

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

894.6112/1-145 -- 12-3147-48-49

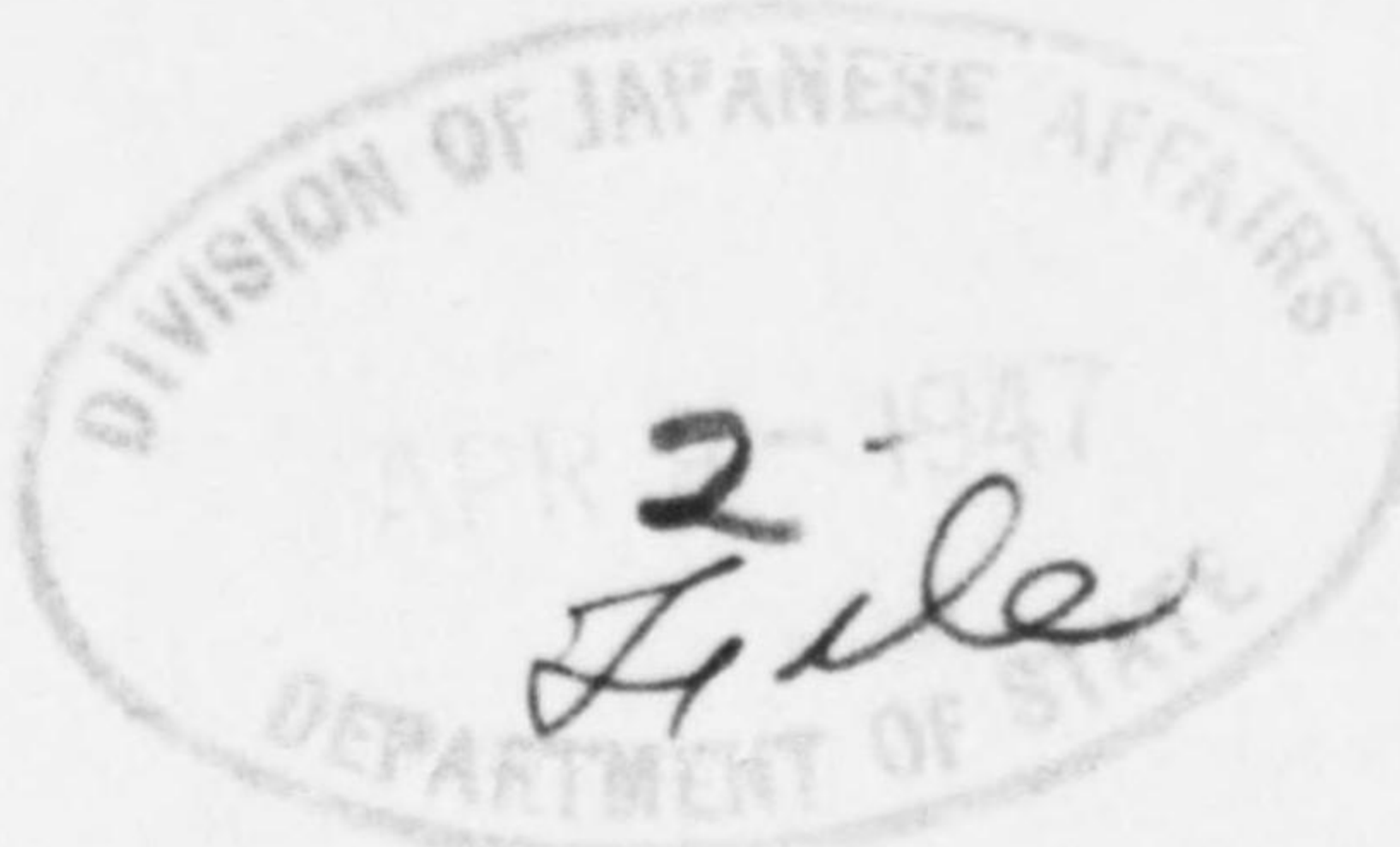


UNITED STATES POLITICAL ADVISER FOR JAPAN 003442

Tokyo, March 11, 1947

UNCLASSIFIED

No. 906



1947 MAR 25 PM 4 06

SUBJECT: Land Reclamation in Japan.

The United States Political Adviser has the honor to refer to the letter from the Commissioner, Bureau of Reclamation, Department of the Interior, to the Division of Foreign Reporting Services, Department of State, dated January 9, 1947 (Ref: 12302), on land reclamation, which was received at this Mission without covering instruction.

At the request of this Mission, the Agricultural Division, Natural Resources Section, General Headquarters, Supreme Commander for the Allied Powers, prepared a memorandum dated March 3, 1947, copy enclosed, on land reclamation in Japan.

Enclosure: Copy of memorandum.

Original and hectograph to Department.



894.6112/3-1147

CS/A

894.6112/3-1147

RECEIVED DEPARTMENT OF STATE

ACTION FE COPIES 10:

ESP IR SCR ITP FR OCD

RECEIVED DEPARTMENT OF STATE

852 GAB:bey:vr

1947 MAR 28 AM 10 08

DC DIVISION

MAIL ROOM 1947 APR 11 PM 2 41

DIVISION OF FR

APR 23 1947

FILED

DCR - ITP Unit

Handwritten initials and marks

Handwritten signature

Enclosure No. 1 to Despatch No. 906 dated March 11, 1947 from the United States Political Adviser for Japan, Tokyo, on the subject: "Land Reclamation in Japan".

Copy

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

3 March 1947

SUBJECT: Land Reclamation: Financing Reclamation Construction Work in Japan.

1. Reference is made to letter and attachment from Mr. Michael W. Straus, Commissioner, Bureau of Reclamation, United States Department of Interior, Washington, D. C., dated 9 January 1947 which requests data on the above subject.

2. This memorandum provides information requested in reference paragraph 1. The general history of public subsidy of land reclamation and the outline of present plans for financing the reclamation program of Japan are given.

3. Historical:

Production of rice in fields under irrigation has always been the major farming enterprise of Japan. Irrigation of land other than rice fields is almost non-existent.

About 36,000,000 of Japan's 76,000,000 people are farmers. Approximately 31,000,000, or 86 percent, are classed as rice farmers and depend upon irrigation farming for a large portion of their income. About 35 percent of the rice farmers cultivate less than one acre of land.

Throughout the past 70 years the reclamation of land in Japan has received National attention. The cultivated area was about 11,000,000 in 1877; was 13,900,000 acres in 1910; and was 14,800,000 acres in 1939. About half of the cultivated area added since 1877 has been placed under irrigation. In 1944 about 7,600,000 acres of land were under irrigation in Japan.

From 1939 to 1945 the Japanese diverted about 400,000 acres of cultivated land to military and industrial uses. At the end of the war in 1945 Japan was faced with the problem of feeding a continually increasing population without the former imports of about 16 percent of her food received from her Pacific empire during 1930 to 1944.

Since September 1945, about 500,000 acres of land have been brought into cultivation. Nearly half of this area was cultivated prior to military use during 1939 - 1944. Irrigation facilities have been provided on about 20,000 acres of this recently reclaimed land.

4. Public financial aids to land development:

In 1899 the Japanese National Government began subsidizing the reclamation of agricultural lands. Until 1910 the subsidy covered only interest on money borrowed to accomplish reclamation work. After 1910, a direct subsidy of 40 percent of reclamation cost was authorized. About 30,000 acres per year were reclaimed from 1910 to 1939, a disappointingly small accomplishment in view of the expectations of government officials when the direct subsidy was authorized.

*has rec'd at-
Yonson since
about 1920.
they even have
gone down a
little. AAF*

-2-

In 1941 the Agricultural Land Development Law was passed. The law provided a National subsidy to cover 50 percent of construction costs of irrigation and drainage works on projects smaller than 1250 acres and a 60 percent subsidy on projects larger than 1250 acres. The accompanying Land Improvement Regulation allowed a National subsidy of 50 to 65 percent of the cost for improving irrigation or drainage systems. Most Prefectural governments provided an additional subsidy of 10 to 25 percent of construction costs of irrigation works. Provision has been made for 50 to 90 percent of irrigation and drainage construction costs to be met by direct public subsidy. The remaining costs are paid by the benefited land owners. If the owners borrow the money used, they pay from 3.5 to 6.5 percent interest and have from 15 to 30 years to repay the loan.

5. Division of costs among benefited groups:

a. On a few projects, domestic water development, flood control, and power development are combined with irrigation development. In these areas agriculture is allotted its share of the costs in much the same manner as costs are prorated in the United States. The flood control proportion is a National subsidy, fifty percent of agricultural costs are National subsidy, and power and domestic water interests pay their shares.

b. In all instances where the repayable costs were lent by the National Government, collections are started 5 years after project completion. The loan is interest free for five years and the principal is repayable in 24 or 30 annual installments with 3.5 to 3.75 percent interest on the unpaid balance. Payments have never been based on crop yields.

c. The 1910 law was partially satisfactory for a slow development of irrigation in times of normal prices and the 1941 laws gave added impetus to land reclamation and land improvement activities. In general, both government and farmers thought the laws provided for a fair distribution of costs. Projects finished prior to 1941 are in excellent repayment condition due to the high price of farm products the past few years. (Rice prices averaged about 6 yen per bushel prior to 1941; the official price is now 110 yen per bushel and the black market price is 1200 to 1600 yen per bushel.)

d. Exact data on repayment status of projects throughout the past 20 years are not available.

6. Land development since August 1945:

a. The pressure on food production in Japan requires for the next few years the expansion of the cultivated area and the improvement of irrigation and drainage facilities to the ultimate possibility. By 1960 possibly 600,000 acres of new land will be provided with irrigation and drainage facilities and 4,400,000 acres will receive major improvement of irrigation and drainage facilities. In addition about 3,700,000 acres will be cleared and placed under cultivation without irrigation. To accomplish this tremendous program land development must progress at a rate of about 10 times as fast as at any time in the past 40 years. In addition the land to be developed requires increasingly greater expenditures of labor and materials per unit of increased crop production potential. The work must be accomplished while prices are high and prospective settlers have little or no funds or farm equipment.

-3-

b. To meet these seemingly unsurmountable obstacles laws have been passed or are in the proposal stage providing for the following:

- (1) Public and private lands subject to reclamation are purchased by, or transferred to, the Land Development Bureau, Ministry of Agriculture and Forestry.
- (2) Reclaimable lands are carefully appraised and divided into family size farms.
- (3) Settlers are selected for the farms and given a contract to buy the farm after it is reclaimed.
- (4) Settlers are lent money to buy farm implements, seed, fertilizer, and material for a house.
- (5) Settlers are paid a direct subsidy for clearing and placing their farm in cultivation. This subsidy is to pay their living costs the first year or two after they move to their farm.
- (6) Irrigation and drainage facilities are provided for the project lands with 100 percent National and Prefectural government subsidies.
- (7) The farms are sold to the settlers at a price based on long time land values. The farmer pays for the farm by means of 24 equal annual instalments plus interest on unpaid principal at 3.65 percent. Provision is made for delayed payment in case of near or complete crop failures.
- (8) Improvement or irrigation and drainage facilities for lands now under cultivation are to be fully financed by the National and Prefectural governments with a portion of the cost to be repaid by the farmers based on the long time repayment ability of the benefited farmers. Repayable costs will be calculated during project construction in most cases. Methods for estimating farmer's repayment ability are now being considered by the Japanese for the first time.

7. Answers to specific questions in reference paragraph 1:

- a. benefited agriculturists do not pay for the headworks, principal dams, reservoirs or canals directly and exclusively. See paragraph 5 and 6.
- b. Costs of these works are carried largely as a National benefit.
- c. The Nation does not fix a period of total amortization. The use of National funds means funds borrowed at 3.65 interest and repayable over a 24 or 30 year period.
- d. The Nation carries financing on a constant basis for some series of bonds at rates from 3.5 to 5.5 percent averaging 3.65 percent.

LYNDSEY A. BROWN
Scientific Consultant
Agricultural Division