ITEM 1 (Continued)

ASAHI SHIMBUN, 1 Aug -- Attorney General UEDA said yesterday: "With regard to police system reform, State Minister HIGAI is now negotiating with GHQ. The Government has no intention whatsoever of restoring the prewar police system. In regard to purge releases, the Screening Appeals Committee is now examining only the cases of appellants. Further, there can be no such a thing as requesting the release of extreme rightists. Accordingly, I cannot believe the foreign dispatch.

ITEM 2 FULL POLICE SYSTEM REFORM MAY WAIT UNTIL REGULAR DIET

(Full Translation)

TOKYO SHIMBUN, 1 Aug -- Amendment of the police laws, which the Democratic Liberal Party hoped to have brought up during the spcial session of the Fifth Diet, may be postponed even beyond the coming extraordinary session. Certain pressing police matters may, however, be settled during the extraordinary session.

Although the DLP strongly urged presentation of the amendments during the special session of the Fifth Diet, the revisions could not be drafted in time. Immediately after the close of that session the Yoshida Cabinet began pushing studies on "strengthening the police force, eliminating undemocratic influences, and establishing a law and order policy" as one of its major policies.

With the widespread outbreak of incidents since then stirring discussion in all quarters, even the opposition faction of the Democratic Party has demonstrated general agreement with the Government and the DLP on this issue, and revisions of the police laws were expected to go before the extraordinary Diet session in the fall.

Indications are strong at present, however, that such basic revisions as those involving the enhancement of police strength and quality, the functioning and character of public safety commissions, and absorption by the national Rural Police of certain autonomous police bodies will be postponed till the next regular session. The necessarily long and careful studies on these issues cannot, it is felt, be completed in time for the extraordinary session.

Consequently the fall session will in all likelihood take up only the two most insistent problems. One of these is the question of organic liaison between the National Rural Police and local police bodies. The other is the question of central government support for autonomous police which has been brought up in recent resolutions to surrender local police to the NRP due to lack of funds.

Even if amendment of the police laws is held down to these two points, the preparation of detailed drafts will take until mid-September at the earliest. This will upset the Government's schedule which anticipates cabinet approval of all legislation for the extraordinary session by early September. Thus the police reform is a crucial issue demanding speedy solution by the Yoshida Cabinet.

NEWS

ITEM 3 DLP DRAFTS 7-POINT LOAN POLICY FOR SMALLER BUSINESSES

(Full Translation)

HOCHI SHIMBUN, 1 Aug -- The Democratic Liberal Party believes that the coming extraordinary Diet session must work out ways to break the money bottleneck in little business. The party's Political Research Committee has drafted a little business lending program which would extend 15,000,000,000 yen in Deposit Division funds and counterpart funds to smaller enterprises.

Key points of the DLP program are:

1. The Bank of Japan should lift its ceiling on short-term loans to little businesses and lengthen the terms of such loans.

2. For the time being, smaller enterprises should receive long-term loans totaling 15,000,000,000 yen, 10,000,000,000 yen for rationalization and 5,000,000,000 yen for improvement of production techniques. All these funds will come from the Deposit Division and the counterpart fund. The Central Bank of Commerce and Industry, the Industrial Bank, and the Hypothec Bank will act as principal intermediate lending agencies with regular commercial banks called in wherever possible.

3. The Reconstruction Finance Bank should guarantee not more than 30 percent nor less than 20 percent of such loans.

4. Government-held funds should be placed on relatively long-term deposit (six months) in the Central Bank of Commerce and Industry, the Industrial Bank, and the Hypothec Bank. The Government should stipulate the use of such deposits.

5. Special financing for smaller businesses, for example through mutual credit associations, should be revamped. In particular, the Bank of Japan should buy up national bonds held by such institutions.

6. Loan priority schedules should be abolished or revised.

7. Collection of inquiry fees on small loans should be permitted.

ITEM 4 FINANCE MINISTRY WANTS FURTHER INTEREST RATE REDUCTION

(Full Translation)

NIHON KEIZAI SHIMBUN, 1 Aug -- With the Bank of Japan Policy Board having decided to reduce the discount rate on trade bills by two "rin" per day, beginning today' Finance Ministry authorities have examined the prospective balance sheets of city banks in the three consecutive business periods beginning with the April--September period. Their purpose was to find out whether or not a further reduction in interest rates is possible. As a result, the authorities have learned that a general one to two "rin" decrease in present daily interest on loans (28 rin) is possible, even in this period. The Bank of Japan Policy Board and the Finance Ministry agreed to study this problem.

Reasons for the strong stand of the Finance Ministry authorities regarding the reduction of interest are:

1. A smaller margin between domestic and international rates of interest is urgently needed.

2. Rationalization of the management of banks is behind rationalization of enterprises.

3. The release of the counterpart fund and the increase in deposits have increased the amount of funds available to banks.

ITEM 4 (Continued)

4. The interest rate on loans from the counterpart fund to private enterprises is expected to be fixed at the same level as that on short-term loans from city banks.

The Finance Ministry authorities seem to regard the recent measure, which was recommended by the Interest Adjustment Council and adopted by the Policy Board, as unexpected, because the reduction of interest on trade bills alone is too lenient and the increase of interest on deposits will prove an obstacle in reducing interest on loans in the future.

Moreover, a survey by the Banking Bureau has revealed that the financial situation of banks was favorable in those three business periods (no bank being in the red), and that it will be possible to reduce the rate of interest by at least one "rin" every period. Therefore, the opinion prevails that the margin between the domestic and international interest rates should be speedily reduced, and that the present way of managing banks is not permissible, from the viewpoint of social justice, at this time when enterprises are being rationalized.

Some authorities of the Finance Ministry maintain that the reduction of interest should be effected first on trade bills and "favored bills" where free competition is keen, and that the elimination of blackmarket interest rates comes first. However, Finance Ministry authorities are unanimous in pointing out that interest rates in this country are high, independently of international conditions. They also insist that the Finance Ministry should stand firm on the issue of interest reduction, particularly at this time when foreign banks have begun handling domestic business.

ITEM 5 GOVT ACTS TO REVIVE RECONSTRUCTION FINANCE BANK LENDING

(Full Translation)

YOMIURI SHIMBUN, 1 Aug -- The Government has decided to set the Reconstruction Finance Bank in motion again under a new plan in an effort to break the money shortage which has recently become extremely acute. The RFB has made no new loans since April.

At a conference on 28 July attended by Governor ICHIMADA of the Bank of Japan and various other banking representatives, Finance Minister IKEDA and RFB Vice-Governor KUDO explained the plan and sought the co-operation of banking institutions.

Considering that repayments exceeding 7,500,000,000 yen, expected to be returned to the RFB by the end of this year, can be used for new loans, the Government will seek a maximum repayment rate and thus make priority loans to important industries, smaller businesses, and agriculture and forestry enterprises. Such loans are not handled by commercial banks.

Under study are the following measures to encourage repayment of RFB loans:

1) RFB loans amounting to 4,140,000,000 yen will be redeemed by lending the five agriculture and forestry public corporations 13,140,000,000 yen in Deposit Division funds.

2) Companies whose financial condition is good will be urged to repay their PFB loans through refinancing by city banks. In case these city banks run short of funds, surplus RFB interest revenue will be deposited with them as special deposits. RFB loans to be repaid in this manner are estimated at about 10,000,000,000 yen yearly.

3) As new RFB loans direct loans, co-operative loans, with city banks, and guaranteed loans (30 percent guarantee as a rule) are now under consideration.

NEWS

ITEM 6 AGRICULTURE PVM SAYS PLANS AFOOT TO INCREASE RATION

(Full Translation)

MAINICHI SHIMBUN, 1 Aug (Tsu) -- Parliamentary Vice-Minister SAKAMOTO of the Agriculture-Forestry Ministry visited Mie Ken by way of Wakayama Ken on his inspection tour of typhoon damage and agricultural conditions. In a press interview at the Mie prefectural office on Saturday, he revealed that negotiations are now in progress with related quarters to increase the staple food ration by one shaker per capita to 2 go 8 shaku starting in the next rice year. His statement follows:

"Taking various circumstances into account, the Government is now negotiating with related quarters to increase the staple food ration to 2 go 8 shaku per capital in the next rice year. We also plan to set up an authoritative advisory organ to the Agriculture-Forestry Minister provisionally named the Cereals Council, which is to consist of about 25 members including Dietmen, leaders of organizations concerned with agriculture, and persons with knowledge and experience

"It has not yet been decided whether a revised rice price will be enforced at the beginning of the next rice year or in March next year.

"In connection with the fixing of a new price, there is a difference of opinion between the Finance Ministry, the Economic Stabilization Board, and the Agriculture-Forestry Ministry over the problem of parity calculation, distribution of Government subsidies, and others. In view of such a situation, I think it most necessary to set up an authoritative deliberative organ for determining an appropriate rice price."

ITEM 7 MEMBERS OF NEW RICE PRICE COUNCIL TENTATIVELY SET

(Full Translation)

YUKAN CHUGAI, 1 Aug — In order to set a fair price, the Government has been deliberating on the creation of a Rice Price Council, composed of representatives of all quarters concerned. The Government has now decided to establish the Council under the joint control of the Agriculture-Forestry Ministry and the Price Board, and to speed up the personnel selection. This Council is expected to act as a Government advisory organ in deciding the new rice price.

The Council will have 25 members representing producers, consumers, scholars, and experts as well as the Diet. Their selection will be completed this week so that the first meeting may be held around 22 August. At its second meeting, in the middle of September, the Council will conclude a draft report to the Government.

The term of service for members will be one year. The chairman is to be decided by vote of the members. As the first chairman, Prof TOHATA Seiichi of Tokyo University is reportedly a powerful candidate. The following is the line-up of the Council:

1. Representing agricultural producers (eight persons): OKADA Soji, Secretary-general of the Japan Farmers Union; YOSHIKAWA Kanemitsu of the National Farmers Union; SHIMAMURA Gunji, chairman of the National Federation of Agricultural Guidance Co-operative Unions; YAMAZAKI Tsune, chairman of the National Federation of Agricultural Sales Co-operative Unions; KURODA Shinichiro, chairman of the National Council of Agricultural Adjustment Committees; TANAKA Shosuke (Yamagata Ken); KUDO Seiichi (Kumamoto Ken); and AOI Isamu (Okayama Ken).

2. Representing consumers (five): Representatives of the Japan Federation of Trade Unions; State Railway Workers Union; ISHIKAWA Ichiro, chairman of the Economic Organizations Liaison; Miss OKU Umeo; and MAEDA Itsuo, managing director of the Japan Livelihood Co-operative Union.

3. Scholars and Experts (five): Prof TOHATA Seiichi of Tokyo University; YUGAWA Motoi, chairman of the Agriculture-Forestry Central Bank Board of Trustees; Prof OTSUKI Masao of Kyoto University; NAKAYAMA Ichiro, president of Hitotsubashi University; and FUTAMI Kichio, Vice-president of the Bank of Japan.

4. Representing the Diet (seven): Three Democratic Liberals; two Democrats; one Socialist; and one New Politics Council.

5. Secretaries (four): Director-general ABIKO of the Food Board; Director KAWANO of the Budget Bureau of the Finance Ministry; Director HASEGAWA of the Second Section of the Price Board; and Director TOHATA of the ESB Livelihood Materials Bureau.

ITEM 8 AICHI COMMUNICATIONS DISMISSALS TO RUN FROM 5 TO 15 AUG

(Full Translation)

YUKAN CHUGAI, 1 Aug (Nagoya) -- The chapters of the Aichi District Headquarters of the All of Japan Communication Workers Union have held dispute committee meetings and decided, as a matter of policy, to refuse to accept discharge notices. The chiefs of these branches negotiated with the Personnel Sections of the Postal and Telecommunications Bureaus. The latter have given the following reply regarding administrative retrenchment:

1. The date for retrenchment will be from 5 August to 15 August.

ITEM 8 (Continued)

2. The new personnel strength has not been decided. The surplus personnel for the district will total about 1,500 for tele-communications offices and a little less for postal offices.

3. The criteria for dismissal will be more specific than those of the State Railway. Each operative office will be required to prepare a list of all personnel and to select employees to be discharged. Regardless of whether there are vacancies or not, those who fall under the purview of the criteria will be discharged.

4. The number of employees to be dismissed will be reported to the union at the proper time. The criteria, however, will not be disclosed.

ITEM 9 REFORMISTS CALL FOR SRWU CONVENTION IN LATE AUGUST

(Full Translation)

ASAHI SHIMBUN, 1 Aug — The Reform League faction of the State Railway Workers Union resumed its national delegates' conference in the House of Councillors Hall at 0900 hours yesterday. Discussions centered on countermeasures for urgent problems, and the faction's basic attitude on reorganization after the split of the union's Central Dispute Committee was determined. The conference agreed on the following points:

1) The Reform League will request convocation of a national convention of the State Railway Workers Union at the end of August in order to reconsolidate the union organization and to develop the present struggle on a unified basis.

2) The Democratization Leagues's Directive Zero which ordered a central committee meeting is impermissible from the standpoint of the union movement.

The conference adjourned at 1800 hours.

In the above decision the Reform League faction clarified its standpoint by stating, "We denounce the social democrats who cater to authority and we shall correct the formalistic prejudice and antidemocratic trend of the Communists."

The Reform League faction will launch a movement to unite the Central Dispute Committee and realize unified direction of the State Railway Workers Union.

ITEM 10 PROFESSOR SETS LATER HOUR FOR SHIMOYAMA'S DEATH

(Full Translation)

ASAHI SHIMBUN, 1 Aug -- Professor AKIYA of the Legal Medicine Dept of Tokyo University has revised his estimate as to the time the late railway corporation president SHIMOYAMA died. Although he had originally stated "between 2100 and 2200 hours, 5 July," subsequent post-mortem experiments have shown the time to be between 2300 and 2400 hours, 5 July. The later time, Professor AKIYA told a meeting of the legal medicine faculty Saturday, is almost certain.

TOKYO SHIMBUN, 1 Aug -- With the exception of one group of detectives who went out to investigate a recent railway suicide, the Shimoyama case investigation headquarters took a rest yesterday. After more than three weeks of unbroken investigations, it was explained, the investigators were tired.

ITEM 10 (Continued)

Detectives of the Identification Section of the Metropolitan Police Board, headed by detective SHIMODA, visited Ryogoku station early yesterday morning to examine the locomotive which struck and killed a suicide named MIYAMOTO Shoji of Hirosaki Shi, Aomori Ken, on 20 July. They hoped to compare the splattering of blood on this locomotive with that on the locomotive which hit SHIMOYAMA. They reported, however, that heavy rains, bright sunlight, and other variant conditions made their "comparative findings" unreliable.

NEWS

ITEM 11 POLICE CONTINUE TO CHECK MITAKA SUSPECTS' ALIBIS

(Full Translation)

ASAHI SHIMBUN, 1 Aug — The Mitaka case combined investigation headquarters, with Chief SENDOTA of the headquaters, Prosecutor TANAKA, and all the staff attending, yesterday investigated the actual on-the-spot situation at the time the incident occurred. KOMINE Isamu, the motorman who drove the runaway train onto Track 1 that evening, and eight other witnesses were summoned.

Fifteen investigation squads continued to ask questions in the vicinity and to trace the moves of suspected culprits in order to check their alibis. Inspector YANAKA of the headquaters summoned to the Tachikawa Police Station HAYATA Chiaki, 31, a station employee of the Yagawa station on the Nambu line, to ask about the attempted railway sabotage on the Nambu line on 14 February. HAYATA was on night duty that evening.

ITEM 12 NARAHASHI EXPLAINS "SAN-CHU" (3 MIDDLE WAYS) PRINCIPLE

(Full Translation)

JIJI SHIMPO, 1 Aug (Osaka) -- Commenting on the prevailing political situation, Supreme Committeeman NARAHASHI of the Democratic Party opposition faction clarified his new "San-Chu" principle. The principle means "chudo-seiji" (middle-of-the-road politics), "chusan-kaikyu-no-yogo" (protection of the middle class). NARAHASHI arrived in Osaka Saturday night.

"TOMABECHI, said in Gumma Ken that he might join an anti-Communist coalition cabinet, if the Democratic Liberal Party acquired a new outlook. That is only his personal opinion. The time is not ripe for such a move.

"Our group deems it advisable to take up the problem after the policies of the Government have struck a snag. A cabinet crisis will come in October or November, between the extraordinary and regular Diet sessions. Party reorganization, too will begin around this period. With a full-scale offensive expected to be launched by the Communist Party, new party organization moves will then become vigorous among other opposition parties. Unless the DLP changes its labor policy, it will inevitably face a split.

"Japan today has no elternative but to adopt a san-chu principle. Politically, this principle implies the implementation of middle-of-the-road politics by progressive conservative parties which embrace the constructive laboring classes; internationally, it means the rallying of Asiatic third forces, including India and the Philippines, through impartial diplomacy for the sake of world peace; economically, it signifies safeguarding the middle class by preventing the oppresion by capital which occurs in a laissez-faire economy."

ITEM 13 TO CALL BACK 11 WITNESSES IN SHINYO MARU INCIDENT PROBE

(Full Translation)

MAINICHI SHIMBUN, 1 Aug (Maizuru) -- The investigation of the complaint involving 2,000 repatriates who returned home on the Shinyo Maru has become limited in scope following a supplementary examination of six leaders in the pangaroo court incident, Prosecutor OKUNI of the Maizuru branch of the Kyoto District Prosecutors Office, Chief MATSUDA of the Criminal Section of the Maizuru city police, and others examined the following until late Saturday night: MORIGAMI Kanichi, commander of the repatriates; TAKARADA Toyoki, medical officer; WATANABE Katsuo, medical officer; and YAMADA Yukio, ex-sergeant, the man who took the lead

ITEM 13 (Continued)

in denouncing the captain.

The examination made it clear that MORIGAMI, though commander formally, was a mere puppet and was not actually responsible for the command of the group. Accordingly, he was permitted to go home yesterday. The examination was then continued regarding the remaining five persons, who were accused of intimidation.

Meanwhile, following an over-all examination which had been conducted earlier, it became necessary to examine 11 more persons. Prosecutor OKUNI, Chief MATSUDA of criminal section, and others have taken immediate steps for this purpose. These 11 persons, however, will serve only as witnesses.

Vice-commander TAKARADA and the other five men maintain that they merely wanted to urge the captain to take responsibility for having rationed warmy bread and for having permitted his men to spill water. They said:

"Such actions were by no means rare during our life in Siberia. We do not think we have committed an outrageous act. We merely wanted the captain and his assistants to apologize voluntarily."

Councillor ASAOKA Talks with Prosecutor

Councillors ASAOKA (Democratic Liberal) and OKAMOTO (Ryokufukai), both members of the Special Repatriation Committee of the Home of Councillors, came to Maizuru yesterday to investigate the circumstances of the Shinzo Maru incident. They exchanged opinions, as 1700 hours yesterday, with Prosecutor OKUNI of the Maizuru branch of the Kyoto District Prosecutor's Office in the room of the vice-director of the Repatriation Relief Bureau. They maintained that the present case represents an illegal action, similar in nature to the Nahodka people's caubt incident now being investigated by the Committee. Prosecutor OKUNI stated his personal opinion that, since the complainant desired the responsible persons to be punished, he would take resolute steps.

Meiyu Maru Returnees Disembark Today

The Meiyu Maru, the seventh repatriation ship, which entered the port of Maizuru on 29 July, has stayed offshore for two full days, because the repatriates aboard the ship refused to follow part of the demobilization procedure. More than one hundred are suffering from diarrhoea. Of these, 37 persons (two on 29 July, 11 on 30 July, and 24 on yesterday) went ashore because of their relatively serious condition. The rest remain aboard ship. However, the repatriates apparently completed the demobilization routive yesterday. They are expected to disembark today.

According to a message received by the Maizuru Repatriation Bureau yesterday afternoon, the Eiho Maru, the eighth repatriation ship, is scheduled to enter the port of Maizuru at 1430 hours today.

EDITORIALS

ITEM 14 PUBLIC STAPLE FOOD CORPORATION AND RICE DEALERS

(Summary)

ASAHI SHIMBUN, 1 Aug -- With the change in the economic situation, the public corporation system as a whole has been brought up for criticism. In such a situation, it seems that the Public Staple Food Corporation alone has remained complacent over the present formula.

This is not to say that the people are satisfied with the present methods of operation of the PSFC. The fact is only that they consider it inevitable, in view of the inadequate food resources in our country, that food control be exercised to a certain extent. Actually, the people as consumers have been dissatisfied with the service of rationing stations.

Low efficiency and bad service have been common to almost all government and public enterprises. Although the service in the railways, public labor offices, and post offices has improved somewhat recently, the long-cherished bureaucratism has not been completely removed even in these days. In this regard, the employees of the PSFC, who mainly consist of newcomers as public officials, are no exception.

It must be admitted that the service in the PSFC has also improved somewhat as compared with that in the time of its predecessor, the Food Corporation. We do not believe, however, that the employees of this organization have become fully aware of their role as the servants of the consuming public. This is obvious in contrast with the efforts for improvement of service now being made by general tradesmen to cope with the new situation wherein the sellers' market has turned into a buyers' market.

Inasmuch as the rationing of staple food, the most indispensable of all, has been handled under a monopolistic yet regional machinery which is difficult to superintend, the unkind and bureaucratic attitude of the PSFC employees may not always be attributed to the faults of individual members alone. At any rate, there is much to be improved concerning the present practices of rationing stations.

For example, although the expenses for cleaning rice and those for delivering food to individual homes are included in the consumer prices, the housewives have been obliged in many cases to waste considerable time getting supplies at the rationing stations. Moreover, it is rare that cleaned rice is distributed. In short, as far as the rationing stations are concerned, service has been almost completely ignored.

Recently, however, a new step has been taken toward the replacement of rationing stations with rice shops under private management. This is considered only too natural. In Tokyo, the new system has already been tested, and the results seem fairly satisfactory. This system is scheduled for test also in Osaka in the near future. We consider it preferable that it be enforced on a large scale throughout the country.

In this case, however, the method of enforcing this rice-shop system will have to be studied further. According to the present plan, the rationing stations will be removed from the direct management of the PSFC and put under new companies or co-operative unions, with the present employees carried over to the new organizations which will function in the same rationing districts as exist now. If so, it may well be called a mere change in signboards.

The merits of private management lie in the fact that the efforts of individual entrepreneurs are directly reflected in the results of business. If so, we wonder why individual rice shops should be guaranteed a monopolistic right to do business in particular districts. There will be no improvement of service without competition among

ITEM 14 (Continued)

private enterprises. In this regard, it is necessary to utilize a rationing registration system which permit consumers to choose their shops.

It is reported that the PSFC authorities as well as the rationing station members themselves lack enthusiasm for the shift to the new system. This may be partly attributed to their adherence to the past easy-going method of control. However, in view of the half-way measure adopted in the reform plan, it may be natural that the employees of the rationing stations should remain apathetic toward such a plan.

ITEM 15 OVERPRODUCTION UNDER A CONTROLLED ECONOMY

(Summary)

JIJI SHIMPO, 1 Aug — The accumulation of stocks on hand is one of the phenomena which symbolize the present deflationary economy. Then, what is the cause for mounting inventories?

The most popular answer is that the accumulation of stocks has been brought about by decreased effective demand which, in turn, has resulted from the money shortage. However, this explanation is inadequate since it must be further explained what has caused the decreased effective demand and the money shortage. Moreover, the accumulation of export stocks cannot be explained by the shortage of money. In the case of coal and other domestic products, the quantity-first principle in production may be responsible for the glut. Further, the accumulation of textiles is attributed to the decline in consumers' purchasing power.

Another explanation as prevalent as this is that the present deflation has been caused by the Dodge policy. No one can deny the relationship between the deflation and the Dodge policy. However, it is not right to attribute the present deflation to the Dodge policy alone. Such deflationary symptoms as the accumulation of stocks, the shortage of funds, and a reduced margin between official and black-market prices were seen even before the Dodge policy was established, although in less conspicuous forms. These phenomena, which were interpreted as indications of the inflation going toward stabilization, were gradually forming the present conditions.

Thus, the accumulation of stocks should be considered not as a technical problem but as a phenomenon which represents the business cycle inherent in a capitalist economy. In other wirds, it is a phenomenon which represents overproduction under controlled economy. Everyone might think at first glance that overproduction cannot exist in a controlled economy. Now is the best time to realize that this conception is wrong. Controls can plan production but cannot actually produce anything. Further, controls can restrain consumption but cannot increase it in the least. This is particularly true with exports.

Control has meaning only when demand surpasses supply. If supply surpasses demand, control will serve no purpose. The present economy is under such a condition.

ITEM 16 SPEED LIVELIHOOD POLICY

(Full Translation)

TOKYO SHIMBUN, 1 Aug — Both the attack on the Katsushika ward office on 29 July and the earlier demonstration at the Daito ward office are mass actions which we must study seriously. Granting that

ITEM 16 (Continued)

the instigators may have been ideological groups, we must admit that a deep livelihood unrest prevails among the people who were involved.

Recently, Tokyo citizens have been refusing to accept rationed articles. This indicates the serious monetary shortage among Tokyoites. Their desperate struggle to live is also seen in the scramble for side jobs. Unscrupulous businessmen, taking advantage of this situation, try to swindle them out of deposits through dubious advertisements. Such trends are now being discussed as a serious social problem.

First of all, we must explain fully to the masses those aspects of administration which are directly connected with them. Welfare funds delivered to ward offices cannot be advanced to every one indiscriminately. Under the present distribution system, it is utterly useless to demand that the ward office distribute only polished rice as staple food. The instigators knew this well and incited the masses to violent acts.

Needless to say, such agitators are unprincipled. However, it is necessary to tell the masses that they are not well informed on details of administration. As chokai and tonarigumi no longer exist, the masses cannot be furnished with information through such organizations. The authorities must make much greater efforts to provide the people with administrative information.

However, it is vital, for settling the present difficulties, to speed up the formulation of a livelihood policy. The Metropolitan Assembly is not deliberating on a plan to advance livelihood funds of 30,000 yen each to 10,000 families. This is one idea. It will also be effective to increase the citizens' earned income by speeding up public works disbursements, and to urge public welfare commissioners to investigate the livelihood situation of each family, so as to aid citizens in their livelihood as well as in sanitation. Relief, if delayed, will be useless. Needless to say, unscrupulous agitators should be severely punished.

ITEM 17 CRUCIAL POINTS IN METROPOLITAN TAXES

(Summary)

TOKYO SHIMBUN, 1 Aug -- The budget adjustment which the Metropolitan Assembly is now discussing amounts to around 7,000,000,000 yen. Of this amount, 4,000,000,000 yen is in citizens' taxes. The total of the municipal tax, including that in the original budget, amounts to 18,000,000 yen, or an average of about 3,200 yen per citizen. This is really a heavy burden.

However, the question is not one of increased taxes, but whether the taxes are impartially imposed upon citizens and how these taxes will be spent. We fear that citizens in rich wards may bear a lighter burden than those in poor wards under the present system. We wonder whether the goal for the restaurant tax, amounting to 2,500,000,000 yen, is too great.

Although Tokyo has a local autonomous government, it has the features of a nation, and its expenditures amount to an enormous sum. The Government must understand this, and grant to the Metropolis proper subsidies in a supplemental budget, or else give it priority in raising loans. The Metropolitan authorities should strongly demand this.

The Metropolitan Assembly appears to be contemplating curtailement of the budget. The citizens keenly desire that the Metropolitan Assembly deliberate on the matter with intelligence and intensifies its efforts to curtail the budget.

EDITORIALS

ITEM 18 PLEA FOR AUTONOMOUS POLICE AT PREFECTURAL LEVEL

(Full Translation)

YOMIURI SHIMBUN, 1 Aug -- Reflecting the critical situation of present-day society, sinister affairs such as SHIMOYAMA's mysterious death, the Mitaka incident, and the Taira police station riot have occurred one after another. Despite the strenuous efforts of police authorities none of these cases has been solved as yet.

There may be many reasons for this. However, people are likely to apprehend that this may be due to the fact that the existing criminal procedures and police system, which have been revised under the new Constitution, have some big working defects, or at least something incompatible with the realities of today's society.

It is natural that respect for the human rights of defendants and decentralization of police forces without simultaneous development in scientific criminal investigation methods and improvement in personnel and equipment have weakened the strength of police authorities. To cope with this situation the Government is reportedly determined to present to the forthcoming extraordinary Diet session a bill revising the police laws with the purpose of strengthening the police force.

The police system under the old Constitution was very powerful for three reasons. One reason is that it was in touch with a wide scope of matters relating to the people's daily life Existence of a "thought police" may be taken as an instance. Secondly, it could take strong action for instance, by means of administrative arrests. Thirdly, its strength was centralized. Political circles and the military clique usually took advantage of police power to extend their strength. The fact that there were simultaneous shifts of the minister and vice-minister of Home Affairs, the superintendent-general of the Metropolitan Police Board, and the chief of the Police Bureau every time a cabinet changed shows how the police were utilized by political circles in prewar time.

When the reform of the local government system was carried out after the war, there was a strong opinion that prefectural governors chosen by popular ballot should be given the status of public officials. This opinion is regarded as having aimed at centralizing the police forces.

Gen MacARTHUR's letter of 10 Oct 46 regarding the reform of the police system brought a drastic change, in the situation. The letter denounced the establishment and maintenance of a highly centralized police organization with a head free from public control as, as much a distinctive feature of modern totalitarian dictatorships as it was of the feudalistic Japan of the past. Further, it pointed out that the improper use of the police by the state authorities in the past would be best corrected by entirely decentralizing police-forces in line with the principle of local autonomy under the new Constitution.

The existing police system is a result of decentralization and democratization of the police organization in line with the spirit of this letter. The decentralization of the police forces took shape in the formation of local autonomous police independent the national police.

Along the line of democratization, a public safety commission was set up as the supreme organ of the police system, thus fully eliminating bureaucratic elements from the police organization.

The decentralization and democratization of police fairces are basic principles, an imperative, which must be observed in working out a revision of the police laws. In other words, the weakness of the police due to the decentralization must never be made a pretext for getting the existing system back to the centralized organization.

Keeping revision of the police system at all times within the bounds of these two basic principles, we must study whether the present

ITEM 18 (Continued)

decentralized system is appropriate or not.

As is generally known, under the present system every city and every town and village having a population of over 5,000 has a local autonomous police with full and independent police authority. All other areas are under the jurisdiction of the National Rural Police. It is doubtful whether or not such extremely decentralized police forces are able to fulfill their major functions to investigate criminal cases, to arrest criminal suspects, and to maintain public peace and order. Local autonomous police are often said to be faced with a critical situtiion with regard to operation and finances.

It is true that even the Police Law recognizes the weakness of local autonomous police. It is for this reason that the law provides that local autonomous police are to work together and are allowed to operate within a limited area outside then own jurisdiction if occasion demands and that in case of a state of emergency, they are to be placed under the command of the Premier. However, the state of emergency should not be proclaimed carelessly and other provisions are of temporizing nature.

The Government is now contemplating extending the scope of the National Rural Police by confining establishment of local autonomous police to cities and towns with populations of 50,000 to 100,000. But, it is more advisable to set up local autonomous police on a prefectural basis instead of the existing local autonomous police on the basis of a city or town.

Under the present system, prefectural police constitute a branch of the National Rural Police Headquarters. However, they have the nature of local autonomous police in that they are under gubernatorial jurisdiction, and the police safety committee which is responsible for the operation of prefectural police is appointed by the local governor with the sanctions of the assembly and salaries and other expenses of the committee members are borne by the prefecture. The setting up of a local autonomous police on a prefectural level will be possible by pushing a step further in reorganizing the prefectural branches of the National Rural Police.

It is undeniable in this case that the scope of operation of the National Rural Police will be reduced to certain extent. However, the National Rural Police may still have many things to do in connection with criminal investigations, the maintaintenance and supervision of police schools, finances, and liaision and guidance in operations even in ordinary times, not mention in a state of emergency. The National Rural Police should be to local autonomous police what the Local Government Board is to local governments.

The establishment of local autonomous police on a prefectural level does not mean the abolition of local autonomous police on the city and town level. The latter are to be controlled by the farmer to a certain degree. It is to be emphasized that police operations cannot be efficient unless they are set up on the basis of a larger administrative unit than at present.

(This commentary was written by SUGIMURA Shozaburo, professor of administrative law at Tokyo University)

ITEM 19 WORKING WOMEN'S WEEK

(Summary)

MAINICHI SHIMBUN, 1 Aug -- For the first time in Japan, a nation-wide movement for "the welfare of working women" will be carried on for a week, starting today, under the sponsorship of the Labor Ministry. Today, Japan's working women number 14,000,000,

ITEM 19 (Continued)

accounting for 40 percent of the total working population. It is noteworthy, above all, that women play a highly important role in productive industries.

However, the very fact that the nation finds it necessary to establish a Working Women's Week is proof that there are many problems to be solved regarding the welfare of working women. Of these problems, two seem in our opinion to be worthy of special attention. One is that the general public should become more sympathetic toward working women, and the other is that working women should reflect on their own attitude on this occasion. These two are conditions prerequisite to the improvement of the womenis lot.

Despite the equality of both sexes before the law, women are as yet not on an equal social footing with men. This social inequality between the two sexes is usually attributed to women's inferior efficiency. It should, however, be noted that many factors which are beyond the control of women -- such, for instance, as physical [illegible] conditions, unfavorable customs, defects in the existing education system -- are responsible for this. Therefore, before accusing women workers of inferior efficiency, we should inquire into the occupational adoptability of women from a scientific viewpoint.

On the other hand, it is undeniable that women are generally lacking in social and political interest. Had our women workers deeper interest in the workings of their own labor unions or of the society they live in, they would be able to improve their living conditions by their own bands. Women cannot hope to raise their social status without endeavoring to widen their vistas. We hope that the working women of this country will make the most of this opportunity by reflecting afresh on their own attitude.

YESTERDAY

News

		Item No.
Ikeda's Plan to Reduce Taxes in November is Menaced	MAINICHI	20
Yoshida Advocates DLP Stand on Controversial Problems	ASAHI	21
Agri-For Ministry Releases Details of Personnel Cut	ASAHI	22
Exam Committee to Study Hiroshima Case This Week	MAINICHI	23
DLP Drafts Measures to Follow Coal Corp Abolition	JIJI SHIMPO	24
Four Opposition Parties to Present Seven Joint Bills	TOKYO SHIMBUN	25
Socialist Leader Says Yoshida Govt Will Fall by Sept	TOKYO SHIMBUN	26
Shinyo Maru Captain Files Suit against Six Repatriates	JIJI SHIMPO	27
Meiyu Maru Repatriates Refuse to Disembark at Maizuru	JIJI SHIMPO	28
Police Arrest Fukui-Ken Communist Party Chairman	JIJI SHIMPO	29
Osaka Mimpo Probe May Lead to Arrest of Red Leaders	JIJI SHIMPO	30
Reds Claim Spy Network Aims to Outlaw Communist Party	AKAHATA	31
Akahata Sets 7-Day Schedule, 400,000-Reader Goal	AKAHATA	32

Editorials

Kangaroo Court Incident	YOMIURI	33
A Word to Finance Minister Ikeda	YUKAN CHUGAI	34
Self-Sufficiency or Reliance on Trade?	NIHON KEIZAI	35
Personnel Law Revision and Socialist Party	TOKYO SHIMBUN	36
Don't Play at Lawmaking	TOKYO SHIMBUN	37
Farmland Committee Election	ASAHI	38
Swimming Champions' Trip to US	MAINICHI	39
Those Who Set Stage for Communist Party	JIJI SHIMPO	40
There Is Only One Path	AKAHATA	41

NEWS

ITEM 20. IKEDA'S PLAN TO REDUCE TAXES IN NOVEMBER IS MENACED

(Full Translation)

MAINICHI SHIMBUN, 31 Jul -- Finance Minister IKEDA planned to cut taxes by about 30,000,000,000 yen, which is the sum derived by subtracting additional spending from the 70,300,000,000 yen in budget savings. He hoped that this could be done in November. However, as a result of a change in the situation regarding the supplementary budget, it now appears difficult to effect a reduction in the income tax in November or, as a matter of fact, during this year. The reasons are:

1. According to information which has reached Government sources regarding the views of GHQ personnel in charge of the nation's budget, tax revisions are linked with next year's budget. Accordingly, it is deemed premature to compile a supplementary budget and effect tax reductions before prospects for next year's budget become clear. It is believed proper to discuss the additional budget, together with next year's budget, during the next regular Diet session.

2. The result of the recent exchange of wires (Tokyo-Washington), on which Finance Minister IKEDA largely counted, is still unknown, but indications are that the conference was fairly critical of the IKEDA-proposed tax slash beginning in November. In addition, there are signs that the discussions did not reach a final conclusion as to whether debates on the additional budget (attendant upon tax revision) should be conducted during the coming special Diet session, as desired by the Government, or during the regular Diet session.

ITEM 20 (Continued)

Hoping that tax reductions, even if difficult of realization in November, will be possible by the end of this year, Finance Minister IKEDA expressed the intention of continuing negotiations in line with the already established policy. If debates on the additional budget are postponed until the next regular Diet session, only a part of the tax reduction would be effected during this year, even if things go well. On the other hand, it seems a difficult task to call a special Diet session in mid-September, as scheduled. Thus, the prevailing situation regarding the supplementary budget is extremely delicate.

ITEM 21 YOSHIDA ADVOCATES DLP STAND ON CONTROVERSIAL PROBLEMS

(Full Translation) ...

ASAHI SHIMBUN, 31 Jul -- The Government, at its cabinet meeting Friday, discussed the problems of decontrol of charcoal and transfer of local branches of the Central Government to local governments. However, no conclusion could be reached, because the view of State Minister HONDA, who advocates the policy of the Democratic Liberal Party's Political Research Committee, conflicted with those of Transportation Minister OYA and Agriculture-Forestry Ministry MORI.

In this connection Chief Cabinet Secretary MASUDA visited Premier YOSHIDA Friday afternoon at his private residence at Oiso. After one and a half hours of discussion, MASUDA left the problems to the Premier's decision. . . . . .

After the conference, the Chief Cabinet Secretary said: "Premier YOSHIDA favored the decontrol and free sales of charcoal on grounds that the DLP policy should be respected and a majority of the cabinet ministers endorse the abolition of controls. He also generally backed up the DLP policy relative to the problem of transferring Central Government branches to local governments.

Saturday's special cabinet meeting is expected to reach a decision to this effect. If no decision can be reached, there will be a conference between the authorities concerned and GHQ."

ITEM 22 AGRI-FOR MINISTRY RELEASES DETAILS OF PERSONNEL CUT

(Full Translation)

ASAHI SHIMBUN, 31 Jul -- The Agriculture-Forestry Ministry Saturday announced dismissal of 4,301 workers, according to bureaus and boards. It immediately notified the union, and then both sides began discussions. Personal notifications will be sent out after the survey of voluntary resignations is completed; therefore, they will be delayed.

According to this draft, the ministry's employees totaled 92,486 as of 15 June. Since the new personnel strength is fixed at 88,185, the difference, or 4,301 workers, are to be discharged. However, in view of some 2,000 voluntary resignations yearly, the number of actual dismissals will be a little less than scheduled.

The following are the numbers slated to be dismissed by bureaus and boards. The Food Board workers constitute the majority, followed by the Forestry-Field Bureau employees.

Number of dismissals: Minister's Secretariate, 99; Agricultural Policy Bureau, 31; Farm Land Bureau, 91; Livestock Bureau, 230; Agricultural Reform Bureau, 292; Sericulture Bureau, 40; Food Board, 2,357; Forestry-Field Board, 1,131; Fisheries Bureau, 30; Total 4,301.

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NEWS

ITEM 23 EXAM COMMITTEE TO STUDY HIROSHIMA CASE THIS WEEK

(Full Translation)

MAINICHI SHIMBUN, 31 Jul -- The directors' meeting of the Lower House Examination Committee was held at 1100 hours Saturday. As the result of the meeting, it was decided that the committee would take up the dispute of the Hiroshima Plant of the Japan Steel Company. On 5 and 8 August, the Governor of Hiroshima Ken, the superintendent of the National Rural Police in Hiroshima, and the chairman of the Hiroshima District Committee of the Communist Party are to be summoned.

Following this meeting, the plenary session of the Examination Committee was opened. As witnesses of the Taira incident, Chairman OTAKE Sakuma of the Fukushima Prefectural Assembly and KIYONO Tsuneo, reporter of the Akahata branch, were cross-examined.

ITEM 24 DLP DRAFTS MEASURES TO FOLLOW COAL CORP ABOLITION

(Full Translation)

JIJI SHIMPO, 31 Jul -- The Democratic Liberal Party's Political Research and Coal Policy Committees decided yesterday afternoon on final coal measures, including abolition of the Public Coal Distribution Corporation and repeal of the State Coal Control Law. The plan will be reported to an executives' meeting on 2 August.

Due to increased coal stock piles and a fund shortage, the Public Coal Distribution Corporation finds it very difficult to conduct its ordinary functions. Therefore, the corporation will be abolished after 15 September. The following remedies will be taken:

1. Distribution control will be abolished. However, in view of the demands, a free-coupon system will be adopted, as a temporary measure, for the distribution of coal as a raw material and for gas production furnaces.

2. Price control will be abolished completely.

3. Financing measures:

a. When abolition of the corporation has been decided upon, disposal of the certified bills will necessarily become difficult. Liquidation of the certified bills will be made easy by a Deposit Section loan or other strong financing measures.

b. When deficits remain after liquidation of the corporation, the Government will liquidate them from the general account. Legal measures necessary for this will be taken.

c. After the corporation has been abolished, the coal mines will be cut off from coal price income by means of certified bill reduction. For supplying stop-gap funds smoothly, the following measures will be taken: (1) abolition of the corporation will be carried out with at least one month's previous notice, and (2) through positive assistance of the Government, stop-gap funds should be financed from the city banks.

4. The Government will temporarily preserve the corporation's coal stock, to be utilized for supply and demand adjustment in the future.

5. With abolition of the corporation, a free-sales system will be adopted between producers and sellers. As a transitional measure, the Government will quickly carry out a designation-sales system.

6. To make out operation of foregoing measures easier, effective policies will be taken, such as adoption of a merit system for coal production, increased coal exportation, and an increase in effective demand.

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NEWS

ITEM 25 FOUR OPPOSITION PARTIES TO PRESENT SEVEN JOINT BILLS

(Full Translation)

TOKYO SHIMBUN, 31 Jul -- The Policy Council Subcommittee meeting of the four opposition parties excluding the Communist Party was held Saturday noon in the Diet, attended by UCHIMURA (Socialist), ARAKI and KADOYA (opposition Democrats), TAKEYAMA (Peoples Co-operative), and TAMAI (Worker-Farmer). The meeting deliberated on the seven joint proposals to be submitted to the special Diet session by the opposition parties. As a result, the following agreement has been reached concerning the bills to be submitted:

Revision bills for the Reconstruction Finance Law, the Bank of Japan Law, the Special Bank Law, the Unemployment Insurance Law, and the Livelihood Protection Law will be drafted based on the Socialist Party's plan. Revision bills for the Emergency Unemployment Policy Law and the Employment Stabilization Law will be drafted by the Socialist Party based on the Democratic Party's opinion. The bills will be submitted on 2 August.

The chief points of revision are:

1) The Reconstruction Finance Bank Law: The Imperial Ordinance in connection with the organization of the Recovery Committee prescribed in Clause 3, Article 2 of Chapter I will be revised and will constitute the law. Representatives of smaller businesses, labor and farmers will be included in the committee.

2) The Bank of Japan Law: In reference to Clause 42 of Article 16, representatives of smaller businesses, labor, and farmers and learned and experienced persons will be added in equal ratio.

3) The Special Bank Law: The competent minister will appoint the committee members and councillors called for in the foregoing Bank of Japan Law revision bill through a Diet election.

4) The Livelihood Protection Law: The present monthly payment of 1,000 yen will be increased to a minimum of 1,300 yen.

5) Unemployment Insurance Law: The present rate of payment of 60 percent will be increased to 70 percent. The applicable period of one year will be extended to one and a half years. The present limit of application of 110 days will be extended to 270 days.

ITEM 26 SOCIALIST LEADER SAYS YOSHIDA GOVT WILL FALL BY SEPT

(Full Translation)

TOKYO SHIMBUN, 31 Jul -- Secretary-general SUZUKI of the Socialist Party spoke on the political situation, the Communist Party, the extraordinary Diet session, and unemployment relief, at Yuzawa machi on Friday evening. He emphasized that the Communist Party, which resorts to violence and intimidation, is hampering the democratization of Japan and is attempting to lower the standard of living of the Japanese people. The gist of the Secretary-general's statement follows:

Political situation--"Under existing domestic and foreign conditions, it will be impossible for the Yoshida Cabinet to overcome the economic and social unrest. I do not think that the Cabinet will last until the opening of an extraordinary session in September. The Socialist Party is demanding that the extraordinary Diet session be convoked as soon as possible."

ITEM 26 (Continued)

The Communist Party--"The so-called anti-communist policy of the Democratic Liberal Party is supported by no one but HIROKAWA. The best policy is for the Socialist Party to guide the Japanese labor movement in the right direction, thus reducing the communist influence. The Communist Party, which follows the Russian pattern and attempts to destroy Japan by violence, should withdraw from political movements and democratic farmer and labor movements. The present communist policy will only result in a lower standard of living for the Japanese people. However, intelligent people will not be deceived by the communist trick."

Extraordinary Diet session--"The Government insists that the extraordinary Diet session be convoked in September. However, economic and social unrest should be removed as soon as possible. For this objective, our party is rushing preparations to introduce bills for a change in the present deflationary economic policy, modification of the Personnel Strength Law, and revision of existing labor legislation."

Unemployment relief--"The Government says that it will spend 10,000,000,000 yen for unemployment relief. However, the problem cannot be solved by money alone. Mobilization of all industries and revision of the Personnel Strength Law are necessary."

SUZUKI will attend the convention of the party's Niigata Chapter, scheduled for 30 and 31 July.

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NEWS

ITEM 27 SHINYO MARU CAPTAIN FILES SUIT AGAINST SIX REPATRIATES

(Full Translation)

JIJI SHIMPO, 31 Jul (Maizuru Dispatch) -- Captain UCHIKAWA Tetsuo of the Shinyo Maru, who had filed a complaint with the Maizuru branch of the Kyoto District Prosecutors Office against the 2,000 repatriates who returned home on his ship, withdrew this general complaint complaint at 1300 hours Saturday through Attorney FUJIKI Yasuichi, who had acted on his behalf in filing the complaint. He then filed a new complaint, instead, against six repatriates.

Prosecutor OKUNI of the branch visited the Maizuru Repatriation Relief Bureau to commence the examination of these six persons. Accordingly the rest of the repatriates were permitted to return home.

The six repatriates named are: MORIGAMI Kanichi, transportation commander of the Shinyo Maru (Motomura Machi, Hiba Gun, Hiroshima Ken); TAKARADA Harumi, vice-commander (Fujiki Cho, Nakamatsu Shi, Fukuoka Ken); ITAGAKI Junji, vice-commander (Kamisunagawa Honcho, Sunagawa Machi, Sapporo Gun, Hokkaido); TANEDA Toyoki, ex-surgeon captain (1-1, Minami-7, Sapporo Shi, Hokkaido); WATANABE Katsuo, ex-medical officer (Koshi Mura Natori Gun, Miyagi Ken); YAMADA Yukio, ex-sergeant (28, Sumiyoshi Cho, Hirosaki Shi, Aomori Ken).

Following the withdrawal of the general complaint by Captain UCHIKAWA of the Shinyo Maru, the repatriates, except the six persons newly charged and 61 witnesses were permitted to go home. They are scheduled to leave for home by a repatriation train today.

ITEM 28 MEIYU MARU REPATRIATES REFUSE TO DISEMBARK AT MAIZURU

(Full Translation)

JIJI SHIMPO, 31 Jul (Maizuru Dispatch) -- Repatriates, on board the Meiyu Maru, the seventh repatriation ship, which arrived in Maizuru port Friday afternoon, refuse to follow necessary repatriation procedures. They assumed a stronger, attitude Saturday. This attitude was even more stubborn than that taken by repatriates who had returned on the Shinyo Maru.

Since the repatriates aboard the Meiyu Maru have refused to disembark, it is impossible for the sick persons and repatriation officials to leave the ship. Under the circumstances, it is felt that their disembarkation will be delayed by a day or two.

ITEM 29 POLICE ARREST FUKUI-KEN COMMUNIST PARTY CHAIRMAN

(Full Translation)

JIJI SHIMPO, 31 Jul (Fukui Dispatch) -- The Fukui prefectural headquarters of the National Rural Police raided, Friday morning, the prefectural headquarters of the Japan Communist Party at Keya Machi, Fukui Shi, and arrested Prefectural Committee Chairman OCHIAI Eiichi (44) of the headquarters and former Chairman YAMAGUCHI Kotaro (46) of the Tsuruga chapter of the Japan Socialist Party.

ITEM 30 OSAKA MIMPO PROBE MAY LEAD TO ARREST OF RED LEADERS

(Full Translation)

JIJI SHIMPO, 31 Jul (Osaka Dispatch) -- The special investigation headquarters of Osaka City Police Station, which has investigated the OSAKA MIMPO "wall newspapers" incident, held a meeting, at 1300 hours yesterday, to make advance arrangements for the gathering of

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ITEM 30 (Continued)

evidence in the second stage of the investigation.

As a result, it was decided to concentrate efforts on investigation of the Japan Communist Party's Osaka area committee and the Kansai district committee. This investigation will also cover Kyoto and four other prefectures. It is anticipated that leading members of the Japan Communist Party in the Kansai district will be arrested.

ITEM 31 REDS CLAIM SPY NETWORK AIMS TO OUTLAW COMMUNIST PARTY

(Summary)

AKAHATA, 31 Jul -- The Control Committee and the Chiba Prefectural Committee of the Japan Communist Party, which are investigating an underground spy organization composed of certain Democratic Liberals, government officials, and former military officers, revealed the workings of the spy network last Thursday. This network was exposed by MURATA Sumio, 27, former organizer of the Chiba Regional Committee of the Communist Party, who has become the agent of the spy group.

According to MURATA, who was called to account for the loss of party funds, there exists a secret fascist organization in Chiba, which is composed of officials of the National Rural Police, members of the Democratic Liberal Party, and former war-criminal military officers. Its base is said to be the Makinoya Hotel, at 79, Ichiba Machi, Chiba Shi. The facts of the organization, according to the informer, are as follows:

The secret fascist organization was established in May last year, and launched positive activities at the time of the general election in January this year. At the Makinoya Hotel, OSHIMA Gunchi, former lieutenant of the Shanghai Special Information Unit, lives with his wife Yoshiko. CHIYO Saburo, chief of the Defense Section of Chiba Prefecture, has often been there. In collaboration with MITSUI Takehiko, former interpreter and son-in-law of FUSE Mina, 61, proprietress of the hotel, OSHIMA sent many spies into our party to collect various information and to provoke intraparty confusion. The spy organization has spread its network throughout the nation.

The organization is composed of officials of the Foreign Ministry, the National Rural Police, and the Prosecutors Office, members of the Democratic Liberal Party, and some financiers. The organization has established its headquarters in Tokyo. Members of this organization have kept in close contact with Governor KAWAGUCHI Tamenosuke of Chiba Prefecture, Superintendent SUZUKI of the Chiba Municipal Police, Mayor KANO Kinsuke of Chiba Shi, Buddhist Archbishop ARAKI of the Narita-san, and chiefs of the Komigawa, Sahara, and Narita police stations.

The strange thing is that leaders of the spy organization are officials of government organizations. OSHIMA had once been an official of the National Rural Police. He is an official of the Attorney General's Office at present.

According to MURATA, leaders of the organization have often declared that they are fighting for the reconstruction of Japan, with the Emperor as its head. If any member should conduct any treacherous behavior, he will be killed instantly.

They were quoted by MURATA as saying that they would do their utmost to outlaw the Communist Party by September. If this attempt should fail, they confessed that they would be defeated. They are ready to suppress the party thoroughly when the leaders of the Communist Party take the lead in the struggle.

NEWS

ITEM 32 AKAHATA SETS 7-DAY SCHEDULE; 400,000-READER GOAL

(Summary)

AKAHATA, 31 Jul -- (The Communist Party Central Committee released the following announcement Saturday.) In order to meet the current intensified situation, we will publish AKAHATA seven days a week. The AKAHATA has become more influential by advancing from the daily publication system to the two-edition one. However, it has been keenly felt that the suspension of AKAHATA publication once a week prevents the development of the people's great struggle against the Yoshida Cabinet. Therefore, AKAHATA will be published on Monday also.

Since the enforcement of the two-edition system on 1 June, the daily editions of the AKAHATA have increased from 180,000 to 240,000 despite various oppressions including the drastic reduction of newsprint allotment to AKAHATA. In consideration of this fact, we announce a goal of acquiring 400,000 readers by the end of September.

The AKAHATA main office will make further efforts to co-operate with all party organs in the rationalization of management, the improvement of accounts, and the strengthening of news-gathering facilities.

EDITORIALS

ITEM 33 KANGAROO COURT INCIDENT

(Summary)

YOMIURI SHIMBUN, 31 Jul -- Captain UCHIKAWA of the Shinyo Maru, who was the principal victim in the so-called "stringing-up" incident which took place on board the ship, has submitted a complaint to the Maizuru branch of the Kyoto Prosecutors' Office. He accuses 2,000 repatriates responsible for the incident of "assault, intimidation, and interference with official duty." The prosecutors have started an investigation.

Although it is unfamiliar to us, the term "stringing-up" is a phrase which is closely bound up with the life of our POW's in the Soviet Union. This phrase indicates a form of kangaroo court which is also called "popular trial" or "democratic sanction."

The kangaroo court incident, as well as all other eccentric actions of this year's repatriates, is proof that they have gone through a course of fanatical communist discipline during the four years since the war's end. Their life during this period must have been full of strange events which are totally unknown to democratic peoples. The strangest thing, however, is that such a way of life is embellished with such phrases as "democratization," "for the sake of the people," etc.

In view of these considerations, it is conceivable that, in the eyes of these repatriates, the latest kangaroo court incident represents a quite legitimate action for democratization, instead of an outlandish crime.

Despite the euphemisms employed by the repatriates to make their actions excusable, there can be no doubt that the way of life they have learned in the Soviet Union is, so to speak, an extension of our military life before and during the war and has nothing in common with genuine democracy. Otherwise, it would be impossible for us to explain why they lacked judgment in extending their "stringing-up" practice to men outside their own groups, the victims having made petty mistakes.

It is quite all right for men remaining in the Soviet Union to obey Soviet laws and customs. Besides, inasmuch as those who deviate from such standards are often prevented from returning home, it may even be necessary for them to simulate complete conversion to communism. This simulated communism, however, should not and need not be retained after they return to their native country.

While admitting that those who have been genuinely converted to communism should be permitted to follow their conscience, we maintain that obstimate adherence to such simulated communism will prove pernicious to the welfare of the Japanese nation, as well as to the future of these pseudocommunists themselves.

There seem to be two factors that mislead the repatriates into committing such absurdities. On is the deceptive propaganda of the Soviet Government, which tells them for instance, that the delay in repatriation is due to the failure of Japan to dispatch ships. The other is the fact that many repatriates overestimate the influence of communist forces in Japan. But, even if these two factors are taken into consideration, it is by no means justifiable for anybody to punish the captain of a repatriation ship.

The captain of a ship is responsible for the safety of his passengers. To this end, he is entrusted with judicial and police functions during a voyage. The passengers are, therefore, required to co-operate with the captain in the execution of his duties.

Radical communists are apt to regard all people, except their own "comrades," as enemies and to subscribe to a "struggle-first-principle" in everyday life This is a ridiculously childish psychology. Even

ITEM 33 (Continued)

as to the ends which they aim to achieve, this inhumanitarian principle seems to be the most foolish and inopportune policy conceivable.

A democratic society means a society which is based upon the free and creative activities of individuals and whose members need not fear unseen forces at work behind the scene. Such is the ideal toward which the Japanese have been endeavoring to direct their efforts.

The new repatriates, therefore, should endeavor to free themselves from the customs they have acquired in the Soviet Union. In other words, discarding all simulated attitudes, they should go their own way, so as to defeat the noxious schemes of minority groups.

ITEM 34 A WORD TO FINANCE MINISTER IKEDA

(Summary)

YUKAN CHUGAI, 31 Jul -- The disinflation policy cannot be efficiently prevented from developing into deflation by letting city banks have abundant funds through redemption of national bonds and Reconstruction Finance Bank debentures. We have repeatedly argued that industries must be supplied with sufficient funds by the Government or its agency. This is also advocated by the Economic Stabilization Board.

Finance Minister IKEDA, however, contends that not only will this overthrow the Dodge policy, but the economic situation has not so changed as to necessitate an alteration of policy. He regrets to hear such voices from within the government circles, and we also regret that he is sticking too much to his own theory.

According to the Finance Minister, the fundamental idea of the Dodge policy is to release as much of the counterpart fund as possible to city banks for open market operations. We cannot agree with him. The Dodge policy clearly aims to bring about disinflation, not deflation, by stabilizing prices at their present level. Minister DODGE cannot have thought of bringing about a sudden deflation. He cannot have instructed the Government to stop supply of funds to industries, but the actual situation, which the Finance Minister himself cannot help admitting, is that industries have not received even half the estimated amount of funds. Then, the Government must reconsider somehow or other, otherwise it will ruin the Dodge policy in spite of its attempt to be faithful to it.

At the time of World War I, enterprises obtained gigantic profits, and in such a case it may have been necessary to make them discharge their excessive profits by the force of reactionary economic recession after the war. The present situation is quite different. Enterprises have eaten into their capital stocks and can hardly sustain themselves. True, they will have to remedy their defects causing them financial hardships. Their actual circumstances, however, are that no one thinks of supplying them with funds and effectual demand for production materials is steadily decreasing. No wonder that they have no strength to remedy their defects of their own accord, and the only alternative is to dismiss workers or to close factories.

Still, industrial investment is left solely in the hands of bankers, and it is clear that this will cause industrial operations to drop way down, making the people in general suffer hardships. If the Finance Minister is determined to stick to his policy, he should take some step to facilitate the circulation of funds from banks to industries.

The Government is said to be considering redeeming RFB debentures conditionally, but direct investment will be the more effective

ITEM 34 (Continued)

measure. After all, the Dodge policy is meant to revive the Japanese economy, and we would urge the Government not to be too intend upon saving its face to take measures appropriate to the situation.

ITEM 35 SELF-SUFFICIENCY OR RELIANCE ON TRADE?

(Summary)

NIHON KEIZAI SHIMBUN, 31 Jul -- The five-year plan for the reconstruction of national economy, drawn up by the Economic Recovery Council, has not been approved by Premier YOSHIDA for public announcement. The Premier reportedly is of the opinion that the plan tends too much towards economic self-sufficiency and that it should be based on international economy.

Whether or not the plan aims too much at self-sufficiency, it is clear that the Japanese economy cannot sustain itself independently. Much has been said about economic independence, so naturally there is a tendency to overrate self-sufficiency. People believe that although self-sufficiency is the ideal of economy, Japan is destined to rely on foreign countries for the supply of materials.

While those who advocate economic self-sufficiency deem foreign trade necessary, those who are inclined to place foreign trade before everything else feel that there can be no growth of the Japanese economy without promoting foreign trade.

Some people contend that since trade relations with other countries often break down in time of war, national economy must be maintained as much as possible on the basis of self-sufficiency. Others argue that economic dependence upon other countries often brings about political and economic pressure from outside, and that the advancement of national economy must be sought within.

Whatever efforts we may make to attain economic self-sufficiency, however, we cannot exist without engaging in trade relations with other countries. Of course, there are many obstacles along our foreign trade path, but pessimism is no more salutary than optimism.

Our peace pact is not yet concluded, and it is natural that many restrictions should be imposed upon us. Some of the allied powers apparently deem it advisable to keep our industrial level comparatively low. This leads us to adhere too much to the idea of self-sufficiency.

Perhaps, other countries want to keep down our industrial level simply because they are afraid of a recurrence of our aggressive policies and unfair mercantile competition. If, however, we regenerate as a peace-loving, respectable nation, this fear will die and we shall be admitted into the fair competition of the international market.

The discriminatory treatment which our foreign trade is suffering will cease to exist with the conclusion of a peace treaty. The growth of national economy depends, after all, upon our national strength. If we have sufficient strength, we may be able to expand economically, even without resources. We must endeavor to take part in international economy, abandoning our isolationist ideas.

ITEM 36 PERSONNEL LAW REVISION AND SOCIALIST PARTY

(Summary)

TOKYO SHIMBUN, 31 Jul -- A decrease in the number to be discharged by means of a revision of the Personnel Strength Law appears to be the foremost Socialist reason for an early convocation of a special Diet session.

Communists and Socialists aren't the only ones who would prefer

ITEM 36 (Continued)

not to see people discharged. However, any conscientious politician should find it unbearable that there are workers among the over-staffed government personnel who are branded as inefficient, dishonest, and intent upon committing crimes or revolutionary acts.

This is the reason why public opinion supports personnel retrenchment. No one should be allowed to oppose a personnel slash unless he is prepared to improve the efficiency and raise the moral standards of the over-staffed government personnel. Are the Socialists ready with such measures? If they are, they should reveal them to the public.

The most common weakness among politicial parties is making promises in order to curry favor with the public. The Socialists are warned against this practice.

The Socialist Party appears to be in very favorable circumstances, almost unparalleled in its history. However, it is easy to sow the seeds of adversity at a time of prosperity. At this juncture, the Socialist Party is cautioned to apply its "scientific" principles to politics instead of to internal bickering.

EDITORIALS

ITEM 37 DON'T PLAY AT LAWMAKING

(Summary)

TOKYO SHIMBUN, 31 Jul — In view of the frequent mass violence cases cropping up recently, the Upper House Judiciary Committee is now contemplating a new regulation to be introduced to the forthcoming special Diet session. As the first step, a sub-committee for this measure has been created. Since a majority of Communist-instigated cases are almost beyond control of the existing regulations in their character, scope, and design as can be judged from the Taira police incident and the Hiroshima Japan Steel Company case, the establishment of new regulations to meet the new situation may not be a bad idea in itself.

However, what we feel most chagrined about is the fact that, although both the Government and the Diet begin to prepare a new regulation whenever a new situation develops or an unexpected incident occurs, they soon neglect it and give no heed to its proper functioning or application. The first thing for the Government to hear in mind is to exert efforts to enforce the existing laws fully. If these should have proved impracticable, then it would not be inadvisable to convene a special Diet session to deliberate new regulations. It is incumbent upon the Diet to examine and observe how the existing laws are being applied.

ITEM 38 FARMLAND COMMITTEE ELECTION

(Summary)

ASAHI SHIMBUN, 31 Jul -- A nationwide re-election of farmland committees of cities, towns, and villages will be held on 18 August, while that of prefectural farmland committees will be held on 20 September, for the first time since the committees were established in 1946.

Although the farmland reform has been completed, there are still a great many unsolved problems in connection with the Japanese agricultural system. The farmland committees are responsible for the quick solution of these problems. It is the farmland committee which should play the most important role in the reform of Japanese agriculture. Therefore, we must not make light of the coming re-election.

When the first election was held, at the end of 1946, the farming population generally had little interest in it because they were not cognizant of the significance of the farmland committee. This was evidenced by the fact that in about half of all towns and villages throughout the nation, members of the committee were selected without voting. People began to feel dissatiesfied as the committees were activated.

Having been established after the end of the war, the farmland committee and the agricultural adjustment committee are one of the most important setups for the democratization of farming villages. With powerful authority to dominate the farming population, farmland committees are responsible not only for the prosperity of farming communities but for liberation of farmers from feudalistic convention as well.

It may be recognized that as a result of the farmland reform carried out after the end of the war, the influence of the landowning class, which had farmerly been dominant over farmers, has generally dicreased in farming villages. Yet, the landowning class still dominates in some villages, especially in villages which adjoin forestry areas where a liberation movement was not carried out.

Moreover, due attention should be paid to the possible uprising of new bosses in farming villages. It is incumbent upon farmland committees to safeguard farming villages from domination by the old [illegible]

ITEM 38 (Continued)

landowners and the newly-risen bosses, thus creating peace in farming communities.

While the existing farmland committee consists of five representatives of tenant farmers, three representatives from landowners, and 2 representatives of small landholders, the newly-elected committee is to consist of two members representing landowners, two representing tenants, and six others. The revision was made in consideration of changes in landholding. The characteristics of the new farmland committees will vary according to the class of farmers from which the "six other" committee members will be elected.

Twenty days remain before the re-election takes place. During this period, a close study should be made of the candidates.

EDITORIALS

ITEM 39 SWIMMING CHAMPIONS' TRIP TO US

(Summary)

MAINICHI SHIMBUN, 31 Jul -- Six swimming champions are scheduled to visit the United States. This is our first step toward the return of this sport to international society. We express our wholehearted gratitude to United States swimming circles, and to Japanese-Americans in the United States who have given this golden opportunity to Japanese sports' circles, which were isolated from international society for a long time.

The Japanese swimming champions will do their best to repay these acts of kindness. In this sense, we expect much of their activities in the United States. It is necessary that these champions do their best. However, the point to which the champions should pay most attention is that they will always behave as good sportsmen.

You will not visit the United States for the purpose of enhancing national prestige. Those who invite you will be pleased with your individual swimming records. In this respect, the Japanese people should reconsider the nature of sports. The significance of international contests lies in the fact that unknown young people are given through sports, a chance to make friends.

International contests are a common phase of international society. They offer to young athletes an opportunity for international friendship and they will prove a factor in the development of peace.

ITEM 40 THOSE WHO SET STAGE FOR COMMUNIST PARTY

(Summary)

JIJI SHIMPO, 31 Jul -- Foreigners used to speak of Japanese as a law-abiding people. This was by no means a compliment out of courtesy but an expression of their honest impression.

To be truethful, however, this law-abiding nature of the Japanese was not based on the consciousness of the spirit of modern democracy to respect the laws of the country but is traced to a fear complex that laws are something horrible. In the feudal age, the authorities were above the people and those who disobeyed rules set by the authorities were subjected to cruel and merciless punishment.

However, this fear is not limited to the Japanese. Almost all rulers have taken the policy to maintain social order by forcing their peoples to abide by laws through the threat of strict penalties and by taking advantage of the peoples' fear complex. Generally speaking, the compulsory enforcement of laws by chieftains and monarchs is the origin of the peoples' law-abiding spirit.

It, therefore, follows that whatever the reason or origin of the Japanese law-abiding custom, there would be no objection, if it serves to maintain the order of the country. Even in international relationships, the Japanese were once regarded as a nation most faithful to international commitments. But now the situation has completely changed. The Japanese became so indifferent as to ignore treaties and international laws over since the Manchurian Incident.

The National General Mobilization Law of the Konoye Cabinet was the root of various evils. Laws and ordinances concerning official prices issued in accordance with this law are the worst examples of economic control. They have given rise to the existing dual system of official and blackmarket prices. These official prices are only nominal with almost no practical effect. On the contrary, blackmarket prices are dominating the supply and demand economy. Nothing does more to break the laws of the nation. The police are powerless in eliminating illegal acts such as smuggling and

ITEM 40 (Continued)

foraging trips. The people's nonobservance of laws and ordinances these days is quite unprecedented in the history of Japan.

The prevalence of tax-dodging in defiance of taxation laws is also unprecedented. This is due to bad and heavy taxes. Not that taxpayers do not want to pay taxes; they are unable to pay. Here again it is unreasonable to enforce impracticable laws. The appearance of tax-dodgers cannot be eliminated as here the legislation is unfair. Herein also is found an important reason for the destruction of the law-abiding spirit among Japanese.

Some say that the defeat in the war is responsible for the existing moral deterioration and the confusion of national order. But we must seriously reflect that successive governments are also responsible for fostering the bad habit among the nation to disregard laws by the wanton issuance of laws and ordinances relating to controls and heavy taxes, utterly impracticable in view of economic principles and human feelings.

Those who are most pleased with the disregard of laws of the nation and social disorder are the Communists. The present situation of Japan is most convenient for those who are bent on realizing revolution by taking advantage of social confusion. The bad laws of controlled economy and heavy taxes are responsible for the decline of the nation's traditional spirit of observance of laws, with the consequent appearance of conditions which make it easy to resort to act of violence, as demonstrated by the leaders of the state railway workers who did not hesitate to publicly declare the use of violence and the Communists who are inclined to destroy the status quo by acts of force.

All efforts for warming the people of the danger of Communist drives are of no avail if bad laws and institutions continue to destroy the nation's law-abiding spirit. The government incompetence to take pertinent steps to cope with this dangerous situation is tantamount to setting the stage for the Communist Party.

EDITORIALS

ITEM 41 THERE IS ONLY ONE PATH

(Full Translation)

AKAHATA, 1 Aug — A noteworthy phenomenon has arisen following the administrative retrenchment and the industrial adjustment. A fairly considerable number of applicants for retirement from their jobs appeared after the announcement of adjustment in the Tokyo Shibaura Company, the Fuso Metal Company, the state railways, and other organizations. These applications were filed although it is only too obvions that the present-day subversive Government has created a dire business depression by invoking drastic measures and, therefore, persons, if once dismissed, will have their means of livelihood severed since it is immensely difficult of secure employment again.

Naturally, however, the majority of the applicants, under the difficulty of re-employment and the pressure of livelihood, became so keenly aware of the worthlessness of their meager severance pay that they soon began seeking reinstatement in their former workshops. This fact offers a very serious problem, which clarifies the following points.

First, the powerful suppression by the Government and monopolistic capital, conpled with their demagoguery, is strongly reflected in present-day management and labor. We can see how this is cooling down the self-awareness, hope, and enthusiasm of the laboring classes with respect to industrial rehabilitation.

Second, this reveals that the activities of the party and party members are still inadequate. Furthermore, some of the members, shrinking from possible dismissal, are undeniably unwilling to struggle. Whether this can secure them from dismissural is clearly answered by the facts.

It should be pointed out that mass dismissals are effected only where no struggle is staged, with weak party leadership and calculating unionism. On the contrary, where struggles are launched, dismissed persons are winning their jobs back, and workers are vigorously pushing anti-unemployment drives while winning a means of livelihood.

It should be realized that the situation has now become critical. The assault of the reactionary offensive exemplified in the mass dismissals is an all-out attempt to subdue the general masses and further to wield Fascistic authority.

Any attempt to escape dismissal without struggle is absolutely not permissible. Retirement without struggle does not guarantee a peaceful life. If no struggle is staged, the reactionary offensive led by the Yoshida Cabinet will turn out to be that much the more outrageous. Politically, labor's rights and all other people's rights will be stripped away. Economically, dire privation will result. This is familiar to us in urban centers as well as in farming communities, as witness various labor unions betrayed by men who are devoted to the "splitting" principle.

In thrashing out this trying situation, we have only one choice: to overthrow the Yoshida regime through the people's efforts. Leaders of the Socialist Party and the Democratization Leagues, backed by the reactionary forces, are striving to hold down the struggles of the general masses, cater to men in power, and do all they can to betray the populace, in a frantic attempt to thwart and split people's movements.

If we should believe that opportunism and egoism can guarantee our livelihood, securing us from unemployment, it will be the height of folly. It means nothing but self-destruction. This does not concern individuals alone. It spells even betrayal of the masses.

Struggle is the only way to surmount the present-day crisis. In all workshops forces should be consolidated and unified and linked with the masses, to stage political struggles against the reactionary forces. This is our only choice.

The Communists should lead such struggles undauntedly.

III POLITICAL

ARTICLES OF POLITICAL SIGNIFICANCE FROM NEWSPAPERS AND MAGAZINES PUBLISHED THROUGHOUT JAPAN

III POLITICAL

AUTHORITY FOR THIS PAGE SEC. 3(E) AND 3(D) OR (E) NND # 775012

POLITICAL

		Item No.
Opposition Democrats Plan Next Cabinet	SEIKEI JOHO	101
Opposition Parties Request Early Convocation Of Diet	ASAHI	102
Kyoto Independents Join Parties	KYOTO	103
Purge Appeals Committee Examines 2,000 Appellants	TOKYO	104
Communist Mayor Recall Action Started	SEIBU ASAHI	105
Demand Revision of Municipal Police System	MAINICHI	106
1,017 Apply For Purge Clearance in Hyogo	KOBE	107
Tomabechi Statement Criticized	NIHON KEIZAI	108
Ibaraki Has 21 Recall Actions Pending	MAINICHI	109
Are the Un-Repatriated Those Who Shunned Communism?	KYOSANTO KAIBO	110
Real Patriotic Movement	CHUO KORON	111
Personnel Cut of Kyoto Prefectural Office Reviewed	YUKAN KYOTO	112
Suzuki Comments on Political Picture	GIFU TIMES	113

ITEM 101 OPPOSITION DEMOCRATS PLAN NEXT CABINET

(Full Translation)

SEIKEI JOHO, 20 Jul -- Although the anti-Communist statement issued by Premier YOSHIDA on 16 July is causing considerable stir in political circles, the Ashida-led Opposition Democrats already presume that the Cabinet will collapse. They see the labor offensive, which quickened with the State Railways retrenchment and which will mount higher with the retrenchment in private industry in July or August, and the resultant social unrest as factors making this collapse inevitable.

At present they are actively mapping out plans for taking over the next administration. Opposition Democrats TOMABECHI Gizo and KITAMURA Tokutaro have already contacted ASANUMA Inejiro and NISHIO Suehiro of the Socialist Party and MIKI Takeo and MATSUMOTO Takizo of the Peoples Co-operative Party, and they have all decided that the next government should be headed by a coalition cabinet of their three parties. It appears that the job of sending out feelers on this plan is being undertaken mainly by FUKUSHIMA Shintaro, former vice-chief cabinet secretary in the Ashida Cabinet, and MATSUMOTO Takizo of the Peoples Co-operative Party.

The Socialist leftists are already objecting to this move, however, and there appears little possibility that this will be realized. Although this plan is no more that another attempt to establish strongly the middle-road politics advocated by Opposition Democrats ASAHIDA, TOMABECHI and KITAMURA, various circumstances are expected to make its realization very difficult.

Meanwhile, Premier YOSHIDA brushes this off with a laugh and he explained to a certain cabinet minister the impossibility of such a plan.

ITEM 102 OPPOSITION PARTIES REQUEST EARLY CONVOCATION OF DIET

(Full Translation)

ASAHI SHIMBUN, 26 Jul -- The Lower House Opposition parties, excepting the Communists, again acted to hasten the convocation of the special Diet session. ASANUMA, MIYAKE and KATSUMATA (Socialists), ONO and SHIGA (Opposition Democrats), ISHIDA (New Political Council), and MATSUTANI (Worker-Farmer) met Speaker SHIDEHARA, Vice-speaker IWAMOTO, and Lower House Steering Committee Chairman OMURA on 25 July and asked that a Lower House Diet Steering Committee meeting be held immediately to expedite the convocation of the session.

Speaker SHIDEHARA replied that though he has already transmitted their wishes to the Government, he has not yet received an answer.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NND # 773012

ITEM 102 (Continued)

SHIDEHARA stated that he is in favor of holding a Steering Committee meeting soon and that he would ask the Government's intentions at that time.

Later, a round-table conference of representatives of the Opposition parties was held in the Speaker's drawing-room to discuss the bills prepared by the various parties.

The Oplosition Democrats stated that they are ready to present bills concerning labor, unemployment, medium and small enterprises, money shortage, taxation, and food supply.

The Socialist Party spoke on revision of the Table of Personnel Organization Law, control of credit, and revision of local finances. It was decided that if these were certain, bills drafted by the various Opposition parties which could be put into one, they would be jointly presented to the Diet.

A round-table conference of Opposition parties of both Houses is slated for 27 July.

ITEM 103 KYOTO INDEPENDENTS JOIN PARTIES

(Full Translation)

KYOTO SHIMBUN (Kyoto), 24 Jul -- Independent members of the Kyoto Prefectural Assembly, in accordance with a previous agreement, decided on 23 July to cease being an independent and to join political parties. The independent assemblymen's group notified the secretary of this effect, who took immediate steps to enter those independents into the parties of their choice.

The independents and the parties they have joined are:

Democratic Party - (three members); ISOKAWA Danichi (Sakyo Ku), EMORI Yoshitaro (Maizuru), IWAMATSU Yoshiharu (Kasa Gun).

Democratic-Liberal Party - (three members); FUJISAWA Yoshitaro (Tsuzuki Gun), OTSUKI Yoshio (Minami-Kuwata Gun), TERAKAWA Fukusaburo (Kuze Gun).

GOTO Kozaburo (Yosa Gun), who had been rumored to join the Democratic-Liberal Party has decided to remain an independent for the time being. ONO Kumao, OBATA Itsuryo and OTANI Seikei, there are at present four independents.

The Democratic Party increased from 15 (including one Peoples Co-operative) to 18 seats and is now the plurality party.

The Democratic-Liberals increased to 16, while the Socialists have 15 and Communists, one.

ITEM 104 PURGE APPEALS COMMITTEE EXAMINES 2,000 APPELLANTS

(Full Translation)

TOKYO SHIMBUN, 26 Jul -- The Purge Appeals Committee has already met 30 times since its re-establishment on 8 February, and has examined 2,330 out of the 31,190 petitions for rescreening. It is scheduled to go into a two-week recess after the 26 July meeting. It is believed that the committee will not be able to complete its examinations this year.

Of the 31,190 purgees (15.3 percent of the total of 203,660 purgees) who had applied for exemption from purge by the end of May, not one is a war criminal. Many (12,980), however, fall under the category of militarists or extreme nationalists.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

POLITICAL

ITEM 105 COMMUNIST MAYOR RECALL ACTION STARTED

(Full Translation)

SEIBU ASAHI SHIMBUN (Oita Edition), 20 Jul -- Since Mayor SAGARA Yoshitake, 42, and Deputy mayor YASAKI Yukio, 35, joined the Communist Party, the villagers of Shimogo-Mura, Shimoge-Gun, Oita Ken, have been split into supporters of the Communist Party and the "Chrysanthemum-Flag Peace Society."

At a villagers meeting held on 15 July the conflict between the two groups flared up, and the Chrysanthemum-Flag faction started recall proceedings against Mayor SAGARA on the ground that a Communist mayor will harm the peace, administration and thought of the village. A signature drive for the recall petition will start by 21 July.

ITEM 106 DEMAND REVISION OF MUNICIPAL POLICE SYSTEM

(Full Translation)

MAINICHI SHIMBUN, 26 Jul -- Chairman ISHIWARA Hideaki (Tokyo) of the Association of National Prefectural Assembly Chairmen and some 30 other prefectural assembly chairmen met Transportation Minister OYA, Trade-Industry Minister INAGAKI and State Ministers HONDA and HIGAI on 25 July and presented a resolution adopted at the 24 July meeting of the association.

The substance of the resolution follows:

(1) Establish a single autonomous police force in each prefecture under prefectural control.

(2) Abolish all local agencies of the Government and place them under the authority of local governments.

(3) Exempt government employees dismissed due to the administrative adjustment program from retirement allowance taxes.

ITEM 107 1,017 APPLY FOR PURGE CLEARANCE IN HYOGO

(Full Translation)

KOBE SHIMBUN (Kobe), 21 Jul -- An avenue for rescreening was opened some time ago to purgees qualified tc apply for special reprieve, and the Screening Appeals Committee in Tokyo at present is busily reviewing these applications. In Hyogo Ken, 1,017 purgees have applied, some of whom are well known to us; and all quarters are keenly watching to see who will be cleared.

Among some of the better known purgees who have applied (purge reason in parenthesis) are former Hyogo Governor MOCHINAGA Yoshio (Head of the Miyazaki Prefectural Chapter of the Imperial Rule Assistance Association); KANEMITSU Kunizo (IRAA Toyama Chapter-nominated Dietmember); former Kobe Mayor NAKAI Kazuo (IRAA nominated Diet member); KATSUDA Ginjiro (Head of IRAA Hyogo Chapter); SAKAMOTO Masaru (IPAA nominated Dietmember); TABUCHI Iwao (Dai Nippon Sekisei Kai Hyogo Chapter preparatory committeemen); MORISAKI Ryozo (Reservists Association chapter chief); ENAMI Juzo (Hyogo member of the Ira Political Society Preparatory Council); IMAI Yoshiyuki (Chairman of the Iraa Co-operation Society); Former Amazaki Mayor ARIYOSHI Yoshimi (Iraa chapter chief); HARA Sobei of Himeji Shi (Iraa nominated Diet-member); YASUMA Kensuke of Nishinomiya Shi (Hyogo member of the Iraa Political Society Preparatory Council); former Hyogo Vice-governor TAKANO Tadao Vice-chairman of the Wakayama Chapter of the Military Arts Society); MORIMOTO Junichi of Ashiya Shi (managing-director of the Kobe Steel Co); KOTERA Gengo of Muko Gun (President of the Dainihon Spinning Mill); NOMURA Motogoro (Vice-president of the Nomura Partnership company); KANO Jiroemon (Reservists Association chapter

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ITEM 107 (Continued)

chief); HOSODA Chujiro of Taka Gun (Hyogo member of the Iraa Political Society Preparatory Council).

ITEM 108 TOMABECHI STATEMENT CRITICIZED

(Full Translation)

NIHON KEIZAI, 26 Jul -- Secretary-General HORI of the Coalition Democratic faction on 25 July criticized a 24 July statement by Chairman TOMABECHI of the Opposition Democrats as follows:

"Mr TOMABECHI said that the Yoshida administration will fall, at the latest, by the time the next ordinary Diet session convenes. I am at a loss as to what his prediction is based on. His true desire probably is to be invited into the Yoshida Cabinet under some form of a policy agreement.

ITEM 109 IBARAKI HAS 21 RECALL ACTIONS PENDING

(Full Translation)

MAINICHI SHIMBUN (Ibaraki Edition), 27 Jul -- With 21 cases of recall proceedings taken as of the end of June, Ibaraki Ken has had by far the greatest number of such actions of any prefecture in the country. This fact came to light following an investigation by a prefectural liaison office of the Local Self-Government Board. Nagasaki Ken ranks second in the country in recall actions, with 11 cases.

The cases of recall action are: (1) Two cases demanding dissolution of the assembly (Kurosawa, Kuji Gun, and Koga Machi, Sashima Gun; (2) three cases demanding dismissal of assembly members (Minato Machi, Naka Gun, Hatasome Mura, Kuji Gun, and Koga Machi, Sashima Gun; (3) seven cases demanding dismissal of town or village mayors; (Minato Machi, Naka Gun; Hatasome Mura, Kuji Gun; Shimootsu Mura, Niibari Gun; Koba Machi, Sashima Gun; Sakaiyama Mura, Sashima Gun; Kojima Mura, Sashima Gun; and Kokinu Mura, Kitasoma Gun); (4) one case demanding dismissal of a leading official (public safety committee member in Hidachi Shi); and (5) eight cases in which proceedings ended following presentation of official notice that recall proceedings would be taken (Mito Shi; Hidachi Shi; Kamiono Mura, Ishizuka Mura, and Ogawa Mura, all in Higashi Ibaraki Gun; Iwama Mura, Nishi Ibaraki Gun; Katsuta Machi, Naka Gun; Daiho Mura, Tsukuba Gun).

In addition to these cases of recall proceedings, there was one demand that a law be submitted to the people for approval or rejection.

POLITICAL

ITEM 110 ARE THE UN-REPATRIATED THOSE WHO SHUNNED COMMUNISM? by KOFUKU Moritada

(Summary)

NIPPON KYOSANTO KAIBO (Magazine), April 49 — For the Communist Party, which considers a communist society as the only Utopia and toward that end is striving for a revolution, an important factor influencing its expansion of power is whether the criticism leveled at its motherland, Soviet Russia, is favorable or not. Thus, it was quite natural that the party should hit upon the idea of using communist repatriates in its propaganda as a prospective means of checking, or at least turning, anti-Soviet national sentiment.

When we consider, however, that the repatriates who are being thus utilized by the party for propaganda purposes are all Communists or Communist sympathizers, we cannot dispel the gloom that oppresses us when we imagine the fate of those Japanese still detained in Russia, no matter how life in that country is praised.

It may be true that those who have returned were well treated, as they say, but what sort of treatement are the anti-communist prisoners receiving? Are the cases where Communists were beaten up or murdered by fellow repatriates, on board ship and in Maizuru, the result of temporary anger alone? It is said that 222 ex-servicemen, who were held in the POW camp in Nikolaevsk, presented a joint resolution to the Demobilization Bureau stating that a certain communist who by his actions caused his comrades to suffer and delayed their return to Japan, must be condemned as an enemy.

No propaganda by the Communists can quench the whisperings by a large number of repatriates, who learned through experience that their socialistic society was tyrannical and despotic, a totalitarianism imposed by Communist Party members.

The Communist Party are opposed to any services by repatriates relief organizations which are not connected with the party, and criticize the Student Repatriation Relief League as a gangsters' group and the weekly Brotherly Love Movement (Repatriates Relief Movement--Translator) as bureaucratic. That they so readily condemn all such movements as anti-Soviet or anti-Communistic is nothing less than startling.

The Japan Communist Party believes that it is necessary to carry out a revolution as early as possible, and to establish a foothold for a communist dictatorship in this country in order to defend and serve its motherland, Soviet Russia. When the communist parties in both countries come to an understanding regarding the basic course of a world revolution, the problem of Soviet Russia will be to send a large number of elite communists into Japan, while the mission of the Japan Communist Party will be to put them strategically throughout the country. Therefore, it may be conjectured that the repatriation issue is being utilized to further the revolution in Japan.

Two tactics are skilfully interwoven into the strategy of the Japan Communist Party for the revolution--passively, to quell the anti-communist national sentiment, and actively to mobilize repatriates for the revolutionary front. Although the party will probably resort to Machiavellian tactics for these purposes, whether it will succeed or not depends upon the extent to which the nation understands the character and strategy of the Communist Party.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775015

POLITICAL

ITEM 111 REAL PATRIOTIC MOVEMENT by TAN Tokusaburo

(Summary)

CHUO KORON (Monthly magazine), Aug 49 -- Patriotic movements in the past have always been monopolized by the aggressive militarists, who drove the people and Japan to imperialism and ruin in the name of nationalism.

At those times, citizens who loved peace and freedom were regarded as unpatriotic and threatened with imprisonment and capital punishment. Today, however, they are the leaders in the movement destined to embrace all people who seek the independence of their country and the happiness of the masses, irrespective of their political affiliations. Even Socialists and Communists, formerly regarded as being disloyal to the country, are not afraid of being labeled patriots today.

Patriotism is now based on the freedom and happiness of the masses and the protection of culture. Consequently there is no contradiction in the fact that the Socialists and Communists are now anxious to become great patriots.

We today witness, as a result of the loss of racial independence, a wave of such patriotism surging on the sand of moral decadence. This phenomenon testifies to the fact that the Japanese people have not yet lost their racial vitality. Only through the development of such a movement would it be possible for the Japanese people to regain their lost honor and to cooperate with progressive peoples of the world in the establishment of culture and security. Moreover, since freedom and independence are given only to people who manifestly desire them, it must be said that the democratic patriotic movement which fights against all obstacles is our most honorable and valuable gift to the world.

Although some maintain that participation in such a movement means preparation for fascism, nothing could be further from the truth. In fact, those who are indifferent or impedient to this movement actually pave the way to fascism. For certain elements, vexed at seeing the patriotic movement transferred from the hands of aggressives to those of the protectors of peace and freedom, are anxious to grasp control of the movement once again, as HITLER did in Germany.

Such reactionary maneuvers are already coming to the fore, and the so-called "rising sun flag movement" is one of them. At present those who support these maneuvers only urge the necessity of guarding the sun-flag against the red attack of socialism, and do not oppose the Government for its policies which are disadvantageous to the people. This only points out the fact that they are mere tools of the governing class which is hated by a majority of the people.

Although these maneuvers are under control at present, we must not neglect strict vigilance, for they who are possessed of a cunning ambition will make every effort to gain popularity by posing as the genuine enemies of the corrupt governing class. The only way to check the development of the abovementioned reactionary, anti-foreign, patriotic activity is through a real patriotic movement led by those who sincerely love peace and freedom, and are intent on the improvement of the life of the people and the protection of their culture.

Our glorious national flag, which represents sound patriotism, must be made the symbol of freedom and peace; not of invasion and oppression. This perhaps is the only way to save the honor of the Japanese people and to restore their international reputation.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

POLITICAL

ITEM 112 PERSONNEL CUT OF KYOTO PREFECTURAL OFFICE REVIEWED

(Full Translation)

YUKAN KYOTO (Kyoto), 20 Jul — The administrative readjustment of the prefectural administration, after the passage of the Table of Personnel Organization Law, has now entered the stage of personnel redistribution. The full strength of every section is now being fixed according to the full strength of every department, whose number was recently set. There are some sections whose full strength is set at 10 or reduced to "teams," according to structural readjustment.

On the other hand, 28 employees were already transferred to the Taxation Section from other sections, in readiness for the business tax to be collected next month. In addition, some sections are planning to increase their personnel within this month. Consequently, there are no dismissals in the prefectural office as a whole.

A strange phenomenon can be seen in the Labor Department, where only Chief IKEGAMI is paid from the prefectural treasury. In the Labor Administration Section, employees are paid partly from the national treasury and partly by the prefecture.

On the other hand, the employees of the Unemployment Insurance Collection Section and the Employment Section are on the staff of the Labor Ministry, though these sections are attached to the same department as the Labor Administration Section. Therefore, a 30 percent cut in the personnel of these sections has become inevitable.

Moreover, as the employees of various labor administration offices in the prefecture are on the staff of the prefectural office, no employee will be dismissed. However, about a 20 percent reduction in public employment security offices in the prefecture will be unavoidable, according to the personnel retrenchment program, for these offices are local agencies of the Labor Ministry.

Those who are working in the Employment Section and public employment security offices, on the contrary, will be out of employment, and will have to ask the help of the section or these offices for their job security.

In accordance with the standard of the personnel cut program for public employment security offices, young men who are not proficient in the work will be dismissed first. The Labor Department of the prefectural office has the intention of discharging as few employees as possible by reducing public employment security offices in towns and villages.

ITEM 113 SUZUKI COMMENTS ON POLITICAL PICTURE

(Full Translation)

GIFU TIMES (Gifu), 18 Jul -- Socialist Party Secretary-general SUZUKI Mosaburo, in a press interview in Gifu Shi on 17 July, stated as follows:

Question: What do you think of the anti-Communist fight launched by the Democratic-Liberal Party?

Answer: I do not think that a definite anti-Communist fight or fighting statement is a good thing. I am afraid that the DLP's anti-Communist declarations will only result in exciting the Communist Party and in aggravating the present social and economic unrest. Instead of that, the more important thing to do is to remove the causes of social unrest, which is liable to be taken advantage of by the Communist Party. Since the Socialist Party stands

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775015

ITEM 113 (Continued)

on the footing of the working masses, the same as the Communist Party, the true anti-Communist struggle must be one waged by the Socialist Party.

Question: What are the prospects of the "new NCIU"?

Answer: We intend to sweep all Communist elements out of the present NCIU, and organize a strong, democratic labor union by uniting the JFTU, the "new NCIU", and neutral unions. We will then launch a decisive struggle with the Communists not later than March, next year. Next year, the Communist Party will become so weak that it will be no match for our Socialist Party.

Question: How do you view the future political situation?

Answer: We are striving to have the special session convened before the end of August. If the Yoshida Cabinet continues to exercise its present deflationary policy, Japanese economy may collapse. However, even if it drops this deflationary policy, it will inevitably be called to account for creating social and economic unrest. It is not clear what will happen to the political situation. this fall. However, my guess is that the Democratic Liberal Party will split in two. It can also be expected that the present cabinet may be re-organized into a national coalition cabinet, based on the platform of anti-communism.

Mr. KATO Etsuo has returned from Europe today, but Mr KATAYAMA is still traveling abroad. Former Secretary-general ASANUMA is also slated to go to America soon. Thus, our party will join hands with the social democratic organizations of the world and make great advances.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

IV ECONOMIC

ARTICLES OF ECONOMIC SIGNIFICANCE FROM NEWSPAPERS AND MAGAZINES PUBLISHED THROUGHOUT JAPAN

IV ECONOMIC

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ECONOMIC

		Item No.
Debenture Issue Revival for Hypothec Bank Sought	JIJI SHIMPO	114
Sales Organ Prerequisite to Coal Corp Abolition	NIHON KEIZAI	115
Recession Hits Farm Machinery Makers	NOKIGU SHIMBUN	116
Deepening Deflationary Trend (Part Five)	MAINICHI	117
Big Operation Needed to Restore Economic Health	TOKYO TIMES	118
Statistical Analysis of Domestic Iron-Steel Market	NIHON KEIZAI	119
Cut in the Consumption of Pig Iron Proposed	NIHON KEIZAI	120
Unregistered Fields Exposed in Mie	AKAHATA	121
The Delivery System and Rice Blackmarketing	KOKUMIN KEIZAI	122
The Shoup Tax Reform Plan Discussed	TOYO KEIZAI SHIMPO	123

ITEM 114 DEBENTURE ISSUE REVIVAL FOR HYPOTHEC BANK SOUGHT

(Full Translation)

JIJI SHIMPO, 28 Jul -- Recently, the Policy Board of the Bank of Japan reached full accord on a tentative decision to revive debenture issue by the Hypothec Bank. Within the week the Board is slated to present its recommendations to that effect to SCAP authorities.

The plan would designate 250,000,000 yen, or one-fourth of the bank's entire capital of one billion yen, as collateral for the issue of debentures. Under this arrangement the bank will be allowed to issue up to five billion yen, or 20 times the designated capital of 250,000,000 yen, which is the legal maximum for debenture issues. However, the bank already has 4.1 billion yen outstanding debentures, leaving a margin of only 900,000,000 yen for the new issue.

The use of the fund thus collected through the sale of the debentures is limited to (1) the equipment fund for smaller intrepreneurs; (2) funds for promoting agriculture, forestry, and fishery; and (3) the fund for housing construction.

The fund will be made available through loans on the mortgage of real-estates. This is the principal purpose for reviving the debenture issue.

In connection with this decision, the Policy Board does not intend to curtail or limit the deposit business of the Hypothec Bank but will allow the practice as in the past. However, since some SCAP authorities and local banks stress the importance of marking a clear distinction between ordinary banks and banks which issue debentures, some complications are envisaged in the course of future negotiations on the matter.

ITEM 115 SALES ORGAN PREREQUISITE TO COAL CORP ABOLITION

(Full Translation)

NIHON KEIZAI SHIMBUN, 27 Jul -- Minister INAGAKI of the International Trade and Industry Ministry, at a press conference held on 26 July, made the following observations on the problem of abolishing the Public Coal Distribution Corporation and the Coal Mine State Control Law:

(1) The lifting of all controls placed on the coal mining industry will lower the price of coal for the benefit of other individual industries. However, if the coal mining industry itself is jeopardized thereby, it will produce a tremendous effect on other industries. Therefore, we must give careful considerations to the problem concerning the control of coal. However, since we think that the corporation is no longer necessary, we are studying the problem in hopes of eventually abolishing the system.

ITEM 115 (Continued)

(2) As a prerequisite to the abolition of the public corporation, there must be established a sales machinery for coal mined. Sales is no great threat to big coal mine operators who have their own local branch offices. But, a good sales organization should be established primarily for the interests of smaller operators.

Preparations are being made within the corporation for the establishment of the coal sales organization. But, in view of the evils of the monopoly purchase system, the corporation is recommending individual operators to have their own sales agencies. Upon completion of the new organization, due consideration should be paid to the idea of extending loans to coal mine operators as their revolving funds. In this case, the state must take appropriate measures to finance smaller coal mine operators, since they will not be able to get loans from city banks.

Furthermore, there is the question of whether or not special coal can be sold freely. We must also take this into consideration in studying the problem. I cannot announce the time of the abolition of the corporation. I can only say that we will need a preparatory period of two months after we start arrangements to set up the coal sales organization.

(3) The present stock accumulation of coal is due to the temporary unbalance in supply and demand resulting from the tight money situation. I intend to solve this problem with patience, because any hasty disposition of the stockpiles will put a heavy pressure on the market. The stock accumulation of coal slightly exceeds four million tons, 10 percent of the target amount, but I think it is not a serious problem.

(4) There are three opinions on the wisest way to handle the Coal Mine State Control Law: (a) since it has achieved its object, it should be abolished; (b) for the time being, articles stipulating the designated coal mines and the control organization shall be amended or cancelled; and (c) it shall be left unchanged. As for myself, since I feel that it is rather premature to take up the problem, I have no intention of submitting any such bill to the special Diet session.

(5) The coal production target of 42 million tons was figured out in accordance with the production plan of coal mining industries for this year. The chief problem is will the coal output drop below the target as a result of the abolition of the corporation purchase system. However, since production is progressing smoothly through the expansion of coal workers and the reshuffle of laborers, I think there is nothing to worry about.

As we reported earlier, the government is going ahead with preparations for the removal of control on coal, except on special coal, in line with the general program for coal administration drafted by the ESB. However, Director Aoki of the ESB told reporters on 26 July that in accordance with opinions within the DLP, the government is now proceeding in the direction of lifting all controls including that on special coal.

AOKI's statement on this question follows:

The ESB's draft plan asserts that special measures shall be taken on special coal. Minister INAGAKI of the International Trade and Industry Ministry also strongly favors leaving controls intact on coal with more than 6,000 calories. However, at the conference held on 23 July among the DLP and affiliated ministries, it was decided that the government would study the problem from the standpoint of abolishing all the controls including that on special coal.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ECONOMIC

ITEM 116 RECESSION HITS FARM MACHINERY MAKERS

(Summary)

NOKIGU SHIMBUN, 26 Jul -- Farm machinery manufacturers in Kawaguchi Shi, Saitama Ken, who numbered 120 in 1947, have now decreased to about 20, including those barely limping along. The city of Kawaguchi is famed for its foundry works. In fact, 80 percent of its people are engaged directly or indirectly in this industry and the monthly production amounts to three billion yen. The geographical advantage of this city had encouraged existing factories to manufacture farm machinery comprised chiefly of castings and led to the postwar establishment of new factories.

These factories were active in producing mills, rice-cleaning machines, and wheat pressers. Most makers were opportunists, taking advantage of the postwar confusion, turning out goods carelessly and in quantity without regard for business ethics. Their products were received unfavorably by dealers in various districts, and they naturally collapsed one after another. Thus, only 20 factories, including the old firms and some of the better new factories, have survived as established farm machinery factories.

However, increasing difficulties are being encountered by these factories for their losses are increasing in direct proportion to the increase in output. Many factories are already cutting back production and reducing personnel to tide over the July-August crisis.

ITEM 117 DEEPENING DEFLATIONARY TREND (Part Five)

(Summary)

MAINICHI SHIMBUN, 23 Jul -- (Summarized below is the concluding installment in a series of five articles featuring a discussion on the current deflationary trend held among reporters of the Mainichi Press--Editor.)

Chairman: The current deflationary trend was accelerated by the establishment of the single exchange rate and the world-wide economic recession centering around the US. How has the single exchange rate affected foreign trade?

O: The current export slump is due much more to the world-wide economic recession than to the establishment of the single exchange rate, as proved by the numerous cancellations of export contracts since May. Export contracts for 25 million yards of light HABUTAE, valued at approximately five million dollars, to the US were cancelled during March, April and May in producing areas such as Fukui, Ishikawa and Kawamata. Contracts for 40 to 50 million yards of cotton cloth have also been cancelled, as were countless smaller contracts for the export of miscellaneous goods.

The existing floor price system, which the authorities concerned instituted to prevent Japanese exporters for dumping, has no elasticity whatsoever. It is urgent for authorities to adopt the check price system in which exporters may, as is already being practiced in the export of cotton sheets, engage in comparatively free transaction on the basis of standard prices fixed according to descriptions.

J: The Tsugami Manufacturing Works (TSUGAMI SEISAKUJO) in Nagaoka has been manufacturing superior sewing machines since the end of the war, nearly 90 percent of which are for export. After the Singer Sewing Machine Company announced a 30 percent price reduction, however, buyers' inquiry price dropped from 35 dollars to 30 dollars.

ITEM 117 (Continued)

Meanwhile, since the floor price for sewing machines is set at 32 dollars, the company is unable to obtain suitable export contracts and is currently holding about 4,000 machines in stock.

Current Market Conditions

Chairman: What are the current market conditions?

O: Communist-controlled China is a promising market for small makers suffering from deflation, but Chinese Reds are eager to protect industrial capitalists who will be hard hit if superior Japanese goods flow in at reasonable prices. This is the reason why the Chinese Red authorities officially denied intentions of reopening Sino-Japanese trade. The industrial capitalists in Communist China fear the inflow of Japanese goods because they are finished products, but they may welcome unassembled parts. For example, bicycle parts can be exported for Chinese industrialists to assemble and sell.

L: The total amount of export contracts fell off considerably in May when buyers hesitated because of the drop in US price and the proposed devaluation of the pound sterling.

Chairman: What effects are the above conditions having on the domestic industries of Japan and why do they constitute a factor for social unrest?

I: Taking the example of the Yokohama Dock of the Mitsubishi Heavy Industrial Company (MITSUBISHI JUKO), negotiations for exporting two 18,000-ton oil tankers to the US which began in June 1948 were abruptly discontinued in January 1949. The company subsequently opened negotiation with France, but the talk was stalled because of the enormousness of the transaction. The establishment of the 360-yen exchange rate in the meantime completely foiled the negotiations. The establishment of the 360-yen rate has thus deprived the Japanese shipbuilding industry of the profitable conditions which had previously been available under the provisional rate of 550 yen to the dollar.

L: The survey recently conducted by the Kansai League of Management Organizations as to the effects of 360-yen rate upon 81 major and medium trading companies revealed that 45 of them were unable to operate profitably. Of these 45 firms, however, 40 will be able to operate profitably through rationalization, but the other five have no hopes of operating profitably without external aid. Smaller companies such as those in the celluloid and glass industries asserted that they could operate profitably if they would try. This, however, can be possible only at the sacrifice of small subcontractors.

Porcelain Industry Hard Hit

P: In the case of the porcelain industry, too, such major manufacturer as the Japan Porcelain Company (NIHON TOKI) can operate profitably, but smaller makers are in difficulty. Medium-sized firms, which are bound by the Labor Standard Law and other regulations, are much harder hit than small firms, which can operate on extremely low wages.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775015

ITEM 117 (Continued)

Chairman: In short, although the disinflation policy is adopted in administration, deflation is decidedly threatening our economy. Do the authorities intend to take countermeasures?

F: Now that the budget compiled at the suggestion of Minister DODGE has encountered unexpected obstacles such as the tight money situation and stockpiling of surplus goods, both the authorities concerned and the Japanese Government are wondering whether the Dodge line should be carried through or whether some change should be made in the fiscal policy.

The Finance Minister recently made a grossly abstract statement, saying, 'I will adhere strictly to the Dodge line. However, since taking the dead center of the road will entail much friction, I intend to walk the sidelines to the extent of not deviating from the Dodge line.' His true intentions apparently are to uphold the Dodge line in principle. The administrative authorities, however, cannot disregard the mounting social unrest resulting from the enforcement of the Dodge line. The Dodge line should, therefore, be adhered to by all means, but by taking necessary steps towards alleviating frictions arising in the course of its enforcement.

The authorities intend to avoid a political crisis and social unrest through effective use of the American Aid Counterpart Fund of 140 billion yen.

ITEM 118 BIG OPERATION NEEDED TO RESTORE ECONOMIC HEALTH

(Summary)

TOKYO TIMES, 24 Jul -- (The following is a summary of a dialogue between KATSUDA Teiji, economic commentator, and MATSUMOTO, editor-in-chief of the TOKYO TIMES, on Japan's economy amidst the current deflationary trend--Editor.)

MATSUMOTO: The Government is trying to effect the so-called disinflation policy in accordance with the Nine-Point Economic Stabilization Program. Can such a policy succeed?

SHOTA: The word "disinflation" was first mentioned by a speaker in the British Parliament and was popularized throughout the world by the London Times.

A disinflation policy aims at curbing inflation while avoiding deflation. If you recall the economic measures taken after World War I, all nations compiled non-deficit budgets which only resulted in serious deflation. The same is true of the current situation of Japan.

MATSUMOTO: A disinflation policy, according to England's example, apparently is to collect money through taxation and appropriate it to foreign trade and other fields of industry which are in need of funds. In short, disinflation is to curb inflation and prevent deflation by altering the pattern of fund flow. Will such a method be effective?

KATSUDA: It is difficult to check deflation despite equitable taxation. An inflated economy is comparable to a bicycle. It loses its equilibrium as soon as it ceases to move forward. This is where deflation sets in.

MATSUMOTO: Granting that deflation is unavoidable, must Japan's economy necessarily suffer a certain amount of setbacks?

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775015

ITEM 117 (Continued)

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MATSUMOTO: Granting that deflation is unavoidable, must Japan's economy necessarily suffer a certain amount of setbacks?

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ITEM 118 (Continued)

KATSUDA: This will be unavoidable. We should not force ourselves to avoid deflation under the current economic conditions. Unless we readjust our economy through the medium of deflation, Japan will have lost the only opportunity to balance her economy. I therefore believe that Japan need not avoid deflation so long as it is not too destructive. The current deflation should be applied toward readjusting industries, but sound enterprises should be left alone.

Line between Sound and Unsound Industries

MATSUMOTO: It is true that the postwar Japanese economy was unnaturally inflated by former Finance Minister Ishibashi's loose financial policies. The problem, however, is where to draw the line between sound enterprises and those to be readjusted.

SHOTA: Such a problem actually does not exist. Contrary to the popular concept, economy is not affected by politics. The curbing of inflation inevitably entails deflation, and it is natural that unsound industries should be readjusted at such an opportunity. Politicians often speak of relief for the unemployed or the curbing of inflation by reducing currency issue, but I have never heard of an instance where political policies have served to solve economic problems. The only successful solution has been to allow matters to take their natural course. In short, policies can regulate neither inflation nor deflation. Deflation will serve to readjust economy and superior industries will survive while inferior enterprises collapse. So there is no need of taking measures to ease deflation.

Political Leaders Bungle Attempts

MATSUMOTO: A drastic economic readjustment will entail great sacrifices, and it is the task of political leaders to minimize these sacrifices.

KATSUDA: As true as that may be, political leaders have so far bungled every attempt made in this direction and contributed nothing to our economic well-being.

MATSUMOTO: England recently rejected the proposed devaluation of the pound sterling, which seems the easiest way out for them in my opinion, in favor of austere living to overcome her current economic crisis. That spirit is something which Japan can well afford to copy.

KATSUDA: It is no wonder that they rejected the proposed devaluation, which would have resulted in higher production costs, a higher custom barrier, and eventually, worldwide confusion. I do not believe a devaluation will ever occur since it promises only temporary relief.

MATSUMOTO: Blackmarket sterling-dollar exchange rates, nevertheless, are utilized the world over. Now, how would a currency devaluation in Japan affect our export trade?

SHOTA: Exchange rates are based on the parity of purchasing power. If one party effects devaluation, its competitor can retaliate only by doing the same. Japan, however, is in no position to devaluate the yen since such an action will result in killing our export trade and aggravating deflation. In fact, Japanese economy would probably collapse completely.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ITEM 118 (Continued)

MATSUMOTO: Even without the unfavorable factors mentioned above, inflation in Japan continues to worsen, because of the export slump and the financial policy. As a countermeasure, it is necessary to reduce the prices of our export goods to match world prices. In other words, production costs must be reduced. In view of the rise in the valve of gold under deflation, reduction of the nominal value of wages may not be entirely impossible.

KATSUDA: The current situation has not yet developed to that stage. Any drastic cut in wages will be preceded by a labor offensive. With mechanical equipment in dilapidated condition and loan interest rates rising so high, a deflationary policy must be taken in order to eliminate unsound enterprises, and illegal blackmarket properties, belonging mostly to such enterprises, must be confiscated. Proceeds from the disposal of confiscated properties can be diverted to unemployment relief as a means of appeasing labor.

SHOTA: With 80,000,000 people crowded onto four not too productive islands and with prospects for future export trade none too bright, it is natural for undesirable personnel and companies to be eliminated while the superior ones survive. Foreign capital will be introduced into those companies surviving the current crisis, and firms backed jointly by Japanese and US capital will increase. This, however, will not materialize until economic order is restored in Japan. Since procrastination means further economic deterioration, the Government must proceed with a deflationary policy in order to complete required readjustments as soon as possible.

MATSUMOTO: What are future prospects for the stockmarket?

KATSUDA: Stocks should be traded with an eye on the over-all economic outlook. In this sense, stocks are generally safe investments. Since investments will be concentrated in superior companies during a period of depression, stocks of such companies will command higher prices as a rule.

It may be concluded that the reconstruction of Japan's economy should be conducted according to economic ethics, not on government policies.

ITEM 119 STATISTICAL ANALYSIS OF DOMESTIC IRON-STEEL MARKET

(Full Translation)

NIHON KEIZAI SHIMBUN, 26 Jul -- The Japanese economy now stands at a turning point following the series of administrative measures enforced in line with the nine economic principles, the Dodge statement, and the decision on the 1949 fiscal year's budget.

Take for example iron and steel production. The priority production system in the past failed to attach importance to markets, aiming instead at boosting production alone. With financial depression deepening since the start of this year, the consumption of iron and steel materials declined below one half the prewar figure.

Although prices for these goods are supported by expensive government subsidies, iron and steel production has begun to feel a tight domestic market condition, which had been hidden behind the veil of inflation. The grey market prices of special steel materials, on which the Government is paying no subsidies, has been virtually running below the official ceiling since 1947.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775013

ITEM 119 (Continued)

The effect of the price decline began to be felt in ordinary steel materials. It is bringing about various phenomena such as a shakeup of low-grade producers resulting from the consumers choice for better quality goods, an increase in stockpiles, and a decline in blackmarket prices.

The iron and steel production program for the current fiscal year calls for as much as 1,800,000 tons. Even if priority is given to export industries, the survival of the Japanese iron and steel industry itself will be problematical so long as the prospect for the domestic market is held with gloom.

From these viewpoints, the Economic Stabilization Board made studies of domestic markets on various commodities, based on data concerning the consumption rate, stockpiles, sales proceeds, and blackmarket prices of iron and steel materials. The ESB concludes that effective demand for steel materials in various consuming departments will not increase to the point where it can consume the 1,800,000-ton production scheduled in the year's program.

ESB's Conclusion

The conclusion reached by the ESB is as follows:

(1) Rate of consumption by different industries. As compared with prewar days, the consumption of iron and steel materials fell off sharply in the engineering and construction industries with a shrinkage in the machinery industry. However, the coal industry is now consuming steel materials in quantities far larger than during prewar days. In comparing the allocation plan for the current fiscal year, which puts emphasis upon exportation, with the plan for the 1947 fiscal year, when the priority production system had been applied, allocations for the Occupation Forces and the coal and fertilizer departments have decreased, whereas allocations for export industries have increased.

Comparison of Steel Allocations:
(figures in percentage)

	1935	1947	3rd Quarter 1948	1949 (estimate)
Occupation Forces	----	18.5	26.0	1.5
Export	----	1.2	3.4	32.6
Land Transport	8.1	7.4	10.6	11.4
Electric Power	----	1.7	2.5	4.1
Coal	2.2	10.8	8.6	9.0
Metal Mines		----	----	----
Gas, Coke & Oil	2.6	----	----	----
Shipbuilding & Shipping	10.2	5.7	11.0	8.1
Iron & Steel	34.7	14.5	15.3	1.7
Machinery		5.3	10.7	6.6
Chemical Fertilizers	----	2.3	1.2	1.2
Engineering & Construction	16.1	1.1	1.5	1.5
Others	26.1	31.5	15.2	22.3
Total	100.0	100.0	100.0	100.0
Total Allocations (in tons)	3,145,268	516,857	286,900	1,940,000

The demand and supply situation can be analyzed further under the following categories of domestic consumption (excluding the Occupation Forces and export industries):

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDC # 775875

ITEM 119 (Continued)

(a) Consuming departments directly connected with government finance (state railways, communications, and other government offices).

(b) Priority industries indirectly connected with government finance through subsidies etc, (coal, shipbuilding, machinery, power, iron and steel)

(c) Other private consuming departments.

We can presume from the following table that the domestic market of iron and steel depends directly or indirectly upon government finance to a large extent.

	1948 Fiscal Year		1949 Fiscal Year	
	Demand	Allocation Plan	Demand	Allocation Plan
Those included in group (a)	13.2%	16.2%	8.4%	14.6%
Those included in group (b)	46.2	46.0	32.0	45.2
(a) & (b)	59.4	62.2	40.4	59.8
Those included in group (c)	40.6	37.8	59.6	40.2
Total	100.0	100.0	100.0	100.0

The question of how much of the financial disbursement will be reduced under the balanced budget for the current fiscal year and to what extent its retrenchment can be absorbed in other consuming departments will arise as problems in the domestic market.

2). Stockpile Conditions. As compared with the end of last March, stockpiles increased nearly 60 percent at the end of last December. Those which increased more than double during the period include large-size rails (2.3 times), large-size square steel bars (2.48 times), medium square steel bars (2.12 times), small-size square steel bars (3.18 times) tin-plates (6.08 times), steel sheets (2.03 times), ordinary steel wires (6.75 times), and gas pipes below ½ inch (2.21 times).

Since the amount of shipment is increasing in proportion to the favorable increase in production, the increase in stockpiles is not necessarily considered as surplus stocks. If shipment increases, normal stocks will naturally increase.

How stockpiles increased is shown in the following table, which was drawn on the basis of the ratio of shipment to stockpiles for the same period:

	As of 31 Mar 1948 (A)	As of 31 Dec 1948 (B)	Increase Rate $\frac{B-A}{A}$
Large-size Rails	187	70	(-) 63
Medium-size Rails	47	26	(-) 45
Steel Plates	54	38	(-) 30
Tin Plates	8	29	263
Ordinary Wires	8	51	538
Steel Sheets	39	62	59
Pipes	63	59	(-) 6
Small-size square steel	34	61	79

Although stockpiles in general showed a slight increase, wire materials, tin plates, steel sheets, and small-size square steel made marked increases, whereas other products showed a decline. The increase

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDC # 77301

ITEM 119 (Continued)

in stockpiles are likely due to increased demand from the general public. However, the above figures presumably reflect a decline of effective demand from the general consumers.

Credit Sales Large

3) Proceeds from Credit Sales. According to the estimate of the Steel Materials Club, which surveyed about 27 leading wholesalers since January, outstanding credits at the end of December last year amounted to approximately 1.6 billion yen. With a steady increase later, they reached nearly three billion yen in April this year. It is reported that the collection of credits is taking on the average 2.5 to three months compared with the normal of only two months.

Classified by different consuming departments, the biggest credit sales went to land transportation, rolling stock, coal, machinery, and production raw materials. The problem lies in the fact that these departments are not doing very well in liquidating their outstanding accounts.

Credits still outstanding and the rate of collection at the end of May are as follows:

	Outstanding Credits as of 30 April (in 1,000 yen)	Percentage	Rate of Collection
Occupation Forces	64,329	1.9%	20.1%
Export (Basic materials	149,542	4.5	53.4
(Processed goods	23,720	0.7	52.4
Land Transport	249,938	7.5	49.4
Rolling Stock	177,391	5.4	34.5
Electric Power	150,640	4.5	34.6
Coal	473,412	14.3	14.8
Petroleum	69,440	0.2	85.7
Shipping	432,264	13.1	28.2
Machinery (Automobiles	131,300	4.0	21.0
(Machines	384,785	11.7	24.2
Chemical Fertilizers	47,506	3.4	30.7
Production Materials	495,052	14.9	49.3
Others	525,633	15.9	42.8
Total	3,312,456	100.0	37.2

4) Blackmarket Prices. According to indices on the blackmarket prices of production materials released by the Bank of Japan's Statistics Bureau and a survey of blackmarket prices conducted by the Metal News Company, the blackmarket prices of iron and steel plates and large-size products are lagging at a level below the official prices for producers, while iron sheets, tin plates and galvanized iron plates are showing a decline in prices. This decline in prices is a good indication of the shrinkage in private demand. The trend of blackmarket prices since January this year is shown below.

(figures in 100 yen)

	Jan	Feb	Mar	Apr	May
Galvanized Iron Plates (one sheet)	6.3	5.9	5.48	4.91	----
Tin (one sheet)	1.2	1.35	1.3	1.2	1
Iron Sheets (one ton)	900	900	900	830	680
Large-size Angle Steel Bars (one ton)	115	120	125	120	120
Steel Plates (one ton)	172	190	220	220	220
Gas Pipes (one ton)	480	480	480	490	470

ECONOMIC

ITEM 120 CUT IN THE CONSUMPTION OF PIG IRON PROPOSED

(Full Translation)

NIHON KEIZAI SHIMBUN, 28 Jul -- The International Trade and Industry Ministry revised the production program goal of blast-furnace pig iron, fixed earlier this year at 1,700,000 tons, to 1,450,000 tons because of the lack of funds. It is strongly believed, however, that if the 1,800,000-ton production program goal of steel materials is to be attained under these conditions, an important change should be made in the manufacturing process of steel ingots. The Iron and Steel Bureau of the Ministry is now working on ways to deal with the situation.

The bulk of steel ingots is now manufactured by open-hearth furnaces from pig iron and scrapped iron. Scrapped iron is mixed with pig iron at a ratio of 58 to 42 on the average. With pig iron becoming scarce following a cut in its production, the production of steel ingots will probably fail to attain its planned goal of 2,400,000 tons. Authorities are now planning to reduce the consumption of pig iron by changing the mixing ratio to 70 per cent scrap iron and 30 per cent pig iron and use coal in place of fuel oil, which is largely imported at present.

The Japan Iron Manufacturing Company and the Japan Steel Pipe Company, both of which specialize in the vertically integrated production of iron and steel, will not be able to increase the consumption of scrap iron to any extent because they have to use pig iron produced at their own plants.

If the mixing rate is changed on the average to 70 to 30, producers operating open-hearth furnaces alone will in effect have to mix raw materials at a ratio of 80 to 20, with the result that they will need thousands of tons of additional scrap iron.

Under the present supply condition of scrap iron, it is problematical whether or not they can easily obtain the amount of scrap iron they need. If they try to corner scrap iron, the price will jump, and open-hearth furnace operators themselves will be oppressed from higher prices. Moreover, it will be difficult to substitute fuel oil with coal, although coal is now being stock-piled, because fuel oil excels in the efficiency of combustion. The Ministry is now working on a solution to this problem.

ITEM 121 UNREGISTERED FIELDS EXPOSED IN MIE

(Full Translation)

AKAHATA, 28 Jul -- The Mie Crop Forecast chapter of All Japan Agriculture-Forestry Workers Union, acting jointly with farmers, took prefectural authorities by surprise by exposing 12,000 Chobu (29,400 acres) of unregistered fields.

Planted acreage registered in Mie Ken since the end of May through the channels of town and village offices and the prefectural governmental office was 32,500 Chobu (40,625 acres). However, according to the sampling survey conducted by the subchapter as of the close of May and the reports of individual farmers on their planted fields as of 15 January, the wheat field area in Mie was placed at 43,529 Chobu (66,645 acres), which brought to light the existence of some 12,000 Chobu (29,400 acres) of fields not accounted for in the government pre-planning allocation figures.

Entrusted with the solution of the problem by the chief of the Crop Forecast Section, the subchapter negotiated with prefecture authorities for the proper registry of such fields. However, the prefectural authorities, spurning the proposal, are

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ITEM 121 (Continued)

attempting to quiet the issue in collusion with prefectural assemblymen. At this juncture, farmers joined the subchapter's campaign to expose the hidden fields.

ITEM 122 THE DELIVERY SYSTEM AND RICE BLACKMARKETING

(Summary)

KOKUMIN KEIZAI (Monthly magazine), Jul 49 -- The bill to revise the Foodstuff Procurement Law was carried over to the next Diet session as the result of fierce opposition by the farmers' organizations. This bill aims to make compulsory, the delivery of rice remaining after the initial quota has been filled.

In other words, this is a plan to strengthen the delivery system. However, this bill gives us the impression that the Government has been over-eager to collect as much rice as possible, without first ascertaining how effective its various measures to increase production have been up to now.

The implication contained in the proposed bill can be taken to mean the lack of policy of the government regarding the problem of agricultural productivity. Or, does the bill represent the traditional Japanese way of thinking, which does not differentiate between raising efficiency and applying greater pressure, and in essence insists that the only solution is to lash the farmers into greater effort?

The Democratic Liberals once promised that, if they came in power, they would permit the free sale of surplus produce after the completion of deliveries. Undoubtedly, most farmers supported this Party in the last general election for this reason. Thus, the recent bill caught them completely by surprise.

It appears that not a few Democratic Liberals, who realize this, opposed the bill on the ground that it would make the farmers reluctant to deliver their produce to the Government. However, it is rumored that Premier YOSHIDA wants this bill passed without fail in the next session of the Diet.

The bill, if passed, will undoubtedly anger the farmers. Though it is no particular concern of ours, we are apprehensive of the effect this will have on the rural support now enjoyed by the Democratic Liberal Party.

If the improvement of food situation alone is considered, strengthening the delivery system is apparently the simplest and most effective plan, but it is nothing more than building a castle on sand as long as it is realized at the expense of agricultural reproduction.

According to estimates by the Agriculture and Forestry Ministry, 3,500,000 Koku (17,920,000 bushels) of rice was blackmarketed last year. From this, it can be surmised that the farmers can deliver more rice. However, whether it is rational to take away all the rice they have, is open to question. In strengthening the delivery system, the following two primary points must be taken into consideration.

(1) The defect of the existing delivery system lies in the fact that quotas are determined in a manner most advantageous to local bosses, because of the undemocratized nature of our farming villages. Therefore, to strengthen the delivery system alone, while neglecting the duty of democratizing the farming villages, will end in lost effort and in increasing the burden of the small and middle-class farmers.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ITEM 122 (Continued)

(2) Generally speaking, the blackmarketing or bartering of small amounts of surplus rice acts as a basic preventative measure in checking acute impoverishment. The revision bill will deprive the farmers of their last means of existence.

Originally, the delivery system was born of the special economic relations found in a wartime economy, and therefore ignores certain aspects of the law of values. In other words, the system demands, through force, sacrifices on the part of farmers. However, so long as agricultural production is founded on commodity production, the natural reaction will be for the values which have not been recognized to materialize as goods flowing into the blackmarket. State authority alone can suppress this reaction. Therefore, it is natural that the more delivery system is strengthened, the greater the blackmarket activities.

This trend, if checked by force, appears again after a certain limit has been reached in the ultimate form of decreased production, or halt of reproduction. This trend is now seen on a nation-wide scale.

It appears that the bill revising the Foodstuff Procurement Law will be passed in the next Diet session, with the conditions that efforts will be made to reduce taxes on the basis of above-quota deliveries, the free sale of cereals--except soy bean and corn--will be recognized and the distribution of necessary supplies to the farmers will be facilitated. However, these conditions are not fundamental in securing the agricultural reproduction. This bill, as in the case of all the other recent revisions, cannot escape the charge of being a revision for the worse.

ITEM 123 THE SHOUP TAX REFORM PLAN DISCUSSED

(Summary)

TOYO KEIZAI SHIMPO (Weekly magazine), 23 Jul -- (Participants in the interview summarized below are Prof SHIOMI Saburo and Chief Editor WATANO and Assistant Chief Editor OHARA of this magazine — Translator).

SHIOMI: Everyone from America who is concerned has tried to implant the American method of taxation in our country, considering it as the best. They were only interested in explaining their own schemes, and no attempt whatsoever was made by them to listen to our opinions. This time, however, Dr SHOUP has only listened.

Staff: What was the conference like?

SHIOMI: In preceding conferences, the main objective was always how to enforce the occupation policy, but this time the objective was changed and the establishment of a fair taxation system and the adaptation of the American system to the conditions of our country were considered. Moreover, SHOUP cannot understand why tax collectors and taxpayers are so opposed to each other in Japan. Here, those who frame tax regulations and those who pay taxes are quite different in their way of thinking. For example, those absorbed in the duty of framing regulations are only interested in thinking up new methods and the laurels they might achieve when their finished project is translated into some foreign language, while those who enforce the scheme go about it in the same old way regardless of changes which might have been made in the regulations. Finally, those who pay taxes feel that the lower the tax the better.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

ECONOMIC

ITEM 123 (Continued)

Staff: We have heard that the Finance Ministry presented various opinions to the SHOUP Mission.

SHIOMI: Dr SHOUP has maintained silence in regard to the opinions of the Finance Minister.

Staff: Will the outline of the reform be published when it is settled?

SHIOMI: I believe not.

Staff: Will it take the whole of August to decide the plan?

SHIOMI: It will be handed in toward the middle of August to Gen MacARTHUR, and he will announce it sometime at the end of the month.

Staff: Does that mean that annual revenue will undergo a change?

SHIOMI: The Government will in all probability open the Diet session in September, after which it will draw up a bill within a month after receiving the reform plan, and then present it to the Diet in October. It will then be the end of October before the bill is put into effect. The problem then will be how things will progress. Prices in America are showing a downward trend, and Japanese financial circles are also facing a crisis. We must consider among other things trade with Red China. If business conditions improve considerably, a reduction in taxes can be hoped for, but if not this will hardly be possible.

Staff: If conditions are not improved, the people will not be able to manage without a reduction in taxes, and in such case it cannot be helped even if the balance between annual revenue and expenditure is not maintained. Moreover, in view of the financial situation, the people desire an early opening of the special Diet session.

SHIOMI: It is difficult to make any changes in tax on individual incomes and if exemptions are raised a little the annual revenue will suffer a decrease of approximately 100,000,000,000 yen. But if the corporation tax which totals 27,000,000,000 yen is abolished, it would be a much smaller loss. It is believed that the main point in the tax reform is to reform this corporation tax, in connection with the induction of foreign capital.

Staff: What is your opinion regarding the abolition of the transaction tax?

SHIOMI: When it was first put into effect, bitter complaints were heard against it but people have recently come to regard it as a rather good tax. Consequently, the corporation tax will naturally see reforms first.

Staff: Dr SHOUP's plan is to inaugurate a system which can remain in effect for several years.

SHIOMI: We, however, may be made to suffer inconveniences, when things undergo a change in the future. The enterprise tax especially is troublesome, as it is imposed upon business results for the preceding year.

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

V SOCIAL

ARTICLES OF SOCIAL SIGNIFICANCE FROM NEWSPAPERS AND MAGAZINES PUBLISHED THROUGHOUT JAPAN

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDB # 773012

SOCIAL

		Item No.
Mailboxes Found Dumped in River	KOKUSAI SHIMBUN	124
Working Women's Welfare Week Slated	JIJI SHIMPO	125
JSTWU Orders Toho Prepare for Strike	AKAHATA	126
Internees Subjected to Intense Red Indoctrination	NAIGAI TIMES	127
CP Dist Committee Statement on Osaka Mimpo Case	AKAHATA	128
Serious Classroom Shortage Endangers 6-3 System	MAINICHI	129
Vaccine Shortage Threatens Nation's Health	AKAHATA	130
Purge Evil Democ Leaguers from Unions!	AKAHATA	131
Repat Welcome Staged at Kyoto Rally	AKAHATA	132

ITEM 124 MAILBOXES FOUND DUMPED IN RIVER

(Full Translation)

KOKUSAI SHIMBUN (Osaka), 27 Jul -- Three of the mailboxes in Hyogo Ken, Buko Gun were reported missing by a post office employee on 26 July between 2100 and 0130 hours. After a search the boxes were all found dumped in the nearby River Buko. The competent police station immediately reported the case to the Hyogo national rural police headquarters and the Postal Administration Supervisory Bureau.

The police began an immediate investigation, considering the case to be more than a prank since it was carried out in the middle of the night and in view of the fact that the dismissal of communications workers is close at hand.

ITEM 125 WORKING WOMEN'S WELFARE WEEK SLATED

(Full Translation)

JIJI SHIMPO, 28 Jul -- A "working women's welfare promotion week" is scheduled to be observed throughout the country for one week beginning 1 August. For Metropolitan Tokyo the following activities are planned:

1 August -- Working women's central convention at 1700 hours at Hibiya Public Hall.

2 August -- Meeting on family life democratization and moving pictures at 0930 hours at Tachikawa Public Hall.

3 August -- Lecture on working women's health problems at the Public Health Institute in Shiba Shirogane Daimachi.

4 August -- Working women's round-table conference at 1300 hours at Tokyo Labor Standards Bureau conference room.

5 August -- Lecture on democracy and women at 1300 hours at Ome Municipal Office.

6 August -- Women's workshop culture information meeting at 1300 hours at Tokyo Labor Standards Bureau conference room.

ITEM 126 JSTWU ORDERS TOHO PREPARE FOR STRIKE

(Full Translation)

AKAHATA, 28 Jul -- The central standing committee of the Japan Screen and Theater Workers Union issued directives to the Toho Motion Picture Company Workers Union subchapters throughout the country, instructing them to be prepared to strike by 29 July in order to strike on the 30th.

The Federation of Toho Motion Picture Company Workers Union Subchapters have for the past two months been negotiating with the management for (1) renewal of contracts for all performers, (2) recommencement of the autonomous production of films, (3) a

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NND # 775012

ITEM 126 (Continued)

50 per cent increase in present basic salaries and other items.

However, on 12 July, the management flatly rejected the federation's final proposal. Therefore, the federation confirmed that it had finally reached the point of resorting to forceful methods, which resulted in the JSTWU's directive to prepare for a strike.

ITEM 127 INTERNEES SUBJECTED TO INTENSE RED INDOCTRINATION

(Summary)

NAIGAI TIMES, 22 Jul -- According to repatriates from the Khabarovsk, Karaganda and two other districts, Japanese internees in the Soviet Union are indoctrinated with Communism by means of the following organizational setup for Communist education.

The actual method of indoctrinating Japanese prisoners of war with Communism slightly varies with each internment camp. However, generally speaking, the "commissar," political department of the Soviet Government, is in charge of this task, while as a responsible organ on the Japanese internees' side, the democratic committee (which in some camps is called the democratic group or has no name) is established in each camp. The democratic committee is made up of 10 to 20 members, most of whom have had experience in conducting socialist movements or were known as anti-militarists in the past. The election of the democratic committee members is held semi-annually.

There are four departments under the democratic committee; the newspaper, the enlightenment and propaganda, the cultural and the health departments. The newspaper department is composed of two to five persons experienced in editing as newspaper reporters or magazine writers. The principal functions of this department are to send stories of democratic heroes in the internment camp concerned to the NIHON SHIMBUN, published at Khabarovsk for Japanese prisoners of war, through the democratic committee; distribute copies of the NIHON SHIMBUN to the inmates of the camp; and edit the wall paper in camp.

Of the four departments, the enlightenment and propaganda department is considered most important. This department is also made up of two to five members who are all radicals, mostly between 22 to 28 years of age. The "leaders" work under them. The "leaders," elected at the rate of one to every 200 internees, are required to educate and issue necessary directives to their subordinates, the "aktiv," and also transmit the will of the "aktiv" to the higher organ, the democratic committee. The lowest agents, the "aktiv," are elected at the rate of one to five persons to engage in thought education of their fellow internees.

The cultural department, composed of those with experience in working in motion picture and theatrical fields, provides democratic motion pictures every week and a theatrical performance once a month.

The health department, members of which are chiefly former army surgeons and members of medical units, takes charge of health affairs in camp.

Furthermore, a one-hour course is given from 1800 to 1900 hours every day except Sundays, at which time the chief of the enlightenment and propaganda department explains before internees the content of such specially-compiled textbooks as the biographies of STALIN and LENIN and the "History of the Communist Party in the Soviet Union" as well as the NIHON SHIMBUN. These textbooks

ITEM 127 (Continued)

are taught over and over again several hundred times, so that even the most stupid person can understand.

There is also the Communist Party School to train promising "leaders" and members of the enlightenment and propaganda department. In October, every year, about 10 persons are admitted to this school on the recommendation of the democratic committee. The students of the Communist Party School are provided with scholarship funds of 50 rubles (about 2,000 yen) per month. After studying at this school for half a year under Japanese teachers, who sought refuge in the Soviet Union, the students are appointed to the democratic committee.

Communism is taught in Japanese prisoner of war camps through terroristic means. Any one who fails to obey orders of the enlightenment and propaganda department members, "leaders" and "aktiv," is invariably branded as reactionary and strictly forbidden to talk with other internees. Even after repatriation, those once detained in the Soviet Union are shadowed by the "aktiv" from their respective prefectures as long as they live, and moreover, they are visited daily by members of the Communist Party at their homes.

However, Communist education given to Japanese internees in the Soviet zone does not prove as effective as expected, because it is compulsory, and most Japanese internees become Communists only as an expedient to return to their fatherland.

ITEM 128 CP DIST COMMITTEE STATEMENT ON OSAKA MINPO CASE

(Full Translation)

AKAHATA, 27 Jul (Kansai dispatch) -- The Communist Party Kansai district committee, surrounded by the police, on 20 July declared, "We Communists can never allow such a tyrannical government," and issued the statement to follow.

The statement was in protest against both the provocative measures and the plot of the Osaka municipal police to oppress the Communists, using the pretext of the wall gazettes put up in Ikuno, Osaka. Thus they are appealing to all the citizens of Osaka. The gist of the statement follows:

"The Osaka Municipal Police on the night of 18 July, mobilizing a police task force, tore down wall newspapers on the authority of the 'Advertising Control Law'. On the 25th the police arrested 13 persons, among them Communist INATSUGU Naomi, and forced a search of the Communist Party office. Furthermore, the police authorities announced on the radio and in newspapers that the wall newspapers reported false news.

"Meanwhile, when a people's rally was held in Tsuruga and representatives of the rally blamed the Tsuruga city police authorities for incompetence with regard to the rape case, the authorities answered that they had already received the report on the case, and that they would make every effort to follow their proposals. In view of this fact, the news covered in the wall gazette is by no means false. The whole thing is a plot on the same order as the Shimoyama and Mitaka runaway train cases."

SOCIAL

ITEM 129 SERIOUS CLASSROOM SHORTAGE ENDANGERS 6-3 SYSTEM

(Full Translation)

MAINICHI SHIMBUN, 27 Jul -- Because of the total omission of construction funds for the 6-3 educational system in the budget for the current fiscal year, many tragic circumstances exist in various parts of the country. The following is a report on some of these cases, gathered by reporters of this paper.

Fukushima Ken

Although figures on construction of ordinary classrooms for junior high schools throughout the nation show that an average of around 50 per cent of the goal is attained, this prefecture has achieved less than one-third of its goal. Because of this lack of classrooms, as many as 798 classes contain more than 60 students each. At the Hokushin Junior High School in Fukushima Shi, classes of more than 50 students are packed into rooms four Ken square (1 Ken equals 5.965 feet). At the Meiji and Iisaka Junior High Schools in Date Gun, 40 students are crowded into classrooms three Ken square.

There have been 25 cases involving the recall of 64 town mayors, village headmen and assemblymen over the problems of construction of junior high schools.

Construction of junior high schools at Nishikata Mura in Onuma Gun, and at Kano Mura in Yama Gun, has come to a standstill, with only the foundation work completed. At Yashirokawa Mura in Higashi Shirakawa Gun, where donations for the construction of junior high schools had ceased, the village headman levied a special surtax, which is illegal; the result was that he was dismissed for this law violation.

To cope with this lack of funds, a construction co-operative association has been formed in Kitagata Machi. It adopted a day-by-day money-saving system, making it possible for the people to accumulate deferred savings amounting to 2,890,000 yen during the past year. This is to be used for the construction of schools.

Yamagata Ken

Because of the suspension of government subsidies, this year's projected construction of 226 classrooms has come to a standstill. Despite the fact that Yamagata Ken is an important rice-producing district, the current financial crisis in the prefecture does not allow it to receive even the ration of marine fertilizer for this year. The number of long absentees in primary schools is 566, in junior high schools 1,287; of these 76.3 per cent are staying away from school because of poverty and the need for them to work at home.

The people's capacity to finance the construction of schools seems already to have reached its limit. Because of the lack of classrooms, 500 classes are overcrowded, and there are 1,356 elementary and junior high school classrooms within an area of less than 15 Tsubo (1 Tsubo equals 3.954 sq yards).

At the Akamatsu Junior High School, Okura Mura in Mogami Gun, 40 students are packed into a second floor room of a storehouse, whose area is only 12 Tsubo and ceiling height, only two meters.

Nagano Ken and Others

Construction of 25 schools with 168 classrooms has been suspended in this prefecture also. At the Marunouchi Junior High

ITEM 129 (Continued)

School in Matsumoto Shi, the second floor of a warehouse was converted into a music room, but students are unable to see the blackboard clearly because of the dim light, and are therefore forced to learn singing only by ear.

At Ariake Mura, where is located the orphanage famous for its connection with the popular radio drama "Hill Where the Bell Tolls," villagers who observe the waifs enjoying a happy life because of the large per capita expenditure allotment of 250,000 yen, and who compare it with the bitter life of their own children, call the orphanage "the hill where the money clinks" (TN. a pun in the Japanese: kane, bell and kane money).

In Nagoya Shi, the dining room of a factory has been cut into eight sections and converted into classrooms for the Shiga Junior High School. However, teachers are obliged to control their voices and hold umbrellas over their heads to muffle their voices, which tend to ring through the whole room.

At Kuniyoshi Mura in Toyama Ken, villagers are pushing a fund-raising campaign by saving one shaku of rice every day (1 shaku equals 0.019 quart). In another part of the prefecture there is a "one-person-one-article" campagin for the construction of the Joto Naka Niikawa County Junior High School.

Thus the problem of junior high school construction assumes serious proportions.

ITEM 130 VACCINE SHORTAGE THREATENS NATION'S HEALTH

(Summary)

AKAHATA, 27 Jul -- With the epidemic season already at hand, the reported dire shortage of vaccines, essential to the prevention of dreaded contagious diseases poses a great threat to the nation's health.

As a result of the diphtheria immunization case in November of last year, in which nearly 900 infants died, the production and use of all types of vaccines were prohibited in December. The ban on the production of vaccines was lifted sometime between April and May of this year; but due to negligence on the part of government authorities, production has been poor.

With regard to vaccination for smallpox, the Government prepared vaccine sufficient for only 50,000 persons in January, and for 500,000 persons in April. Consequently, as of 9 June, a total of 117 smallpox cases were reported throughout the country, and even at present,--this epidemic period of infectious disease usually terminates at this time of the year--new cases are still breaking out.

Although the Government appears to be making plans to prepare smallpox vaccine for 50,000,000 persons by September, the protective power of the vaccines inoculated in the past is reported to be so weak that some persons caught the disease despite vaccination.

Sixty thousand liters of serum are needed for the prevention of typhoid. However, at present, only 10,000 liters of typhoid serum have received official approval. Moreover, it takes one month for the serum to take effect; nevertheless, the government typhoid innoculation program has just been started. Consequently, it will hardly prove effective in checking typhoid, which is expected to break out shortly. Furthermore, the Government is now, under its innoculation program, injecting only one-tenth of the necessary amount of one cubic centimeters of serum, in order to cover up its shortage.

ITEM 130 (Continued)

Since no preventive inoculation against whooping-cough was carried out last winter, whooping-cough cases increased to 5,365 in January of this year, as compared with 3,755 cases during the same month last year. This contagious disease is still prevalent, but no vaccine for it has yet been submitted to the authorities for inspection.

There is little likelihood that the Government will be able to prepare the required 7,000 liters of anti-diphtheria vaccine and serum by this autumn. BCG, the only preventive injection against tuberculosis, will be officially distributed throughout the country in November, later than the originally-scheduled month of July. The vaccine for tetanus is extremely scarce, and those who are attacked by this disease must await slow death.

Vaccination is now compulsorily carried out by bureaucrats under the Vaccination Law, with the Government assuming all responsibilities. However, the production of various types of vaccines is entirely left to profit-conscious merchants. As a result, there is a strong possibility that Welfare Ministry officials will be bribed by merchants who are eager to be entrusted with the lucrative manufacture of vaccines.

At present, there are indications that the production of vaccines is becoming increasingly monopolistic and that their prices are being raised. The Government's delay in payments to pharmaceutical firms, along with the shortages of funds and materials, deters the production of vaccines. Vaccine-producing companies cannot now afford to employ technicians to study the quality of their vaccines. Therefore, the quality of vaccines now being produced can hardly be guaranteed. Moreover, with the abolition of the system under which the Government guarantees a market for vaccines produced, merchant circles are being threatened with difficulty in selling their products.

In view of this seituation, the National Medical Treatment Democratization Council on 19 July decided to dispatch investigators, including technicians, to each vaccine-producing company, and to launch a nationwide campaign to remedy the existing dangerous conditions.

ITEM 131 PURGE EVIL DEMOC LEAGUERS FROM UNIONS!

(Full Translation)

AKAHATA, 27 Jul -- The National Council of Government Employees Unions on 25 July issued a statement in the name of its central executive committee. It urged that malicious democratization leaguers, who had brought about a split in the State Railway Workers Union, be expelled from the union as enemies of the people.

At the same time, the following instructions were sent to the chairman of member unions:

(1) It is affirmed that the official executive department of the State Railway Workers Union is the united faction; any liaison, information, or proposal will be directed to the united faction.

(2) A signature campaign against the replacement of the season ticket system by a coupon ticket system will be staged, in concert with the State Railway Workers Union united faction.

The substance of the statement was as follows:

Now, as workers and the whole people are bravely fighting against the Yoshida Cabinet's policies to destroy and suppress industry, the State Railway Workers Union, which was a leader in the

ITEM 131 (Continued)

fight, has been split by the treachery of a few democratization league leaders.

We extend our gratitude to the State Railway Workers Union for its strenuous efforts to preserve labor unity for the struggle. We feel indignant at democratization league leaders who ignored the reasonable demands of workers and who became the tools of the Yoshida Cabinet in splitting and weakening the union.

We hope that the 600,000 members of the State Railway Workers Union will achieve the unity of their organization. We are convinced that the workers who support the democratization league also will fight with us, realizing whose interests are protected. We affirm that a few democratization league leaders are the enemies of labor, and declare that we will oust them to the last man from the unions.

ITEM 132 REPAT WELCOME STAGED AT KYOTO RALLY

(Full Translation)

AKAHATA, 27 Jul (Kyoto dispatch) -- A people's rally, sponsored by the National Congress of Industrial Organizations and the National Liaison Council of Government and Public Office Employees Unions for the purpose of defending industries in Kyoto and welcoming the repatriates, was held at 1300 hours at the Gojo plaza, Kawara-machi, Kyoto. Approximately 2,000 workers and students were present, including 400 members of the Livelihood Protection Association, who had been to various tax offices in Kyoto since 1000 hours that morning to urge the speedy re-investigation by revenue officials of sales taxes and income taxes.

Among the eight resolutions adopted were: (1) opposition to the state railways personnel cut that destroys the state railways; (2) opposition to the city street car personnel discharge that stops the street cars; and (3) discharge of Chief NAGATA, who was responsible for the 4 July incident (TN. at Kyoto station when the repatriates arrived).

INOUE Umeo and three others, who specially represented the repatriates, spoke at the meeting and said, "After landing in our home country and being immediately surrounded by the police, we felt for the first time that we were war prisoners."

The representatives then handed the struggle committee for repatriates a written application, signed by the 4,000 repatriates who had returned in the Daiiku Maru and the Ehiko Maru, for formal admission into the Japan Communist Party.

VI EDITORIAL

EDITORIALS OF SIGNIFICANCE FROM NEWSPAPERS AND MAGAZINES PUBLISHED THROUGHOUT JAPAN

EDITORIAL

		Item No.
The Japanese and Democracy	YAMAGATA SHIMBUN	133
Peace Realization Far Off	SHIN-YO SHIMBUN	134
Recommendation of the US Taxation Mission Awaited	KYOTO SHIMBUN	135
Radicals Will Be Defeated Soon	KITA NIPPON	136
Complete Unemployment Measures	HOKKAI NICHINICHI	137
New Immigration Bill Submitted	SHIMANE SHIMBUN	138
The Position of the Socialist Party	SHIN YUKAN	139
Advice to Repatriates	YUKAN CHUGAI	140
From an Unemployed	SHIN YUKAN	141
Treatment of Communists	SHIN TOKYO	142

ITEM 133 THE JAPANESE AND DEMOCRACY

(Summary)

YAMAGATA SHIMBUN (Yamagata), 22 Jul -- The question of whether or not the Japanese are capable of digesting democracy has been the object of world discussion since the war's end. The principle of democratic government can be fully materialized only in a country where the people are so highly cultured that they can manage the administration of their country on the basis of their independent judgment.

It is natural that democracy cannot be appreciated by those people whose intellectual standard is low. We are well aware of the unsavory result of the autonomous government sanctioned for us with the war's end. However, with the abortive 1 February strike as a turning point, voices calling for self-reflection have gradually become strong among the people and now radical ideas and conducts are rapidly losing the support of the people. It is indeed gratifying that the principles to democratize the nation gradually through rational struggles in the Diet have come to be approved by the people.

The recent trend within the State Railway Workers Union, clearly indicates that the democratization leaguers will in the near future hold the hegemony of the union. A tacit pressure in the form of public opinion is being exerted by the people against the extreme leftists who have been propagating plausible rumors of a bloody revolution in August or September.

Such a trend is also clearly observed in our prefecture. For instance, despite the persistent instigations by the radical members of the Higher School Teachers Union, most of the members have remained calm and moreover, many members have bolted from the union. The fact that damagogic activities and instigations by the extreme leftists have resulted in disrupting the union can be cited as an index to the fact that there are numerous people who are sane enough to understand that the path of national reconstruction lies along democratic socialism. These people are politically mature to digest democracy. It is most desirable that the majority of the people will attain such maturity in order to form a strong public opinion. The principal reason why we have repeatedly taken up the mass secession in the Higher School Teachers Union is based on our belief that calm judgment by the majority of people is the only means of dispelling the current social unrest.

The recent trend in the nation's labor movement toward normalization is an encouraging symptom for the future of our national democratization. That the people have regained their presence of mind in a comparatively short period in spite of the leftist maneuvers must be due to the surviving democratic spirit which

ITEM 133 (Continued)

was, first implanted during the Meiji Era.

The retreat of subversive leftists must not be utilized by the extreme rightists as a chance for resurgence. We, the people should keep constant vigil lest the extreme rightist ideology permeates our minds, especially because the rightists are more adept in using violence than the leftists. It must be remembered that truth is always found in common sense. At any rate, the fact that the Japanese have crushed the fantastic propaganda of the extreme leftists and have come to adopt moderate principles to maintain social order gives us self-confidence that we are qualified to join the family of nations.

ITEM 134 PEACE REALIZATION FAR OFF

(Summary)

SHIN-YO SHIMBUN (Matsumoto), 22 Jul -- Immediately after the adjournment of the last Diet session, Premier YOSHIDA revealed that the conclusion of peace for Japan might come unexpectedly early; while Chief Secretary HIROKAWA of the Democratic Liberal Party predicted that good news pertaining to the peace treaty will be made public on 15 August, the Surrender Commemoration Day. However, world events centering around present-day Japan give evidence that the outlook on the peace situation is becoming dark.

According to a dispatch that Morris HARRIS, special correspondent of the Associated Press, sent from Washington, it is reported that American Government officials, as well as foreign representatives in Washington of countries concerned with Japan, feel the conclusion of the peace pact with Japan is drawing further away.

No doubt one of the international upheavals hampering peace conclusion is the recently changed national situation of China. The advance of the Chinese Communist forces has formed a deep gulf between, on one hand, the United States plus the allied nations, who expect the participation of the Nationalist-controlled China in formulating the peace pact, and, on the other hand, the Soviet Union, who is desirous of holding a peace conference with Big Four Powers to comprise the United States, Great Britain, the USSR and Communist-dominated China.

This breach has utterly foiled the peace acceleration program worked out by the United States and other Allied Powers. According to a dispatch from New York, it is assured by ROBERTS, AP reporter, that it will take a longer time to conclude a peace pact with Japan than with Germany, because the United States and the allied countries are now taking policies conforming to the actual situation.

Such being the case, it cannot be denied that both the United States and Great Britain are becoming cool toward the question of holding a peace conference for Japan.

In short, the cause for delaying the peace is due mainly to the recent international upheavals and to the cold war between the two big powers. If such is the case, the opinion is substantiated that American Government officials concerned with the job of making policies for Japan feel that they have all they can do to cope with the existing Japanese political and economic issues.

In this light, it follows that the day Japan can recover her full independence by the conclusion of the peace treaty is that time when Japan will achieve economic independence, and when the political unrest now confronting the Pacific Asiatic nations, including Japan, is eliminated.

ITEM 134 (Continued)

No one can tell when such a time will come. Even if Japan could economically stand on her own feet, peace talks will not develop until the international situation centering around Japan is improved. But inasmuch as economic independence is a prerequisite to the conclusion of peace, all possible measures should be pushed, at any cost toward the goal of economic independence.

ITEM 135 RECOMMENDATION OF THE US TAXATION MISSION AWAITED

(Summary)

KYOTO SHIMBUN (Kyoto), 22 Jul -- It is hardly necessary to state that the confused taxation system is one of the most important economic problems pending since the war's end, and its solution will contribute the finishing touches to the Japanese economic reconstruction policies. Although the reform of the tax system depends upon the efforts of the American taxation mission, it is our fervent desire that improvements be effected in the following points.

First, taxes are too heavy. Heavy taxes are being collected even in such victorious countries as the United States and Britain, and it is only natural that the defeated Japanese should bear heavy taxation. Neverthtless, some persons committed suicide because they were unable to bear the strains of heavy taxation, while there are no small number of business concerns are on the verge of bankruptcy because their back taxes amount to several million yen, and even ten or twenty million yen. These facts speak for themselves as to how heavy the income and corporation taxes are in our country. It is further reported that taxes are to be increased by 60 percent in the 1949-50 fiscal year budget despite the national economy's deflationary trend and no expected increase in the people's income. For these reasons we wish for the establishment of a fair and moderate taxation system.

Secondly, the Government preoccupied itself in the formation of a balanced, general budget, and failed to give due consideration toward the establishment of a sound local finance. Consequently, the estimate for the 6:3 school system was drastically cut. Owing to the reduction in the public enterprise expense, afforestation and river improvement projects cannot be properly executed, and thus our houses and fields are practically without protection from natural calamities. Such is the seriousness of the poverty of our local finance, and the tax-bearing capacity of the people living in local communities has already reached its limit. It is imperative therefore, that the Government carry out a drastic and rational readjustment of the national and local taxation systems.

Thirdly, relatively high taxes are withheld from the earned income, but scoundrels evade taxes on their business incomes and the honest people virtually bear the tax-dodgers' burden.

Fourthly, the corruption of revenue officials should be eradicated completely, because there is still a large number of persons who seek to evade taxes, conspiring with vicious revenue officers.

Fifthly, with regard to the individual taxes, together with the lowering of the income and corporation tax-rates, deductions for workers engaged in business should be admitted. It is absurd that small and medium entrepreneurs and farmers are placed in a category different from laborers. We wish that they will also be granted the privilege of earned income deduction.

Lastly the controversial admission-tax, as well as taxes on

ITEM 135 (Continued)

amusement and public eating and drinking, have been raised several times. It is hoped that, together with the enterprise, and real estate taxes, the rates of these taxes will be lowered shortly.

The tax problem is thus complicated and confused. It is vitally necessary to reform the taxation system in order to stabilize Japan's economic circles and the people's livelihood. In view of the importance and difficulty of the issue, great hopes are entertained in the recommendation of the Shoup Mission.

ITEM 136 RADICALS WILL BE DEFEATED SOON

(Summary)

KITA NIPPON SHIMBUN (Toyama), 24 Jul -- State Minister HIGAI, in charge of public peace, recently declared that wide-scale systematic terrorism seems to have passed its peak, although sporadic cases might occur hereafter. The people are absolutely opposed to acts of violence, regardless of whether it may be a systematic or sporadic minor ones. Their hatred toward brutal force is proven by their distrust of radicals and sympathy toward the victims. They are most eager today to eradicate terrorism.

The Government may consider the peak of terrorism as already over by such facts as the collapse of leftist leadership in the railway workers' union due to the recent mass dismissal of leftist leaders, the growth of the union's Democratization League, and the split in the National Congress of Industrial Unions. These are undoubtedly advantageous to the Democratic Liberal Government. However, if the Government believes that all is settled successfully by the railway personnel slash, it is erroneous.

The government authorities claim that a crisis does not exist, but the leftists and the newspapers are stirring up the unrest as though it exists. This denial of crisis is as unrealistic as the leftists' propaganda that the crisis is inevitable. Although the majority of the people are opposed to any act of violence, there is a minority group attempting to resort to force in complete disregard of state laws, and there can be no assurance that the number of these radicals has decreased drastically by the railway personnel retrenchment. We cannot yet rest in peace.

It is true that certain elements are stirring up the fear of crisis, but the substance of the crisis cannot be grasped by disregarding the nation's economic conditions. Stabilization of currency is necessary for checking inflation, and a drastic surgical operation must be carried out over the nation's entire economic phase. From this will arise the so-called stabilization panic. This is the core of the crisis.

The shut down of factories and the accumulation of goods on stock have become evident, and many firms are worried over surplus workers. The export of general goods and silk is also making no headway. Nevertheless, we are not permitted to change this course of economic stabilization. Relaxation is therefore most dangerous. We must strive to minimize the sacrifice.

The split in the NCTU and the development of the Democratization League are not attributable to the Government's effort; they are the results of the people's firm resolution to reject terrorism at all costs. The radicals are denouncing that such a tendency among the people proves that bourgeois democracy is now taking a fascistic turn, and that commercial newspapers are conducting espionage in behalf of the conservative reactionaries. These accusations only reveal the consternation of the radical and indicate their total

ITEM 136 (Continued)

collapse in the near future. For the mere reason that they must oppose the railway personnel slash, they even killed many innocent citizens by setting on unoccupied train into motion.

Becoming aware of the people's calm criticism, they are now obliged to change their tactics. However, the fact that the basis of any issue is always economic will not be changed. Now that the people's intelligence has rejected the provocation by radical elements, the Government must immediately establish emergency measures to overcome the stabilization panic.

ITEM 137 COMPIETE UNEMPLOYMENT MEASURES

(Summary)

HOKKAI NICHINICHI SHIMBUN (Asahikawa), 23 Jul -- The personnel retrenchment of State railways workers, which was carried out under the ominous atmosphere of a possible "declaration of a state of emergency," has somehow been completed without any "state of emergency" being proclaimed.

Inasmuch as the Shimoyama and Mitaka cases, together with the series of railway sabotage incidents which have been occurring throughout the country, are all connected with the present railway personnel retrenchment, and because the current social unrest has originated from these unpleasant incidents it is only natural that the people feel relieved at the completion of the railway readjustment program.

The labor offensive launched by the SRWU was a complete failure because it was not only isolated from the people but also because it aroused their antipathy against the union. Furthermore, the offensive brought about a split within the union structure, the worse thing that could happen to a labor union. Therefore the labor offensive is now assuming a defensive attitude, but the social unrest has not yet been eliminated.

It has been considered heretofore that any economic struggle unaccompanied by a political struggle was meaningless. But any labor movement with political character is detrimental to the proper course of labor unionism, for it leaves no room for labor and management to reach an amicable solution through mutual negotiations. Thus, any situation which will increase social unrest by the intensification of political struggles between the Government and the labor unions should be avoided.

To do this, appropriate measures should always be worked out by the Government. The fact that the people were strongly impressed by the Government's oppressive policies deprived labor unions of the opportunity to negotiate with the Government authorities, in the same manner that the cry for overthrowing the Yoshida Cabinet by the laborers spoiled the Government's chances.

While the people have been fussing over the social unrest, 94,000 railway workers have been dismissed, and 176,000 employees of various ministries are about to be dismissed. Furthermore, private enterprises, which are facing deflation, are also carrying out a drastic personnel retrenchment. According to the Government estimate, it seems that the total jobless will amount to 2,500,000 persons.

Needless to say, unemployment is a menace to the workers' livelihood. We believe that the Government has competent unemployment measures, as Premier YOSHIDA once professed. However, judging from the fact that an army of young men is now seeking employment, we cannot but doubt the Government's enthusiasm for unemployment relief

ITEM 137 (Continued)

works. It is understandable that labor unions are critical and are opposed to the retrenchment scheme from their own viewpoint. However, it is imperative for labor unions to fully realize that personnel retrenchment of Government offices and private companies is unavoidable.

The effects of the unemployment, which was caused by the implementation of the Nine-point Economic Rehabilitation Program, should be shouldered by the entire nation. However, now that a number of employees have been actually discharged, there is no other choice but to expand the present unemployment countermeasures.

Of course, the Government is responsible for this. However, it behooves the labor unions to expedite unemployment measures by listening to the opinions of their members. Moreover, since there is a definite limit to the Government budget, it is also imperative to work out adequate countermeasures through local governments and all labor unions.

ITEM 138 NEW IMMIGRATION BILL SUBMITTED

(Summary)

SHIMANE SHIMBUN (Matsue), 24 Jul -- Walter JUDD, Republican member of the United States Lower House, submitted an immigration bill pertaining to Far Eastern races to the Upper House Judiciary Committee. Warren KAGNEWSON, Democratic Senator, also emphasized the need to give Japanese residents of the US the right of acquiring American citizenship.

A marked tendency to bring about racial equality is recently seen among various quarters in the US. The Americans have become favorably disposed towards the Japanese people.

It is urgently necessary for Japan to settle the problem of overpopulation through emigration. Since the major cause for the prevailing pressure on livelihood and the rampancy of the Red influence lies in over population, the most effective preventive measure against the growth of communism in Japan is emigration.

In the past, Japan's immigration policy has often failed. Such failures must not be repeated. She must consider the problem of emigration as a means to realize world peace. If she deals with this problem only as a means for existence, there can be no successful settlement.

The Japanese people must have the same frame of mind as foreigners and grow to understand them well in all respects. In other words, the Japanese people must be thoroughly conscious of the world spirit.

We face great difficulties on the road to reconstructing Japan as a peaceful nation, whether it be in rehabilitating industrial production or promoting foreign trade. The scarcity of natural resources and surplus population cannot be settled merely by domestic adjustments. For the reconstruction of Japan as a peaceful nation we believe it is necessary that she be permitted peaceful emigration.

Fortunately, the problem of Japan's emigration is being treated favorably among various quarters in the US. We sincerely hope that speedy progress along this line can be made and meanwhile, we should seize every opportunity to demonstrate that we are a truly peaceful, constructive, and cultural people meeting the expectations of people abroad.

EDITORIAL

ITEM 139 THE POSITION OF THE SOCIALIST PARTY

(Summary)

SHIN YUKAN, 26 Jul -- Opportunity is now knocking at the door of the Socialist Party. The Party is being looked upon as the political backbone of the new movement within the State Railway Workers Union to conquer the Communist influence and establish a new force.

The time has now come for the Japanese labor unions, which have heretofore devoted themselves solely to struggles against capitalists, to shift their efforts to the reconstruction of the Nation's economy. The conservative parties have no concrete measures for this grave task. The Communist Party also lacks definite plans, and is even creating an unfavorable impression upon the general public through its class strifes based on use of force. Out of this atmosphere rose the Socialist Party decision to fight the Communist Party.

However, the Socialist decision to fight the Communist Party does not signify a compromise with the conservative camp and capitalism. On the contrary, the Socialist Party has set as its ideological objective the realization of socialism. However, in the light of the current political and economic situation of the nation, the realization of socialism will be very difficult to attain and will necessitate clever strategies.

The Socialist Party has declared that it will draw a clear line between the Communist Party and itself. Nonetheless, it is extremely questionable whether the Socialist Party can succeed in its fight against both the Communist and the Democratic Liberal Parties.

The Communists' reckless activities within labor unions are becoming illegal in nature and delaying the revival of Japan's economy. As a result, the occupation authorities are hesitating to offer the nation positive aid. That the Communist Party is being criticized among organized laborers indicates the start of a new movement.

There is no time like now for the Socialist Party to draw a definite line between the Communist Party and itself. It must utilize this favorable opportunity for its development and exert its utmost to meet the people's expectations.

EDITORIAL

ITEM 140 ADVICE TO REPATRIATES

(Summary)

YUKAN CHUGAI, 27 Jul -- We want to give a word of advice to the repatriates, especially to those who profess Marxism and Leninism.

First of all, you should know that the people in general deeply sympathize with you as unfortunate war victims, but have no intention of lending their ears to ideology or political views that you have acquired. You are proud of the ideology with which you were indoctrinated in the Soviet; but in our eyes these teachings were impressed upon you by your supervisors during the days of detention.

How can people trust the doctrine and ideology taught to you during your imprisonment in the land of Communism and police control? It would be another question if you had arrived at such conclusions after free judgment, free study, and free criticism. You should first reflect upon the fact that you have been shut out from true freedom.

Marxism and Leninism, of which you returnees are so proud, are theories of absolutism no better than the old Japanese militarism, which used to wield arbitrary power over you before. That is why the theories of Marx and Lenin gain ground only in those countries when the people are not awakened to consciousness of their individuality.

We hope that you repatriates will observe the situation of present Japan from your own point of view. Of course, life is not easy for us now, but we have freedom of which you are unaware, and all the people are endeavoring to construct a free society in which the character and the responsibility of individuals are highly respected. Such being the case, the sight of you repatriates living in mutual suspicion of one another is painful to us. You should assume a more modest attitude, meditate leisurely in a free atmosphere, and with the decision reached after intelligent search, co-operate toward the reconstruction of Japan. This is our hope.

If you still maintain the principles of Communism after going through this phase, then we shall be willing to argue with you on your ideology.

ITEM 141 FROM AN UNEMPLOYED (Letter to the Editor)

(Summary)

SHIN YUKAN, 27 Jul -- I am unemployed. Although I had served my company for five years, I was dismissed as a result of the company's personnel retrenchment program.

I received 21,000 yen in retirement allowance. This corresponds to three months pay, at the base pay of 7,000 yen per month. The 21,000 yen will sustain me for two months at most. But, what amazed me when I read the newspapers was the report that the Central Labor Committee has set the retirement allowance for an employee of the electric industry with 30 years of service at 748,000 yen. I was more surprised, however, by the astronomical figure of 1,600,000 yen, which the electrical workers union first suggested.

ITEM 141 (Continued)

Now I hear that the electric charges will be raised, inorder to pay the huge retirement allowances of electric industry workers.

I can approve neither the company which tries to pay retirement allowances at the sacrifice of the general public, nor the union members who demand such outrageous retirement allowances.

I wonder whether the Central Labor Committee, was well aware of the company's ability to pay retirement allowances. When even the unemployed start having to pay some one else's retirement allowance this is too much.

(an unemployed, Setagaya-Ku)

ITEM 142 TREATMENT OF COMMUNISTS (Letter to the Editor)

(Full Translation)

SHIN TOKYO, 27 Jul -- As far as the authorities are concerned, they may look upon the fact that the Government personnel retrenchment program was directed more at communist-inclined workers as only natural. But where are these red-inclined workers going to find another job? It is obvious that they will not be welcomed by private enterprises and factories either. It may be their own fault that they are shunned by society, but at the same time it is a pity. There may be some who may abandon Communism because of their dismissal, but what about the possibility of a reverse effect?

Fighting Communism is a grave responsibility of all the people and the solution to this problem is in the construction of a society where there will be no need for the people to embrace such isms. The time has come for the people to give more serious consideration to the livelihood of and new employment for the dismissed workers so that they will not abandon all hope and resort to further radical tactics.

Furthermore, both society and the people must exert every effort to awaken these misguided people from the delusions of Communism.

(YAMANO Kazuo, office clerk, Minato-Ku)

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TABLE OF CONTENTS

I PRESS ANALYSIS

An analysis of the major news and editorials in today's Tokyo newspapers.

II TOKYO MORNING EDITIONS

News

		Item No.
Coal Control Law Repeal Put Off to Regular Session	YUKAN CHUGAI	1
Socialists Ask Cold Area Coal Allowance Increase	YUKAN CHUGAI	2
Mitsui-Mitsubishi Mines Ordered to Reorganize	JIJI SHIMPO	3
Govt Decides to Abolish Control on Charcoal	TOKYO SHIMBUN	4
Price Board Decontrols 1,000 Items; Many More to Follow	HOCHI SHIMBUN	5
Yoshida's Interpretation Mistaken, Claim ESB Officials	ASAHI	6
Govt, Parties Study Budget Revision, Tax Reduction	ASAHI	7
One Out of Seventeen Tokyo Repatraites Finds Job	NAIGAI TIMES	8
Relief Comm Reports 10,052 RR Dischargees Find Jobs	YOMIURI	9
SRWU-DL Wins State RR Reconstruction Council Backing	MAINICHI	10
Labor Ministry Bares Figures on Job Security Activity	TOKYO NICHINICHI	11
Management Plans Joint Front vs Labor Offensive	KOGYO SHIMBUN	12
Laborers Schedule Anti-Discharge Rally for 6 Aug	AKAHATA	13
Detention Period for Mitaka Suspects Extended 5 Days	MAINICHI	14
Judiciary Committee Plans Law to Control Violence	TOKYO SHIMBUN	15
Ship Assoc Brings Charges against All Shinyo Maru Repats	JIJI SHIMPO	16
Medical Discussion on Shimoyama Autopsy Today	YOMIURI	17
Osaka, Fukui CP Prefectural Chairmen Held	MAINICHI	18
Ward Chief Struck by Communists: Two Arrested	MAINICHI	19
Shinso Editor Indicted for Libel, Released on Bail	MAINICHI	20
Communist Assembly Head Nabbed in Santonin Probe	MAINICHI	21
Lower House Committee Starts Probe of Taira Riot	MAINICHI	22
Coalition Democrats Offer Effective Demand Measure	TOKYO SHIMBUN	23
Opposition Parties Study Bills for Diet Submission	MAINICHI	24
Enshu Maru Repatriates Protest Mainichi Article	AKAHATA	25

Editorials

Autonomy and Chance in Occupation Administration	ASAHI	26
A Step toward Local Rule	YUKAN CHUGAI	27
State RR Must Reflect on Inner Situation	TOKYO SHIMBUN	28
A Second Word to Repatriates	TOKYO TIMES	29
Money Shortage and Increasing Arrearages	NIHON KEIZAI	30
Importance of South American Trade	JIJI SHIMPO	31
A Word on Planned Living	MAINICHI	32
Where is Social Democracy Going?	AKAHATA	33
Final Battle in China Draws Near	YOMIURI	34

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III POLITICAL

		Item No
Nagano Citizens Make Livelihood Demands	AKAHATA	101
Change Expected in DLP Anti-Red Movement	SEIKEI JOHO	102
Labor Offensive Delayed	YOMIURI	103
To Fight for Revolutionary Unity	AKAHATA	104
Gov't Wants SRWU Committee Reorganized	SEIKEI JOHO	105
Collective Security or Permanent Neutrality	CHUO KORON	106
A Democratic Coalition Cabinet Must Be Formed	SHINSO	107
Pro-Communist Pastor Abe Interviewed	AKAHATA	108
Premier's Statement Was Unknown to Ministers	SEIKEI JOHO	109
DLP Anti-Communist League Not Popular	NAIGAI TIMES	110
SRWU Chairman Kato Testifies in Diet	YOMIURI	111

IV ECONOMIC

Blind Trade Blamed for Increase in Claims	YUKAN CHUGAI	112
Deepening Deflationary Trend (Part IV)	MAINICHI	113
Seven Division Plan for Power Industry Opposed	CHUBU KEIZAI	114
New Group Assumes Business Leadership (Part III)	SANGYO KEIZAI	115
Soy Industry Prepares for Free Competition	KOBE SHIMBUN	116
Agreement Reached on Decontrol of Aluminum	KOGYO SHIMBUN	117
Full-scale Business Readjustment Starts in Tokyo	JIJI SHIMPO	118
Situation among Building Contractors Surveyed	SANGYO KEIZAI	119
Post-Split Presidents Named by Mitsubishi	KOGYO SHIMBUN	120
Film Contract Suspected of Monopoly Law Violation	JIJI SHIMPO	121

V SOCIAL

SRWU Struggle Committeemen Depart for Provinces	AKAHATA	122
Repats Well Informed on Recent News	YOMIURI	123
Repatriation from Saghalien Said Finished	ASAHI	124
The Independence of Japanese Communism	MINSHU HYORON	125
Employees from Rural Areas Hard Hit by Discharge Program	AKAHATA	126
Chiba Railway Officials Exposed for Irregularities	AKAHATA	127
Reactionaries Attempt to Destroy Student Movement	AKAHATA	128
Unidentified Ship Shells, Sink Fishing Boat	MAINICHI	129
Repatriate Criticizes Loan Administration	CHIBA SHIMBUN	130

VI EDITORIAL

Convene Special Diet Promptly	YUKAN SHIN OSAKA	131
The Communist Party behind an Iron Curtain	CHUGOKU SHIMBUN	132
Establish Private Organizations to Promote Exports	CHUBU NIPPON	133
Punishment of Student Agitators	YUKAN KYOTO	134
A New Situation Unfavorable to the Communists	YUKAN NIIGATA	135
Serious Thinking Required	SAN-IN NICHINICHI	136
Dismissal of Leftist Leaders	RODO	137
A Word to Repatriates	YOMIURI	138
Abolition of Controls	SHIN YUKAN	139
Stabilization Panic and Ways and Means to Meet It	SEKAI KEIZAI	140
Join Hands with Repatriates	BUNKA TIMES	141

For the Assistant Chief of Staff, G-2:

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I PRESS ANALYSIS

AN ANALYSIS OF MAJOR NEWS AND EDITORIALS
IN TODAY'S TOKYO NEWSPAPERS

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
MILITARY INTELLIGENCE SECTION, GENERAL STAFF
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS ANALYSIS

NO: 1153 **DATE:** 30 Jul 49

Today's Tokyo Newspapers

Foreign news continued to dominate the front pages of today's Tokyo newspapers, while emphasis on the domestic front was scattered. The Democratic Liberal Party postponement of action on the repeal of the coal control law received the biggest domestic play, although gaining top spot in only one daily. Back pages featured the charges brought against the 2000 Shinyo Maru repatriates but gave good coverage to developments in the Shimoyama and Mitaka cases. AKAHATA bannerlined the latter, giving full treatment to the extended detention of the two Communists suspected of implication in the incident.

ECONOMY

Action to repeal the controversial coal control bill will probably be postponed until the next regular session of the Diet, Chief Secretary HIROKAWA of the Democratic Liberal Party indicated yesterday. He saw only a small possibility that the measure would be considered in the special Diet session in view of the large number of bills scheduled for deliberation that session. The control law will practically become a dead letter in any event, Hirokawa pointed out, because of administrative action to cancel designated coal mines and to lift controls over coal. (a) The Government agreed to abolish controls over charcoal yesterday and will give a final decision on the matter at a special cabinet conference today. (b)

Four major Japanese concerns will be ordered to reorganize under a directive to be issued today by the Holding Company Liquidation Commission. Charging the four concerns with excessive economic concentration, the directive calls for liquidation of the Mitsui Mining Company and the Mitsubishi Mining Company and reorganization of each firm into two separate, independent concerns. The other two companies affected by the directive--the Shochiku Motion Picture Company and the Toho Motion Picture Company--will be directed to dispose of all stock shares of other companies which they hold either directly or indirectly. Public hearings on the deconcentration measures will be held on 23 and 24 August. (c)

LABOR

In a move to consolidate management for effective action against the labor offensive, the Tohoku Management Convention has unanimously agreed to support a series of emergency measures recently proposed by the Kanto Management Association. The measures, which call for concerted action, close liaison, and mutual assistance during collective bargaining negotiations or strikes, are expected to be introduced to the Japan League of Management Associations. (d)

On the labor front, the Joint Dispute Council for State Railway Reconstruction decided yesterday to throw its weight behind the Democratization League at the election of the central committee of the State Railway Workers Union on 5 August. (e) Meanwhile, plans for a gigantic antidischarge rally on 6 August were announced by a group of left-wing labor organizations. (f)

INCIDENTS

Charges of intimidation, obstructing the performance of official duties, and robbery were brought against the 2,000 repatriates who returned on the Shinyo Maru in a complaint filed by the Shipowners Association in the Maizuru Prosecutors Office yesterday. The complaint arose from a shipboard kangaroo trial conducted by the repatriates at which the captain, UCHIKAWA Tetsuo, and three other officers were tried. (c)

Two Communists were arrested in Katsushika Ku, Tokyo, yesterday following a melee which involved 80 members of the local chapter of the Japan Communist Party and the local police force. The two party members were charged with acts of violence against Police Chief TAKAHASHI, having reportedly struck his face when he refused to meet with the Communist group. (e)

(a) Yukan Chugai Shimbun
(b) Tokyo Shimbun
(c) Jiji Shimpo
(d) Kogyo Shimbun
(e) Mainichi Shimbun
(f) Akahata

EDITORIALS

The abolition of prefectural civil affairs teams prompted comment from two dailies, while economic issues pertaining to arrearages, foreign trade, and planned living were discussed by three papers. State railways, repatriates, social democracy, and the Chinese situation also provoked interest.

Civil Affairs Teams

ASAHI thought that the abolishment of prefectural civil affairs teams will give the Japanese an opportunity to solve their problems without depending upon occupation authorities. However, a democratic spirit is lacking in the minds of the Japanese, the journal said and urged the people to "grasp the ideal of a peace-loving democracy" in order to establish a responsible government.

A commentary in YUKAN CHUGAI believed that the GHQ announcement is a step toward the establishment of a local government for Japan. The paper observed that Gen MacARTHUR is determined to get military personnel back in tactical jobs and to give the Japanese as much local autonomy as possible. The commentary also noted that the GHQ order coincides with Gen EICHELBERGER's statement that the US will not forsake Japan.

State Railways

TOKYO SHIMBUN declared that the state railway authorities' plan to increase freight rates, reduce passenger fares, and adopt a season ticket system is "unreasonable and improper." They are merely interested in increasing revenue, giving no consideration for service to their passengers, it stressed. Improvements in the service are necessary, the daily said, but the authorities must first investigate the defects of management based on the independent account system.

Repatriates

Offering advice to repatriates, TOKYO TIMES told them to note that Japan has been reconstructed as a democratic nation and that the people are free from all forms of intimidation. Repatriates are guaranteed their freedom under the new Constitution the moment they arrive in JAPAN, the journal said. They should forget about all the restrictions which were imposed upon them during internment and enjoy the freedom of speech and action under a democracy, the paper emphasized.

Economy

NIHON KEIZAI pointed out that private enterprises cannot deal with arrearages until steps are taken to dispose of stock piles. Although it felt that the most effective method to settle the problem is to pour funds into the ultimate sources of arrearages, the daily remarked that it would be easier for enterprises to expedite payments due rather than pay arrearages. It said that this would help enterprises alleviate the current fund shortages.

The conclusion of a provisional loan agreement with Latin American countries offers the best prospect for Japan's export trade, JIJI SHIMPO said. With Japan's exports to these countries estimated at 100,000,000 dollars during the next 15 months, the daily stated, the materialization of this trade depends upon the efforts of the parties concerned. It, therefore, urged Japanese merchants to export only products which will satisfy the buyers.

MAINICHI observed that the Japanese have not been able to plan their living because of economic difficulties. However, conditions are gradually improving, the journal noted, pointing out that trains are running on schedule, mail delivery has been restored, and the sellers market has given way to the buyers' market. With the present inflationary trend turning toward disinflation, the people should start planning their livelihood now, the daily said.

Miscellaneous

In an AKAHATA editorial entitled, "Where Is Social Democracy Going," NOZAKA, Sanzo of the Communist Party Central Committee clarified his views on the question. According to the Communist organ, he charged the Socialists as being agents of domestic and foreign capitalism and urged the Communist Party to strengthen the ideological struggle against social democracy by propagandizing the "revolutionary and scientific character of Marx-Leninism and the inevitability of the victory of revolution."

Discussing the Chinese situation, JIJI SHIMPO thought that the battle around Hengyang and the border of Kwantung Province will decide the future of the Nationalist Government.

DECLASSIFIED AUTH: PROJ SEC. 3(E) AND 3(D) OR (E) NNCC # 779012

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
MILITARY INTELLIGENCE SECTION, GENERAL STAFF
ALLIED TRANSLATOR AND INTERPRETER SECTION

Supplement to Press Analysis
COMMUNIST TRENDS AND ACTIVITIES

I REPATRIATES: SEASON 1949

One Out of 17 Tokyo Repats Finds Job: Only 15 or 16 out of 259 second-group repatriates to Tokyo have found jobs, according to Labor Bureau announcement. Employers reject many on pretext of lack of experience. (Naigai Times, 30 July) Item 8

Ship Assoc Brings Charges Against Shinyo Maru Repats: Shipowners Association charges Shinyo Maru repatriates with intimidation, obstructing performance of official duties, and robbery, in connection with the shipboard kangaroo court. Japan Seamen's Union launches investigation. (Jiji Shimpo, 30 July) Item 16

Enshu Maru Repats Protest Mainichi Article: Enshu Maru repatriates demand retraction of Mainichi article that said repatriates abused pressmen in public discussions; sing Red songs and make speeches during negotiations. (Akahata, 30 July) Item 25

A Second Word to Repats: One repatriate reports: "Before repatriation we were ordered to sign a letter of thanks to STALIN and pledge to join the Communist Party." Some warned of severe retaliation by Communist Party spies "if they ever sold out" the party. Repatriates advised of democratic freedoms in present-day Japan. (Editorial: Tokyo Times, 30 July) Item 29

Repats Informed on Recent News: Ehiko Maru repatriates to Aomori expound on Soviet Union, are well-informed on current "incidents," says Aomori prefectural welfare chief. (Yomiuri Shimbun, 28 July) Item 123

Repatriation from Saghalien Said Finished: Mamiya Maru and Hakuryu Maru repatriates declare repatriation from Saghalien completed. (Asahi Shimbun, 27 July) Item 124

Repat Criticizes Loan Administration: Repatriate, unable to secure loan to start a business, accuses Government of duplicity. (Chiba Shimbun, 14 July) Item 130

Serious Thinking Required: Repatriate condemns tactics of destroying state property and says rehabilitation of the country depends on the prudent action and hard work of all the people. (Letter to the Editor: San-In Nichinichi Shimbun, 21 July) Item 136

A Word to Repats: Noting the fanatical Communist receptions of this summer's repatriates, an earlier repatriate recalls when Communist leader NOZAKA declared in a radio debate that "repatriation of the overseas Japanese would only increase the difficulties now facing Japan." He adds that the "Japan Communist Party is a tool of the Soviet" and asks recent returnees to forego rash judgments. (Letter to the Editor: Yomiuri Shimbun, 22 July) Item 138

Join Hands with Repats: Repatriates viewed as "champions of a democratic revolution"; government interference with Red welcomers held "beyond understanding." (Bunka Times, 6 July) Item 141

II COMMUNIST ACTIVITY

Laborers Schedule Anti-Discharge Rally: More than 100,000 expected to attend labor rally to "smash government attempts at discharge and suppression" slated for 6 August under sponsorship of National Congress of Industrial Unions and four other major labor organizations. (Akahata, 30 July) Item 13

Ward Chief Struck by Communists: Two Communists strike Katsushika Ward Office chief for refusing to meet Communist mob gathered to demand appropriation for livelihood protection. Scores assemble to demand release of arrested assailants. (Mainichi Shimbun, 30 July) Item 19

Where Is Social Democracy Going? Interviewed by Akahata reporter, NOZAKA calls postwar social democrats "antipeople in character" and says Socialist leaders' conduct in state railway dispute is "disgraceful betrayal unprecedented in...the Japanese labor movement." He points out the necessity for unification of "Socialist-affiliated masses, righteous Socialist leaders, and Communists." (Editorial: Akahata, 30 July) Item 33

Nagano Citizens Make Livelihood Demands: Nagano citizens adopt anti-Government resolutions at Prefectural Citizenry Delegates Conference, follow Communist line on unemployment and agricultural rehabilitation problems. (Akahata, 24 July) Item 101

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775012

Labor Offensive Delayed: Communist Party's pause for self-criticism and reform of ranks is major factor in postponement of labor offensive. (Yomiuri Shimbun, 24 July) Item 103

To Fight for Revolutionary Unity: Calling State Railway Union Democratization League executives "divisionists and spies," Communist Party Central Committee statement pledges unity with "those in the Socialist Party, Reformist League, and Democratization League who truly desire a popular front." (Akahata, 24 July) Item 104

Democratic Coalition Must Be Formed: Democratization League of the NCIU and left-wing Socialists believe railroad obstruction incidents have to do with Communist preparations for revolution in September. Democratic coalition government, as proposed by Communist Party, regarded as solution to political crisis. (Magazine: Shinso, August) Item 107

Pro-Communist Pastor Abe Interviewed: Religious faith does not conflict with communism, says Yotsuya Church's Communist pastor in an interview by Akahata reporter. He accuses "bourgeois" newspapers of forcing on the public "conclusions not based on fair and free public criticism," advocates mustering the people to "fight against the revival of fascists." (Akahata, 26 July) Item 108

SRWU Struggle Committeemen Depart for Provinces: SRWU Central Dispute Committee members go to provinces to "strengthen the organization of local chapters and unify their battle line." (Akahata, 27 July) Item 122

Independence of Japanese Communism: Reports that the Japan Communist Party receives directives from the Cominform held "groundless." The party's present policies aim at "establishing a democratic Japan, where freedom and independence are assured." (Magazine: Minshu Hyoron, May) Item 125

Discharge Program Claimed Hard on Rural Employees: Postal administration and telecommunications personnel-cut program termed severe on workers from farm areas. Women employees lead struggle against Tokyo Savings Branch discharge. Kyoto district headquarters of All Japan Communications Workers Union decides on "all possible tactics including acts of force" to counteract expected mid-August government personnel slash. (Akahata, 26 July) Item 126

Railway Officials Under Investigation for Irregularities: Investigation struggle staged by SRU Chiba power transmission subchapter uncovers blackmarketeering by Chiba railway officials in collusion with Railway Electric Works Construction Company. (Akahata, 26 July) Item 127

II TOKYO MORNING EDITIONS

THIS MORNING'S TOKYO NEWSPAPERS

TOKYO MORNING EDITIONS

News

		Item No.
Coal Control Law Repeal Put Off to Regular Session	YUKAN CHUGAI	1
Socialists Ask Cold Area Coal Allowance Increase	YUKAN CHUGAI	2
Mitsui-Mitsubishi Mines Ordered to Reorganize	JIJI SHIMPO	3
Govt Decides to Abolish Control on Charcoal	TOKYO SHIMBUN	4
Price Board Decontrols 1,000 Items; Many More to Follow	HOCHI SHIMBUN	5
Yoshida's Interpretation Mistaken, Claim ESB Officials	ASAHI	6
Govt, Parties Study Budget Revision, Tax Reduction	ASAHI	7
One Out of Seventeen Tokyo Repatriates Finds Job	NAIGAI TIMES	8
Relief Comm Reports 10,052 RR Dischargees Find Jobs	YOMIURI	9
SRWU-DL Wins State RR Reconstruction Council Backing	MAINICHI	10
Labor Ministry Bares Figures on Job Security Activity	TOKYO NICHINICHI	11
Management Plans Joint Front vs Labor Offensive	KOGYO SHIMBUN	12
Laborers Schedule Anti-Discharge Rally for 6 Aug	AKAHATA	13
Detention Period for Mitaka Suspects Extended 5 Days	MAINICHI	14
Judiciary Committee Plans Law to Control Violence	TOKYO SHIMBUN	15
Ship Assoc Brings Charges against All Shinyo Maru Repats	JIJI SHIMPO	16
Medical Discussion on Shimoyama Autopsy Today	YOMIURI	17
Osaka, Fukui CP Prefectural Chairmen Held	MAINICHI	18
Ward Chief Struck by Communists: Two Arrested	MAINICHI	19
Shinso Editor Indicted for Libel, Released on Bail	MAINICHI	20
Communist Assembly Head Nabbed in Santonin Probe	MAINICHI	21
Lower House Committee Starts Probe of Taira Riot	MAINICHI	22
Coalition Democrats Offer Effective Demand Measure	TOKYO SHIMBUN	23
Opposition Parties Study Bills for Diet Submission	MAINICHI	24
Enshu Maru Repatriates Protest Mainichi Article	AKAHATA	25

Editorials

Autonomy and Chance in Occupation Administration	ASAHI	26
A Step toward Local Rule	YUKAN CHUGAI	27
State RR Must Reflect on Inner Situation	TOKYO SHIMBUN	28
A Second Word to Repatriates	TOKYO TIMES	29
Money Shortage and Increasing Arrearages	NIHON KEIZAI	30
Importance of South American Trade	JIJI SHIMPO	31
A Word on Planned Living	MAINICHI	32
Where is Social Democracy Going?	AKAHATA	33
Final Battle in China Draws Near	YOMIURI	34

NEWS

ITEM 1 COAL CONTROL LAW REPEAL PUT OFF TO REGULAR SESSION

(Full Translation)

YUKAN CHUGAI, 30 Jul -- In view of the recent favorable condition of coal supply and demand, especially the sudden increase in the stockpiles of coal, the Democratic Liberal Party has established a coal countermeasure special committee within its Political Research Committee, under the chairmanship of KANDA Hiroshi, to make a study of the total removal of coal controls. At Tuesday's liaison conference with the related ministries, the basic principle was decided for submitting to the next special Diet session the bills for (1) the abolition of the Public Coal Distribution Corporation by the end of September, (2) the removal of various controls other than that on special coals, and (3) the repeal of the Coal Mine State Control Law. Therefore, it was planned to consult with the Japan Industrial conference at the party's headquarters Thursday morning and with the

ITEM 1 (Continued)

Public Coal Distribution Corporation that evening, to work out the committee's final tentative draft today and to submit it to the board of directors on 2 August. There is every likelihood that the bill for the controversal repeal of the Coal Mine State Control Law will not be presented to the special session of the Diet, but will be postponed until the coming ordinary session, for the following reasons:

1. Judging from the expected duration of the special session of the Diet and the estimated date of the presentation of the bill, careful deliberations are believed difficult; 2. the Democratic coalition faction, the Democratic anti-coalition faction and the Socialist Party are all expressing their opposition to the repeal, so it would be preferable to avoid provoking them at this time when the government party is seeking to enlist the support of these parties for the unification of an anti-Communist front; 3. since both the designation and control of coal mines may be cancelled through administrative measures as a result of the lifting of various controls over coal, the coal control law will become a dead letter technically.

Chief Secretary HIROKA A yesterday stated in this connection as follows: "The bill may be presented to the next special session of the Diet if there is time enough to discuss the matter, but since the number of bills to be submitted is expected to reach from 50 to 60 or more; it would be difficult to deliberate on it during the short session. However, inasmuch as the Coal Mine State Control Law will practically become a dead letter because of the cancellation of designated coal mines and the lifting of controls over coal, the repeal bill will probably be submitted to the next ordinary Diet session."

ITEM 2 SOCIALISTS ASK COLD AREA COAL ALLOWANCE INCREASE

(Full Translation)

YUKAN CHUGAI, 30 Jul — Socialist SASAKI Kozo and KAWAMATA Kiyone called on Deputy Chief Cabinet Secretary KORI at 1000 hours yesterday, at the Premier's official residence, and requested that cold region coal allowances be raised to the level of the Personnel authority's recommendation, as decided at Wednesday's Socialist Central Executive Committee meeting. They argued that despite the fact that the Personnel Authority recommended 3,321 yen, or the average price for 4th to 8th grade coal, as the allowance, the Government decided on 2,700 yen, or the 8th grade coal price figure. Moreover, they held that the Government's present action in curtailing expenditure appropriations was arbitrary and unfair.

Deputy Chief Cabinet Secretary KORI answered that he would do his best, after studying the matter in the light of the national budget and negotiating with concerned quarters.

Furthermore, Chairman SASAKAWA of the National Liaison Council of Government and Public Office Employees Union's Cold Region Allowance Deliberative headquarters, and other delegates presented the same proposal to Chief Cabinet Secretary MASUDA on Wednesday.

ITEM 3 MITSUI-MITSUBISHI MINES ORDERED TO REORGANIZE

(Full Translation)

JIJI SHIMPO, 30 Jul -- The Holding Company Liquidation Commission has concluded that the Mitsui Mining Company, the Mitsubishi Mining Company, the Shochiku Motion Picture Company and the Toho Motion

NEWS

ITEM 3 (Continued)

Picture Company fall under the category of excessive economic concentration, and is to issue directives to the four concerns to that effect today. The directives require the concerns to implement their respective deconcentration measures as directed by the following measures:

Mitsubishi Mining Company

This concern shall be dissolved into two receiver companies that will take over the existing company's activities in the following manner:

1. Receiver Company A - This receiver concern shall inherit the coal mining activities of the Mitsubishi Mining Company by taking over the Takashima, Shinnyu, Kurate, Hojo, Iizuka, Kamiyamada, Namazuda, Katsuta, Otani, Kameyama, Sakido, Sasa, Aburado, Bibai, Ashibetsu, Chachinai, Daiyubari and other coal mines possessed and operated by the present company.

2. Receiver Company B - This receiver concern shall succeed the mining and smelting activities of the present company involving gold, silver, copper, lead, zinc, tin and other minerals, by taking over the Ikuno, Akenobe, Ohira, Makimine, Keine, Shinshimokawa, Osaruzawa, Omaki, Arakawa, Hosokura, Takatori, Nashiamori, Tsunatori, Sado, Takara, Deishi, Yoshioka, Asakawa, and Takane mines, and the Takarano, Osaruzawa, Hosojima, Nahojima, and Obari smelting refineries, in addition to the metal workshops in Tokyo, Okegawa and Niigata.

Mitsui Mining Company

This concern shall be liquidated, with its activities taken over by two receiver companies.

1. Receiver Company A - This concern shall take over from the Mitsui Mining Company the coal mining and transportation activities as well as its mining machinery, in addition to repairing and manufacturing facilities of mining machinery, namely the Miike, Yamano, Tagawa, Sunagawa, Ashibetsu, Bibai, and Shinbibai coal mines, and the Miike port works, Miike Mining Machinery Manufacturing Works, Industrial Medicine Research Institute, and the Tagawa Pitch Factory.

2. Receiver Company B - The mining activities involving lead, zinc, iron ore, gold and other minerals as well as their smelting activities, and the manufacture of sulphate acid currently possessed and operated by the Mitsui Mining Company, shall be handed over to this receiver company. The mineral mines, smelting refineries and other factories to be taken over this receiver company include the Kamiyama, Chiroro, Osawa, Ohiro, Aso, and Kushikino Mines, and the smelting refineries at Kamioka, Miike, Hikoshima, Hibi, and Takehara, the Tororo factory and the Osakishima line masonary.

As to the two motion picture concerns, the Commission is to direct them today to dispose of all stock shares of other companies held directly or indirectly by the two concerns. A public hearing on the deconcentration measure against the two motion picture concerns will be held on August 23 and a similar meeting against the two mining concerns on August 24, both at the Commission office.

DECLASSIFIED AUTH: EO 12958 SEC. 3(E) AND 3(D) OR (E) MNO # 779012

NEWS

ITEM 4 GOVT DECIDES TO ABOLISH CONTPOL ON CHARCOAL

(Full Translation)

TOKYO SHIMBUN, 30 Jul -- The Government, at the regular cabinet conference held yesterday, agreed to abolish the charcoal special account after a majority of the attending ministers favored a complete lifting of controls, as with firewood. Accordingly, the final decision will be made at the special cabinet conference scheduled for today, following negotiations with quarters concerned.

ITEM 5 PRICE BOARD DECONTROLS 1,000 ITEMS; MANY MORE TO FOLLOW

(Full Translation)

HOCHI SHIMBUN, 30 Jul -- In view of the marked improvement in the supply and demand situation for a wide range of commodities, the Government today lifted price controls on about 1,000 items, including machinery and daily necessities which do not play a vital part in our national life or in the production of essential materials. An announcement to that effect was made by the Price Board yesterday.

The Government is expected, at no distant date, to remove price controls on about 14,000 items, or about 20 percent of the remaining control items. Principal items decontrolled today are:

Furniture, fixtures, sliding-doors, geta and other footgear, umbrellas and parasols, pen points and ink, water-color paints for students, celluloid goods, work tools, watches and clocks, kitchen utensils, pottery and porcelain, medical and dental instruments, second-hand automobiles, drydock and ship-painting charges, radio repair and testing charges, repair charges for automobiles, silkworm eggs and mulberry seedlings, some raw silk packing materials not made of textile goods (such as cotton yarn), staple fiber yarn or hemp yarn, and silk-raising equipment.

ITEM 6 YOSHIDA'S INTERPRETATION MISTAKEN, CLAIM ESB OFFICIALS

(Full Translation)

ASAHI SHIMBUN, 30 Jul -- Reportedly, Premier YOSHIDA Wednesday met with Chief Cabinet Secretary MASUDA and expounded the need for re-examining the Economic Rehabilitation Program. Economic Stabilization Board Director-general AOKI, who is vice-chairman of the ERP Council, also made it clear at yesterday's press interview that the foregoing program needs restudy.

On the other hand, the administrative office of the council responsible for the formulation of the program considers this a serious matter. It has made separate visits to all civilian council members resident in Tokyo to make reports on the progress made and seek opinions on the Premier's policy. These members compose a panel committee, consituting the nucleus of the plan-making. They are Professors NAKAYAMA, ARIZAWA, TOHATA, and TSURU; President NAGASAKI of the Public Industrial Rehabilitation Corporation; Governor ICHIMADA of the Bank of Japan; and Chairman ISHIKAWA of the Federation of Economic Organizations. Careful moves are thus being staged concerning the issue of announcing the proposed program. The administrative office seems to believe:

1. That the draft rehabilitation program will probably not be announced as it now stands; and 2. that the reported Premier's interpretation of the program is based upon the concept of economic self-sufficiency and is a mistaken interpretation. It is also suspected that the Premier is ignorant of the fact that the program is an ERPC recommendation, and that he may erroneously feel obliged to assume responsibility for executing the program, if it is announced.

ITEM 6 (Continued)

As regards the first point, administrative officials assert that the program is the best possible plan, achieved by 2,000 mobilized experts, and it is a product climaxing two years of effort by superior intellects. It is, therefore, unbearable for such a product to be killed before it is made public.

Particularly, since the council is ready to announce it as soon as the approval of related quarters is received, it is not right to drop it now.

The officials are evidently dissatisfied, expressing the belief that misinterpretation of the second point is attributable to the carelessness of ESB Director-genarl AOKI, as well as to their own.

ITEM 7 GOVT, PARTIES STUDY BUDGET REVISION, TAX REDUCTION

(Full Translation)

ASAHI SHIMBUN, 30 Jul -- The Government and the government parties, on the strength of the decision to convene the special Diet session after the middle of September, have drafted plans, with the Finance Ministry as the nucleus, to revised this year's budget in line with the reform of the taxation system and to appropriate a portion of surplus revenues to the deficiency arising from tax reductions. They have commenced negotiating with quarters concerned.

It has been predicted, however, that the budget revision issue will encounter obstacles, because an influential opinion, which differs from the Finance Ministry's idea, is being voiced in respect to the reduction of subsidies and taxes and the time of revising the budget. In this connection, the Ministry hopes for political negotiations between Premier YOSHIDA and Finance Minister IKEDA, If these negotiations take too much time, it is observed that the convocation of the special Diet session will be later than the Government's schedule.

According to the Finance Ministry, the influential opinion concerning the revision of the budget is as follows:

1. The Finance Ministry estimated subsidies to be cut to 25,000,000,000 yen. This figure approaches the Economic Stabilization Board's idea. Through this reduction the Ministry intends to cut subsidies for fertilizers, gas, and coal used for making coke, excluding staple food. However, the influential opinion holds that subsidies for these items must be cut, together with those for coal, pig iron, and iron and steel. The Ministry believes that in this case the amount to be cut is identical with, or may even be larger than, its estimates. It also believes that if subsidies are cut at one stroke, it will become difficult to employ loan measures, thus causing considerable confusion.

2. The Finance Ministry intends to appropriate about 30,000,000,000 yen from surplus revenues to deficiency arising from tax reduction. Dr SHOUP's opinion concerning this point has been conveyed to the Ministry. He believes that even if a protion of the aforementioned sum of money is appropriated to the deficiency arising from tax reduction, the remaining sum should be used for the execution of the 6.3 school system and local governments' finance, and that the acceleration of inflation, due to an increase in purchasing power following a drastic reduction in taxes, should be avoided.

3. The Ministry has appropriated 4,000,000,000 yen for unemployment relief expenses. However, the influential opinion has clarified that such a strong unemployment policy is unnecessary under the present condition of Japan. Furthermore, an influential opinion was previously expressed that the revision of the budget should be studied in relation to this year's budget proper. Because of the aforementioned "disapproval," plus Budget Section Chief REID's two months' trip to the United States, it is believed that the budget revision and next year's budget issues will not be solved until October.

PROCESSED WITH PRIOR SEC. 3(E) AND 3(D) OR (E) NMD # 779012

NEWS

ITEM 8 ONE OUT OF SEVENTEEN TOKYO REPATRIATES FINDS JOB

(Full Translation)

NAIGAI TIMES, 30 Jul -- About 300 repatriates from Siberia return daily to Tokyo. Of this number very few have found jobs, and the rate of placement is only one in 17. Some employers who have offered positions to employment agencies have cancelled them for the reason that the applicants have been Sovietized. What will become of these repatriates who cannot find jobs? The employment of repatriates is now becoming a serious social problem since Government and Metropolitan authorities have publicized the complete preparation to greet the repatriates.

The Metropolitan Labor Bureau sends an official to each repatriate's home to give counsel, and every Tuesday is set aside as "Repatriates' Employment day." On this day, officials of the seven employment security offices in the city visit repatriates. The authorities' sincere efforts, however, have so far shown very poor results. According to an announcement by the Labor Bureau, only 15 or 16 out of 259 repatriates in the second group who returned to Tokyo have found jobs. This rate of placement is one in 17. Of course this includes those who do not want to work at present. Some large companies and factories purposely offer odd jobs to intelligent repatriates, and pay them 150 to 200 yen a day at best. Some factories also reject applications by repatriates on the pretext that they are not qualified since they lack the 10 or 15 years' experience which is required.

ITEM 9 RELIEF COMM REPORTS 10,052 PR DISCHARGEES FIND JOBS

(Full Translation)

YOMIURI SHIMBUN, 30 Jul -- A total of 10,052 former State Railway workers, which represents 10 percent of those discharged throughout Japan, have found new jobs, as of 1400 hours yesterday. This information is based on a report on re-employment of Railway workers (including those who voluntarily resigned) discharged under the Personnel Strength Law. This report was prepared and released yesterday by the Relief Committee for Dicharged State Railway Workers.

ITEM 10 SRWU-DL WINS STATE RR RECONSTRUCTION COUNCIL BACKING

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- The Joint Dispute Council for the State Railways reconstruction, at its meeting in the conference chamber of Ueno station at 1400 hours yesterday, decided to support the Democratization League with its entire organization at the election of the central committee of the State Railway Workers Union, slated for 5 August.

Yesterday's meeting was called to prepare for the coming election and by-election of the central committee of the State Railway Workers Union, as prescribed in Directive Zero. The meeting was attended by more than 30 members of the Council, including KATO and ASANUMA (Socialist Party); HOSOYA (Democratization League of the National Congress of Industrial Unions); TAKANO (Japan Federation of Trade Unions); and HIGO (Democratization League of the SRWU).

NEWS

ITEM 11 LABOR MINISTRY BARES FIGURES ON JOB SECURITY ACTIVITY

(Full Translation)

TOKYO NICHINICHI SHIMBUN, 30 Jul -- Public employment security offices have been busy lately because of the increasing number of unemployed. The Labor Ministry yesterday disclosed a report on the activities of these offices. According to this report, the number of persons who received permanent jobs through the help of public employment security offices throughout the country totalled 424,261 (including 170,646 women), during the period from January to May of this year. Moreover, the number of persons receiving temporary or day jobs reached 7,142,511 (including 851,039 women) during the same period.

Of the aforementioned totals, 28,514 have been permanently absorbed by public enterprises which have been undertaken by the Government as part of its unemployment relief measures, while 2,628,774 have been temporarily employed in such enterprises.

On the other hand, the number of those who were recommended to industrial training institutes totalled 14,500 (including 3,380 women) during the aforementioned period. Of these, 186 persons received unemployment insurance money. Moreover, to promote employment, labor office authorities visited individual employers 124,243 times in order to investigate the demands of 155,573 workers.

ITEM 12 MANAGEMENT PLANS JOINT FRONT VS LABOR OFFENSIVE

(Full Translation)

KOGYO SHIMBUN, 30 Jul -- With organized labor opening a firmly united, vigorous offensive, it is now generally recognized that concerted action, close liaison and mutual assistance, which are particularly necessary during strikes, have been seriously lacking on the part of management. To remove this trend, a cry for a consolidated management front is being raised in various places. The Kanto Management Association has recently reached an accord on mutual assistance in strikes. The Tohoku Management Convention held on Wednesday unanimously agreed to accept the aforementioned accord, which had originally been voted on by the Kanagawa-Ken Management Association. This proposal is expected shortly to be introduced to the Japan League of Management Associations for final approval. At the same time, opinion is steadily growing that the functions of not only the JLMA but also of all local management associations should be expanded and strengthened. The text of the accord reads:

"In the execution of strikes at the present stage of labor-management relationships, organized labor is, as a rule, concentrating on attacks upon a single enterprise through regional struggle tactics, while the managements are compelled to meet such concerted labor struggles individually. In view of this fact, the following emergency measures are strongly suggested:

"1. Unification of managements according to areas or industries. 2. Exchange of information among managements in the same industry or in the same area. 3. Mutual liaison and consultation should be maintained during collective bargaining negotiations or strikes. 4. Single-handed, self-seeking agreements, such as are likely to affect the interests of other member enterprisers, should be avoided. 5. In handling disputes, joint statements should be made. 6. Member enterprisers should refrain from forcing companies in dispute into a plight by interfering in their business activity and fund and material supplies. 7. When employees are caught in the act of extending help to the disputants of other companies during business hours, punishment should be imposed upon them promptly."

ITEM 12 (Continued)

Toholku Management Convention Delegation Scheduled to Appeal to Authorities Shortly

The Toholku Management Convention was held at the restaurant "Brother" in Sendai Shi on Wednesday under the joint auspices of the JLMA and the Toholku Management Association. Following a declaration and a resolution, the convention decided the following agenda: a. To fix a firm stand by management on the current labor situation. b. To urge the authorities concerned to strengthen the police force and take measures so that legal procedures may be adequately imposed upon irregularities. c. To secure mutual assistance among managements during disputes. d. To call upon the authorities concerned to take proper unemployment relief measures as a means of promoting such enterprises as are directly concerned with production. e. To request the authorities concerned to take unemployment relief measures befitting the conditions peculiar to the Toholku district, and to provide credit facilities necessary for enterprise reconstruction. f. To request the authorities concerned to take adequate measures in connection with the execution of the revised Labor Union Law. g. To request the workers engaged in the canning and processing of marine products to be treated as falling under Item 1, Article 41, of the Labor Standards Law. h. To urge the Government to simplify application procedures for labor insurance. i. To urge speedy realization of power development and construction of main power transmission lines. j. To recommend to the authorities concerned the reorganization of the power industry. k. To prompt the authorities concerned immediately to take proper measures against the possible abolition of official prices and subsidies for electrolytic copper. l. To call upon the authorities concerned to establish and implement practical measures for the protection and fostering of smaller enterprises. m. To improve and widen the investigation activities of government officials.

ITEM 13 LABORERS SCHEDULE ANTI-DISCHARGE RALLY FOR 6 AUG

(Full Translation)

AKAHATA, 30 Jul -- A labor rally to smash government attempts at discharge and suppression will be held on 6 August at the People's Plaza, under the sponsorship of the National Labor Union Liaison Council, the National Congress of Industrial Unions, the National Liaison Council of Government and Public Office Employees Unions and the Tokyo District Labor Council. Invitations have also been extended to the Japan Federation of Trade Unions and the National Council of Labor Unions. Attendance at the rally is expected to top 100,000.

ITEM 14 DETENTION PERIOD FOR MITAKA SUSPECTS EXTENDED 5 DAYS

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- In the search for the culprits in the Mitaka Incident, many witnesses have been summoned daily to investigation headquarters to be questioned concerning the evening of the incident. Paralleling this, basic investigations have continued concerning the actions of the suspects before and after the incident, in order to get counterevidence for their alibis.

Since the period of detention of IIDA and YAMAMOTO (who were arrested with warrants issued by the judge for alleged "overturning of electric cars and murder") was to expire yesterday, the investigation

ITEM 14 (Continued)

headquarters requested the Hachioji office of the Tokyo District Court, at 1100 hours, for an extension of the detention period.

In answer to this request, Judge AIKAWA issued warrants for a five-day extension of the detention period for both persons. The complexity of the case, which involves many persons, was cited as the reason for this action.

At a session held last Thursday to clarify the reason for the detention, Judge AIKAWA stated, "Immediately after the occurrence of the incident, IIDA talked about the weak points of the type 63 electric locomotive. He attempted to lead others to think that the incident was accidental, stating that he could find no sign of tampering when he looked inside the train after it had been wrecked. YAMAMOTO, on the other hand, stated on the day of the incident that a serious accident would occur that evening at Mitaka.

"From other evidence, as well as from their actions, there is considerable reason for suspecting them of having committed the crime relative to the runaway car case. Moreover, they are suspected of intending to destroy evidence and escape."

Since the extension period of detention has been set at only five days, the investigation headquarters is hastening to collect, during this period, circumstantial evidence, as well as to find the collaborators and direct offenders, so as to prepare for the trial. To this end, they have been exerting all-out efforts by dispatching 14 groups of policemen. The staff members of the investigation headquarters stated, "We expect that the arrest of all suspects will take place in three or four days."

Six Persons Summoned as Witness

The Combined Investigation Headquarters yesterday summoned as witnesses TAKEUCHI Keisuke, 29, former car inspector in the Mitaka Electric Car Office (who was dismissed in the second round of the personnel reduction), four other members of this same office, and NAGAO Zenshiro, car operator in the Ikebukuro Electric Car office and Chairman of the Executive Committee of the local in this office. The Mitaka Police Station, on the other hand, summoned, at noon yesterday, SAWADA Tadamasa, 22, former mechanic in the Mitaka Electric Car Office (who was also fired in the second round of the dismissals), to hear his alibis and those of his friends, as well as his explanation of his relationship with the union.

ITEM 15 JUDICIARY COMMITTEE PLANS LAW TO CONTROL VIOLENCE

(Full Translation)

TOKYO SHIMBUN, 30 Jul -- The Upper House Judiciary committee, which is studying legislative measures for controlling socially subversive activities, met at 1130 hours yesterday. Chairman ITO Osamu (Socialist) reported the results of a nation-wide investigation conducted through presiding judges, prosecutors on all types of terroristic incidents and the true nature of the several thousand terror groups. He then presented a motion to establish a subcommittee to investigate cases of collective violence. After discussions, the committee approved the establishment of a six-man subcommittee and appointed ITO chairman. This subcommittee will prepare legislative drafts prior to the opening of the forthcoming session. The new legislation is designed to have sweeping legal effectiveness ranging from the control of violence to behind-the-scenes activities.

The new subcommittee held its first meeting yesterday, and ITO Osamu was formally appointed chairman. Committeemen talked over

ITEM 15 (Continued)

the name of the new law, but reached no conclusion. Discussions centered on the operations of the subcommittee. The subcommittee decided upon the following program: (1) committeemen will make individual studies, using Ito's draft as a starting point. (2) The subcommittee will hold meetings every day from 22 to 27 August. (3) On 23 and 24 August the subcommittee will invite top officials of the Attorney General's Office, Supreme Prosecutors' Office, National Rural Police Headquarters, Metropolitan Police Board, and ministers concerned, together with other leaders, to report on the actual situation. (4) The preparation of a final draft will be started on 24 August.

ITEM 16 SHIP ASSOC BRINGS CHARGES AGAINST ALL SHINYO MARU REPATS

(Full Translation)

JIJI SHIMPO, 30 Jul -- The Shipowners Association has brought charges of intimidation, obstructing the performance of official duties, and robbery against the 2,000 repatriates who returned on the Hinyo Maru. The ship's captain, UCHIKAWA Tetsuo, and three other officers were tried by an extemporized court of repatriates while the ship was on the high seas. The complaint was filed, in the name of Captain UCHIKAWA, with the Maizuru branch of the Kyoto District Prosecutors Office, at 1300 hours yesterday.

The Association's Repatriation Shipping section director, INOUE Kazui, commented: "Shipboard kangaroo trials flagrantly disregard the police and judicial authority of the captain. They can under no circumstances be condoned. To make sure that the present incident will not establish a precedent, we have brought charges, in the captain's name, against all 2,000 repatriates. We are resolved to see this thing through to the finish."

(Maizuru) -- The Japan Seamen's Union, greatly concerned over the kangaroo court aboard the Shinyo Maru, launched an investigation of its own yesterday. The Maizuru chapter of the union reports that since the incident some seamen have refused to board repatriation vessels.

MATSUURA Yoshikuni, chairman of the Maizuru chapter of the JSU, stated: "Our chapter has received more than 20 messages from other chapters, including the Osaka chapter, urging us to uncover the truth. In addition, the general public has sent numerous letters of sympathy to the captain and other crew members."

After debarkation, certain Shinyo Maru repatriates reportedly beat up a fellow returnee at the Taira repatriates' reception center.

Acting on a complaint lodged by NAKAMURA Zenichiro, 43, of Koriyama Machi, Ikoma Gun, Nara Ken, the Higashi Maizuru city police yesterday sent documents to the Maizuru branch of the Kyoto District Prosecutors Office, charging ISHIWATA Eiji, 41, of Tsukimitsu Cho, Meguro Ku, Tokyo, with intimidation; IZUKA Toshio, 30, of Tsuda Machi, Okawa Gun, Kagawa Ken, with coercion; and KOSAKA Akira, 28, of Yamada Mura, Aira Gun, Kagoshima Ken, with suspicion of assault.

ITEM 17 MEDICAL DISCUSSION ON SHIMOYAMA AUTOPSY TODAY

(Full Translation)

YOMIURI SHIMBUN, 30 Jul — A special meeting of the Japan Medical Jurisprudence Association will be held today at 1000 hours at an auditorium of the Medical Department of Tokyo University. The meeting will be attended by President MURAKAMI Tsugu (Tohoku Univ), Managing Director FURUHATA (Tokyo Univ), KUWAJIMA (Tokyo Univ), ASADA (Tokyo Med Univ), NAKADATE (Keio Univ), HANEDA (Nihon Med Univ), ISHIKAWA (Jikei Med Univ), MURAKAMI Tadashi (Yokohama Med Univ), KAGAYA (Chiba Med Univ), YOSHINARI (Tokyo Women's Med Univ), Endo (Kyoto Univ), OKUMURA (Nihon Dental Univ), IKEKI (Maebashi Med Univ), FUJII (Toho Med Univ), OMURA (Osaka Univ), and NODA (Showa Med Univ) and their assistants, as well as by Chief HONDA of the Medical Jurisprudence Department of the Scientific Investigation Research Institute of the National Rural Police Headquarters, and Chief MIZUHO of the Inspection Medical Department of the Tokyo Metropolitan Office.

In the course of the meeting, KUWAJIMA, who conducted a postmortem examination on the body of the late President SHIMOYAMA of the State Railways Corporation, will make a detailed report on the autopsy, which constitutes one of the tribunal data, with lantern slides of SHIMOYAMA's body. Then Prof AKITANI of the Pharmaceutical Section, Tokyo University will explain the time of SHIMOYAMA's death. Thereafter views will be exchanged to seek the unbiassed views of the scholars. Heated discussions will probably be conducted on the problem. Prosecution authorities attach importance to this conference, and Chief YAMAUCHI of the Criminal Section of the Metropolitan Police Board and Prosecutors FUSE, KANAZAWA and SAKUMA, and Chief TSUKAMOTO of the Identification Section, the Metropolitan Police Board, will attend the meeting.

Police Use Doll in Investigation

The Shimoyama Case Investigation Headquarters, which had temporarily ended its attempt to discover witnesses who saw SHIMOYAMA in the neighborhood of the scene of his death (Nishiarai), conducted a close on-the-spot investigation by using a sand bag doll weighing almost the same as SHIMOYAMA, for about two hours, starting at 2100 hours Thursday on the assumption that the body was carried by a few men. The investigation was designed to find the direction in which the body was carried and to measure the time required for the transportation of the body. Participating in this examination were Prosecutors FUSE and KANAZAWA of the Tokyo District Prosecutors Office, Chief KANAHARA of the first subsection of the First Investigation Section of the Metropolitan Police Board, Chief NODA of the First Subsection of the Third Investigation Section, Chief KODO of the First Subsection of the Identification Section, Police Surgeant SOTOKAWA and all members of the Sekiguchi group.

Chief HORIZAKI of the First Investigation Section of the Metropolitan Police Board announced yesterday noon that in regard to the investigation in the assumption of murder, a sand doll weighing approximately the same as SHIMOYAMA was used. However, the situation was somewhat different from the time when the Shimoyama case occurred, due to the mowing of weeds and the continued drought. The doll was carried on the six roads leading to the scene of SHIMOYAMA's death. Examinations revealed that it takes about 20 minutes to get there and back, and that

ITEM 17 (Continued)

at least three or four men carried the body.

Weed Pigment on Shimoyama Shoes

Chief HORIZAKI announced yesterday at 1830 hours that an examination of SHIMOYAMA's red shoes which were discovered at the scene of the victim's death, disclosed that particles stuck to the rubber sole include the pigment of weeds. Other particles are now under careful examination.

ITEM 18 OSAKA, FUKUI CP PREFECTURAL CHAIRMEN HELD

(Full Translation)

MAINICHI SHIMBUN, 30 Jul (Osaka dispatch) -- Police of the Osaka Mimpo - Billboard Newspaper Special Investigation Headquarters searched the house of chairman GESU, 39, of the Osaka Committee of the Communist Party at 2300 hours Thursday. GESU was arrested and much important documentary evidence was seized. GESU is the first party bigwig to be apprehended, though 83 Communist cell members had been rounded up as of Thursday.

(Fukui dispatch) -- The Fukui Prefectural Headquarters of the National Rural Police suddenly raided the Fukui headquarters of the Communist Party at 0500 hours yesterday. They arrested prefectural committee chairman OCHIAI Sakae, on charges of violating Occupation directives. Simultaneously, the Tsuruga city police apprehended Yamaguchi Industrial Company President YAMAGUCHI Kotaro of Kagurayama, Tsuruga Shi, on suspicion of violating a directive. He was formerly chief of the Tsuruga chapter of the Socialist Party.

ITEM 19 WARD CHIEF STRUCK BY COMMUNISTS; TWO ARRESTED

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- Two Communists yesterday afternoon committed an act of violence upon Chief TAKAHASHI Sakumatsu of the Katsushika Ward Office when he refused to see them as he was leaving to attend a certain committee meeting. Around 1430 hours yesterday afternoon, some 80 members of the Katsushika chapter of the Japa Communist Party converged on the Katsushika Ward Office to demand that a reported appropriation amounting to 16 million yen which is to be granted by the Metropolitan Government to the five ward offices - Katsushika, Ota, Edogawa, Sumita, and Adachi - for road repair work, be diverted for livelihood protection purposes as an unemployment relief measure. Converging on the ward office, the Communist mob demanded to meet Chief TAKAHASHI, but the chief turned down the demand, saying that he had no time to spare as he was going to attend a meeting of the enterprise tax committee. Infuriated by this refusal, YAMAZAKI Shiro, chairman of the Katsushika chapter of the Livelihood Protection League for Repatriates from the Soviet Union, and SHIGEYAMA Masahisa, member of the Hitachi Workers Union, suddenly struck TAKAHASHI in the face. This act of violence threw the ward office into confusion for some time.

Hearing of the incident, a police squad of some 100-strong was rushed by the Honda police to the scene, and subdued the rioting Communists. The two Communists who hit TAKAHASHI were arrested by

ITEM 19 (Continued)

the police, and investigations were immediately started. Toward evening, a mob of several scores of people including Communists, gathering at the Honda police station demanded the immediate release of the arrested two, but the police refused. This refusal caused trouble between the mob and the police until late last night.

ITEM 20 SHINSO EDITOR INDICTED FOR LIBEL, RELEASED ON BAIL

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- Editor-in-chief HATSUBARA Hiroto of the magazine Shinso, charged with libel by Postal Minister MASUDA together with 67 others, has been in jail since he was arrested on 19 July. He was indicted on Thursday afternoon, but was released on bail yesterday noon.

ITEM 21 COMMUNIST ASSEMBLY HEAD NABBED IN SANTONIN PROBE

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- The Shimane Prefectural headquarters of the National Rural Police Thursday arrested Communist TABE Koichi, 37, speaker of the Honjo Village Assembly, Yatsuka Gun, Shimane Ken. He is suspected of involvement in the Shimane santonin case connected with the Communist fund raising campaign. TABE is the seventeenth person arrested in this case.

ITEM 22 LOWER HOUSE COMMITTEE STARTS PROBE OF TAIRA RIOT

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- Chief HONDA of the Taira police yesterday morning testified before the Lower House special examination committee, which is now probing into the Taira incident, that the Communist rioters who had broken into the Taira Police Station shouted that a people's police had been established, and they hoisted red flags at the entrance of the police station.

The special examination committee summoned six witnesses to testify on the incident before the committee at its meeting, which opened at 1130 hours yesterday morning.

The six witnesses summoned were Chief Prosecutor YASUNISHI Mitsuo of the Fukushima District Prosecutors Office; YABUKI Daiichiro, member of the Taira Public Safty Committee; OTAKE Sakuma, chairman of the Fukushima Prefectural Assembly; KADOKI Keikichi, secretary of the Joban District Chapter of the Socialist Part; KIYONO, Tsuneo, reporter of the AKAHATA, and Chief HONDA Shoji of the Taira police.

In his testimony before the committee, witness HONDA clarified the following points:

1. Stones were thrown into the police chief's room.
2. Seven policemen of the Taira police were injured by the rioters who stormed the police station.
3. They claimed that a people's police had been established, and they crossed two red flags at the entrance of the police station.
4. They released those who had been arrested on charges of hampering the execution of public business.

ITEM 22 (Continued)

5. The citizens of Taira were plunged into a state of terror on the night of the incident, some of them sitting up all night long.

6. The incident was carefully planned plot and can be interpreted as a declaration of war by the Communist Party against the Taira police.

7. The people of the city have calmed down to a great extent, but they are still afraid of violence by the Commuist Party.

ITEM 23 COALITION DEMOCRATS OFFER EFFECTIVE DEMAND MEASURE

(Full Translation)

TOKYO SHIMBUN, 30 Jul -- The coalition faction of the Democratic Party held an executives' meeting at 1030 hours yesterday at party headquarters and decided on an "effective demand creation counter-measure" and a "tax system reform draft."

In the afternoon, Political Research Committee Chairman KOSAKA conferred with Chief Cabinet Secretary MASUDA and Democratic Liberal Party Chief Secretary HOROKAWA and delivered the decisions. It is notable that the note clarified the coalitionists' attitude of disapproving the reflation policy advocated by opposition Democrats, white supporting the disinflation policy.

ITEM 24 OPPOSITION PARTIES STUDY BILLS FOR DIET SUBMISSION

(Full Translation)

MAINICHI SHIMBUN, 30 Jul -- All opposition parties (except the Communist Party) held a joint conference at the Diet building from 1330 hours yesterday to discuss bills to be proposed to the coming extraordinary Diet session. A subcommittee, composed of KATSUMATA, UCHIMURA (Socialists), KIUCHI, ARAKI (Democrats, opposition faction), TAKEYAMA, KANEKO (members of the New Politics Council) and MATSUTANI (Labor-Farmer Party), is scheduled to hold a meeting from 1000 hours tomorrow to complete the drafting of these bills. They will then be submitted to the Legislation Board for examination. After that, they will be formally proposed, at the joint conference of opposition parties to be held on 2 August, as joint opposition bills. These bills are:

Regarding the money shortage - 1) Revision of the Reconstruction Finance Bank Law - (a) With a view to democratizing the loan business of the RFB, direct representatives of industry, labor and agriculture-forestry will be added to the membership of the RFB Board. These members will be authorized to designate enterprises that are to receive loans. (b) Such designation will apply also to loans to be made by commercial banks, with credit security by the RFB. This credit secutity will be based on funds (amounting to 30 billion yen at present), including funds to be returned from five agriculture-forestry corporations, excellent debentures, revenue accruing from interests, etc.

2) Revision of the Bank of Japan Law - Dieat representatives and academic representatives will be added to the membership of the Policy Board.

3) Revision of the special bank laws (except the Industrial Bank Law) - To increase the funds and raise the debenture-issuing capacity of special banks, in order to facilitate loan creation.

ITEM 24 (Continued)

Regarding Unemployment - 1) Revision of the Unemployment Insurance Law - raising of the rates of allowances; extension of terms during which the law is applied; extension of the scope of the law.

2) Revision of the Livelihood Protection Law.
3) Revision of the Emergency Unemployment Relief Law.
4) Revision of the Employment Stabilization Law.

ITEM 25 ENSHU MARU REPATRIATES PROTEST MAINICHI ARTICLE

(Full Translation)

AKAHATA, 30 Jul -- More than 130 Enshu Maru repatriates who called at the headquarters of the Communist Party on Thursday visited the Mainichi Shimbun Office in Yurakucho at 1600 hours to demand the withdrawal of an article that appeared on the second page of that paper, dated 23 July. This article stated that the repatriates abused pressmen in their public discussions. They also protested demagogic reports about the repatriates. The repatriates demanded that the responsible person be called forth and that the problem be solved before the general public. However, the newspaper rejected this demand. Therefore, 12 representatives of the repatriates were selected to negotiate the matter. Neither the chief editor nor other responsible persons appeared at the negotiations, and KUDO Shinichiro, a staff member of the General Affairs Section, said that the problem was a matter of opinion. In short, the attitude of the press was insincere. The repatriates halted negotiations at 1730 hours and left for the Diet Building, leaving representatives at the press office.

During the one hour of negotiations, the repatriates sang the "song of peace protection" and the "song of the young men's operative corp for racial independence" in the streets in front of the Mainichi Shimbun Office. Some members of the All-Japan Agriculture-Forestry Workers Union and the New World News Workers Union who heard the repatriates singing arrived one after another to cheer, and 200 persons including passers-by encircled the repatriates. The repatriates thereupon immediately made public the truth and exposed demagogic reports by bourgeosie papers.

The repatriates by the Enshu Maru left Ueno Station for their homes at 2100 hours, leaving a representative in Tokyo and trusting pending matters to repatriates who came back on the Keizan Maru and the Shinyo Maru.