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Highlights of Conversations
Between
Mr. T. Voorhees,
Under-Secretary of the Department of the Army
and
Members of the House of Councillors
on Monday, 12 September, 1949,
in the Salon of the President of the House of Councillors,
Diet Building.

Mr. T. Voorhees,
Under-Secretary of the Department of the Army.

Dr. J. Williams,
Chief of Parliamentary and Political Division G.S. SCAP.

Mr. T. Matsudaira:	Green Breeze Society, President of the House.
Mr. K. Tanaka:	Green Breeze Society, Chairman, Education Committee.
Mr. A. Okamoto:	Green Breeze Society, Chairman, Local Administration Committee.
Mr. H. Takata:	Green Breeze Society, Member, House Management Committee.
Mr. J. Itaya:	Democratic Liberal Party, Chairman, Transportation Committee.
Mr. T. Kurokawa:	Democratic Liberal Party, Chairman, Budget Committee.
Mr. T. Sakurauchi:	Democratic Party, Chairman, Finance Committee.
Mr. S. Kiuchi:	Democratic Party, Member, Finance Committee.
Mr. K. Hatano:	Social Democratic Party, Member, Finance Committee.
Mr. J. Miki:	Social Democratic Party, Member, Local Administration Committee.
Mr. J. Kobayashi:	Secretary General, House of Councillors.
Mr. J. Inagawa:	Chief of the Liaison Section of the Secretariat, House of Councillors.

Mr. T. Matsudaira, President of H.C.:

I would like to say a few words on this happy occasion of talking with our distinguished guest, Mr. Tracy Voorhees, Under-Secretary of the Department of the Army. I do deeply appreciate that our guest is so kind as to make a visit to our House sparing his precious time for us. That Mr. Voorhees has come over to our country for his important mission is very welcome indeed.

I am very happy to say that Japan is marching on for the establishment of a democratic, peaceful, cultural nation from the ashes of the war, thanks to a very generous policy of the United States Government. Taking this opportunity, I would like to convey to Mr. Voorhees my impression that the Japanese people are firmly determined to achieve the reconstruction of the nation by their concentrated efforts, though there are difficulties facing us before our great end can be achieved. In this connection, assistances given us by the United States since the beginning of the occupation have greatly relieved our difficulties, for which we are profoundly thankful.

At the present time, the Diet is in adjournment and only a small number of Councillors are staying in Tokyo. As time reserved for this meeting is short and problems we would talk about may be varied, I would like the conference started with no loss of time. So, Mr. Secretary, if you would have something you would feel to state, we would like to have it first. Then, I request my colleagues

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to state their views and observations on various problems of Japan.

I hope my colleagues make brief, outlined statements, because time is so short and we would like to make most of this rare, welcome opportunity.

Mr. T. Voorhees, Under-Secretary of the Department of the Army:

I have no prepared statement to make, no formal statement at all. I have come here informally. Trust me as a friend of Japan, doing all I can for the recovery of the great nation. I trust that although Japan lost in war, she is winning in peace. I hold respect to the people of Japan and its leaders.

It was my privilege for the past three years to work for receiving appropriations from the United States Congress for food-stuffs and industrial rehabilitation necessary to keep the Japanese people alive, though I was not appointed as your attorney. It was my privilege and duty to use the appropriations in an effective way in the form of food-stuffs and necessary materials with the objective of giving the Japanese people strength and health and reconstructing this country from the ashes of the war. Through all the duties I have been assigned in my whole life, never before has there been such a great opportunity of participating, even in a small way, in this great post-war task of the United States.

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It is our objective to establish peace for all time and a better world beneficial both to the United States and the Japanese. I am proud of that.

After four years since the end of the war, a remarkable recovery has been made under the industrious leadership of the people. It is worthwhile to note that Japan is on march toward peace and the protection of freedom and dignity of the individual. We do not intend to dictate. Democracy is not the end but a means to achieve the end. The end is the protection of the individual and its freedoms.

We seek only world peace. We are your friends and I hope you are our friend. It is a great thing that the United States Army which fought Japan in time of war is deeply concerned in building it up through the supply of food-stuffs and necessary materials and the economic assistence, with the aim of establishing a self-supporting nation. It is curious, but it is a fact. The Pentagon, which was built to fight Japan and Germany, is being used for planning to save them. I am not going to talk about religion, as I do not know much about it. But, if there is religion in the world - and I believe there is - actions of the United States which I mentioned previously are somewhat near the essence of the religion, I believe.

My principal impression of Japan I am visiting is that there is an apparent, ~~s~~inherent friendship among

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the people toward us. I believe so. At the same time, there is understanding, and friendship on the part of Americans here toward the Japanese. Particularly, General MacArthur understands the Japanese and is friendly, giving help to them.

I am grateful to you for meeting with me today. I appreciate that you have spared your time for this occasion. I wish you understand basic objectives of the United States. It is necessary to understand them.

This is my first visit to Japan. I hope it will not be the last one. After I accepted appointment as Under-Secretary of the Army, I made arragements with the Secretary of the Army and came here to obtain better understanding of conditions here with the aim of supporting General Mac Arthur in his work. I hope that contacts between General MacArthur's staff and my staff in Washington will be informal, reducing paper work, red tape, cables and others. I hope to visit your country again coming winter. I wish to have first hand knowledge of matters I am going to handle.

Mr. J. Itaya:

I have many things in my mind to which I would like to draw your attention, Mr. Secretary. As time is limited, however, I should like to convey you only the outline of my statements on a few problems.

It is reported from Washington that talks on peace treaty with Japan are progressing between the United States and Great Britain despite the attitude the Soviet Union might

might take. In case the settlement of peace is made, however, the maritime defense of Japan would become very important as well as delicate. Up to now, the number of Japanese fishing vessels seized or detained by the Soviet Union, China and Korea amounts to 101. Not infrequently, piracy of smuggling is committed by strange vessels equipped with machine-guns or heavy guns. The Soviet Union, particularly, demands the payment of $500 per vessel as fine in addition to expenses for food etc. on Japanese vessels seized on the ground of crossing territorial waters. So far, 35 Japanese vessels were seized in Soviet region, of which 13 are still being detained.

Secondly, on the sea area along the coast of Japan the so-called "MacArthur Line" is drawn, the line beyond which Japanese vessels are not permitted to navigate. Sometimes, however, the line is drawn so close to the coast that the navigation from port to port in Hokkaido is very inconvenient, because vessels are required to make a terrible detour. In addition, fishing on this side of the Line is hardly possible.

Thirdly, it is very important to maintain a balance in the national finance. To the end, however, a rough sum of $300 million would have to be earned through the shipping, tousist industry and sendings from emigrants overseas. As for the recovery of the shipping terribly hit by the war, it is requested that part of the expenses for constructing new ships be met with the U.S. Aid Counterpart Fund. We

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have least intention of competing with foreign ships. Your kind consideration is requested on carrying export trade in Japanese bottoms.

Mr. T. Voorhees, Under-Secretary:

The "MacAuthur Line" is out of my jurisdiction. I do not know about it. There is no comment.

The shipping question may be considered in two ways, short-rage and long-range.

First, the short-range consideration. I have learned that four ships are trans-oceanic. And forty ships could navigate somehow or other to the world. Whether it is reasonable to meet the expenses for constructing new ships with the U.S. Aid Counterpart Fund is a matter left to the decision of the United States and the SCAP. I state only what I personally hold. My remark on this matter is entirely personal one.

So, personally speaking, what may be practically done is the repairing of the forty ships I mentioned previously, thereby refitting them as trans-oceanic ships. There are, I learn, no idle ships at the present moment apart from some small coastal ships which I am not talking about. So, with the repaired forty ships and the existing four ships, you will have forty-four ships. Then, you will have the foundation of the shipping. As a matter of fact, it takes long time to construct new ships through the Counterpart Fund.

Now, about the long-range consideration. I do not know as much as you do on this. General MacArthur knows very well.

As an immediate problem, there are difficulties with regard to U.S. law and its interpretations. World army cargoes are carried in U.S. bottoms. In the case of military cargoes, the provision is applicable. But, this matter is very complicated. When we had longshoremen's strike on the Pacific and the Atlantic Coast we tried to settle the issue, but we could not succeed in it. This is insoluble for the present time. In the European Cooperation Administration Statute, for instance, there is a provision that 50 per cent of the U.S. aid cargoes must be carried in U.S. bottoms. This provision is not, however, applicable to cargoes for Japan. After all, legal questions are complicated in this particular problem.

Suppose the repairing program and reconstruction program for the shipping progress, we shall have many other problems to tackle, too.

First is the labor problem. If Japanese ships handle cargoes instead of U.S. ships which hitherto engaged in the work, crews of the latter would have less work to do. Then, the longshoremen would have sympathy in crews of those U.S. ships. So, resistance from those two groups is anticipated.

I talked with the SCAP on the aid cargoes lately. On an average, 53 voyages per month are necessary for shipment of U.S. food-stuffs to Japan. One third of those, that is, from 18 to 20 voyages are made from ports other than the United States. At these ports, there is no labor trouble which may be anticipated in the United States. As regards legal questions which I raised previously, I think they might be possibly settled in some way or other. Japanese ships might possibly try to go to the Gulf Coast or to Los Angeles, California. There, there may be no labor trouble.

We shall have to think then about the flag Japanese ships hoist. We shall have to make flag arrangement for General MacArthur. By such an arrangement, Japanese ships hoisting General MacArthur's flag might be treated as SCAP ships and there may be no resistance from longshormen or crews, which I mentioned previously.

On this flag question I talked with Mr. Herbert Hoover, ex-president of the United States. He told me then that Hoover Flag was hoisted for Belgian cargoes in the World War No. 1. So, MacArthur Flag might possibly be hoisted for Japanese cargoes.

Mr. K. Hatano:

I should like to draw Mr. Secretary's attention to three points.

First, for some time in the past it was rumored that the U.S. Occupational Forces might leave Japan, which caused unrest among the Japanese people. Such rumors were subsequently denied in Washington in a categorical form. However, I have the impression that the denial has not yet reached the people in a very thorough way. That such rumors are still rampant is helping, as a matter of fact, communistic influences. I wish Mr. Secretary keeps this in mind.

Secondly, I would like to touch very briefly upon the emigration problem. I think emigration is important as part of the population problem of Japan as well as from the standpoint of invisible trade. I request Mr. Secretary to bear this in mind.

Thirdly, the Diet-men's living is extremely straitened. I request Mr. Secretary to give kind consideration to raising the amount of annual compendation for the Diet-members.

Mr. T. Voorhees, Under-Secretary:

There is a French proverb which says that it is not displeasing to see those one knows in trouble. The United States Congress is in session now. And one bill which would not be passed most surely is the one for raising the salaries of Army personnel and enlisted men. Also, a bill for increasing the salaries of the Secretary, the Under-Secretary and the Assistant-Secretary would not pass the Congress. I may have sympathy in your problem, though.

Concerning

Concerning the rumor that the U.S. Army might eventually leave Japan, I interpret that you hold anxiety over the matter. I can say that there will be no change. Civilian personnel would be reduced. But, as far as combat strength is concerned, there is no change. I read an excerpt from my statement I made last Saturday: "There is no change in contemplation in the combat strength in Japan." So, as we often say in Brooklyn, just relax yourself.

Now with regard to the invisible trade, the shipping has a part, but the tourist industry has also a part. Before my arrival here, speculative articles were mentioned in the press in connection with my visit to Japan. Papers carried as if the primary objective of my visit concerned the tourist industry. It is only a minor incident in all phases of my visit to Japan, though.

I talked with the Prime Minister about the tourist business. Japan can earn millions of dollars if an extensive tourist trade is made. One thing we have to consider for develpping the tourist industry is the hotel accomodations. I learn that about 3,000 hotels are opening up, removing restrictions placed on them.

Next, we have to consider the time element. It takes long time. For the present time, crewship goes to Hawaii. If it were extended to Japan and possibly to the Philippines, then it is one step made further. Summer vacation is not long in U.S. Time is not enough to come here during summer

vacation.

vacation. In addition, it is expensive to make a trip here. You may imagine that Americans are rich. But, they are not any more so rich as two, three years ago.

Whatever problems there may be before the tourist industry can be developed, I think it earns a big amount of revenue over long years.

Well, I have been looking the Diet Building from outside and today I saw its inside for the first time. I admired it from outside, but now I admire it more. Yours is a splendid building and I am very glad that you are better off now. In our congress in Washington, the roofs of the Capitol are in terrible conditions. So, the Senate moved to the Supreme Court and the House of Representatives is using the caucus room of the House Office Building. I think the reconstruction of the Capitol takes a long time. Carpet in our Congress is torn, too. I congratulate you on your beautiful building.

One thing that impresses me here is that you are in adjournment in summer. I think you have made an advance in this respect. You could send instructions from the Diet to the United States Congress that it be adjourned in summer. Our Congress is still sitting.

When I come next time to Japan, I wish to see you again informally. I hope to see the proceeding in the chamber from the gallery.

As you know, I had an interview with the newspapermen last Saturday. I was talking about the appropriations for Japan, I was explaining about the Army appropriations for GARIOA and EROA. I took it for granted that

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the Japanese newspapermen knew what GARIOA and EROA were. But, they did not know. So, I began to explain them to those pressmen. And in explaining I was confused and said a slang used for Government bureaucrats instead of saying GARIOA. I hope you would not use such slang.

I think our objectives are the same. We have no differences between us. I will give best that is in me to achieve our objectives. I believe you will win in peace. And when you win we will win in peace. I repeat to say that I hold respect to the Japanese and its leaders.

Before long, the Army appropriations for GARIOA and EROA will pass the Congress. Those appropriations are paid by U.S. taxpayers. At one time I was worried about to ask them sacrifices. I doubted myself whether it is just to demand the burden. But, I believe the objective is just and right. This is a most effective measure to maintain world peace which can not be done otherwise. This is a bi-partisan measure and there is no fight about it between the two parties. President Truman courageously recommended the Congress to pass the appropriations. I repeat to say that the measures for helping Japan are non-partisan. It is not because of my efforts that the appropriations are made available. The greatest thing is that the President support them, the Congress supports them, and Mr. Hoover, former President, supports them. As long as the United States has responsibility on the occupied areas, the people there are properly fed. I had once requested Mr. Hoover to testify for such measures. I received a most encouraging support from him. During the time when the Republican Party controlled

the Congress we received a large amount of appropriations for the occupied areas. From 1946 to date appropriations for occupied areas amount to in the neighborhood of four billion dollars. Such a huge amount of appropriations has been made for the aid of the occupied areas so that those countries may become self-supporting.

So, when I am engaged in the work of appropriations for the occupied areas, I neglect my personal life.

In 1948, Germany was visited by drought. Corn shortage ensued, then wheat shortage.

At the request of the Under-Secretary of the Army. I worked hard for increased shipments of food-stuffs. For three weeks I completely neglected my mother. She is 89 years old and lives in New York. I should get touch with her sometimes, but I had tremendous works to do and made no touch at all. So, after I settled my works I went to my mother's and said, "Mother, Excuse me for neglecting you for a long time." Mother said, " It's all right, son." Then I said to her, "Mother, I am spending a lot every day." She said, "How much?" "Well, it's over $11 million every day," I answered. She told me then, "Spend it."

September 12th, 1949.

Gist of Informal Conversation between Mr. Tracy S.Voorhees
and Members of Japanese House of Representatives

(from 1:45 to 3:00 on Monday, Sept. 12th, 1949)

Mr. Voorhees:

I came as a friend of Japan to see Japan in her efforts to reestablish herself as a great nation and to establish the welfare and respect and dignity of individuals through democratic processes. I have had the opportunity and the privilege of representing the United States Army for three years in seeking from Congress the funds necessary for feeding Japan to restore a decent diet to the people of Japan. I hope at least to maintain the rations of food as they are at present since the raise in last November, and to maintain our program for feeding children in Japan. Since I have been here, a decision has been made for which we don't wish to have too much publicity. Retroactive to July 1st 1949 the entire children's feeding program will be a gift to Japan, which will not be charged against Japan in the Peace Treaty. Some 6,000,000 to 6,500,000 children will be provided with protein food including 36,000 tons of powdered and skimmed milk, of which a little will be allocated to the sick to help make sound bodies. I am intensely proud of this decision as an American, which is similar with Mr. Hoover's plan in Germany. I have made inquiry of General Sams on the children's feeding program

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and he said it has resulted in an increased height and weight of Japanese children. I know you will take this not so much as an objective thing of so many tons but rather as a spiritual gift from the American people. This decision developed because we found in the same program in Germany that many children couldn't get the food because they couldn't pay for it. President Truman especially wishes not to give any highlight publicity to this decision because it would look like American propaganda, and we wish to avoid anything of the nature of propaganda.

I am very much honoured and happy to hear that this meeting was arranged at your invitation and not through G.H.Q.

I've admired your beautiful Diet building from a distance, but this is the first time I've seen the beautiful interior. I wish we had a building in the same condition for our Congress. Our Senate roof is falling in and our House of Representatives is propped up with steel braces, so the Senators had to move to a little room known as the Supreme Court room, and H.R. is now using a caucus room in the House Office Building. I see you have no such problems in this beautiful building. Last fall a campaign was conducted to decide the next person to live in White House but the White House is also so detoriated and needs repair that it will be one or two years before President Truman will be able to live there again.

I have been asked what was my principal impression on my first visit to Japan. I replied that my most striking impression was the friendliness of the Japanese people and

officials

officials to us here, which I take as genuine friendship towards the sincere attempts to be of use to the Japanese people on the part of all our American personnel and especially General MacArthur.

I had an amusing little experience with the press on Saturday. I was talking of the two appropriations of the Army for aid to Japan, but I thought the Japanese pressmen wouldn't know the words GARIOA and EROA which I explained as Washington "Goobledegook" meaning bureaucratic languages in slang. This created quite a furor among the correspondents as they knew GARIOA and EROA but wanted to know what "Goobledegook" meant!

Speaker SHIDEHARA:

It always seems to me that your most generous act to Japan is General MacArthur's Lend Lease Act, so to speak, without which we may not be able to clear our old house to reconstruct it. We are indeed very grateful to General MacArthur for everything he has done to Japan and everybody throughout the country knows his name.

Mr. Voorhees:

In response to the Speaker's statement I wish to say that the Army is very proud to have a representative like General MacArthur. He holds the highest ranking office in service and he will be surely recorded in history for his great work during the war and still more his work for peace. I am happy that you feel as we do about him.

Mr. TOMABECHI:

Mr. TOMABECHI: (Non-coalition Democrat)

We appreciate very much for your generous attitude toward Japan. At your press conference on Saturday you said that the GARIOA and EROA funds would be reduced by twenty percent for next year. Does this mean a fixed ratio of 20 percent or does it mean that the funds for the year after next will be reduced another 20 percent from next year?

Mr. Voorhees:

There will be no fixed ratio. When I said "this year" I meant the present fiscal year from July 1st, 1949 to June 30, 1950. Though the appropriations have not been finally passed, 470,000,000 dollars are to be appropriated for this fiscal year, of which 20 to 30 million dollars will be for the Ryukyus. When I said "next year" I meant the next fiscal year from July 1st, 1950 to June 30, 1951. The 20 percent reduction is merely my own guess which I based not upon any gift of prophecy, but is the best estimate I could make. We have passed our post-war peak in internal programs as well as foreign aid programs and our tax revenues will be substantially reduced. I also considered that economic recovery of Japan would permit a substantial reduction without imperiling the program. As I was asked whether there would be a sudden cut off in appropriations for aid to Japan, I said I did not think so but that there would be progressive reduction in their amount.

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My position was rather curious in the sense that I've been your attorney to Congress in obtaining 1,9 billion dollars over 4 years although I am not working on the 5% basis in Washington, and from my experience persuading Congress to appropriate this vast sum I can form some estimate of what they will do in the future. Substantial progressive reductions will probably be the program of the day. Perhaps I shouldn't have tried to guess any definite figure but I thought it might be of some use to Japan.

Speaker SHIDEHARA:

Can you tell me when the 2 appropriations will be finally passed in Congress?

Mr. Voorhees:

As I told you before, I was born without any gift of prophecy and as a former ambassador you will better interprete it.

The House of Representatives passed it and the Senate also passed it in a slightly different form. The next step is to reach an agreement in a joint conference of the two Houses, which would be possible in 15 minutes. But the trouble is that these two appropriations are included in the same bill as ECA for ERP, concerning which enormous difference of opinion exists in Congress; therefore the conferees were not

able

able to agree, and as the Senate was far behind of the House of Representatives the House went into recess. It is very clear that these differences will be solved in the next 2 or 3 weeks when the House meets again. In the meantime I am not troubled about it as an authorization was given to proceed with expenditures. So you may not need to worry.

Mr. KURIYAMA: (Democratic Liberal)

I guess you have heard a confession from the Prime Minister or Cabinet members concerning the Dodge Program. I think I had better talk about it frankly.

The majority Party was reluctant in accepting the Dodge Program when it was announced last year, but now it is quite earnest in carrying it out because it will bring about the release of economic control which means the beginning of free economy. The program was just parallel with the relieving of the peoples tax burden recommended by Dr. Shoup. What do you think of the Dodge Program?

Mr. Voorhees:

I realize the Dodge Program must be a warm political issue here in Japan, but I also realize it was a great step forward in maintaining confidence of Americans on GARIOA and EROA appropriations. If inflation had gone on as it was before, our people might have felt their money was going down the rat hold. I am just a poor lawyer and I don't know about the

technical

technical merits of the Dodge Program but I do know it was a great factor in obtaining appropriations from Congress. It will also be helpful in building your export trade in the future, because a fluctuating exchange rate and government subsidies would give the impression of unfair competition. While I realize that an austerity program such as the Dodge Program demands must be unfavorable to the voters, it has helped produce dollar aid to Japan. I hope Mr. Dodge will come again to Japan in 2 or 3 months.

The counterpart fund is already appreciated in capital expenditures and it has also proved of great help in obtaining aid from America.

Mr. KOSAKA: (Coalition Democrat)

At your interview on Saturday you said it would be difficult for the Japanese merchant marine to revive. Do you think there would be any difficulties in carrying out our exports on a CIF basis and our imports on a FOB basis, which would be most desirable for Japan?

Mr. Voorhees:

It is important to confine money from the Counterpart Fund to pay for refitting 40 ships to enable to sail high seas, but this is the matter of the future. There exists a legal and political problem involved. That is whether Congress approves to send food and others in foreign bottoms or not.

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According to the laws we have now, they have to be shipped in U.S. bottoms.

If we could put U.S. aid to Japan on the same footing as ECA, we could be able to let half of the goods go in foreign bottoms. I am sympathetic over it and I have had long discussions with General MacArthur on that question.

I also discussed the tourist industry with General MacArthur, and I think it will be a potential invisible export for Japan. You could get a substantial number of tourists over the next three or four years and they would bring a substantial amount of dollars to Japan.

It has been a great honour, privilege and pleasure in meeting you today. If I come again during the winter I hope I can come to see you again in this beautiful building.

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Statement

Mr. Shigeru Yoshida, Premier

Oct.10,1949

Sir:--

Basing on the resolution of the today's joint meeting of the Democratic Party's members of both Houses, we make the following statement:

I. Opposition to the "Rice-Note" System:

We will oppose to the "rice-note" system by the following reasons:

(1) Establishment of the "rice-exchange" necessarily involves the commercial speculation, an increase in intermediate profits and charges, too much decrease in the farmer's initial selling price and improper boost in the consumer's price, all of which would result in unfavorableness for both farmers and consumers.

(2) There is no special measure in taxation respecting to it. Thus, the farmer's desire to sell would not be enhanced and might result in repetition of the failure of the so-called "relatives rice" system (allowance of freedom in selling rice to the farmer's relatives after finishing the obligatory supply of rice).

(3) Unless it accompanies abolition of the system of compulsory supply of key foodstuff other than rice and wheat, it would actually make difficult the operation of demand and supply at the Public Corporation and disturb the control of key foodstuff.

Therefore, we request Government to decidedly enforce the triple-rate purchase of the current "superfluous supply" "over-flowing supply of key foodstuff after finishing the obligatory supply of the predetermined quantity) and to execute a thorough-going reduction in taxation against the superfluous supply.

II. Improvement in the "Blind" Economy and Compensation Losses.

On account of an inconsistent "blind" economy of the present Government, its guidance of adjustment in coversion from the controlled to the free economy is so incompetent that a bulk of losses were incurred on producers and exporters (who had trusted in its guidance) and on national economy. Consequently, Government is requested to perform the following measures as soon as possible:

(1) Instead of the "blind" economy, Government should establish the semiannual and annual project in production and export; to illuminate the range of control and freedom as well as their process measures; to make producers and traders establish the future perspective and the basis of calculation; and thus to resolve the instability and shrinkage of industrial field.

(2) Losses incurred on products (such as coal, potatoes and others) and exported goods owing to improper guidance of Government should be compensated and the relative budget should be incorporated into the "compensatory" budget.

III. Requisition of Additions to the Compensatory Budget.

The initial plan of the compensatory budget of Government has come nearer to our Party's revision plan for the Budget of the Fiscal Year 1949(decided by us on Apr.14,1949), but still leaves some unbalanced points. Therefore, we request for a statement of new items or additions to the amount in connection with the following item:

(A) Additions to items:

1) Cost of rehabilitation of damages due to calamities.

2) Local distribution tax.

3) Establishment of the "six plus three years" middle school.

4) Cost of building residences.

5) Unemployment measures (including an increase in the pension cost).

(B) Statement of new items:

1) New statement of the cost for protect on of the War-sacrificed people.

2) New statement of the cost of measures for the social compensation insurance.

Incidentally, the compensation of the red balance of 5,400 million yen for the Special Account of Demand and Supply of Charcoal necessarily should be re-examined and therefore eliminated from the present compensatory budget.

Yours truly,

The Democratic Party.

Japan's Population Problem and Related Policies

Chapter I. Present Situation of Japan's Population and its Future Prospect.

1. Japan's population as of August 1943 was 80,216,896 in number, which indicated 80% increase against the figure of 1900. And the population density per squre kilometer on Japan's land in 1947 was 213, which indicated the figure somewhat less than that of Belgium and Netherland. However, Japan's area of agrable land is 18% of that of total land against 35% of Belgium and 33% of Netherland; and, thus, the population density against agrable area in Japan is as high as 1,354 in number against 271 of Belgium and 268 of Netherland. Besides, since Japan has no overseas settlement such as in Netherland and Belgium, its population problem is absolutely serious.
2. Postwar population in Japan has been enhanced because of (a) repatriation of overseas Japanese, (b) demobilization en masse, (c) increase in birth-rate due to temporary increase of marriage, and (d) an improvement in death-rate, but it has indicated downward trend since April 1948. Besides, because of beginning of popularization of birth-control idea, the birth-rate seems to become decreased gradually.
3. Suppose the 1953 population would be 87,663 in number to all of whom were given the nourishment of prewar grade.

Then the holdings abroad needed for importation of key foodstuffs would be $548,000,000, which revealed nothing but a suicide of Japan's economy. Therefore we shall maintain to establish the following measures:

Chapter II. Related Countermeasures.

1. Policy of Increasing the Reeding Capcity of Population in Japan:
   (A) Encouragement of manufacturing industries.
   (B) Synthetic development of Hokkaido and the southern Kyushu.
   (C) Development of a movement of self-supply of food-stuffs.
2. Policy of Chechking the Population-Increase:
   (A) Popularization of genuine idea of "impregnation-control".
   (B) Establishment of an institution of guidance of culture and technology for the future emigrants.
   (C) Establishment of villages of Christian emigrants with cooperation of international Christian organizations; or of an "emigrant's land" with cooperation of foreign capital.
   (D) Participation in the movement of developing the world's uncultivated land by the United Nations.

An Opinion of Emigration Policy

Saburo Chiba.

1. On burdens of the people in the United States, now Japanese are living. Relying on the humanism of the occupied Forces, the defeated Japan is scarecely maintaining her life. Are we justified ever to take advantage of this great humanism and unequalied kindness? We say never! As soon as possible we must be economically independent and should not rely on benevolance of other powers.

2. As to policies of economic independence, every measures has been examined or begun to be performed. Its fundamental impedance, however,consists in overpopulation. At the occasion, therefore, of the Party's Grand Meeting on February 8th, 1949, we anounced the counter-measures described on separate sheets, which again we have been making our effort to realize.

3. Emigration problem is not a simple economic problem, but a serious social as well as a "thought" problem. Its solution will give hope and vitality to majority of youngmen and make a healthy nucleus layer of society that would be invincible against propaganda of Communist Party.

4. It is believed that, if the future population of Japan shall be able to be stopped at the grade of 7 millions, not only a peaceful and cultural state would be made inside, but a genuine world peace would come out in international relations too. For Japanese are the very human race endurable of

tropical agriculture which is incapable for the white Europeans. Beyond doubt, industrious Japanese farmers would be able to supply the world's foodstuff in shortage, if the land be available. Full supply of foodstuff to the world's people seems to be the first step to the world's peace.

5. In this meaning, we appeal to establish an International Settlement Company as follows:

(A) It is appealed that, with 10% of the present aid fund to Japan(GALIOA and EROA funds inclusive), the United States shall purchase some lands in southern seas (for instance, Borneo) and establish an International Settlement Company in agreement with other intended powers among allies of the United Nations.

(B) This Settlement Company shall be placed under control of the United Nations, provided that the management of the Company would be made by the Americans who have once resided in Japan since the surrender.

(C) The settled Japanese shall engage in agriculture, provided the settler shall renounce the Japanese nationality and acquire the nationality of residential place.

(D) In such settlements, immigration of other Asians such as Chinese and Koreans shall be prohibited until the settler shall have enjoyed the stability of living.

(E) To attain to the aforementioned purpose, the United States Government or some institutions specified by the former shall establish a Tropical Agricultural Laboratory in southern countries (for instance, Borneo) and shall open a way of research and examination for Japanese agricultural engineers.

Return to Miss Loeb, G.S.

HOUSE OF COUNCILLORS

Fri. July 1st, 1949

List of Names of Qualified Specialits classified
by Standing Committee. H. C.

1. Cabinet. FUJITA, Tomosaku
SUGITA, Shosaburo

2. National Personnel.
KAWASHIMA, Takahiko
KUMANOMIDO, Sadamu

3. Local Administration.
UEHARA, Rokuro
FUKUNAGA, Yoichiro

4. Economic Stabilization.
KUWANO, Hiroshi
WATANABE, Ichiro

5. Attorney General's Office.
IZUMI, Yoshimasa
HASEGAWA, Hiroshi

6. Foreign Affairs.
SAKANISHI, Shio

7. Financial Affairs.
KIMURA, Tsunejiro
SAKAIRI, Chotaro

8. Education. ISHIMARU, Keiji
TAKEUCHI, Toshio

9. Welfare. KIMURA, Sei
KUSAMA, Hiroshi

/10. Commerce and Industry.

10.	Commerce and Industry.	YAMAMOTO, Tomotaro
		HAYASHI, Seiichi
		ODAPASHI, Sadaju
11.	Agriculture and Forstry.	NAGATA, Ryunosuke
		ARAKI, Toshio
12.	Fisheries.	OKA, Takanobu
		HAYASHI, Tatsuma
13.	Transportation.	OKAMOTO, Tadao
		FURUYA, Zensuke
14.	Communication.	GOTO, Ryukichi
15.	Labor.	ISOPE, Iwao
		SUZUKI, Senkichi
16.	Construction.	TAKEI, Atsushi
		KIKUCHI, Shozo
17.	Budget.	NOTSU, Takajiro
		HASEGAWA, Kisaku
		HANAYAMA, Chikayoshi
18.	Audit.	MORI, Shosaburo
19.		HAENO, Shigeru

Return to Miss. Loeb., BS,

House of Representatives

July 1st, 1949.

Qualified Specialists of the Standing Committees

Committee for Cabinet:

KIKEGAWA Hiroshi

OZEKI Akio

Committee for National Personnel:

ABE Saburo

NAKAMIKADO Tsunetami

Committee for Local Administration:

ARIMATSU Noboru

NAGAHASHI Shigeo

Committee for Economic Stabilization:

ENJI Yoshimatsu

KANDA Seijiro

Committee for the Attorney General's Office:

MURA Kyozo

OGI Teiichi

Committee for Foreign Affairs:

SATO Toshindo

MURASE Tadao

Committee for Finance:

KURADA Hisata

SUIKI Fumiya

Committee for Education:

YOKOTA Juemon

MUTO Toshio

Committee for Welfare:

KAWAI Shoichi

HIKICHI Ryotaro

YAMAMOTO Masayo

Committee for Commerce and Industry:

TANIZAKI Akira

OISHI Kazue

KOSHIDA Seishichi

Committee for Agriculture and Forestry:

IWAKUMA Hiroshi

FUJII Shin

Committee for Fishery:

KOYASU Masazo

SAITO Ichiro

Committee for Transportation:

IWAMURA Masaru

TSUTSUMI Masatake

Committee for Communications:

YOSHIDA Hironao

INADA Minoru

Committee for Labor:

HAMAGUCHI Kinichiro

YOKOOJI Shunichi

Committee for Construction:

NISHIKATA Seirin

TANAKA Giichi

Committee for Budget:

KOTAKE Toyoji

KOBAYASHI Ikujiro

Committee for Audit:

OKUBO Tadabumi

OKABAYASHI Kiyohide

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Budget of the Japanese Government for 1947-48 F.Y.

Budget		Date of Enactment
General Account		
1.	Original Budget	March 25, 1947
2.	Supplement or Reised No.1	August 30, 1947
3.	" No.2	October, 6, 1947
4.	" No.3	
5.	" No.4	October, 22, 1947
6.	" No.5	November 1, 1947
7.	" No.6	" 10, 1947
8.	" No.7	" 29, 1947
9.	" No.8	" " "
10.	" No.9	December 5, 1947
11.	" No.10	" 7, 1947
12.	" No.11	" 9, 1947
13.	" No.12.	" 11, 1947
14.	" No.13	
15.	" No.14	February 24, 1948
16.	" No.15	March 20, 1948

Remarks:

1) Ordinary Budget (enacted on March 25, 1947) was promulgated on March 31, 1947 according to the provisions of the old Accounts Law. So it may be seen on the Official Gazette the same date.

2) Supplemental or Revised Budget No. 2 and No. 13 were retreated by the government before its enactment.

MINISTRY OF FINANCE
THE JAPANESE GOVERNMENT

Special Account

Budget		Date of Enactment
1. Original Budget		March 25, 1947
2. Supplement or Revised	No.1	October 22, 1947
3. "	No.2	Nobember 1, 1947
4. "	No.3	" 29, 1947
5. "	No.4	December 5, 1947
6. "	No.5	" 7, 1947
7. "	No.6	" 11, 1947
8. "	No.7	
9. "	No.8	February 24, 1948
10. "	No.9	March 20, 1948
11. "	No.10	" " "

Remarks:

1) Ordinary Budget (enacted on March 25, 1947) was promulgated on March 31, 1947 according to the provisions of the old Accounts Law. So it may be seen on the Official Gazette of the same date.

2) Supplemental or Revised Budget No.7 was retreated by the government before its enactment.

10-1-49

Frank:

Since Mrs. KORA is not representing this Section, and since some embarrassment could easily result from her use of this Section's name, I think it would be unwise to commend her to any M.S. Govt Official or agency.

I think you're right. ZK

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GOVERNMENT SECTION

1 October 1949

MEMORANDUM FOR DR. WILLIAMS

SUBJECT: Request by Councillor Tomi KORA for GS Recommendation to Visit Department of Army, Department of State, and U. S. Congress

1. At 1100 hours on 30 September 1949, Mrs. Tomi KORA, member of the Green Breeze Society in the House of Councillors, called on the undersigned to request that Government Section officially recommend that she be authorized to visit the Department of Army, Department of State, and the United States Congress during the period March - June 1950.

2. Mrs. KORA is scheduled to depart from Japan late in October en-route to India to attend the World Pacifist Society Conference as a delegate sponsored by the Society. At the completion of the Conference, in February 1950, she plans to tour England and France for one month prior to visiting the United States for a four-month study of educational opportunities. She stated that a personal friend in the United States is underwriting the expenses for this portion of the trip, as well as for her return to Japan.

3. Mrs. KORA explained that as a result of conferences in CI&E, Education Division, with Mr. Boone of the Education Specialist Branch, and with Dr. Carley, Dr. Eells, and Miss Hosp of the Higher Education Branch, she has been assured that Dr. Loomis, Chief, Education Division, will recommend that she be authorized to contact the U. S. Department of Education and various educational institutions. She added that she was advised in CI&E to secure Government Section authorization for similar contacts with the Department of Army, Department of State, and the U. S. Congress.

4. In a telephone conversation with Mr. Boone, CI&E, Education Specialist Branch, the undersigned learned that (1) Mrs. KORA has not as yet submitted to CI&E adequate proof of the financial sponsorship she claims to have arranged for in the United States, (2) CI&E, as such, will not make any official recommendation to the Department of Education on Mrs. KORA's behalf, since she is being sponsored by a private individual rather than by a government agency, and (3) individuals within CI&E may, if they desire, write personal letters of recommendation for Mrs. KORA addressed to individuals in educational institutions and agencies in the United States.

5. The undersigned explained to Mrs. KORA that although it is the practice of GHQ to arrange contacts in the United States for only those Japanese nationals sponsored by GHQ, her request for GS recommendation to contact American officials would be brought to the attention of the Division Chief.

Helen Loeb

HELEN LOEB

Highlights of Conversations
Between
Mr. T. Voorhees,
Under-Secretary of the Department of the Army
and
Members of the House of Councillors
on Monday, 12 September, 1949,
in the Salon of the President of the House of Councillors,
Diet Building.

Mr. T. Voorhees,
Under-Secretary of the Department of the Army.

Dr. J. Williams,
Chief of Parliamentary and Political Division G.S. SCAP.

Mr. T. Matsudaira:	Green Breeze Society, President of the House.
Mr. K. Tanaka:	Green Breeze Society, Chairman, Education Committee.
Mr. A. Okamoto:	Green Breeze Society, Chairman, Local Administration Committee.
Mr. H. Takata:	Green Breeze Society, Member, House Management Committee.
Mr. J. Itaya:	Democratic Liberal Party, Chairman, Transportation Committee.
Mr. T. Kurokawa:	Democratic Liberal Party, Chairman, Budget Committee.
Mr. T. Sakurauchi:	Democratic Party, Chairman, Finance Committee.
Mr. S. Kiuchi:	Democratic Party, Member, Finance Committee.
Mr. K. Hatano:	Social Democratic Party, Member, Finance Committee.
Mr. J. Miki:	Social Democratic Party, Member, Local Administration Committee.
Mr. J. Kobayashi:	Secretary General, House of Councillors.
Mr. J. Inagawa:	Chief of the Liaison Section of the Secretariat, House of Councillors.

Mr. T. Matsudaira, President of H.C.:

I would like to say a few words on this happy occasion of talking with our distinguished guest, Mr. Tracy Voorhees, Under-Secretary of the Department of the Army. I do deeply appreciate that our guest is so kind as to make a visit to our House sparing his precious time for us. That Mr. Voorhees has come over to our country for his important mission is very welcome indeed.

I am very happy to say that Japan is marching on for the establishment of a democratic, peaceful, cultural nation from the ashes of the war, thanks to a very generous policy of the United States Government. Taking this opportunity, I would like to convey to Mr. Voorhees my impression that the Japanese people are firmly determined to achieve the reconstruction of the nation by their concentrated efforts, though there are difficulties facing us before our great end can be achieved. In this connection, assistances given us by the United States since the beginning of the occupation have greatly relieved our difficulties, for which we are profoundly thankful.

At the present time, the Diet is in adjournment and only a small number of Councillors are staying in Tokyo. As time reserved for this meeting is short and problems we would talk about may be varied, I would like the conference started with no loss of time. So, Mr. Secretary, if you would have something you would feel to state, we would like to have it first. Then, I request my colleagues

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to state their views and observations on various problems of Japan.

I hope my colleagues make brief, outlined statements, because time is so short and we would like to make most of this rare, welcome opportunity.

Mr. T. Voorhees, Under-Secretary of the Department of the Army:

I have no prepared statement to make, no formal statement at all. I have come here informally. Trust me as a friend of Japan, doing all I can for the recovery of the great nation. I trust that although Japan lost in war, she is winning in peace. I hold respect to the people of Japan and its leaders.

It was my privilege for the past three years to work for receiving appropriations from the United States Congress for food-stuffs and industrial rehabilitation necessary to keep the Japanese people alive, though I was not appointed as your attorney. It was my privilege and duty to use the appropriations in an effective way in the form of food-stuffs and necessary materials with the objective of giving the Japanese people strength and health and reconstructing this country from the ashes of the war. Through all the duties I have been assigned in my whole life, never before has there been such a great opportunity of participating, even in a small way, in this great post-war task of the United States.

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It is our objective to establish peace for all time and a better world beneficial both to the United States and the Japanese. I am proud of that.

After four years since the end of the war, a remarkable recovery has been made under the industrious leadership of the people. It is worthwhile to note that Japan is on march toward peace and the protection of freedom and dignity of the individual. We do not intend to dictate. Democracy is not the end but a means to achieve the end. The end is the protection of the individual and its freedoms.

We seek only world peace. We are your friends and I hope you are our friend. It is a great thing that the United States Army which fought Japan in time of war is deeply concerned in building it up through the supply of food-stuffs and necessary materials and the economic assistence, with the aim of establishing a self-supporting nation. It is curious, but it is a fact. The Pentagon, which was built to fight Japan and Germany, is being used for planning to save them. I am not going to talk about religion, as I do not know much about it. But, if there is religion in the world - and I believe there is - actions of the United States which I mentioned previously are somewhat near the essence of the religion, I believe.

My principal impression of Japan I am visiting is that there is an apparent, inherent friendship among

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the people toward us. I believe so. At the same time, there is understanding, and friendship on the part of Americans here toward the Japanese. Particularly, General MacArthur understands the Japanese and is friendly, giving help to them.

I am grateful to you for meeting with me today. I appreciate that you have spared your time for this occasion. I wish you understand basic objectives of the United States. It is necessary to understand them.

This is my first visit to Japan. I hope it will not be the last one. After I accepted appointment as Under-Secretary of the Army, I made arragements with the Secretary of the Army and came here to obtain better understanding of conditions here with the aim of supporting General Mac-Arthur in his work. I hope that contacts between General MacArthur's staff and my staff in Washington will be informal, reducing paper work, red tape, cables and others. I hope to visit your country again coming winter. I wish to have first hand knowledge of matters I am going to handle.

Mr. J. Itaya:

I have many things in my mind to which I would like to draw your attention, Mr. Secretary. As time is limited, however, I should like to convey you only the outline of my statements on a few problems.

It is reported from Washington that talks on peace treaty with Japan are progressing between the United States and Great Britain despite the attitude the Soviet Union

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might take. In case the settlement of peace is made, however, the maritime defense of Japan would become very important as well as delicate. Up to now, the number of Japanese fishing vessels seized or detained by the Soviet Union, China and Korea amounts to 101. Not infrequently, piracy of smuggling is committed by strange vessels equipped with machine-guns or heavy guns. The Soviet Union, particularly, demands the payment of $500 per vessel as fine in addition to expenses for food etc. on Japanese vessels seized on the ground of crossing territorial waters. So far, 35 Japanese vessels were seized in Soviet region, of which 13 are still being detained.

Secondly, on the sea area along the coast of Japan the so-called "MacArthur Line" is drawn, the line beyond which Japanese vessels are not permitted to navigate. Sometimes, however, the line is drawn so close to the coast that the navigation from port to port in Hokkaido is very inconvenient, because vessels are required to make a terrible detour. In addition, fishing on this side of the Line is hardly possible.

Thirdly, it is very important to maintain a balance in the national finance. To the end, however, a rough sum of $300 million would have to be earned through the shipping, tousist industry and sendings from emigrants overseas. As for the recovery of the shipping terribly hit by the war, it is requested that part of the expenses for constructing new ships be met with the U.S. Aid Counterpart Fund. We

have least intention of competing with foreign ships. Your kind consideration is requested on carrying export trade in Japanese bottoms.

Mr. T. Voorhees, Under-Secretary:

The "MacAuthur Line" is out of my jurisdiction. I do not know about it. There is no comment.

The shipping question may be considered in two ways, short-rage and long-range.

First, the short-range consideration. I have learned that four ships are trans-oceanic. And forty ships could navigate somehow or other to the world. Whether it is reasonable to meet the expenses for constructing new ships with the U.S. Aid Counterpart Fund is a matter left to the decision of the United States and the SCAP. I state only what I personally hold. My remark on this matter is entirely personal one.

So, personally speaking, what may be practically done is the repairing of the forty ships I mentioned previously, thereby refitting them as trans-oceanic ships. There are, I learn, no idle ships at the present moment apart from some small coastal ships which I am not talking about. So, with the repaired forty ships and the existing four ships, you will have forty-four ships. Then, you will have the foundation of the shipping. As a matter of fact, it takes long time to construct new ships through the Counterpart Fund.

Now,

Now, about the long-range consideration. I do not know as much as you do on this. General MacArthur knows very well.

As an immediate problem, there are difficulties with regard to U.S. law and its interpretations. World army cargoes are carried in U.S. bottoms. In the case of military cargoes, the provision is applicable. But, this matter is very complicated. When we had longshoremen's strike on the Pacific and the Atlantic Coast we tried to settle the issue, but we could not succeed in it. This is insoluble for the present time. In the European Cooperation Administration Statute, for instance, there is a provision that 50 per cent of the U.S. aid cargoes must be carried in U.S. bottoms. This provision is not, however, applicable to cargoes for Japan. After all, legal questions are complicated in this particular problem.

Suppose the repairing program and reconstruction program for the shipping progress, we shall have many other problems to tackle, too.

First is the labor problem. If Japanese ships handle cargoes instead of U.S. ships which hitherto engaged in the work, crews of the latter would have less work to do. Then, the longshoremen would have sympathy in crews of those U.S. ships. So, resistance from those two groups is anticipated.

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I talked with the SCAP on the aid cargoes lately. On an average, 53 voyages per month are necessary for shipment of U.S. food-stuffs to Japan. One third of those, that is, from 18 to 20 voyages are made from ports other than the United States. At these ports, there is no labor trouble which may be anticipated in the United States. As regards legal questions which I raised previously, I think they might be possibly settled in some way or other. Japanese ships might possibly try to go to the Gulf Coast or to Los Angeles, California. There, there may be no labor trouble.

We shall have to think then about the flag Japanese ships hoist. We shall have to make flag arrangement for General MacArthur. By such an arrangement, Japanese ships hoisting General MacArthur's flag might be treated as SCAP ships and there may be no resistance from longshormen or crews, which I mentioned previously.

On this flag question I talked with Mr. Herbert Hoover, ex-president of the United States. He told me then that Hoover Flag was hoisted for Belgian cargoes in the World War No. 1. So, MacArthur Flag might possibly be hoisted for Japanese cargoes.

Mr. K. Hatano:

I should like to draw Mr. Secretary's attention to three points.

First, for some time in the past it was rumored that the U.S. Occupational Forces might leave Japan, which caused unrest among the Japanese people. Such rumors were subsequently denied in Washington in a categorical form. However, I have the impression that the denial has not yet reached the people in a very thorough way. That such rumors are still rampant is helping, as a matter of fact, communistic influences. I wish Mr. Secretary keeps this in mind.

Secondly, I would like to touch very briefly upon the emigration problem. I think emigration is important as part of the population problem of Japan as well as from the standpoint of invisible trade. I request Mr. Secretary to bear this in mind.

Thirdly, the Diet-men's living is extremely straitened. I request Mr. Secretary to give kind consideration to raising the amount of annual compensation for the Diet-members.

Mr. T. Voorhees, Under-Secretary:

There is a French proverb which says that it is not displeasing to see those one knows in trouble. The United States Congress is in session now. And one bill which would not be passed most surely is the one for raising the salaries of Army personnel and enlisted men. Also, a bill for increasing the salaries of the Secretary, the Under-Secretary and the Assistant-Secretary would not pass the Congress. I may have sympathy in your problem, though.

Concerning

Concerning the rumor that the U.S. Army might eventually leave Japan, I interpret that you hold anxiety over the matter. I can say that there will be no change. Civilian personnel would be reduced. But, as far as combat strength is concerned, there is no change. I read an excerpt from my statement I made last Saturday: "There is no change in contemplation in the combat strength in Japan." So, as we often say in Brooklyn, just relax yourself.

Now with regard to the invisible trade, the shipping has a part, but the tourist industry has also a part. Before my arrival here, speculative articles were mentioned in the press in connection with my visit to Japan. Papers carried as if ~~my~~ the primary objective of my visit concerned the tourist industry. It is only a minor incident in all phases of my visit to Japan, though.

I talked with the Prime Minister about the tourist business. Japan can earn millions of dollars if an extensive tourist trade is made. One thing we have to consider for develpping the tourist industry is the hotel accomodations. I learn that about 3,000 hotels are opening up, removing restrictions placed on them.

Next, we have to consider the time element. It takes long time. For the present time, crewship goes to Hawaii. If it were extended to Japan and possibly to the Philippines, then it is one step made further. Summer vacation is not long in U.S. Time is not enough to come here during summer

vacation.

vacation. In addition, it is expensive to make a trip here. You may imagine that Americans are rich. But, they are not any more so rich as two, three years ago.

Whatever problems there may be before the tourist industry can be developed, I think it earns a big amount of revenue over long years.

Well, I have been looking the Diet Building from outside and today I saw its inside for the first time. I admired it from outside, but now I admire it more. Yours is a splendid building and I am very glad that you are better off now. In our congress in Washington, the roofs of the Capitol are in terrible conditions. So, the Senate moved to the Supreme Court and the House of Representatives is using the caucus room of the House Office Building. I think the reconstruction of the Capitol takes a long time. Carpet in our Congress is torn, too. I congratulate you on your beautiful building.

One thing that impresses me here is that you are in adjournment in summer. I think you have made an advance in this respect. You could send instructions from the Diet to the United States Congress that it be adjourned in summer. Our Congress is still sitting.

When I come next time to Japan, I wish to see you again informally. I hope to see the proceeding in the chamber from the gallery.

As you know, I had an interview with the newspapermen last Saturday. I was talking about the appropriations for Japan, I was explaining about the Army appropriations for GARIOA and EROA. I took it for granted that

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the Japanese newspapermen knew what GARIOA and EROA were. But, they did not know. So, I began to explain them to those pressmen. And in explaining I was confused and said a slang used for Government bureaucrats instead of saying GARIOA. I hope you would not use such slang.

I think our objectives are the same. We have no differences between us. I will give best that is in me to achieve our objectives. I believe you will win in peace. And when you win we will win in peace. I repeat to say that I hold respect to the Japanese and its leaders.

Before long, the Army appropriations for GARIOA and EROA will pass the Congress. Those appropriations are paid by U.S. taxpayers. At one time I was worried about to ask them sacrifices. I doubted myself whether it is just to demand the burden. But, I believe the objective is just and right. This is a most effective measure to maintain world peace which can not be done otherwise. This is a bi-partisan measure and there is no fight about it between the two parties. President Truman courageously recommended the Congress to pass the appropriations. I repeat to say that the measures for helping Japan are non-partisan. It is not because of my efforts that the appropriations are made available. The greatest thing is that the President support them, the Congress supports them, and Mr. Hoover, former President, supports them. As long as the United States has responsibility on the occupied areas, the people there are properly fed. I had once requested Mr. Hoover to testify for such measures. I received a most encouraging support from him. During the time when the Republican Party controlled

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the Congress we received a large amount of appropriations for the occupied areas. From 1946 to date appropriations for occupied areas amount to in the neighborhood of four billion dollars. Such a huge amount of appropriations has been made for the aid of the occupied areas so that those countries may become self-supporting.

So, when I am engaged in the work of appropriations for the occupied areas, I neglect my personal life.

In 1948, Germany was visited by drought. Corn shortage ensued, then wheat shortage.

At the request of the Under-Secretary of the Army. I worked hard for increased shipments of food-stuffs. For three weeks I completely neglected my mother. She is 89 years old and lives in New York. I should get touch with her sometimes, but I had tremendous works to do and made no touch at all. So, after I settled my works I went to my mother's and said, "Mother, Excuse me for neglecting you for a long time." Mother said, " It's all right, son." Then I said to her, "Mother, I am spending a lot every day." She said, "How much?" "Well, it's over $11 million every day," I answered. She told me then, "Spend it."

September 12th, 1949.

Gist of Informal Conversation between Mr. Tracy S.Voorhees and Members of Japanese House of Representatives

(from 1:45 to 3:00 on Monday, Sept. 12th, 1949)

Mr. Voorhees:

I came as a friend of Japan to see Japan in her efforts to reestablish herself as a great nation and to establish the welfare and respect and dignity of individuals through democratic processes. I have had the opportunity and the privilege of representing the United States Army for three years in seeking from Congress the funds necessary for feeding Japan to restore a decent diet to the people of Japan. I hope at least to maintain the rations of food as they are at present since the raise in last November, and to maintain our program for feeding children in Japan. Since I have been here, a decision has been made for which we don't wish to have too much publicity. Retroactive to July 1st 1949 the entire children's feeding program will be a gift to Japan, which will not be charged against Japan in the Peace Treaty. Some 6,000,000 to 6,500,000 children will be provided with protein food including 36,000 tons of powdered and skimmed milk, of which a little will be allocated to the sick to help make sound bodies. I am intensely proud of this decision as an American, which is similar with Mr. Hoover's plan in Germany. I have made inquiry of General Sams on the children's feeding program

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and he said it has resulted in an increased height and weight of Japanese children. I know you will take this not so much as an objective thing of so many tons but rather as a spiritual gift from the American people. This decision developed because we found in the same program in Germany that many children couldn't get the food because they couldn't pay for it. President Truman especially wishes not to give any highlight publicity to this decision because it would look like American propaganda, and we wish to avoid anything of the nature of propaganda.

I am very much honoured and happy to hear that this meeting was arranged at your invitation and not through G.H.Q.

I've admired your beautiful Diet building from a distance, but this is the first time I've seen the beautiful interior. I wish we had a building in the same condition for our Congress. Our Senate roof is falling in and our House of Representatives is propped up with steel braces, so the Senators had to move to a little room known as the Supreme Court room, and H.R. is now using a caucus room in the House Office Building. I see you have no such problems in this beautiful building. Last fall a campaign was conducted to decide the next person to live in White House but the White House is also so detoriated and needs repair that it will be one or two years before President Truman will be able to live there again.

I have been asked what was my principal impression on my first visit to Japan. I replied that my most striking impression was the friendliness of the Japanese people and

officials

officials to us here, which I take as genuine friendship towards the sincere attempts to be of use to the Japanese people on the part of all our American personnel and especially General MacArthur.

I had an amusing little experience with the press on Saturday. I was talking of the two appropriations of the Army for aid to Japan, but I thought the Japanese pressmen wouldn't know the words GARIOA and EROA which I explained as Washington "Goobledegook" meaning bureaucratic languages in slang. This created quite a furor among the correspondents as they knew GARIOA and EROA but wanted to know what "Goobledegook" meant!

Speaker SHIDEHARA:

It always seems to me that your most generous act to Japan is General MacArthur's Lend Lease Act, so to speak, without which we may not be able to clear our old house to reconstruct it. We are indeed very grateful to General MacArthur for everything he has done to Japan and everybody throughout the country knows his name.

Mr. Voorhees:

In response to the Speaker's statement I wish to say that the Army is very proud to have a representative like General MacArthur. He holds the highest ranking office in service and he will be surely recorded in history for his great work during the war and still more his work for peace. I am happy that you feel as we do about him.

Mr. TOMABECHI:

Mr. TOMABECHI: (Non-coalition Democrat)

We appreciate very much for your generous attitude toward Japan. At your press conference on Saturday you said that the GARIOA and EROA funds would be reduced by twenty percent for next year. Does this mean a fixed ratio of 20 percent or does it mean that the funds for the year after next will be reduced another 20 percent from next year?

Mr. Voorhees:

There will be no fixed ratio. When I said "this year" I meant the present fiscal year from July 1st, 1949 to June 30, 1950. Though the appropriations have not been finally passed, 470,000,000 dollars are to be appropriated for this fiscal year, of which 20 to 30 million dollars will be for the Ryukyus. When I said "next year" I meant the next fiscal year from July 1st, 1950 to June 30, 1951. The 20 percent reduction is merely my own guess which I based not upon any gift of prophecy, but is the best estimate I could make. We have passed our post-war peak in internal programs as well as foreign aid programs and our tax revenues will be substantially reduced. I also considered that economic recovery of Japan would permit a substantial reduction without imperiling the program. As I was asked whether there would be a sudden cut off in appropriations for aid to Japan, I said I did not think so but that there would be progressive reduction in their amount.

My position was rather curious in the sense that I've been your attorney to Congress in obtaining 1,9 billion dollars over 4 years although I am not working on the 5% basis in Washington, and from my experience persuading Congress to appropriate this vast sum I can form some estimate of what they will do in the future. Substantial progressive reductions will probably be the program of the day. Perhaps I shouldn't have tried to guess any definite figure but I thought it might be of some use to Japan.

Speaker SHIDEHARA:

Can you tell me when the 2 appropriations will be finally passed in Congress?

Mr. Voorhees:

As I told you before, I was born without any gift of prophecy and as a former ambassador you will better interprete it.

The House of Representatives passed it and the Senate also passed it in a slightly different form. The next step is to reach an agreement in a joint conference of the two Houses, which would be possible in 15 minutes. But the trouble is that these two appropriations are included in the same bill as ECA for ERP, concerning which enormous difference of opinion exists in Congress; therefore the conferees were not

able

able to agree, and as the Senate was far behind of the House of Representatives the House went into recess. It is very clear that these differences will be solved in the next 2 or 3 weeks when the House meets again. In the meantime I am not troubled about it as an authorization was given to proceed with expenditures. So you may not need to worry.

Mr. KURIYAMA: (Democratic Liberal)

I guess you have heard a confession from the Prime Minister or Cabinet members concerning the Dodge Program. I think I had better talk about it frankly.

The majority Party was reluctant in accepting the Dodge Program when it was announced last year, but now it is quite earnest in carrying it out because it will bring about the release of economic control which means the beginning of free economy. The program was just parallel with the relieving of the peoples tax burden recommended by Dr. Shoup. What do you think of the Dodge Program?

Mr. Voorhees:

I realize the Dodge Program must be a warm political issue here in Japan, but I also realize it was a great step forward in maintaining confidence of Americans on GARIOA and EROA appropriations. If inflation had gone on as it was before, our people might have felt their money was going down the rat hold. I am just a poor lawyer and I don't know about the

technical

technical merits of the Dodge Program but I do know it was a great factor in obtaining appropriations from Congress. It will also be helpful in building your export trade in the future, because a fluctuating exchange rate and government subsidies would give the impression of unfair competition. While I realize that an austerity program such as the Dodge Program demands must be unfavorable to the voters, it has helped produce dollar aid to Japan. I hope Mr. Dodge will come again to Japan in 2 or 3 months.

The counterpart fund is already appreciated in capital expenditures and it has also proved of great help in obtaining aid from America.

Mr. KOSAKA: (Coalition Democrat)

At your interview on Saturday you said it would be difficult for the Japanese merchant marine to revive. Do you think there would be any difficulties in carrying out our exports on a CIF basis and our imports on a FOB basis, which would be most desirable for Japan?

Mr. Voorhees:

It is important to confine money from the Counterpart Fund to pay for refitting 40 ships to enable to sail High seas, but this is the matter of the future. There exists a legal and political problem involved. That is whether Congress approves to send food and others in foreign bottoms or not.

According to the laws we have now, they have to be shipped in U.S. bottoms.

If we could put U.S. aid to Japan on the same footing as ECA, we could be able to let half of the goods go in foreign bottoms. I am sympathetic over it and I have had long discussions with General MacArthur on that question.

I also discussed the tourist industry with General MacArthur, and I think it will be a potential invisible export for Japan. You could get a substantial number of tourists over the next three or four years and they would bring a substantial amount of dollars to Japan.

It has been a great honour, privilege and pleasure in meeting you today. If I come again during the winter I hope I can come to see you again in this beautiful building.

Williams

August 11, 1949.

Dear Brig. Gen. Courtney Whitney:

We are in high appreciation of the role which the Illegal Property Transaction Investigation Committee played in uncovering underhand dealings by Japanese politicians and thus in purifying our political circles. It was for this reason that the Communists gave full support to and took an active part in the same committee. We believe that you share the opinion of the people favoring the continuation of the committee.

1) However, after the formation of the Yoshida government, the Democratic Liberals planned to liquidate the function of the committee to uncover clandestine transactions and to convert it into a sort of "Un-Japanese Activities Probe Committee." Fortunately their plot was frustrated in the face of strong opposition and public criticisms against the plan. When the Examination Co mittee was set up, its activities were divided among the fields of its workiinc the following proportions.

a) Investigation of illegal property transactions; 60%.

b) Investigation of actions giving evil influences to Japan's reconstruction; 30%.

c) Official commendation of deeds rendering services to the reconstruction of this country; 10%.

2) In utter disregard of these pre-arranged proportions, out of seven cases so far taken up by the committee, five are those falling under the category b).

a)Scandal cases of tax collectors of the Urawa and Nakano Tax Collection Offices;

b) Illegal disposal of materials of the State railroads;

c) The case of unregistered paddy fields in Ishikawa Pref.

d) Resolution adipted by the State Railway Union's Central Committee at Atami;

e) The State Railway Tram Strike Case;

f) The Taira case;

g) The Nikko workers case in Hiroshima.

All the cases from c) to g) taken up by the committee for investigation as "actions prejudicial to the reconstruction of Japan" concern mass movement of trade unions and other democratic organizations. However, investigation of the cases of unpaid wages and of undue quotas of rice delivery proposed by our Party is being shelved by the committee.

3) The Democratic Liberals are out to turn the committee into an Un-Japanese committee. This is evident from the following facts:

a) On June 16, Mr. Hirokawa of the Democratic Libe al Party declared that the students' strike and the State railway workers work stoppage were Communist-inspired and expressed his determination to make the Examination Committee expose and crush these "Communist plots."

b) Mr. Terusaburo Myorei, former Democratic Liberal representative, was made chief of the secret riat of the Examination Committee. Fifteen members of the secretariat who had worked for the Illegal Property Transaction Probe Committee were fined to be replaced by Democratic Liberals.

c) The Democratic Liberals attempted to give the post of the chief of the third department of the committee to Mr.

Shunichi Yokooji, who has a war crime record as former chief of the Special High Police Section and of the Police Section. But, this time too, their attempt was frustrated as our Party strongly opposed his appointment.

d) Even before the question was not settled as to wheth r or not to probe into the State railway strike case, the Democratic Liberals had dispached investigators to conduct a preliminary examination of the case. In examining the case of the unregistered paddy fields in Ishikawa Prefecture, not only did the fact-finding investigators conduct one-sided investigation but also did they engage in anti-Communist activities.

4) The management of the committee proceedings has been made in an arbitrary way in disregard of the decisions and agreement made by the Steering Committee, especially in preparing reports of investigation and in deciding items of questions to witnesses.

5) Witnesses and questions are so selected as to frame the Communists in a planful plot of "violent revolution." Such questions are asked to witnesses as would deprive them of the freedom of political advocacy and activities and deny them the freedom of labor movement.

a) Mr. Ichizo Suzuki, vice-Chairman of the Central Committee of the State Railway Workers Union, was made to take the witness stand for seven hours from two to nine in the evening. Mr. Tadao Inoue of the State Railway Union was imprisoned in the waiting room for witnesses for nine hours from noon to nine in the evening and was made to testify at night.

b) The following questions which have nothing to do with the case wereput to Mr. Suzuki: "What activities do you engage in to achieve a Communist revolution?" "What position do you occupy in the Party and on what guiding principle is your cell working?" The following are also among the questions put to witnesses for the State Railway Tram strike: "How nany Communists are there?" "Who is responsible for the cell?" "How do you maintain contacts?" Mr. Seiji Tanaka, chairman of the Kanagawa Prefectural Council of trade unions, was ordered to retire when he answered a question put to him by asking if he had to answer when spying on the contents of labor movement is forbidden by the 16-point principle of the Far Eastern Commission on Japanese labor movement. He was later prosecuted on charge of refusal to testify and of perjury.

As is evident from what is stated above, there is a danger of the Examination Committee being utilized for political designs of the Democratic Liberals and of its original functions being sabotaged. We believe that such a situation in which the committee finds itself today is against the original aims for which the committee was established. Therefore, we desire that the present conditions of the committee be remedied under your guidance.

Yours truly

神山茂夫

K. Kikunami

Shigeo Kamiyama
Katsumi Kikunami,
Communist members of the Examination Committee.

P.S. Just when we had finished our letter, the following incident took place at the session of the Examination Committee of August 8, which made us walk out of the session room,

1) One of the Democratic Liberal members of the Committee called Communists by the name of "gorotsuki."

2) On August 5, we pointed out that the committee proceedings had been carried on without forming a quorum and desired that this situation should be remedied. But, the session of the Committee on the 8th was also opened without forming a quorum.

3) The committee proceedings were conducted in utter disregard of the agreement reached at the Steering Committee to close the proceedings by five in the evening not to make Diet members work overtime.

4) Questionings to witnesses were brought to a close halfway by voting to suppress our questionings. Unable to tolerate this unjustifiably arbitrary action by the Democratic Liberals, we are obliged to walk out of the session room.

5) In order to make a quorum present, the Democratic Liberals called other Democratic Liberals who are not members of the Examination Committee, and continued the proceedings until nine P.M. with Democratic Liberals only attending the Committee, to finish the day's schedule.

The above facts are not at all accidental as the Democratic liberals are utilizing the Examination Committee originally created as a non-partisan organ, for their own political ends.

National Diet

June 10, 1949

Dr. Shoup:

We, the undersigned, have the honor to inform you that the fisheries Committees of both Houses have resolved as mentioned in the attached paper with reference to the reform of fisheries taxation system, for which your favorable consideration is requested.

Respectfully,

Tetsuo Kinoshita	Enkichi Ishihara
Chairman	Chairman
Fisheries Committee	Fisheries Committee
House of Councillors	House of Representatives

Copy: to SCAP
SEE
NRS

Request for Reform of Fisheries Taxation System

The damages which the last war inflicted upon the fisheries in this country were severer than those on other industries. The rehabilitation is, however, under way through the good offices of the SCAP. Because there are the varieties and peculialities in this field, the actual situation is too difficult to be grasped. The investigations conducted by the authorities concerned have also been unsatisfactory. The Fisheries Taxation System, therefore, has not been established but the imposition of tax has been irrational as well as inappropriate. The thorough reform is desired in the following items of taxes:

National Tax

I. Income Tax (This tax has been levied on the income amount at the progressive rate which ranges from 20% to 85%.)

It is requested that the income amount would be determined on the basis of the reduction of the losses caused by the poor catch in the preceding year or be decided by taking into account the income and outgo in the past three years with the knowledge from these characteristics.

Reasons:

Inasmuch as the fisheries are most likely to be controlled by the natural force, the catches suffer changes every year. If, therefore, the loss in the year when there is a poor catch becomes the debts and the total income amount in the year of good haul is taxed at the gradual rate, the fishing industry will undergo great hardships because of the accumulative losses in the poor years.

II. Commodity Tax (The processing of dried laver is deemed one of the manufacturing industries and the tax equal to its price is levied on the fisherman.)

This tax is to be abolished, because the dried-laver-making is not in the scope of the manufacturing industry.

Reasons:

(1) The processing of the dried laver is different from that in manufacturing other goods. The small fisherman collects the lavers in the sea in the winter time cuts in pieces, and dries them. They are not suitable either for storing or marketing without the above process. This product, therefor, belongs to the primitive industry.

(2) The dried laver essential to the Japanese people as the aliment is not always one of the luxurious foods.

(3) The toasted or seasoned lavers may be subject to the commodity tax, but the fishing product in the real sense of the world is not appropriate for the object of that tax.

Local Tax

1. Business Tax (5% of the income amount has been the prefectural tax, and city town and village surtax respectively.)

(1) The second-class business tax, that is, the tax on the primitive industry should be completely abolished.

(2) If the above is impossible, the income amount is to be determined in the same manner as in the case of the imposition of national tax.
(The reason is similar to that in the national tax.)
The fish collected under the economic control should not come under the standard of tax, as in the case of staple food.

Reasons:
(1) The fish, especially those eaten by the public, which are under the strict control as rice, wheat, sweet potato, etc. sell with a small profit at the low official prices.
(2) These fish have the same position as rice, wheat etc. which are not subject to the business tax, so that they should be treated in the same manner.

II. Vessel Tax and Ship Tax.
(The vessels over 20 tons are, in case of acquisition, levied 10% prefectural tax and 10% city, town and village surtax. In addition, the tax is assessed every year if the vessels are possessed, the rate of which is fixed by the prefectural regulation. The ship tax is the independent one levied by the city, town and village administrations who establish its rate.)
(As for the imposition of vessel tax, the rate of tax on acquisition of vessel is at the progressive rate on the basis of understanding between the Local Finance Committee and the Transportation Ministry - 2% on the vessels over 3,000 tons to 10% on those of 100 tons or less. The tax on its possession is also gradual in the rate. The fishing boats are mostly under 100 tons, so that the taxes thereon are heavy.)
The fishing boat, therefore, is to be exempted from the vessel tax and ship tax.

Reasons:

Like the agricultural instruments in agriculture and the plants and machinary in industry, the fishing boat is among the productive goods. The abolition of this tax, therefore, is desired.

III. Tax on Fishing Right
(Those who have obtained the permission or license for the fishing right must pay the prefectural tax and city, town and village surtax in case of the acquisition and possession of vessels. The standard and rate of tax are determined at the discretion of prefectural authorities.)
This tax should be adjusted.

Reasons:
The tax is assessed in diverse rate by the Prefecture. It is necessary that this tax is coordinated and regulated.

August 9, 1949.

Desires to Dr. Carl S. Shoup's Investigation Mission

The Standing Committee
for Local Administration,
the House of Representatives.

The local finance of our country is at present in a condition to be deeply worried over. It is in a word in the most direful destitution.

The chief cause for this straitened condition of local finance, we should think, can be explained in this way. Due to the former centralization trend of our politics, the most advantageous sources of revenues were preferentially taken up by the National Treasury with only the extremely poor independent revenue sources left for the local entities. Even at present this state of things is still left unimproved with the result that the local entities are obliged to depend financially upon the central government to a great extent, and their autonomy is nothing but nominal. On the other hand the State entrusts the legal entities with a number of affairs to deal with to such a degree that the affairs which properly fall under the jurisdiction of the Metropolitan, Hokkaido or Prefectural governments occupy only 20 per

cent while the matters commissioned by the State reach 80 per cent. For all that, expenses adequate and sufficient for coping with such tasks are not at all provided to the local entities.

Local distribution taxes and independent taxes, both constituting sources of revenue for local finance, are in a large proportion obligatory duties based upon national plans and necessary expenditures to maintain the existence of the prefectures, so there are no financial sources that can be applied freely at the initiative of the local entities themselves.

However, a great deal of money is required for rehabilitation of war devastation and for restoration of damages from frequent natural calamities, and for various other post-war plans-for instance, the 6-3-3 educational system, the autonomous police system, the fire prevention system, and other projects for the people's livelihood and welfare.

In addition, rising commodity prices and the sudden increase in personnel expenditures have made the local finances more and more difficult to be managed.

Particularly in this fiscal year on the revenue side, the local distribution taxes, a great financial source for the local entities, were sharply cut down, and the amount of loans to be floated was forced to be curtailed.

Of course this is an effect of plans for establishing a sound national finance, based upon execution of the Nine-Point Economic Principles, and may be said to be unavoidable for the sake of economic rehabilitation, but it is a great blow to the local districts which are already facing difficulties in obtaining financial sources, even without such handicaps. The only way out of these difficulties is more taxes on the local residents, but what with local taxes having already reached or surpassed the limits of the tax-paying capacity of the local people, while various contributions are being sought in spite of taxation in excess and collection of independent taxes other than legal taxes, it is next to impossible to increase taxes sharply any more. On the other hand, even if personnel retrenchment and curtailment of consumptions be carried out, a one year budget cannot be compiled with bright hopes for stabilization during the current fiscal year. Such is the actual state of affairs in the local districts.

The above-mentioned facts are almost identical, both in the prefectures and in the cities, towns and villages, and if these conditions continue as they are, local finance will only have to be lead to sheer destruction.

For the above reasons, in order to cope with the present straitened local finance we desire that full considerations be given at this juncture at least to the following points for bringing about a speedy improvement on this state of things.

1. The Law concerning Exceptions to the Local Distribution Tax Law should be speedily abolished and observance of the principles of the distribution rate in the original law be restored.

2. The restriction of the amount of local debentures to be floated should be alleviated in order to meet expenses for calamity rehabilitation and public works in line with the present condition of local finance.

3. With reference to the matters commissioned to the local entities by the State, ample financial measures should be provided to such entieies.

4. Local revenue sources and especially those of an elastic character should be expanded and replenished.

5. Plans should be formulated for reduction in the national as well as local taxes and for a fair and just incidence thereof.

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In addition, rising commodity prices and the sudden increase in personnel expenditures have made the local finances more and more difficult to be managed.

Particularly in this fiscal year on the revenue side, the local distribution taxes, a great financial source for the local entities, were sharply cut down, and the amount of loans to be floated was forced to be curtailed.

Intermediate Report on the correction of English translations of Laws passed by the 5th Diet

August 5, 1949

1. Establishment of Translation Review Council

Translation Review Council de facto was set up in my Section, the Legislative Affairs Section. Its standing members are myself, Mr. Fujiyama of my Section, representatives of Management Agency and of Attorney-General's Office and its ordinary members are the officials in charge of translation of various Ministries and Agencies. This Council started activities some six weeks ago and will continue to be active in so far as the English translation of Laws and Orders is required.

2. Review of Laws of Establishment of Various Governmental Organs.

The Translation Review Council completed by August 4 the review of all the Laws related to Governmental Organs Establishment which are more than 20 in number. Those corrected translations of the laws will be published in the English Official Gazette soon.

3. Other Laws

Besides above, at least two out of laws of each

Ministry ~~or Agency~~ Agency - ten of laws of Finance Ministry ~~or Agency~~ - have been reviewed and points to be corrected in those reviewed laws have been suggested to the Ministry or Agency concerned. As my Section is too shorthanded to review all the laws totaling more than 200, it is the aim of my Section to let those reviewed laws to serve as examples for the correction of other laws to be carried out by each Ministry or Agency concerned. The only thing left to my Section now is to urge each Ministry or Agency to expedite the review of other laws and, when it is completed, to double-check it. My Section does not expect this job an easy one.

4. Collection of translation examples.

In order to eliminate wrong or disorderly translation and to help make the translation of laws easier for various Governmental Organs, I thought of compiling a Collection of Translation Examples. The collection has been made during the course of reviewing, and shall be printed by the middle of this month in order to distribute it to Various Ministries and Agencies before they start translation of law drafts for the 6th Diet. The Collection shall continue to be elaborated until it becomes satisfactory.

5. Other steps taken or to be taken.

In order to ensure the accuracy of English translation of law drafts to be submitted for the 6th Diet, my Section warned, through Vice Minister for Foreign Affairs, all Vice Ministers at the Vice Ministers Conference on August 1 that draft laws shall never be submitted to your Division in case the English translation of them is unsatisfactory and such drafts shall be returned to the Ministry or Agency concerned for correction and that no correction of those drafts already submitted to your Division shall be permitted by your Division unless alterations are initiated by the GHQ Section or by the Diet - the usage established by your Division during the 5th Diet.

Upon completion of the Collection of Translation Examples, a meeting of officials in charge of English translation of various Governmental Organs shall be held and explanations of the Collection as well as other related matters shall be given at the meeting, which is scheduled to take place between 17th and 20th of August.

To Dr. Williams

The attached copies of the Tax reform plan prepared by Mr. Miyake (D L) are desired to be fowarded to Dr. Shoup.

August 4th, 1949.

Private Plan on Tax Reform (Draft)

To: Dr. Carl S. Shoup,
Chairman of the Shoup Mission.

From: Noriyoshi Miyake (D.L.)
Member of House of Representatives,
Member of Standing Committee for Finance.

1. In the assessment of incomes a Financial Affairs Commission comprised of about 20 members elected from each city, town or village by public vote should make the final decision, the original amount of income being computed by the chief of the Taxation Office.

For instance the assessment could be entrusted to the Commission in the manner that matters are entrusted to the Election Administration, Public Safety or Agricultural Land Commissions.

2. In the assessment of incomes the personnel undertaking investigation beyond the Taxation Office should be limited to well-trained taxation officials who have experienced 5 years (in the case of middle school graduates) or 3 years (in the case of University graduates) of actual practice in the Taxation Offices.

3. When computing the original amount of income the Taxation Offices should consult the opinions of various organizations representing the respective lines of trade.

For example model shops should be selected in each line of trade, as model farmers are designated by each city, town or village, and the average amount of profit should be computed after actual investigations into the respective model shops. These results should be referred to in computing the original amount of income.

4. The tax collection system should be democratized and the 20 sen daily interest for arrearage imposed as a fine should be abolished.

5. The basic deduction from the taxable amount should be substantially increased for wage earners and medium and small commerce and industry concerns.

6. Since the withholding tax is applied to the wage income, the latter should not be the object of taxation upon total income.

7. Corporation tax rates should be lowered.

8. Revaluation of fixed assets should be recognized and fair redemption should be made.

9. When objections are raised in regard to assessment of individual incomes, examination should be carried out within 6 months from the date of request by all means. If no action is taken within that period the declared amount of income

should be recognized.

10. If the Taxation Office makes no decision within one year after the settlement of accounts in the case of corporations, the declared amount of income should be recognized.

11. Additional or penalty taxes should not be imposed on corporations after reassessment has been made regarding their declarations.

12. When objections are raised in regard to assessment of corporation profits, examination should be carried out within six months from the date of request. If no action is taken within that period the declared amount should be recognized.

13. An organ for disposal of grievances equal in status to the Taxation Office should be established, to be composed of members selected from the various lines of trade. This organ would settle the grievance within 6 months after its occurrence.

14. Tax officers who knowingly assess an income at too high or too low an amount should be reprimanded or disciplined.

For example the Taxation Office personnel should take the responsibility when a sum actually ¥1,000,000 is assessed at ¥ 1,500,000 or ¥600,000.

15. In order to maintain an equilibrium in the tax affairs of the various lines of trade, a Council should be established annually, and the standards decided there should be notified to the local districts.

16. In the same manner as census registers are kept in each district, tax registers should be newly established in the Taxation Offices for the purpose of maintaining records. A copy of the register would be required as certification in the case of dealings on credit. The registers would elevate the position of commercial transactions and credit systems, thus enabling transactions to be made smoothly, and would also contribute to the campaigns for full payment of taxes.

17. Whether in individual or corporation concerns, deficit management should be thoroughly investigated into and the necessary guidance extended.

HW

HOUSE OF COUNCILLORS

Wed. Aug. 3rd, 1949.

NOTICE

Dispatch of a supplementary note demanding convocation of an extraordinary Diet session:

Having received the following supplementary note demanding convocation of an extraordinary Diet session, addressed to the Prime Minister, Mr. Shigeru YOSHIDA, from Mr. Moriichi KADOYA (Dem.) and 67 other members today, Aug. 3rd, the President of the House sent it to the Cabinet on the same day.

Aug. 3rd, 1949.

To Prime Minister Shigeru YOSHIDA

Supplementary Note Demanding Convocation of an Extraordinary Diet Session.

It is a matter of regret that an extraordinary Diet session has not yet been convoked in the face of the demand to convoke an extraordinary Diet session which was made under date of July 20, 1949, in accordance with Article 53 of the Constitution.

As the said demand aims at deliberating the under-mentioned bills, it is needless to say that their deliberation is urgently necessary. Accordingly it is demanded to convoke an extraordinary Diet session on August 25, 1949.

1. The Bill for Partial Amendments to the Unemployment Insurance Law.
2. The Bill for Partial Amendments to the Livelihood Protection Law.
3. The Bill for Partial Amendments to the Emergency Unemployment Counter-measure Law.
4. The Bill for Partial Amendments to the Employment Security Law.
5. The Bill for Guaranteeing Discharged Employees for their Re-employment.
6. The Bill for Partial Amendments to the Reconversion Finance Bank.
7. The Bill for Partial Amendments to the Bank of Japan Law.
8. The Bill for Partial Amendments to the Law Concerning Central Bank for Agriculture and Forestry.
9. The Bill for Partial Amendments to the Law Concerning Central Bank for Commerce and Industry.

The aforementioned bills will be presented simultaneously with the convocation of the Diet.

Moriichi KADOYA
and 67 others

House of Representatives

August 3rd, 1949.

SUPPLEMENT TO THE DEMAND FOR CONVOCATION OF EXTRAORDINARY SESSION OF THE DIET

It is regrettable that although we submitted a demand dated on July 7, 1949 for convocation of extraordinary session of the Diet in accordance with Article 53 of the Constitution, the Session is not yet convened.
The said demand was submitted with the purpose of the deliberation of the following bills and it is no need to say that the deliberation on these bills is urgently required.
We, therefore, demand again for convocation of extraordinary session of the Diet on August 25, 1949.

1. Bill for Partial Amendment to the Reconversion Finance Bank Law (The Bill will be presented when the Diet session is opened)

1. Bill concerning Partial Amendment to the Bank of Japan Law (Ditto)

1. Bill for Guaranteeing Reinstatement of Those Persons Who Left Their Work. (ditto)

1. Bill for Special Exception to the Application of the Unemployment Insurance Law (ditto)

1. Bill for the Partial Amendments to the Living Protection Law. (ditto)

1. Bill for the Partial Amendments to the Employment Security Law. (ditto)

1. Bill concerning the Revision of the Cooperative Central Bank for Societies of Agriculture and Forestry Law. (ditto)

1. Bill concerning the Revision of the Cooperative Central Bank for Societies of Commerce and Industry.

To: Mr. YOSHIDA, Shigeru, Prime Minister,

From: Social Democratic Party of Japan:

ASANUMA, Inejiro.

ISHII, Shigemaru.

INOUE, Ryoji.

Democratic Party:

ONO, Takashi.

New Political Council.

TAKEYAMA, Yutaro.

Laborers' and Farmers' Party:

ISHINO, Hisao.

HOUSE OF COUNCILLORS

July 28th, 1949.

To Shoup Mission

Memorandum on the Finance and Taxation System
For Education, Science, Culture and Religion

By Kotaro TANAKA,
Chairman of the Education Committee,
House of Councillors.

It is needless to say that the necessity for promotion of education, science, and other cultures is most keenly felt nowadays in this country which is now on the way to its reconstruction as a cultural country based on democracy.

On this auspicious occasion when the fundamental reform is attempted in the taxation system of our country following the visit of your mission to Japan, I wish hereby to express my views backed by the desires of the Education Committee of the House of Councillors on the public opinions toward education and other important problems regarding science and other cultural affairs, with the finance and taxation system in this country as the centre.

I wish therefore to have a full consideration given thereto by each member of your commission.

A. The present condition

1. General condition of school education

With the primary school (6 years) and the junior high school (3 years) as the organs for compulsory education, there

are

are the senior high school (3 years) and the university (4 years in principle) in this country. In response to the wishes of public opinions and based on the advice made by the American Education Mission in 1946 the reform in the educational system of our country started under full support of G.H.Q., SCAP, and is now effective.

Nonetheless, the government subsidies for construction of junior high school buildings (a half of whose construction expenses was to be covered with the government subsidies) were stricken out from the budgets for the 1949 fiscal year, thus bringing on about 50 percent shortage of the class rooms required at the beginning of the current school year.

It is true that the Government is to share in a half of the wages for the primary school and the junior high school teachers, but there is a limit set up in the number of teachers and the amount of their wages. Such being the circumstances, the local public entities cannot but be charged with the burden beyond the aforementioned limit. Moreover the ordinary expenditures other than the wages for the teachers are burdened upon the cities, towns and villages, in whose finance, however, there is little room to afford them, thus causing much defect in education.

The new universities made their debut from this year. However, the greater majority of them are those which narrowly succeeded in completing their shapes as educational facilities by making some additions to their old facilities as universities or colleges. Moreover, little progress has been made in their rehabilitation from the war damage. Accordingly, the facilities of scientific research institutes attached to those new universities are insufficient. Therefore, it is doubtful to expect

much

much of advance in the culture of Japan through the university education.

2. Social education

As for the social education, especially establishment and management of the citizens' public hall, the local public entities, which are in a position of founder, have not such a financial power as affords not a little expenses necessary for them. In the meantime the government which makes it a rule to give subsidies thereto having a small sum for such purposes included in the budget, it is actually impossible to expect much education effect therefrom.

3. National treasures and other cultural property

At present only a small sum is paid from the National Treasury for preservation of the national treasures and other cultural properties. In view of the fact that taxes are levied on the public donations for their preservation, they are not sufficient even to meet the necessary expenses for preservation of them, not to speak of their rehabilitation. Moreover, unreasonable taxes are levied on the inheritance to the copyright.

4. Private Schools

Private schools occupy an extremely important situation in education of our country, totaling 44.8% of all universities and colleges and 26.3% of the new system higher secondary schools. Besides, war-damaged private schools amount to as many as 373 in number. For their reconstruction, therefore, enormous expenses are required, and increase of working expenses has brought many difficulties to their management.

Further, government loans for rehabilitation having been

totally

totally abolished in 1949, and the only way left for these schools is to rely on donations from the general public for tiding over these difficulties, except collecting higher school fees from the students (3 to 8 times as much as that of national or public schools). The donations received however are very insufficient for making up their expenses by reason of taxation made on them.

5. Educational and Religious Corporations

The activities of social education organizations and religious corporations, under the present condition that the incomes from their old fundations have remarkably decreased owing to the devaluation of securities and to other causes, have no recourse but to rely upon donations, but, even in this case, the way of raising running fund is restricted owing to taxation upon these donations.

6. Admission Tax relating to Cultural Activities

Admission tax on plays, movies and sports shows is as high as 150% of the admission fee, so it not only inflicts too much burden upon cultural entertainment of the public, but also prevents the producers from paying conscientious consideration to their work.

Of course it would be too much to say that the improvement of Japanese culture depends only upon expenses paid for it or the conditions of its facilities, but the present conditions as above stated are, it may well be said, very regrettable for the acceleration of the construction of a democratic cultural state.

B. Counter-Measures

In my belief, the following points should be studied as the major counter measures thereon:

1. General principle of education, culture etc.

As to the educational, scientific and cultural enterprises, the sphere of the expenses to be shared by the national government and the local public entities based on the standards properly established must be clarified; at least the required minimum amount of the expenses to be borne by ~~borne by~~ the national government should be counted up in the budget and, at the same time, a legal measure shall be taken so as to ensure the sound local finance and to preclude the local public entities from being overburdened.

2. Reduction and Exemption of Tax

Concerning the reduction and exemption of tax, the following reform shall be effected in the taxation system:

(1) To exempt religious juridical persons, private schools and institutes on social education, educational assistance and scientific research which are juridical persons, and cultural goods protection enterprises from the inheritance tax, donation tax, corporation tax and income tax on the donation or bequest given to them for the operation thereof, and the maintenance and restoration of their facilities.

(2) To exempt institutes on social education, educational assistance and scientific research and cultural goods protection enterprises from the house tax, land tax and acquisition of immovable property tax on the operation of their business and the facilities necessary for cultural

goods

goods protection. A reasonable taxation method to be also devised for the inheritance of the copy rights.

(3) To exempt the admission tax on non-profit exhibitions, sporting games, concerts and other meetings aimed at cultural elevation and sound recreation from the admission tax, and to reduce the admission tax of 150% to 60% at the highest on dramatic performances, movies and sporting games which are undertakings for profit.

July 20, 1949.

Statement in regard to
Readjustment of the Taxation System.

To: Dr. Carl S. Shoup,
Chairman of the Shoup Mission.

From: Yasomi, OGASAWARA,
Chairman of Standing Committee
for Agriculture and Forestry,
the House of Representatives.

Representing the Standing Committee for Agriculture and Forestry in the House of Representatives, I wish to express my deep and sincere gratitude towards your efforts day and night in giving us your special help and guidance regarding the readjustment and improvement of our confused taxation system after the war, with the aim of accelerating economic reconstruction in our country and expediting the establishment of a democratic, peace-loving nation.

As is well-known to you, our country, though it suffered complete destruction both economically and spiritually as a result of the late war, is now gradually pulling itself together, production taking an upward trend, the inflation entering the stage of being checked, thus showing a tendency towards stabilization. We owe all this to the generous aid and guidance of the United States of America, and we have no means by which to express our gratitude to your country. We entertain the strong conviction that we must spur ourselves still further and establish fundamental policies for our economic self-sustenance.

For all that, we are now panting under the pressure brought about by the exceedingly lowered productivity, want for resources of raw materials and stortage of foodstuffs through the loss of our territories, an increased population, etc. Under these circumstances, it is to be greatly regretted that we have to rely upon your country for further aid. In view of my official duties as Diet member and Chairman of the Standing Committee for Agriculture and Forestry, I am anxious to exert every effort to accomplish economic independence, attain stabilization of national life and a thorough democratization of our country as soon as possible, so that we may be able to repay your country for her kind aid.

Revision of the taxation system is one of the most important problems our country is now confronting, and is always taken up for the object of discussion at the sessions of the Committee for Agriculture and Forestry. It is not too much to say that most of the questions raised and arguments made at the Committee sessions are related directly or indirectly to the taxation issue.

Especially the revision of the unbalanced agricultural taxes as compared with taxation on other industries, and the problem of tax reduction and tax exemption on the early delivery or additional delivery of staple foodstuffs, is given non-partizan support, and we are making efforts to solve these problems day and night. However, the taxation problem cannot be solved only by itself, but has to be solved in relation to the national finance. Especially at present when the national

revenues depend to a great degree on taxation, the fields of agriculture and forestry find it extremely difficult to attain their object with their weak political background. It is true that agriculture, which was inflicted with comparatively slight war damage, should share a heavier burden, and agriculture has willingly submitted to the burden up to the present as unavoidable matter. Lately, the rehabilitation of other industries has been remarkable, while on the other hand, since the enforcement of the Nine Point Economic Stabilization program, agriculture has shown a decline or stagnation in its productive power, owing to the decrease of subsidies, a fall in prices of agricultural products, the monetary stringency, and frequent disasters such as floods and typhoons, especially since agriculture has always had a weak economic basis.

Thus the reproduction of agriculture is facing various difficulties.

I guess you have already come to know through your investigations up to date that the individual farming area in our country is very small and that it has the character of a self-supporting economy to a high degree. Accordingly the income of agriculture and forestry in our country has a mixed character which cannot easily be determined either as an enterprisers income or a wage income under the existing controlled economy. It is quite different from agriculture and forestry in your country which are operated as an enterprise. However, under the existing tax system, the income of agriculture and forestry in Japan is, as the enterprisers income, handled in the same way with other large-scale enterprises which are completely under capitalistic management, its characteristics as small-scale farming being entirely ignored. This fact has been a topic of discussions at the Committee for Agriculture and Forestry. Such being the case, you are cordially requested that your considerations would be paid in this respect from both the theoretical and the practical standpoints. Besides, over half of the population in our country has been concentrated in the farm villages and they have too excessive a populace. At present, the farmers are keeping their living by ploughing their petty arable land along the lines of extremely intensive cultivation. Such being the case, I firmly believe that we should contribute to the rationalization of agricultural management through the revision of the tax system and thus improve the agricultural economy and promote the living of farmers, which at the same time would be the fundamental policy for expediting the democratization of Japan.

I hope that you will kindly arrange to make the burden on agriculture and forestry equitable by fully understanding the special characteritics of Japanese agriculture and forestry. Furthermore, I am sure that the Agriculture and Forestry Ministry and other administrative authorities and various agriculture and forestry bodies have already submitted their opinions to you respectively. We have studied some of the drafts, and I venture to think that they have fully given the actual situation from various angles. I shall avoid their repetitions here, but I hope that you will pay your esteemed attention to the following points:

1. Consideration for the special character of Japanese agriculture and forestry.

(a) The small scale of management. In agriculture, it is 8 tan 4 se or about 2 acres. The agricultural income in 1948 was about ¥70,000, and it is nothing but 1/3 of the general business income amounting to about ¥220,000.

Also in forestry, the average forestry land in the possession of each owner is about 2 or 3 cho in area. 72.6% of the possessors own less than one cho. The number of per family dependents of one farmer is larger than compared with that of any other industry. The average number of dependents in one farmer's family in 1947 was 6.2 as against 4.92 of a family engaged in any other industry.

(b) The management of agriculture and forestry has strong characteristics of a self-sufficient economy dependent on family labor. Its income is rather a wage income than an enterprisers income. The cash income is no more than 50 to 60% of the whole income. One or two yields are obtained a