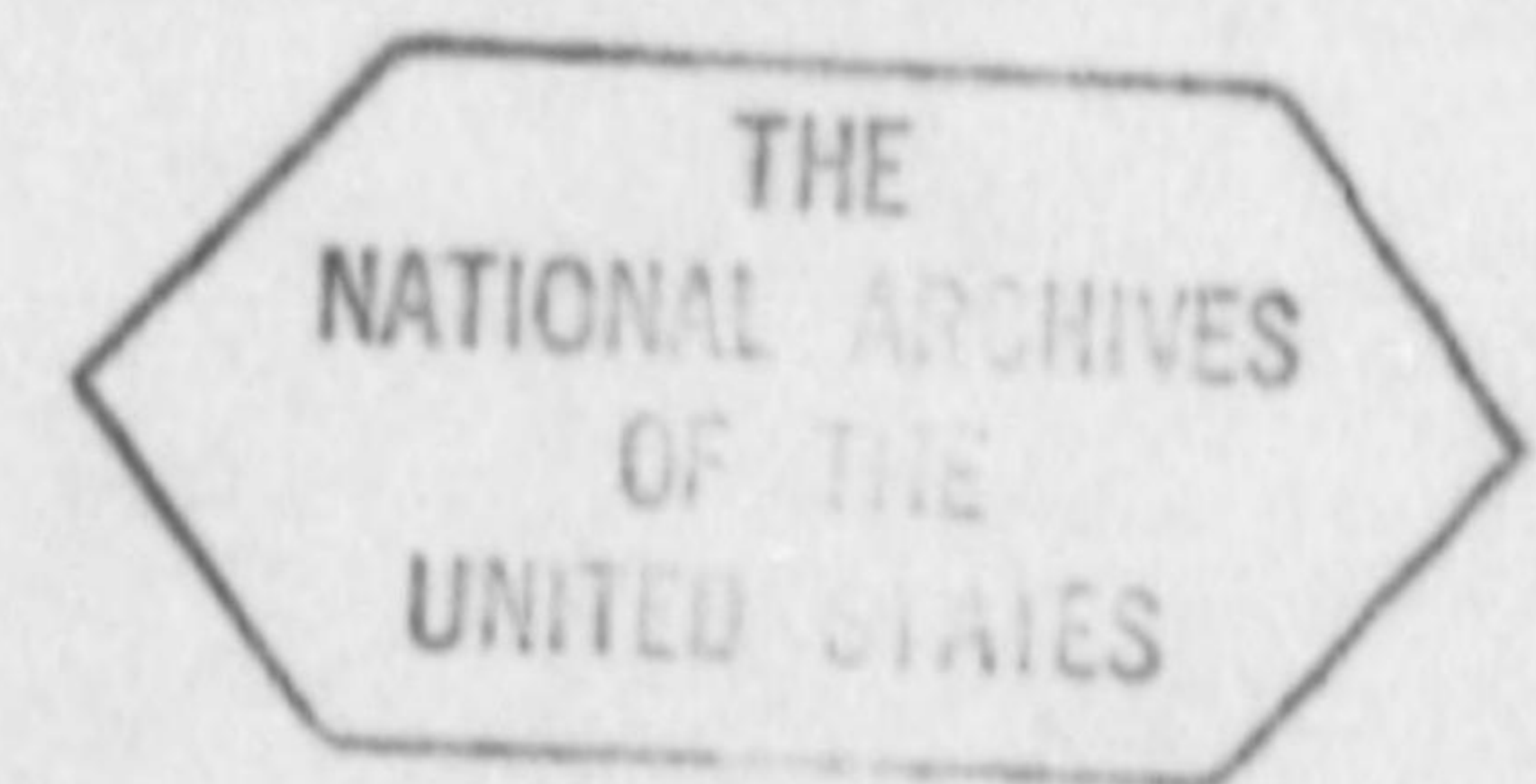


GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2311
- (2) Folder title/number: (9)
Annex "D" for Monthly Activities Report Nov.
1950 - Corrected Copy

(3) Date: Dec. 1950

(4) Subject:

Classification	Type of record
9021 (Tohoku)	d

(5) Item description and comment:

(6) Reproduction: Yes No

(7) Film no.

Sheet no.

TOHOKU CIVIL AFFAIRS REGION
APO 547

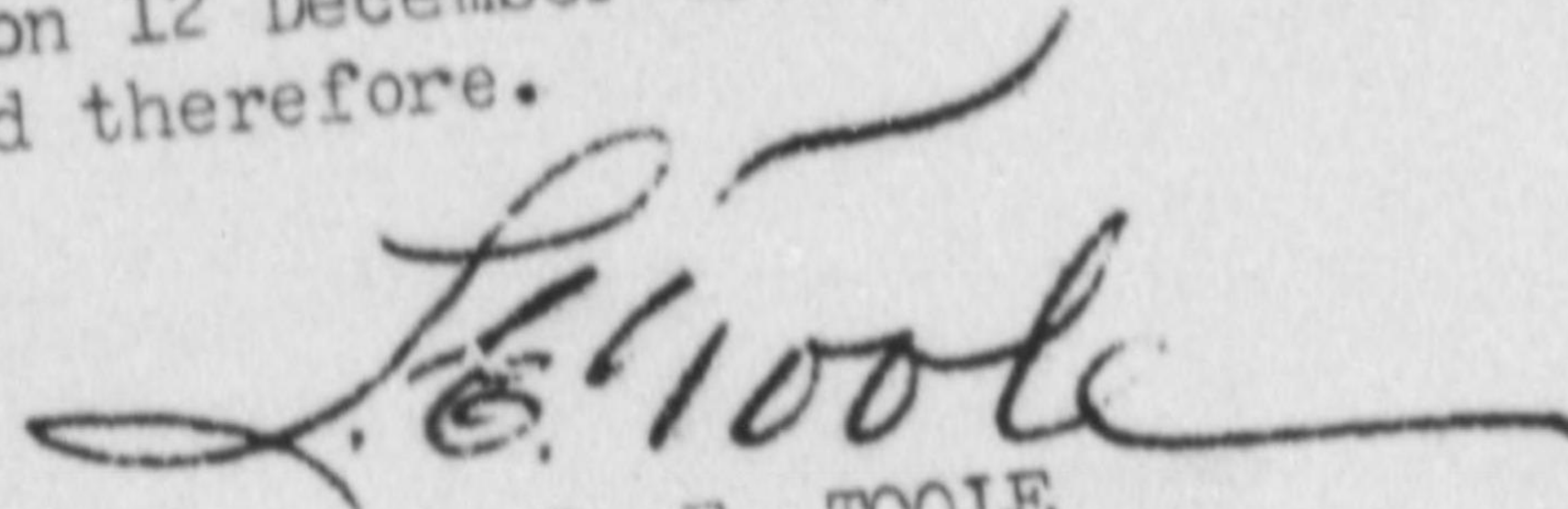
16 December 1950

319.1

SUBJECT: Corrected Copy of ANNEX "D" for Monthly Activities Report.

TO : Chief, Civil Affairs Section
GHQ, SCAP
APO 500

1. Inclosed is corrected copy of ANNEX "D" for the Monthly Activities Report of this Region for the month of November 1950.
2. It is requested that the original ANNEX "D", of this Monthly Activities Report which was forwarded on 12 December 1950, be destroyed and the inclosed corrected copy substituted therefore.



L. E. TOOLE
Col., .Inf
Chief

1 Incl:
ANNEX "D"

Information Copies To:

- Chief, Hokkaido Civil Affairs Region APO 309
- Chief, Kanto Civil Affairs Region APO 500
- Chief, Kinki Civil Affairs Region APO 15
- Chief, Tokai-Hokuriki Civil Affairs Region APO 710
- Chief, Chugoku Civil Affairs Region APO 182
- Chief, Shikoku Civil Affairs Region APO 1050
- Chief, Kyushu Civil Affairs Region APO 1105
- CG, Northern Command APO 309 ATTN: G-2
- CO, Niigata Air Force Base APO 925 - 1
- CO, 5th CIC District APO 547

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TOHOKU CIVIL AFFAIRS REGION
APO 547

Prepared by:
O. L. Hobson
GS-13
Economics Officer

Annex D

MONTHLY CIVIL AFFAIRS ACTIVITIES REPORT FOR THE MONTH OF NOVEMBER 1950

Economics Summary

1. Field Trips:

Subject Covered	Prefectures					
	<u>Akita</u>	<u>Aomori</u>	<u>Iwate</u>	<u>Fukushima</u>	<u>Miyagi</u>	<u>Niigata</u> <u>Yamagata</u>
Agriculture		6-8				
Coops & Extension	13-17 20-22			30 Oct-3 14-17	6-10	7-10
Fisheries	28-30	30 Oct-2		9-10		13-18 (Hokkaido) 2-6
Forestry					6	
Trade & Industry		23-24	16-23			
Public Works	9-14					7-9
Reparations			30 Oct-2	15-21	27-28	31 Oct 5

2. Agriculture:

a. Land Reforms:

(1) The inability or reluctance of MAF and prefectural agricultural land commissions to make decisions pertaining to disposition of land has created undue hardships on individuals and villages concerned. Delay in rendering decisions have caused towns, villages and many individuals to spend large sums of money in the form of traveling expenses to and from prefectural capitals and Tokyo as well as token gifts and entertainment of officials in an effort to attain a favorable settlement. Eventually all parties concerned have invested so heavily that it is a "lose face" situation if the decision is not in their favor and therefore will not accept it graciously but will contest it in court.

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Agricultural Land Commissions, prefectural and central government (ministry) personnel appear to be playing the old "cat and mouse" game with the interested towns, villages and individuals. This condition would be alleviated provided the concerned officials accepted their responsibilities rather than merely shelving the matters for a later date. An example of the aforementioned is the Tashiro National Pasture Land Dispute in Iwate Prefecture involving Arasawa and Terada Villages (mentioned periodically in Activities and special reports of this organization and Iwate CAT during the past two years). MAF has yet to make a final decision.

(2) The Regional Agricultural Land Affairs Bureau this month sponsored a meeting aimed at interpretation of ambiguous terms in the land reform laws. All prefectural agricultural land sections were represented. The main topic of discussion was an interpretation of ownership of grasscutting land according to the present Pasture Land Law. Bureau officials stated they could not give a decision on whether or not any of the cases listed below warranted purchase for resale to tenants under the present statutes and so referred them to MAF for clarification.

- (a) Grass cutting land owned by a person not engaged in breeding livestock or farming, but who sells grass to anyone who cares to purchase.
- (b) Grass cutting land owned by person who cuts and sells the grass.
- (c) Grass cutting land owned by a person who manages and maintains the land but who sells the grass to specific farmers.
- (d) Grass cutting land not owned, managed and maintained by one specific grass-purchasing farmer.
- (e) Grass cutting land owned by person who makes a sales contract for a certain period of time.
- (f) Grass cutting land, co-owned, with grass sold by one of the owners.
- (g) Grass cutting land utilized by grass cutters without the permission of the land owners.

(3) Written rental agreements are 79 percent complete in the Region with a high of 93 percent in Fukushima and a low of 65 percent in Niigata. Reasons for the delay as explained by prefectural officials are lack of clerical personnel in the land commissions; delay in revision of farm rent; farmers busy with harvest.

(4) Observation of conditions in the rural areas reveal that educational programs aimed at the tenant farmers stressing the advantages of written agreements are adequate; however, land owners are reluctant to sign binding written rental agreements. The landlords, except in rare cases, do not materially benefit from written contracts, particularly during this period of unstable prices and rents. As long as land owners are unconvinced, this situation will continue, since the land owner has all the advantages -- due to competitive pressure among tenants to increase their holdings.

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b. Agricultural Cooperatives:

(1) During the month visits were made to Fukushima, Miyagi and Akita Prefectures. Activities consisted of a meeting with the agriculture leaders at Omagari Agricultural Fair, lecture programs for cooperative directors' meetings, conferences with prefectural officials and cooperative federation chiefs, visits to individual farmers and inspections of delinquent cooperative associations. The itineraries included vicinities of Tomioka, Taira, Shinkawa, Kitakata, Tanagura, Ishikawa, Wakamatsu, Bange, Furukawa, Tsukidate, Shikitama, Fujisato, Sanuma, Takedate, Oide, Yumoto, Ishinomaki, Tokote, Omagari, Akita Odate, Oyu, Hanawa and Miyakawa. Special attention was given to Nogyokai liquidation problems; financial conditions of, and services rendered by federations; financial condition of local cooperatives; cooperative membership attitudes; managerial problems and prefectural assistance given ACA at the local level.

(2) Federations and Nogyokai Dissolution:

(a) At the village level liquidation and dissolution of Nogyokai associations are virtually complete except for a few cases where disputes are pending or where the activities of the local cooperative have been suspended. Liquidation remaining at the village level include 14 cases in Fukushima, 5 in Akita, 5 in Aomori, 3 in Niigata and 1 in Miyagi. There are no local cases pending in Yamagata and Iwate.

(b) At the prefectural level the problems are more complicated and the progress is very slow. Analysis of the problem indicate the following: In the beginning the federations were disposed to take over the entire holdings of the Nogyokai, including bad accounts, bad stocks and dilapidated properties. Initial capital subscribed by member cooperatives was insufficient to finance the acquisition of these properties, and to supply funds for stable operations. In some cases, former Nogyokai officials became "extortionists" or "obstructionists" in the transfer of assets. To conduct the business and maintain the properties, large loans were obtained at high interest rates. An excessive number of federations and branches, with excessive personnel, were established which increased operating costs. Poor management and administration resulted from inexperienced and unqualified officials in important positions.

(c) Because of the foregoing circumstances many of the investment federations, (all purchasing federations), show a loss for the fiscal years 1949, and 1950. Many are insolvent. Rehabilitation plans involving large loans from C.C. Bank and capitalization increases are pending. The following exhibit from Miyagi Prefecture is typical of Tohoku Region:

<u>Federation</u>	<u>Present Capital</u>	<u>Required Increase of Capitalization</u>
Credit	¥ 23,420,000	¥ 3,580,000
Marketing	11,635,000	21,365,000
Purchasing	9,755,000	11,755,000
Welfare	29,440,000	20,560,000
Guidance	2,555,000	2,945,000

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To finance the transfer of these properties will require an additional average capital subscription of ¥315,500 per cooperative. It is probable that the large amount of increased capital required by federations, plus the increases required by the local associations themselves will tend to drive members out of the organization. Member cooperatives are reluctant to subscribe additional capital, and C.C. Bank is unwilling to extend loans in many cases; thus the final transfer of properties and dissolutions are stymied. Prefectural councils have been appointed to study the problem and submit proposals.

(d) Farmer reactions gathered from directors meetings and talks with farmers are as follows:

1. Capitalization increase will be difficult in some villages. Approximately 15 percent will be unable to comply with the recent cabinet order because of poor management.

2. Some of the federations are of little value to the local ACA, and do not justify the investments required.

3. There are too many federations, the general opinion favors amalgamations to admit only three.

4. Local ACA can purchase items more cheaply from sources other than the purchasing federations.

5. Local ACA are unwilling to buy inferior existing stocks from purchasing federations.

6. Farmers, living in areas close to cooperative hospitals favor continued operation by the Welfare Federation. Cooperatives more removed from these hospital facilities are unwilling to support them. It is generally agreed that the obligations involved are too heavy for the cooperatives at this time.

(2) Financial Condition of Local ACA: The financial condition of Tohoku cooperatives has improved greatly during the past month due to incoming rice receipts. Credit Federations now have ample funds to meet all loan demands and have repair loans extended them during the summer months by the prefecture governments. Except in a few cases, cooperatives which formerly had suspended or limited deposit withdrawals have resumed regular payments. Sixteen local cooperatives of the region recently visited are insolvent, and have lost the confidence of the membership, which is reflected in the operations of the association. Crop receipts are being paid directly to the farmers by the credit federation; some farmers have elected to deliver their rice crop through local merchants rather than through their cooperative; saving deposits in these cooperatives are being greatly reduced. Throughout the region the inspection audit of cooperative associations is far behind schedule due to lack of personnel. Many of the accountants lack qualifications necessary to make analytical audits. The follow-up guidance, after the audits, is limited because of insufficient and unqualified personnel. In Miyagi Prefecture seventy percent of the local cooperative associations are considered financially sound thirty percent are questionable.

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(3) Membership Attitudes:

(a) The land reform program has enabled the tenant to possess the land he tills whereas in the prewar years, he may have only performed labor as a serf upon the land, subject to guidance and direct supervision by an overlord. Now he must operate as a free and independent agent. He must initiate his field operations, farm practices, and business operations. This requires a background of education and experience which often the farmer does not have. Farmers often are incompetent and subject to exploitation and propaganda by the unscrupulous. The new proprietor finds himself being taxed to support agencies which he is told are for his benefit. He is asked to subscribe stock to organizations he does not understand. Merchants and business people persuade him to abandon his agriculture cooperative, and patronize regular commercial agencies. Frequently he becomes a victim of exploitation in his business transactions, and his own cooperative association may dissipate his funds and assets. Frequently farmers know little about the purposes, programs and status of their cooperative association, their only contacts with the administration being at the annual meeting and through crop deliveries. They continue to operate as in the past, more or less passively obedient to orders given by anyone they consider above them. The average cooperative member is inept in the selection of officials and in democratic procedures, and unaware of his prerogatives and responsibilities involved in his association. His lack of knowledge and business experience leaves him unable to evaluate and interpret the programs and acts of the administration. The records of failure made by some cooperatives and the adverse publicity given thereto is destroying confidence of cooperative members in their organizations. The lassitude on the part of the membership has permitted inefficiency in officials, "featherbedding", and varieties of malpractices that are rendering the cooperative incapable of meeting current competition. There is an evident need for enlightenment and guidance at the membership level regarding the cooperative program and membership responsibility as well as technical guidance and education by sincere and capable leaders. The prefectural educational programs, generally, extend only to the managers and presidents.

(b) Throughout Tohoku Region cooperative members are falling away from their associations. This fact is reflected in the following trends:

1. An increasing percentage of crop deliveries and crop marketing is being done through commercial agencies other than cooperative associations. Cooperative officials fear their losses will be still greater when controls are released.

2. Commodity purchases through the cooperatives are suffering a great decline. Even fertilizer and insecticides sales are being lost to competitive merchants.

3. Local banks and postal savings deposits are claiming an increased portion of membership savings, while banks are supplying loans for many of the better financial risks among the village farmers.

(4) Managerial Problems:

(a) Increasing Capitalization. The program to increase capitalization in compliance with the recent cabinet order is progressing slowly.

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In some cases the program is being conducted in an arbitrary manner by the management. For example, deposits and crop receipts are appropriated, without the members' consent, to purchase additional shares; members are forced to buy shares; little or no opportunity is given the membership to discuss questions concerning capitalization.

(b) Accounting Procedures and Analysis. Accounting procedures do not show a departmentalization of accounts to disclose profits and losses. In many cases, directors do not understand bookkeeping practices, and exercise little or no surveillance over the accounts. Only one person may know about the details of each part of the business. Frequently auditors are not qualified or are indifferent to how records are kept.

(c) Administrative and Management. The greatest need in the cooperative program is that of obtaining competent and honest officials. Recent studies of delinquent cooperatives reveal a similar pattern in most cases of delinquency:

1. The membership is not informed regarding their cooperative and its functions.
2. The managing director, president, or both, arbitrarily manage the business, without reference to the Board of Directors or membership.
3. Directors do not understand cooperative principles, business practices or accounting methods and serve only passively on the Board.
4. The manager generally lacks education and business experience commensurate with the position.

(5) Inspections of distressed cooperatives reveal the following causes for their condition. Overinvestments in fixed assets; overinvestments in bad stocks; unredeemable loans; excessive advances on marketing operations; embezzlement of funds; excessive operating expenses and excessive borrowing at high interest rates. Directors meetings are being held at the prefectural government branch centers throughout the region to give guidance in cooperative administration. In cases of embezzlement and fraud immediate and appropriate prosecution is being sought.

c. Agricultural Extension:

(1) Conferences were held with agricultural improvement personnel of Akita, Yamagata, and Fukushima Prefectures during November. Extension officials plan to use the coming winter months principally for education. In-service training programs are being organized for many farm advisors; agricultural improvement officials plan to evaluate programs of the past year as a basis for future plans. These conferences indicated that advisory and information services need strengthening with pertinent technical material.

(2) In line with plans to improve information and education activities, prefectural authorities hope to compile a directory of current experiment station research projects and to compile a catalogue of pertinent publications. It was suggested that such programs would greatly help extension personnel and give valuable aid to research programs.

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(3) In discussing effectiveness of agricultural information programs, the media believed most effective for farmers varied for each prefecture. The daily press, wall newspapers, film strips, group discussions, pamphlets and bulletin boards -- all had proved useful, but film strips were most widely favored.

(4) Library facilities were discussed, and it was recommended that close liaison be maintained with CIE libraries inasmuch as there is considerable room for improvement of library facilities.

(5) To meet the recognized need for specialized farm information, agricultural improvement officials have great confidence in their special monthly newspapers. These have been fairly successful, but too few copies are published; subject matter and language used are often too technical, and contents are usually of interest only to the farmer -- they do not appeal to the wife, and children. Another criticism of the information program was that no effort is made to inform the farmer as to the reasons for extension policies and activities.

(6) Conferences revealed the general opinion that the 4-H Club program was slow. However, the trend is toward increased emphasis on rural youth club work. Principal difficulty has been that farm advisors lack self-confidence in organizing and guiding youth movements. Extension officials sense the need for increased understanding through training of all people concerned with youth programs. During the coming winter months, development of rural youth organizations will be stressed. Principal needs of the rural youth movement which should be met in the coming year were concluded to comprise program planning, development of training aids and instructional materials, and training in creating individual and group projects. Moreover it was felt that active support should be secured from adult farmers and effective liaison established by extension personnel with other agricultural agencies.

(7) Activity in home demonstration work was concluded to be erratic although a steady strengthening of the program is the trend. Increasing emphasis is being laid on this aspect of extension work with plans being made to increase the number of both home advisors and home improvement specialists. It is also planned to increase travel allowances wherever possible for essential field work. There was evident bias against delegating too much freedom of action to female employees.

(8). The conferences stressed the importance of effective demonstrations because lack of understanding could make the new teachings unacceptable. However, a favorable trend was noted in that increasingly larger numbers of farm women were showing interest in the home demonstration programs. Also important, and a universal plea, was the need for establishment of improved employment status, adequate remuneration and travel allowances for not only the home advisors but for all extension personnel. A final conclusion listed the paucity of demonstration aids available to the home advisor.

d. Food Production and Collection:

(1) At a conference of Tohoku Regional Food Office chiefs held in Akita it was decided that the following rice collection schedule could be expected in

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this region: Niigata will complete collection by 31 December; Akita and Miyagi may complete collection by 31 December but may require longer; Yamagata will complete 95 percent during December and the remainder during January. Aomori, Iwate and Fukushima will complete 85 to 90 percent during December, but due to large amounts of soybeans and corn which require thorough drying, may not complete their deliveries until February or March. Food Officials are particularly concerned that both the Ministry in Tokyo and SCAP understand the situation concerning these rice substitutes, since only Tohoku and to some extent Hokkaido have this problem.

(2) Prefectural officials report that rumors of rice decontrol during this collection year are widespread in spite of repeated denials by prefectural officials. They claim that farmers are adopting a "wait and see" attitude until the delivery deadline approaches and at present are not turning in rice in normal amounts.

3. Fisheries:

a. During the month the following sixteen places were visited to check the business activities and organization of the respective fishermen's cooperatives: Matsuiwa Village, Kesenuma Town, Shizukawa Village, Shiogama City, Miyagi Prefecture; Noheji Town, Aomori City, Kenida Town, Tairadate Village, Aomori Prefecture; Hisanohama Village, Yotsukura Town, Fukushima Prefecture; Senami Town, Niigata City, Maze Village, Teradomari, Kakisaki Town, Noetsu Town, Niigata Prefecture.

b. Fishermen's Cooperatives:

(1) Cooperative membership ranges from 30 to 450 persons and shares from ¥200 to ¥1,000. The Motoyoshi Trawlers and Motoyoshi Bonito-Tuna Cooperatives, Kesenuma City have memberships of 24 and 30 and shares are ¥50,000 each.

(2) Most of the cooperatives operate on a very small capital. Some are engaging in marketing and purchasing with a capital of only ¥200,000 to ¥300,000. Wages and office expenses leave limited funds for cooperative activities. At the present time they rely almost solely on loans to conduct their activities. ICAR representative again mentioned the fallacy of this practice and suggested that the cooperative officials endeavor to impress upon their members the necessity of increasing the investments in the cooperatives. Cooperative shares should be increased to about ¥2,000 to ¥3,000 which would eliminate to a great degree the payment of high interest rates on money borrowed from banks for operating funds.

(3) Wholesale dealers still fail to make prompt payment to cooperatives. Coops that market the produce charge from 3 to 7 percent for handling. The cooperatives are very anxious to continue such business but they wish prompt payment to avoid obtaining loans.

(4) Although in many cases the chief and directors are honorary positions with no compensation, the majority receive from ¥1,000 to ¥84,000 per annum. Office workers earn about ¥6,000 per month.

(5) Liquidation of Nogyoikai property has not been completed in some instances. The reasons given are that members of the old associations who are

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not now members of the cooperatives cannot come to an agreement on the disposition of property; a similar situation exists where two or more cooperatives were formed from one association.

(6) There is about 80 to 100 percent attendance at the cooperative meetings. Women who attend meetings merely act as proxy for their husbands.

(7) All cooperatives are members of the prefecture's fishermen's federation; only a few have no investment in the MAF Central Finance Bank.

(a) The only reason expressed by the Teradomari Town Fishermen's Cooperative for not investing in the MAF Bank is that no benefits would be derived from such an investment. This cooperative has 447 members and a capital of ¥463,000. It is an active cooperative, engages in marketing and purchasing and realized a net gain of ¥240,000 for 1949. Financially, this cooperative is sound, has no debts, and appears better off than most.

(b) Kakiseki Town Fishermen's Cooperative with 33 members does not invest in the Central Finance Bank. The majority of its members also belong to the agricultural cooperative where they prefer to invest their savings. As farmers, they are considered a better risk than fishermen and can more readily obtain loans from the Central Bank.

(8) Conference was held with cooperative members at Sanami Town, Niigata Prefecture. This cooperative hires the members as crews, furnishes boats and fuel and the fishermen supply nets, gear and labor required. The proceeds from the catch are shared equally.

(9) Cooperative officials from Maze Village, Teradomari, Kakiseki and Naoetsu Towns, Niigata Prefecture complained that trawler operators from Niigata City and vicinity trespass the restricted line established by the Ministry as a protective measure for coastal fisheries. A "line" had been set many years ago but because of frequent violations and complaints by trawler operators, a new line was established in 1948 by the Ministry narrowing-down the coastal grounds. Despite this step, the operators continued their violations. As many as 20 trawlers were seen in restricted areas recently. Trawler operators from Niigata City and to the north claim that such restrictions are uncommon in other areas. They further state that the line was not established impartially. Prefectural officials plan a meeting of representatives of the disputing parties, Maritime Safety Agency, Sea Areas Adjustment Commissions and Fisheries Agency representatives, of the Ministry to settle the dispute. If no agreement can be reached, the entire matter will be turned over to the Ministry.

c. Port Facilities:

(1) A limited allocation for dredging the port of Teradomari Town, Niigata Prefecture has been received. The dredging boat is ready to begin operation but will remain only as long as the appropriation lasts. Townspeople are anxious to have the job completed and are in hopes that additional funds will be approved by the prefectural and central governments without delay so that the dredging boat can be retained. This is one of the few good artificial harbors of Niigata Prefecture.

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(2) Hisanohama Town, Fukushima Prefecture is an active small fishing port with an annual catch of more than 120,000 ken. Annual profits amount to about ¥150,000. Some harbor improvements are in progress but more funds are required to complete additional breakwaters, dredging and repair work. An application was filed through the Prefectural Government to the Central Government sometime ago, but as yet there has been no word received concerning the disposition of the application.

(3) Yotsukura Town, Fukushima is now spending ¥6 million for dredging only. The old breakwaters built in 1930 are badly in need of repair and action should be taken before the winter seas cause further damage.

d. Fisheries Reform Programs:

(1) The chief of the North Sea Areas Adjustment Commission, Niigata City stated that in the event of any difficulty in arriving at any particular conclusion by the Commission, the Fisheries Section will not be consulted for advice. He wishes the final decisions made by the Commission before informing the Governor or others as to the outcome.

(2) Niigata Fisheries Section is planning to hold an instructional meeting with all members of the four Sea Areas Commissions, similar to that held in Miyagi last October.

4. Forestry:

a. Forestry Extension:

(1) Training of forestry extension personnel continued in all prefectures of the Region. Representatives of this office attended schools to give lectures covering forestry extension, forests in the United States, and extension methods. Extension personnel appeared enthusiastic, but as reported in last month's Activities Report, are plagued by lack of transportation and lack of funds for travel expenses.

(2) The Akita Forestry Bureau, Yamagata College, and Yamagata Prefecture held a forestry and life exhibit at Tsuroka during the first week of November. This exhibit was well-planned and well-attended. It was devoted primarily to the problems of the Shonai area which were depicted by model exhibits featuring many phases of forestry, conservation, soil and erosion control. The exhibit covered man's dependence upon forest products literally from the cradle to the grave. It was one of the best educational exhibits ever to be presented in this Region. An unusual feature about the exhibit was the critique held afterward by representatives of the various agencies who contributed to it. This critique was not the usual "mutual adoration" meeting -- members gave frank and pointed opinions concerning the shortcomings of the exhibits. They intend to have similar exhibits in the near future in other areas under the jurisdiction of the bureau in order to further forestry education.

(3) On 11 November ceremonies to award prizes for the National School Forestry Contest were held in Miyagi. In addition to the Ministry of Education and Agriculture and Forestry prizes won by two schools in Miyagi, a number of prefectural prizes were also given. The support received by the school forestry

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program from the general populace in Miyagi is very gratifying. It is apparently one of the most popular programs now in progress in this region.

(4) On 18 November a business meeting sponsored by the Aomori Forestry Bureau was held in Sendai attended by representatives of the prefectural forestry department, forestry owners associations and forest industries such as lumber and fuel associations. The purpose of this meeting was to explain the national forestry policies and to obtain cooperation of the above named agencies in standardizing forest management and bettering the forests in the area under the jurisdiction of the Aomori Forestry Bureau.

(5) The decontrol of charcoal has brought about a problem which seems detrimental to the people of this Region. Local charcoal buyers, who do not have large amounts of available cash are unwilling to pay premium prices for charcoal. Individual charcoal makers are selling the bulk of their production to metropolitan buyers. Since charcoal prices in Tokyo are considerably higher than in this area, and such buyers are backed by considerable amounts of ready cash, Tohoku buyers cannot compete because the people of this area are unwilling to pay Tokyo prices less freight. This, however, is a natural development and one that will have to work itself out.

(6) Log production during the period 20 October-20 November decreased approximately 20 percent compared with the preceding month while charcoal production increased approximately 8.5 percent. Sales of mine props, pulpwood, veneer logs and other miscellaneous products from stockpiles increased approximately 80 percent over the preceding period.

(7) On 20 November the decision was made to transfer some 72,801 chobu of national forest land in Tohoku Region to the Agricultural Agency for sale to farmers. The bulk of these lands will be sold to collective bodies such as towns and villages or cooperative associations as reported last month. The breakdown by prefecture is as follows: Akita, 8,181 cho; Aomori, 8,615 cho; Fukushima, 12,850 cho; Iwate, 34,642 cho; Miyagi, 488 cho and Yamagata, 8,125 cho.

5. Mining:

a. Recent developments in the international situation have caused an increase in the applications for mining rights and applications for reopening old mines. To date the number of applications this year is double that of previous years'. The majority of applications are for gold, silver and copper mines. Applications for development of oil deposits have also increased considerably due to the importation of drilling machines from the U.S. which allows development of fields heretofore considered unprofitable.

b. Mining Production. Production of metallic minerals was generally higher during October than September except for lead and manganese which were 95 and 99 percent of September's production respectively. Non-metallic mineral production was generally higher with the exceptions of barite, quartz, kaoline and serocite clay. Production of coal and lignite were approximately 110 percent of the preceding month. Production of zinc and pyrite during October reached the highest peak since the war. Production of smelter and refinery products is generally up in comparison with September. Greatest gains were arsenious acid, silver, and blister copper which were over 120 percent of the preceding month.

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Gold, electrolytic silver and electrolytic copper ranged from 10 to 15 percent less than the preceding month. Production of blister copper, electrolytic zinc and refined sulphur reached new record high for any month since the war in this area. Stockpiles in this area are generally higher due to shortage of railroad cars for three reasons - shipment of fish, shipment of agricultural products and use of freight cars by occupation forces.

6. Price and Distribution:

a. Sugar Investigation.

(1) In general, the source of blackmarket sugar in the region has been traced to allocations released by the MAF to manufacturers. Irregular activities of the companies can be avoided if the Ministry would take precautionary measures as to the manufacturing capacity, credit standing and background of these companies prior to releases. Following is a typical case throughout the Region. Tohoku Seika, Morioka City, Iwata-ken received 7½ tons of sugar, effective 30 March 1950 from the Ministry for manufacturing "baby food "C" candy. Investigation disclosed that only 8 percent of the quantity was used for the designated purpose; the balance was utilized for other type candy or outright sale of the sugar. At the time the company received the allocation, the sugar was used as collateral in borrowing funds from the bank for payment of same and for operating capital. The company gradually repossessed the sugar upon partial payments. To date 1½ tons of this sugar are still in the bank's custody. The request was ridiculed by the officials of the Ministry who displayed a disinterested attitude. No written or oral permission were given, but it was surmised by this attitude that no official concurrence was required.

(2) Information received through the International Trade and Industry Bureau reveals that approximately 6,000 tons of sugar have been imported for the first half of 1950 for consumption by 16,000 foreign nationals living in Japan. The IT&I estimates that 100 tons are considered sufficient to cover the maximum requirements (to include clubs and household consumption). The balance of 5,400 tons are believed to have been sold through illegal channels.

(3) IT&I also reports that approximately 13,000 wrist-watches have been imported during the same period presumably for the same 16,000 foreign nationals.

(4) Large blackmarket activities by foreign nationals are rumored in the handling of Japanese beer, nontaxed, at ¥70.10 per bottle and resold legally at the distributors' price of ¥115.26 per bottle. It is said that the beer is ostensibly purchased for export.

(5) A case uncovered in Sendai which was traced to Tokyo disclosed that a great deal of OSS Heijiya and OSS Takashima goods had been stored at a Minoya grocer, Shinbashi Tokyo and are being sold through Japanese channels. The case was uncovered by the Tohoku EIA with the cooperation of the Kanto office. The goods are now impounded pending further investigation. The same investigation uprooted 10 tons of coffee, valued at ¥15 million at Yamato Sangyo Kisha of Shinbashi Tokyo. From all indications, the goods were purchased from the Japanese

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Red Cross Society and it is also surmised that a great deal of sugar is also being diverted in the same manner.

b. Charcoal Investigation. Through popular demand the EIA and prefectural officials have been making a survey on the recent price rise in charcoal since the Korean War. Prior to the war, the price ranged from ¥135 to ¥140 per bale. Today the price has doubled and it is expected to go beyond ¥300 per bale before the middle of December, 1950. The sudden rise is blamed on the brokers who are speculating for further price rises and the possibility that Korea will place an order of a million or more bales for this year's consumption. Increasing demand and high prices offered by metropolitan brokers have also encouraged the present situation.

c. Restaurant Control. The following are the results of 14 hearing sessions held during the month:

	<u>Revocation</u>	<u>Suspension</u>
Akita	1	5
Aomori	0	34
Fukushima	0	6
Iwato	0	0
Miyagi	0	9
Niigata	0	13
Yamagata	0	0
TOTAL	1	67

d. Special Procurement Board: As a result of investigation of the SPB, the EIA estimates that the overall cost for dependent housing can be cut by 10 percent and by 35 percent for landscaping. The SPB officials in the field offices who act as investigators are unqualified to estimate cost due to lack of technical knowledge. This is the reason for Occupation officials holding direct conferences with the contractors - therefore, changes in plans are at times unknown to the SPB office. No malpractices were detected concerning the procurement board.

e. Monopoly Bureau: Survey made on the profits of the Nippon Express Company from handling and storage of tobacco shows a 34 to 35 percent profit for 1949. As of 30 September 1950, a profit of 20 percent has been recorded, a decrease of 40 percent from last year's profits. Under the present set-up the Nippon Express Company has the monopoly for the handling of governmental products (rice, wheat, barley, salt and sugar) and national corporations (Nippatsu, Tohoku Haidon and SPB). The cost of handling is determined through negotiations at the national level between the Finance Ministry and headquarters of Nippon Express Company. The costs of handling could be cut materially if the independent express companies, with adequate facilities, had a chance to bid at the prefectural level.

f. Fertilizer Kodan.

(1) Liquidation proceedings for the recently inspected kodan revealed two cases of shortages in Fukushima and Aomori. Cause of the difference between stock on hand and inventory records is now under investigation.

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7. Industry:

a. During the month a total of 34 man-days were spent in Yamagata, Akita, Iwato and Aomori Prefectures. Messrs. W. F. Johnson and Leo Holtz, GHQ, SCAP, were present at some of the conferences in Akita and Mr. Johnson was present at Kurosawajiri and Hananaki in Iwato Prefecture.

b. Under OD 11, Par 3, 10 April, surveillance of industrial rehabilitation in this region was given the following distribution:

<u>Type of Business</u>	<u>Number Inspected</u>
Steel production	5
Textile production	1
Fertilizer production	2
Ceramics production	2
Paper production	1
Clay production	1
Cement production	2
Plywood production	1
Teletype production	1
Lumber production	1
Food processing	2
Distilling plant	1
Oil field	1
Oil refinery	1
New hydro-electric dams	2
Old hydro-electric dams	7
Proposed dam sites	2
TOTAL	<u>33</u>

Every industrial inspection was followed by a meeting with the local controlling officials and the following general pattern of problems was revealed:

- (1) Slow collection of money due to manufacturer after products have been shipped.
- (2) Rail car shortage affects about 50 percent of factories contacted, plus substitution of gondolas for box cars when use of gondolas is not feasible.
- (3) Very little of the products of the plants visited are being exported from Japan.
- (4) In Iwato Prefecture, lack of a coherent transportation system, both rail and highway, is all too apparent.
- (5) General and chronic complaint of the electric power shortage by medium and small business, unless thermal rates are paid.
- (6) Need for improving the ports of Miyako, Iwato-ken and Hachinohe, Aomori-ken. Congestion and stagnation are obvious.
- (7) Expansion of the Nitto Chemical Company at Hachinohe.
- (8) Wholesale and retail prices.

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c. Explanation:

(1) Slow collections. The fact that the collection of monies due the manufacturer or processor on items shipped from their source of origin, takes from 60 to 90 days or even longer, causes a chronic shortage of operating capital and works an undue hardship on all concerned. Recognizing that it is perhaps a Japanese custom of long standing, not to press for the immediate payment of commercial accounts, it is believed that if all buyers could be educated and impressed with the fact that they are damaging their own country, by not expediting the prompt payment of monies due the manufacturer or processor, a vast increase in ready cash would be available and the pressure would be eased on many small and medium businesses. The system of manufacturing an item or product, shipping to Tokyo handling through one or more brokers, and then waiting 90 days or more for the money to return, presents a picture of antiquated financial operation and one that ties up staggering sums of money that in many cases in this region, are desperately needed. It seems conceivable that if business in general and commission brokers in particular could be sold on the principle of speeding up the payment of accounts due, that untold millions of yen would become available for the purchase of raw materials, meeting of payrolls, hiring of additional employees and the general improvement of business. It simply is not a fact that it should take such a long time to sell and collect money when things are made and sold in Japan. Japanese dealers and jobbers do not pay cash and take the cash discount even when possible to do so.

(a) *Examples of slow collections:

1. Canned or dried milk shipped from the Moji plant at Iwaizumi to Tokyo jobbers takes from 90 to 120 days before the cash for the sale of it is paid the local processor. The same condition is true at the Kuzumaki plant, Moriyama Ltd.

2. The shipment of fresh (perishable) fish from the ports of Hachinohe, Aomori-ken, Miyako City, Iwate-ken, or anywhere along the eastern coast, means that an interim of 60-90 days or more will elapse before the fisherman will receive any money.

3. There are other items that are sold but not paid until a length of time elapses which cause unnecessary hardships. This situation cannot be answered by saying that this system is standard practice and cannot be changed. It must be changed if the flow of capital and profit is to be available to these small and medium business people who must have their money promptly to meet their current running expenses. The idea of a manufacturer being forced to borrow funds at usurious rates, while he waits upon one or more brokers in Tokyo to hold his merchandise for perhaps a higher price, is contrary to good practice anywhere.

(2) Railcar shortage:

(a) While it is known that there is a general car shortage throughout Japan, the number of cars that are not available in three or more of the Tohoku prefectures is hurting considerably. This is due to the lack of paralleling or useable roads, particularly during inclement weather. Many communities are completely dependent on rail cars to keep their local products moving to market during the winter months.

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(b) The practice of furnishing gondola cars rather than box cars for shipping cement, chemical fertilizer, etc. seems to be an extreme measure that should not be permitted. The monetary loss to the shipper - 10% of total shipments - is a heavy cost item and uneconomic. Shippers are apparently afraid to refuse the gondola cars for fear of offending the Railway Bureau and thereby receiving even fewer cars.

(c) There also appears to be insufficient coordination of planning by both the railway and the shipper. For example, cars may be made available for loading with little or no advance notice to the shipper. This causes the shipper to work men overtime or if he is not completely ready, to ship in smaller quantity than he would if advised of the exact date and hour of cars previously requested. On the other hand, the producing persons themselves do not try hard enough to schedule their car-loading needs. Better scheduling by both parties would undoubtedly alleviate the transportation problem in some appreciable measure.

(3) Export trade:

(a) While 20 manufacturing plants were inspected during the month, it seems strange that only one was making an export product (plywood). All of the other companies expressed a desire for export orders. In view of the very few foreign buyers that come to this region, only one conclusion can be drawn - apparently there is a serious lack of knowledge in "buyers circles" in Tokyo of what this region affords in raw materials and finished products.

(b) Tohoku Region needs export contracts. There are many items that could and should be exported. Efforts will be continued to have each prefecture and city keep up-to-date samples and data. But this is, in itself, only 50 percent of the job. Foreign buyers in Tokyo should be advised where products and materials can be inspected in this region.

(4) Transportation, Iwate-ken:

(a) The loss by typhoon, in 1948, of the Yamada railroad to Miyako City is well known. This loss coupled with the fact that the Kamaishi Line is only an expensive and partial substitute for the Yamada Line presents a series of problems in transportation for this prefecture.

(b) Existing roads are so poor that motor trucking is very expensive. While Miyako City, containing numerous small industries, has a very large fishing fleet and the Rasa Industrial Company (fertilizer and acid), they are forced to put up with highly inadequate transportation. 80 percent of Miyako products are sold externally, Unemployment is increasing. Sometimes fish have to be stored 15 days before shipping.

(5) Prices: Prices vary in different cities and in different prefectures. The overall trend is upward for the last four months depending upon the item considered and the transportation cost involved as well as the market demand. Some of the items investigated are:

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Lumber - up 20% to 30% in retail market.
Steel - up 30% to 40% in retail market.
Textiles - up 20% to 30% in retail market.
Charcoal - up 40% to 50% in retail market.

Raw Materials:

Pig Iron - up 30% in wholesale market.
Cokes - up 15% in wholesale market.
Copper - up 65% in wholesale market.
Zinc - up 70% in wholesale market.
Lead - up 70% in wholesale market.

d. Power:

(1) During the reporting period work was begun on construction of two flood control dams in this region - the Ishibuchi and the Tase, both in Iwate Prefecture. Plans for the future development of these locations into power producing areas indicate an availability of more than 34,900 KW.

(2) Six operating hydro-electric generating installations were inspected. They are: The Jindai, Obanai, Sendatsu generating plants in Akita Prefecture, and the Mizugatoro, Kumayama, and Ochiai plants in Yamagata Prefecture. In addition, 2 hydro-electric dam sites designated for new construction were visited.

(3) The Natsuse project in Akita Prefecture will cost ¥1,166,624,000 and will need a minimum of 30 months to complete. This plant will have a potential generating capacity of 72,300,000 KWH per year. A reservoir of 8,960,000 cu. m. with effective capacity of 1,224,000 cu. m. of water will be created by the constructing of the dam. No extraordinary sedimentation problems are anticipated. However, work on this vitally needed project has stopped. The 60 million yen that was appropriated 27 March 1949 has been expended and no work has been done since September 1950. The officials in charge of this work stressed the need of Counterpart funds to expedite completion of this hydro-electric generation plant.

(4) The Arasawa dam site in Yamagata Prefecture was inspected. No actual work has been done towards starting construction although the Nippatsu officials have completed their surveys and assembled all pertinent engineering data that will be required. Actual grouting and boring for the exploratory work necessary to actual construction will begin soon. This dam will someday add an output of hydro-electric power amounting to approximately 12,000 KW to Yamagata Prefecture. Forty families will have to be moved from the reservoir area and relocated elsewhere.

(5) Lake Tazawa, Akita Prefecture:

(a) This key water storage location was inspected 11 November. Inasmuch as this lake has a surface area of approximately 27 square kilometers and is used for both power generating and for irrigation, it should be noted that the water level on the above date was 2 meters below normal and 7 meters lower than capacity.

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(b) The Tamagawa River which flows into the lake, contains decimal percentages of 13 different chemicals which are a continuing expense to Nippatsu, the Japanese government and the farmers. The power company is now spending a large sum of money to set up a system of water purification. They are boring numerous dry holes (deep catch basins) some distance away and downstream from the troublesome hot springs located at the head of the river.

(c) It is hoped that this diversion purification process will reduce the poisonous content of the water sufficiently so that the farmers using the water from Lake Tazawa below the hydro plants will be pacified. Some doubt is felt by this section regarding the efficacy of this plan.

(6) The principal storage reservoirs in Tohoku Region hit a low water level between the 10th and 15th of November. Subsequent rains and melting early snows have appreciably replenished the reserve storage in Lake Towada, Tazawa, Hibara, Onogawa and Akimoto. The storage in Lake Inawashiro is steadily but slowly being depleted but can be supplemented by turning water in from Lakes Hibara, Onogawa and Akimoto if the daily reading shows the water supply is becoming critically low.

(7) On 26 November, power was transmitted through the new 150,000 volt transmission line from Akimoto to Sendai for the first time. This released 12,000 KW of power from the Lake Tazawa plants for transmission elsewhere on already over-loaded lines.

(8) Nippatsu has requested approval for installation of #4 generator at the Shingo plant on the Agano River in Fukushima Prefecture. The turbine has been installed previously. Installing #4 generator will increase the plant capacity of 12,900 KW to a total of 51,600 KW. Annual production will be increased 43,400,000 KWH to a total of 335,500,000 KWH. The application has been approved by the Central Government and it is indicated the papers are now in the hands of ESS for their concurrence. The cost will be ¥94,000,000 with a unit cost of ¥2.16 per KWH.

(9) Other additions to existing plants which would substantially increase power supplies in this region include:

(a) Tateishi plant in Aomori Prefecture requires installation of penstock, #3 generator and transformer at a cost of ¥40,000,000 increasing plant capacity 3,500 KW and annual output 7,300,000 KWH.

(b) Yamazato plant, Fukushima Prefecture, requires installation of part of turbine and #3 generator and transformer at a cost of ¥206,700,000. The plant capacity will be increased 14,700 KW and annual output increased 38,100,000 KWH.

(10) Sedimentation in reservoirs used for generating hydro-electric power in Tohoku Region is becoming a major hazard to steady generation. Two examples are:

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(a) The Bonjigawa reservoir, in western Yamagata Prefecture, established in July, 1933, had an original storage capacity of 1,203,640 cubic meters. Sedimentation had reduced this storage to 85,355 cubic meters (7% of original capacity) by September, 1949.

(b) The Mizugatoro reservoir, in central Yamagata Prefecture, originally had a storage capacity of 250,438 cubic meters which by 1946 had been reduced by 65% to only 87,156 cu. m. Since 1946 the gates have been opened during high water periods, sluicing sediment out until, in 1949, the capacity has been restored to 116,746 cu. m. an effective capacity of 47%.

e. Reparations:

(1) During the month, 29 of the reparations installations in Fukushima Prefecture were visited. Mr. W. F. Johnson, CAS, GHQ, SCAP and TCAR representatives attended a conference of prefectural reparations officials on 15 November. Visits were also made to three reparations plants. Mr. Omura, CPC, SCAP with TCAR representatives visited reparations plants on 16 and 17 November. Maintenance, fire protection and guards were found satisfactory in the plants visited. There were several instances where an item or two of equipment were found in an objectionable condition due to exposure to salt-moisture laden atmosphere and prefectural reparations officials directed that corrective measures be taken immediately.

(2) The custodians of the plants were advised that any equipment which was suitable for scrap, or single purpose machines which had no further use, could upon application, be considered for scrap. Such action might assist in consolidating equipment and reduce maintenance expense.

(3) The application for payment for reconditioning 41 items of equipment in the warehouse at Ezuriko, Code No. 16-01b, of the Fuji Industrial Co. for ¥2,258 was approved on 7 November. These items were previously damaged by the 4 August 1950 flood.

(4) The following items were recommended for scrap:

Fuji Sangyo K.K., Fukushima Plant	08-07-70 items
Fuji Sangyo K.K., Fukushima Plant	08-06-11 items
Fukushima Seisakusho (Military Arsenal)	08-37-57 items
Koori-Sangyo K.K. (Naval Arsenal)	08-41-34 items
Koriyama Seisakusho	82-22- 3 items
Fuji Sangyo, Mizusawa-machi	16-1D-30 items
Fuji Sangyo, Iwayado-machi	16-1E-33 items
Fuji Sangyo, Kurosawajiri-machi	16-1A-32 items
Fuji Sangyo, Kurosawajiri-machi	16-1B-30 items

The following were inspected and approved as having been reduced to scrap:

Koriyama Seisakusho, Fukushima	08-22- 5 items
Toa Kogyo K.K., Sukagawa-machi	08-14-13 items

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(5) The maintenance work done on the items damaged by flood at the Ezuriko Plant, Fuji Sangyo K.K. was found satisfactory.

(6) The Tohoku Rika Kogyosho, Nuharu-machi, 08-29 has 96 items in dead storage which are in a building found to be in very poor condition. It was suggested that estimates be obtained on the cost of consolidating these items with those at the branch plant at Shuizan 08-28.

(7) The custodian of the Riken Kogyo K.K., Tenakura-machi 08-24 was advised to contact his Tokyo office to see if consolidation could be effected. This storage is in a very isolated area and it was stated that the company did not anticipate operating in this plant again.

(8) As a result of various items having been scrapped, the Fuji Kogyo K.K. 08-01, Taira was found to have surplus space in each of the three scattered storage buildings now being used. It was suggested that plans and estimates be prepared on the consolidation of the remaining items.

(9) Major G. C. Freeman and representatives from TCAR visited the Funaoke Naval Arsenal on 28 November and conferred with Finance Ministry officials. A program outlining the collection of non-reparations and reparations items suitable for scrap; consolidation of remaining reparations equipment, and a possible reduction in guards were discussed. A Japanese contractor has made all arrangements to start picking up non-reparations scrap in the arsenal area. A list is being prepared for approval of all reparations items to be scrapped. When the scrapped items have been removed, consolidation of the remaining items will be carried out. A study will be made of the guard situation in the near future as there are 12 guards employed by the Finance Ministry and 61 guards employed by the Reparations Agency. The commanding officer of the ordnance unit working the the arsenal area also has a security guard.

(10) In reference to CAS, SCAP letter dated 21 November 1950, subject: "Reparations Surveillance", the necessary action to implement paragraph 2 has been taken with the exception of Par. 2c and 2f. Disposition of Par. 2c which concerns fire engines and any other items under reparations control which were sold or disposed of, will be effected during a field trip in December. Approval of the plant consolidation of 16-01f and 16-01A mentioned in Par. 2f is held up as no application for this consolidation has yet been received.

(11) The list of 85 fire damaged items submitted by the Fuji Sangyo K.K. 02-01D was approved to be removed for melt-down scrap, in accordance with letter CPC, dated 22 July 1950, subject: "Release of Fire-Damaged Equipment Located at Fuji Sangyo K.K. Jiumonji, Code 02-01D".

8. Labor:

a. Labor Trends:

(1) It is now possible to appraise the effect of the "red purge", substantially concluded, on trade unions in this region. The attitude of the unions, with scarcely an exception, throughout the program has been to cooperate in the spirit and intent thereof. Generally the unions have raised objections

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to the management's handling of the practical application. These objections have been almost entirely protests against one-sided action, not in defense of individual members--an expression of what the employer might do rather than what he actually did. This is regarded as a sign of life in the unions, a defensive gesture against being put at a disadvantage. It is believed that, in spite of such surface objections, the program served to stimulate rather than depress trade union activity, in two ways; first, it gave many unions an occasion for asserting bargaining equality with management at a time when economic doldrums had otherwise becalmed union activity; secondly, it brought from management open recognition of the moderate union element and open assurance of non-interference with legitimate trade union activities. Most unions have excluded the discharges from their subsequent meetings.

(2) The present wave of year-end allowance demands is another sign that the unions are far from brow-beaten. In many cases the demand for year-end pay is coupled with a demand for a good sized raise in regular wages. The discrepancy between the demands and employers' replies as to what they can pay promises some bitter battles. As of 1 December only one union is known to be on strike -- the Hosokura Metal Mine (Miyagi), Branch of the Taihei Metal Workers' Union, where 1,647 workers are in the first stage of dispute tactics.

(3) Federations of unions in the seven Tohoku prefectures banded together under still another headquarters when they formed the Tohoku Democratic Labor Unions Liaison. Member unions are private railways, government railways, Japan Express, Densan, and others. Their stated purpose is a concerted struggle for year-end allowances, conclusion of labor-management agreements, elevation of wages in a winter offensive, and protest against the division of the electric industry.

(4) The educational campaign for the promotion of proper labor-management relations and the resultant contracts is complicated by the attitude of some strong labor leaders who reject middle-of-the road advice or the frame of reference of American experience. Nothing less than a hand on the reins of management will satisfy this type of union representative.

(5) A survey of unemployment relief and public works jobs made by Civil Affairs shows that in three prefectures there are places where all types of job openings combined did not provide 15 days of work during October. Fukushima, with 22 towns and villages averaging less than 15 days' work for the unemployed, is most in need of assistance. With the coming of cold weather, the day workers of Tohoku face a hard struggle for mere subsistence. The reason is mainly physical and beyond the capabilities of employment security agencies, since very few works projects can be carried on, with the exception of snow clearance.

b. Labor Relations:

(1) Conferences were held by Mr. Robert T. Amis, Chief of Labor Division, ESS, SCAP, with representatives of labor, management, government, courts and labor relations committees of the seven prefectures. It is felt that these conferences, from the point of view of the Japanese participants, were most timely and fruitful. They spoke with surprising frankness, with the result that they came away with a clearer picture of GHQ policies and with fewer uncertainties and misapprehensions than most of them have ever had heretofore. The most dis-

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gruntled appeared to be the government workers and public corporation workers unions, whose complaints about "inconsiderate bureaucratic and feudalistic treatment" were, however, beyond the purview of these particular meetings.

(2) The Onahema Branch Union (Fukushima) of the Japan Hydrogen Industry is the only union in Tohoku known to have voted to disapprove the "red purge" as a whole. Five of the 16 dischargees are at present, under a court restraining order, allowed to visit the union office on the company property in their capacity as union officials, pending the Court's decision on the question of their membership in the union. The union's position is that these 16 members and officers, although communistic, have acted within the legitimate activities of a trade union and always with majority support of the membership. On the other hand the company claims that its dormitories are being used as the focus and hearth of Communist Party cell activities and as the place where a daily handbill is printed, condemning UN activity in Korea and so forth. Since there appears to be no articulate moderate group within the union, this case rests with the Court. This union is a branch of the national ammonium sulphate workers' union, supposedly a Sohyo affiliate, but apparently the national office is doing nothing about it.

(3) The court contest in Niigata for possession of the Japan Express Union headquarters building took an interesting turn. After long delay, the court issued an injunction evicting the communist cell group whose connection with the company had been severed last summer but who claimed to be still the rightful union and therefore had refused to give up the building. The executor (marshal) went to the building with the police to enforce the order, but allowed himself to be persuaded by the occupants that the wording was faulty and therefore not binding. The marshal called off the police and returned the order to the judge for amendment. There followed a period of about three weeks during which the court procrastinated, the communists made a fortress of the building with trenches, sandbags and boarded windows, and the elected union officials were frantic with frustration and fear that the property would be damaged. Their patience was finally rewarded on 26 November when the amended court order was issued and carried out. The communists resisted the police, several persons were slightly hurt, fourteen were arrested, and the ringleader disappeared. The handling of this case since its origin in July, in both Niigata and Akita has shown the courts' need for education in labor relations matters and the reluctance of both courts and committees to decide a case clearly on its merits, backing justice with courage and force rather than compromising it for convenience.

(4) A case coming before the Niigata Labor Relations Commissions is worth mentioning in this report, if only as a further proof that labor relations in Japan are unique and not to be approached on the basis of any preconceived standards. A full-time union official, defeated in the annual election, returned to work. He was assigned to a section but given no task, although all the others in the section were busy at their assignments. After some time he appealed to the Labor Relations Committee that having no work to do he was "suffering spiritual agony", and therefore the company was discriminating against him for his proper union activity.

(5) The monthly regional bloc conference of local labor relations committees was held in Niigata. This Region feels confident that the seven Tohoku committees understand well their protective function against abuses of the "red purge".

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(6) The Akita leftist union federation was insistent that some of its delegates be appointed to the prefectural labor relations committee. Their arguments, however, made no impression on the governor or his advisor, the labor department chief.

c. Labor Education:

(1) Visits to prefectural and local labor policy offices by Civil Affairs, plus regular conferences with prefectural policy section chiefs, lead to the conclusion that labor policy personnel are doing an energetic and creditable job of bringing labor education to the rank and file of workers. Their methods of approach are varied. Visual materials, such as movies and picture plays, prove more effective than oral, such as unillustrated talks and recordings. The main obstacles to the local offices are physical -- distance, transportation, cold weather -- and human -- lack of a zeal for leadership among union members to take up where the government official leaves off. The job is slow and sometimes discouraging, but Civil Affairs Labor Division is trying to impress upon the labor policy officials the fact that this groundwork is most essential for long-range rewards.

(2) The thoroughness with which the labor policy offices are waging the campaign to encourage the conclusion of labor agreements, is commendable. They have constantly on hand a record of the actual status of every union of any importance within their jurisdiction, and can usually give, at a moment's notice, the stage of negotiations at any of these, and often the chief points on which negotiations hinge. Credit is largely due to them for the fact that the number of existing contracts has increased in recent months. In the interest of contract conclusion, however, these advisors are not likely to insist on completeness. The peace pledge, which in America is usually considered the end in view, is regarded as practically unattainable. Besides the controversial personnel prerogatives, another common cause of deadlocks is the demarcation of union membership. It would seem that existing legislation on this point is as specific as it is possible to be, but perhaps a study of situations peculiarly Japanese might reveal the possibility for interpretative additions to the law making it easier for the Japanese to apply it.

(3) Negotiations between the Niigata Harbor Workers Union and ship owners, initiated in September upon the advice of Mr. Val Buretic of Labor Division, ESS, SCAP, have resulted in the signing of a labor agreement; it has been reported.

(4) The first meeting for Tohoku Region, under the Labor Ministry plan of holding conferences of trade union education directors in each district every two months, was held at Niigata. One hundred eighty (180) union officials and Labor Policy Section personnel attended. Main topics include parliamentary procedure, how to make a union newspaper, and how to conduct a labor school at local union level. Ministry and Civil Affairs personnel participated. The program was well received.

(5) Iwate Labor Policy section has a travelling course of instruction which visits the third-year class of upper and lower secondary schools and gives basic labor education for the prospective graduates. Arrangements were worked out in cooperation with the Board of Education.

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d. Labor Standards:

(1) In connection with the drive to enforce the Employment Security Law in its application to the fee-charging labor broker, the Standards Offices were asked to cooperate with the PES Section, especially by examining the child-selling situation in each prefecture. Although the system is vicious (the child has no voice in the selection of employer, type of work, or terms of remuneration, if any), ordinarily the broker does not seem to be a career man but either an ignorant or opportunistic product of the economic environment. The children who are "sold" or placed for a fee, sometimes with a five-year contract to pay them board, lodging, and clothing, are from indigent families. Employers are usually farmers, tea-room operators, or "special" tea house owners. These last are the most malignant aspect of the whole problem, since the girl is forced into prostitution without any chance to dissent. Labor Standards Offices have been asked to give special emphasis to checking such establishments' source of labor and to prosecute violators vigorously.

(2) Labor Standards offices visited this month report non-payment of wages, safety and sanitation, and overtime work without pay as the most troublesome violations.

(3) Competition among the seven prefectural standards offices was sponsored by Civil Affairs, for the best record of Workmen's Accident Compensation Insurance collections for the period September through November. The winner will be judged at the next regional bloc conference in December.

(4) Programs related to Minor Workers Protection Week were conducted 1-7 November by the Women's and Minors' Bureau representatives in all prefectures. A typical meeting held in Sendai included short talks by representatives of Women's and Minors' Bureau, Labor Standards Bureau, and Civil Affairs Labor Division, as well as entertainment for the minor workers. Round table discussions with parents, employers and civic leaders, radio programs, and Ministry posters gave additional publicity.

e. Employment:

(1) Mr. Edgar McVoy, Chief of Manpower Branch, Labor Division, ESS, SCAP, visited prefectural and local Public Employment Security Offices in Miyagi Prefecture. Despite the Labor Ministry's plan to equalize unemployment relief according to local needs and thereby stabilize the number of working days at about the national average, irregularities stood out. The average number of working days for PESO-enrolled day laborers at Ishinomaki (Miyagi) was 8.6 in September and 8.9 in October, as against the national average of 17. This month, Fukushima, Miyagi and Akita report several localities averaging less than 15 days' work for casual laborers, who are thus excluded from employment insurance eligibility. Aomori City barely averaged 15 days of work of all kinds, with worse prospects ahead for winter.

(2) Although employers' "help wanted" requests have increased somewhat, large retrenchment cuts are still throwing many men and women out of work. During November, the Sendai (private) Railroad curtailed operations involving 95 workers, and Mitsue Shipbuilding Company at Ofunato (Iwate) discharged 135.

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(3) Day laborers' groups have been boisterous but not especially unruly. Communist discharges are making efforts to get on the day laborers' rolls if for no other reason than to stir up trouble. The nearest thing to violence during the month occurred at Ishinonaki where 200 laborers refused to go to work but milled around the PESO building protesting the rotation system for two hours until word that the police were coming caused them to disperse. This place is communist ridden, and conditions of employment are miserable except for certain fishing seasons. On the day following the demonstration, Mr. McVoy and the CA Labor Officer visited the PESO. Communist plans for a show of force on that occasion failed to materialize into anything more than loitering groups. The town police chief promised to tolerate no further interference with the government office function and no disturbances have occurred there since.

(4) The local per capita tax (minimum of ¥600 per wage earner) and local income tax (18% of 1949 national income tax) have been seized upon by the Communists to get a better grip on the day laborers' groups. In Fukushima the day laborers were incited to march on the city hall demanding exemption and to throw their tax notices down in defiance. Although this is not properly the CA Labor Officer's responsibility, it is inseparable from the schemes and tactics to promote contempt for the law which so often has taken the form of attacks on the PESO offices and the intimidation of authorities. Article 323 of the Local Tax Law covers exemptions: "The mayor of city, town, or village may, with the decision of the assembly of the respective city, town or village, reduce or exempt the inhabitant's tax in case where there is natural disaster or other special circumstances, with regard to only those persons who are considered as requiring the reduction or exemption of the inhabitant's tax, for those who are receiving public or private aid for living on account of poverty, or who are under special circumstances." This gives discretionary powers to the local authorities, and it is said that in Kanazawa and Kensei persons on PESO unemployment relief fund projects are exempted as a class. Throughout Tohoku, however, these are taxed, and the only exemptions granted are based on special individual investigations. In view of the personal hardship imposed on the average family breadwinner who works 17 days a month at ¥160 per day, the advantage to the Communists in fomenting social unrest, and the low degree of collectibility in actual fact, it would seem worthwhile to inquire into the actual intent of the lawmakers in the clause "receiving public aid for living on account of poverty". This would determine whether persons living on unemployment relief appropriations from national funds should or should not be reconsidered for exemption by the local mayors.

(5) A Ministry-sponsored regional bloc conference of PES Section Chiefs on the subject of the labor boss was attended in Fukushima. Division Chief Saito of the Labor Ministry effectively explained the program designed to eliminate camouflaged labor supply projects and the need for standardizing criteria based on the amendment to the Employment Security Law. Subsequently, throughout the month, the Civil Affairs Labor Division followed up on this drive by inquiring into the methods adopted and results being achieved in each prefecture. Prefectural officials have accepted the assignment with willingness and vigor. Some of the means being employed in Tohoku prefectures for the detection and elimination of illegal labor brokers are as follows:

- (a) Re-examining all construction enterprises
- (b) Radio programs and newspaper stories
- (c) Notifying all employers of the amendment to Article 4 of the Employment Security Enforcement Ordinance.

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- (d) Special emphasis on the PESO in-service training for new and old employees
- (e) Letters to all plants, workshops, and unions
- (f) Making lists of suspected camouflaged bosses for special investigation (In Akita, the suspicions were confirmed in 25 cases out of 51)
- (g) Forming special inspection squads headed by the local PESO chief.
- (h) Visits and conferences with employers.

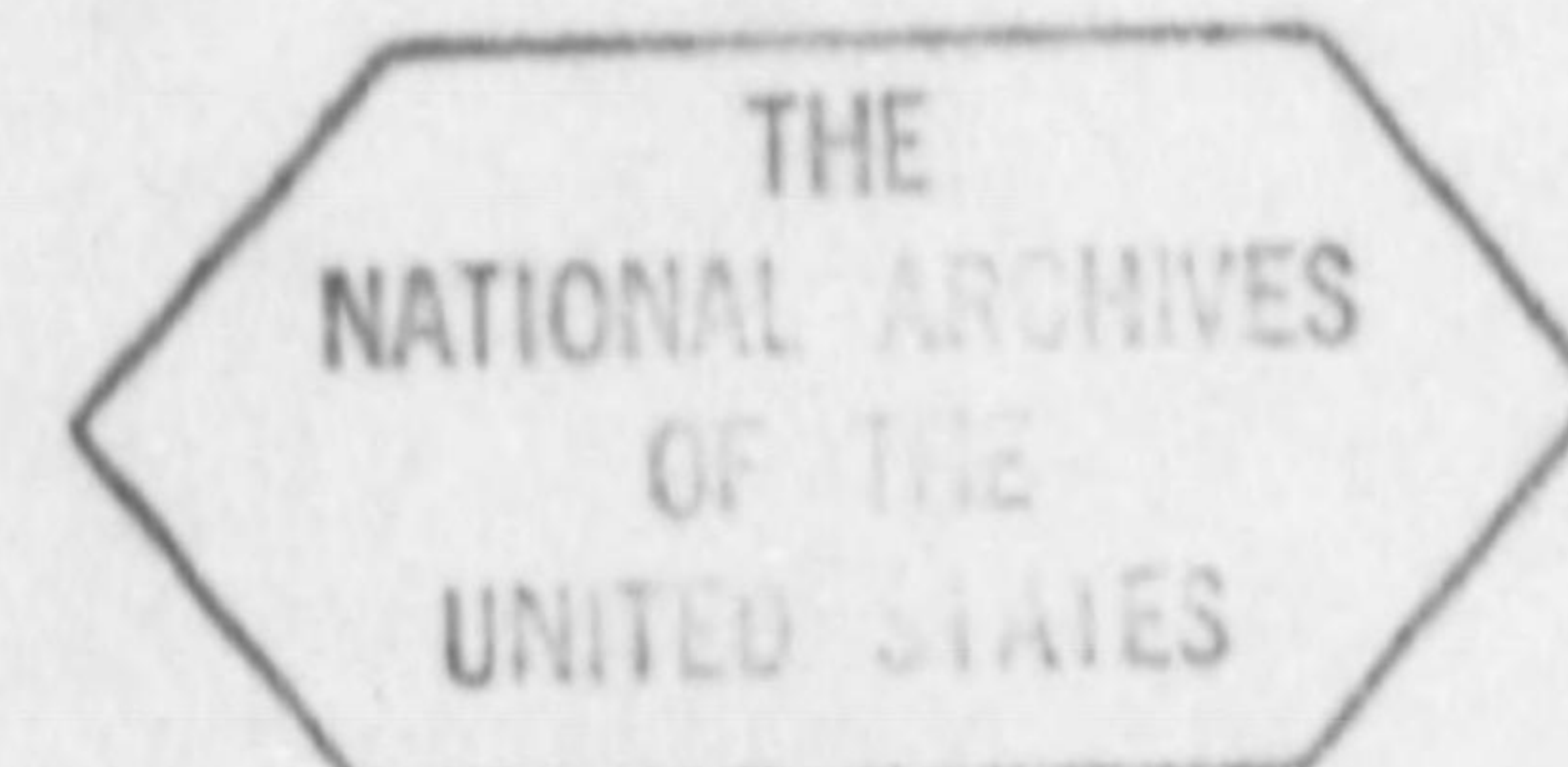
A survey of known violators shows that these are most frequently harbored in public construction enterprises financed with government funds. In Fukushima violations in government works outnumbered those in other construction works by 11 to 3. The active cooperation of the Superintendent of Public Works in the prefectures has been requested. One especially goal-conscious department chief has fixed a quota for each local PESO -- one labor boss exterminated per month. However, the average number of offenders being uncovered during the present month runs close to the number of local PESO's in each prefecture.

(6) Mr. Saito also stressed the importance of strict enforcement of the requirements for Unemployment Insurance benefits. Civil Affairs Labor Division is constantly checking and encouraging this activity.

(7) The above PESO conference was timed to coincide with the regular regional bloc conference of PES Section Chiefs and Civil Affairs. All chiefs stated that curtailment of labor projects by winter weather is universally feared for its effect on the lives of persons depending on relief. On the bright side, the visits to employers have become more productive of job openings, and there is definite evidence of private employers' greater cognizance of and reliance on the public placement service.

(8) An inquiry by Civil Affairs Labor Division into the function of the Prefectural Employment Security Councils set up by law discloses that these councils are not performing as they were envisaged. There are two main hindrances. First, although the Ministry instructions call for at least one meeting a month, actual travel allowances only permit one meeting per quarter. Secondly, prefectural governors do not want to provide supplementary funds for a committee responsible entirely to the Central Government. As a result they are relying on prefectural advisory committees, of their own appointment, such as the Unemployment Counter-measures Committee which exist in Fukushima and Miyagi; the Employment Security Councils exist only as a formality. It would perhaps be in order to appraise the Employment Security Councils to determine whether they are worth supporting with adequate funds or whether they may be dispensed with entirely. In their present state they are hardly more than bureaucratic ornaments.

GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2311
- (2) Folder title/number: (9)
Annex "D" for Monthly Activities Report Nov.
1950 - Corrected Copy

(3) Date: Dec. 1950

(4) Subject:

Classification	Type of record
9021 (Tohoku)	d

(5) Item description and comment:

(6) Reproduction: Yes No

(7) Film no.

Sheet no.

TOKUO CIVIL AFFAIRS REGION
APO 547

16 December 1950

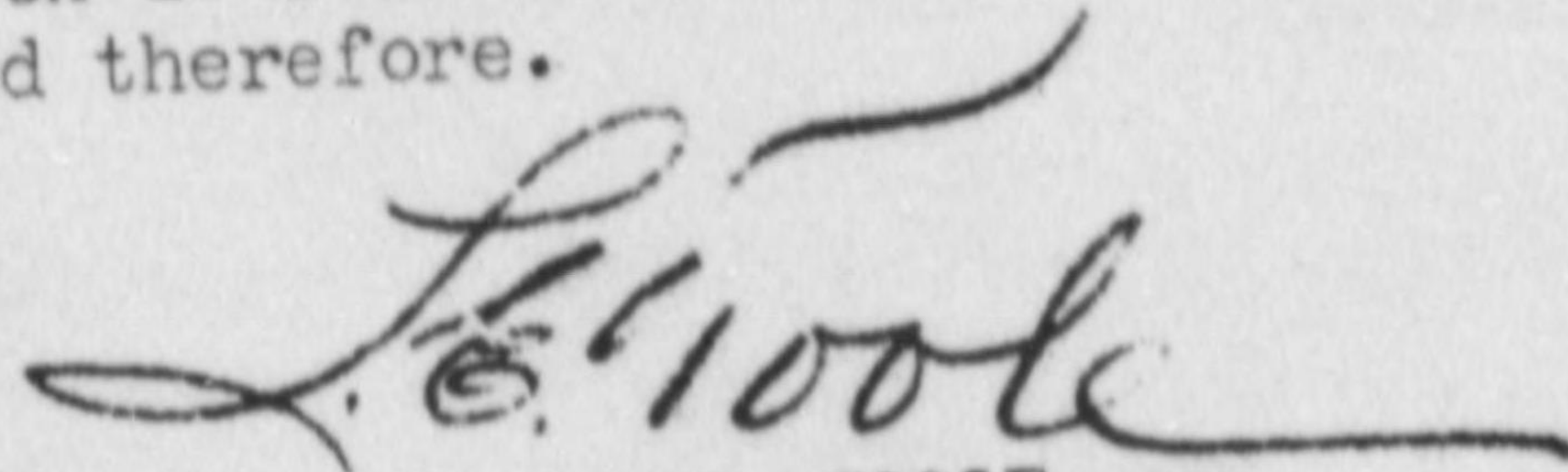
319.1

SUBJECT: Corrected Copy of ANNEX "D" for Monthly Activities Report.

TO : Chief, Civil Affairs Section
GHQ, SCAP
APO 500

1. Inclosed is corrected copy of ANNEX "D" for the Monthly Activities Report of this Region for the month of November 1950.

2. It is requested that the original ANNEX "D", of this Monthly Activities Report which was forwarded on 12 December 1950, be destroyed and the inclosed corrected copy substituted therefore.



L. E. TOOLE
Col., Inf
Chief

1 Incl:
ANNEX "D"

Information Copies To:

Chief, Hokkaido Civil Affairs Region APO 309
Chief, Kanto Civil Affairs Region APO 500
Chief, Kinki Civil Affairs Region APO 15
Chief, Tokai-Hokuriki Civil Affairs Region APO 710
Chief, Chugoku Civil Affairs Region APO 182
Chief, Shikoku Civil Affairs Region APO 1050
Chief, Kyushu Civil Affairs Region APO 1105
CG, Northern Command APO 309 ATTN: G-2
CO, Niigata Air Force Base APO 925 - 1
CO, 5th CIC District APO 547

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TOHOKU CIVIL AFFAIRS REGION
APO 547

Prepared by:
O. L. Hobson
GS-13
Economics Officer

Annex D

MONTHLY CIVIL AFFAIRS ACTIVITIES REPORT FOR THE MONTH OF NOVEMBER 1950

Economics Summary

1. Field Trips:

Subject Covered	Prefectures						
	<u>Akita</u>	<u>Aomori</u>	<u>Iwate</u>	<u>Fukushima</u>	<u>Miyagi</u>	<u>Niigata</u>	<u>Yamagata</u>
Agriculture		6-8					
Coops & Extension	13-17 20-22			30 Oct-3 14-17	6-10		7-10
Fisheries	28-30	30 Oct-2		9-10		13-18	(Hokkaido) 2-6
Forestry					6		
Trade & Industry		23-24	16-23				
Public Works	9-14						7-9
Reparations			30 Oct-2	15-21	27-28	31 Oct 5	

2. Agriculture:

a. Land Reform:

(1) The inability or reluctance of MAF and prefectural agricultural land commissions to make decisions pertaining to disposition of land has created undue hardships on individuals and villages concerned. Delay in rendering decisions have caused towns, villages and many individuals to spend large sums of money in the form of traveling expenses to and from prefectural capitals and Tokyo as well as token gifts and entertainment of officials in an effort to attain a favorable settlement. Eventually all parties concerned have invested so heavily that it is a "lose face" situation if the decision is not in their favor and therefore will not accept it graciously but will contest it in court.

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Agricultural Land Commissions, prefectural and central government (ministry) personnel appear to be playing the old "cat and mouse" game with the interested towns, villages and individuals. This condition would be alleviated provided the concerned officials accepted their responsibilities rather than merely shelving the matters for a later date. An example of the aforementioned is the Tashiro National Pasture Land Dispute in Iwate Prefecture involving Arasawa and Terada Villages (mentioned periodically in Activities and special reports of this organization and Iwate CAT during the past two years). MAF has yet to make a final decision.

(2) The Regional Agricultural Land Affairs Bureau this month sponsored a meeting aimed at interpretation of ambiguous terms in the land reform laws. All prefectural agricultural land sections were represented. The main topic of discussion was an interpretation of ownership of grasscutting land according to the present Pasture Land Law. Bureau officials stated they could not give a decision on whether or not any of the cases listed below warranted purchase for resale to tenants under the present statutes and so referred them to MAF for clarification.

- (a) Grass cutting land owned by a person not engaged in breeding livestock or farming, but who sells grass to anyone who cares to purchase.
- (b) Grass cutting land owned by person who cuts and sells the grass.
- (c) Grass cutting land owned by a person who manages and maintains the land but who sells the grass to specific farmers.
- (d) Grass cutting land not owned, managed and maintained by one specific grass-purchasing farmer.
- (e) Grass cutting land owned by person who makes a sales contract for a certain period of time.
- (f) Grass cutting land, co-owned, with grass sold by one of the owners.
- (g) Grass cutting land utilized by grass cutters without the permission of the land owners.

(3) Written rental agreements are 79 percent complete in the Region with a high of 93 percent in Fukushima and a low of 65 percent in Niigata. Reasons for the delay as explained by prefectural officials are lack of clerical personnel in the land commissions; delay in revision of farm rent; farmers busy with harvest.

(4) Observation of conditions in the rural areas reveal that educational programs aimed at the tenant farmers stressing the advantages of written agreements are adequate; however, land owners are reluctant to sign binding written rental agreements. The landlords, except in rare cases, do not materially benefit from written contracts, particularly during this period of unstable prices and rents. As long as land owners are unconvinced, this situation will continue, since the land owner has all the advantages -- due to competitive pressure among tenants to increase their holdings.

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b. Agricultural Cooperatives:

(1) During the month visits were made to Fukushima, Miyagi and Akita Prefectures. Activities consisted of a meeting with the agriculture leaders at Omagari Agricultural Fair, lecture programs for cooperative directors' meetings, conferences with prefectural officials and cooperative federation chiefs, visits to individual farmers and inspections of delinquent cooperative associations. The itineraries included vicinities of Tomioka, Taira, Shinkawa, Kitakata, Tanagura, Ishikawa, Wakamatsu, Benge, Furukawa, Tsukidate, Shikitama, Fujisato, Sanuma, Takedate, Oide, Yumoto, Ishinomaki, Tokote, Omagari, Akita Odate, Oyu, Hanawa and Miyakawa. Special attention was given to Nogyokai liquidation problems; financial conditions of, and services rendered by federations; financial condition of local cooperatives; cooperative membership attitudes; managerial problems and prefectural assistance given ACA at the local level.

(2) Federations and Nogyokai Dissolution:

(a) At the village level liquidation and dissolution of Nogyokai associations are virtually complete except for a few cases where disputes are pending or where the activities of the local cooperative have been suspended. Liquidation remaining at the village level include 14 cases in Fukushima, 5 in Akita, 5 in Aomori, 3 in Niigata and 1 in Miyagi. There are no local cases pending in Yamagata and Iwate.

(b) At the prefectural level the problems are more complicated and the progress is very slow. Analysis of the problem indicate the following: In the beginning the federations were disposed to take over the entire holdings of the Nogyokai, including bad accounts, bad stocks and dilapidated properties. Initial capital subscribed by member cooperatives was insufficient to finance the acquisition of these properties, and to supply funds for stable operations. In some cases, former Nogyokai officials became "extortionists" or "obstructionists" in the transfer of assets. To conduct the business and maintain the properties, large loans were obtained at high interest rates. An excessive number of federations and branches, with excessive personnel, were established which increased operating costs. Poor management and administration resulted from inexperienced and unqualified officials in important positions.

(c) Because of the foregoing circumstances many of the investment federations, (all purchasing federations), show a loss for the fiscal years 1949 and 1950. Many are insolvent. Rehabilitation plans involving large loans from C.C. Bank and capitalization increases are pending. The following exhibit from Miyagi Prefecture is typical of Tohoku Region:

<u>Federation</u>	<u>Present Capital</u>	<u>Required Increase of Capitalization</u>
Credit	¥ 23,420,000	¥ 3,580,000
Marketing	11,635,000	21,365,000
Purchasing	9,755,000	11,755,000
Welfare	29,440,000	20,560,000
Guidance	2,555,000	2,945,000

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To finance the transfer of these properties will require an additional average capital subscription of ¥315,500 per cooperative. It is probable that the large amount of increased capital required by federations, plus the increases required by the local associations themselves will tend to drive members out of the organization. Member cooperatives are reluctant to subscribe additional capital, and C.C. Bank is unwilling to extend loans in many cases, thus the final transfer of properties and dissolutions are stymied. Prefectural councils have been appointed to study the problem and submit proposals.

(d) Farmer reactions gathered from directors meetings and talks with farmers are as follows:

1. Capitalization increase will be difficult in some villages. Approximately 15 percent will be unable to comply with the recent cabinet order because of poor management.

2. Some of the federations are of little value to the local ACA, and do not justify the investments required.

3. There are too many federations, the general opinion favors amalgamations to admit only three.

4. Local ACA can purchase items more cheaply from sources other than the purchasing federations.

5. Local ACA are unwilling to buy inferior existing stocks from purchasing federations.

6. Farmers, living in areas close to cooperative hospitals favor continued operation by the Welfare Federation. Cooperatives more removed from these hospital facilities are unwilling to support them. It is generally agreed that the obligations involved are too heavy for the cooperatives at this time.

(2) Financial Condition of Local ACA: The financial condition of Tohoku cooperatives has improved greatly during the past month due to incoming rice receipts. Credit Federations now have ample funds to meet all loan demands and have repair loans extended them during the summer months by the prefecture governments. Except in a few cases, cooperatives which formerly had suspended or limited deposit withdrawals have resumed regular payments. Sixteen local cooperatives of the region recently visited are insolvent, and have lost the confidence of the membership, which is reflected in the operations of the association. Crop receipts are being paid directly to the farmers by the credit federation; some farmers have elected to deliver their rice crop through local merchants rather than through their cooperative; saving deposits in these cooperatives are being greatly reduced. Throughout the region the inspection audit of cooperative associations is far behind schedule due to lack of personnel. Many of the accountants lack qualifications necessary to make analytical audits. The follow-up guidance, after the audits, is limited because of insufficient and unqualified personnel. In Miyagi Prefecture seventy percent of the local cooperative associations are considered financially sound thirty percent are questionable.

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(3) Membership Attitudes:

(a) The land reform program has enabled the tenant to possess the land he tills whereas in the prewar years, he may have only performed labor as a serf upon the land, subject to guidance and direct supervision by an overlord. Now he must operate as a free and independent agent. He must initiate his field operations, farm practices, and business operations. This requires a background of education and experience which often the farmer does not have. Farmers often are incompetent and subject to exploitation and propaganda by the unscrupulous. The new proprietor finds himself being taxed to support agencies which he is told are for his benefit. He is asked to subscribe stock to organizations he does not understand. Merchants and business people persuade him to abandon his agriculture cooperative, and patronize regular commercial agencies. Frequently he becomes a victim of exploitation in his business transactions, and his own cooperative association may dissipate his funds and assets. Frequently farmers know little about the purposes, programs and status of their cooperative association, their only contacts with the administration being at the annual meeting and through crop deliveries. They continue to operate as in the past, more or less passively obedient to orders given by anyone they consider above them. The average cooperative member is inept in the selection of officials and in democratic procedures, and unaware of his prerogatives and responsibilities involved in his association. His lack of knowledge and business experience leaves him unable to evaluate and interpret the programs and acts of the administration. The records of failure made by some cooperatives and the adverse publicity given thereto is destroying confidence of cooperative members in their organizations. The lassitude on the part of the membership has permitted inefficiency in officials, "featherbedding", and varieties of malpractices that are rendering the cooperative incapable of meeting current competition. There is an evident need for enlightenment and guidance at the membership level regarding the cooperative program and membership responsibility as well as technical guidance and education by sincere and capable leaders. The prefectural educational programs, generally, extend only to the managers and presidents.

(b) Throughout Tohoku Region cooperative members are falling away from their associations. This fact is reflected in the following trends:

1. An increasing percentage of crop deliveries and crop marketing is being done through commercial agencies other than cooperative associations. Cooperative officials fear their losses will be still greater when controls are released.

2. Commodity purchases through the cooperatives are suffering a great decline. Even fertilizer and insecticides sales are being lost to competitive merchants.

3. Local banks and postal savings deposits are claiming an increased portion of membership savings, while banks are supplying loans for many of the better financial risks among the village farmers.

(4) Managerial Problems:

(a) Increasing Capitalization. The program to increase capitalization in compliance with the recent cabinet order is progressing slowly.

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In some cases the program is being conducted in an arbitrary manner by the management. For example, deposits and crop receipts are appropriated, without the members' consent, to purchase additional shares; members are forced to buy shares; little or no opportunity is given the membership to discuss questions concerning capitalization.

(b) Accounting Procedures and Analysis. Accounting procedures do not show a departmentalization of accounts to disclose profits and losses. In many cases, directors do not understand bookkeeping practices, and exercise little or no surveillance over the accounts. Only one person may know about the details of each part of the business. Frequently auditors are not qualified or are indifferent to how records are kept.

(c) Administrative and Management. The greatest need in the cooperative program is that of obtaining competent and honest officials. Recent studies of delinquent cooperatives reveal a similar pattern in most cases of delinquency:

1. The membership is not informed regarding their cooperative and its functions.
2. The managing director, president, or both, arbitrarily manage the business, without reference to the Board of Directors or membership.
3. Directors do not understand cooperative principles, business practices or accounting methods and serve only passively on the Board.
4. The manager generally lacks education and business experience commensurate with the position.

(5) Inspections of distressed cooperatives reveal the following causes for their condition. Overinvestments in fixed assets; overinvestments in bad stocks; unredeemable loans; excessive advances on marketing operations; embezzlement of funds; excessive operating expenses and excessive borrowing at high interest rates. Directors meetings are being held at the prefectural government branch centers throughout the region to give guidance in cooperative administration. In cases of embezzlement and fraud immediate and appropriate prosecution is being sought.

c. Agricultural Extension:

(1) Conferences were held with agricultural improvement personnel of Akita, Yamagata, and Fukushima Prefectures during November. Extension officials plan to use the coming winter months principally for education. In-service training programs are being organized for many farm advisors; agricultural improvement officials plan to evaluate programs of the past year as a basis for future plans. These conferences indicated that advisory and information services need strengthening with pertinent technical material.

(2) In line with plans to improve information and education activities, prefectural authorities hope to compile a directory of current experiment station research projects and to compile a catalogue of pertinent publications. It was suggested that such programs would greatly help extension personnel and give valuable aid to research programs.

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(3) In discussing effectiveness of agricultural information programs, the media believed most effective for farmers varied for each prefecture. The daily press, wall newspapers, film strips, group discussions, pamphlets and bulletin boards -- all had proved useful, but film strips were most widely favored.

(4) Library facilities were discussed, and it was recommended that close liaison be maintained with CIE libraries inasmuch as there is considerable room for improvement of library facilities.

(5) To meet the recognized need for specialized farm information, agricultural improvement officials have great confidence in their special monthly newspapers. These have been fairly successful, but too few copies are published; subject matter and language used are often too technical, and contents are usually of interest only to the farmer -- they do not appeal to the wife, and children. Another criticism of the information program was that no effort is made to inform the farmer as to the reasons for extension policies and activities.

(6) Conferences revealed the general opinion that the 4-H Club program was slow. However, the trend is toward increased emphasis on rural youth club work. Principal difficulty has been that farm advisors lack self-confidence in organizing and guiding youth movements. Extension officials sense the need for increased understanding through training of all people concerned with youth programs. During the coming winter months, development of rural youth organizations will be stressed. Principal needs of the rural youth movement which should be met in the coming year were concluded to comprise program planning, development of training aids and instructional materials, and training in creating individual and group projects. Moreover it was felt that active support should be secured from adult farmers and effective liaison established by extension personnel with other agricultural agencies.

(7) Activity in home demonstration work was concluded to be erratic although a steady strengthening of the program is the trend. Increasing emphasis is being laid on this aspect of extension work with plans being made to increase the number of both home advisors and home improvement specialists. It is also planned to increase travel allowances wherever possible for essential field work. There was evident bias against delegating too much freedom of action to female employees.

(8). The conferences stressed the importance of effective demonstrations because lack of understanding could make the new teachings unacceptable. However, a favorable trend was noted in that increasingly larger numbers of farm women were showing interest in the home demonstration programs. Also important, and a universal plea, was the need for establishment of improved employment status, adequate remuneration and travel allowances for not only the home advisors but for all extension personnel. A final conclusion listed the paucity of demonstration aids available to the home advisor.

d. Food Production and Collection:

(1) At a conference of Tohoku Regional Food Office chiefs held in Akita it was decided that the following rice collection schedule could be expected in

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this region: Niigata will complete collection by 31 December; Akita and Miyagi may complete collection by 31 December but may require longer; Yamagata will complete 95 percent during December and the remainder during January. Aomori, Iwate and Fukushima will complete 85 to 90 percent during December, but due to large amounts of soybeans and corn which require thorough drying, may not complete their deliveries until February or March. Food Officials are particularly concerned that both the Ministry in Tokyo and SCAP understand the situation concerning these rice substitutes, since only Tohoku and to some extent Hokkaido have this problem.

(2) Prefectural officials report that rumors of rice decontrol during this collection year are widespread in spite of repeated denials by prefectural officials. They claim that farmers are adopting a "wait and see" attitude until the delivery deadline approaches and at present are not turning in rice in normal amounts.

3. Fisheries:

a. During the month the following sixteen places were visited to check the business activities and organization of the respective fishermen's cooperatives: Matsuiwa Village, Kesenuma Town, Shizukawa Village, Shiogama City, Miyagi Prefecture; Noheji Town, Aomori City, Kanida Town, Tairedate Village, Aomori Prefecture; Hisanohama Village, Yotsukura Town, Fukushima Prefecture; Senami Town, Niigata City, Maze Village, Teradomari, Kakisaki Town, Noetsu Town, Niigata Prefecture.

b. Fishermen's Cooperatives:

(1) Cooperative membership ranges from 30 to 450 persons and shares from ¥200 to ¥1,000. The Motoyoshi Trawlers and Motoyoshi Bonito-Tuna Cooperatives, Kesenuma City have memberships of 24 and 30 and shares are ¥50,000 each.

(2) Most of the cooperatives operate on a very small capital. Some are engaging in marketing and purchasing with a capital of only ¥200,000 to ¥300,000. Wages and office expenses leave limited funds for cooperative activities. At the present time they rely almost solely on loans to conduct their activities. ICAR representative again mentioned the fallacy of this practice and suggested that the cooperative officials endeavor to impress upon their members the necessity of increasing the investments in the cooperatives. Cooperative shares should be increased to about ¥2,000 to ¥3,000 which would eliminate to a great degree the payment of high interest rates on money borrowed from banks for operating funds.

(3) Wholesale dealers still fail to make prompt payment to cooperatives. Coops that market the produce charge from 3 to 7 percent for handling. The cooperatives are very anxious to continue such business but they wish prompt payment to avoid obtaining loans.

(4) Although in many cases the chief and directors are honorary positions with no compensation, the majority receive from ¥1,000 to ¥84,000 per annum. Office workers earn about ¥6,000 per month.

(5) Liquidation of Nogyoikai property has not been completed in some instances. The reasons given are that members of the old associations who are

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not now members of the cooperatives cannot come to an agreement on the disposition of property; a similar situation exists where two or more cooperatives were formed from one association.

(6) There is about 80 to 100 percent attendance at the cooperative meetings. Women who attend meetings merely act as proxy for their husbands.

(7) All cooperatives are members of the prefecture's fishermen's federation; only a few have no investment in the MAF Central Finance Bank.

(a) The only reason expressed by the Teradomari Town Fishermen's Cooperative for not investing in the MAF Bank is that no benefits would be derived from such an investment. This cooperative has 447 members and a capital of ¥463,000. It is an active cooperative, engages in marketing and purchasing and realized a net gain of ¥240,000 for 1949. Financially, this cooperative is sound, has no debts, and appears better off than most.

(b) Kakiseki Town Fishermen's Cooperative with 33 members does not invest in the Central Finance Bank. The majority of its members also belong to the agricultural cooperative where they prefer to invest their savings. As farmers, they are considered a better risk than fishermen and can more readily obtain loans from the Central Bank.

(8) Conference was held with cooperative members at Senami Town, Niigata Prefecture. This cooperative hires the members as crews, furnishes boats and fuel and the fishermen supply nets, gear and labor required. The proceeds from the catch are shared equally.

(9) Cooperative officials from Maze Village, Teradomari, Kakiseki and Naoetsu Towns, Niigata Prefecture complained that trawler operators from Niigata City and vicinity trespass the restricted line established by the Ministry as a protective measure for coastal fisheries. A "line" had been set many years ago but because of frequent violations and complaints by trawler operators, a new line was established in 1948 by the Ministry narrowing-down the coastal grounds. Despite this step, the operators continued their violations. As many as 20 trawlers were seen in restricted areas recently. Trawler operators from Niigata City and to the north claim that such restrictions are uncommon in other areas. They further state that the line was not established impartially. Prefectural officials plan a meeting of representatives of the disputing parties, Maritime Safety Agency, Sea Areas Adjustment Commissions and Fisheries Agency representatives, of the Ministry to settle the dispute. If no agreement can be reached, the entire matter will be turned over to the Ministry.

c. Port Facilities:

(1) A limited allocation for dredging the port of Teradomari Town, Niigata Prefecture has been received. The dredging boat is ready to begin operation but will remain only as long as the appropriation lasts. Townspeople are anxious to have the job completed and are in hopes that additional funds will be approved by the prefectural and central governments without delay so that the dredging boat can be retained. This is one of the few good artificial harbors of Niigata Prefecture.

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(2) Hisanohama Town, Fukushima Prefecture is an active small fishing port with an annual catch of more than 120,000 ken. Annual profits amount to about ¥150,000. Some harbor improvements are in progress but more funds are required to complete additional breakwaters, dredging and repair work. An application was filed through the Prefectural Government to the Central Government sometime ago, but as yet there has been no word received concerning the disposition of the application.

(3) Yotsukura Town, Fukushima is now spending ¥6 million for dredging only. The old breakwaters built in 1930 are badly in need of repair and action should be taken before the winter seas cause further damage.

d. Fisheries Reform Programs:

(1) The chief of the North Sea Areas Adjustment Commission, Niigata City stated that in the event of any difficulty in arriving at any particular conclusion by the Commission, the Fisheries Section will not be consulted for advice. He wishes the final decisions made by the Commission before informing the Governor or others as to the outcome.

(2) Niigata Fisheries Section is planning to hold an instructional meeting with all members of the four Sea Areas Commissions, similar to that held in Miyagi last October.

4. Forestry:

a. Forestry Extension:

(1) Training of forestry extension personnel continued in all prefectures of the Region. Representatives of this office attended schools to give lectures covering forestry extension, forests in the United States, and extension methods. Extension personnel appeared enthusiastic, but as reported in last month's Activities Report, are plagued by lack of transportation and lack of funds for travel expenses.

(2) The Akita Forestry Bureau, Yamagata College, and Yamagata Prefecture held a forestry and life exhibit at Tsuroka during the first week of November. This exhibit was well-planned and well-attended. It was devoted primarily to the problems of the Shonai area which were depicted by model exhibits featuring many phases of forestry, conservation, soil and erosion control. The exhibit covered man's dependence upon forest products literally from the cradle to the grave. It was one of the best educational exhibits ever to be presented in this Region. An unusual feature about the exhibit was the critique held afterward by representatives of the various agencies who contributed to it. This critique was not the usual "mutual adoration" meeting -- members gave frank and pointed opinions concerning the shortcomings of the exhibits. They intend to have similar exhibits in the near future in other areas under the jurisdiction of the bureau in order to further forestry education.

(3) On 11 November ceremonies to award prizes for the National School Forestry Contest were held in Miyagi. In addition to the Ministry of Education and Agriculture and Forestry prizes won by two schools in Miyagi, a number of prefectural prizes were also given. The support received by the school forestry

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program from the general populace in Miyagi is very gratifying. It is apparently one of the most popular programs now in progress in this region.

(4) On 18 November a business meeting sponsored by the Aomori Forestry Bureau was held in Sendai attended by representatives of the prefectural forestry department, forestry owners associations and forest industries such as lumber and fuel associations. The purpose of this meeting was to explain the national forestry policies and to obtain cooperation of the above named agencies in standardizing forest management and bettering the forests in the area under the jurisdiction of the Aomori Forestry Bureau.

(5) The decontrol of charcoal has brought about a problem which seems detrimental to the people of this Region. Local charcoal buyers, who do not have large amounts of available cash are unwilling to pay premium prices for charcoal. Individual charcoal makers are selling the bulk of their production to metropolitan buyers. Since charcoal prices in Tokyo are considerably higher than in this area, and such buyers are backed by considerable amounts of ready cash, Tohoku buyers cannot compete because the people of this area are unwilling to pay Tokyo prices less freight. This, however, is a natural development and one that will have to work itself out.

(6) Log production during the period 20 October-20 November decreased approximately 20 percent compared with the preceding month while charcoal production increased approximately 8.5 percent. Sales of mine props, pulpwood, veneer logs and other miscellaneous products from stockpiles increased approximately 80 percent over the preceding period.

(7) On 20 November the decision was made to transfer some 72,801 chobu of national forest land in Tohoku Region to the Agricultural Agency for sale to farmers. The bulk of these lands will be sold to collective bodies such as towns and villages or cooperative associations as reported last month. The breakdown by prefecture is as follows: Akita, 8,181 cho; Aomori, 8,615 cho; Fukushima, 12,850 cho; Iwate, 34,642 cho; Miyagi, 488 cho and Yamagata, 8,125 cho.

5. Mining:

a. Recent developments in the international situation have caused an increase in the applications for mining rights and applications for reopening old mines. To date the number of applications this year is double that of previous years'. The majority of applications are for gold, silver and copper mines. Applications for development of oil deposits have also increased considerably due to the importation of drilling machines from the U.S. which allows development of fields heretofore considered unprofitable.

b. Mining Production. Production of metallic minerals was generally higher during October than September except for lead and manganese which were 95 and 99 percent of September's production respectively. Non-metallic mineral production was generally higher with the exceptions of barite, quartz, kaoline and serocite clay. Production of coal and lignite were approximately 110 percent of the preceding month. Production of zinc and pyrite during October reached the highest peak since the war. Production of smelter and refinery products is generally up in comparison with September. Greatest gains were arsenious acid, silver, and blister copper which were over 120 percent of the preceding month.

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Gold, electrolytic silver and electrolytic copper ranged from 10 to 15 percent less than the preceding month. Production of blister copper, electrolytic zinc and refined sulphur reached new record high for any month since the war in this area. Stockpiles in this area are generally higher due to shortage of railroad cars for three reasons - shipment of fish, shipment of agricultural products and use of freight cars by occupation forces.

6. Price and Distribution:

a. Sugar Investigation.

(1) In general, the source of blackmarket sugar in the region has been traced to allocations released by the MAF to manufacturers. Irregular activities of the companies can be avoided if the Ministry would take precautionary measures as to the manufacturing capacity, credit standing and background of these companies prior to releases. Following is a typical case throughout the Region. Tohoku Seika, Morioka City, Iwata-ken received 7½ tons of sugar, effective 30 March 1950 from the Ministry for manufacturing "baby food" candy. Investigation disclosed that only 8 percent of the quantity was used for the designated purpose; the balance was utilized for other type candy or outright sale of the sugar. At the time the company received the allocation, the sugar was used as collateral in borrowing funds from the bank for payment of same and for operating capital. The company gradually repossessed the sugar upon partial payments. To date 1½ tons of this sugar are still in the bank's custody. The request was ridiculed by the officials of the Ministry who displayed a disinterested attitude. No written or oral permission were given, but it was surmised by this attitude that no official concurrence was required.

(2) Information received through the International Trade and Industry Bureau reveals that approximately 6,000 tons of sugar have been imported for the first half of 1950 for consumption by 16,000 foreign nationals living in Japan. The IT&I estimates that 100 tons are considered sufficient to cover the maximum requirements (to include clubs and household consumption). The balance of 5,400 tons are believed to have been sold through illegal channels.

(3) IT&I also reports that approximately 13,000 wrist-watches have been imported during the same period presumably for the same 16,000 foreign nationals.

(4) Large blackmarket activities by foreign nationals are rumored in the handling of Japanese beer, nontaxed, at ¥70.10 per bottle and resold legally at the distributors' price of ¥115.26 per bottle. It is said that the beer is ostensibly purchased for export.

(5) A case uncovered in Sendai which was traced to Tokyo disclosed that a great deal of OSS Heijiya and OSS Takashima goods had been stored at a Minoya grocer, Shinbashi Tokyo and are being sold through Japanese channels. The case was uncovered by the Tohoku EIA with the cooperation of the Kanto office. The goods are now impounded pending further investigation. The same investigation uprooted 10 tons of coffee, valued at ¥15 million at Yamato Sangyo Kaisha of Shinbashi Tokyo. From all indications, the goods were purchased from the Japanese

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Red Cross Society and it is also surmised that a great deal of sugar is also being diverted in the same manner.

b. Charcoal Investigation. Through popular demand the EIA and prefectural officials have been making a survey on the recent price rise in charcoal since the Korean War. Prior to the war, the price ranged from ¥135 to ¥140 per bale. Today the price has doubled and it is expected to go beyond ¥300 per bale before the middle of December, 1950. The sudden rise is blamed on the brokers who are speculating for further price rises and the possibility that Korea will place an order of a million or more bales for this year's consumption. Increasing demand and high prices offered by metropolitan brokers have also encouraged the present situation.

c. Restaurant Control. The following are the results of 14 hearing sessions held during the month:

	<u>Revocation</u>	<u>Suspension</u>
Akita	1	5
Aomori	0	34
Fukushima	0	6
Iwato	0	0
Miyagi	0	9
Niigata	0	13
Yamagata	0	0
TOTAL	1	67

d. Special Procurement Board: As a result of investigation of the SPB, the EIA estimates that the overall cost for dependent housing can be cut by 10 percent and by 35 percent for landscaping. The SPB officials in the field offices who act as investigators are unqualified to estimate cost due to lack of technical knowledge. This is the reason for Occupation officials holding direct conferences with the contractors - therefore, changes in plans are at times unknown to the SPB office. No malpractices were detected concerning the procurement board.

e. Monopoly Bureau: Survey made on the profits of the Nippon Express Company from handling and storage of tobacco shows a 34 to 35 percent profit for 1949. As of 30 September 1950, a profit of 20 percent has been recorded, a decrease of 40 percent from last year's profits. Under the present set-up the Nippon Express Company has the monopoly for the handling of governmental products (rice, wheat, barley, salt and sugar) and national corporations (Nippatsu, Tohoku Haiden and SPB). The cost of handling is determined through negotiations at the national level between the Finance Ministry and headquarters of Nippon Express Company. The costs of handling could be cut materially if the independent express companies, with adequate facilities, had a chance to bid at the prefectural level.

f. Fertilizer Kodan.

(1) Liquidation proceedings for the recently inspected kodan revealed two cases of shortages in Fukushima and Aomori. Cause of the difference between stock on hand and inventory records is now under investigation.

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7. Industry:

a. During the month a total of 34 man-days were spent in Yamagata, Akita, Iwate and Aomori Prefectures. Messrs. W. F. Johnson and Leo Holtz, GHQ, SCAP, were present at some of the conferences in Akita and Mr. Johnson was present at Kurosawajiri and Hananaki in Iwate Prefecture.

b. Under OD 11, Par 3, 10 April, surveillance of industrial rehabilitation in this region was given the following distribution:

<u>Type of Business</u>	<u>Number Inspected</u>
Steel production	5
Textile production	1
Fertilizer production	2
Ceramics production	2
Paper production	1
Clay production	1
Cement production	2
Plywood production	1
Teletype production	1
Lumber production	1
Food processing	2
Distilling plant	1
Oil field	1
Oil refinery	1
New hydro-electric dams	2
Old hydro-electric dams	7
Proposed dam sites	2
TOTAL	<u>33</u>

Every industrial inspection was followed by a meeting with the local controlling officials and the following general pattern of problems was revealed:

- (1) Slow collection of money due to manufacturer after products have been shipped.
- (2) Rail car shortage affects about 50 percent of factories contacted, plus substitution of gondolas for box cars when use of gondolas is not feasible.
- (3) Very little of the products of the plants visited are being exported from Japan.
- (4) In Iwate Prefecture, lack of a coherent transportation system, both rail and highway, is all too apparent.
- (5) General and chronic complaint of the electric power shortage by medium and small business, unless thermal rates are paid.
- (6) Need for improving the ports of Miyako, Iwate-ken and Hachinohe, Aomori-ken. Congestion and stagnation are obvious.
- (7) Expansion of the Nitto Chemical Company at Hachinohe.
- (8) Wholesale and retail prices.

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c. Explanation:

(1) Slow collections. The fact that the collection of monies due the manufacturer or processor on items shipped from their source of origin, takes from 60 to 90 days or even longer, causes a chronic shortage of operating capital and works an undue hardship on all concerned. Recognizing that it is perhaps a Japanese custom of long standing, not to press for the immediate payment of commercial accounts, it is believed that if all buyers could be educated and impressed with the fact that they are damaging their own country, by not expediting the prompt payment of monies due the manufacturer or processor, a vast increase in ready cash would be available and the pressure would be eased on many small and medium businesses. The system of manufacturing an item or product, shipping to Tokyo handling through one or more brokers, and then waiting 90 days or more for the money to return, presents a picture of antiquated financial operation and one that ties up staggering sums of money that in many cases in this region, are desperately needed. It seems conceivable that if business in general and commission brokers in particular could be sold on the principle of speeding up the payment of accounts due, that untold millions of yen would become available for the purchase of raw materials, meeting of payrolls, hiring of additional employees and the general improvement of business. It simply is not a fact that it should take such a long time to sell and collect money when things are made and sold in Japan. Japanese dealers and jobbers do not pay cash and take the cash discount even when possible to do so.

(a) Examples of slow collections:

1. Canned or dried milk shipped from the Moji plant at Iwaizumi to Tokyo jobbers takes from 90 to 120 days before the cash for the sale of it is paid the local processor. The same condition is true at the Kuzumaki plant, Moriyama Ltd.

2. The shipment of fresh (perishable) fish from the ports of Hachinohe, Aomori-ken, Miyako City, Iwate-ken, or anywhere along the eastern coast, means that an interim of 60-90 days or more will elapse before the fisherman will receive any money.

3. There are other items that are sold but not paid until a length of time elapses which cause unnecessary hardships. This situation cannot be answered by saying that this system is standard practice and cannot be changed. It must be changed if the flow of capital and profit is to be available to these small and medium business people who must have their money promptly to meet their current running expenses. The idea of a manufacturer being forced to borrow funds at usurious rates, while he waits upon one or more brokers in Tokyo to hold his merchandise for perhaps a higher price, is contrary to good practice anywhere.

(2) Railcar shortage:

(a) While it is known that there is a general car shortage throughout Japan, the number of cars that are not available in three or more of the Tohoku prefectures is hurting considerably. This is due to the lack of paralleling or useable roads, particularly during inclement weather. Many communities are completely dependent on rail cars to keep their local products moving to market during the winter months.

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(b) The practice of furnishing gondola cars rather than box cars for shipping cement, chemical fertilizer, etc. seems to be an extreme measure that should not be permitted. The monetary loss to the shipper - 10% of total shipments - is a heavy cost item and uneconomic. Shippers are apparently afraid to refuse the gondola cars for fear of offending the Railway Bureau and thereby receiving even fewer cars.

(c) There also appears to be insufficient coordination of planning by both the railway and the shipper. For example, cars may be made available for loading with little or no advance notice to the shipper. This causes the shipper to work men overtime or if he is not completely ready, to ship in smaller quantity than he would if advised of the exact date and hour of cars previously requested. On the other hand, the producing persons themselves do not try hard enough to schedule their car-loading needs. Better scheduling by both parties would undoubtedly alleviate the transportation problem in some appreciable measure.

(3) Export trade:

(a) While 20 manufacturing plants were inspected during the month, it seems strange that only one was making an export product (plywood). All of the other companies expressed a desire for export orders. In view of the very few foreign buyers that come to this region, only one conclusion can be drawn - apparently there is a serious lack of knowledge in "buyers circles" in Tokyo of what this region affords in raw materials and finished products.

(b) Tohoku Region needs export contracts. There are many items that could and should be exported. Efforts will be continued to have each prefecture and city keep up-to-date samples and data. But this is, in itself, only 50 percent of the job. Foreign buyers in Tokyo should be advised where products and materials can be inspected in this region.

(4) Transportation, Iwate-ken:

(a) The loss by typhoon, in 1948, of the Yamada railroad to Miyako City is well known. This loss coupled with the fact that the Kamaishi Line is only an expensive and partial substitute for the Yamada Line presents a series of problems in transportation for this prefecture.

(b) Existing roads are so poor that motor trucking is very expensive. While Miyako City, containing numerous small industries, has a very large fishing fleet and the Rasa Industrial Company (fertilizer and acid), they are forced to put up with highly inadequate transportation. 80 percent of Miyako products are sold externally, Unemployment is increasing. Sometimes fish have to be stored 15 days before shipping.

(5) Prices: Prices vary in different cities and in different prefectures. The overall trend is upward for the last four months depending upon the item considered and the transportation cost involved as well as the market demand. Some of the items investigated are:

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Lumber - up 20% to 30% in retail market
Steel - up 30% to 40% in retail market
Textiles - up 20% to 30% in retail market
Charcoal - up 40% to 50% in retail market

Raw Materials:

Pig Iron - up 30% in wholesale market
Cokes - up 15% in wholesale market
Copper - up 65% in wholesale market
Zinc - up 70% in wholesale market
Lead - up 70% in wholesale market

d. Power:

(1) During the reporting period work was begun on construction of two flood control dams in this region - the Ishibuchi and the Tase, both in Iwate Prefecture. Plans for the future development of these locations into power producing areas indicate an availability of more than 34,900 KW.

(2) Six operating hydro-electric generating installations were inspected. They are: The Jindai, Obana, Sendatsu generating plants in Akita Prefecture, and the Mizugato, Kumayama, and Ochiai plants in Yamagata Prefecture. In addition, 2 hydro-electric dam sites designated for new construction were visited.

(3) The Natsuse project in Akita Prefecture will cost ¥1,166,624,000 and will need a minimum of 30 months to complete. This plant will have a potential generating capacity of 72,300,000 KWH per year. A reservoir of 8,960,000 cu. m. with effective capacity of 1,224,000 cu. m. of water will be created by the constructing of the dam. No extraordinary sedimentation problems are anticipated. However, work on this vitally needed project has stopped. The 60 million yen that was appropriated 27 March 1949 has been expended and no work has been done since September 1950. The officials in charge of this work stressed the need of Counterpart funds to expedite completion of this hydro-electric generation plant.

(4) The Arasawa dam site in Yamagata Prefecture was inspected. No actual work has been done towards starting construction although the Nipatsu officials have completed their surveys and assembled all pertinent engineering data that will be required. Actual grouting and boring for the exploratory work necessary to actual construction will begin soon. This dam will someday add an output of hydro-electric power amounting to approximately 12,000 KW to Yamagata Prefecture. Forty families will have to be moved from the reservoir area and relocated elsewhere.

(5) Lake Tazawa, Akita Prefecture:

(a) This key water storage location was inspected 11 November. Inasmuch as this lake has a surface area of approximately 27 square kilometers and is used for both power generating and for irrigation, it should be noted that the water level on the above date was 2 meters below normal and 7 meters lower than capacity.

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(b) The Tamagawa River which flows into the lake, contains decimal percentages of 13 different chemicals which are a continuing expense to Nippatsu, the Japanese government and the farmers. The power company is now spending a large sum of money to set up a system of water purification. They are boring numerous dry holes (deep catch basins) some distance away and downstream from the troublesome hot springs located at the head of the river.

(c) It is hoped that this diversion purification process will reduce the poisonous content of the water sufficiently so that the farmers using the water from Lake Tazawa below the hydro plants will be pacified. Some doubt is felt by this section regarding the efficacy of this plan.

(6) The principal storage reservoirs in Tohoku Region hit a low water level between the 10th and 15th of November. Subsequent rains and melting early snows have appreciably replenished the reserve storage in Lake Towada, Tazawa, Hibara, Onogawa and Akimoto. The storage in Lake Inawashiro is steadily but slowly being depleted but can be supplemented by turning water in from Lakes Hibara, Onogawa and Akimoto if the daily reading shows the water supply is becoming critically low.

(7) On 26 November, power was transmitted through the new 150,000 volt transmission line from Akimoto to Sendai for the first time. This released 12,000 KW of power from the Lake Tazawa plants for transmission elsewhere on already over-loaded lines.

(8) Nippatsu has requested approval for installation of #4 generator at the Shingo plant on the Agano River in Fukushima Prefecture. The turbine has been installed previously. Installing #4 generator will increase the plant capacity of 12,900 KW to a total of 51,600 KW. Annual production will be increased 43,400,000 KWH to a total of 335,500,000 KWH. The application has been approved by the Central Government and it is indicated the papers are now in the hands of ESS for their concurrence. The cost will be ¥94,000,000 with a unit cost of ¥2.16 per KWH.

(9) Other additions to existing plants which would substantially increase power supplies in this region include:

(a) Tateishi plant in Aomori Prefecture requires installation of penstock, #3 generator and transformer at a cost of ¥40,000,000 increasing plant capacity 3,500 KW and annual output 7,300,000 KWH.

(b) Yamazato plant, Fukushima Prefecture, requires installation of part of turbine and #3 generator and transformer at a cost of ¥206,700,000. The plant capacity will be increased 14,700 KW and annual output increased 38,100,000 KWH.

(10) Sedimentation in reservoirs used for generating hydro-electric power in Tohoku Region is becoming a major hazard to steady generation. Two examples are:

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(a) The Bonjigawa reservoir, in western Yamagata Prefecture, established in July, 1933, had an original storage capacity of 1,203,640 cubic meters. Sedimentation had reduced this storage to 85,355 cubic meters (7% of original capacity) by September, 1949.

(b) The Mizugatoro reservoir, in central Yamagata Prefecture, originally had a storage capacity of 250,438 cubic meters which by 1946 had been reduced by 65% to only 87,156 cu. m. Since 1946 the gates have been opened during high water periods, sluicing sediment out until, in 1949, the capacity has been restored to 116,746 cu. m. an effective capacity of 47%.

e. Reparations:

(1) During the month, 29 of the reparations installations in Fukushima Prefecture were visited. Mr. W. F. Johnson, CAS, GHQ, SCAP and TCAR representatives attended a conference of prefectural reparations officials on 15 November. Visits were also made to three reparations plants. Mr. Omura, CPC, SCAP with TCAR representatives visited reparations plants on 16 and 17 November. Maintenance, fire protection and guards were found satisfactory in the plants visited. There were several instances where an item or two of equipment were found in an objectionable condition due to exposure to salt-moisture laden atmosphere and prefectural reparations officials directed that corrective measures be taken immediately.

(2) The custodians of the plants were advised that any equipment which was suitable for scrap, or single purpose machines which had no further use, could upon application, be considered for scrap. Such action might assist in consolidating equipment and reduce maintenance expense.

(3) The application for payment for reconditioning 41 items of equipment in the warehouse at Ezuriko, Code No. 16-01b, of the Fuji Industrial Co. for ¥2,258 was approved on 7 November. These items were previously damaged by the 4 August 1950 flood.

(4) The following items were recommended for scrap:

Fuji Sangyo K.K., Fukushima Plant	08-07-70 items
Fuji Sangyo K.K., Fukushima Plant	08-06-11 items
Fukushima Seisakusho (Military Arsenal)	08-37-57 items
Koori-Sangyo K.K. (Naval Arsenal)	08-41-34 items
Koriyama Seisakusho	82-22- 3 items
Fuji Sangyo, Mizusawa-machi	16-1D-30 items
Fuji Sangyo, Iwayado-machi	16-1E-33 items
Fuji Sangyo, Kurosawajiri-machi	16-1A-32 items
Fuji Sangyo, Kurosawajiri-machi	16-1B-30 items

The following were inspected and approved as having been reduced to scrap:

Koriyama Seisakusho, Fukushima	08-22- 5 items
Toa Kogyo K.K., Sukagawa-machi	08-14-13 items

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(5) The maintenance work done on the items damaged by flood at the Ezuriko Plant, Fuji Sangyo K.K. was found satisfactory.

(6) The Tohoku Rika Kogyosho, Nuharu-machi, 08-29 has 96 items in dead storage which are in a building found to be in very poor condition. It was suggested that estimates be obtained on the cost of consolidating these items with those at the branch plant at Shuizan 08-28.

(7) The custodian of the Riken Kogyo K.K., Tenakura-machi 08-24 was advised to contact his Tokyo office to see if consolidation could be effected. This storage is in a very isolated area and it was stated that the company did not anticipate operating in this plant again.

(8) As a result of various items having been scrapped, the Fuji Kogyo K.K. 08-01, Taira was found to have surplus space in each of the three scattered storage buildings now being used. It was suggested that plans and estimates be prepared on the consolidation of the remaining items.

(9) Major G. C. Freeman and representatives from TCAR visited the Funabashi Naval Arsenal on 28 November and conferred with Finance Ministry officials. A program outlining the collection of non-reparations and reparations items suitable for scrap; consolidation of remaining reparations equipment, and a possible reduction in guards were discussed. A Japanese contractor has made all arrangements to start picking up non-reparations scrap in the arsenal area. A list is being prepared for approval of all reparations items to be scrapped. When the scrapped items have been removed, consolidation of the remaining items will be carried out. A study will be made of the guard situation in the near future as there are 12 guards employed by the Finance Ministry and 61 guards employed by the Reparations Agency. The commanding officer of the ordnance unit working the the arsenal area also has a security guard.

(10) In reference to CAS, SCAP letter dated 21 November 1950, subject: "Reparations Surveillance", the necessary action to implement paragraph 2 has been taken with the exception of Par. 2c and 2f. Disposition of Par. 2c which concerns fire engines and any other items under reparations control which were sold or disposed of, will be effected during a field trip in December. Approval of the plant consolidation of 16-01f and 16-01a mentioned in Par. 2f is held up as no application for this consolidation has yet been received.

(11) The list of 85 fire damaged items submitted by the Fuji Sangyo K.K. 02-01D was approved to be removed for melt-down scrap, in accordance with letter CPC, dated 22 July 1950, subject: "Release of Fire-Damaged Equipment Located at Fuji Sangyo K.K. Jiumonji, Code 02-01D".

S. Labor:

a. Labor Trends:

(1) It is now possible to appraise the effect of the "red purge", substantially concluded, on trade unions in this region. The attitude of the unions, with scarcely an exception, throughout the program has been to cooperate in the spirit and intent thereof. Generally the unions have raised objections

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to the management's handling of the practical application. These objections have been almost entirely protests against one-sided action, not in defense of individual members--an expression of what the employer might do rather than what he actually did. This is regarded as a sign of life in the unions, a defensive gesture against being put at a disadvantage. It is believed that, in spite of such surface objections, the program served to stimulate rather than depress trade union activity, in two ways; first, it gave many unions an occasion for asserting bargaining equality with management at a time when economic doldrums had otherwise becalmed union activity; secondly, it brought from management open recognition of the moderate union element and open assurance of non-interference with legitimate trade union activities. Most unions have excluded the discharges from their subsequent meetings.

(2) The present wave of year-end allowance demands is another sign that the unions are far from brow-beaten. In many cases the demand for year-end pay is coupled with a demand for a good sized raise in regular wages. The discrepancy between the demands and employers' replies as to what they can pay promises some bitter battles. As of 1 December only one union is known to be on strike -- the Hosokura Metal Mine (Miyagi), Branch of the Taihei Metal Workers' Union, where 1,647 workers are in the first stage of dispute tactics.

(3) Federations of unions in the seven Tohoku prefectures banded together under still another headquarters when they formed the Tohoku Democratic Labor Unions Liaison. Member unions are private railways, government railways, Japan Express, Densan, and others. Their stated purpose is a concerted struggle for year-end allowances, conclusion of labor-management agreements, elevation of wages in a winter offensive, and protest against the division of the electric industry.

(4) The educational campaign for the promotion of proper labor-management relations and the resultant contracts is complicated by the attitude of some strong labor leaders who reject middle-of-the road advice or the frame of reference of American experience. Nothing less than a hand on the reins of management will satisfy this type of union representative.

(5) A survey of unemployment relief and public works jobs made by Civil Affairs shows that in three prefectures there are places where all types of job openings combined did not provide 15 days of work during October. Fukushima, with 22 towns and villages averaging less than 15 days' work for the unemployed, is most in need of assistance. With the coming of cold weather, the day workers of Tohoku face a hard struggle for mere subsistence. The reason is mainly physical and beyond the capabilities of employment security agencies, since very few works projects can be carried on, with the exception of snow clearance.

b. Labor Relations:

(1) Conferences were held by Mr. Robert T. Amis, Chief of Labor Division, ESS, SCAP, with representatives of labor, management, government, courts and labor relations committees of the seven prefectures. It is felt that these conferences, from the point of view of the Japanese participants, were most timely and fruitful. They spoke with surprising frankness, with the result that they came away with a clearer picture of GHQ policies and with fewer uncertainties and misapprehensions than most of them have ever had heretofore. The most dis-

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gruntled appeared to be the government workers and public corporation workers unions, whose complaints about "inconsiderate bureaucratic and feudalistic treatment" were, however, beyond the purview of these particular meetings.

(2) The Onahema Branch Union (Fukushima) of the Japan Hydrogen Industry is the only union in Tohoku known to have voted to disapprove the "red purge" as a whole. Five of the 16 dischargees are at present, under a court restraining order, allowed to visit the union office on the company property in their capacity as union officials, pending the Court's decision on the question of their membership in the union. The union's position is that these 16 members and officers, although communistic, have acted within the legitimate activities of a trade union and always with majority support of the membership. On the other hand the company claims that its dormitories are being used as the focus and hearth of Communist Party cell activities and as the place where a daily handbill is printed, condemning UN activity in Korea and so forth. Since there appears to be no articulate moderate group within the union, this case rests with the Court. This union is a branch of the national ammonium sulphate workers' union, supposedly a Sohyo affiliate, but apparently the national office is doing nothing about it.

(3) The court contest in Niigata for possession of the Japan Express Union headquarters building took an interesting turn. After long delay, the court issued an injunction evicting the communist cell group whose connection with the company had been severed last summer but who claimed to be still the rightful union and therefore had refused to give up the building. The executor (marshal) went to the building with the police to enforce the order, but allowed himself to be persuaded by the occupants that the wording was faulty and therefore not binding. The marshal called off the police and returned the order to the judge for amendment. There followed a period of about three weeks during which the court procrastinated, the communists made a fortress of the building with trenches, sandbags and boarded windows, and the elected union officials were frantic with frustration and fear that the property would be damaged. Their patience was finally rewarded on 26 November when the amended court order was issued and carried out. The communists resisted the police, several persons were slightly hurt, fourteen were arrested, and the ringleader disappeared. The handling of this case since its origin in July, in both Niigata and Akita has shown the courts' need for education in labor relations matters and the reluctance of both courts and committees to decide a case clearly on its merits, backing justice with courage and force rather than compromising it for convenience.

(4) A case coming before the Niigata Labor Relations Commissions is worth mentioning in this report, if only as a further proof that labor relations in Japan are unique and not to be approached on the basis of any preconceived standards. A full-time union official, defeated in the annual election, returned to work. He was assigned to a section but given no task, although all the others in the section were busy at their assignments. After some time he appealed to the Labor Relations Committee that having no work to do he was "suffering spiritual agony", and therefore the company was discriminating against him for his proper union activity.

(5) The monthly regional bloc conference of local labor relations committees was held in Niigata. This Region feels confident that the seven Tohoku committees understand well their protective function against abuses of the "red purge".

Annex D

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(6) The Akita leftist union federation was insistent that some of its delegates be appointed to the prefectural labor relations committee. Their arguments, however, made no impression on the governor or his advisor, the labor department chief.

c. Labor Education:

(1) Visits to prefectural and local labor policy offices by Civil Affairs, plus regular conferences with prefectural policy section chiefs, lead to the conclusion that labor policy personnel are doing an energetic and creditable job of bringing labor education to the rank and file of workers. Their methods of approach are varied. Visual materials, such as movies and picture plays, prove more effective than oral, such as unillustrated talks and recordings. The main obstacles to the local offices are physical -- distance, transportation, cold weather -- and human -- lack of a zeal for leadership among union members to take up where the government official leaves off. The job is slow and sometimes discouraging, but Civil Affairs Labor Division is trying to impress upon the labor policy officials the fact that this groundwork is most essential for long-range rewards.

(2) The thoroughness with which the labor policy offices are waging the campaign to encourage the conclusion of labor agreements, is commendable. They have constantly on hand a record of the actual status of every union of any importance within their jurisdiction, and can usually give, at a moment's notice, the stage of negotiations at any of these, and often the chief points on which negotiations hinge. Credit is largely due to them for the fact that the number of existing contracts has increased in recent months. In the interest of contract conclusion, however, these advisors are not likely to insist on completeness. The peace pledge, which in America is usually considered the end in view, is regarded as practically unattainable. Besides the controversial personnel prerogatives, another common cause of deadlocks is the demarcation of union membership. It would seem that existing legislation on this point is as specific as it is possible to be, but perhaps a study of situations peculiarly Japanese might reveal the possibility for interpretative additions to the law making it easier for the Japanese to apply it.

(3) Negotiations between the Niigata Harbor Workers Union and ship owners, initiated in September upon the advice of Mr. Val Bureti, of Labor Division, ESS, SCAP, have resulted in the signing of a labor agreement; it has been reported.

(4) The first meeting for Tohoku Region, under the Labor Ministry plan of holding conferences of trade union education directors in each district every two months, was held at Niigata. One hundred eighty (180) union officials and Labor Policy Section personnel attended. Main topics include parliamentary procedure, how to make a union newspaper, and how to conduct a labor school at local union level. Ministry and Civil Affairs personnel participated. The program was well received.

(5) Iwate Labor Policy section has a travelling course of instruction which visits the third-year class of upper and lower secondary schools and gives basic labor education for the prospective graduates. Arrangements were worked out in cooperation with the Board of Education.

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d. Labor Standards:

(1) In connection with the drive to enforce the Employment Security Law in its application to the fee-charging labor broker, the Standards Offices were asked to cooperate with the PES Section, especially by examining the child-selling situation in each prefecture. Although the system is vicious (the child has no voice in the selection of employer, type of work, or terms of remuneration, if any), ordinarily the broker does not seem to be a career man but either an ignorant or opportunistic product of the economic environment. The children who are "sold" or placed for a fee, sometimes with a five-year contract to pay them board, lodging, and clothing, are from indigent families. Employers are usually farmers, tea-room operators, or "special" tea house owners. These last are the most malignant aspect of the whole problem, since the girl is forced into prostitution without any chance to dissent. Labor Standards Offices have been asked to give special emphasis to checking such establishments' source of labor and to prosecute violators vigorously.

(2) Labor Standards offices visited this month report non-payment of wages, safety and sanitation, and overtime work without pay as the most troublesome violations.

(3) Competition among the seven prefectural standards offices was sponsored by Civil Affairs, for the best record of Workmen's Accident Compensation Insurance collections for the period September through November. The winner will be judged at the next regional bloc conference in December.

(4) Programs related to Minor Workers Protection Week were conducted 1-7 November by the Women's and Minors' Bureau representatives in all prefectures. A typical meeting held in Sendai included short talks by representatives of Women's and Minors' Bureau, Labor Standards Bureau, and Civil Affairs Labor Division, as well as entertainment for the minor workers. Round table discussions with parents, employers and civic leaders, radio programs, and Ministry posters gave additional publicity.

e. Employment:

(1) Mr. Edgar McVoy, Chief of Manpower Branch, Labor Division, ESS, SCAP, visited prefectural and local Public Employment Security Offices in Miyagi Prefecture. Despite the Labor Ministry's plan to equalize unemployment relief according to local needs and thereby stabilize the number of working days at about the national average, irregularities stood out. The average number of working days for PESO-enrolled day laborers at Ishinomaki (Miyagi) was 8.6 in September and 8.9 in October, as against the national average of 17. This month, Fukushima, Miyagi and Akita report several localities averaging less than 15 days' work for casual laborers, who are thus excluded from employment insurance eligibility. Aomori City barely averaged 15 days of work of all kinds, with worse prospects ahead for winter.

(2) Although employers' "help wanted" requests have increased somewhat, large retrenchment cuts are still throwing many men and women out of work. During November, the Sendai (private) Railroad curtailed operations involving 95 workers, and Mitsue Shipbuilding Company at Ofunato (Iwate) discharged 135.

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(3) Day laborers' groups have been boisterous but not especially unruly. Communist dischargers are making efforts to get on the day laborers' rolls if for no other reason than to stir up trouble. The nearest thing to violence during the month occurred at Ishinomaki where 200 laborers refused to go to work but milled around the PESO building protesting the rotation system for two hours until word that the police were coming caused them to disperse. This place is communist ridden, and conditions of employment are miserable except for certain fishing seasons. On the day following the demonstration, Mr. McVoy and the CA Labor Officer visited the PESO. Communist plans for a show of force on that occasion failed to materialize into anything more than loitering groups. The town police chief promised to tolerate no further interference with the government office function and no disturbances have occurred there since.

(4) The local per capita tax (minimum of ¥600 per wage earner) and local income tax (18% of 1949 national income tax) have been seized upon by the Communists to get a better grip on the day laborers' groups. In Fukushima the day laborers were incited to march on the city hall demanding exemption and to throw their tax notices down in defiance. Although this is not properly the CA Labor Officer's responsibility, it is inseparable from the schemes and tactics to promote contempt for the law which so often has taken the form of attacks on the PESO offices and the intimidation of authorities. Article 323 of the Local Tax Law covers exemptions: "The mayor of city, town, or village may, with the decision of the assembly of the respective city, town or village, reduce or exempt the inhabitant's tax in case where there is natural disaster or other special circumstances, with regard to only those persons who are considered as requiring the reduction or exemption of the inhabitant's tax, for those who are receiving public or private aid for living on account of poverty, or who are under special circumstances." This gives discretionary powers to the local authorities, and it is said that in Kanazawa and Kansai persons on PESO unemployment relief fund projects are exempted as a class. Throughout Tohoku, however, these are taxed, and the only exemptions granted are based on special individual investigations. In view of the personal hardship imposed on the average family breadwinner who works 17 days a month at ¥160 per day, the advantage to the Communists in fomenting social unrest, and the low degree of collectibility in actual fact, it would seem worthwhile to inquire into the actual intent of the lawmakers in the clause "receiving public aid for living on account of poverty". This would determine whether persons living on unemployment relief appropriations from national funds should or should not be reconsidered for exemption by the local mayors.

(5) A Ministry-sponsored regional bloc conference of PES Section Chiefs on the subject of the labor boss was attended in Fukushima. Division Chief Saito of the Labor Ministry effectively explained the program designed to eliminate camouflaged labor supply projects and the need for standardizing criteria based on the amendment to the Employment Security Law. Subsequently, throughout the month, the Civil Affairs Labor Division followed up on this drive by inquiring into the methods adopted and results being achieved in each prefecture. Prefectural officials have accepted the assignment with willingness and vigor. Some of the means being employed in Tohoku prefectures for the detection and elimination of illegal labor brokers are as follows:

- (a) Re-examining all construction enterprises
- (b) Radio programs and newspaper stories
- (c) Notifying all employers of the amendment to Article 4 of the Employment Security Enforcement Ordinance.

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- (d) Special emphasis on the PESO in-service training for new and old employees
- (e) Letters to all plants, workshops, and unions
- (f) Making lists of suspected camouflaged bosses for special investigation (In Akita, the suspicions were confirmed in 25 cases out of 51)
- (g) Forming special inspection squads headed by the local PESO chief.
- (h) Visits and conferences with employers.

A survey of known violators shows that these are most frequently harbored in public construction enterprises financed with government funds. In Fukushima violations in government works outnumbered those in other construction works by 11 to 3. The active cooperation of the Superintendent of Public Works in the prefectures has been requested. One especially goal-conscious department chief has fixed a quota for each local PESO -- one labor boss exterminated per month. However, the average number of offenders being uncovered during the present month runs close to the number of local PESO's in each prefecture.

(6) Mr. Saito also stressed the importance of strict enforcement of the requirements for Unemployment Insurance benefits. Civil Affairs Labor Division is constantly checking and encouraging this activity.

(7) The above PESO conference was timed to coincide with the regular regional bloc conference of PES Section Chiefs and Civil Affairs. All chiefs stated that curtailment of labor projects by winter weather is universally feared for its effect on the lives of persons depending on relief. On the bright side, the visits to employers have become more productive of job openings, and there is definite evidence of private employers' greater cognizance of and reliance on the public placement service.

(8) An inquiry by Civil Affairs Labor Division into the function of the Prefectural Employment Security Councils set up by law discloses that these councils are not performing as they were envisaged. There are two main hindrances. First, although the Ministry instructions call for at least one meeting a month, actual travel allowances only permit one meeting per quarter. Secondly, prefectural governors do not want to provide supplementary funds for a committee responsible entirely to the Central Government. As a result they are relying on prefectural advisory committees, of their own appointment, such as the Unemployment Counter-measures Committee which exist in Fukushima and Miyagi; the Employment Security Councils exist only as a formality. It would perhaps be in order to appraise the Employment Security Councils to determine whether they are worth supporting with adequate funds or whether they may be dispensed with entirely. In their present state they are hardly more than bureaucratic ornaments.