

materials required is estimated to have been ¥766,000,000, which was about 34 per cent of the value of processed products exported. On the assumption that the amount of importation of such raw materials comprises 34 per cent of the total value of finished products made thereof as was the case in 1939, the amount of exportation and of importation required in 1953 to cover the deficiency of ¥2,664,000,000 will be respectively ¥4,036,000,000 and ¥1,372,000,000 (Note 2).

(Note 2) X—Amount of exportation and of materials
Y—Amount of importation of raw materials

$$X - Y = 2,294 \text{ million yen}$$

$$0.34X = Y$$

$$X = ¥4,036 \text{ million yen}$$

$$Y = ¥1,372 \text{ million yen}$$

In reality, however, Japan's industrial structure in 1953 will greatly differ from what it was in 1939, nor will the condition of overseas market remain the same. So it will not do to place upon each export item in 1953 the same degree of importance as in 1939.

The Economic Stabilization Board has formulated a trade plan up to 1952 on the basis of the country's industrial condition after the war. The results of calculation made by referring to the estimated figures in the said plan with the percentages of the various export items modified according to the actual trade returns for 1939 are shown in Table No. 27. The estimated trade figures for 1953 are tabulated below.

(in 1,000 yen in the 1939 value)

Imports

I. Essential Materials:	¥3,086,545
Foodstuffs:	¥1,034,667
Textiles:	¥ 325,672
Mining & Industrial Materials etc.:	¥1,726,206
II. Materials for Export Industries:	¥1,374,000
Total:	¥4,460,545

Exports

I. Products from Domestic Raw Materials:	¥ 422,439
II. Products from Imported Raw Materials:	¥4,036,000
Total:	¥4,458,439

The actual trade figures of Japan for 1930-39 are shown in Tables No. 28 and No. 29. The estimated trade figures for 1953, compared with the 1930-34 average, are 175 per cent of the latter in exports and 164 per cent in imports. Even as against 1937, when the highest figures were registered, they amount to 109 per cent both in exports and imports. Moreover, in the foregoing calculation, non-trade incomes and outgoes were kept out of consideration and an attempt was made to maintain a balance solely in the commodity trade.

Unlike before the War, a considerable excess of payment is expected in the future non-trade account. The actual figures of non-trade account in 1936 are shown in Table No. 30. (1): with regard to Interests and Dividends, there was an excess of payment of about ¥120,000,000 even before the War. In future, the excess of payment is bound to increase since Japan has lost most of her overseas assets and she requires, on the other hand, a large amount of foreign capital for postwar reconstruction. (2): with regard to Profits from Overseas Enterprises and Services, there was an excess of receipt of about ¥270,000,000. Receipt from this item will be insignificant in future, since about 2 million Japanese have been repatriated from China and other parts of East Asia. (3): the Marine Transportation Account shows an excess of receipt amounting to ¥270,000,000. Japan possessed about 4 million tons of shipping, which carried about 60 per cent of her trade. In order to obtain the same excess of receipts from this item in 1953, it is roughly estimated that 4,500,000 tons of shipping will be required, whereas today Japan owns

only 1,340,000 tons, of which vessels available for foreign service total 790,000 tons. Judging from the foregoing considerations, the exportation in 1953 should substantially exceed ¥4,458,000,000, as shown on page 16, in order that Japan's international accounts as a whole may be balanced. Assuming that there will be an excess of

payment of ¥200,000,000 in interests and dividends and ¥600,000,000 in marine transportation, there should be a further increase of about ¥1,200,000,000 in exports and a corresponding increase of ¥400,000,000 in imports to cover that excess of payment.

VI. Industrial Composition in 1953

It has been shown that in 1953 industrial output approximating the 1936 level and an increase in foreign trade of 9 per cent over 1937 will be required and that by that year the industrial composition of Japan will have been substantially altered as compared with 1936 or 1937. Table No. 31 shows the output of each branch of the manufacturing industry of Japan from 1930 to 1940. If the figures for 1930 and those for 1940 are compared according to this table, it will be seen, for example, that the output of the textile industry which in 1930 comprised 34.3 per cent of the total output of the manufacturing industry, decreased in 1940 to 16.6 per cent; and that between those years the food industry registered decrease from 16.3 per cent to 9.0 per cent, while there was increase in the machinery and tool industry from 10.6 per cent to 22.8 per cent; in the metal industry from 9.0 per cent to 18.9 per cent; and in the chemical industry from 15.9 per cent to 18.6 per cent.

This trend is reflected in the contents of export trade. According to Table No. 32, which shows the percentage of each export item made from imported raw materials to the total figures of exportation in 1935, 1937 and 1939, cotton goods comprised 41.5 per cent in 1935 but fell to 25.5 per cent in 1939, while there was increase in machinery and tools from 8.3 per cent to 16.0 per cent and in chemical products from 2.2 per cent to 3.0 per cent. The estimates of 1953 export cited in

Table No. 27 take this trend into account by raising the percentages of machinery and tools, and of chemical products respectively to 26.5 per cent and 5.0 per cent. The same trend should naturally be taken into consideration in making an estimate of the industrial composition of 1953.

According to the research released by the Ministry of Commerce and Industry, the total output of each branch of the manufacturing industry at factories employing five or more workers in 1930-34 and its net production after deducting the cost of materials, and fuel and power, are as given in Table No. 33. The figures for the net production of all branches of industry and its value in terms of the 1930 prices are shown in Table No. 34, according to which the average net production through 1930-34 is ¥2,475,100,000 in terms of the 1930 prices.

The total industrial income required in 1953, being 1.39 times as much as that in 1930-34, will amount to 3,440.4 million yen (2,475.1 million yen \times 1.39).

Now, in what proportions is the industrial income of ¥3,440,400,000 to be derived from the various branches of the manufacturing industry? Inasmuch as the scale of the manufacturing industry as a whole in 1953 is estimated to approximate the 1936 level, and as the scale of foreign trade is set 9 per cent over that of 1937, the industrial composition in 1937 is here taken as the basis for 1953 with the