b. Miyagi Prefecture, Inland Fisheries:

(1) Lakes Naganuma, Izunuma and Uchinuma. Fishermen at these lakes formed an association during the war which was divided into three cooperatives in October, 1949.

(2) Naganuma Fishermen's Cooperative has 322 members, most of whom are part-time farmers. The investment is ¥200 per share; capital funds amount to ¥66,400. When property disposal is completed an additional ¥132,000 will be added to the capital. More than ¥15 million was earned during 1949 from the catch of various species of lake fish, i.e., carp, eel, catfish, silver carp, pond-smelt and pond-weed. An estimated 195,000 young fish have been bred in this lake (which is about 496 cho in area) from 1949 to August 1950.

(3) Izunuma Fishermen's Cooperative has 53 members; the investment is ¥300 per share. Only five of the members are full-time fishermen. They engage in the same type fisheries as at Naganuma Lake. Typhoon Ione in September, 1948 caused great damage to the fish population when lead and zinc tailings from the Hosokuri Mine polluted the waters of the Hasama River which empties into the lake.

(4) Ushinuma Lake Fishermen's Cooperative has 150 part-time fishermen who pay ¥300 per share. Property disposal has been completed. Two-thirds of the fish production in 1949 were shipped to Sendai City and Iwate Prefecture at a total profit to the community of ¥2.8 million.

(5) The three lake cooperatives joined the Miyagi Fishermen's Federation in January, 1950 and paid half of the ¥10,000 dues required for one share. The Federation has one man in charge of inland fisheries who will take care of all material and supply matters.

(6) Problems:

(a) A serious problem facing the inhabitants of the areas surrounding the lakes, is the ever-present threat of flood destruction. Three tributaries of the Hasama River flood the lake areas with heavy rain. Prefectural engineers originally planned dams upstream and the widening of the river at certain places. These plans have now been abandoned. The latest plan and the one that has the population greatly concerned, is to divert the waters of the Hasama River into Lake Naga, forming a large reservoir. These people claim that if this is done, as much as 3,500 cho of paddy-field will be inundated, many households will be evacuated, and fish-life will be destroyed. This office is attempting to bring all the parties concerned together so they may settle their differences.

(b) Prior to 1948 as much as ¥10 million of fish were landed. Typhoon Ione, chemical pollution and raigyo (thunder-fish) have reduced the fish population. Raigyo, of the catfish family, was first imported from tropical waters during the war to add to the food supply. However, these fish have proved to be savage killers of small fish. There seems no possible way of ridding the lakes of the omnivorous pest unless all waters are drained, thus causing all the fish to perish.

c. Akita - Aomori Prefectures:

(1) Lake Towada, The Wainai Trout Fish Hatchery, Lake Towada, well-known for its breeding of salmon trout was visited. The Wainai family, since 1894, attempted to breed fish in Lake Towada and succeeded in 1903 with a species from Hokkaido. In 1904 fishing rights of the lake were obtained from the government which were to expire in 1952. Since the new fisheries law takes away such exclusive rights, working fishermen of the lake, both from Aomori and Akita (employees of the Wainai Fish Hatchery), may form their own cooperative - there was no previous fisheries association. In December, 1949, many people living on the lake shore formed a Fishermen's Cooperative Association, approved by the Aomori Prefectural government. It is evident the cooperative was formed with the intention of gaining the benefits derived from fishing profits. It appears that members are not real fishermen but are engaged in agriculture, curio shop enterprises, and are hotel keepers, office clerks, etc. Unless these people intend to financially assist in the operation of the Wainai Breeding Station or establish their own breeding station, which they are not experienced in doing, and observe the ethics involved, their cooperative would be merely a profit-taking organization. At Yasumiya, there were quantities of smoked and fresh salmon from the lake on sale in hotels, restaurants, and shops. The present Mr. Wainai is only anxious that the government assume the responsibility of his fish hatchery, and he and his son, who have many years of experience, be permitted to supervise the operation of the hatchery. Petitions have been submitted to the Central Government and also to Mr. Yoe, NRS, GHQ, 20 July 1950. This is an unusual case and seems to deserve special consideration. At present there is no license fee required to fish and no provision has been made for the newly-formed cooperative to aid in the running of the Wainai hatchery or to establish their own breeding station.

d. Iwate Prefecture:

(1) The harbor of Kuji Town is located about one mile away from the town area. There are more than 6,000 fishermen who operate about 1,200 fishing boats in the district. In 1949, production amounted to approximately ¥38 million, or about 3 percent of the prefectural total. Eighty percent of the fish landed are consumed in Iwate Prefecture. The coastline for 43 miles is rocky and produces quantities of seaweed and shellfish. The one large fish market inspected was in poor condition. Drainage was poor, floors needed washing, and the driveway entrance was deep with mud. These conditions were brought to the attention of the parties concerned.

(a) Port Facilities. Typhoon Ione caused damage to the 17 year old breakwater; an extension, and repair work are needed. The harbor becomes shallower year by year, and dredging is necessary to enable larger vessels to enter.

(2) Noda Village. The Noda Fishermen's Cooperative, approved August, 1949, has a membership of 352 households (about 1,200 fishing people). The investment is ¥500 per share. There are 18 engine-powered boats (total of 90 tons) and 420 non-powered boats. In 1949, more than 20,000 kan of fish were landed, mostly from fixed-nets. Fish processing amounted to 1,600 kan of dried sardine, sardine cake and general processing, viz., ika, small fish and seaweed. This year the catch has been poor due to the tide-run change.

(a) Port Facilities. This village has an unusual harbor, formed naturally by rock which was used as the base in the construction of a man-made breakwater. The breakwater runs 200 meters along the rock foundation. A future plan envisions a 50 meter extension as well as the construction of an additional 400 meter breakwater. Vessels up to 1,000 tons may anchor and dock there. Local people expressed hope that the program can be started in 1951 with a Central Government subsidy of about ¥150 million.

(3) Omoto Village has a population of 3,325. 322 fishermen have joined the cooperative and pay ¥500 per share. The townspeople live about three miles from the harbor due to the mountainous terrain near the harbor. Most of the 294 rowboats are kept in the Omoto River near the village. The 17 engine-powered boats, all less than five tons, are at the harbor. In the past four years the following figures show the financial status of this cooperative's operating funds:

	Maximum on Hand	Minimum on Hand
1947	¥3,141,700	¥1,006,800
1948	4,408,300	1,568,000
1949	3,365,100	2,257,300
to 25 July 1950	2,207,779	2,013,121

Production for the last four years of tangle, wakame, dried cuttle-fish, octopus and fresh fish is as follows:

1946	320,500 kan
1947	49,200 kan
1948	39,530 kan
1949	14,837 kan

(4) Miyako City. A visit was made to fish markets at Miyako City. A large catch in swordfish, tuna, cuttle-fish and sardine was noted. Swordfish was being prepared for export to the United States at a price of about ¥3,150 per 10 kan. The Miyako harbor is an excellent one and is almost landlocked. Typhoon Ione did such extensive damage (see December Report 2 Fisheries A-3) that debris, mostly trees, hampers fixed-net fisheries. It is estimated that it would cost about ¥5 million to sweep this area clear.

e. Miyagi Prefecture - Ocean Fisheries:

(1) Ogatsu Town. This town has a population of 10,800. 90 percent of the town's livelihood depends on fisheries. There are two cooperatives, Ogatsu Bay with 532 members and East Ogatsu with 594 members; the investment is ¥500 and ¥1,000 per share respectively. There are a total of 116 engine-powered boats. The main fisheries are bonito, tuna, sardine, cod, skipjack, abalone, tangle and wakame. During the time of control, most of the fish were shipped to Ishinomaki. Now, with the price of fish so low and a recent poor catch, there is little incentive to ship to other ports. The only favorable price

received recently was for bonito at ¥350 per kan. The recent poor sardine and seaweed catch has left the cooperatives short of funds with which to make the necessary purchases of materials. The Ogatsu Town Management Committee now operates 51 fixed-nets, 9 exclusive and 2 common fisheries rights. In the future half of the fixed nets will be operated by the cooperatives and the remaining by independent fishermen.

(2) Izushima Community. This is a very small island located at the entrance to Onagawa Bay and is one of the communities belonging to Onagawa Town. Fisheries are the main source of livelihood for the island's inhabitants. The Izushima Fishermen's Cooperative has 210 members with an investment of ¥500 per share. The main fisheries are in sardine, wakasagi, bonito, cuttlefish, cod, skipjack, tuna, abalone and wakame (seaweed). There are 48 engine-powered boats. The four largest are owned by Mr. K. Suda, who is chief of the Izushima Cooperative. Most of the island people work as his crews. Problems: Last year, due to the muddy condition caused by floods which empty into the bays of the Oppa River, this community which depends largely on the raising of wakame and shell-fish, produced only 4,000 kan in comparison to the usual catch of 10,000 kan of wakame. The fishermen fear that the mud in the river will destroy the seaweed. The fishermen complain of the lack of fuel oil and also of the invasion of trawlers into their fishing grounds.

(4) Enoshima Community. This is another small island near Onagawa Town and has a population of 1,108. The Enoshima Fishermen's Cooperative has 286 members and the investment is ¥500 per share. The main types of fisheries are abalone, octopus, tangle, wakame and long-line fisheries. This town also complained of the condition of the Oppa River being detrimental to the production of shell-fish and wakame and pointed out that the 1949 production was 15,000 kan as compared with the previous yearly figure of approximately 40,000 kan. There are 19 engine-powered boats and 78 non-powered boats. Enoshima has good octopus and abalone grounds around the island which have been used for many years as an exclusive fisheries right. The fisheries law put this under free-fisheries rights instead of under the Type 1 common fishery. The people of this community complain that, if the Enoshima octopus is free for outsiders, they will be unable to maintain the culture of this type fish and their source of income will be cut off. There is no electricity on the island. In 1936 a steam electric power program was proposed which would cost about ¥50,000. With the advent of the Japan-China Pacific war, however, the project ceased. These people expressed their extreme desire for the electric project to be reopened.

(5) Ayukawa Town - Production. Two whaling stations were visited and the following figures were submitted regarding whale catch in 1949-1950 by the Taiyo Company and Kyokuyo Company respectively:

	BLUE	FIN	SEI	HUMPBACK	SPERM	TOTAL
1949	2	20	118	0	74	214
1950	2	39	44	2	196	283*

* Hokkaido, Wakayama and Ayukawa grounds.

	BLUE	FIN	SEI	SPERM	TOTAL*
1949	0	3	63	29	95
1950	0	0	9	5	14

* Ayukawa grounds only. Figures for 1950 are as of 1 January to 9 August 1950.

All catcher boats from Ayukawa are now in the Hokkaido grounds for whales centering off Nonbetsu coast. This town depends mostly on the whale catch. This spring, a coastal whaling company was formed with a ¥20 million capital shared equally by Wakayama and Miyagi Prefectures. Half of the Miyagi Prefectural government share was contributed by about 15 large-scale whaling operators. Members of the Ayukawa Town Cooperatives complained that they have been unable to participate in the company business despite spending ¥200,000 as "campaign funds". What has become of their money cannot be explained by anyone and why they cannot take part in company activities remains a mystery.

(6) Shiogama City. Owners of trawler boats are anxious to have the 30-year-old law limiting the area which boats can enter repealed. At present the central government authorizes the number of boats that may go to various outside areas. In 1950, only 50 of 260 trawlers were permitted to go to other fishing grounds from Miyagi. Future operation of trawlers must be decided by the Central Government. One large area is desired which would include all of Tohoku and Hokkaido grounds.

f. Sea Area Adjustment Committee Elections:

(1) The following places were visited to observe the voting and counting of ballots during the election of the Sea Area Adjustment Committee members: Shiogama, Uratoshima, Katsurashima and Shichigahama Village, Miyagi Prefecture. It was particularly observed that eligible women were taking advantage of their right to vote and many came to the polls. Fishing people are concerned about the Committee because they realize their livelihood depends on the fair settlement of all fishing rights. Many fishermen took advantage of the absentee ballot. In the three sea areas of Miyagi alone, 89.5 percent voted. People were seen making last minute efforts to cast a vote. At night the counting was checked; all was orderly, witnesses watched and the public was permitted entrance. The fishing people were highly interested in the election and the voting facilities were satisfactory. In some cases responsible citizens of a community were almost drafted to run. There was no indication that force was used to prevent anyone from running. Most persons elected to office were operators and the average age was 53 in Miyagi.

g. Conclusions:

(1) From observations made on visits to inland fishermen's cooperatives, it was noted that they are attempting to unite and function democratically. It is felt that where assistance is needed, prefectural governments should not neglect these people. (See July Monthly Activities Report, Fisheries c (2), (4) and b, and May Report Fisheries, e par. 2).

(2) It is well known that many proposed prefectural projects such as dams, flood control, widening of rivers, deepening of harbors, reforestation of the watersheds, etc. are desired. Due to lack of funds, plans are drawn up only to be changed to an alternate plan or completely abandoned. Temporary relief measures for many projects usually result in a waste of money.

(3) Fishing Rights Management Committee members do not know exactly what is required of them. They do not know how they are to manage the fisheries rights of the association through the working fishermen, or how to switch from the old system to a new one. More information to these committees is needed.

(4) The price of fish has fallen so low that the incentive to take large hauls for outside shipment is waning.

(5) Considerable conflict appears between small coastal fishermen and trawler operators concerning the use of off-shore areas.

3. Forestry:

a. Plans were made throughout the region to encourage fall tree planting on a large scale. The necessity for such a program is evident to all and no trouble is expected except on private lands where many owners do not have the necessary financial resources.

b. The floods throughout the prefectures have brought about an awareness of need for increased reforestation, and the establishment of vegetative covering in water-drainage ways. Even the fishermen are becoming interested in reforestation since mud-silt and chemical fertilizer from the Kita-kami River basin damaged oyster production to a great extent in the Ishinomaki Bay area. This flood came at the time oyster spat were fixing themselves to shells where they are grown for export to the United States. In the areas inspected by members of this office, an average of one or two spat were found per shell, when the average years had 15 to 25 spat per shell.

c. Forest production decreased last month over most of the area, particularly mine crops, pulp wood, plywood and miscellaneous products. Log production decreased almost 50 percent over the preceding month. However, the amount sold from stockpiles of preceding months was only 14 percent less than the preceding month. Artificial reseeding and reforestation were practically 100 percent of the plan in all prefectures. In traveling throughout the prefectures, it is noted that attempts are being made for selective cutting. However, this method of lumbering is not understood and consists merely of cutting 75 to 90 percent of the trees on the area, leaving a few scattered here nd there in the hope of natural reseeding. Training schools are being conducted in all prefectures to orient new forest extension personnel. These schools are rather complete in most respects but leave something to be desired in instruction methods, methods of contacting the public and the use of training aids.

5. Price and Distribution:

a. Economic Investigation Agency.

(1) Regular coordinating council meetings in Akita, Fukushima, Iwate, Yamagata and Miyagi Prefectures were attended. The topics discussed were staple food processing, restaurant control, sugar control, investigations of the Special Procurement Board, Oumachi Agricultural Cooperative, Mogami River Project, Nikko and Nisseki oil refineries, inspection of Domestic Feed Kodan and results of secondary inspection of shipments of iron and steel.

b. Staple Food Processing:

(1) Many "first-stage" processing wheat plants are using the new crop for custom processing before wheat collection has been made. During the investigation in Akita, 69 bales of new crop wheat have been custom processed. Storage facilities for raw materials were found to be in unsatisfactory condition and records inadequately maintained. The inspection covered 184 first-stage and 256 second-stage plants in the region.

(2) Wheat processors complained that the government stores excessive amounts of raw materials without paying for the storage space.

(3) Law enforcing agencies desire the enactment of a prefectural by-law to simplify the control of staple food processing.

(4) The following processed staple foods were confiscated and impounded during the investigation:

(a) Confiscated from noodle-maker:

Wheat flour	946 kg.
Noodle scraps	1,088,937 kg.

(b) Confiscated from bakeries:

Wheat flour	1,156,200 kg.
Sugar	281,375 kg.
Futter	2 kg.

c. Restaurant Control:

(1) A slight change for the better has been noticed during the month. To attain maximum surveillance over this program, TCAR, in conjunction with EIA, will confer with officials of the autonomous police to stress the need for their positive action. The number of cases heard for August is as follows:

	Suspension	Revocation	Total
Akita	0	0	
Aomori	18	0	18
Fukushima	17	0	17
Iwate	4	0	4
Miyagi	7	0	7
Niigata	9	0	9
Yamagata	25	0	25

d. Special Procurement Board Investigation:

(1) Three inspection groups composed of 12 EIA men were dispatched to investigate the regional office of the Special Procurement Board in Sendai and eight branches from 29 July to 20 August. An investigation was made of materials purchased by the SPB which will be followed by an inspection of construction work and goods purchased. It was primarily noted that the bidding records have been ineffectively maintained. In the majority of cases final award bid records are filed but the balance of the bids have been disposed of. Further investigation is being made to recheck these bids.

(2) The following case has been uncovered and is now being investigated: In 1949, the occupation forces in Jinmachi were said to have issued a procurement demand directly to a merchant without the knowledge of the SPB. At a later date, the procurement demand was sent to the SPB and was found to have amounted to ¥30,000.

e. Investigation of Oumachi Agricultural Cooperative, Akita-ken: The irregular practices of the cooperatives were discovered during the June investigation on supply and demand of fertilizer. The following malpractices were exposed:

(1) Embezzlement of association funds. Payment of approximately ¥3 million due farmers for rice deliveries had not been made.

(2) Illegal loans made by the officials of the association, i.e., Akita Credit Association loaned ¥6 million to the cooperative for the purpose of purchasing apples and fresh fish. Only 2 million yen were used for the intended purpose. The balance was used as follows:

(a) Loan of ¥200,000 to a merchant, which has not been repaid.

(b) Campaign fund for the election of the manager of the association.

(c) The association has a ¥138,000 balance on hand of the ¥6 million; it is surmised that the unaccounted funds have been used by the officials for personal expenditures. The case has been referred to the local procurator for action. The association was inspected in February, 1950, by the prefectural agricultural cooperative section, credit federation, and production federation, but no irregularities were detected at that time. It is believed that the surveillance exercised by the above officials was not thorough.

f. Sugar Investigation:

(1) Regional conference was held by the EIA on 24 August at Sendai to stress the necessity of a full-scale surveillance of the sugar control program which began 25 August 1950. The case reported in the Monthly Activities Report for July is being consolidated for use as a basis for investigating the importing company. Court action will be taken on completion.

g. Investigation of Mogami River Public Works Project, Yamagata-ken:

(1) The public works section is under investigation for misappropriation of approximately ¥13 million of project funds for unauthorized expenses. It has been discovered that false payrolls, personal expenses of the officials, etc. have brought about the sizeable shortage. The case has been referred to the procurator.

h. Investigation of Oil Refineries in Akita:

(1) The final phase of the petroleum investigation on both the Nisseki (Nippon Oil Company) and Nikko (Nippon Mining Industry Company), mentioned in June and July Monthly Activity Reports, was conducted during the month. The actual amount produced, production report to the headquarters, shipping records, actual amount shipped, and the amount stored were investigated by ten members of the EIA office. The results of the investigation cleared both companies from any malpractice.

(2) The refineries stored their petroleum with an Aomori wholesaler, but this information was withheld from the EIA until after the investigation of the refineries was conducted. A tracer will be made to recheck the wholesaler in regard to the amount stored against amount actually shipped from the refinery. Investigations of this type have not been conducted in the past and have had a profound salutory effect on the business community.

i. Regional EIA Conference:

(1) It was brought out at a regional conference in Miyagi that two corporations, a textile trade corporation and a mineral and industrial products corporation will be dissolved 30 September 1950. It is rumored that disposition of stockpile materials of these companies will be made through closed bids for an estimated 10 to 20 billion yen. The rise of textile prices since the Korean War is recorded to be more than 200 percent in some cases. It was therefore suggested that the goods be purchased by the government, for sale directly to consumers on a rationing basis or as incentive goods to the farmers. If and when these goods are purchased by closed bid by large corporations, it is felt that the retail prices will be too high for the general consumer.

j. Inspection of Domestic Feed Kodan:

(1) During the inspection, the EIA noted that debts to be collected as of 30 June 1950 amounted to ¥31,594,000. The EIA instructed the Kodan to take prompt action for collection; ¥6,663,000 was collected during July and ¥8,742,000 during August. Written promissory notes and payments via the installment plan were submitted by the Kodan to the EIA to cover the balance of ¥16,188,000.

k. Second Inspection of Shipments of Iron and Steel Processors:

(1) The first inspection was held during 17 to 28 April 1950. Of the 12 mills inspected, the following six plants over-reported their output to receive an additional central government subsidy:

	Over-reported tonnage	Subsidy (yen)
Fuji Seitetsu, Kamaishi, Iwate	3,901	6,816,000
Tohoku Shintetsu, Shiogama, Miyagi	51	49,000
Tohoku Bansen, Noshiro, Akita	64	422,000
Tohoku Denka, Hachinohe, Iwate	33	209,000
Tokyo Kouzi, Hirota, Fukushima	3	57,000
Tekkosha, Sakata, Yamagata	24	202,000

It was recommended that the overpayments of subsidy be repaid to the central government.

6. Industry:

a. Field trips were made to Akita, Aomori, Miyagi and Yamagata Prefectures. Problems concerning trade, industry, public works, medium and small enterprises were discussed with chamber of commerce, city, prefectural and sixteen factory officials.

b. Production:

(1) There is some improvement in machine-shop, machine-tool and heavy industrial production in August, especially in the Fukushima and Niigata areas. All prefectures are anticipating some direct or indirect improvement in general business activity as a result of the Korean war. Domestic production is still hampered by low domestic purchasing-power.

(2) Nine of the ten metallic minerals showed increased production for July in comparison with June records; seven showed lower stockpiles at the end of the month. Eleven of the fifteen non-metallic minerals increased production in July and eight showed some increase in stockpiles. Smelter and refinery production for July showed increases in ten of the thirteen materials with all ten showing increased stockpiles.

(3) July production of lignite exceeded June production by 8 percent but is still at a low rate; stockpiles were again reduced.

(4) Production of petroleum reached another high with 22,349 kiloliters produced in July. The trend of the past few months of increasing stocks continued in July with 4,442 kiloliters in storage at refineries at the end of the month.

(5) The production of the thirty-one principal items produced in Tohoku during July was very satisfactory. In comparison with the same period last year, lignite production is only 52 percent. This substantiates field reports on the difficult problems the lignite industry is experiencing. Production records of 29 of the 31 principal items showed increases over production for July, 1949--a majority of them to a marked degree. Some of these are as follows: petroleum, 176 percent; refined petroleum, 141 percent; steel ingot, 185 percent; steel semi-finished, 290 percent; ordinary steel, 180 percent; ferro-alloys, 182 percent; calcium cyanimide, 218 percent; sulphuric acid, 141 percent; caustic soda, 130 percent; cement, 135 percent; spun rayon fabric, 349 percent; chikatabi, 179 percent; rubber boots, 294 percent and papor, 191 percent.

(6) From 1935 to 1938, the Sanrika Shipping Company operated a regular monthly round trip from Shiogama City, Miyagi-ken to Kushiro City, Hokkaido. The principal freight consisted of straw goods shipped to Hokkaido and coal brought back on the return trip. The Osaka Steamship Company resumed this service with two round trips monthly beginning in July.

(7) Hirosaki City, Aomori-ken has been producing 60 percent of the paperbags used in the prefecture. Waste paper is used in the manufacture of bag paper. Central Japan manufacturers of paper bags obtain waste paper at a lower price and the difference in production cost off-sets the cost of freight when importing into Aomori Prefecture. Imported bags are sold for 16 yen each; local costs are 18 to 20 yen. This has caused a big reduction in local production with corresponding unemployment. Some prison-made bags were imported but no estimate of the quantity could be given. Hirosaki manufacturers produce only paper bags but importing manufacturers produce several other items so that a profit on one item can cover any loss on one of the others.

(8) The Yonezawa area in Yamagata-ken has produced lightweight cloth for summer clothing. Because of a twisting operation given the thread, a quality goods was produced which made it a favorite in the Kansai markets. Since May, 1950, this market has been lost as other producers are selling a cheaper material of a lower grade. Since producers in this area make only the one type of cloth, the loss of the Kansai market is causing difficulties in general. Yonezawa Manufacturers' Association is experimenting with the production of woolen textiles. There are no finishing plants in this prefecture. Promotion of finishing and wool textile plants is, at present, proving rather difficult.

(9) The Yamagata Bus and Truck Company is now using bottled gas from the Yamagata Gas Company.

(10) Experimental manufacture of bamboo paper was successful in Akita Prefecture but it is difficult to obtain sufficient supplies of bamboo. A new road, which is scheduled to be completed within 60 days, will make a supply of bamboo available.

(11) The mining section in Akita Prefecture has been allotted a subsidy of ¥6 million to be used in test boring for natural gas. Three wells are now being drilled. A two year survey of underground natural resources has been started with a ¥4 million subsidy to locate, exploit and develop any areas which may be found. The Akita Experimental Guidance Station has given a ¥1 million fund to conduct experiments with an electric wood dryer.

b. Materials:

(1) The Kamaishi Iron Works is consuming 33 percent imported coal and 67 percent domestic coal. The prices of minerals, i.e., lead, copper, brass, aluminum and textiles continue to increase. Most average an increase of 30 to 35 percent and 250 percent in the case of lead. There appears to be some holding of textiles for a higher price, since cases have been reported where desired textile materials could not be obtained with the use of proper coupons. The Sendai Export Bazaar reports cotton and woolen materials are now priced 30 to 31.5 percent higher.

c. Medium and Small-size Interprises:

(1) There has been no change in the general condition of the medium and small-size enterprises in the region as a whole. In isolated instances there is some improvement as a result of the Korean War. The majority, however, are still oppressed by financial difficulties, rising cost of materials, and taxes. Various measures have been taken to give some assistance.

(2) The Miyagi Credit Security Association has ¥100 million in capital against which 47,461,000 yen is out on loans as of the end of July, 1950. This is below the national prefectural average of ¥60 million, but is above the average in Tohoku Region. It was suggested that more publicity be given the availability of these funds. As of 1 July 1950, Miyagi had 253 industry and commerce cooperative associations organized which obtained ¥45 million in loans.

(3) In Aomori Prefecture ¥200 million has been loaned through the credit security association. It has eight branch offices to expedite loan applications. There are 290 commerce and industry cooperative associations in Aomori. The prefecture has deposited ¥6 million in the Commerce and Industry Cooperative Bank, ¥3 million in the City Bank and ¥11 million in the Aomori Bank to be used as security for loans.

(4) The Yamagata Credit Security Association has ¥45 million in outstanding loans. The chambers of commerce throughout the prefecture are used as branch offices of the association. The present trend is toward more loans to commercial enterprisers.

(5) As a result of the difficulties the medium and small-size enterprisers are having, some have closed or curtailed operations. Yamagata Prefecture provided the following data which is about average for the prefectures of this region. The period is 1 April to 30 June 1950.

Type of Business	Closed	No. Emp.	Suspended Operations	No. Emp.	Curtailed Operations	No. Emp.
Textile	1	57	2	17	5	95
Lumber, woodworks	1	16	-	--	1	14
Chemical	1	24	-	--	-	--
Glass	-	--	-	--	1	31
Metal Industry	-	--	-	--	2	46
Machine Shop	1	36	-	--	1	41
Machine Parts	1	187	-	--	-	--
Others	1	13	-	--	2	49
Mines	1	12	-	--	2	131
Total	7	345	2	17	14	407

Reason	Industry	Commerce	Mines	Others	Total
Finances	4	-	-	-	4
Slow collections	1	-	1	-	2
Dull market	6	-	2	-	8
Orders reduced	3	1	1	-	5
No export trade	1	-	-	-	1
Other	-	-	-	5	5
Total	15	1	4	5	25

(6) No credit security association has been organized in Akita Prefecture. A vague reason given was that SCAP did not favor such organizations. Nothing to this effect has been previously reported in the region. Akita economic officials believe in aiding the businessman through supporting cooperative associations. This forces an enterpriser to belong to a cooperative association to obtain any financial assistance. It is doubtful if the average cooperative can handle each member's financial needs adequately. There are 403 commerce and industry cooperatives in the prefecture. Akita-ken has placed ¥20 million on deposit with the Commerce and Industry Cooperative Bank; the central government deposits with this bank amount to ¥30 million. There is ¥40 million outstanding against a possible ¥50 million maximum. Most prefectures have two to three times this amount out in loans to businessmen.

(7) Field trip reports indicate that the medium and small enterprisers need an information - education service on the various phases of taxation. It would undoubtedly stimulate a higher degree of cooperation with tax officials.

(8) The towns of Noshiro and Gojonome in Akita-ken are planning to operate cooperative wood-working plants.

e. Fertilizer:

(1) There is no evidence of unusual stock-piling of fertilizer. 8,249 metric tons of superphosphate were on hand in Niigata, 30 June, and 7,847 metric tons as of 31 July. The July production quota was 8,730 tons and 8,731 tons were produced. On 30 June there were 10,141 metric tons of calcium cyanimide on hand and on 31 July, 5,898 tons. The monthly quota was 17,468 tons and 18,037 tons were produced. Some prefectures did not make their production quotas by small margins, but in most cases stockpiles were reduced.

f. Petroleum:

(1) The Nippon Kaiyo Kaisha Company, Ltd. has completed the installation of an oil storage tank at their Onahama Depot, Fukushima Prefecture. This was authorized by letter No. 25 Shikokyoku-1352, dated 29 June 1950 from the Ministry of International Trade and Industry. The Kosennuma Oil Depot of the Abiki Shoten Company, Ltd. in Miyagi Prefecture was completed in August as authorized by a similar letter number 25 Shikokyoku 1354 on the same date. The Ishinomaki Oil Depot, Miyagi Prefecture was completed on 31 July, 1950. This project was authorized by letter No. 25-Shikokyoku-427.

g. Chambers of Commerce:

(1) A conference was held with the Ishinomaki City Chamber of Commerce officials (Miyagi-ken). Most of the conference was devoted to a discussion of the new by-laws, and the following point was brought up:

(a) The National Chamber of Commerce Law No. 215 prescribes Under Article 2, paragraph 3, that "each member shall have the right to one vote". However, the Sendai Chamber of Commerce which heads the prefectural Chamber of Commerce Federation and sets an example, has the following in its articles of incorporation: Under Chapter 2, Membership, Article 11, "Each regular member shall be entitled to one election right for representatives per share, but the number of election rights for representatives for each member shall not exceed 30".

(b) The president of the Sendai Chamber of Commerce advised the Ishinomaki Chamber of Commerce to set a limit of 20 shares in their by-laws.

(c) Also in the Sendai Chamber of Commerce, by-laws under the same chapter and heading, Article 8, "One who desires to become a regular member shall apply for a membership as per admission formalities provided in by-laws. Approval or disapproval of the application mentioned in the foregoing paragraph shall be ruled at the meeting of officers".

(d) The chief of the Enterprise Bureau, MITI, sent an official letter dated 7 June 1950 to each prefectural governor, entitled "As to measures in compliance with the enforcement of the Chamber of Commerce Law." This sets up the difference between voting and election rights. It states that election rights can be based on the number of shares held.

(2) It was stated that the Tokyo offices of the National Federation of Chambers of Commerce drew up a draft of by-laws for chambers of commerce to use throughout Japan containing these articles. It was also stated that SCAP approval had been obtained.

h. Export:

(1) Regional foreign exports for June were ¥428,746,000, represented 7.1 percent increase as compared with May, and an 11 percent increase over June, 1949. June's exports showed a 3.1 percent increase in silk and an 13.3 percent increase in sundry goods over May, 1950. Textiles in general decreased 11.3 percent and marine products, 13.6 percent (mostly seasonal). The first half of 1950's exports totalled ¥2,406,235,000 as compared with ¥2,184,373,000 for this same period in 1949 or a 10.1 percent increase.

i. Public Works:

(1) All prefectures visited during August desired larger subsidies from the central government for public works. The funds for the repair of roads in most cases were allotted so late that several months of favorable weather were wasted.

(2) Yamagata Prefecture plans to replace the four principal wooden bridges on National Highway No. 5 from Yamagata City to Shinjo City with concrete bridges in 1951. This work is planned to precede the improvement of the highway. A request was made for assistance to obtain the necessary funds. The bridges are estimated to cost ¥132 million. Sakata Port is gradually being filled with sand washed in by high tides and storms. Plans have been made to construct 240 meters of breakwater to prevent this, but no funds have been allotted. Since it is estimated that ¥51 million will be expended in 1950 for unemployment relief with 20 to 25 percent additional being expended on materials, the necessity for a public works program to obtain the most good out of such expenditures is readily apparent. The unemployment relief projects in this prefecture provide work for about 10 percent of the unemployed.

(3) In Akita Prefecture the repair of streets and roads using asphalt or tar is progressing very slowly due to failure of the prefectural assembly to appropriate funds until the end of June, 1950. The small sum voted will take care of only a few small projects which can be finished in one month's time. An effort has been made to plan worthwhile unemployment relief projects. One of these is a flood control project on the Takigawa River near Akita City. The Central Government would not approve funds for this project but did allot funds for playgrounds. The prefecture is going to work on this river project with its own funds during the third quarter of 1950, employing about 80 men daily. A request was made for assistance with the rehabilitation work program. There seems to be a possibility that Central Government subsidies will be cut two-thirds by 1952. It is estimated that there will be ¥900 million of work projects yet to be completed at that time, which is too heavy an expenditure for the prefecture. Public works projects for the second quarter of 1950 provide work on 20 projects for 1,230 unemployed at a cost of ¥15,135,000.

(4) Miyagi Prefecture had an unseasonable flood on 3-4 August. The Hirose River overflowed its banks in the vicinity of Sendai -- one meter higher than the crest of the Ione flood, to set an all-time record. Between 200 and 350 mm. of rain fell throughout the prefecture in 10 hours. The estimated damage to rivers and roads is ¥1,715,000,000. This flood caused the civil engineering department to drop previously laid out projects and concentrate on flood repair. The department did excellent work in this respect. Many farmers whose crops were destroyed or damaged, are being employed on these repair projects. There is no shortage of materials but there is a reported need for more gasoline. The flood also caused the loss of 354 houses in Miyagi Prefecture and the central government has approved the construction of 250. It is reported that their attitude is to approve any reasonable housing requests and give them priority.

(5) This prefecture also lost much time and good weather on road repair projects because of the Central Government's delay in furnishing the agreed 50 percent subsidy. It was suggested that these matters should be arranged well in advance of the road-building season.

(6) Road repair work on the Misawa-Hachinohe road in Aomori Prefecture has been finished at a cost of ¥1,500,000. One Army grader and two dump-trucks were used. Plans for road repair in 1950 included work on 9.5 kilometers of proved road. Due to the Central Government's not having approved any funds until 20 June, no work was started until July. A total of ¥47,600,000 is scheduled to be spent on 275.8 kilometers of roads in 1950.

j. Tourist Trade:

(1) During the 1950 spring season, three groups of Hawaiians visited Shiogama, Sendai and Matsushima (Miyagi Prefecture) for three days and nights. In July about 25 more tourists visited this prefecture. A tourist council has been set up consisting of prefectural officials and businessmen to stimulate further tourist trade from Hawaii.

(2) Several International Tourist Hotels in the region have been authorized loans from counterpart funds by the Transportation Ministry. However, no funds have been made available to date, which has embarrassed some hotel operators, who had begun reconstruction on the assumption that if the loan were approved it would actually be made.

(3) Conferences are now being conducted with various officials of Niigata, Fukushima and Yamagata Prefectures concerning the national park which has just been established in the Asahi mountain area.

k. Power:

(1) Power users in Tohoku Region are operating under the same allocation and penalty rate restrictions as reported in July. We have been advised that relief may be expected within a relatively short period.

(2) No reports have been submitted which would indicate sabotage or interference with the operation of hydro-electric plants. Close surveillance will be maintained to ensure that the plants will be properly operated.

(3) The Miyashita Power Plant has no labor trouble but does maintain guards due to the large Korean population in Miyashita who are communists.

(4) The Inagawa Power Plant is in excellent operating condition, with no labor trouble. Located in the interior of the Aizu District with very poor communication facilities should an emergency arise, the telephone system could and should be equipped and maintained so the plant could readily communicate with their headquarters.

(5) Excellent progress has been made on the Numazawanuma project. The power house foundation is completed with outlet gates installed; the grading is nearly completed for the surge tank and penstocks; the work on the pressure tunnel is progressing from both ends and the suspension bridge has been completed.

(6) The Nippatsu employees in the Tadami area have formed a defense corps. The defense committee has five company members and six members from the labor union. The corps has 243 members.

l. Reparations:

(1) Designated facilities at locations in Niigata and Fukushima Prefectures were inspected. No inspectors from CPC, SCAP, were in the area this month.

(2) Code numbered location 16-03 at Ichinoseki, Iwate Prefecture, is in process of elimination. A portion of the equipment has been authorized by CPC, SCAP, for removal to the main plant of the company in Koga, Ibaraki Prefecture, at reparations fund expense. The rest of the machines are to be removed at company expense. This action will eliminate the Ichinoseki locations and will dispense with four guards presently being paid from reparations funds.

(3) Corrective actions requested in Memorandum for Chief, Reparations Service Unit, from John S. LeVan, Industrial Property Specialist, dated 3 August 1950, subject: "Reparations Inspections in Yamagata Prefecture, 5-14 July 1950", have been initiated as follows:

(a) Estimates have been made, and requests have been submitted through Japanese Government channels for funds to consolidate 59 items from the Oage plant to the Nakamichi Plant of the Tsuruoka Seisakusho (44-02), both located in Tsuruoka, Yamagata Prefecture. As soon as notification is received that funds have been set aside for the project, moving of equipment will begin. (Memo paragraphs 3b(3) and 3b(4)).

(b) "U" marks have been removed from items returned to dead storage at the Yonezawa Shinko, Yonezawa, Yamagata Prefecture. (Memo paragraph 3c(2)).

(4) Machines, previously approved for scrapping by CPC, SCAP, were inspected at five locations in Fukushima Prefecture. All were found to be sufficiently broken down to be suitable for melt-down scrap only, and were approved for removal from the reparations designated areas.

7. Labor Trends:

a. The month of August was a disastrous one for that minority of the population which is trying to use labor as the lever to pry the nation toward communism. Far-reaching decisions at the national level, supported by positive action in the form of dismissals from the press and electrical industry and the dissolution of Zenrorен headquarters found the communist organization in Tohoku already torn by an internal schism and unprepared for retaliation. For the general ranks of those undecided as to whether to cast their lot with the communists, these object lessons had educational effect. It can be said that communism, as an ideal or a way of life, has hardly any appeal to the average Japanese workman -- its greatest persuasive power was in the implication that it would be safer for the individual to be on the side of the most ruthless. The events of August served well to convince the working people that the vengeful machine is weak and that they will be able to live their own lives barring anything short of military conquest. In this respect the recent United Nations action has greatly heartened the common-sense public.

b. The effect of these events on management will be profound, but in another sense it has taken an unexpected turn. It would be supposed that the publication of the official opinion of the Labor Ministry and the concurrent decision of the Central Labor Relations Committee clarifying the inapplicability of the Labor Standards Law and Trade Union Law to the discharge of communists would be sufficient stimulus to management's initiative in clearing its house of communist agents. However, management's immediate reaction as observed in Tohoku

seems to be as follows: "These pronouncements have been prompted by the Occupation Forces as emergency measures. Before firing any communists, let us first ascertain whether the policy extends to us, and if so, then by all means let us present it to assorted undesirables in the light of an Occupation directive". In other words, employers still fear that they will not be upheld by local public opinion or by their local labor relations committees or courts in the absence of orders denying the dischargees access to those bodies. This fear is not well-grounded insofar as it applies to the prefectural labor relations committees, all of which have given evidence of sound and firm judgment; but such cannot be said of the courts. The labor officer is holding frequent meetings with management groups in an effort to correct misconceptions concerning their own initiative and responsibility. The tendency of employers to fix the onus of all anti-communist actions on the Occupation abets the communist strategy to play up the United States as the high-handed imperialist whip. It is believed that as time goes on, more and more employers will recognize the problem as their own and, by means of appeals to higher courts, help in the formulation of a national policy that is completely and independently Japanese.

c. The communist-led strike of the Nippon Express Company in July, affecting plants in Niigata and Akita, succeeded in inflicting some degree of misery on both management and labor, simply through the failure of the courts to issue a temporary injunction removing the dischargees from the company premises where they are still preventing normal operation. Developments in this case are reported under "Labor Relations".

d. The day laborers' mob in the inflammatory Taira vicinity, encouraged by the acquittal of the ringleaders arrested in the May disorders, engaged in an incident of violence at Uchigo Town. The incident was made possible by poor coordination between the PESO and the police and the extreme negligence of the latter. Corrective measures are reported under "Public Employment Security".

8. Labor Relations:

a. The Kahoku newspaper of Sendai discharged twenty employees as part of the nationwide movement to eliminate communists from the press. Eighteen of these pleaded innocent and appealed to the Miyagi Labor Relations Committee. Also, in Iwate there were three appeals. Both prefectural committees referred the cases to the Central Labor Relations Committee, upon receiving instructions from the latter.

b. Densan -- On 26 August, separation notices were given to over five percent of the electrical industry employees throughout Tohoku -- 175 from Nippatsu (generation and transmission) and 257 from Haiden (distribution). This is believed to be a heavier blow than the communists had anticipated. The effective measures taken by the management in cooperation with the police and Mindo workers to prevent distrubances, left the communists powerless to do otherwise than submit peacefully and go into the customary secret caucuses. As of 31 August, all but 29 Nippatsu and 23 Haiden employees receiving notice had resigned in order to qualify for voluntary retirement bonus. In the hitherto troublesome Aizu (Inawashiro) sub-branch, 125 were given notice and all but seven submitted voluntary resignations. In Sendai the communists requested the good offices of the Labor Relations Committee in securing an interview with Nippatsu management, and a delegation of wives of dischargees made a similar request of the

of the Civil Affairs labor officer, but in each case the management refused any further discussion. Such gestures of desperation reveal the impotence of the subversive party when it cannot resort to the ready ruse of "constitutional rights". It is believed that the party is trying to twist the facts in an attempt to show that the management was forced into the dismissal scheme by the Occupation, as a basis for protest to the Far East Commission.

c. Nippon Express (Nittsu) -- Because of the fantastic procrastination of the courts, this unnecessary tangle still exists at this late date. Large groups of protesting dischargees continue to occupy the company's garages and to harass the officials at every turn. Besides the immobility of company trucks and motorcycles at Akita and Kashiwazaki, the company reports that its branch executives are so pestered, surrounded and threatened (the Japanese know this practice as tsurushiage) that their services are lost to the company. To summarize the case: on July 8 the communist-controlled Niigata regional headquarters of the union called for a strike, despite the disapproval of the central headquarters and without awaiting the "cooling off" period required in public welfare industries. Here and there, some groups complied with the strike order, whereupon the company, having posted prior warning, fired those not reporting for work, as well as the regional union executives. In all, 286 were discharged, of whom 58 were communist party members and the remainder sympathizers, or dupes who were merely carrying out union orders. Though the dischargees filed immediately for a temporary injunction of reinstatement and the company countered with a petition for an injunction restraining trespassing, as of 31 August (nearly two months) neither the Niigata nor Akita court has given a decision. The respective prefectural labor relations committees too, were thrashing about with little progress, seeming to confuse the issue by regarding it, not simply as a matter for an unfair labor practice decision, but as a matter for conciliation. They were trying to solve the consequences of the solution before solving the problem itself. The labor officer held discussions with the secretariat personnel of Akita and Niigata, in which he pointed out reasons for eliminating needless judicial delays:

(1) Every day lost is costly to the company, whose equipment and top personnel are tied up by the squatters.

(2) Every day lost is costly to the discharged workers, especially those deserving of efforts to find them new jobs if the discharge is upheld.

(3) If the company is right, every delay is a gain for the communist instigators since it deters other employers from taking disciplinary measures within their rights.

(4) In the eyes of the nation (not to mention the Allied Powers) needless delays are injurious to the reputation of the local judicial and quasi-judicial labor relations machinery.

d. (1) The secretariat officials in turn explained that they were being careful lest they give grounds for one prefectural labor relations committee to contradict the other, or for the court to reverse the committees. At any rate, by the end of August both Akita and Niigata Labor Relations Committees

had denied the discharged workers' appeals for an unfair labor practice decision. The Akita decision was based on Article 37 of the Labor Relations Adjustment Law; the Niigata decision on the failure of the union to be certified. The company has rehired (not reinstated) 61 employees whom it considers free of communist influence. The rest continue to disrupt the function of both the transportation and the business office of the company, and the matter rests with the courts.

(2) Although not properly the province of a labor report and although the labor officer has had no personal contact with the procurators or judges, as a point of information it might be in order to set forth the alleged reasons for judicial inaction in this case lest the labor section be accused of blind criticism. In Akita, prefectural labor department officials and other close observers report the following reasons:

(a) The union petition was filed prior to the company's. Therefore some obscure logic requires that a complete investigation of the individuals' merits for reinstatement be made, for the prior petition needs to be denied before the court can give a temporary ruling restoring the company the use of its physical property.

(b) Procurator and judge do not see eye to eye, the latter inclining toward ultra-liberal. When ten persons were arrested for damaging company property, they were acquitted. Again, the bearing of this on the issue of a temporary injunction is not clear.

(c) The court wishes to avail itself of the findings of the labor relations committee as material for its judgment on a temporary injunction. This needs no comment beyond an exclamation point.

(d) The judge is unfamiliar with labor problems.

(3) In the meantime, the Niigata regional Nittsu union has been reconstructed, with 8,331 having joined the new Mindo group and 324 abstaining.

c. The Tagawa Coal Mine dispute in Yamagata, reported last month, was concluded without serious incident when the union agreed to wages virtually restoring the 10 percent reduction which was the heart of the dispute. But a similar strike is brewing in the Kamikita copper mine of Aomori over wages.

9. Labor Education:

a. Summer Schools:

(1) Ministry-sponsored labor institutes of five days each were held in all prefectures in early August. In general the quality of these schools is consistent with the quality of the prefectural labor policy section. The usefulness of the instruction thus varies, but this is no more an argument for the discontinuance of the summer schools than for the discontinuance of the policy offices as a whole. In the hands of competent promoters, as in Miyagi Prefecture, the courses are interesting and varied, planned with the ingenuity

for maximum student participation. Immediate results in terms of union action are sure-fire; the intangible or ultimate results of the educational experience cannot be estimated. The cost to the prefecture was as little as ¥15,000 in Miyagi with a high mark of ¥70,000 in Fukushima -- no more than the cost of one quasi-official dinner party. The question of the participation of American personnel is an academic one, since the principle involved will not be affected by the withdrawal of the Occupation; such an opportunity for contact with persons representing a large segment of the ranks of labor is considered desireable. Students were generally enthusiastic in praise of the schools, and some expressed a desire for travelling schools.

(2) Recommendations for the improvement of the courses would be:

(a) More interchange of ideas and experiences among the prefectural policy sections in advance, to raise the level of the schools to that of the highest prefecture.

(b) Elimination of the course fee (most prefectures charged ¥100 per student).

(c) More emphasis on practical problems of labor-management relations -- the inductive method.

(d) Encouragement of all local unions to send at least one likely delegate and to defray his expenses out of the union education budget.

(e) More encouragement of women participants.

b. Labor Fairs:

(1) An annual labor fair, as demonstrated in seven cities and towns of Miyagi Prefecture during August, has almost limitless possibilities for educational value. Besides, as the idea catches on and spreads, it is believed that this holiday will eventually supplant May Day as the principal day of tribute to the working people, as has Labor Day in the United States. Union people have been reluctant to relinquish May Day, first because it was generally established as a day off and second because they are slow to realize that an international labor movement with the communistic and free countries hand in hand is not now possible. The labor fair in each city and town consisted of a two-day program of athletic tournaments, flower and handicraft exhibitions, and the like, with a centralized evening program of music, dance, song contests, fireworks and judicious speeches. As a vehicle for mass education, the labor fair is unsurpassed. With good weather prevailing, the entire populace of the vicinity turned out -- nowhere was the public square or park adequate to accommodate the throngs at the evening mass meetings. Throughout the day the prefectural sound truck circulated, giving appropriate spot announcements. Labor posters and displays lined the paths to the sporting events and entertainment places. Labor policy and labor standards personnel set up information booths to answer questions and pass out printed material. Women's and Minor's Bureau sponsored women's teams and entrants in various contests. Management cooperated in giving time off -- an excellent cue for taking up the topic of harmonious labor-management relationships. The labor officer and other speakers took the occasion to emphasize some

fundamental points regarding labor-management partnership, democratic unionism, contracts, peace pledges, communist house cleaning, international labor federations, union education programs, and the service functions of the labor policy and labor standards offices. These statements received widespread circulation in the newspapers. In all, hundreds of thousands of workers and their families were painlessly exposed to the most fundamental instruction in matters of vital interest.

10. Public Employment:

a. After nearly three months of tranquillity, the day laborers' demonstrations flared up on 9 August in the most probable place -- the Taira area of Fukushima Prefecture, specifically the town of Uchigo. After the day laborers' union leaders of the prefecture held a preparatory meeting at which they formulated some ridiculous demands (for example, ¥2000 per person plus three days' pay without work to celebrate the Bon festival), the police were alerted prior to the mob "bargaining". But when the group broke down a door and surrounded the local PESO chief of Uchigo, neither the police box a block away nor police passing in a truck took any notice. The PESO office was without a telephone. For two hours the government official was alternately threatened and pummeled. When a PESO employee finally got out of the office and summoned the police, the latter came and proceeded to take the victim into protective custody. When he suggested that it might be in order to seize the culprits and signalled out one of his assailants the police apprehended the assailant, but two others who had taken part in the beating took this as a proper time to escape and did so. They are still at large. But the procurators are investigating. This case points up two matters requiring corrective action:

(1) Coordination and planning in advance for immediate emergency police action were lacking; the absence of even a telephone would indicate inexcusable negligence.

(2) The prerequisite understanding by the police was inadequate on several points -- the distinction between legitimate union activities and day laborers' mob action, the provisions of the criminal code and other laws defining criminal trespass and interference with the governmental function, the fact that the terms upon which negotiation will be carried on with day laborers' representatives rest with the government side only. The labor officer is attempting to eliminate in all Tohoku prefectures these conditions which create the atmosphere wherein such disorders can mature. This is being done through meetings with responsible PESO officials, and, upon invitation, at joint police-PESO meetings.

b. Unemployment:

(1) At a regional conference of prefectural PESO chiefs, the latter reported that the upward employment trend noticeable in some southern areas since the Korean hostilities has not occurred anywhere in Tohoku. Here the increase in unemployment continues at the same pace as the previous few months. The recruitment of the police reserve is rather counterbalanced by dismissals from Occupation Force installations. The Tohoku-Hoddaido functionaries are now assembling statistical material upon which to base a joint request for a fairer readjustment of unemployment relief funds from the national government.

11. Labor Standards:

a. The occasion of the third anniversary of the Labor Standards Law was taken by the labor officer to issue a statement on the significance of the Labor Standards Law in the history of humanity, the basic provisions of the law, the need to cooperate with labor standards bureau service personnel in achieving the objectives of this law. This was published in the news organs of the Labor Standards Bureau as well as in several public dailies. During the three-year existence of the law, in Miyagi 19,304 violations were disclosed, of which 41 were considered "vicious" and submitted to the procurator.

9/11/50

No. Amend for Request -
Note reduction for 01-04 and
01-20 would constitute an
increase over authorized number
Item 2e not followed thru.

Date_____

Economics Division

Routing Slip

(Not to leave Division)

From	Chief Clerk	Link	Johnson	Penswerth	Tom	Heineman	Freeman	Woodward	WFJ	Doherty	James	To
		X										
Action							File					
Information							See Me					
Policy File												

DTI - 1310

Restricted

HEADQUARTERS
TOKAI-HOKURIKU CIVIL AFFAIRS REGION
APO 710 (Nagoya, Honshu)

ANNEX D

To Civil Affairs Activities Report
Period Ending 31 August 1950

ECONOMICS SUMMARY

Author: C. M. GEORGE, Economics Officer

FIELD TRIPS

DAC personnel spent 135 man/days in field work during August. This was apportioned among the six prefectures of this region as follows:

Aichi, 49; Gifu, 11; Mie, 16; Ishikawa, 20; Toyama, 14; Fukui, 25.

CONFERENCES

Natural Resources personnel conducted inspections of 48 mugi crop collection points and problem areas, 15 agricultural cooperatives, 5 agricultural committees with duplicating members, one privately-owned cattle farm, one 4-H Club camp, 5 fisheries cooperatives and 10 mines; and attended three Land Reform conferences, 12 Agricultural Cooperative conferences, 3 Extension conferences, 8 fisheries conferences (two of which were on taxes), 2 fisheries ice shortage conferences, 13 mining conferences, and 7 forestry conferences.

Commerce and Industry personnel attended eight prefectural Economic Investigation Agency conferences in six prefectures, accompanied EIA personnel on six spot-checks of implementation of PD Enforcement Memoranda, and held four weekly meetings with the Regional Economic Bureau staff members. Conferences were also held with the Commerce and Industry chiefs of each prefecture.

AGRICULTURE

1. Fertilizer Requirements:

a. There were no indications that fertilizer supplies were insufficient to meet requirements. (Note item Fertilizer below).

TOKAI-H

Restricted

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

2. Agricultural Reform:

a. Land Reform:

A special report was prepared and submitted to higher headquarters concerning lands annexed to Ise Grand Shrine in Mie prefecture which have not been made available for land reform.

b. Cooperatives:

(1) Inspections were made of seven cooperatives in Ishikawa and four cooperatives in Fukui which were in financial difficulties. All had made business coordination plans as required by the Agriculture and Forestry Ministry. All cooperatives inspected had made substantial progress toward carrying out their plans and had reduced personnel considerably. It was noted, however, that officials did not realize the full importance of increasing capital instead of borrowing money for operating funds and new facilities. It was also apparent that some cooperatives in Fukui believed that the solution of their difficulties was to add several new processing functions, while in Ishikawa the emphasis was on retrenchment.

(2) In response to Ministry of Agriculture and Forestry directives, prefectural officials of Fukui required all local cooperatives handling deposits to make business coordination plans. Gifu prefecture requested half of its associations to submit plans, Ishikawa 30, Mie 18, and Aichi 7. Toyama, which granted ¥20 million in relief loans to cooperatives in distress, required 22 recipients to carry out rehabilitation measures laid down by the prefecture in order to qualify. Two cooperatives declined. Throughout the region a total of 421 cooperatives were required to prepare coordination plans. Approximately 200 of this number have submitted their plans to either prefectural sections or countermeasures councils. Ishikawa and Gifu did not require submittal of plans, however, except for those in critical conditions, so that overall progress to date was undetermined.

(3) Conferences with agricultural cooperatives officials of all prefectures confirmed the opinion of this section

that officials and even members of most cooperatives feel that if a cooperative or federation just manages to "break even" at the close of the fiscal year, its operation is a success. They are not sufficiently cognizant of the importance of operating as efficiently and economically as possible in order to yield the maximum service to members. The retrenchments which have been possible to effect in cooperatives in difficulties indicate that probably many others likewise are carrying too much overhead.

(4) Deficits incurred by federations during 1949-1950 and inadequacy of remedial measures instituted to prevent recurrences during the present fiscal year's operations indicate the need for institution of the proposed cabinet order requiring adherence to sound business principles. Prefectural officials have devoted themselves to rehabilitation of local cooperatives but have neglected the federations, with the possible result that successes they may have achieved with local cooperatives may be largely nullified by the effects of federation losses.

(5) Although the latest national target date for completion of registration of transfers of local Nogyokai assets was 15 August 1950, 244 cases remained unsettled. A survey by this section revealed that well over half the remaining cases were due to mortgage claims against former Nogyokai members not having been cancelled. The other significant cause was delay in settling procedures required by the Finance Ministry in regard to old and new accounts. Thirty cases were tied up in court actions or investigations, and the remainder were due to non-transfer of assets or clerical delays.

(6) Gifu officials report an arrangement with the District Legal Affairs Bureau whereby liquidation could be completed without cancelling mortgage claims. Significant progress could be achieved very quickly in case their method proves practical.

3. Extension Reorganization:

a. With the objective of increasing membership in the age group between 10 and 20, 4-H promotional and organizational work has given

evidence of concrete results over the summer period as shown in the ch below. Nine promotion conferences and six membership canvassing campai were held to attract adults and children alike to 4-H. Five leadership training courses turned out 224 leaders certified by their prefectural governments. Three 4-H camps were held. Although Fukui prefecture did not have any government sponsored promotional and training programs, th membership showed the greatest increase as indicated in the regional summary below:

	As of 30 June '50		As of 31 August '50	
	Clubs	Membership	Clubs	Membership
Aichi	61	1,300	102	1,767
Gifu	7	269	7	269
Mie	14	352	17	1,302
Ishikawa	326	6,223	326	6,221
Toyama	1	22	4	225
Fukui	17	1,750	46	7,200
TOTAL	426	9,916	502	16,984

Since Fukui's total membership far exceeds the number of leaders able to handle each club competently, this problem requires special guidance. Membership increase campaign in Gifu will begin in the fall. The situation in Ishikawa appears to be stabilized.

4. Staple Food Crop Collection:

a. Collection of 1950 wheat and barley.

(1) All NRS personnel shared in contacting regional prefectures and assisting them in developing prefectural crop collection plans. Cumulative quantity of 1950 mugi collected totalled 89.8%. Aichi prefecture (49% of the regional quota) was high with 96.2%, while Toyama was low with 63.9%.

(2) Accomplishment percentages by prefectures as of 31 August are as follows:

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

Pref.	Quota	Cumulative Amount Collected	Percent of Quota Fulfilled
Aichi	316.8	304,613	96.2
Gifu	104.2	97,860	94.6
Mie	135.7	116,617	85.9
Toyama	33.5	21,434	63.9
Ishikawa	35.2	23,467	66.6
Fukui	16.6	12,243	73.8
Total	642.0	576,234	89.8

(3) Partially responsible for Fukui prefecture's slow turn-in is the fact that the revised quota which is equal to 166% of the original quota reached the farmers at a date approximately two months after the wheat harvest. The farmers, not expecting an increase in their quota, laid aside an amount of wheat equal to their original quota, and either ate or made noodles out of the remainder. When the revised quotas reached them in the middle of August, they had little or no wheat left to turn in. Consequently, some villages asked to be able to submit rice as a substitute for wheat.

(4) All prefectures were urged by this section to attempt to complete collection by 31 August, since prolonged mugi delivery could mean a delay in fall crop delivery.

b. Fall Crop Situation:

(1) Current growing conditions tend to favor a rice crop better than 1949. However, the Aichi AAC have published reports that crop damages total 40% of current estimated production. Such reports are unofficial and are not shared by the MAF Crop Reporting Office. Similar views of the Toyama Agricultural Adjustment Committee have been published in newspapers.

(2) It is apparent that the prefectural Agricultural Adjustment Committees are beginning "politics as usual" with

the rice quota. Their views usually receive ample publicity because they are what the local readers want to hear, regardless of the accuracy of the facts. The best source of accurate information - the prefectural Crop Reporting offices - claim that they are not permitted to give out publicity as to the scientifically determined probability of the prefectural crops. Thus Civil Affairs finds itself somewhat stymied in trying to encourage favorable publicity for a maximum crop delivery.

(3) Pre-planting rice quota breakdown to the farmers were completed in all prefectures with the exception of Aichi. Disagreement over the census enumeration of the paddy rice area between the Crop Reporting office and the prefecture was explained as the reason for the delay in breakdown. A few bales of early rice have been delivered in each of the three Hokuriku prefectures.

FISHERIES

1. Supplies:

a. An acute shortage of refrigerated storage space for fish developed during the month. This was attributable to the following factors: (1) the storage of apples was more profitable than stockpiling ice; (2) about 20% to 30% more ice was consumed this summer owing to an increased fish catch and decontrol; (3) Current electric power rates discouraged the production of sufficient ice. As of the end of the month this situation had become alleviated.

2. Fishery Cooperatives:

a. In Onizaki, Aichi prefecture (coastal fishing community) a meeting was held with the directors and members of the FCA. The spokesman for the cooperative stated that they have a 20% increase in fish catch over a corresponding period a year ago, but are only realizing 80% of their former income. A savings plan started in December 1949, based upon voluntary deposits at 0.6% interest, now totals ¥1,400,000. This money is used as a credit fund with loans being granted members at 7% interest. The FCA charges 10% commission for marketing the fish, 5% of which is used for harbor improvement. Since 1945 the fishing fleet had increased by 34% (largely unauthorized trawlers) which present their biggest problem.

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

3. Fishery Adjustment Committee Election.

a. A comparatively high election turn-out of 91.6% was reported for the region. Aichi was "high" with 94.4%. A "low" of 91% was reported by Ishikawa prefecture. The amount of funds used for the campaign varied with each sea area, depending upon the importance which they attached to their fishery rights. Ninety-five percent of the elected commissioners representing fishery operators were officials of the fishery cooperatives, while none represented working fishermen.

b. Mr. Yasui (Toyama) a member of the Central Fishery Consultation Council failed to get elected. Only 200 votes were cast in his favor. A 26-year-old college graduate obtained a seat in the Uchiura North Sea Area Council, a non-voting area in Ishikawa. Two men who were elected are officers of ACA's, and one man is an agricultural land commissioner in Toyama prefecture. Lots were drawn in Kumano Sea North Area, Mie prefecture, to determine the seventh member of the council since two candidates had the same number of votes.

4. Miscellaneous:

a. The fishery sub-section of Gifu prefecture enlarged their administrative organization to include three sub-sections for Fishery Right Administration, Fishery Cooperative and Fishery Experiments.

b. A new Fishery Hall was constructed in Tsu City at a reported cost of ¥6,000,000. One and one half million yen were appropriated by the prefecture, the balance was made up by contributions from individual fishermen.

c. The boat insurance program in Toyama is showing a decline in policy holders. Sixteen boat owners lapsed their policies as they could not obtain sufficient funds to continue premium payments.

d. Informational pamphlets distributed by the Fishery Agency in Aichi are well received but are not getting maximum coverage. More seminars are being encouraged using subject pamphlets as discussion guides.

FOREST CONSERVATION PROGRAM

1. Forest Management:

a. Forest management technicians are scheduled to be working in the field in Aichi, Toyama, and Fukui between 10 September and 30 Septembe[illegible].

Restricted

In other prefectures the prospective applicants for the positions are currently under examination.

2. Forest Extension Service:

a. Extension agents in Gifu and Fukui have commenced field operations; other prefecture's agents are expected to start their field work before 15 September.

3. Insect Control:

a. Damage to 1026 cho of pine forests by pine-caterpillars (matsukui-mushi) was reported by Gifu. Prefectural foresters report that the measures taken to control the infestation were not entirely successful, but that they did their best to halt the spread of the insect. Measures taken which netted some success were: (1) smashing of eggs; (2) catching and burning of larvae; (3) use of DDT and BHC.

4. Seedling Nurseries:

a. Seedling mortality has generally been substantially below that suffered last year. Estimates on seedling crop production made by prefectural forestry sections are as follows:

Prefecture	Present Increase Over 1949 Production
Mie	30%
Gifu	40%
Toyama	50%
Fukui	20%
Ishikawa	40%
Aichi	10%

b. Decontrol of fertilizer has had no effect yet on nurseries or on seedling prices. All prefectures report that the supply of fertilizers is plentiful but that the high prices may be reflected in higher seedling prices next year. The extent to which prices may rise is estimated from 1% higher than the present price, by Aichi, to higher than the present price, by Ishikawa.

c. Seedling prices for fall reforestation are estimated by prefectural forestry sections to be about the same as the prevailing prices last spring. Toyama reports ¥3.70 per seedling at the nursery while Fukui reports ¥7.00 to ¥8.00 with the other prefectures quoting between ¥3.80 and ¥5.00.

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

MINING AND GEOLOGY

1. Mine Rehabilitation:

a. Inspection of the underground workings at the Ogoya mine, Ishikawa prefecture, revealed that the copper bearing veins currently being worked average only 7 inches in width and contain 1.01% Cu. Through a conference with the dressing plant technicians on the zinc recovery problem, it was learned that six plant-scale experiments have been conducted since November, 1949; to date, however, successful separation of copper and zinc by flotation has not been realized. Ogoya mine's management and technical staff realize that it will be necessary to find more economically mineable reserves and to recover and market the zinc content of their ore if the mine, which is currently losing ¥5 million monthly, is to be placed on a paying basis. At present other mineralized areas near the main workings are being developed, and the technical staff appears determined to find a method whereby zinc separation can be effected.

b. Spot check inspections of manganese mining operations in Fukui prefecture were made. Rhodochrosite deposits examined were not only of inferior quality (less than 36% Mn) but were narrow and irregular in occurrence. These factors plus the high costs of transportation of the ore out of isolated areas render remote the chances of development of the area. The Miyake mine, however, is characterized by sporadic pockets of pyrolusite yielding 76% MnO_2. The mine is showing a profit because it can utilize low-cost, open-pit methods. One-half of the ore mined, however, is so mixed with clay that it is unsaleable. The owner of the mine is investigating methods to remove enough of the clay to make this ore saleable.

c. Limonite deposits in western Fukui prefecture were spot-checked. The largest deposit, estimated by the owner at 50 million tons averaging 38% Fe, is mined by open pit methods in spring and fall seasons in order to fulfil orders from a few prefectural federations of agriculture cooperative associations. The limonite is reported being used as a fertilizer. With relatively large reserves available and low cost mining methods possible, the mine operators are attempting to develop a market by publicizing the results of successful experiments with rice using the limonite as a fertilizer.

d. Inspection of the progress of the geological mapping of exposed mine workings at the Nakatatsu mine, Fukui prefecture, was made. In addition to the excellent job of mapping and charting being done by the resident geologist, an exploration tunnel 40 meters below the lowest

level formerly worked is being driven 200 meters into the mountain in an effort to find the lower extremities of the massive ore bodies previously worked out at higher levels. Management of the mine is relying heavily on the current geological and exploration work in the hopes that reserves will be found in sufficient quantity to merit reopening of the mine.

PRICE AND DISTRIBUTION

1. Economic Bureau and Economic Investigation Agencies:

a. Sectional personnel attended eight coordination conferences in six prefectures, accompanied EIA personnel on six spot checks of implementation of PD enforcement memoranda, and had four meetings with the regional EB staff members. The new director of the Central Economic Stabilization Board accompanied by Diet members and the new EB director for this region inspected the work and facilities of the Hokuriku prefectural organizations.

b. Improvement was noted in the attendance at conferences and unusual vigor was displayed in encouraging the police to make greater efforts to curb black market activities. As a result, several newspaper articles originated by the police, have appeared locally, warning that more drastic action will be taken in the cases of habitual offenders. Economic procurators and enforcement agencies for the first time are showing a tendency to investigate cases more thoroughly in an attempt to get to the real perpetrators and stop such illegal activities at the source, rather than at the carrier-consumer level.

c. Appendix No. 5 to PD Enforcement Memorandum No. 19, covering the sale of alcoholic beverages in tea houses, is in the same category with restaurant control, in that the law is unpopular and the police will not diligently enforce a law contrary to public opinion. No great accomplishments were expected or obtained from Memorandum No. 43, covering local operations of the Special Procurement Board because of the limitations imposed on the investigations. Nothing outstanding was uncovered under Memorandum No. 44, covering incentive goods inventories. Relatively few foreign nationals reside in this region so the enforcements on Memoranda Nos. 44 and 45, covering stores operated by foreign nationals and sugar rationing which are closely aligned and have been grouped together for more efficient enforcement. Complete details have not as yet reached this level although investigations were scheduled to start on the latter, on 21 August.

2. Restaurant Control:

a. One public hearing was held in both Mie and Fukui, two in both Aichi and Ishikawa, three in Gifu and four in Toyama prefectures,

a total of 13, the largest monthly total so far. Of the 42 cases decided 23 received warnings and there were 19 suspensions, indicating a stiffeni attitude by the committees. As these cases constitute a back-log of several weeks it cannot be assumed that there has been any new burst o activity on the part of the police, who so far have shown only a token enforcement of the law.

3. Staple Food Rationing:

a. A check was made on the receipt of imported foods allocated by PDFs 195, 197, 199, 200, 201, copies of which were received by this office during August, with the following results:

(1) The flour, sugar, margarine, and dairy products allocate by Inclosure I of PDF 195, for the production of baby food has not yet been purchased by any of the six prefectures as the materials will not be needed until afte the middle of September. The entire allocation, howeve is available in the Nagoya warehouse. The sugar alloca by Inclosure 2, for hospitalized patients, nurseries, school lunches, and household rations has been distributed only in Aichi prefecture. Gifu and Fukui prefectures are at present beginning the distribution, which they expect to complete next month; Toyama, Ishikawa, and Mie prefectures have not yet begun distribution, but expect to do so sometime during September. The excuse given for the delay in all cases is that there is that there is too much "paper work" to be completed before distribution can be affected. The sugar allocated by Inclosure 3 for bread baking, has not yet been distributed since the Nagoya Sugar Corporation has not yet received official notification of the allocation. The sugar allocated by Inclosure 5, for the manufacture of canned and bottled foods has not yet been distribut since all of the manufacturers at present have sufficie stocks for their present needs and cannot afford to buy more until it is actually needed.

(2) The imported cereals and substitute rice allocated by Inclosure 1 of PDF 197, are now being distributed by the Food Distribution Corporation. The distribution to consumers is expected to be completed by the middle of September. The foregoing applies also to the imported staple foods allocated by Inclosure 2. The five day additional rice ration, and flour ration allocated to

Aichi prefecture by Inclosure 3, has already been distributed to consumers and has definitely aided in bringing down the black market price in Nagoya city from ¥150 to ¥120 per sho.

(3) With the exception of plants within Ishikawa prefecture all plants allocated sugar by PDF 199, for condensed and powdered milk production, have received their entire allocation. Ishikawa prefecture reported that the "paper work" which precedes distribution had not yet been completed.

(4) Wheat flour allocated by PDF 200, for the school lunch program in Nagoya, was delivered to the Aichi Education Board on 29 August.

(5) The sugar allocated by PDF 201 to plants in Aichi, Gifu, Ishikawa, and Toyama has not yet been purchased by any of the plants because of financial difficulties. The sugar is available, however, in the warehouses of the Nagoya Sugar Corporation.

b. The total amount of rejected rations continued to decrease during August. This was largely attributed to a common fear of a future food shortage as a result of the Korean war. Rejection of rice was reduced to a negligible amount in all prefectures excepting Ishikawa (33 tons). No explanation was available for the situation in Ishikawa.

4. Perishable Food.

a. Fish market receipts in the Nagoya Central Market totalled 431,945 kan of fresh fish, and 313,405 kan of processed fish. This constituted a considerable decrease as compared with the already low July receipts. During August, however, prices rose sharply, as is evidenced by the rise of mackerel prices from ¥130 to ¥400 per kan, and the rise of sardine prices from ¥150 to ¥222 per kan.

b. Vegetable receipts at the Central Market in Nagoya were about 170,000 kan less than July receipts. As a result of this shortage vegetable prices took a slight turn upwards. This is a customary seasonal trend.

INDUSTRY

1. Production:

a. Records from the Bank of Japan indicate that August exports

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

from the Nagoya port totalled $3,400,000, or about $100,000 less than fo July. The Regional Bureau of MITI estimates that foreign shipments will continue to be high for the remainder of the year or until such time as back orders are filled. New orders dropped considerably, evidently in reaction to the stabilization of the Korean incident.

b. Textiles, a highly speculative item, began the month with a sensational upward swing but following announcements of penalties for hoarding and excess profit taking, went into reverse and continued downward until at present it has leveled off comparable to other non-abundant items. This speculation was of no benefit to the manufacturers, only creating a false impression of excessive demand, and making raw materials more costly. Manufacturers of other semi-critical items such as wire, nails and secondary iron and steel items report increased sales and prices as do manufacturers of fertilizer, china-ware, glass and enamel-ware. Manufacturers of farm implements, leather goods, machinery, fishing equipment and other seasonal goods report decreases as anticipated at this time of the year.

2. Reparations:

a. Twenty-seven of 132 reparations plants were inspected and some minor discrepancies observed which were corrected on the spot. Care and maintenance were generally considered to be good.

b. In reference to letter CAS, GHQ, SCAP dated 17 August 1950, subject: "Request for Corrective Action of Discrepancies in Reparations Installations in Aichi Prefecture," the actions suggested have been taken with the exception of the following, which were considered impractical for the reasons shown:

(1) In regard to the suggested reduction of guards in plants 01-04 and 01-28, the number mentioned would constitute an increase rather than a decrease over presently authorized personnel. As this section has made a careful survey of all plants requiring guards, it is felt that under existing instructions such personnel is at a minimum and further reductions would constitute an undesirable hazard. Under similar conditions, future reductions will be made only upon direction of higher echelons.

(2) Consolidation at plant 01-84 and within 01-28 will be completed within 60 days.

(3) Maintenance and custody discrepancies in plants 01-31,

51 and 84 had already been corrected at the time of the follow up inspection.

(4) The 16 items removed from the Toyokawa Naval Arsenal (01-60) by the Gamagori Kanko Hotel in 1946, were removed under the general maintenance and supply procurement demand of the hotel, a procedure authorized at that time. The Nagoya Finance Bureau is cognizant of this fact and familiar with the circumstances. The matter of requiring the hotel to initiate a request for a PD for this equipment at this time has been discussed with Civil Affairs Section, and is pending.

(5) Copies of the indorsements by CPC authorizing removal of arsenal machinery together with a list of all articles removed to the Sagami Arsenal were furnished the Nagoya Finance Bureau by Mr. Paul Martin at the time of removal. This fact has been verified and this section knows of no additional documents required by the Finance Bureau.

3. Restricted Industry:

a. Explosives:

(1) Early in August the Nihon Yushi K.K. in Aichi prefecture received a contract to manufacture 3,600 cases of gelatine dynamite (60% nitroglycerine content) on PD for Headquarters Eighth Army amounting to $61,200, to be shipped to Ikego Ammunition Depot, Zushi, Honshu, Japan. Dynamite for domestic use manufactured by this plant contains about 30% nitro-glycerine whereas dynamite for this PD specified 60%. To meet this specification the company requisitioned an extra supply of nitro-glycerine from their Osaka plant and requested MITI for an extra allocation of electric power for this period. All requests were granted. Production began 13 August and was completed on 24 August, although the deadline was 29 August. Plant official stated that shipment was made by rail and completed on 26 August. No obstacles were encountered in any phase of production. The plant has excellent facilities, exceptionally well planned accident preventive measures, and is currently operating at about 70% of its 6940-ton annual capacity. Expansion could be speedily made in case of necessity. Raw materials for the most part are decontrolled and readily available.

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

b. Fertilizer:

(1) Fertilizer producers anticipated that abolition of the government subsidy and the dissolution of the Fertiliz Kodan would bring about many serious problems in both production and demand for chemical fertilizers. A month has passed since the change-over, and thus far, no significant problems have been observed. Producers have stated that it is too early to be sure that difficulties will not arise under the new system, but have planned counter-measures on anticipated problems and are striving to readjust their enterprises for more efficient operation.

(2) In anticipation of increased stockpiles it was felt by most producers that present storage facilities were insufficient and they have begun to enlarge their facilities by constructing additional warehouses and storage tanks. Because of this, production for the month was somewhat reduced since labor and funds have been diverted for that purpose. Total production for August was 38,250 M/T a reduction of 13.9% under the previous month.

(3) The most noticeable change following the discontinuance of the government subsidy is the increase in consumer prices. Although fertilizer producers have reduced their prices, 16.1% for ammonium sulphate, 13.3% for calcium cyanamide and 19.4% for calcium superphosphate since decontrol, consumer prices have gone up 15.7%, 15.7%, and 18.5% respectively.

(4) Considering the fact that rural districts are currently suffering an acute shortage of money, concurrently with little or no change in the prices of their products, it is believed by producers that present fertilizer prices might not be favorable to farmers, resulting in lessening of domestic demand in the future. Because of this, manufacturers are unanimous in their opinion that they will have to strive harder to improve production techniques and cut costs to make it possible to supply farmers with better products at comparatively cheaper prices than at present.

c. Shipbuilding:

(1) Inspections of four shipyards in Ishikawa, one in Toyama

and seven in Mie were made with no violations of SCAP directives noted.

(2) The building boom anticipated following the Korean incident and resumption of Japanese ship movements to America and other foreign ports has not materialized as far as the wooden shipbuilding is concerned. There are few new contracts or contracts for reconversions or repairs. Yards are still cluttered up with completed and partially completed vessels for which war-time contracts have been cancelled by the government and private concerns. Only very small down payments were ever received, far less in proportion to construction progress. Therefore, much of the operating funds are tied up in these rapidly deteriorating vessels for which no buyers can be located because of the inferior materials and workmanship used in war-time construction. Management states that it would not be profitable to attempt to salvage the materials. This matter has been previously reported, but no relief appears to have been realized.

4. Construction:

a. Building:

(1) Since revisions of the regulations governing home building loans the number of applications for August was close to totalling the number of previous applications for the year. However, due to financial difficulties, many people desiring "home loans" have been unable to take advantage of these low interest loans.

(2) Since hostilities in Korea, Public Works officials claim that the price of building materials (nails, galvanized iron, steel, cement, etc.) have increased in some areas as much as 60%. It is the opinion of some officials that part of this increase is due to hoarding by brokers who believe that these materials will become increasingly scarce and will eventually sell at much higher prices. This, and the decontrolling of other materials has caused construction costs to increase. It also has given contractors and public officials a good excuse for padding both contracts and expenditures for directly supervised work.

Restricted

b. Roads:

(1) The following road improvement and maintenance projects under the five year plan were inspected. In Toyama, PGR-724, PGR-121, NBR-474, NRB-684, NBR-701. In Ishikawa, PGR-380, PGR-306, PGR-826, PGR-836, PGR-552, PGR-645, NBR-818, NBR-847, PBR-55, PBR-203, PBR-333, PBR-675, TGR-661-50-127, 50-173, 50-194. In Fukui, PGR-516, PGR-491, PGR-448, PBR-304, TBR-73. In Aichi, TGR-780, TGR-709, TGR-555, PGR-483, PGR-775, PGR-256, PGR-113, PGR-253, PAGR-579, PGR-972, PGR-105, PGR-59, PGR-148. In Gifu, P-AS-772, TGR-771, TGR-963.

(2) Examination of specifications of construction projects on the Tokaido highway, under the five year plan and built with the aid of counterpart funds, shows discrepancies and apparently wasteful expenditures of funds which, so far, have not been satisfactorily explained by the prefectural office of the Construction Ministry. For instance, the Yahagi project, covering 1,826.5 meters, requires a field office of 120 tsubo, costing ¥11,666 per tsubo, or ¥1,400,000, whereas the Motojiku project of 2,760 meters, requires only a 20-tsubo office costing ¥5,000 per tsubo or ¥60,000. Two leading contractors in Nagoya estimate that field offices required for such projects should cost no more than ¥5,000 per tsubo with all new materials, and far less, when salvaged materials from completed projects are used. Evidently no effort is being made to utilize salvage materials. Other discrepancies in machinery, repair work, rent and concealed expenditures have been noted and total costs are far out of line.

(3) The efficiency of the work on unemployment relief projects in Aichi prefecture has been increased considerably by using available equipment and through a better understanding on the part of the laborers. This section encouraged the Public Works officials to report to the Employment Security offices the names of maligners and agitators. These persons were suspended from the rolls and their names, with reasons for suspension, were posted on the bulletin boards of the employment offices. This action had a very telling effect on the attitude of many workers who thus far had considered such projects to be a dole with no physical work necessarily required.

Restricted

c. Public Works:

(1) Erosion control, flood control, and damage repair projects on rivers are continuing as satisfactorily as can be expected under present levels of efficiency in Japanese government administration. Heavy rains during the first part of the month caused some damage in the Tokai area, but no appreciable amount of damage was reported in the Hokuriku area. As is customary, public works officials overestimated the damage for purposes of national government assistance, but upon investigation by this section, they submitted a revised and reduced total of costs.

(2) The river improvement project on the Joganji River, Toyama prefecture, under control of the Construction Ministry, shows the most efficient use of available equipment of any river improvement project visited.

5. Electric Power:

a. Acting on the information contained in the special report on electric power by Hokkaido Civil Affairs and SCAP endorsements thereto, the local branch of MITI was contacted to assure that they understood the allocation authority delegated to the regional level. According to information obtained, they are fully cognizant of their responsibilities and authority and have referred no cases whatsoever to the central office for settlement.

b. Textile and machinery manufacturers, however, continue to complain of allocations and are preparing petitions for submission to the national government.

c. No specific instances of overt misallocation by the regional bureau have been discovered by this section, or reported. The dissatisfaction appears to be general, and to be traceable to the higher rate structure.

LABOR

1. Labor Relations:

a. Densan:

(1) The national directive requiring non-communists to register by 10 August was well complied with by local

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 August 1950.

chapters. Some of the communists have registered, thus committing themselves to participation in any movement against leftists which the union may sponsor. Prefectural figures on the registration indicate clearly that some communist party members and fellow travellers have registered. The figures which have been reported to this office are constantly being changed. It can be seen that all registrants are actually not non-communists. The situation is further confused by the mass withdrawals from the communist party, which have been taking place lately.

(2) Densan leaders are trying to find some way of determining whether individuals have withdrawn from the party with the idea of continuing their former policies in the union, or if they have actually denounced the communist party and are sincere in their registration.

(3) The chairman (CP member) of the Gifu Prefectural Branch of the Densan Union appealed for a court injunction against the registration directed by the national union. His appeal was made to the Ogaki local court and charged that inasmuch as the directive was unconstitutional, the Ogaki Chapter of the union had no authority to uphold or follow it. The court did not hold any hearings but issued an injunction on 3 August, making the Ogaki Chapter's decision to follow the directive null and void.

(4) The court did not immediately notify the union that a suit had been filed against them and, by the time they were informed, registration was complete in that area. Upon notification, the union immediately filed a protest and demanded a hearing. The responsible judge was then on vacation and said he would hear the case in the latter part of the month. In the meantime, a similar case was initiated against the Gifu Chapter and the court decided to hear both cases on 26 August. The Gifu Chapter also had completed registration before the injunction was issued. The hearing held on 26 August did not accomplish anything and another hearing is planned for early next month. The only effect these cases have had is that they have supplied the communists with a basis on which they can claim the registration was in violation of the constitution.

(5) The first hearing on the suspected sabotage at the

Shimohara power station on the Hida river, Gifu prefecture (mentioned in last month's activities report), was held and the final decision is still pending.

b. Daido Steel Works:

(1) Details of this case were given in the June and July activities reports. The case was finally settled on 21 August, with the court rendering a decision which upholds the action of the company in discharging 16 employees. The suit against the other four discharged employees had to be dismissed because there was insufficient evidence. The court order also prohibits the 16 discharged employees from entering the company's premises.

(2) This case was watched with considerable interest by management of other concerns, and it should give management the courage needed to take positive action against any employees who participate in illegal practices under the guise of union activity and to any radical elements attempting to disturb industrial peace.

c. General:

(1) While certain progress undeniably has been made in specific instances toward the legal and orderly handling of labor relations, the attitude of management in equally numerous cases is discouragingly apathetic. The most enlightened attitudes appear to be in the metropolitan areas, where there has developed some, (though little), respect for, and insistence upon, the legal processes. This appears to be in rather direct proportion to the extent to which the police can be relied upon to protect property and to enforce the law.

(2) In the more outlying areas, such as the Ogoya mine, in Ishikawa prefecture, management seems to be fearful of the organized strength of the workers to disrupt operations such as allowing the lower levels of the mine to flood by neglecting or sabotaging the pumps, and for this reason have failed to meet the rationalization problem squarely. This company, for example, currently is losing approximately ¥5 million per month, part of which might be recovered by an adjustment of the ratio of administrative to underground workers. The manage-

ment quite frankly was fearful of the power of labor to wreck the mine, and expressed no confidence whatever in the abilities or willingness of the local or prefectural NRP to protect the property. Consequently, the current rationalization policy at this mine is merely to abolish administrative vacancies as they occur.

(3) The management, furthermore, gave the impression that in Japan no action can be expected from the public representatives (police, prefectural assemblymen, or Diet representatives) by any citizen toward the inforcement of existing laws, or for assistance with new legislation, without the customary routine of parties and "presentos". They flatly stated that the concept of a rule of law has little meaning in this country, hence their reluctance to rely upon legal processes.

(4) It is believed that the attitude as expressed by the management of this mine reflects that of a considerable portion of industrial management. Unpleasant as this prospect is, however, it is believed that it must be recognized in achieving a realistic appraisal of present accomplishments and future problems.

2. Labor Education:

a. The supply of labor literature in union offices, prefectural libraries, CI&E Reading Rooms and elsewhere is adequate in volume. As has been stated before, brief and pointed information written in easily understood language is needed. Cartoons, brief pictorial pamphlets on specific subjects, and new films on labor and management, must be offered in a form understandable and interesting to the rank-and-file if they are to meet the need for which they are prepared. The distribution of educational material is increasing, but until it is assimilated by the rank-and-file, this does not necessarily mean that the labor education program is progressing.

3. Labor Standards:

a. Investigations by the Aichi Labor Standards Bureau in an important case at the Nagoya Shipbuilding Company were completed this month. A brief outline of this case was given in last month's activities report. Thirteen foremen were referred to the Procurator's Office for alleged violation of Article 6 of the Labor Standards Law. The investigation, to which 15 inspectors were assigned, indicates that these thirteen foremen may have collected a total of ¥5 million during the

period from January to June of this year. Each foreman apparently collected from ¥60,000 to as high as ¥1½ million. These same foremen are suspected of having violated the Employment Security law, (as labor suppliers), and the Prefectural Employment Security section is also conducting an investigation.

4. Workmen's Accident Compensation Insurance:

a. Workmen's Accident Compensation Insurance inspectors are constantly spot-checking employers' books in connection with insurance premiums. Padded figures and inaccuracy are claimed to be at a minimum. Checking of claims and benefit payments, however, is not sufficiently comprehensive due to the inadequate number of personnel available. The recent discussions about the proposed Social Security system, are a source of concern among the inspectors. They are particularly worried about their job tenure if and when this system goes into effect.

5. Women's and Minor's Bureau:

a. Complaints were received from field representatives that reference material to be used for the Ministry's program for August arrived too late. The material was received one week before the program started, which did not allow enough time for distribution and study.

6. Employment:

a. PESOs in all prefectures intensified their educational activities during the month to orient newly hired personnel who were recruited in August in accordance with the new ceiling authorized.

b. Word has been received that padded figures in the payment of unemployment insurance benefits is reaching a very high rate. Several corrupt officials from PESO offices in Nagoya have been already jailed, and more are expected to be indicated in the near future. The Nagoya City Police are conducting the investigations.

c. The rate of increase of unemployment in this region has diminished substantially. Although August totals are not available, four prefectures anticipate slight increases over July, and two prefectures expect no changes.

7. Mariner's Law:

a. Maritime Bureau inspectors conducted 114 inspections, discovering 117 violations of the law. The articles most frequently violated were: 18,37,50,81 and 113.