

ITEM 7 The Revival of Controlled Economy and Emoluments - Provincial Newspaper Kobe Shimbun (Kobe) - 28 Feb 46. Translator: K. Hirata.

Summary:

1001
We are now in the days of controlled economy once again. At this juncture, we should, first of all, take precautions against the appearance of "emolument economy". During the war, officials or public servants enjoyed many perquisites by abusing the privileges attached to their posts.

However, in the present democratic days when freedom of speech is respected and, rightly or wrongly, all our deeds are subjected to the judgment of the public. Freedom of speech may appear a trivial matter, but is not so in reality. If freedom of speech had been more respected during the war, we might have prevented the tragedy of the PHILIPPINES. But one thing which we must not neglect, is the recent tendency of using coercion under cover of democracy. We are afraid lest the new controlled economy should be hampered from smooth operation by such coercion which defies reason or justice.

ITEM 5 The Key to Economic Rehabilitation (2d of a series) - Mainichi Shimbun - 12 March 1946. Translator: T. Kitagawa.

Summary:

1001
The chairman asserted that the recent Economic Emergency Policy was effected without due preparation. On what does the success or failure of this policy depend? Professor OUCHI is firmly confident that the Government measures will be successful if they stabilize prices and will avoid failure if prices go up. By prices, he explained, those prices brought about through actual demand and supply and not official prices born on a Government official's desks. Mr. TAKAHASHI's opinion is that the policy may be either a success or failure according to whether it encourages industry, regardless of the trend of prices. But the professor just repeated his opinion saying that the policy would be a failure even though it raised national productivity, if it failed to lower the prices of goods.

The chairman asked a question on the causes leading to the lowering or raising of prices. Professor OUCHI, answering the question interpreted the Government's confidence in lowering prices by the economic emergency measure. First: the Government attempted to cut in half the amount of currency (over 60 billion yen) in circulation. Second, it aimed to discourage people from spending money by the creation of restricted bank accounts, in which the nation is requested to put every cent over the amount specified as their minimum living allowance. Those who have hoarded goods too will get rid of them if prices fall.

Third, the official prices which prevailed when the emergency measure were promulgated will be raised to allow dealers a reasonable profit. Furthermore, the prevention of black marketeers by stern measures will result in a 30 to 50 per cent cut in prices. The price level thus obtained will not be much more than ten times as high as the prewar level.

Mr. MINOBE expressed his objection to the measures saying that it came too late. According to his opinion this emergency measure should have been put in force at the latest at the time when the property tax program was announced. That the enforcement of this emergency measure was delayed impressed the nation with the depreciation of currency. Currency circulation will be promoted, withdrawal of money from the bank up to the legal limit will be practiced without any intention of depositing it back at the bank even after necessary payments have been made. If, he continued, inflation returns, it will develop more rapidly than the one we have just been through. He further said that not only did the measure appear too late, but we might have been better without it. When a dam collapses the water will flow with irresistible force.

Professor OUCHI admits that the measure should be better balanced with other economic factors and its enforcement should have been earlier. Still he expressed his opinion in favor of the program.

ITEM 3 Government's Plans to Establish Control Organization for Stabilization of Civilian Life - Asahi Shimbun - 10 Mar 46. Translator: R. Shibata.

Summary:

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The Government has been making the utmost efforts to reconstruct our confused economy through a series of forcible steps such as the economic emergency measures, reimposition of price ceilings on commodities of daily life, control of production and distribution, etc. However, economic steps aiming at stabilization of civilian life are necessary and must cover all phases of economic life. The Government recognizes the necessity of establishing a central organization through which all economic policies concerning the reconstruction of our economy and the stabilization of the life of the public may be determined.

At the meeting of economic Ministers held on 3 March, they reached a fundamental agreement on a plan to establish the Price Control Office (BUKKA CHO) and the Economic Stabilization Headquarters (KEIZAI ANTEI HONBU). They planned to carry out combined and effective control on prices and, if need be, on production. Of course, control from now on must not be the same as that practiced in wartime.

The heads and membership of the organization must necessarily be renewed. Also, in order to give the Office and Headquarters real strength the proper departments of the Ministries of Finance, Commerce and Industry, Welfare, and Agriculture and Forestry will have to be associated with the new organizations. Strong Government political power and cooperation between the ministries concerned are necessary. For the present, it seems to have been decided that the Price Section of the Ministry of Finance and the Cabinet Investigation Division (NAIKAKU SHINGI SHITSU) are to be transferred to the new organizations. An outline of the Government's conception of the new organizations is as follows:

(1) The Economic Stabilization Headquarters. The Prime Minister will additionally hold the post of president and, under him, a commissioner general is to be appointed over four sections: (a) price and funds; (b) agricultural materials; (c) mining and industrial materials; (d) labor. The post of commissioner general and the chief of the first section will be held by Mr. ISHIGURO, Minister of State without Portfolio. Chiefs of the other three sections will be selected from officials of the ministries concerned. Councillors will be appointed from civilians who meet the standards and have experience. They will help the commissioner general as a consultative committee. The function of the Headquarters is to make plans from the combined points of view for the several officers in charge of each section and to facilitate the activities of the Price Control Office and each ministry.

(2) The Price Control Office: The Office will have two or three sections; what items are to be charged to these sections is not yet officially decided. However, they will probably take charge of broad items such as prices, freight, land-rent, house-rent, labor, statistics and inspections. The appointment as chief will be given to ISHIGURO, Minister of State without portfolio and directors and members of each section will be selected from officials of ministries concerned. This Office will deal only with matters concerned with prices. The Government expects complete cooperation between the above two organizations to be realized through a personal pledge of Mr. ISHIGURO.

(3) Economic Stabilization Conference. The conference will consist of ministers of economic departments. Mr. NARAEASHI, chief secretary, will be appointed chairman. The conference is to take part in decisions of the highest policy of the Economic Stabilization Headquarters.

The role of the new organizations is, needless to say, mainly concerned with price control. But, from the aspect of combined control, the organization will, if need be, extend their control of production and distribution. However, in this case, control will be managed by separate ministries.

ITEM 3 Draft Plan of the Industrial Extraordinary Measure Ordinance Drawn by the Government - Mainichi Shimbun - 10 Mar 46. Translator: T. Okamura.

Summary:

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In a step toward composite counter-inflation measures, the Government a short time ago enacted financial emergency measures, and then decided on a new price policy. However, since the suppression of inflation requires the increase of production as its most vital condition, it will be most important to back up the supplies of products in order to make the lately enforced measures a success. In this sense, the Government, which has been studying the promulgation of an ordinance of post-war industrial extraordinary measures, has come to a tentative conclusion. The newly proposed ordinance, which will be submitted for approval at a Cabinet meeting some time this week, will be made public as soon as it has been sanctioned by the Privy Council.

The projected ordinance aims at the vigorous control of production, distribution, usage and consumption of vital materials, from the national stand-point, in order to accelerate the immediate restoration of post-war industries. In enacting the ordinance, it is understood that the Government plans to utilize the responsibilities and judgment of industrial circles. The ordinance will replace the Import and Export Extraordinary Measure Law, and the National Mobilization Law, promulgated respectively during the course of the CHINA Incident and the Pacific War. The term of the enactment of the new ordinance is tentatively set for one year.

As production control organizations, on the basis of the new ordinance, they will be directed to establish independent organizations which represent the competent industries. For the meantime, however, if circumstances do on the other hand, the present organs will be utilized as distribution control organizations. Besides these, new corporations which deal solely in the purchase and sale of distribution goods, will be established either by readjusting the present organizations, or by readjustment on an entirely new basis. Simultaneously with the enactment of the proposed ordinance, provisions regulating the production and distribution control of the above-mentioned controlling laws, as well as provisions of the controlling associations and controlling unions, will either be abolished or revised.

The highlights of the ordinance follow: As an independent control of production, the Government will conduct investigations of, and give sanction to, production programs, and figures of demand and supply of raw materials submitted by these control organizations. Upon approval by the Government, these organizations will allot each member corporation the amount of production, assign raw materials, and give the guidance and control essential for their production. In doing so, these controlling organizations are advised to take the cost prices, quality and appraisal by consumers into consideration, instead of production amounts or capacity as was done in the past, in order to promote production by fair competition among member corporations. These controlling organizations are also to keep close contact with the Government by reporting the production situation of their member corporations.

It will be directed that the distribution controlling organizations will conduct purchase and sale of vital products for which strict control is essential. These organs will monopolize distribution on the basis of a distribution program which the Government decides, or the assignment which these organs decide. These organizations have to ensure a fair, swift, and correct distribution for the benefit of consumers.

Besides the control of these production and distribution controlling organizations, the Government also enacts similar measures for such products as cannot be controlled by them. In case of necessity, the Government will order the restriction or prohibition of production or distribution.

The Government, when it deems it necessary, will designate and order the transfer of hoarded or concealed materials, and issue orders for production when producers neglect production. The Government is also to order the transfer, lending, or trust of equipment, if disputes arise among member production organizations in connection with the resumption of production. Necessary measures will also be taken by the Government in connection with the distribution of materials, which are proved to be unsuited to monopolistic distribution control, so that reasonable and smooth distribution may be undertaken.

ITEM 3 OGASAWARA expressed his view to meet with the Current Problems -
Mainichi-Shimbun - 10 Mar 46. Translator: Z. Konishi.

Summary:

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 The success of the Government's composite economic policies depend entirely upon the increase of production, and it is obvious that the key problem concerning future economic management in JAPAN is the strengthening and democratization of the state economy.

Taking this into consideration, Commerce and Industry Minister OGASAWARA, expressed his detailed views on the current problems in the course of an interview with the MAINICHI Shimbun. The chief points are:

(1) The important industries were listed as follows: Chemical, fertilizer, coal and its related mechanical industries; iron and steel, farm implements; textiles, etc. The Ministry's authorities will select the appointed factories from the above industries and give positive assistance as far as possible to these factories.

(2) As a financial counter-measure for the manufacturing industry, the new Financial Committee Council (KINYU IIN-KAI) will be organized, composed of representatives from financial and Industrial circles. Meanwhile, shares in secondary companies can be paid for with frozen credits. Negotiations for these items are under way between the Ministry of Commerce and Industry and the Ministry of Finance. However, the Industrial Bank (KOCYO-GINKO), the Central Depository of Commerce and Industry (SHOKO CHUO-KINKEO), and other financial organs concerned, are expected to be active.

(3) As a future plan to secure independence in production, some bodies organized in each industry will be made legal bodies and charged with a part of the Government's control work.

(4) In view of the important position in future industrial circles, likely to be held by medium and small industrialists, the rights of wholesale stores will be expanded hereafter, and they will be entitled to distributions of raw material and other necessities for production.

(5) Administration based on scientific techniques, will be practiced.

ITEM 2 "Regimented Economy and Planned Economy" - Provincial Newspaper Kyoto
Shimbun (Kyoto) - 2 Mar 46. Translator: H. Furukawa.

Summary:

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 Many people seem to be longing for the advent of the age of free economy, and it is because they suffered much from the inconvenience of the regimented or planned economy enforced by the bureaucrats during the war. It must be noticed, however, that the capitalistic economy, based on the principle of liberalism, has already revealed its many defects, and the happiness of mankind can never be brought about by backing capitalism as in the past. Indeed, regimented or planned economy was initiated to carry on the war. However, in general, it should not be denounced - for that reason. Regimented economy and planned economy are like heads and tails on coins and the former stresses - the political significance, while the latter, the technical side.

When this type of economy, which is more advanced than free economy, is practised by the people and for the people, no evil will accompany it. In short, the merits of regimentation and planning can be displayed in a democratic society and they can also be significant when they are carried on by the people. All the people should, at first, exert themselves towards the democratization of politics and economics, realizing the value and significance of regimented or planned economy.

ITEM 2 Round-Table Conference On The Land and Inflation Problems (End) -
Provincial Paper Shinano-Mainichi-Shimbun (Nagano) - 8 Mar 46.
 Translator: J. Shindo.

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 Summary:

KIDO (independent) I think it strange that mutilation of farming-rights, the most important point in the Reformed Agrarian Law, was approved because of the fact that something would be better than nothing. Tenant farmers should aim at farming and not at land ownership. Agriculture, therefore, must be made independent. In other words, agriculture also must undergo its industrialization.

MIYASHITA (Socialist party) The Socialist Party made an appeal to the Government in December to anchorize farming-rights and to prohibit dispossession by landlords, but it was beyond the influence of the seventeen representatives.

UEHARA (liberal party) The most important thing is to make the best use of land. When farmland is as distant from the farmer's house as it is now, we cannot expect the best use of land nor a higher cultural life in villages.

HANEDA (progressive party) The four chobu six tan ownership limit per landlord is rather large. From the view point of giving land to farmers, this quota must be reduced to two chobu. Dispossession by landlords is now causing a social problem and each problem must be solved by the communal nature of farmland.

On Inflation Measures

KIDO (independent) Concerning the emergency financial measures, I think that the mere freezing of currency without the mobilization of labor is inopportune. Why did the Government predict that promoted production would release more currency? The collection of the property tax and war profits tax is undesirable under the current system because it is apt to become a taxation of the people. The one hundred billion yen to be collected should be appropriated to rehabilitation.

KOSAKA (independent) Production has been very inactive and there are many conditions conducive to inflation. To check inflation, both the renouncing of the war-indemnities and the suspension of the payment of war-bond interest and principal are needed.

IIDA (communist) The emergency measures were inevitable. Only a democratic Government can be qualified to solve the problem.

MIYASHITA (socialist) Inflation brought the emergency measures with it. The present Government has but a month to live, but why did this same Government push through these measures? Was there no alternative left?

MOMOSE (co-operative party) To check inflation to some extent, property-tax revenues should all be appropriated to production. There is no need to consider the redemption of bonds. The new measures are routine and do not meet the different local conditions.

WAKABAYASHI (Independent Social Party) The new measures are not appropriate. Well-to-do people have already dodged the restrictions. Inflation can be avoided only when Japanese politics are renovated.

UEHARA (liberal party) The New Yen measures are indispensable to an inflation policy, and the Government's policy to make the nation spend less currency is understandable. Production and financial measures must be considered together. History tells us there is no alternative but to make an individual keep his willingness to produce at the highest level. That means free economy. The above free economy does not always mean an immediate release of all goods from control, but it is rather based on the condition of increased production.

HANEDA (progressive party) In order to carry out the emergency measures, production also should be promoted. It is essential that capital and labor co-operate.

ITEM 6 "Curbing of Inflation and the Promotion of Rice Delivery" - Provincial Newspaper Bocho Shinbun (Yamaguchi) - 2 Mar 46. Translator: H. Furukawa.

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Summary:

The late emergency economic measures can not be expected to lower the commodity prices, if the food problem is not solved in a satisfactory way. Both the Government and the people, facing the food crisis which is anticipated to come about April, are only fearing it instead of taking any effective steps toward stopping it. So long as the matter is concerned with the food problem, only, a drastic measure is needed. Anything else will meet with failure. The Government seems to resort to compulsory measures and we think it unavoidable, in view of the slow progress of the rice delivery. Also in this prefecture, the result of rice delivery is very bad and the authorities must take drastic steps to enforce the full delivery.

Compulsory measures are of feudalistic origin and are not very desirable. They will become unnecessary, if the farmers behave according to their patriotic spirit. We ardently hope for all the farmers to do their best towards the solution of the food question, remembering that the food problem is the key to the curbing of inflation.

ITEM 1 Emergency Economic Measures and Public Opinion - Provincial Newspaper Minami Nippon Shinbun (KAGOSHIMA) - 6 March 1946. Translator: K.Hirata.

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Summary:

A clamor has been heard against the economic emergency measures. First, it concerns the shortage of small change. Second, it is the economic view that the new measures are not supported by production. Third, it concerns the payment of salaries limited to 500 yen per month. This is particularly the target of severe criticism in labor union quarters.

However, we must recall the stringent situation before the emergency measures were revealed. At that time, the national livelihood was on the verge of ruin, due to the aggravated inflation, and the entire nation was strongly urging the Government to take steps to check inflation as quickly as possible. Considering these circumstances, the emergency measures are to be justified as adequate steps, although they include certain defects. If we want such perfect measures as will satisfy everyone, we should strive to create a situation under which they are possible. For this end, we should take great interest in the forthcoming general election. In other words, we should not neglect a thorough examination of the policies and platforms adopted by each political party.

ITEM 1 The People's Economic Life Must Be Backed by Goods - Provincial Newspaper Hokkoku Mainichi (Kanazawa) - 2 Mar 46. Translator: Y. Eblike.

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Summary:

With the series of Emergency Economic Measures, the Government has begun to check the current vicious inflation. So long as the inflation owes its cause more to the decline of production or to the lack of commodities rather than to the swelling of currency, the most urgent problem is the increase in production of foodstuffs and daily necessities in order to make secure the economic life of the people and to remove the present uneasiness from their lives. What methods has the Government adopted to achieve this effect? Unfortunately, none are strong enough to convince the people, who had a hard experience with the ration system during the war. If the present conditions were to continue the result would be terrible. Since the living expenses of the people have been limited by the Emergency Financial Measures, the Government should by all means make their livelihood secure by backing commodities for the benefit of the people.

ITEM 3 The Restoration of Economic Order and the Economic Exhibition -
Provincial Newspaper Bocho Shimbun (Yamaguchi) - 3 Mar 46. Translator:
H. Furukawa.

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 Summary:

The new JAPAN Economic Revival Exhibition is to be held by the prefectural authorities with the aim of stabilizing the people's livelihood by curbing inflation and maintaining economic order. It will have the effect of imparting economic knowledge to the people. This knowledge of economics will contribute greatly to the reconstruction of the Japanese economy. The Japanese people believe that economic knowledge means a mercenary spirit, and they were thoroughly selfish in its pursuits. The present privation would not have occurred, had the people understood the significance of economic order. The economic exhibition should be arranged to effectively enlighten the people for able participation in the work of economic reconstruction.

ITEM 3 Measures Against Present Crisis - Mainichi Shimbun - 14 Mar 46. Tran-
slator: T. Naruse.

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 Full Translation:

We realize that the Government is now seriously tackling the problem of rice and inflation. The rice delivered at the end of February was 52 per cent of the quantity planned, and it was expected to be difficult to raise the amount to 60 per cent by 10 March. In view of this, it seems that the Ministry of Agriculture and Forestry has now considered that there is no other alternative but to advance the effective date of the compulsory measure.

On the other hand, to strengthen the new emergency money measure, the Finance Ministry authorities have issued a notification by which the personnel of banking concerns, who are directly responsible are to be treated as officials. At the same time, the authorities have demanded that these people examine themselves while making payments and loans with the enterprising funds, which has often incurred the public's suspicion, and also instructed them that those, who violate the law would be severely punished.

We must recognize that these mild measures will be ineffective in solving the current food famine and inflation crisis. In an emergency situation, no measure has any significance unless it is resolute. However, the present problem is whether the backing these compulsory measures is democratic or not, and this is never a logical debate. Unless the people are convinced, the Government's attitude relating to enforcement of compulsory steps only strengthens the people's opposition and invites their contempt.

Of course, no matter how powerless the SHIDEHARA Cabinet may be at this crisis, if some political parties appear as the defenders of wicked farmers and illicit peddlers, who look after their own interests to the neglect of national laws, there is danger of incurring the people's suspicion to their democratic standpoint. Recently, the Social Democratic Party and other democratic parties have shown a careful attitude on this point.

However, there is a reason why it seems that the degree of the people's approval of the democratic political parties and the extent of their distrust of reactionary and feudalistic ones is slight when compared with their reaction to the current crisis. The democratic parties must

present clearer and more concrete policies as measures against the crisis. Also, they must take care that their policies do not give the impression of a struggle for political power as they were in the past.

ITEM 8 Life of Equal Perseverance - Mainichi Shinbun - 16 March 1946.
Translator: M. Kato.

Full Translation:

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 The new currency is "a child born in answer to the prayer of the Government to curb inflationary influences." This implies that life with this new currency should become a life of perseverance. More than this, this life can not be compared in severity to life during wartime.

Needless to say, there are some objections to these present comprehensive measures of the Government. Loopholes and blemishes have already been pointed out in this column, and prudence by the Government is imperative. Certainly the SHIDEHARA Cabinet has revealed its capitalistic characteristics, both in financial and industrial aspects. Strict supervision is therefore absolutely necessary for further action. At the same time, we should not interfere with sincere co-operation on this new measure.

To devise crafty means to evade the property tax or the war profits tax, or by shrewdly collecting small money, or attempting to counterfeit stickers for substitutes of new yen notes; or boasting of one's cunningness in circumventing the regular distribution, will ruin the Government's measures. It is not too much to say that the skill in adjusting our lives under the new currency will decide the fate of the Japanese.

A detailed example of household economy was published by the Price Section of the Ministry of Finance, for a five-member family living in a big city. Financial authorities are to be blamed for not having clarified the points on which the data for these figures was based. A scientist explains to us that the figures in this book are based on 1816 calories per day, per male adult, which will allow only six and a half hours of light labor. Judging from our deductions, 31.58 yen for lighting and heating expenses, 33 yen for transportation expenses, 23.72 yen for education and amusement expenses are absurd figures.

An actual example in TOKYO last year showed us that a five-member family, occupying three rooms, required 25 yen for gas and 10 yen for electricity, excluding expenses for wood and charcoal. In the case of seven members, without gas installations, as much as 400 yen was required for buying coal, coal light, and coke, as well as electricity. The fare for a season ticket between TOKYO and SHINJUKU costs 20 yen per month. Magazines and books have risen considerably in price and 23.72 yen is far from sufficient.

On the average, in a big city, almost the same figures can be calculated. On the establishment of the present now controlled prices, which aimed at 10 times the pre-war price level, and half of the recent black market prices, Finance Minister SHIBUZAWA declared, "This system took three major items into consideration; that is, currency, finance, and production." However, it is illogical that the ceiling price of powder is seven yen, compared with 3.5 yen on the black market; pomade is 10 yen compared with five yen; cold cream is 12 yen compared with eight yen. However, such matters are minor as will soon become evident. Utmost care should be taken, by the Government, in this critical situation, because such blunders will be destructive to faith. Powder and pomade are important; the most important thing is food.

The Government has launched new steps for controlling perishable articles allowing the people to buy at low prices. The expenditure for this will be 3,000,000,000 yen.

Vegetables and fish have come to be controlled again, being distributed, through the functioning of the control association.

Black market transactions would be ruinous to our 500 yen allowances. We must be fully resolute so that we may be deserving of these new measures for curbing inflation. In turn, we should be furnished with the necessary minimum rations; otherwise we will not survive. However, the Government alone cannot solve this problem. We are now required to be devoted to this vital work with full courage and sincerity, so that we may tide over this crisis in which the destiny of our race and our country will be decided.

The Government will have to resort to drastic measures against both producers and consumers to stave off the food crisis, now that the shortage grows more critical. Therefore, partiality at the present time, should not be allowed. Equal sharing of this problem can override the current situation. Strict supervision of our life, especially concerning food, should be maintained with a democratic attitude.

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PRESS TRANSLATIONS

No. 1943

DATE: 21 Mar 46

EDITORIAL SERIES: 634

ITEM 1 Open a Way for the Reconstruction of Japanese Economy - Jiji Shimpō -
18 Mar 46. Translator: H. Arai.

Full Translation:

100
 Japanese economy is now under difficulties. That can be plainly seen even in our daily life. Despite the current inflation, the rationalization of enterprise has not been carried out; and the economic world is stagnant. It may well be said that the people, are suffering from the grim realities of life, are disappointed in their hopes because of the unsolved economic problems.

We can compare the inflation in present JAPAN with that in old GERMANY. At that time there was great economic confusion in GERMANY. Nevertheless, GERMANY finally found a ray of hope for the reconstruction of her economy through the removal of non-productive enterprises. The inflation affected society in various ways; and the working classes suffered many sudden changes. However, the most miserable conditions continued only from the end of 1922 to Autumn of 1923. On the other hand, the inflation now facing this country is far more vicious than that in GERMANY. When will we be able to open a way to the reconstruction of Japanese economy? Under the present circumstances, we are hoping against hope. It is, however, contrary to humanity to leave the matters as they are; the incompetence of the Government is unpardonable. The Japanese people must pave the way to the restoration of Japanese economy as soon as possible, in order to achieve the stabilization of national life. This great end can never be attained merely by means of temporary and nominal policies. Japanese economy must be a link of worldeconomy. Nevertheless, judging from the current economic situation Japanese economy is entirely cut off from the rest of the world; and Japan is too often forced to rely upon the Allied Powers, especially upon the UNITED STATES. Needless to say, under the present situation, JAPAN has good reason to do so. However in order to establish Japanese economy on the basis of world cooperation, JAPAN should clarify her own economic conditions.

The stabilization of world economy is the most important matter of the 20th Century. From this point of view it is a serious matter that we must support such a big population in this cramped country. Under such circumstances it is impossible to be economically self-sufficient. Even in former days, JAPAN could not support her self. Now, when JAPAN has been confined within narrow frontiers in consequence of the defeat, it is natural that JAPAN should suffer from an acute shortage of food. I wonder, however, whether it is necessary to reduce the population of this country.

However low the Japanese standard of living becomes, the people must devote themselves to the creation of an economy sufficient to support the whole population. Thus the population problem becomes a matter of employment. This is a most serious subject in the UNITED STATES, too. It is a noticeable phenomenon that eminent

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American economists are all devoting themselves to the solution of this problem. Judging from the fact that the area of farm lands is only 0.43 hectares per man in JAPAN, the establishment of this country on the basis of agriculture is quite difficult. Moreover, since this country is poor in resources, it is almost impossible to establish an industrial basis. Thus the only way for the stabilization of the Japanese economy is to develop the so-called refining industry and tie it up with the world economy.

The world committed two vital mistakes after World War 1. At first a panic was caused by overproduction, and later the decrease of production again brought about the distress. This contradiction has unsettled the world economy. Reason in economy will order human beings to rectify these mistakes by their experience.

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PRESS TRANSLATIONS

No. 1817

DATE: 14 Mar 46

ECONOMIC SERIES: 428

ITEM 1 A Reasonable or Unreasonable Economy? By Minoru Fukuda - Magazine: Heiwa (Monthly) - Mar 46 Issue. Translators: Pfc. Sugihara & K. Asaka.

Summary:

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 Like an irresponsible ne'er-do-well, who writes checks with insufficient funds, the Government has overissued paper currency, this causing inflation. The economic effect of this overissuance would not be disastrous, if the administration were a well established one, but in the aftermath of defeat only inflation could result, and paper money has become almost worthless. In an attempt to cope with the situation, the Government has imposed a heavy property tax and even resorted to a national lottery. Until production can equal or exceed consumption and monetary standards approach normal, a deflated economy is not possible.

If Japan has no intentions for future war, no militaristic ideals are essential. We must strive to raise our economic, spiritual, and cultural level to equal that of foreign countries. We must approach AMERICA's economic culture so that a common monetary system can be achieved. Then, there will be no need of an arbitrary exchange rate, and our money will have more value. In order to raise the status of living enterprising citizens will work hard for this well-backed currency and government directives will not be necessary to increase production. We do not expect to find so-uncivilized a nation among the Allied Powers that would bear antagonism toward us after our war criminals are punished, our reparations are paid, and we approach democratization. I believe that the real governing power of a nation lies in a policy of stable economics. If we aim for an international system of common currency (this may be many years hence), and study and control the present economic condition carefully, we can achieve a stable living, a stable economy, and a warless future. Unfortunately, the current Japanese economic policy is not along these lines. If anything it is retrogressive in character.

Deflation, while a good policy, cannot, by itself, cause economic stability. If it fails, other policies will no doubt be adopted, but what will happen when the Government lowers the interest rate on Government bonds? No doubt the Government's financial burden will be eased but business and production will not be stimulated. The Government is so weak, its bonds and paper money so nearly worthless, that until paper currency is recognized to have extrinsic value, as gold or rice has intrinsic value, perhaps a barter system would be more suitable to our economy.

A drop in market prices is possible in case the currency is deflated, but a lack of money transactions and an increase in bartering practices will be equivalent to reversion to the stone age. On the other hand if prices rise we shall be forced into a precarious living, and the government would have to initiate various emergency measures. If the value of paper money can be increased, it will stimulate many more

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people into working, increasing production and indirectly leading to prosperity. Otherwise, compulsory labor promulgations may be necessary. But, since the latter is incompatible with democracy, the only solution seems to be to raise the value of the yen to at least the prewar level.

Poor transportation facilities have caused unequal distribution of commodities. Demobilized soldiers and unemployed former factory workers, taking advantage of this goods scarcity in some areas have started black markets. No doubt they were somewhat useful in distributing goods but the operators were so lacking in business sense and morals that prices went sky high. This price raising was a greater evil than the original unequal distribution problem that the black markets partially alleviated. As coal and oil productions approach normalcy again electricity and gas will become more available. As mechanical devices become more numerous the need for food imports will decrease, communication and transportation facilities will improve, and black markets can be eliminated.

To remove price controls on some foods, when paper money was nearly worthless and administrative power almost nil was a care of very poor judgment on the part of the government. Inflationary trends became more apparent and living conditions became more unstable. Price control should not have been lifted until money value was stable and distribution procedures were operating smoothly. Removing price ceilings was an act comparable to a member of the aforementioned ne'er-do-well's family buying something expensive, without regard to price, when the ne'er-do-well's debts were not yet settled. If a nation only slightly recovered from the disease of war were to be treated as if it were healthy and no medicine were administered, what would be the result? Inflation is contagious so that our sick nation afflicted with it, should be kept in a "hospital;" that is, price control should be reinstated. I understand that such is to occur and I heartily favor it. However, if controls are set at a high level and deflation occurs, disastrous effects will result. Unless black markets are completely suppressed, prices should not be allowed to rise, otherwise, even worse inflation will result.

In conclusion, money must have extrinsic value; the need for bartering practices must be eliminated; a stable economic life must be made possible for all; and we must be able to buy imports from foreign countries with money instead of being forced to barter. We must remember that the average citizen will resort to bartering if he feels uneasy about paper money.

ITEM 2 Roundtable Conference on Economic Recovery Sponsored by the Mainichi (Part 4) - Mainichi Shimbun - 14 Mar 46. Translator: T. Okamura.

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Extracts:

Newspaper Office: That Prof. OUCHI gave as the intention of the Government included the following: It would be of no use if the issue of currency increased, even if the Government plans to collect 100 billion yen by the property tax. Such an opinion may be interpreted as an earnest demand of the Nation in connection with the recent composite economic measures.

ARISAWA: That may be so.

OUCHI: Even if we assume that in a few months the situation reverts to its former state, the Government still has ample time to take counter measures to prevent inflation during that period. Therefore, if the Nation or the Government, has the practical power to prevent inflation, they may prevent it.

ARISAWA: I think it is very essential to do so. Since the Government has prevented inflation anyhow, it is advisable for it to follow up with other anti-inflation measures. The most vital thing will be to conduct a fair and smooth distribution of materials. When people realize that they can live on 500 yen, those who oppose the Government measures will come to understand. In order to distribute materials in a fair and smooth way, vigorous measures in connection with delivery and production must be taken. The Government measures are said to be composite measures, but, in reality, they are inclined too much to be financial measures. Measures for production do not seem to have been enough. In this sense, the Government in the coming few months should take drastic production steps, without hesitation.

TAKAHASHI: In short, the Government should do its utmost, while the Nation by supervising what the Government does, should also, at the same time, establish rational policies of their own accord. It may be anticipated that the recent composite measures will not prove to be too effective within three or six months, in preventing inflation. In this case, the Nation should be conscious of what it has to do. The formation of the popular front will

ECONOMIC SERIES: 433 (Continued)ITEM 2 (Continued)

materialize only when the Government represents the feelings and interests of the general public.

Newspaper Office: Prof. OUCHI, you recognize the validity of the new measures as a 'prelude' to anti-inflation measures, don't you?

OUCHI: Yes. These measures are not enough. The Government should make further efforts. Since it has started, it should continue its efforts.

Newspaper Office: Then, may we assume that the success or failure of the Government's policy depends upon the measures to be taken hereafter, and also upon the political power of the Government, or the development of a new power to be formed by the Nation?

OUCHI: Your idea does not go far enough, but I agree with you. Mr. MINOBE do you say that it would be rather worse to do so?

MINOBE: I agree with Prof OUCHI in some respects. However, the present Cabinet, in view of its nature, cannot realize the increase of production and the public management of financial organizations. In order to realize them, state management of production and financial organization is necessary. Such a method of conversion means the drastic amendment of capitalism or semi-socialism. The SHIDEHARA Cabinet, which has a capitalistic character, cannot undergo such a reform and, at the same time, I cannot expect that new influences, like the popular front, will become strong political powers. In this sense, I assume that the new measures will fail in the long run, and the situation will become worse.

OUCHI: Your prospect is not wrong. But under such a prospect, national life will become more difficult, and it will become imperative to propose, positively, new composite plans which reflect the demands of the Nation. There will be no other way for us to make strenuous efforts.

MINOBE: Another point is that the recent composite measures seem to have gone the wrong way. Don't you think that the newly-enacted measures will be successful only when the increase of production and the switch over of financing organizations to public management have first been realized?

ARISAWA: Yes, that's true.

TAKAHASHI: But, the Government presumably, could not do so under prevailing circumstances. According to the desk plan, it would be the wrong way, but such a step must have been unavoidable for the Government.

MINOBE: However, it was a great miscalculation by the Government when it thought so. For, as Prof. ARISAWA pointed out, the Government did not expect a people's offensive. The Government, rather took such measures in order to pacify the Nation.

TAKAHASHI: Since the Nation considers cost and deposits to be most vital, these have been frozen so as to put the Nation at ease. The Government has taken this step in order to accelerate the resumption of production hasn't it?

MINOBE: In that respect, the Government made a blunder. If the Government does such a thing under the present circumstances the people will be discouraged because they think paper notes have become invalid.

TAKAHASHI: Such a result will occur because irresponsible civilian publicity organs make such propaganda. If the Nation co-operates with the Government, and expresses encouraging opinions, like the state management of banking organizations, the Government would take the necessary subsequent measures.

ECONOMIC SERIES: 433 (Continued)ITEM 2 (Continued)

MINOBE: Then why does the Government compensate the national bonds and the munitions industries by enacting the property tax? The recent reorganization of the Bank of JAPAN indicates a move in just the opposite direction from the state management of banking organizations.

TAKAHASHI: Such Government policies are reflections of public opinions. For example, Commerce and Industry Minister OGASAWARA has made a 180 degree change of the policy of compensating former munitions industries. After changing the established policy of compensation because it was promised, the minister now advocates it in order to resume production. The character of the Government may be altered, provided civilian pressure has been reinforced. In this sense, the new step may be interpreted as strife between the Government and the people. If a suitable organization is established among the people, the Government will concede at any time, but, under the present situation, we have no power.

The One Great Worry

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However much they may grumble over the inconveniences of the currency freezing aspects of the Government's new emergency economic measures, the majority of the people are fundamentally heartily in accord with the Government's policy of combatting inflation. Although inclined to be somewhat skeptical, they are hoping against hope that the Government's measures to restrict the amount of currency in circulation will succeed in forcing down the level of prices.

But there is one great worry which is casting a pall over the situation. Granted that the currency freezing should cause a drop in prices through curtailment of purchasing power, will goods continue to come on the market in sufficient quantity to meet the minimum needs of the public? What will be the use of low official prices if there should be no goods available to be purchased at these prices?

The people well remember that during the war when the Government tried to enforce a low price ceiling, many producers refused to produce inasmuch as they could make no profit at such prices. More recently when price ceilings were removed, prices went up exorbitantly, to be sure, but goods began coming on the market in increasing quantities in response to the lure of large profits. To check this price increase, the Government is once more imposing price ceilings and restricting the amount of currency to boot. But the people are worried that the producers will again stop producing once the lure of large profits is removed.

This danger is not an academic one, but a very real one. Many farmers and fishermen are reported to be openly saying that they will not work if prices are forced too low. They can afford to loaf for quite a while, producing just enough for their own needs. For they have accumulated sizable savings during the past few months of unrestricted prices and during the earlier period of flourishing black market activities, and now since their cash requirements can be met within the limits of the withdrawals permitted from their restricted deposits, they can manage to hold out for quite a long while. It may well be less unprofitable for them not to produce than to produce for sale at official prices which will yield them no profit.

This situation will be worse than in the old days, for in the old days the wealthy who could afford to pay black market prices created a black market demand which offered some stimulus to production. But now with the restriction of currency, no one will be able to pay black market prices so that there will be no production even for this illegal channel. Hence production may drop even lower than ever before.

Waiting until the farmers and fishermen use up all their savings will be no solution, for it

will only drive them naturally enough from passive sabotage to more desperate measures. Neither can the general public afford to wait; they will quickly starve. Somehow production must be made to continue and even to increase at the same time the prices are lowered. How it can be done is the great question. Whether it can be done is the public's great worry.

Obviously, if prices are to be made so low that monetary profits are not going to be sufficient to induce the producers to produce, the producers must be given other inducements, namely profits in some other form than money. Legal requirements and compulsion will not work. Profits in some other form than money may mean awards of useful goods like clothing, fishing and farming implements, fertilizers, and other such commodities given in proportion to the quantity of output of the producers. Such a linkage of awards with production will necessitate a most careful and delicate coordination of all types of production, distribution, and administration. The Government seems to be working up a scheme of this sort, but the plan will have to be well worked out and efficiently administered if it is to succeed.

Whether the Government has the ability to carry through such a plan as this is the question. If not, curbing of the inflation may not mean relief for the masses. It may only mean that whereas heretofore only the poor starved while the rich bought on the black market, now both the rich and the poor will starve together since the rich will no longer have access to their money. How effectively the Government can solve this problem is the great worry of the people with regard to the new economic measures.

NIPPON TIMES
MAR 4 1946

EDITORIAL

Concrete Economic Policy

No matter which way we look, the economic rehabilitation of Japan is hampered by the conspicuous absence of a concrete economic policy, the Government and political parties alike.

The inflation in Japan in slightly over half a year since the surrender is assuming the proportion of the situation in Germany three years after World War I. This must be attributed to the lack of effective counter-inflation policies on the part of the Government. The Government believed that it could check inflation with old capitalistic technique, and did not take any positive and drastic action.

While the German authorities were able to utilize inflation for the revival of its national economy, being free to trade with foreign countries and to obtain loans, in Japan's case the circumstances are entirely different.

Inflation here has been weakening our industries rather than stimulating them. In other words, while German inflation after the war saved German capitalism, in Japan it is speeding our capitalism to collapse because our terms of surrender were different from those imposed on Germany after World War I.

How then should the pathological condition of Japanese economy be remedied? The answer is simple. We must take recourse to a planned national economy. This is the only way to save our nation. By planned economy, we mean an economy purged of the profit motive, quite different from capitalistic planned economy. At the same time it is not a socialistic economy, for we do not envisage the socialization of the means of production.

Boiled down, it can be said to be an economy bordering on these two extremes, a new economic structure which can be established and promoted by the people's democratic common front centered in proletarian political parties.

The prevailing economic ills whose inevitable manifestation is inflation can be remedied by the concerted political action of the people. They must stop the indemnification of munitions and other war industries together with the temporary suspension of the redemption of national bonds and the payment of interest thereon. This would naturally force banks into bankruptcy and ruin practically every industrial concern. But this is the only way to reestablish our national economic structure.

This process is naturally fraught with danger if left to its natural course. But here is the chance to show the genius and initiative of the people in establishing a planned national economy.

Can the Shidehara Cabinet be expected to take leadership in such a course? No, because the Shidehara Cabinet is a capitalistic cabinet. Has then any political party concrete economic plans? Here again, no. This also includes proletarian parties, even though most of them seem to have definite plans in other respects.

In fact, when it comes to economic matters, every one of them is conspicuous by the lack of economic vision and concrete program. How then could any one of them hope to cope with the situation?

Furthermore, does any party frankly believe that it can rally the people without a definite and realistic economic plan? The inspiration for the people's front lies in the ability to formulate a far-sighted and realistic economic policy.

MAINICHI MAR 10 1946

ITEM 2 Economic Policies of the Political Parties - Nippon Keizai Shimbun -
27 Mar 46. Translator: Y. Ebike.

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Full Translation:

Each party has defined its program for JAPAN's economy since the defeat. The Progressive and the Liberal Parties chose capitalism, the Social Democratic Party, socialism, the Communist Party communism, and the Cooperative Party cooperative unionism. These programs, however, are nothing but platforms, therefore each party may revise its stand.

The capitalism, advocated by the Progressives or Liberals, does not mean the old capitalism under free economy, but it means that it recognizes economic control or planned economy within the limit of actual necessity. Meanwhile, the Social Democratic Party restricts the sphere of socialization to essential industries and financial circles. Even the Communist Party declares that it does not deny capitalism, to some extent, and makes the nationalization of essential industry and the money market its immediate aims. Accordingly, the problems concerning controlled economy or planned economy and the state control of essential industries and finance, are concrete problems taken up by each party in its present platform.

In this case the significance and the meaning of controlled economy and planned economy are very vague and ideal. In coal-mining, the output of coal and its distribution are planned monthly in advance. If in case the actual amount mined happens to be different from the previous plan, how are the accounts balanced according to planned economy? Does it mean partial amendment or fragmentary additions or reductions? This is not made clear, but if it means the former, it does not deserve the pompous name of planned economy.

Every one of us knows that economic control by the bureaucrats during the war was a complete failure, therefore, those who insist on control make their principle the autonomous or democratic control. Such types of control will inevitably fall into bureaucratic control due to the character of the organization. Even if a party government is formed after the election and party members become ministers, they will be, like the ministers who came out among civilians during the war, completely at the mercy of the authorities. Finally, these party politicians must let bureaucratic control revive or they must be rejected by the bureaucrats, because most of the present political parties haven't enough actual knowledge of economic problems. In fact the bureaucrats expect, and have already, launched the revival of bureaucratic control. It is true that in case planned economy is put into practice, there are no men except the present bureaucrats who can handle the control practically. Therefore, planned economy is no more than bureaucratic control, however beautifully the idea is constructed and crowned under the name of socialistic planned economy.

Of course, even free economy itself cannot be like in the past, literally free laissez-faire policy, in the present situation. If even a policy like the New Deal of the U. S. may be called planned economy or socialistic planned economy, it is quite out of question. Yet, so long as it has a form which deserves to be called planned economy, it cannot go beyond the confines of bureaucratic control.

There is one way left for us to eliminate bureaucratic control or bureaucratic planned economy, and that is to deprive the bureaucrats of their authority. However, loudly the bureaucrats may claim that they are public servants of the people, they will actually command the people as long as they hold strong authority in their hands. In this regard the nationalization of essential industries will create an enormous number

EDITORIAL SERIES: 685 (Continued)ITEM 2 (Continued)

of industrial bureaucrats and it will surely in the end, give them strong authority. If we let the bureaucrats enjoy their authority, democracy or democratic control will never be attained. Besides, the inefficiency and anti-democratic tendencies of the bureaucratic enterprises have obviously been proved in present days.

Everybody acknowledges the defects of the government which for example, the deposit department of the Finance Ministry is at present a financial organ under government management, but its use of funds was once called pandemonium. To eradicate this evil, the use of funds must be decided today by the Committee for the Use of Funds in the Deposit Department, which during the war, circulated capital too generously and at random to so-called companies suited to state policies, while on the other hand, it neglected to lend money to private enterprise. Therefore in case all money agencies are brought under government management, enterprisers will surely have to run at the pleasure of the bureaucrats, while the honest use of funds will no doubt be sacrificed. It is an important duty of the democratic parties to prevent the offensive taken recently by the bureaucrats.

ITEM 4 The Actual Situation of Our Economy Should Be Revealed - Yomiuri Kochi Shimbun - 26 Mar 46. Translator: K. Nagatani.

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Full Translation:

With the proposed Government draft of the new constitution, and with the coming general election, the Japanese people seem to have been relieved to some extent. Certainly it is gratifying evidence that they are seriously reflecting on the future of this country, political as well as economic. This tendency is, of course, no more than a transitional phenomenon. How long their reflection will continue depends wholly upon the supply of food and daily necessities supplied them in the future. Even though this tendency is ephemeral, it is incumbent upon the Government to offer the people as many things as possible for their consideration. For this is the best way to protect the people from the pernicious activity of agitators.

The most serious problems which confront the Nation at this time are the acute shortage of food and the aggravating inflation. The food situation is rather well known to the public through the Government's statements and voluntary investigations by the people. On the other hand, the real situation of industrial production, which has a vital effect upon inflation, has not yet been revealed.

The surrender is said to have reduced our economy considerably. Nevertheless, the foundation for the calculations made by experts has not yet been demonstrated before the people. It is logical to assume that the Government, with its huge administrative structure and efficient bureaucrat must necessarily grasp the real situation of production. This is proven by the fact that, out of sight of the people, the Government is secretly making preparations for drawing up a financial program, a production revival program, and a reparations policy. In addition, when the Government reconstructed its price structure, it must have reckoned with the amount of goods expected to appear on the market. For, if the Government had not taken this into consideration, it could not have taken such a drastic measure as the issue of new yen notes, no matter how short-sighted a measure it might be. In those days when totalitarianism flourished in this country, the Government used to draw up numerous plans, but the majority of them proved to be castles in the air. The people as a whole were highly skeptical because they could hardly grasp their significance. This unfortunate situation was further aggravated by the military secret preservation law, which prohibited the people from inquiring into the matter. In spite of the above faults, though, it is a fact that those plans furnished certain indexes to economic activity during the war.

Today, conditions are quite different. The Government has nothing to hide from the eyes of the people. To be sure, the matter of reparations is hampering the Government's drawing up of a perfect program. However, it is quite obvious that, aside from the reparations, the Government is capable of drafting an overall plan. This is evidenced by the fact that the Government is initiating concrete plans for the production of coal, fertilizer and steel. From these facts it is reasonable to assume that the Government would be able to draw up a plan for the revival of peaceful industry, and that SCAP's permission for the import of raw cotton has enabled the Government to formulate some plans for the spinning industry.

Only when the Government has grasped the real situation of our economy

EDITORIAL SERIES: 666 (Continued)ITEM 4 (Continued)

will its financing plan, or the plan for providing necessary funds to essential industries, have real importance. Nevertheless, the Government's financial and economic policies are not founded on the real situation of our national economy.

For example, while the Government is stressing the reduced scale of our post-war economy, it has decided to repay national bonds amounting to some 100,000,000,000 yen, and to pay indemnities for the losses to munitions companies. While the Government has carried out the issue of new yen notes, it has ignored the re-opening of production. It has ventured to take anti-inflation measures. Nevertheless, it has not revealed the amount of necessary funds for essential industries. Moreover, we cannot understand why the Government has put currency funds under strict control. How this step is hampering production seems to be beyond the consideration of the Government.

The people are watching attitude of the authorities with intense anxiety. To make matters worse, all that they are allowed to know is that the present situation of our national economy is critical. Under these circumstances, who can expect our people to pass sound judgment upon the proposed policies of political parties, or to resume their activities? Why does the Government refuse to demonstrate the real situation in regard to our production? Isn't it the duty of the Government to draw up plans concerning production, food supply, and state finance? What is preventing it from taking the above measures? Perhaps this may be attributed to sabotage or to inefficiency of bureaucrats. At any rate, this is a great handicap to our Nation.

We are anxious to know the actual condition of our production and financial conditions upon which the Government's economic policy is founded. We expect that the exposure of these matters will provide us with good material for reflection and criticism, thus promoting our movement for economic democratization.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 2043

DATE: 27 Mar 46

EDITORIAL SERIES: 670

ITEM 1 Make "Production First" A Motto - Jiji Shimpo - 24 Mar 46. Translator: H. Arai.

Full Translation:

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The emergency economic measures of 17 February are most outstanding steps by the wavering Government. These measures, however, are too negative and imperfect to curb the current inflation which is becoming quite vicious. For checking inflation completely, the Government should execute consistent measures in all phases of economy. At the same time, the whole nation must demonstrate its self-denying spirit, and co-operate with the Government in order to achieve the goal. It is doubtful, however, whether in this regard, the Government and the people have made sufficient efforts.

The Government is devoting itself to the withdrawal of currency in circulation, and has carried out a control of food and other living necessities. However, we cannot understand each Department's huge, selfish money requirement in next year's budget. Because of the Government's submissive attitude towards the demands of officials for high wages, and the rise in each things as rail-fares and postage, we may safely say that these circumstances are making the current inflation worse. Judging from this, it does not seem that the government circles fully understand the anti-inflation policy.

On the other hand, the people haven't yet overcome the bad habit of black-marketing. Everybody is engaged in gathering cash, because nothing can be obtained with the payment of frozen deposits. The people's co-operation with the Government, for the purpose of curbing inflation, is unsatisfactory. It is, however, no exaggeration to say that an increase in production would be the best preventive measure against the inflation. The disproportion in the amount of money and commodities is largely responsible for the unparalleled critical situation into which Japanese economy has now been thrown. The fact that production, in this country, is too stagnant to cover the acute shortage of articles, has brought worse effects. The barrier against increase of production is the closure of the money market, the want of materials and the lack of producing spirit. Above all, the lack of producing spirit starts from the stupefied mental state of the people, the shortage of food for laborers, and the capitalists' fear of low commercial profit. In any event, as long as such a situation exists, the re-establishment of Japanese economy will be absolutely impossible. Furthermore, we are afraid that our economy will be thoroughly ruined. We must open a path for the increase of production, in order to eliminate the evils of inflation. For that purpose, capital and labor, as well as Government and the people, must exert their best efforts. The pressing need of the moment is to remove non-workers from this country.

It is an undeniable fact that, from the economic point of view, the defeat put JAPAN at a great disadvantage. However, we may break the economic handicaps, to a certain extent, by the elevation of technique, culture, discipline and by the improvement of our social structure.

EDITORIAL SERIES: 670 (Continued)ITEM 1 (Continued)

Among the economic conditions, unfavorable to our country, are those which come from contemporary phenomena, such as a shortage of food and the international isolation of our economy. As for the food problem, if our desperate efforts are successful and we can endure the present hardships until the next harvest, possibly, we can tide over the worst crisis in Japanese economy. Needless to say, the actual state of things demands that we exert ourselves to the utmost. If we adopt a gloomy outlook for the future, and neglect production, Japanese economy will be ruined. The whole nation must have hopes for the future, and do its best to conquer the current crisis with the motto "Production first".

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**GENERAL HEADQUARTERS
 SUPREME COMMANDER FOR THE ALLIED POWERS
 ALLIED TRANSLATOR AND INTERPRETER SECTION**

PRESS TRANSLATIONS

No. 2044 DATE: 27 Mar 46

SOCIAL SERIES: 371

ITEM 1 Forum on Economic Measures - Nippon Sangyo Keizai - 25 Mar 46.
Translator: H. Nishihara.

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Summary:

The Government has announced emergency economic measures to check the inflationary wave which is threatening the Nation. The public, however, wonders if these measures will fulfill their aim. Since this is considered such a serious problem to the Nation, this company (NIPPON SANGYO KEIZAI) has conducted an investigation to find out the trend of public opinion.

The company has sent out 5,000 blank forms and 1,182 answers have been returned. The questions and answers, in general, were as follows:

No. 1. Will inflation be overcome by the new yen measure, will it expose concealed goods, and will it enforce the rice quota?

Answers: 356 (30 per cent) answered "Yes;" 786 (66 per cent) answered "No;" 44 (4 per cent) gave no answer. The majority were in the negative, the main reason being the scarcity of articles to provide for minimum living necessities; steps not being taken to insure the development of production; lack of unification of the Government's economic policies; and lack of political tact on the part of the Government. The reasons given by those who think that inflation can be checked are as follows: Reduced issues of bank notes will help to give a feeling of stability to the people; prompt and fair administration by the Government and co-operation by the people will help check inflation. These people are of the opinion that inflation may be checked for a three or four month period only.

Second question: "Will the new yen measure stimulate the production of civilian goods?"

Answers: 244 (21 per cent) say "Yes;" 942 (80 per cent) say "No;" 190 (16 per cent) give no answer. Reasons for negation: The measure will discourage enterprise because material will not be available through regular channels and at government prices; and finally it will cause a shortage of food. Reasons for affirmation: Funds for enterprise will be obtained; the former ammunition factories will be converted into civilian factories, and they will strive to ensure efficient management; temporarily production may fall, but after the effect of the emergency measures are felt, production will be increased; and with the black market middlemen purged, there will be more workers in regular jobs, and this should help to stimulate production.

Third question: "Is it easier to obtain daily necessities in the new yen era?"

Answer: 50 (4 per cent) say "Yes;" 942 (80 per cent) say "No;" 190 (16 per cent) no answer.

SOCIAL SERIES: 371 (Continued)ITEM 1 (Continued)

Fourth question: "One of the aims of the new yen measure is to prevent the evasion of the asset-tax. Will this aim be fulfilled?"

Answer: 704 (60 per cent) say "Yes;" 444 (48 per cent) say "No;" 34 (2 per cent) give no answer. Reasons of affirmation: Every man's assets are clarified by the freezing of deposits and the new yen exchange. Reasons of negation: Those who hoarded small bank-notes down to the one yen note can evade the tax, as well as those who purchased articles to evade the tax.

Fifth question: "Have prices risen?"

Answer: Staple foods: 274 (23 per cent) say "Yes;" 218 (18 per cent) say "No;" 690 (59 per cent) no answer. Luxury goods: 108 (10 per cent) say "Yes;" 228 (19 per cent) say "No;" 846 (71 per cent) give no answer. Curios: 42 (4 per cent) say "Yes;" 274 (23 per cent) say "No;" 866 (73 per cent) give no answer. Some say that prices of luxuries and curios are falling, but those of staple foods are rising. Many stated the prices of staple foods showed a 30 per cent rise, prices of luxuries a 20 per cent fall, and prices of curios a 30 per cent fall.

Sixth question: "Do you support the claims for the non-repayment of the national loan?"

Answer: 274 (46 per cent) say "Yes;" 289 (49 per cent) say "No;" 30 (5 per cent) give no answer. The two opinions are on a par with each other. Reasons for negation: The Government will lose the public's trust, and economic circles will be confused; the people's efforts to save money will be discouraged; if a capitalistic economic system is maintained, it is unfair that only the national loan bonds are repudiated, while other assets are allowed to remain. Reasons for affirmation: The people in general should be held responsible for the war; if the bonds are not repudiated, the big capitalists will profit; and if they are repudiated it will help to check inflation and re-build the state. Some of those who supported the repudiation assert that if a man has more than a certain number of bonds his bonds should be repudiated.

Seventh question: "Can the food crisis be overcome by the compulsory purchase of rice?"

Answer: 358 (30 per cent) say "Yes;" 752 (64 per cent) say "No;" 72 (6 per cent) give no answer. Pessimistic arguments seem to prevail to the effect that even though this law were enforced farmers could do nothing with the current short crop; and enforcement is actually just a temporary measure, as unless production is increased, the shortage will still remain as before. Reasons for affirmation: (1) If enough foodstuffs can be obtained the food crisis will pass and there will be no shortage. The basis of this opinion is that the current food crisis is not a result of shortage in the amounts of food, but a result of false reports on the rice crop, and stoppages in the supply of rice. However, even those who hold this opinion state that the crisis cannot be overcome by production in this country only and that food must be imported. In addition, the opinion is strongly voiced that the farmers' sense of responsibility should be awakened to ensure a full supply of rice.

Eighth question: "When should the deposit-freezing act be rescinded?"

Answer: 94 (8 per cent) say soon after the reports of assets are

SOCIAL SERIES: 371 (Continued)ITEM 1 (Continued)

presented. 222 (19 per cent) say six months later. 342 (29 per cent) say one year later. 386 (32 per cent) say two years later. 50 (4 per cent) say many years later. 36 (3 per cent) say it should never be lifted. 52 (4 per cent) give no answer. The majority said two years later.

In conclusion, all contributors stated their earnest desire to check inflation. However, there is a general feeling of uneasiness as to the Government's inability to check inflation. Many people are of the opinion that the best way to check inflation is to increase the allotment of staple foods to give a feeling of stability to the people.

In connection with the emergency economic measure, many men discussed the payment of business funds. If rules for withdrawing these funds are loosely applied, inflation will find its way back. If they are strictly applied, civilian production will be checked. A happy medium is desired from the Government policy.

This investigation is our fourth.

The people are striving to voice their opinions. Here the first signs of the coming democratic way of economy are seen.

ITEM 3 A Co-ordinated Emergency Policy must be taken -
46. Translator: I. Kuniko.

Shimbun - 24 Mar

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Full Translation:

It has been twenty swift days since the change to the new yen economy. We have attached great importance to the changing situation, because it is an important key to the success or failure of the anti-inflation policy. But several symptoms suggest great difficulties for the future. That is to say, the issued amount of currency, reaching a low of 15.2 billion yen on 13 March, has increased at the rate of three hundred million yen per day. It now exceeds 18.5 billion yen and it is likely

EDITORIAL SERIES: 661 (Continued)ITEM 3 (Continued)

to reach twenty billion yen at the end of the month. It may be guessed that, if the matter is left as it is, it will return to the old sixty billion yen and may reach the enormous amount of one hundred billion yen.

Anticipating the crisis our Government is rapidly taking anti-inflation measures, such as the restriction of the highest amount of a circulating capital for enterprises, the management of money paid to airraid sufferers, and others. The rise however, proves the lack of confidence in the Government. The nation has felt uneasy about it, and the popular enthusiasm for co-operation with the new yen economy is lessening.

As for the re-opening of production, which is important as a part of the anti-inflation policy, the Government's endless talks have been without avail, and the enterprisers, remaining all the more indifferent, seem to have inwardly forsaken the new yen economy. The control over commodity prices has only caused the hoarding of goods. Neither perishable foodstuffs nor hidden goods have appeared in the hoped for quantities. Especially the distribution of staple food is facing a crisis, due to the inefficiency of rice delivery. We fear that this may give a mortal wound to the new yen economy.

JAPAN is finding that all doors are closed against her. Must we sit idly by? If the new yen economy fails, inflation will bring the complete collapse of our economy. No matter who may form a cabinet, or what party may come into power, in order to save our economy, the process will have to be gradual. Moreover, it is the laboring people that, during the reconstruction, will be burdened with the greatest sacrifice and pain.

Therefore, success or failure of the new yen economy means life or death to us. Accordingly, we should be neither idle nor negligent even for a moment. First of all, our country must be renewed and strengthened by the resignation en bloc of the SHIDEHARA Cabinet. But, merely the overthrow of the Cabinet does not solve the problem. Even if the Cabinet retires at after the general election, the time, from today to the day when a new Cabinet makes public its policy, will be a very vital period to us. It is feared that we shall thus waste two or three months in idleness. If, during that time, inflation grows more serious and we are too late, calamity will threaten. Therefore, in spite of a change of the Cabinet, if it is an interregnum which is not supported by the nation, we will have to encourage the Government to implement soon an urgent policy to maintain the new yen economy. At the same time, being well aware of our national crisis, we must do our best to support that policy.

What we want of the Government is nothing but the thorough execution of a co-ordinated policy. As a currency measure, our new yen economy is revolutionary, and takes a step beyond the examples in several European countries. But, in order to get results, a production policy is essential. However, the Government has not yet taken any effective steps. It is only trying to strengthen its currency policy. The Government has lost its popularity; it is accused of taking pains only to recover its dominant capitalistic position, or to maintain its old order of industrial finance. We do not approve of this either for the Government or for the country. If the Government executes its policy boldly, it will be able to recover its popularity. To win the confidence of the people is the best way to make the new yen economy a success.

It is vain to demand co-operation of the people for no purpose. If the Government fears the future of the new yen economy, it must, first of all, show the people a course to follow. We don't intend to say that the Government is irresponsible and knows not how to plan. As a matter

EDITORIAL SERIES: 661 (Continued)

ITEM 3 (Continued)

of fact it was actually right in having planned the establishment of a democratic control organization, according to the divisions of industry, for financial control. The question is whether or not the Government has the intention of thinking without compromise and without the courage of its convictions. In expectation of the development of a new political situation as a result of election, we dare to demand this of the Government.

DISTRIBUTION "X"

**Loopholes Rampant
In Economic Statute**

Unfavorable Results, Confusion Described by Kyodo in Surveying Situation

The emergency economic measures, after 20 days since they were put into force, are giving rise to unfavorable effects and confusion in this nation's economy, according to a survey made by the Kyodo News Agency throughout the country.

As to the contraction of currency in circulation, which is one of the main aims of the measures, the amount of new yen notes in circulation as of March 3, the last day for the exchange of the old yen for a new one, is estimated to have totaled some ¥7,000,000,000 on the assumption that the entire population of 70,000,000 in Japan exchanged their 100 old yen for new ones.

The currency circulation as at the end of this month, however, will possibly expand again to as many as ¥35,000,000,000 due to the following reasons:

- (1) Exchange of the old yen to the new one totaling ¥7,000,000,000.
- (2) Authorized monthly withdrawal of ¥300 in cash from frozen deposits by 15,000,000 heads of the household, totaling ¥4,500,000,000.
- (3) Authorized withdrawal of ¥100 in cash from frozen deposits by 55,000,000 members of households, aggregating ¥5,500,000,000.
- (4) Payment in cash of salaries and wages for March amounting to ¥5,000,000,000.
- (5) Authorized withdrawal of ¥1,000 in cash by 10,000,000 war sufferers, totaling ¥10,000,000,000.
- (6) Payment in cash to farmers for their delivery of rice totaling about ¥2,700,000,000.

In April and later, the note circulation is expected to increase monthly at least by ¥15,000,000,000 as mentioned in the above (2) (3) and (4).

As seen in the above, there is every possibility that the circulation, after sudden drop, will again rise in a sharp curve. The expanded currency will mostly be used as living expenses and consequently go to the hands of farmers, fishermen, food producers and a part to the wealthy class.

Such being the case the new anti-inflation policy can expect only temporary effect for the contraction of the currency, and in order to get a lasting effect it vitally needs as the next step the enforcement of an effective policy for the absorption of the new yen or of a more radical anti-inflation policy is necessary.

However, it is worthy of more attention that the new economic measures have already caused various kinds of unfavorable effects and confusion in the entire nation's economy.

According to the nationwide survey made by Kyodo, the unfavorable effects and confusion are classified into the following five items:

1. Aggravation of a tendency toward the hoarding of goods and the encouragement of transactions by barter.
2. Concentration of the new yen to the hands of big capitalists, wealthy class and merchants.
3. Aggravation of the unfavorable delivery of rice to the Government from farmers, and the reluctance of farmers and fishermen to sell their perishable foods.

4. Aggravation of unbalanced living conditions as a result of the ignorance of special circumstances existing in war-torn cities, rural districts and urban areas.

5. Sabotage of production by industrial capitalists on the pretext of difficulty in getting necessary loans from bank for the operation of their enterprises.

Wealthy Class Cunning

It is reported that the wealthy class has frantically resorted to every possible means to find loopholes in the new economic regulations with the aim of continuing their luxurious life. For instance, in an effort to evade the freezing of deposit the rich divided their deposits into small amounts and deposited them in various banks under the name of other persons who will withdraw authorized amount in cash monthly for the benefit of the wealthy depositors.

It is also reported that the Property Tax caused the delay of rice delivery from farmers, as the money they receive for their rice is to be compulsorily half frozen and consequently becomes the object of taxation.

The new Government policy to make fishermen sell fish at officially-fixed prices through link system between fish and government-supplied oil is reported to have driven some fishermen to a sabotage attitude. The reason is that while only oil is being supplied at an officially-fixed price, they are buying other necessary materials as well as foods at blackmarket prices, which makes it unprofitable to sell fish at the officially-fixed price.

Vigorous objection to the restriction of withdrawal of deposits have been voiced by Hokkaido and the war-devastated cities. In Hokkaido which was hard hit by a lean harvest last year people find it absolutely necessary to withdraw more money from their deposits for their food and clothing than those in other districts. Meanwhile war-sufferers have mostly been compelled to suspend the building of their houses as the result of the restriction on the withdrawal of deposits.

The industrialists, anticipating the future aggravation of inflation, are reportedly withholding their production for the time being and hoarding raw and other materials in order to gain excessive profit by the prospective raise of commodity prices.

NIPPON TIMES

MAR 13 1946

**Heroic Measures
In Finance Desired;
Loose Policy Rapped**

**Deferred Interest Payment
And Bond Conversion
Suggested As Possibilities**

In spite of the stern reality that the success or the failure to curb inflation is largely dependent upon how the Government expenditures are disbursed, there is every indication that each Government office is again trying to hog as much funds as possible to its own advantage. This loose and irresponsible financial policy on the part of the Government is now the butt of severe criticism among various circles. Heroic measures are suggested.

¥25-Billion Red Ink Bonds

The Government recently announced that it was obliged to issue a total of about ¥25-billion red-ink bonds, including ¥9,700-million for the general and special accounts for the 1945

fiscal year ending March 31, ¥10,200-million loan from the Bank of Japan taken over from the special account of the extraordinary military expenditure, and some ¥4-billion to ¥5-billion as an amount to fill up the deficit in the revenue to be caused by the adjustment of accounts in the future.

Although the ¥10,200-million loan from the Bank of Japan which is already in circulation will not increase the volume of currency, the remaining ¥15-billion to be newly diffused by the Government will constitute a serious problem requiring careful attention.

As for the supplementary budget, moreover, in spite of the Finance Office request for retrenchment, the total amount demanded by various Government offices reached a staggering sum of ¥70-billion. When the skeleton budget, amounting to ¥12,800-million is added to this, the Government budget for the 1946 fiscal year will almost surpass the ¥80-billion mark.

Indispensable Items

Although the Finance Office revealed its intention to cut down the sum to about ¥30-billion, inclusive of both the skeleton and supplementary budgets, by a strict assessment, the supplementary budget includes such indispensable items as ¥12-billion for occupational cost, ¥1,200-million for better treatment of Government officials, etc.

For instance, the construction of 20,000 houses for the occupation troops recently ordered by SCAP alone will cost about ¥10-billion. Putting aside other domestic expenditures, therefore, it is unthinkable that the occupational cost will be reduced.

As Regards State Income

As regards the state revenue, on the other hand, it is estimated that beside the ¥13,300-million skeleton budget, the general increases in taxes will bring some ¥2,500-million, tobacco and sake about ¥3-billion, disposal of some state properties from ¥500-million to ¥1-billion, unexchanged Bank of Japan notes and confiscated deposits and savings falling to be reported as properties ¥4-billion, lottery and other revenues ¥2-billion, aggregating from ¥23-billion to ¥25-billion.

Seen from these financial resources, no matter how the Finance Office may slash the demands of the various Government offices, it can be hardly assumed that the issuance of red-ink bonds in the general account for the 1946 fiscal year would be limited to less than ¥10-billion.

Already a total of ¥6,700-million is appropriated in the skeleton budget as payment of interest for bonds and other national debts. The figures is more than half of the skeleton budget.

If one recalls the instance of Great Britain, however, where the bonds of war expenditures were disposed of by the issuance of permanent national bonds without interest in spite of her being a victor nation, it is considered that the Government of a defeated country such as Japan ought to express its zeal to check inflation by resolutely carrying out the deferment of the payment of interest or the conversion of the bonds into new ones with no interest.

Annuity For Destitute

The Government will present to a forthcoming Diet session a bill calling for the granting of welfare insurance annuity for the destitute who are unable or having difficulty to continue their living.

If the bill is enacted, demobilized military personnel and military employees whose annuities were revoked on February 1 and who presently are finding it hard to live will be enabled to apply to this welfare annuity together with other needy persons.

MAINICHI MAR 20 1946

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 2093

DATE: 30 Mar 46

EDITORIAL SERIES: 690

ITEM 1 Completely Freeze All Deposits and Savings - Mimpo - 27 Mar 46. Translator: T. Unayama.

100
Full Translation:

At the present time an extensive and penetrating policy to combat inflation must be enforced in our country. This is common sense, but the recent attitude of the Government, despite its declaration that it would bring about measures for checking inflation, leaves some doubts about its true intention. We shall venture to state a few words here.

Observing the actual conditions of both the financial and industrial circles during the month since the issuance of the ordinance on currency circulation, we must state that financiers and capitalists are, devoting themselves to studying ways of evading the law. The financiers have been concentrating their whole minds upon securing their customers; the capitalists have been continuing their slow-going production and the Government, in sympathy with them, has been unable to carry out a through program against inflation. The milder the Government's attitude becomes, the more prevalent the above conditions become. Self-restraint has been required of them, but they have shown no signs of sincerity. There is a loophole in the ordinance which can be taken advantage of by them. It states that no loan shall be made on and after 20 March, except in cases where the Finance Minister's permission is granted.

Why does such a phenomenon exist? The ordinance in question is at best a temporary emergency measure. Consequently, the frozen deposits and savings amounting to 200,000,000,000 yen, must be dissolved sooner or later. Call it dormant purchasing power, yet purchasing power is purchasing power, and this suggests the aggravation of inflation. Why does the Government not replace this temporary measure with a lasting one? It should make a permanent freezing of deposits and savings rather than take such temporary action.

The authorities seem to be afraid that production would stop if they used a complete freeze, but this is a groundless worry. The enterprises which will be suffocated by the freezing of deposits, were, from the first, fated to collapse after the defeat and in these days they are vicious enterprises having no merit but that of aggravating inflation.

When the authorities cut off all connections with financiers and capitalists, extirpate every symptom of inflation and close up all blackmarket production in the real sense will be resumed.

The Government seems to fear the appearance of unemployment, but real measures cannot be hoped for without the recovery of real production. Therefore, what sort of measures should be taken against temporary unemployment? A decisive measure should be carried out on employment, aside from the uneffective production in industry. Loans for unemployment measures differ greatly from those for non-productive enterprises, in amounts as well as in functions. It should be kept in mind that there is gradation

EDITORIAL SERIES: 690 (Continued)ITEM 1 (Continued)

between the employment of frozen deposits and the compilation of budget estimates. In the assessment of the requirements presented by the Ministries amounting to 70,000,000,000 yen, the Finance Ministry wants to reduce expenses, for unemployment measures, taking advantage of the opinion which supports an extensive curtailment. This is an extremely absurd way of thinking.

Don't fear the temporary tight circumstances, the stagnation of production and unemployment: Determinedly freeze most deposits and savings completely. Didn't it bring successful results in BELGIUM and FRANCE? If the authorities do not adopt our proposals, they will be able to do nothing but resort again to the disgraceful measure of a new yen currency exchange.

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ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 2108

DATE: 30 Mar 46

ECONOMIC SERIES: 490

ITEM 1 Can Inflation Be Prevented? - Prof. HATANO's article. (4th series) -
Provincial Newspaper Nagasaki Shimbun (Nagasaki City) - 24 Mar 46.
Translator: S. Kinoshita.

Summary:

I should point out that the wartime controls have not as yet been completely switched over to peacetime controls. Today many wartime laws and regulations still remain in force. As these war laws were aimed at encouraging war industries at the expense of peacetime industries, they have become powerful drawbacks to reconversion and reconstruction of peacetime industries since the end of the war. All of them should have been abolished immediately after the end of the war. The National General Mobilization law was abolished at the last Diet session, but many laws and regulations which had been based thereon, still remain in force. As a matter of fact, at present, no industrialist can act freely for the revival of industry as long as he is not bold enough to defy these laws. Side by side with abolition of these laws, a new industrial control which can spur development of civilian industries must be developed.

Currency is most likely to increase, while little progress is being made toward the revival of production. Under the circumstances, it is obvious that inflation will become worse. I do not think that the emergency economic measures which were adopted by the Government recently are very effective in checking the growing inflation. I dare say that it will even prove detrimental to the Japanese financial and industrial world. It serves to give financiers control of the economic world. I do not think it favorable for a sound, industrial development to have financiers control the destiny of industry.

The financial authorities such as the Minister of Finance and the President of the Bank of JAPAN seem to believe that inflation can be checked only by having circulating currency shrink. They are attempting to exercise too strict a control over business funds. Such a measure cannot suppress inflationary trends, but serves only to make the trends potentially dangerous.

The more production is hampered through the restriction of funds, there is more of a chance of aggravating the inflationary trend. The consequence, I believe, will be very serious. From my point of view, it is advisable to take some more generous measure for financing business and at the same time adopt a step to check the increasing currency circulation.

In order to make the measure effective, it is absolutely necessary to grasp a true situation of the whole Japanese economy. This cannot be accomplished without an exact investigation based upon authoritative materials which, I regret, have been and are lacking in JAPAN. Not having been based on an exact investigation, all of the past controls failed to obtain any fruitful results. Much pain must be taken hereafter to work out a truly reliable investigation on economic problems and the result should be made accessible to the general public.

ECONOMIC SERIES: 490 (Continued)ITEM 1 (Continued)

Whether or not the present inflation can eventually be checked depends solely upon whether or not the Japanese people will take the initiative to fight gallantly against these heavy odds. Only when all of the Japanese people - working class, capitalists, farmers, and fishermen - cooperate with a firm consciousness of their high duty to reconstruct the Japanese economy, will the inflation be checked. We may as well say that the inflation problem is a test to see, whether or not, the Japanese people are capable of building a truly democratic state.

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PRESS TRANSLATIONS

No. 2066

DATE: 28 Mar 46

EDITORIAL SERIES: 680

ITEM 1 Examination of Economics -- Asahi Shimbun -- 27 Mar 46. Translator: E. Sato.

Full Translation:

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 The results of production, in January, of the important commodities are not good, showing only fifty percent of the pre-determined goal. The index number, which was made after a synthesis of six important means of production, such as coal, steel, sulphuric ammonium, soda cinder, cement, and cotton yarn, was 10.3 in January and 9.3 in the latter half of last year, assuming 1940 to be 100. In short, the present productive activity is only ten percent of that before the war.

Now, the "Revenue" of the household of our national economy is the production which is now being carried out in the interior of the country. The "Expenditure" consists of first, the national consumption; second, the payments of the Government, and third, the new formation of capital. In addition there are the disbursements for reconstruction; the expenses of the occupational army, and the payment of indemnity.

What were the conditions of our national household one year before the outbreak of war? Production in 1940 amounted to 43,100,000,000 yen, of which sum 27,600,000,000 yen (62 percent) was appropriated for national consumption, 10,500,000,000 yen for Governmental demand, and 5,900,000,000 yen for the formation of capital. What are the conditions since September of last year? The "Revenue" is now about 18,500,000,000 yen (this sum is based on commodity prices in 1940), or 43 percent of that in 1940. On the other hand, what are the "Expenditures"? First, the present national consumption is 15,800,000,000 yen equivalent to 73 percent of that of 1940 and 59 percent of that in 1940. Second, the Governmental demand amounts to about 3,800,000,000 yen, in only the categories, under which the demands for commodities and labor fall, exclusive of the payment of interest and indemnities. If the reconstructive cost, the cost of civilian equipment, and the expenses of the occupational army are added to the above, it will total 5,600,000,000 yen. This sum plus the sum of the national consumption mentioned above, equals 21,400,000,000 yen. It follows that the expenditure of 21,400,000,000 yen is being handled with a revenue of 18,500,000,000 yen, exclusive of the payment of indemnities.

Sponging on the existing accumulations is the only way to complement the debt of 2,900,000,000 yen. We have a means of "sponging," on commodities which were accumulated by the army, or taken in the form of overuse or postponement of repair of the existing equipment. This device never lasts long, since it is merely a phenomenon of reductive reproduction, which aggravates the material conditions of activating production.

In the present situation of national economy, the Government has carried out the so-called synthetic extraordinary management of monetary circulation, and the Finance Minister has announced, "The level of our national life will not fail to be advanced in the near future." But the present state of our national economy, which is not as simple as

EDITORIAL SERIES: 680 (Continued)ITEM 1 (Continued)

he thinks, is not yet at the stage at which we can expect improvement in the standard of living. Considering our future national economy, we can readily see that the greater part of the equipment, which is the foundation of productive action, will be removed as indemnities. If there is some available money in the "Revenue", we should appropriate it for the repair of the productive equipment, in order to form basis for extensive production. If a policy of deflation is enforced, production will be reduced until the system of prices is established firmly. In addition, we shall hardly be able to attain the object of firm establishment of the system of prices, by our own strenuous efforts of three months or half a year, under the JAPANESE capitalist economy system which has suffered the damages of war. We are certain that the Finance Minister has full knowledge of this.

The core of this problem exists, not in the phenomenon of inflation, which has been criticized in the financial field, but in the more direct and concrete observation of Japanese economy. It is quite absurd to suggest merely a policy for deflation and expect the advancement in the standard of living. I do not have any excellent plan for the reconstruction of Japanese economy, but I should like to point out one condition for the settlement of the problem.

Our people should cultivate a habit of understanding the condition of the budget of the whole country at present. On the other hand, the Government should presume and publish the existing budget of the national economy, as accurately as possible, by means of the statistics assembling organs at its disposal. I am convinced that if a medical examination of the sick Japanese economy is made accurately, no more efficacious medicine than calmness will be prescribed.

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PRESS TRANSLATIONS

No. 2112

DATE: 31 Mar 46

ECONOMIC SERIES: 492

ITEM 1 The Composite Anti-inflation Measures and Property Taxes - Magazine:
Sunday Mainichi (Weekly) - 3 Mar 46 issue. Translator: Y. Asada.

Summary:

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 The anti-inflation measures were designed to curb the inflation of the new yen. Through these measures, the lives of all workers will be compressed within the limits of the 500 and 100 yen allowances. At the same time, the national life comes under greater control by the Government than was exercised in war-time, because the Government has now seized decisive regulative power over the prices of daily necessities. If the Government should succeed in stabilizing prices as planned, the cost of living for the masses will fall below the level. At present, the new policies of the Government seem to have stabilized the national cost of living to a pre-war level, though we cannot but have our doubts as to the eventual results of these policies.

First of all, we are afraid of possible waywardness by special classes who may enjoy special rights in society through various loopholes which will undermine the new system. Secondly, the bourgeois class which has assiduously stored up a great many articles since the war's end, will be able to lead the same luxurious life in the future as they were accustomed to in the past by resorting to barter. Thirdly, we have no expectations for getting an abundant supply of commodities as a result of the new price policy as long as the Government does not carry out a thorough improvement of the distribution system. And, as all people are saying, inflation will be inevitable, since there is no hope of our being able to live within the limits imposed by the currency measures.

On the other hand, the unavoidable future rise in black market prices will extremely distress the masses who can hardly live without depending upon black market. The composite anti-inflation measures are not only imperfect as a method for curbing the inflation, but they will also prove to be a great burden upon the people. Moreover, the Government is going to relieve the banks by imposing property taxes, and by collecting their estimated wartime expenditures for the current financial year from the people, a measure which has not yet been put into effect since the termination of hostilities. Of course, the ordinary commercial banks are now hoping for the circulation of the nations' fixed capital, since that is the only way by which they can be rescued from the impending bankruptcy. Under present circumstance, however, the realization of a greater currency circulation through exercise of power of the banks themselves is utterly impossible. Thus, the desires of the banks will be fulfilled by the collection of wartime expenditures and property taxes, by the Government. The fixed capital will then begin to circulate again, and future dominance by the financial circles over future Japanese production will be possible.

ECONOMIC SERIES: 492 (Continued)ITEM 1 (Continued)

However, we must not forget the miserable masses who are going to be exploited to the last penny by the above-mentioned taxes. Owing to defects in the Japanese financial system, the Government has often been obliged, in time of need, to relieve the financial organizations by exploiting the innocent masses, although this is the first time in Japanese history that a sum of money as large as 150 billions of yen is to be collected from the masses to relieve the situation of the banks.

ITEM 2 Abolition of War-Time Ghost Economy - Magazine: Sunday Mainichi (Weekly) - 10 Mar 46 issue. Translator: T. Hosaka.

Summary:

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The expansion of the circulation of money has reached its peak and the amount of money in circulation is now fifty times greater than before the CHINA Incident in 1936, during which time it was about one and one-fifth billion yen. On 6 December, 1941, just before the outbreak of the war, it had reached a high of 4,713,000,000 yen; on the day the war ended, 15 August, 1945, it was 30,282,000,000 yen, and at last, on 16 February of this year there were 61,400,000,000 yen in circulation. Thus the disastrous inflation was spreading at a tremendous rate of speed and we found ourselves on the brink of a complete breakdown of our economy.

To meet this crisis, the Government formulated the Emergency Economic Control Law to check the inflationary trend by freezing the excess money in circulation. Is the law capable of checking the inflation? It is highly doubtful. The measures taken by the Government are very loose and ineffective, and conclusively speaking, the measure will have no real remedial effects. It might have been planned to solve the problem from both sides - money and materials - but the steps taken by the Government are directed at the money problem only and in the course of two or three months we shall see the total failure of the measure. Even the monetary reform as passed was inadequate in that it should have reduced the amount of yen in circulation from 60 billion to one and one-fifth billion, a reduction to one-fiftieth of its former size. Since money exists only as an intermediate good for the exchange of materials, and since there is a critical shortage of materials in JAPAN today, it is desirable to have as small an amount, of money in circulation as possible.

But because of the brutal power of the militarists and officials, our national currency was misused and excessive issues of paper money were brought about during the war in order to collect materials from the people without tendering them the payment of due consideration. Unless our finances undergo a surgical operation there is no hope for the financial recovery of JAPAN. We cannot help thinking that the sixty billion yen poured into circulation without material backing was a kind of vision or bad dream suffered during the war. It is criminal to force the people to continue to bear this fallacious wartime economic burden. Therefore, we must make a new start, and cast aside the wartime ghost economy by reducing the amount of money in circulation to as small an amount as is possible. For these reasons the ratio of exchange of the old yen to the new should have been placed at 50 to one. But the Government has merely frozen a part the people's deposits and has not basically lowered the amount of currency in the hands of the people.

Through exchange of the old money for new currency and through withdrawals of deposits from the banks, the new money will gradually circulate freely in the market. On the other hand, there will be very

ECONOMIC SERIES: 492 (Continued)ITEM 2 (Continued)

few people who will redeposit any of the new money to their banks and inflation will then begin again. In order to protect the banks from impending bankruptcy, the Government is going to pay them the value of their bonds, and in order to compensate war time industries for post war conversion, the Government is going to reimburse them for their financial losses with the income collected from the property tax and the war-time profiteering tax. This policy serves only for the protection of the banks however, and will do nothing to prevent another inflation since it adds one hundred billion yen (value of the bonds) to the sixty billion yen already in circulation. My opinion is that even if the banks do fall into bankruptcy, production will not necessarily be impeded, since money cannot be called a necessary tool for production.

What the country and the people need desperately are materials necessary for production; namely, grains, timber, fuel, provisions, textiles, metals, daily goods, machines for production, etc.. Even though the possessors of these goods are beset with financial difficulties, the materials themselves remain and their actual existence has no relation at all to the closing of the banks. Of course, production might be stopped temporarily if the banks close, but if the people can subsist for a few months and if there is a ray of hope for the future, the people will endure such hardships. There is no point to paralyzing our production in trying to do away with our wartime ghost economy. Unless this economy is destroyed by the courageous measures precisely mentioned, namely, the reduction of the amount of money in circulation to the prewar standard, and the abolitions of payments of bonds to the banks and compensations to the military enterprises there can be no hope for financial recovery. Thus, let us start completely anew, for this is our only hope of renewing national production. The next step to be taken against the inflation is a strict adherence to the balancing of the incomes and expenditures of the national budget. The present approximate annual national income is ten billion yen, whereas the estimated annual expenditures amount to about fifty or sixty billion yen. The national income has been lowered considerably by the calamities of the war, and state expenditures should therefore be reduced to the utmost to remedy these disastrous tendencies.

The Urgent Need of Increasing the Food Ration.

The fundamental factor in increasing production is the solution of the food problem. It is quite clear that the prices of goods would decline if there were more food on the market. In this connection, the distribution methods of principal foods must be completely reformed, since the people can never keep living on the present ration of 2.1 go of rice per person per day. It must be increased officially to at least three go because the people are actually eating three go per day, replenishing their shortages with rice purchased in the black market. It is only a question of determination on the part of the Government to carry out the plan. Since it has been proved scientifically that the only practical solution to our food shortage is the importation of food from abroad there is no reason why permission to import food can not be obtained from SCAP.

Fuel and fertilizer form the basis of production. However, the Government has as yet formulated no substantial plans to increase production but has concentrated on saving the banks instead at the expense of the people and through saving the banks have been trying to encourage the capitalists to promote production. However, the people know very well of their betrayal at the hands of the Government and as long as there are necessary steps to be taken which the Government ignores the people will not be spurred on to greater production to overcome the present crisis.

ECONOMIC SERIES: 492 (Continued)ITEM 2 (Continued)

In conclusion, I should like to add to the above-mentioned suggestions, namely, postponement of interest payments on war bonds, abolition of compensations for the reconversion of war industries, and contraction of money in circulation, one more urgent measure which should be taken by the Government. That is the removal of the property and wartime profiteering taxes, which are great obstacles to production in that they place undue burdens upon the shoulders of the common people. This is a most urgent measure, for in the long run, the will and co-operation of the people themselves are the basic factors in the revival of Japanese industry.

DISTRIBUTION "X"

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 2074

DATE: 29 Mar 46

ECONOMIC SERIES: 485

ITEM 1 Will the Anti-Inflation Measures Succeed? (Part III) - by Prof. HATAHO, Kanso of KYUSHU Imp. Univ. - Provincial Newspaper Nagasaki Shinbun - 23 Mar 46. Translator: T. Okamura.

100
Summary:

After the end of the war, I met many industrialists who asked my opinion on the continuation of production or the opening of new industrial activities. For these people, I recommended the immediate resumption or commencement of new industries; but almost without exception, they have not done so. They doubt that government permission will be granted. I persuaded them not to visit the prefectural government, because it is clear that permission would not be granted them. There is no official who has firm enough convictions to grant permission at his own discretion, as long as the Industrial Authorization Ordinance exists. It goes without saying that these officials will certainly disapprove such enterprises, no matter how much these works are essential for the economic recovery in JAPAN.

However earnestly I may persuade these industrialists, they do not dare to start reconstruction; and because of this, their enthusiasm has been lost. I hope at least ten or twenty determined industrialists will take steps to rescue the strained economic situation. It is strange that these industrialists, during the war, often blamed officials for their bureaucratic control; they often pointed out that they could not expand their production as long as bureaucrats continued their controls. Yet, when these bureaucrats retreated with the coming of peace the industrialists do not show any interest in production. They seem to have lost the courage to work on behalf of the former, even if the latter is a good hand at blaming bureaucracy. Here is the fundamental element which hinders the smooth, immediate revival of our war-stricken economy.

The second cause will be the defects of the Government's price policy. Though the Government advocates the establishment of a low-price, anti-inflation policy, we do not know whether the Government is taking measures to check inflation or letting it go. It maintains the price control system on the one hand, while on the other hand it raises the prices by four or five times. Such a policy plays an important role in hindering the industrial program.

We may point out as the third cause, the problems relating to reparations and capital levy. Not a few industrialists wish to start their activities after a concrete reparations program has been announced, or the capital levy has been collected. On the other hand, some enterprises, taking advantage of the prevailing inflationary situation, profiteer by waiting until the value of their stocks soars further, rather than to increase operation, by employing laborers, who often cause industrial unrest.

ECONOMIC SERIES: 485 (Continued)

ITEM 1 (Continued)

I wonder why these industrialists, do not rid themselves of the conceptions of profiteering, and try to increase production, in order to stabilize the national life when its foundation is threatened.

Labor control is the fourth problem. Since the war's end, laborers have assumed the offensive. The laboring class, with the enactment of the labor union law, began to take an increasingly aggressive attitude, which is another factor which prevents industry from resuming active production. But in my opinion, it is wrong for industrialists to regard the labor unions as antagonistic, and vice versa. It is not the time for both labor and capital to struggle against each other, if they consider the actual status of JAPAN, and her economic situation. Laborers, however, seem to have come to realize the situation, because they are trying their best not to give trouble to the general public, by the slowing of production, when they resort to strikes. This shows great progress by the labor class, and I earnestly hope that industrialists too will make a similar stride.

COPY

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 2118

DATE: 31 Mar 46

ECONOMIC SERIES: 404

ITEM 1 Inflation and Resumption of Production By ARISAWA, Hiromi, Professor of the TOHOKU Imperial University - Provincial Newspaper Shinano (NAGANO) Mainichi Shimbun - 27 March 1946. Translator: H. Shindo.

100
Summary:

The war has forced JAPAN to make the best of her reduced territory, in which the population reportedly will reach some 82 million in a year or two. How to support such a gigantic population in such a reduced territory is a problem related to the reconstruction of Japanese economy.

Japanese economy must improve. This idea, however, is only a statement of aims. Before this can be realized, two kinds of grave problems must be solved. One is inflation, and the other, the problem of production. Political, economic, and social conditions now in JAPAN have grown and are growing more critical and acute, because JAPAN must solve these two problems simultaneously.

We have two schemes. One permits inflation, leaving inflation to take its natural course while production is resumed in another manner. In other words, it can be said to be a capitalistic solution. The other represents the so-called socialization of industry. In brief, this is a measure to commit the management of basic materials production to be committed to be formed by members selected from every strata of society. This could be called "management under Government control."

As stated above, in JAPAN, inflation has not been checked nor has production been resumed. In order to solve the two problems simultaneously, socialization is forced to run a risk in its enforcement. Though conditions permit of no delay, the Government has remained an indifferent spectator. Inflation, suppressed during the war, exploded all at once. The series of emergency economic measures recently promulgated were taken to check the rising tide, and to earn time. Inflation has remained unchecked and production has not yet been resumed. Other anticipated steps must be tinged with socialization in some way. Such a democratization of Japanese economy, however, can only be demanded from a cabinet formed by a majority party which the coming general election will decide, and not from the current one. If the Liberal Party or the Progressive Party should win, the inflation measures would be adopted. On the contrary, if the Social Democratic Party or Communists should win, communism or socialization might be taken up. In this socialistic way, war expenses and post-war economy would be managed without detriment to the national life. This measure may look drastic, but in reality it is a short-cut.

Socialization is needed at any cost to solve the most fundamental food problem. The coming election will decide which of the above-mentioned policies will be supported by the nation for the reconstruction of Japanese post-war economy. We must give serious consideration to the coming election, because it will have a great influence over our own way of living.

ECONOMIC SERIES: 465 (Continued)ITEM 1 (Continued)

all merely a matter of conjecture.

AOKI: Then the only alternative is to raise the prices of commodities to alleviate the shortage of materials and stimulate production.

C. Shortcomings of the New Control Measure.

WATANABE: Going through the comprehensive measures, can you find anything lacking?

MIYAMURA: It seems that it lacks consistency. For example, we can enumerate the contradictions between the temporary prices of commodities set by the Agricultural and Forestry Department and the ceiling prices established by the Finance Department based on the prices of coal and rice, etc.

AOKI: The measure also takes the unemployment problem too lightly.

MIYAMURA: The article restricting the withdrawal of deposits will be a hard blow to the merchants who have no fixed income, although it does not affect the salary men as much. An allowance of 300 yen for the head of the household and 100 yen for each of the other members of the family should be sufficient for salaried men but not for merchants.

AOKI: It seems to favor the ruling class as represented by the large enterprises, and companies for it permits them to withdraw deposits in various ways.

D. Managerial Difficulties for New Firms.

MIYAMURA: I believe it is a necessary step to protect production. With the reconstruction expense as they are, if they are to be defrayed by profits from the new official ceiling price, it would be impossible. In other words, the new official ceiling prices are not enough to correct things.

SAITO: Then all the new enterprises will be forced to a standstill.

II. Effects on the Industry of FUKUSHIMA.

A. Converted Industries Hesitate.

WATANABE: What effect will the new policy have on FUKUSHIMA Ken?

MIYAMURA: The reconversion of the munition factories to peace-time industries is now under way. However, it will be forced to stop temporarily.

AOKI: How about the supply of raw materials?

MIYAMURA: In the case of the JOBAN mines, they claim that 40 tons of water must be pumped out in order to mine one ton of coal, and the production cost which this will entail cannot be met by the new official ceiling price. It is the same in other cases.

B. GERMANY's Failure after World War I.

WATANABE: Pessimistic opinions seem to prevail. What was the primary cause of the inflation in GERMANY after World War I?

AOKI: In 1919, the German Government imposed a property tax which placed the financial burden on the German people and this is also the case in JAPAN today. The German Government intended to reconstruct its financial condition with the revenue and was successful. The trouble came when GERMANY refused to pay reparations to the Allied Powers and RUHR district was then occupied by the Allies. This resulted in

ECONOMIC SERIES: #65 (Continued)ITEM 1 (Continued)

financial confusion and the flow of marks to foreign countries. Political influence had much to do with it.

WATANABE: Then I believe there is no danger of buying up American dollars in our country.

AOKI: We must consider the fact that GERMANY had considerable industrial production power and was therefore able to reconstruct with ease. However, JAPAN's national power has been exhausted.

C. Suspension of Subsidies to War Plants.

WATANABE: I believe the suspension of subsidies to munition companies was a necessary measure to check inflation. What do you think?

AOKI: Such a problem is influenced by sentiment.

MIYAMURA: Generally speaking, the enterprising companies are operated with money loaned to them by financial organs rather than with their own capital. Then, the first losers as a result of suspension of subsidies will be the banks which will then affect the respective funds of their depositors. Such steps can lead to many consequences. The abolition of war-time bonds will also be detrimental to banks and life insurance companies.

AOKI: The depositors of postal savings will be the first to suffer.

MIYAMURA: The payment of subsidies should be made without restrictions. However, the total profit must be taxed anew.

D. Reinforcement of Control over Necessities.

WATANABE: I wonder if we can expect the restoration of adequate production through the reinforcement of control over daily necessities. The plans of the new anti-inflation policy leaked out a week before its enforcement in TOKYO, which caused drastic withdrawals of deposits by the people and illegal activities on the part of brokers. It seems to me that the surprising increase in the interest rate announced by the Bank of JAPAN was due more to reactions to the anti-inflation measure rather than to the inflation itself.

MIYAMURA: The secrecy of such drastic policy is very difficult to maintain.

WATANABE: Under present circumstances, persons possessing goods will reap the chief benefits. Their goods will multiply through barter, and the accumulated commodities may then be sold when the freeze on funds is lifted.

AOKI: I don't agree. It will be to the contrary. The ban on the frozen funds will be lifted only when the security of commodities is guaranteed. The possessors of commodities will suffer a loss because of the reduction of commodity prices.

MIYAMURA: It will not necessarily be so. It is a question of realizing the security of commodities. If it cannot be realized, the result will follow Mr. WATANABE's statement. The primary point is the prospect of food imports.

WATANABE: Once a measure like the freezing of funds has been established the ban should not be lifted too readily.

WATANABE: To what extent have the people hoarded goods, as disclosed by the report of funds?

SAITO: The limits of reporting the individual's hoarded goods have

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been clarified. However, those of the corporations have not yet been decided. It is a difficult technical problem.

AOKI: I believe the amount of goods hoarded by the corporations is not as great as we expected.

E. Quantity of Hoarded Rice.

WATANABE: How about the quantities of hoarded rice, corn, beans, wheat, etc.?

AOKI: The Communists estimate it at 15 million koku and the Social-Democrats estimate it at 10 million koku. No one can give an accurate figure. Despite such a poor distribution figure of 2.1 go of rice per person per day, the majority of the people are managing to eat 2.7 -- 3 go per day. The one go of rice per head that moves daily in the black market can be said to be a representative unit of the quantity of hoarded rice.

WATANABE: I agree, and I also think that the distribution of 3 go per day is not impossible if the proper steps are taken. The Government plans to impose more restrictions on rice transfers, for it is an obvious fact that we cannot starve under the present ration. The Government should increase the ration to 3 go prior to the execution of such controls on rice transfer.

SAITO: I fully agree.

F. Property Tax Problem.

WATANABE: Next is the problem of the property tax.

AOKI: How can the Japanese financial condition be rehabilitated through inflationary or deflationary policies?

MIYAMURA: Neither policy would be to any avail for the rehabilitation.

AOKI: The UNITED STATES seems to be in favor of a deflationary policy. Another important question is the exchange rate of the yen, one dollar is equivalent to about 15 yen, and that would be a reasonable quotation for foreign exchange.

III. National Wealth and National Bonds.

A. Difficulty of Appraising National Wealth.

WATANABE: The estimation of JAPAN's national wealth is a difficult problem, isn't it?

AOKI: That it is. When the Government planned to impose new taxes, it estimated JAPAN's wealth to be 400 billion yen, and it now intends to collect one fourth of it. According to the investigation in 1929, JAPAN's wealth was estimated at 90 billion yen. Later, the maximum amount of national bonds amounted to 120--130 billion yen. However, I wonder whether JAPAN's wealth can be manifested by the national bonds.

MIYAMURA: It's a matter of the method of estimation. In choosing between the face value and the absolute value, estimation by the face value is not preferred.

AOKI: What was the basis for the estimates of 400 and 100 billion yen? That is another important problem which must be solved.

B. The Enviably Price Condition in AMERICA.

MIYAMURA: According to a recent UNITED STATES newspaper article, the

ECONOMIC SERIES: 405 (Continued)ITEM 1 (Continued)

current price of leather shoes is only 2--3 dollars and miscellaneous kitchen utensils are generally below one dollar. It is indeed envious. Even though prices are so low in AMERICA, President TRUMAN warned labor in one of their disputes, saying, "I can understand your arguments in the labor dispute but we must see to it that the rise in salaries and wages does not cause a rise in commodity prices." I could not help reflecting upon his remark and comparing the present wealth of JAPAN with that of the UNITED STATES where two or three dollars is sufficient to purchase many necessary articles.

WATANABE: I feel the same way. I wonder what our government will do with all of its worthless money?

C. Problems after Levying the Taxes---Gain or Loss?

AOKI: After all, it is the matter of spending 100 billion yen. The Government says that even the payment of interest on the loans floated by the state which is estimated at 200 billion yen until 1947 will require 7 billion yen eventually and new taxes will be levied to meet such financial requirements as well as to combat the inflation. Thus the national debt will be reduced by one half. However, if other debts are added and prevent the debt from decreasing, it would become an annoying problem. To make matters worse, such optimistic plans ignore the occupation expenses, the relief expenses for the unemployed, the rehabilitation expenses, etc.

MIYAMURA: The taxes will be a great obstruction to enterprising companies. They must increase their capital to pay these taxes, and, as a consequence, this will affect public utilities, and public living will be inevitably hit until a rise in the price of electricity, gas, private railway fare, etc. The basis for estimating the property tax is important for if it were estimated with the present high prices as a basis, every monetary organ would become bankrupt.

D. Property Tax Hurts the Masses.

WATANABE: The Government set the standard of the property tax on property valued above 20,000 yen and they claim it will not affect the masses because only about 15% of the whole population is in that category, possessing 20,000 yen worth of property or more. Today, when even the minimum living expense is almost 10,000 yen yearly, why set the sum at 20,000 yen? The people hit by this tax will be the industrialists of the middle and lower classes. I think this is a most vicious tax.

IV. Let Us Take our Lesson from ENGLAND.

A. Avoid Loopholes in the Law.

AOKI: Pessimism seems to prevail among the public in their close scrutiny of the anti-inflation measure. However, we must co-operate with it as long as it has once been put into effect. Then how about some discussion upon the material co-operative steps to be taken by the people?

MIYAMURA: After all, it is a matter of national morality. The people should be above seeking loop-holes or methods to evade the tax.

B. Look at ENGLAND?

AOKI: An Englishman, a former professor of KEIO University who recently returned from ENGLAND, told me that all the people in ENGLAND are content with a harder life, and are giving up all profits gained during the war. None of them are complaining of inconvenient living conditions. What is this desperate status of JAPAN which does not smack of Japanese industriousness of the past?

ECONOMIC SERIES: 465 (Continued)ITEM 1 (Continued)

MIYAMURA: The very mental attitude of the people is most important. We must be aware of our status as a defeated nation and must be content with a difficult life. In addition, stimulation of the patriotic impulses of the people is a pre-requisite for the new generation. The love of country is the love of oneself. The consciousness of and excitement for the nation must be required of the people.

WATANABE: It would be out of the question if people were absorbed in looking for loop-holes in the law.

AOKI: In connection with that, the newspaper should be held responsible for they have been teaching the public to look for loop-holes in our laws.

C. Problem of Political Attitude.

MIYAMURA: Generally speaking, the people must assume a cautious attitude toward politics. They are always absorbed in thinking of upsetting the cabinet. Under such circumstances the party or the cabinet may be unable to carry out their righteous policies.

V. Conclusion.

WATANABE: When a creditable cabinet is formed, we must co-operate with it in carrying out its policies. In the foregoing discussion we have clearly found that the future of JAPAN depends not on the result of the comprehensive anti-inflation measures but on the means to increase production. This problem is more pressing than the counter-measures against inflation. The people must realize that the execution of monetary reforms is not the final object, but the necessary measure in overcoming our obstacles is an increase in national production.

DISTRIBUTION "X"

ITEM 2 Investigation into the Anti-inflation Measures - Tokyo Shimbun - 31 Mar 46.
Translator: M. Kato.

100
Full Translation:

A series of policies called the anti-inflation measures have been designed and carried out by the Government. Have these measures succeeded in checking inflation? As to the emergency financial measure which is one of these measures and which is easily put into practice by a mere order of the Government, there is much doubt whether or not it has realized the expected results.

The people at large are subjected to a restriction of living on 500 yen a month, but they cannot afford to be supplied with a minimum amount of daily necessities. Moreover, despite the increase in official prices of foodstuffs including staple food such as rice and barley and for side dishes together with the seasoning, the distribution is most unsatisfactory. This compels the people to resort as usual to black market transactions. Furthermore, lighting and heating expenses have been raised while wood and charcoal are not supplied despite the promises of the authorities concerned.

The people must spend much money on buying candles owing to the frequent stoppage of electricity. The radio cannot fulfil its mission as a cultural institution because of a shortage of electric current. The household economy is being menaced because of high rate increases in transportation fares by the state railways, company railways, metropolitan electric railways, and subways. What is worse, the communication rates are scheduled to be boosted.

The demand for living expenses has already caused the currency of banknotes to exceed 20 billion yen. The vital civilian industries, however, have not as yet gotten underway as the Government has planned. The output of coal has almost come to a standstill and steel is likewise in an extremely depressed conditions.

A schedule for the readjustment and stabilization of the price system has been reached. This readjustment plan was presumably aimed at the balance among the prices although we are impressed with the competition of boosts in prices. The fixed price for rice and coal was originally projected to form the basis of prices. Despite this, the price of coal has remarkably increased and caused the price of fertilizers to be raised twentyfold in only a few months. This is menacing the stabilization of the price of rice. The Government subsidy for readjustment of prices has for financial reasons been abolished. This also is a menace to the farmer's delivery, if 100 per cent of the allowed ration is realized it may be regarded as successful. To think that this is expected despite the drastic measures proves that we cannot but be gloomy as to the prospect of our future food situation during the year. Such is the actual situation under the Governmental comprehensive measures which had been launched with much earnestness. However, these measures as has been seen, cannot prove to be successful so long as there exist the various elements which encourage the current inflationary influences.

It is too evident that these anti-inflation measures cannot prove effective if carried out separately. Inflation is not merely a phenomenon of finance. It is connected with politics. In this regard, the Government resorted to the comprehensive financial measures.

However, to our great regret, the Government has failed in this attempt. It carried out these measures separately. What is worse, these measures seemed to be contradictory with one another. Furthermore, the concrete measures for increased production which are regarded to have a vital relation with the anti-inflation measures have not yet been adopted. Investigation into the cause for the obstacles to production will take such a long time that it cannot meet the present burning need. Thus the anti-inflation measures of the Government must be re-examined basically. Comprehensive plans should be established at least on the basis of over-all necessity.

Owing to the difference of jurisdiction or the different bureaus or section of the same ministry, one is designed to discourage, while the other to encourage inflation. This cannot enhance the achievement in this attempt. We cannot but hope for the establishment of real anti-inflation measures which can be vigorously and consistently carried out by the Government.

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ITEM 2 (Continued)

the stabilization of prices; there being already a schedule for increase in prices. By the same token, a considerable increase in the prices of tobacco and sake along with the consumption tax of textiles is being planned with the natural consequence of the rise in the retail prices of these articles. Does this mean the readjustment of the price system?

Concealed or hoarded goods are being exposed. Some of them are scheduled to be bought by designated organizations and distributed among the people through the regular channels, but this is not as yet realized as expected. As to the strengthening of food control and the compulsory measures for the farmer's delivery, if 80 per cent of the allotted ration is realized it may be regarded as successful. To think that this is expected despite the drastic measures proves that we cannot but be gloomy as to the prospect of our future food situation during the year. Such is the actual situation under the Governmental comprehensive measures which had been launched with much earnestness. However, these measures as has been seen, cannot prove to be successful so long as there exist the various elements which encourage the current inflationary influences.

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ITEM 3 Reconversion to Controlled Economy - Provincial Newspaper-Nishi Kyushu Shimbun (Fukuoka) - 15 Mar 46. Translator: H. Furukawa.

100

Summary:

With the series of emergency measures put into force lately, the Japanese economy is now facing a revolutionary change, that is, the reconversion to a controlled economy, which was abandoned last fall. The people detested the economic controls, which were the product of war, and the Government and the bureaucrats, which were made helpless by the defeat, abolished the controls on economy, pressed by the tide of democracy, which the general public believed to be incompatible with all types of control. Thus, the dreadful condition of inflation has been brought about.

Democracy is a political conception, and it can be compatible with economic control so long as the control is exercised in a democratic way. In the economic chaos of today, control of economic activities, must never be neglected, and it must, of course, be carried out in a democratic manner.

ITEM 4 Temporary Economic Measures to Be Promulgated In Near Future - Yomiuri-Hochi Shimbun - 18 Mar 46. Translator: H. Shindo.

100

Summary:

An Imperial Ordinance "Post-war Temporary Economic Measure" is soon scheduled as one of the means to promote production. It is outlined below. In carrying out the measure, control groups should be democratized to prevent a re-growth of bureaucratic control.

- 1) Production control is to be carried out by a control group in each industry, to which legal control power is to be granted. The Government can approve a production program and demand required materials made by the control groups after the necessary investigation and adjustment. The control group will issue production directives to its members and assign them the required materials, in accordance with the directives.
- 2) With regard to distribution control, important goods are sold by a single agency or distribution control group, as a general rule. The distribution control group must distribute them in accordance with distribution and assignment programs, decided upon by the Government and the production control group respectively. When the above rule cannot be applied, the goods will be brought under the immediate control of the Government. What is more, when necessary, their use or consumption is restricted or prohibited.

The Government can issue orders to resume production in case of sabotage. When production conditions in new factories are unsatisfactory, and, whenever necessary, the Government can order the transfer of equipment and the lease and trusteeship of an enterprise.

ITEM 6 Blocked Funds and the Expansion of Production - Provincial Newspaper Hyuga Nichinichi Shimbun (Miyazaki) - 24 Mar 46. Translator: H. Furukawa.

100

Summary:

The Government seems to intend to increase production while the amount of currency in circulation is checked at about thirty billion yen. It is doubtful, however, whether the Government's scheme can be carried out successfully when the large amount of currency already issued and the difficulties in increasing production, are taken into consideration. The industrialists, not willing to resume production, demand the release of the blocked funds which would benefit them more than the increase of production. To make the anti-inflation measure a success, the greater part of the blocked funds should not be released, and the remainder should be furnished to the industries, according to their expansion of production. When the industrialists find the expansion of production to be the only means of obtaining profit, the anti-inflation policy will be well on its way, provided that the equitable distribution and the withdrawal of floating funds are successfully practiced.

ITEM 3 World Economy (Part II) Told by Mr. Wakimura, Yoshitaro - Nippon Keizai Shimbun - 16 March 1946. Translator: Y. Kurata.

Full Translation:

100
European nations are trying to bring about economic stabilization by dint of the strengthened power of the masses. They seem to find the best way toward the solution of this problem in the formation of Labor cabinets, thereby presenting popular fronts in the political field, and putting into practice the socialization of their key industries in the economic field. The best example thereof is to be found in the recent advent of the French Popular Front Cabinet and the British Labor Cabinet, and the consequent socialization of major industries in these countries. The British Labor Party, having succeeded in coming into power, put state ownership of the Bank of ENGLAND into realization as of February 1946. The Party is also aiming to take over coal mines throughout the country, along with the foregoing state ownership of the Bank of ENGLAND, thus extending the socialization of major industries. Cotton, chemical, shipping and ship building have the recommendation of President of the Board of Trade Sir STAFFORD CRIPPS to set up Management Committees consisting of equal numbers of representatives of labor, capital, and consumers.

In the UNITED STATES, the demand of the working classes made its advent in the form of economic struggle against capitalists, resulting in frequent big strikes in such heavy industries as steel, iron and automobiles. Workers on strike demanded 30 to 50 per cent wage increases in accordance with the sharp increase in living costs and the consequent decrease in their net wages, while capitalists rejected workers' demands of more than 15 per cent wage increases. As a result, there was no means of bringing about an effective solution for such labor disputes, other than by setting up the so-called Fact Finding Committee to investigate the company's ability to pay wages. As for the price-wage relationship the Government originally endeavored to raise wages, without any increase in prices, but has recently taken the policy of raising both wages and prices in their proper relationship.

In JAPAN and GERMANY economic democratization is steering a steady course in line with the removal of munition industries, the dissolution of superfluous concentrated capital, and the organization of workers. As may be clearly seen from the above, the Allied Powers first tried to solve post-war problems through complete employment and other democratic ways and means, and finally they turned to an international settlement of these problems. As a result, they established the so-called International Currency and Rehabilitation Bank so as to place world finance under the new gold standard system, which is based upon gold held exclusively by the UNITED STATES. They also set up UNRRA for the purpose of relieving all war-victimized countries, supplying them with food and other relief and rehabilitation goods. Along with such steps, they seem to be trying to set up Allied food and agricultural institutions, thereby bringing the world's demand and supply of foodstuff into a reasonable balance. They are also trying to solve problems concerning shipping, coal, oil, rubber, and aircraft production on an international scale. Thus, international institutions and pacts are now being established for this purpose. Meanwhile, UNO is now working out composite economic measures in order to settle various international economic problems.

ITEM 4 Household Economic Condition of Tokyoites To Be Surveyed - Asahi Shimbun - 27 Mar 46. Translator: Z. Konishi.

Summary:

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The TOKYO Metropolitan Board, in compliance with the request of the Commodity Prices Bureau (BUKKA KYOKU) of the Ministry of Finance, decided to work out an emergency survey of household economy on which the salaried and wage-earning classes in TOKYO are being supported. This survey should disclose the effect of anti-inflation measures for TOKYO citizens. Hence, 460 representative households are to be selected, including 200 salaried families and 260 workers' families, the heads of these households each having a 200 to 800 yen monthly income and being between the ages of 30 and 45. This survey is to be carried on for one year, starting on 1 April.

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PROGRAM OF ECONOMIC CONTROLS IN EFFORT TO REESTABLISH STABILITY OF CURRENCY
 CMA DISCOURAGE QUOTE BLACK MARKET UNQUOTE ACTIVITIES CMA READJUST PRICE
 LEVELS AND FORCE CONSUMER GOODS INTO MARKET PARA GENERAL OUTLINE OF THE
 ORDINANCE ON FOOD COLLECTION FOLLOWS PD ORDINANCE PROMULGATED SIXTEEN
 FEBRUARY ONE NINE FOUR SIX PROVIDES THAT IT IS MANDATORY FOR OWNERS TO FUL-
 FILL STAPLE FOOD QUOTAS CMA THAT GOVERNMENT MAY EXPROPRIATE FOOD WITHHELD
 IN EXCESS OF QUOTAS AND THOSE FAILING OR REFUSING TO COMPLY WILL BE SUBJECT
 TO FINE OR PENAL SERVITUDE PD REGULATIONS IMPLEMENTING THIS ORDINANCE IN-
 CORPORATE SAFEGUARDS AGAINST USE OF FORCE PD SEED RICE EXEMPT FROM EXPROPRIA-
 TION PD RICE WILL BE COLLECTED BY ACCREDITED MEMBERS OF AGRICULTURE AND
 FORESTRY MINISTRY PD EXPROPRIATED FOOD WILL BE PURCHASED BY GOVERNMENT AT
 OFFICIAL PRICES PD IN CASES WHERE IT IS NECESSARY TO EXPROPRIATE HOARDED
 RICE CMA OWNER CMA PRESIDENTS OF AGRICULTURE ASSOCIATION AND AGRICULTURE
 ENDEAVOR COOPERATIVE AND DISINTERESTED THIRD PERSON WILL BE PRESENT PD
 ABLE WARRANT WILL BE ISSUED COMPLETE AS TO DETAILS AND WILL BE SERVED BY
 COURTS OF JUSTICE PD ALL WARRANTS WILL BE PUBLISHED IN OFFICIAL ORGANS PD
 ALL RICE VOLUNTARILY SOLD OR EXPROPRIATED WILL BE PROPERLY RECEIPTED FOR PD
 COMPLAINTS MAY BE FILED WITH MINISTRY OF AGRICULTURE FOR COMPENSATION PARA

17 Feb 46

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ITEM 4 Reorganization of Economy and Unification of the Democratic Front -
Provincial Newspaper - Chugoku Shimbun (HIROSHIMA) - 1 Feb 46.
Translator: I. Imai.

Summary:

Japan's economy is proceeding from confusion to collapse. To stop this, the solution of the food problem must first be accomplished. Then comes the prevention of inflation, re-establishment of coal and steel production, reconstruction and strengthening traffic facilities on land and sea, etc. Concentrated influence of the public must be the only means to manage this hard work. This influence is the so-called democratic front. This democratic political influence is growing day by day. The progressives, Liberals, Social Democrats and Communists should unite now in a democratic front by reflection and a compromise of each party as far as the key economical reorganization policies are concerned

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ITEM 4 Reports From Each Ken On New Emergency Financial Measures - Yomiuri Hochi -
20 Feb 46. Translator: S. Iwata.

Full Translation:

The Home Ministry has ordered each ken to send in a daily report on the effect of the new emergency financial measure in view of keeping public order. According to these reports, the whole country is taking it peacefully and quietly. It seems that the new emergency financial measure has not had any instantaneous deflationary effect, although prices tend to go downward.

Above all, in GIFU Ken, the prices of fresh foods have decreased by two to three per cent, and prices of clothing and furniture have decreased to about half of the existing prices. Street-stalls have not been getting much trade and people are apt to pass by them without a glance, it is reported.

However, the question is how to dispose of small yen notes. The authorities in each ken are wondering how to solve this problem. For example, it is reported that a station-master forced a station-clerk to exchange 10,000 yen notes for the same sum of small notes.

ITEM 3 Will Anti-Inflation Measures Succeed?(Part II) by Prof. HATAHO, Tanae
of KYUSHU Imperial University - Provincial Paper Nagasaki Shimbun -
21 March 1946. Translator: T. Okamura.

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Summary:

The next vital problem is unemployment, which is made especially acute by cause of the repatriation of Japanese from former Japanese territories; for such people, jobs must be found. In order to give these jobs, there is no other way but to conduct such enterprises as large scale civil engineering and reconstruction works in war-stricken territories, or construction of electric generating plants, etc.

The number of unemployed in JAPAN proper is roughly estimated at five to six million; and, the repatriates from overseas will eventually reach eight to ten million. Thus, the total of the two will surpass the ten million mark. It goes without saying that it would cost the country a large amount of money to give relief to those jobless people. The Ministry of Finance announced the so-called "skelton" budget, amounting to 17 billion yen. Later the supplementary budget, proposed by all ministries was disclosed, amounting to 70 billion yen. Even if the Ministry of Finance curtails this budget by half, the total of the fundamental and the supplementary budgets will exceed 50 billion yen. Of this amount, however, the tax revenue and other revenues from Government enterprises will make up about 15 billion yen. The remainder must be replenished by deficit loans. In this respect, there is a strong possibility of starting another cycle of inflation.

Next, let us consider production, which is a vital element in checking inflation. We have to bear in mind that our country's opportunities for economic expansion have been restricted. A total of 43 percent of our former territories have been ceded to the Allies; while MANCHURIA, which has had a long close relationship with JAPAN, is to be returned to CHINA. Under these circumstances, the present economic basis for JAPAN may be

said to be only half of the pre-war possibilities. To make matters worse, the production capacity in JAPAN has declined sharply due to air-raids and lack of proper maintenance of plants and equipment which escaped air-raids.

Compared with the production index of 1933, two years after the outbreak of the Manchurian Incident, a year which is regarded as one of the worst business years, the production index of November of last year shows that the production of soda was only 0.3 per cent, that of cement, ten per cent; that of steel, seven per cent, that of rayon, three per cent; that of cotton, the equipment of which is said to have sustained comparatively little damage, 25 per cent; and that of coal, 20 per cent. Thus, industrial production is only 20 to 30 per cent of an average, of the 1933 production indicating how poor JAPAN has become.

On the other hand, the revival or resumption of production is making very slow progress. The sabotage in production by capitalists is pointed out by Communists. There are, of course, many causes for our sluggish economic recovery; but the lack of enthusiasm and the lack of democratic elements in business are vital factors. This may be attributed to the method of operation of capitalism in our country since the MEIJI Era. Most enterprisers have enriched themselves by conspiring with the dominating influences. When political parties had power, they co-operated with those parties, when bureaucrats took the reins, they conspired with these government officials, when militarists had influence, these capitalists collaborated with the army. This tradition has been reinforced during the last eight years of war. These industrialists did not dare to act on their own accord or to take the initiative in economic activities. They were subject to orders of the government officials. The sudden termination of the war left them in confusion. Losing their leaders, these enterprisers were, and still are, at a loss as to which way they should move.

ITE 3 Influence of the Strengthened Economic Measures On Industry -
Nippon Keizai Shinbun - 31 Mar 46. - Translator: S. Kinoshita.

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 Summary:

Despite the Government's anti-inflation measures there are indications that vicious inflation will inevitably grow. In view of this fact, the Ministry of Finance has strengthened the emergency economic measures. Can these new steps attain the desired end? What is most necessary for preventing inflation is to take strong steps to secure food and to encourage increased production of daily necessities for the people's life side by side with measures to keep the circulation of currency in check. Nevertheless, no such effective steps have been taken as yet by the Government. It is doubtful whether the Government is serious in considering the matter of inflation. It is even said that due to bureaucratic sectionalism, measures for increased production as well as for increased distribution of food are being contemplated independently of the composite economic measures. The masses who are suffering from high prices, are likely to be driven to even more hardships and privations as a result of withdrawals being reduced by 200 yen, while a large amount of new yen is in the hands of particular classes.

Industrialists strongly oppose the new step as it not only paralyzes industry but also drives it into a state of suspended animation. In response to the emergency economic measures of the Ministry of Finance, some plans for industrial control were contemplated by the Ministry of Commerce and Industry. But, up to the present, none of them has effectively materialized. Moreover, the Ministry of Commerce and Industry seems to entertain optimism as to the influence of the new steps on production. On the other hand, industrialists point out that the psychological and indirect influences on production are as follows: 1) Contraction of currency drives the masses to severe hardships and results in a decrease in their will to work. 2) Minor industries which have lately begun to increase production will again sink into a paralyzed condition due to the difficulty of obtaining funds as well as the decrease in the will to work. 3) The production of daily necessities will be hampered by the reduction in the purchasing power of the masses. 4) Due to difficulty in obtaining business funds, retail dealers are obliged to reduce their stockpiles to the lowest possible limit. This fact makes anticipatory production impossible and increases the risks of manufacturers with the result that production is hampered.

Besides the above, the attack of labor against management due to rises in the cost of living will be intensified. Furthermore, there is a danger of large scale unemployment. The Government is said to be making public in the near future a program for increasing production. However, industrialists expect no fruitful results from the Government plan. The production plan mapped out by the Government is facing the argument that the priority given to some branches of industry serves only to make the privileged concern isolated from other branches, hindering the progress of the industry as a whole. Even though skillfully camouflaged, Governmental controls over industry end in bureaucratic bungling.

The Ministry of Agriculture and Forestry is not contemplating a plan in response to the strengthening of restrictions on depositor's withdrawals. An additional food ration for young people from 16 to 20, which was being studied by the authorities, will not be carried out on account of the present acute food situation. Not only additional rations, of staple foods but also increased distribution of perishable foods is not expected.

ITEM 4 Increased Production Is of Urgent Necessity As A Prerequisite for the Strict Control of Prices - Asahi Shimbun - 31 Mar 46. Translator: K. Sato.

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Full Translation:

The Economic Emergency Measure is due to be further strengthened from 1 April, because of the following two reasons.

(1) Despite the fact that the issuance of the Bank of JAPAN notes was drastically reduced from the maximum of 61,824,000,000 yen on 18 February to the minimum of 15,204,000,000 yen on 12 March, it has again taken an upward trend since. According to the recent announcement of the Government, the issuance of the notes is producing a deplorable condition, showing an increase of 6 to 700,000,000 yen daily, totalling 21,864,000,000 yen on 28 March.

(2) The prices of goods on the whole do not seem to go down due to the general forecast that the issuance of the Bank of JAPAN notes will be restored to the former level in the near future. Moreover the purchasing power so far has not declined very much.

Thus it has already reached the stage of nullifying the effect of the emergency measures. While it is necessary to check the swelling currency at its very source and prevent the increase of purchasing power, on the other hand it is imperative to control the total amount of currency. And yet we cannot overlook the fact that the increased issuance of notes and high prices are caused by the inadequacy of subsistence within 500 yen. This is due to the dullness of increased production and the shortage of daily necessities, and is further aggravated by the defects of the distribution structure.

For this reason it is feared that whatever efforts may be made to enforce a strict control over currency, it will result only in driving the people into more difficult circumstances and will not give a final solution to the problem. The opinion is prevalent, and will be further strengthened, that, if the Government intends to curb the inflation in order to reconstruct a sound national economy, it is of the utmost necessity to concentrate all possible efforts on increased production and also on the readjustment of distribution which constitutes the major premise of anti-inflation policy.

ITEM 4 The Unification of National Economic Power - Provincial Newspaper - Bocho Shimbun (Yamaguchi) - 23 Mar 46. - Translator: H. Furukawa.

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Summary:

The prospect of the opening of foreign trade, about which many people were pessimistic, has come to hold a faint hope, due to the aid of the Allied authorities. The development of foreign trade if our national economy is to be revived, is absolutely necessary, and we must make every effort to accomplish that. Our country was defeated in war, by economic and military inferiority. The Japanese people stripped of armed forces, must exert their utmost efforts in developing industry, and for this, there is no alternative but to unify all the economic power of the entire nation.

ITEM 1 Don't Let the Japanese Economy Collapse - Provincial Newspaper - Kochi Shimbun (Kochi) - 1 Apr 46. Translator: H. Furukawa.

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Summary:

The economic emergency measure inaugurated by the Government in March has already proved abortive and the Government is now obliged to take supplementary measures to meet the situation. However, we cannot see any good prospects for the future of the Japanese economy as illustrated by the failure of the Government to thwart inflation. The successive failures of the anti-inflation measures, apart from their technical unsuitability, are mainly due to their fundamental lack of adaptability to the new situation in national economy. Unless the present conditions discontinue, there is no guarantee against calamities such as the old GERMANY suffered on the post-war period. Here we warn the Government that the time has already come for it to seriously consider the prevailing economic circumstances.

Critical Period in Japan's Economy Due This Fall

While both official and private economic circles are watching with keenest interest the future trends of prices following the enforcement of the drastic anti-inflation measures, all these quarters seem to agree that almost critical period will come in Japan's national economy some time in September or October, when the price level at that time will serve as the barometer of the future of Japan's postwar economy, a Jiji Press survey revealed.

Finance Ministry quarters as well as other economic circles are of the opinion that as a result of the anti-inflation measures, commodity prices will register a drastic downward trend during this month.

After the price level has reached the record low in the postwar period, they also said, prices will follow a gradual upward curve in subsequent months. Unless some effective measures are taken to

curb this new upward trend of prices, they warned, it might be that the country will again be confronted with a serious inflation, endangering the whole economic set-up.

Predict Bumper Crop

In the opinion of these circles, however, the country will not be without some hopeful signs of some effective measures being taken against another serious inflation. In the first place, they point out, the country is likely to be favored with a bumper wheat crop this year. Farm experts are said to agree that wheat throughout the country is thus far growing most satisfactorily, promising a bumper crop of considerable proportions.

The strike committee of the Communications Workers Union decided to accept the compromise settlement terms advanced by the Board of Communications authorities, according to Jiji Press.

The union's formal reply of acceptance of the settlement terms was scheduled to be made public following a general meeting of its executive committee, which was due to take place Tuesday morning.

The Board of Communications' settlement formula called for, among other things, a 200 to 300 per cent pay raise for all workers in the employ of the board.

A union spokesman told Jiji Press that three factors contributed to the strike committee's final decision to accept the authorities' compromise formula.

In the first place, he said, the union took due cognizance of the fact that the Government Railway workers have already accepted the Transportation Ministry's compromise settlement terms, thus bringing the property levies would prove a strong factor in preventing prices from taking any further upward course, they declared.

In the meantime, they hoped, production of key industries is expected to increase gradually. They said that signs of such increased production are already seen in a number of key industries and that increased production to a certain extent is bound to hold down the price level in coming months.

In the opinion of these quarters, all these factors having vital bearing

Drastic Drop in Prices Foreseen But Rebound May Prove Problem

ing on the future trends of prices will become definitely known around September or October. The price level as prevailing at that time, therefore, will serve as a most important determinant on the future of Japan's postwar national economy, these circles declared.

To Prosecute Violators

Not only minor public officials but also private citizens representing the interest of the consumers will be empowered to prosecute any violations of the recently enforced rigid price control regulations on the part of dealers and distribution agents of daily commodities placed within the framework of the new economic control program, said Jiji Press.

Under the government plan, it was learned, a price picketing committee will be established in each subdivision of a city, town or a village, charged with the mission of strictly enforcing the price control regulations in every detail.

This price picketing committee will be composed of minor public officials, farmers and private citizens representing the consumers' interest.

The committee will be authorized to question the Government-designated commodity distribution agents as well as the general consumers, in case of necessity, in connection with the enforcement of the price control regulations.

At the same time the committee will be empowered to call on the distribution agents to submit reports on their operation in the light of the new price control regulations.

Furthermore, members of the committee will have not only the powers but also obligations to prosecute in cases of violations of the control regulations on the part of dealers and distributors.

It is said, however, that the powers to visit and search warehouses and other places of suspected hoarding will be outside the scope of the authorization of the committee, these powers to be delegated to the police.

Government officials in charge of drafting the regulations of the price picket committee declared that the powers of prosecution given to the committee are one of the outstanding features of the new economic control regulations, which are designed to enable the people to exercise economic control in a democratic manner, as distinct from the previous bureaucratic economic control.

NIPPON TIMES
MAR 6 1946

Ogasawara Outlines Economic Policies**Stress Put On Chemical Fertilizer, Coal; Scientific Administration To Be Fostered**

The success or failure of the financial emergency measures is dependent solely upon the increase of production and a powerful yet democratically controlled economy is considered inevitable in an economically destitute country like Japan.

In spite of this undeniable fact, however, the Commerce Office authorities thus far have failed to make public any concrete measures in this connection.

Calling on Commerce Minister San-kuro Ogasawara at his office, the Mainichi exchanged questions and answers on pending issues on March 9. In the course of the interview, the Commerce Minister revealed various plans and policies now under contemplation by the Government.

Salient Points

Salient points in his statement are summarized as follows:

(1) The scope of key industries will be limited to chemical fertilizers, coal, machine industry, iron and steel, farming implements, fibers, and some other essential daily necessities.

(2) A financial commission will be inaugurated as an industrial and financial organ comprising representatives of both financial and industrial circles. Payment to the proposed receiver company may be paid out of the blocked deposit as an exception.

(3) As a concrete control measure, some suitable autonomous groups of various industries will be designated as legal corporations to run the control business.

(4) Wholesalers will be given the authority of distributing raw materials with a view to promoting the production of daily necessities.

(5) Special attention will be paid to the scientific and technical management of administration.

Questions And Answers

The questions and answers follow:

Q. What definite measures have you in mind to increase production?

A. For the time being, the Commerce Office intends to attach the greatest importance to the production of chemical fertilizers and coal. Expediting the increased production of farming implements and fibers and other daily necessities is also vitally important for the stabilization of the people's livelihood.

To that end, the Government will designate some factories as the pivot of various industrial circles and dispatch government officials to these designated factories to cooperate with them.

Q. How about financial measures for industry?

A. The Hypothec Bank of Japan will be profited positively. It may also be possible that the Industrial Equipment Foundation and the Agricultural and Forestry Central Depository may be utilized. Besides, negotiations are now under way with the Finance Office for the creation of a rehabilitation financial company.

Also I have the intention to organize a financial commission consisting of both financial and industrial representatives to harmonize finance and industry.

To speed up the establishment of receiver companies, I am consulting with the Finance Office so that the payments to such companies may be made from the blocked account as a special exception.

Q. What do you think of economic control in the future?

A. Judging from the general trend of world economy and the current special character of Japanese economy, it is clear that it is absolutely impossible to revert to laissez-faire economy. It is urgently necessary to enforce a considerably strict economic control.

Q. What are your estimates of the production of key materials?

A. We are making efforts to produce 2-million tons of sulphate ammonium and nitrolime by the end of 1948. As for iron and steel, we cannot expect a great increase until about the latter half of this year. The plan for the coal production in 1946 calls for 23-million tons, though it is becoming gradually difficult to maintain the present upward tendency.

Q. Will you tell us about wholesalers?

A. I want to make the most of their expert discernment and capital by giving them the control of raw materials and production equipments.

Q. What of scientific administration?

A. It is very important. I will endeavor to carry out a scientific administration based on statistics and figures without relying upon precedents and intuition alone as heretofore.

MAINICHI MAR 12 1946