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Annex D to Mie Mil Govt Team Activities Report, May 1949.

(1) Promotion of the importation of foreign capital, and preparation for receiving same.

(2) The use of the Port of Yokkaichi for exporting Mie Prefecture's products.

(3) Promotion of export to Korea, to attempt to reestablish that trade's pre-war level.

(4) Utilization of idle materials located in Mie Prefecture.

(5) Special consideration of the allocation of raw materials for export commodities.

(6) Training of skilled technicians in Mie Prefecture.

(7) Re-checking official prices.

(8) Selection of "standard stores" for price stabilization.

(9) Credit extention favorable to export and other industries, essential for economic recovery.

16. Release of Installations

a. Buildings:

This unit is continuing to expedite disposition of released buildings in former military installations. The principal obstacles to this objective, in order of their importance, are as follows:

(1) Excessively high prices established by the Ministry of Finance.

(2) Cash shortage of prospective buyers.

(3) Limitations imposed on prospective buyers by the Ministry of Finance. Said limitations concern financial and business status of buyer, proposed use of building, etc.

(4) Necessity of remodeling army-type buildings before using for civil purposes.

(5) Inaccessibility of many buildings and high cost of removal to more suitable locations.

b. Land

Substantial acreages of arable land, in former military installations, are still lying idle. In many cases the Prefectural Government desires to hold this land for future industrial expansion. This unit is encouraging

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Prefectural officials to complete transfer of all remaining arable military land from the Ministry of Finance to the Ministry of Agriculture and Forestry so that it may be put into productive use.

17. Reparations

a. All reparations installations were inspected during May, for compliance with existing SCAPINS and directives. The maintenance, custody and security of all machinery and equipment was found to be satisfactory.

b. Work sheets for thirteen vehicles were forwarded to SCAP through Japanese channels during May. These additions to the evaluation were in the Mitsubishi Heavy Industries Co., Ltd., Tsu Plant (23-3(a)).

c. During May, the following reductions of reparations maintenance personnel, office workers and guards were made:

| | Total No. of Plants | Personnel Reduced | Reduction of Yen Expenditures |
|---|---|---|---|
| Privately-owned Plant | 10 | 63 | 234,360.00 |
| Arsenals | 4 | 74 | 677,022.79 |
| Total | 14 | 137 | 911,382.79 |

This constitutes a 23.1% reduction of expenditures for the Japanese Government.

18. Restricted Industrial Operations

a. Shipbuilding

(1) During May, construction was completed on three cargo vessels and two fishing vessels (total of 202 gross metric tons) for domestic use. This constituted a decrease of 33% as compared with previous month, due to decreased orders.

(2) At present, 19 cargo vessels and 23 fishing vessels are under construction.

(3) So far as could be ascertained, there is no illegal construction of ships in Mie Prefecture.

b. Restricted Concerns

During May, spot-checks on restricted concerns were made to ascertain compliance with existing SCAPINS and directives. No violations were disclosed.

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19. Visitors

a. Mr. Puckett, Tokai-Hokuriku Mil Govt Region, 19-20 May to inspect reparation plants and Allied Nations' Nationals' Properties.

b. Mr. Hardy, P-7, SCAP, 7 May to inspect Agriculture Cooperatives, Land Reform and Land Reclamation.

HEADQUARTERS
Miyagi Military Government Team
APO 547

Reports Control
Symbol MG-11(R2)

ANNEX D

to

Monthly Military Government Activities Report for May 1949

ECONOMICS SUMMARY

Prepared by William O. Adams, Capt., QMC

1. Agriculture:

a. As reported in previous annexes the damage to wheat and barley caused by unusual winter weather conditions was not as great as at first estimated. It is reported that 45 cho of wheat and barley have been plowed under and the area replanted in white potatoes.

b. Nursery bed rice seedlings for approximately 1000 cho have been effected by seedling rot disease. This condition is attributed to the abnormally low temperatures this spring. Control programs, application of fungicides and improved weather have combined to terminate the spread of the disease. It is predicted that this outbreak of disease will be of little or no consequence to the overall production of rice.

c. Rehabilitation work of flood damaged farmlands and irrigation systems was 43% completed as of 31 May. Since national subsidies to rehabilitate farmlands were suspended, the Tohoku Agriculture Cooperative Association has donated 80 million yen to be used in Northern Miyagi to aid farmers in clearing their land and repairing irrigation systems.

d. The first meeting of the Prefectural Agricultural Improvement Committee was held on 4 May. The 1949-50 fiscal budget and programs were discussed and approved. An average of four farm advisors have been assigned to each of the 29 local agricultural improvement committees throughout the prefecture and have begun activities in close cooperation with the local committees, local agricultural cooperatives, and extension specialists.

2. Agriculture Reform:

a. There were no changes in statistics of purchase and sale programs.

b. Payment for purchases made to date are progressing smoothly with 75% of the payments for the seventh purchase program already complete.

c. During the month two local land commissions were inspected:

(1) Shiwahime-mura, Kurihara-gun was inspected 10 May. Purchase and sale of available land in this village was 100% completed. Only 20% of the new owner farmers paid for their land in cash. Payment by the government for land purchased and collection from new owner farmers is 50% complete. Execution of written rental contracts for all remaining tenant farmers is nearly finished.

(2) Kitakata-mura, Tome-gun was inspected 18 May. In this village 90% of the new owner farmers paid for their land in cash. Government payments for land purchased was completed only for the fourth purchase program. The chairman of the commission complained that the land owners are not cooperating in the program for purchase of virgin soil.

d. Agriculture Cooperatives:

(1) In order to train officials and employees of agriculture cooperatives, the Miyagi Agricultural Cooperative Training School has been established. This organization intends to train cooperative personnel in management, bookkeeping, social and economic affairs. The Course is to last for six months with instructors drawn from such sources as the prefectural farmland department, the prefectural agricultural cooperative federation and local universities and colleges.

(2) Five prefectural federations of local cooperatives held their ordinary general meetings 26-27 May. A bill to consolidate the five into three federations was discussed but was not approved. Each federation held elections for new directors.

(3) During the month 16 more local cooperatives completed the transfer of assets from the Nogyokai bringing the total transfers completed to 165 or 80%. No property was transferred from the prefectural Nogyokai.

(4) The Shiwahime-mura, Kurihara-gun cooperative was inspected 10 May. Transfer of the Nogyokai Assets was completed on 10 March, the same day the local Nogyokai completed liquidation. Main properties of the cooperative consist of six warehouses, a truck, a rice polishing plant and an office building. The office building is now being used as a village hospital.

With a membership of 1091, this is one of the larger cooperatives in the prefecture and from all indications is one of the best operated. Farmers interviewed expressed deep interest and complete satisfaction with their new organization.

(5) The Kitakata-mura, Tomo-gun cooperative was inspected 18 May. The transfer of the Nogyokai assets was completed 14 May 1949. It was explained that this transaction would have been completed much sooner except for difficulties encountered in recovering an investment in a defunct salt plant. This cooperative is merely a run of the mill purchasing and sales agency. No programs have been established for farm training welfare or educational activities. Farmers interviewed were indifferent to the cooperative.

3. Crop Collection:

a. As of 31 May 1,039,889 koku or 104.8% of the entire rice delivery quota had been collected. This includes 180.8% of a 60,000 koku additional delivery quota.

b. The preplanting quota for the 1949 rice crop was completely allocated to individual farmers as of 5 May according to prefectural officials. However, the Foodstuff Business Office disputes this claim. Spot investigations are being made by Military Government personnel to determine the correct situation. Check Results

4. Food Distribution:

a. Staple food distribution for May was efficiently conducted without any delays or loss caused by fire, theft or spoilage. Release of imported staple food for May was 769 m/tons (FDF-85) equaling 2.3 sustainable days made up of wheat flour, cornmeal and millet.

b. The Prefectural Government conducted a prefectural wide educational program on the preparation and utilization of corn meal.

c. Since the decontrol of vegetables in April 1949 there has been a constant fluctuation in prices about 15% above the last official price level. However, the supply of seasonal products has increased two-fold with a present daily supply of 4,000 kan as compared to a daily supply of 2,000 kan during April. At the end of May vegetable prices averaged about the same level of the former controlled prices.

d. General distribution of sugar for April has been completed with the distribution of 501½ m/tons (FDF-84) released in May.

5. Fisheries:

a. The total catch for May was 4,177 tons, nearly 1,000 tons less than that for April. The main contributing factor for this situation is the fact that the trawling season is drawing to an end.

b. The allocation of 1,143 kilolitres of fuel oil was considered insufficient for needs and prefectural fisheries department has filed an application for additional allocations.

c. During the month 110 % of the fresh fish allocation for intra-prefectural distribution and 94 % of the inter-prefectural distribution was met.

6. Fisheries Cooperative Program:

a. On 22 May the Miyagi-ken Fishery Association held its meeting prepatory to dissolution. This completed the meetings for the 58 associations subject to dissolution in this prefecture.

b. To date three processing cooperatives and one fishing cooperative have initiated constituent general meetings. Nine fisheries cooperatives and two processing cooperatives have held meetings preliminary to formation. The general trend of organizing cooperatives tends to be progressing smoothly. In most communities the tendency is to organize only one cooperative while in some districts several cooperatives will be formed in each community to conform to the needs of the various types of fisheries. It is believed that personal animosaties are playing a large part in the forming of cooperatives.

c. During the month special attention was paid to the progress of cooperative formation in the following two communities:

(1) At Watanoha, a class A fishing port there are two fishing associations and two marine products processing associations. While it is expected that only one processing cooperative will be formed, it is certain that two fisheries cooperatives will emerge due to the geographic situation of the town. Information meetings in the town were much the same as in all other towns visited. One meeting was sponsored by prefecture, one by the district office, one by the town and several by the burakus. Interest in the program tends to run high with all types of fishermen participating. Meetings preparatory to dissolution of the associations were held prior to 14 April and one general constituent meeting has been held preparatory to forming a new cooperative.

(2) At Matsushima-machi, an unclassified port, there is only one fishing association. The main activities of this association are seed oyster exportation and coastal fishing. During the 1949 seed oyster shipping season 2150 cases of seed

were exported to the United States by this association. Of 322 members in this organization only 100 are actually fishermen. These 100 men are enthusiastic about forming a new cooperative and feel sure that they will be able to clear away some of the "dead wood" that has been cluttering up their organization. However, they have expressed the opinion that the cooperative will be of little use until a new fisheries rights bill has been passed. Information meetings here parallel those in all other towns.

7. Mining:

a. A conference of lignite producers and dealers was held early this month to discuss ways and means of improving the industry. A plan to establish a lignite sales company was seriously discussed.

b. Concentrate production for the month was:

| | | | |
|---|---|---|---|
| Copper | 5.6 tons | Arsenic | 7.3 tons |
| Lead | 313.5 tons | Pyrite | 2586.0 tons |
| Zinc | 674.6 tons | Gypsum | 243.0 tons |

c. Shipments from the Hosokura mine were:

| | | |
|---|---|---|
| Pyrite | 1,434 tons | (concentrate) |
| Lead | 2 tons | (Electrolytic) |
| Zinc | 248 tons | (Electrolytic) |

8. Incentive Goods:

a. All items of indigenous incentive goods for the 1948 fall crop have been distributed to farmers as have all released US goods that have been received in the prefecture. There are, however, still some items of released US goods to be received including 2,000 pairs of shoes. There has been some difficulty encountered that the receiving agency in this prefecture is required to pay the wholesale agency in Yokohama for the shoes within sixty days of receipt. The receiving agency complains that it is impossible to distribute the shoes to the farmers, receive payment, and forward the money to Yokohama in the time alloted. The receiving agency also claims that whatever profit is derived from the handling of incentive goods is lost through the interest on money that must be paid to the wholesalers in advance of payments collected from the farmers. Check SCAP - plans / arrangements to effect payment in 60 days of wholesaler has Govt Insurance for bank's interest.

b. Three garment manufacturing plants have completed production of an additional 597 garments. Distribution is being made to various industries within this prefecture.

9. Forestry:

a. A diminishing supply of lumber in this prefecture is contributed to three factors: lack of money, high taxes and lack of suitable timber stands.

It is expected, though, that goals set for the 1949-50 fiscal year will be attained.

b. The reforestation program in this prefecture is progressing very well. To date 1,330 cho (133% of the goal for 49-50) has already been planted and efforts are still continuing. The school reforestation program aided immeasurably in this vital work.

10. Electric Power:

An inspection was made of the newly completed Hanayama Hydroelectric Power Plant, Hanayama Village. The plant is operated by the Tohoku Electric Supply Company with production of 500 KVA (normal) and 1020 KVA (maximum).

11. Elimination of Control Associations:

During May five registered control associations which came into conflict with the Trade Association Law forwarded separate petitions for dissolution and reorganization under the Commercial Cooperative Union Law. Petitions were recommended for approval by this headquarters and forwarded.

12. Release of Installations:

Twenty-three (23) buildings and 10.689 acres of land of the former Nakagawa Industrial Company (24-03) were released.

13. Reparations:

a. Two aircraft plants, one arsenal, and three dispersed installations were inspected for maintenance of equipment. Maintenance was satisfactory at all installations.

b. The compound area of Tagajo Naval Arsenal (24-05) was closed as a reparations storage area since the remainder of equipment damaged by fire has been released as scrap by authority of GHQ.

c. Transfer of allocation 44-7 to Yokosuka was completed.

d. Allocation notices 2-52, 3-44 and 4-56 for Tagajo Naval Arsenal (24-05) were received.

e. The Research Institute of Electric and Magnetic Alloys (24-07) was removed from reparations status in January 1947, but it was discovered that a subsidy was still being paid for maintenance of equipment. Japanese officials were advised to correct conditions, and subsidy payment ceased as of May 1949.

14. Restricted Industrial Operations:

Mr. William E. Knight, Ess, SCAP, conducted conferences at Tohoku University regarding research work and investigated the source of Thorium Nitrate at Tohoku Metal Company.

Reported by:
Royce L Eaves
Capt, Inf
Economics Officer
Ray F Skaggs
1st Lt, FA
Natural Resources

Reports Control
Symbol MG-11 (R2)

HEADQUARTERS
MIYAZAKI MILITARY GOVERNMENT TEAM
APO 24, UNIT 2

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT
Period Ending 31 May 1949

ANNEX D

1. Agriculture

a. The harvesting of barley and wheat started during the reporting period, but was stopped because of the heavy rainfall during the last 15 days of the month. There was every indication that there would be a reduction in barley due to the rain but the wheat was unharmed. On field trips throughout the prefecture farmers were contacted to see that breakdown of quotas for wheat, barley, rice, and potatoes was made. In every case farmers had received their quotas.

b. Thirty sample bottles of 24D weed killer were distributed in this prefecture in October last year. Early investigation disclosed no evidence of blackmarketing. Investigation was continuing.

2. Land Reform

a. (1) The Iwato-mura Local Land Commission presides over a mountainous area, where farms are scattered and terraced. The ten member commission encountered its first difficulty during the preparatory stage of the land transfer program when the tillable acreage reported was 101 cho less than the acreage listed in the land ledger.

(2) The commission used the tillable acreage reported, 485 cho, without checking for accuracy. It is believed that this discrepancy occurred because of the terraced farm plots, which when registered included the non-tillable area surrounding the plots. This team recomended that a survey be made to determine the actual tillable acreage because the Norinsho Foodstuff Office handling crop collection reported a figure which was 16 cho greater than the commission's figure. Besides, the commission's figure was unsupported by recheck.

(3) The payment for lands purchased was 99 percent complete up to the 2 March 1948 purchases, for which funds were received by the commission. The collection for lands resold will be 100 percent completed as soon as the ten remaining households meet their payments during June 1949.

(4) The written tenancy contracts will be completed during the month of June. The present tenancy rate based on the commission's figure is seven percent of the total tillable area.

(5) The land registration program will be started during the month of July. It involves 40 cho of land resold to 246 farm households, totaling 842 plots. The commissioners stated that the clerical personnel are unfamiliar with this type of work, and besides, the reduction of national government budget, averaging 60,000 yen per commission, will be detrimental to the rapid progress of registration.

(6) The commissioners are viewing the coming election with considerable concern. They are all in favor of allowing new commissioners to administer the program. This trend is noticeable throughout the prefecture. The detrimental effect such a movement will have will be to hold up the land registration program for both the land transfer phase and the reclamation program.

b. (1) A rally of land commissioners throughout the prefecture was held during the month to discuss the policies of future operations. The major problem was the local land commission's budget. There were 95 commissions in the prefecture, and the budget per commission average ¥270,000. They claim that this sum was not enough to carry out successfully the scheduled programs for this fiscal year because this sum includes ¥180,000 as wages for the clerical personnel, averaging 3 clerks per commission. The remaining ¥90,000 to meet the other expenses, including office supplies and commissioner allowance, were insufficient they claim.

(2) The prefectural authorities were endeavoring to receive a supplementary budget of ¥2,700,000 which would give each commission an average of ¥30,000 increase. Prefectural authorities claimed that this was vitally necessary because the commissions in this prefecture have larger areas to cover and considerably more work per commission than other commissions throughout the nation.

3. Agriculture Cooperatives

a. Inspections were made of the Agriculture Associations of Aoshima-mura and Miyakonojo city during the reporting period. Miyakonojo city was selected because it was the last to submit disposal plans to the prefectural governor for approval.

b. Aoshima had one (1) capital stock cooperative in operation. Pratically all assets from the old Nogyokai were transferred to the new cooperative. A general meeting was held on 12 March at which re-election of officials was held and it was also decided to increase shares from ¥100 to ¥500.

c. The Miyakonojo Nogyokai had a deficit of ¥348,600 which was due to buying through illegal channels by the former president of the Nogyokai. The deficit was paid by the responsible person and appropriate charges were filed. Disposal plans had been drawn up and were to be submitted to the prefectural governor for approval during the first part of June. There were four (4) capital stock cooperatives in operation. Farmers were not utilizing their facilities for purchasing farm tools and other materials, because of intensive competition from small stores. They were endeavoring to improve their efficiency in service and facilities.

d. Progress chart of cooperatives

| | |
|---|---|
| Number of applications on cooperatives submitted | 243 |
| Number of application approved | 243 |
| Number registered and operating | 230 |
| | |
| Number of applications on federation submitted | 10 |
| Number of applications approved | 10 |
| Number registered and operating | 9 |

4. Crop Collection

| | Quota | Purchased | Percent |
|---|---|---|---|
| Rice | 362,100 | 379,185 | 104.7 |
| Sweet Potatoes | 21,590,000 | 36,211,910 | 167.7 |
| Wheat | 94,001 | 24.9 | ——— |

a. Collection of over delivery quota of 20,000 koku had stopped completely at 85% collected.

5. Food Distribution

a. A total of 1,983 "ghost" were eliminated from ration list during March and April. While complete information was still lacking, an estimated 1,200 "ghost" would be eliminated in May.

6. Fertilizer (Unit in Ton)

| Kind | Allocation | Delivery to Farmers | Percentage |
|---|---|---|---|
| Nitrogenous | 15,530 | 13,889 | 89 |
| Phosphate | 10,068 | 8,404 | 83 |
| Potassium | 2,721 | 2,379 | 87 |

a. The production of Ammonium Sulphate fertilizer by the Asahi Kasei K.K. was 1,010 ton against a quota of 900 ton, for 112 percent production.

7. Fisheries

a. The total catch this reporting period was 320,505 kan which was the largest catch this year and 101,313 kan more than last month. This was due to a large catch of bonito.

b. Inspections were made of Akae and Tenda Fisheries Associations by members of this Team. The Tenda Fishery Association had a membership of 41. The general meeting which 37 members attended was held on 12 April. Five fisherman were elected to the property disposal board. There were twenty-three promoters for the new cooperative, and the general meeting for establishment will be held during the first part of July.

c. The Akae Fishery Association was holding regular meetings at which to discuss the new cooperative law. Much interest was shown by fishermen. Promoters have held the preliminary general meeting and drafters for the articles of incorporation were elected.

8. Forestry

a. Pine-bark beetle damage was pratically eliminated because of the large amount of rain that fell during May. The beetles are inactive during wet weather 1,171 chobu of forest was treated during May, leaving only 173 chobu affected.

9. E.I.B.

a. There was no evidence of sabotaging of E.I.B. by any agency.

b. While cooperation between E.I.B. and other agencies was not complete it has shown a decided improvement in the last three months.

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HEADQUARTERS
Nagano Mil Govt Team
APO 181

Reports Control
Symbol MG-23

ANNEX D

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF MAY 1949

ECONOMICS SUMMARY

Submitted by: Robert F. Hall, DAC

1. Agriculture.

a. A series of rice paddy interviews were held with farmers in northern guns of the prefecture regarding general agrarian problems. The crop outlook for 1949 is good in this area. Due to a mild winter two crops can be expected from areas which formerly yielded only one crop. No explicit problems were voiced. Fertilizer is being received and distributed in steady amounts.

b. This section attended a conference of the Prefectural Agricultural Mutual Relief Associations which was held to elect officers. A short talk was given, The election was carried out orderly and in accordance with election laws.

c. The national conference of the Agricultural Mutual Relief Associations was attended. A short speech on the Compensation for Agricultural Loss Law was given by this section. This speech was later reproduced and disseminated to the attendance.

d. A conference of the Prefectural Agricultural Extension Technicians was attended in Nagano City. A speech was given regarding the extension movement and the attitude to be shown the farmer by technicians working in the field.

e. At a conference with the Chief of Agricultural Affairs Section it was suggested that every effort be made to bring to the attention of the farm population the contents of the Agricultural Chemicals Law No. 82, 1 July 1948. Many inferior chemical insecticides have been reported on sale. Now the prefectural section concerned has in effect a program to educate the farmers, frequent radio and press announcements have been sponsored. Officials throughout the prefecture were advised to disseminate the purport of the law to all farmers and to report to the Agricultural Affairs Section the sale of any inferior chemicals.

2. Agricultural Reform.

a. The following four village land commissions were formally inspected:

(1) Hirooka-mura, Higashichikuma-gun
(2) Sasage-mura, Higashichikuma-gun
(3) Kinasa-mura, Kamininochi-gun
(4) Nire-mura, Kamitakai-gun

Communists in Sasage-mura are not cooperating with the land commission and are causing trouble among village farmers. Farmers demanding



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rent in kind for irrigation water is another factor which is preventing the land reform movement from becoming effected in this community. Both the communistic element and the feudalistic tendencies pertaining to water rights were called to the attention of the Prefectural Land Department Chief, who will initiate a prompt investigation. Results of this investigation will be submitted to this section during the first week of June.

b. The land reform movement in the other three villages is nearing completion. Purchase, resale and payments of land are approximately ninety-nine per cent complete. Registration of land, the present phase of the program, is not moving as fast as it should. This was called to the attention of land commission clerks. Commissioners feel that financial burdens are making it very difficult for farmers to maintain their land and in several instances farmers have voiced this sentiment to representatives of this headquarters; still all tenants have been very anxious to purchase land and all seem to intend to hold on to their new land at any cost.

c. Approximately twenty-five per cent of the 2746 chobu of pasture land purchased has been resold to farmers. Prefectural government, at our suggestion, sent representatives to concerned cities, towns and villages to encourage the purchase of pasture land.

d. A representative of this headquarters attended the annual convention of land commissions of Nagano Prefecture. A short talk was given emphasizing the importance of land reform to Japan's democratic reconstruction.

e. Conferred with the Prefectural Foodstuff Section Chief regarding a series of complaints from farmers of Kohigashi-mura, Suwa-gun, that 1949 crop allocations to this village were unfair and that farmers would not accept the present crop allocations. It was suggested that this be investigated and a report forwarded to this headquarters. Investigation revealed that the village's allocation was only one koku above that of neighboring communities. This one koku was later reduced to three "to". Villagers still refuse to accept 1949 allocations, so a field trip will be made to this village during June, by this section. It appears that communists in the area are at the heart of this difficulty.

f. Four agricultural cooperative associations were formally inspected:

(1) Yamada-mura, Kamitakai-gun
(2) Ojima-mura, Shimoina-gun
(3) Kamisato-mura, Shimoina-gun
(4) Nii-mura, Higashichikuma-gun

g. 503 of the 530 households of Yamada-mura engage in the agrarian business. The one cooperative association now operating appears satisfactory. A village livestock cooperative association is now applying for approval.

h. One general agricultural, one sericultural and one horticultural cooperative association are active in Ojima-mura. These cooperatives are all cooperating and a movement has been initiated to consolidate them into one cooperative. Village women are actively participating in functions of the cooperatives.



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BASIC: Annex D to Monthly Military Government Activities Report for the Month of May 1949.

1. In Kamisato-mura, one general and one special agricultural cooperative association are functioning. All village farmers have joined the general cooperative and approximately one half have joined the special cooperative. A bakery has been established by the general cooperative association. This is adding a considerable amount to the cooperative annual income. A general sentiment expressed by these four cooperatives was that the six federations of agricultural cooperative associations on prefectural level should be consolidated into three or less. It appears that the cost of operating six federations adds seriously to financial burdens of the farmer.

3. Food Distribution.

a. Many complaints were registered by consumers and fish retailers in the Matsumoto area concerning service rendered by a large wholesaler, i. e., combined sales of poor quality fish being forced on the retailers. Counteraction of this condition has been instigated by prefecture; a new wholesale fish association was licensed for the benefit of the retailers and consumers.

b. During surveillance in many outlying towns and villages, it was noted that the allocation of imported foodstuffs was received and distributed according to plans. Unsanitary conditions were very apparent in all stations visited. This situation was referred to the Chief of the Foodstuff Distribution Kodan for corrective action.

4. Fisheries.

A conference was attended with the Chief of the Foodstuff Section of the prefectural government regarding the national convention to increase Japanese fresh water fish which will be held in Nagano during June. Plans for this meeting were discussed.

5. Fisheries Cooperative Associations.

a. The Lake Nojiri Fishing Cooperative Association, with headquarters in Shinanojiri-mura, Kamiminochi-gun, has a membership of thirty-seven full time fishermen and thirteen associate members. Dissolution of the fishing association appears to have been carried out in accordance with regulations. A fortnight notice was given prior to holding the dissolution meeting of the association. A quorum attended. The fishing association had no assets except some fish hatching frames. These will all be transferred to the cooperative. Fish catch is only ten per cent of prewar catch due to the construction of a hydro-electric plant near the lake. Fish and fish food are destroyed by the plants suction pipes. No preventive measures are being taken by the plant to save fish and a subsidy of only fifty yen per year is paid the cooperative for damages to fishing. This matter was later taken up with prefectural government by this section. A screened fence around the pipes was suggested. An increase in subsidy is hoped for.

b. An inspection of the Koshoku River Fishing Cooperative Association was conducted. This association covers twenty-three towns and villages along the Chikuma River within Sarashina and Hanishina-guns. 941 fishermen belonged to the fishing association and all are expected to join the new cooperative. The dissolution meeting of the association was held on 10 April. At this meeting the purpose of the cooperative movement was explained and a Property Disposal Board was elected; also on 10 April, the preliminary meeting of the cooperative



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was held and a committee of twenty-five was elected by secret ballots to promote the new cooperative. Dissolution of the association appears to have been effected smoothly. Members are pleased with the cooperative movement because it gives them a voice in the running of their organization for the first time.

6. Mining.

The importance of mine safety was stressed. Each mine director and union leader has been forwarded a copy of the "Mine Safety Regulations". Commerce and Industry officials were advised to make frequent spot inspections and suggest corrective measures to mine directors where unsafe conditions exist.

7. Incentive Goods.

Surveillance was exercised in various sections of the prefecture concerning the receipt and distribution of USA excess clothing. Office files were checked, warehouses inspected and farmers were questioned. All items were received and distributed according to schedule.

8. Forestry.

A thorough investigation into the damage caused by "pine bark beetle" in this prefecture indicates an affected area of approximately two thousand acres. Three hundred acres have been treated and in addition eighty more acres are being treated. As was suggested at a conference the forestry section plans an educational program for the people and frequent conferences with city, town and village local office chiefs. Instructions will be given pertaining to all phases of "pine bark beetle" control.

9. Transportation.

The Nagano R. R. Shop, Niigata Branch and the National R. R. Repair Shop, Nagano Branch were inspected and both shops found to be ahead of schedule. The shortage of critical materials, i. e., paint, sheet metal and lumber, continues to be the principal obstacle to increased production of rolling stock. Recommendations have been made to the Critical Materials Adjustment Section for a larger allocation in an effort to ease this condition.

10. Transportation Control.

a. Section members including the Food Control Surveillance Officer continued to spot check highway transportation for noncompliance of existing regulations pertaining to transportation certificates. Violations were referred to local procurators.

b. Illegal shipment of critical materials decreased by a large percentage due to constant surveillance of railway transportation by the economic police.

11. Electric Power.

Electric power plants were inspected and output was found to be satisfactory under existing conditions, i. e., lack of rain fall and limited precipitation during winter months.

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BASIC: Annex B to Monthly Military Government Activities Report for the Month of May 1949.

12. Construction.

Numerous violations of existing regulations, i. e., no construction permits, by-passing fuse boxes and illegal wiring were noted throughout the prefecture. Prefectural officials were advised to exercise stricter surveillance in the future.

13. Public Works.

A conference was held with prefectural officials regarding the proposed plan for repair of highways and roads in the Suwa, Ina and Matsumoto areas. It was suggested that repair of roads within the city limits have first priority and work be started without undue delay.

14. Critical Materials.

Conferences were held with the Critical Materials Adjustment Section to attempt to ascertain why several of the larger manufacturing concerns are receiving such small allocations of critical materials whereas several much smaller concerns are receiving more materials than they can use. Action is being taken to correct this situation by increasing larger concern's allocations and decreasing smaller concern's allocations.

15. Reparations.

Routine surveillance was maintained over reparations installations within the prefecture. All unnecessary land and buildings are being released from custody and control in order to relieve the housing and agricultural condition. Fire prevention was stressed in all installations. Well trained fire fighting teams were noted throughout the prefecture with only a few exceptions.

16. Economic Investigation Board.

The relationship existing between the prefectural EIB and other governmental agencies including local branches of the National Rural Police is excellent and no agencies are non-co-operative. Committee membership of the EIB is composed of the heads of the various governmental agencies. Meetings are held monthly and committee members discuss matters pertaining to production, distribution, consumption, price of materials and supplies, also the enforcement of economic laws and of economic controls. Members of this headquarters publicly support the EIB by attending meetings and accompanying EIB members on field surveillance trips.



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HEADQUARTERS
NAGASAKI MILITARY GOVERNMENT TEAM
Nagasaki, Kyushu, Japan
APO 24-5

ANNEX D

# ECONOMICS SUMMARY

Period Ending 31 May 1949

(Prepared by: Cornelius J McMahon, CAF-11)

1. Agriculture (Including report required by OI 12, Hqs 8th Army, 10 March 1949, subject: "Agriculture Refor )

a. Wet and stormy weather during the first week of May caused some damage to hard grain crops. Budding of sweet and white potatoes is at present approximately 10 days behind schedule, due to low temperatures. Wheat and barley rust has been reported in Minami-Matsuura Gun. Crops being harvested at this time are cabbage, onions, and hard grains. Harvesting of the hard grains is sporadic due to intermittent rains which halt work.

b. To date, 150 applications for Nogyo Kai property partition have been received, all of which have been approved. Thirty-five (35) have been registered as liquidated.

c. At this time 415 applications for establishment of Agricultural Cooperatives have been submitted, of which 400 have been approved. Three hundred eighty-six (386) have been registered to date. The Nagasaki Prefectural Government has been conducting an extensive guidance program in connection with formation of Agricultural Cooperatives. Many meetings were held. Broadcasts, leaflets, and pamphlets were also utilized to stress formation procedures and election of officers.

d. The Nagasaki Prefectural Agricultural Extension Committee is composed of 11 members, 7 of which have been elected by farmers and 4 appointed by the Governor. A prefectural official was sent to the Ministry of Forestry and Agriculture Conference concerning Agricultural Extension Committee functions and activities, held from 26 to 28 April.

e. Shortages of certain types of farm implements still exist although the situation has eased somewhat with increasing receipt of some items.

f. Fertilizer deficits are being overcome by judicious use of compost and night-soil by the farmers. Additional allocations would be beneficial in many cases.

g. Prefectural fertilizer officials have been urged by Military Government personnel to take steps to insure that all farmers receive their fertilizer allocations at the earliest practicable date. At present, fertilizer is moving at a satisfactory rate, although the supply does not meet the demand.

h. Although reports rendered to Military Government show that all pre-planting quotas have been 100% allocated to the farmers, some cases have been found where this was not actually the case. Team personnel have held meetings with prefectural officials exhorting full and genuine completion of quota distribution. Farmers are being questioned closely by team personnel during field trips to determine if they have received their quotas.

i. Land Reform showed favorable progress during the month. Twenty-nine (29) cho of farmland was purchased. Twenty-nine (29) cho was resold, 14 cho of meadow was purchased and 170 cho was resold during the month. The sub-committee of the Prefectural Agrarian Committee had 6 meetings during May.

j. Nagasaki Prefecture received only 1 1/2 kilos of weed killer 24D, all of which was sent to the Isahaya Experimental Farm for experimental use. This amount is all under the control of the chief of the farm and is not to be sold. No weed killer 24D has been sold in Nagasaki Prefecture to date.

2. Crop Collection

a. Overall quotas have all been met with respect to rice. Steps were taken to meet all individual quotas in addition. Of 28 farmers who failed to deliver, 25 turned in their rice voluntarily when authorities were sent to confiscate it. The rice of the other 3 was taken into collection channels. Final results of the 3,000 koku added rice quota are 3,860 koku, or 128.7%.

b. No problems other than reluctance of individuals to turn in crops were reported.

3. Food Distribution

The average monthly per capita meat consumption during May was .031 kg. Staple food distributed amounted to: rice-15 days, starch or sweet potato flour-8 days, wheat flour or corn flour-6 days (4 days of bread was distributed in 5 cities, plus 2 days of flour), and wheat or other cereals-2 days.

4. Fisheries (Including report required by OD 11, Hqs 8th Army, 10 March 49, subject: "The Japanese Fisheries Cooperative Program".)

a. During the period 16 April - 15 May, 7,108,082 kan of fish were landed in Nagasaki Prefecture. Of this total, 4,420,851 kan were shipped to other prefectures, 1,084,822 kan were shipped throughout Nagasaki Prefecture, and 1,593,409 kan were either consumed locally or processed. All types of fishing were favorable during the month.

b. Close checks have been made of fish shipments and receiving reports where possible. The cross-check system is a satisfactory method when receiving areas transmit receipts within a reasonable time. During this period, so many reports were lacking from several areas that a comprehensive picture is impossible.

c. The shortage of nets and ropes still exists. All allocations of fuel oil were promptly received and distributed.

d. To date, a total of 147 fishery associations have held preliminary dissolution meetings. None have been registered. Thirty-seven fishery cooperatives have held preliminary establishment meetings and twenty-four have held general formation meetings. None have been registered. The program has not progressed far enough to be able to determine the success of the cooperatives.

e. During the month, inspection trips were made to Kasuza Machi and Obama Machi in connection with the Fisheries Cooperative Program. Both areas are at the same stage of formation that prevails throughout the prefecture. Proper notice is given for all meetings, and there is no evidence of domination by former association bosses. No cooperatives have actually been formed.

f. Military Government personnel had numerous conferences with prefectural and local officials and emphasized the fishery cooperative program throughout the month. A large scale encouragement drive is being formulated for implementation in the near future.

5. Mining

a. Coal production for May was approximately 199,047 tons, or 69.51% of the 286,350 ton quota for the period. The abnormal decrease in production was due to the strikes that took place on the 4th, 9th, 14th and 16th of May, involving

all the mines. The coal mines belonging to Mitsubishi Mining Co. Ltd., namely, Takashima, Hashima, Sakito and Saza, started an independent strike on the 4th and continued until the 24th.

b. Coal Kodans and consumers were spot checked and no discrepancies found.

6. Incentive Goods

a. Incentive goods for crop deliveries are arriving at a better rate than in the past. Approximately 60% of this allocation has been received and distributed to individuals. Charcoal and firewood incentive goods consisting of cotton cloth and imported fabric for the 4th quarter of the 1948 fiscal year have not yet been received.

b. Fourth quarter marine products incentive goods have not yet been received but are expected in the near future.

7. Forestry

a. The actual output of lumber for May in Nagasaki Prefecture was as follows:

| | | |
|---|---|---|
| For general use | : | 26,194 koku |
| For shipbuilding | : | 1,807 koku |
| For mine timbers | : | 13,094 koku |
| For mine logs | : | 76 koku |
| Total | : | 41,171 koku |

b. Charcoal output in May was 1,708,000 kg., including 6,000 kg produced by government operation.

c. During the period 1-20 May, a "Pine Log Bark Peeling Drive" was carried out throughout the prefecture. Agencies which took part, in addition to prefectural authorities, were local forestry offices, police stations, railway agencies, and other transportation concerns. Five (5) conferences were held during May in addition to 15 radio broadcasts and a total of 25 days of "on-the-spot" encouragement to emphasize Pine Bark Beetle Control.

8. Transportation

a. A considerable decrease in passengers using railroads was noted this month due to the increase in passenger fares. Because of the increased passenger rates a 10% increase in income was received for the month.

b. Cargo transportation also showed a marked decrease due to coal strikes. On the 4th, 9th, 14th and 16th of May no coal

was transported at all. Control of highway check points throughout the prefecture has been increased and improved by training and using more efficient personnel to operate them. Prefectural check points have been increased to 44 stationary and 42 roving patrols. A total of 86 check points.

9. Economic Investigation Board:

a. EIB investigators made extensive investigations on the following items:

(1) Staple food distribution.

(2) Controlled marine products, i.e.; illegal commissions paid by fishery agents.

(3) C[illegible] distribution.

(4) Distribution of Jikatabi (rubber shoes).

b. These investigations, and the resulting prosecutions where irregularities were noted, have resulted in a number of critical and controlled items being brought back into legal channels.

c. Reference TWX Kyushu Mil Govt Region dated 16 May. In the opinion of team personnel the Economic Investigation Board is receiving full cooperation from other police and government agencies. No agency is sabotaging EIB activities. The EIB had experienced inconvenience because of the delay in the installation of two additional telephones; the EIB office had only one. However, after this team made inquiries an additional telephone was installed.

10. Reparations

a. Seven (7) reparations plants were inspected during this period. Minor discrepancies were corrected on the spot.

b. Captain Gunnel, Reparations Section, GHQ, conducted pre-allocation inspections in plants 27-2 (21st Naval Air Depot, Sasebo Branch) and 27-5 (Sasebo Naval Arsenal) on 18 May 1949.

11. Shipbuilding

a. Mitsubishi Shipyard completed construction of one (1) steel 300 gross ton ship and released it to the owners during this period.

b. One (1) steel cargo ship of 750 gross tons was completed at Koyagishima Shipyard and turned over to the owners during the month.

c. One ship of approximately 10,000 gross tons was converted from cargo to tanker at Mitsubishi Shipyard and released to owners on 1 May.

12. Import-Export

a. Imports for this period were one SCAJAP oil tanker from the Persian Gulf with fuel oil and one SCAJAP vessel from Siam with 4,000 tons of rice.

b. Exports were 17,000 cases of tomato sardines shipped to Liverpool, and coal shipped to Korea.

13. Building Construction

a. During this period 29 minor violations were uncovered.

b. Lack of funds, transportation, and personnel make it very difficult for the building inspectors to cover their districts effectively.

14. Price Control

A survey made on commodity prices for March and April in Nagasaki Prefecture indicates that blackmarket prices are decreasing considerably. The survey was made on 35 commodities and shows a 34% mean average decrease. Wheat and Barley remained at the same level. Flour prices increased 1.6% in April over the March price.

15. General

Department store gross sales for April were 87.9% of sales for March. Bank deposits in prefectural institutions increased ¥210,729,000 in April over March, while loans increased ¥14,808,000 during the same period.

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NARA MILITARY GOVERNMENT TEAM
APO 25, Unit 4

ANNEX D to Monthly Military Government Activities Report for May 1949

ECONOMICS SUMMARY
Prepared by THURMAN G. RIDGE, DAC

1. AGRICULTURE

a. Land Reform

As of 31 May:

| | |
|---|---|
| Land available | 10,472 cho |
| Land purchased | 10,472 |
| Land resold | 10,450 |

b. Farm Cooperatives

As of 31 May:

| | |
|---|---|
| Federations | 7 |
| Farm coops | 159 |
| Reclamation coops | 30 |
| Livestock coops | 8 |
| Mushroom coops | 1 |
| Processing coops | 1 |
| Seed coops | 3 |
| Bulb export coops | 4 |

Eleven former Nogyokai have yet to complete transfer of assets to 14 coops. Completion is expected by the end of June.

c. Estimates of crop damage approximate 40,000 rice koku.

d. Fertilizer has been distributed as follows:

| | To Dealers | To Farmers |
|---|---|---|
| Nitrogenous | 93% | 87% |
| Phosphate | 97% | 93% |
| Potash | 97% | 86% |

e. Reference is made to NRS Weekly Summary No 184, for 17-23 April 1949, page 16. Attention of the governor was called to the fact that no enabling legislation for agricultural extension system had been passed by the prefecture assembly. The governor replied that he had promulgated a "kisoku" (ordinance) to the same purpose on 12 November, under provisions of Article 15, Local Autonomy Law, and no further action was contemplated or necessary. The ordinance was checked, and follows closely the wording of the model law proposed by the Ministry of Agriculture.

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ANNEX D to Monthly Military Government Activities Report for May 1949, Reports Control Symbol MG-11(R2) cont'd.

2. CROP COLLECTION

a. Preparations for spring crop collection are detailed in special report 49/E/FC/1, dated 6 June 1949. Principal points are:

1) Preliminary surveillance of traditionally troublesome areas.

2) Public posting of quotas.

3) Streamlined procedures at collection points.

4) Prompt reporting

5) Flying squads to expedite delivery in slow areas.

b. This team was notified from higher headquarters that there was a discrepancy between progress reports of preplanting allocations as forwarded by this team and as reported by the Ministry of Agriculture to SCAP. Investigation disclosed that the Ministry of Agriculture reports originated from Food Office field inspectors, whose reports have no legal standing. The investigation also disclosed that the towns in question had completed allocation of quotas, although it is not at all certain that the allocation had been made by the date originally reported. To avoid recurrence of this situation, the following steps have been taken:

1) The prefecture has ordered that the individual quotas be kept posted at all times in each buraku, and military government personnel check these posted quotas.

2) Farmers have been informed through their Information and Education Cooperative that the quotas must be posted.

3) The Food Office has agreed to notify this Team of the substance of any reports that they make, so that this team will have the benefit of comparing their reports with the prefecture's.

3. FOOD DISTRIBUTION

a. Ghost Population

As the drive to eliminate ghosts continued, 195 fictitious persons were removed from staple food ration lists, and 21 cases were referred to the procurator.

b. Staple Food Confiscated

As part of this same drive, 9,410 rice koku of staple foods, valued at ¥229,000, were confiscated and diverted to legal channels. Of the 425 cases involved, 229 were referred to the procurator.

c. Fish received was 92% of the quota (fresh fish, 135%). Freshness and quality is much improved. There is some difficulty in disposing of the fresh fish, since it arrives in such large quantities the farmers are too busy to come and buy it, and there are plenty of vegetables to eat.

d. Vegetables are received in great quantities, and the average price compares favorably with the previous controlled price. Quality is much better than during controlled period.

c. Meat consumed was 8,080 kan (.38 momme per person per day) of which 1,120 kan came from other prefectures.

4. INCENTIVE GOODS

A report from this headquarters (Ltr, AG 430, Nara Mil Govt Team, dtd 26 May 49, subj: "Incentive Goods for Rice Delivery") pointed out inadequacies in the incentive goods allocation and reporting program. A representative of the Nara prefectural government recently visited Tokyo to compare his reports to the Ministry of Agriculture with those made by the Ministry to SCAP, and confirmed suspicions of this headquarters that the Ministry is post-dating its progress reports by two or three weeks. For example the figures in a report "as of 20 May" were actually the figures reported from Nara as of 30 April.

5. FORESTRY

a. For the first time since the war, prefectural authorities are selecting trees to be set aside for seed production.

b. In two districts, 562 koku of timber was found to be affected by pine bark beetle, and all 562 koku was treated.

6. ELECTRIC POWER

a. Loss of industrial capacity due to shortage of power remained at 2%, where it has been since last fall.

b. Out of 4,308 street lights inspected, 290 were found burning in the daytime. All were repaired, and contracts with 44 consumers were suspended.

c. Power was suspended to "C" lines only for a total of 27 hours during May.

7. PETROLEUM

The Nara Motor Car Office checked 79 cars for illegal use of gasoline, and found no violations.

ANNEX D to Monthly Military Government Activities Report for May 1949, Reports Control Symbol MG-11(R2), cont'd.

8. CONSTRUCTION

The Construction Section of the prefecture government found 28 new violations in May, and disposed of 23 administratively. A backlog of 36 remains.

9. IMPORT-EXPORT

Contracts for ¥14,000,000 were signed during May. This is 25 times as great as the largest previous month's business, and is attributed to the Nara booth at the Yokohama Exposition, mentioned in last month's report.

10. ECONOMIC INVESTIGATION BOARD

a. Illegally stocked cotton and wool valued at ¥5,000,000 was found by the EIB from 1 March to 10 May.

b. Out of 247 cases investigated in May, 83 violations were found. Two cases were referred to the procurator.

c. EIB reports about 70% cooperation from the prefecture government, 75% from the Bureau of Commerce and Industry, and 100% from other Nara government agencies. Non-cooperation takes the general form of sympathizing with businessmen against the interest of the consumers, and the specific form of passive resistance.

(1) At a meeting of the Economic Investigation Committee, the prefecture government representative stated that strengthened control of fish was inadvisable in such an inland prefecture as Nara, since it would only mean that Nara people would have less fish to eat.

(2) The same speaker stated that shipping agencies have demanded "cooperation money" from Nara receivers, but refused to give any factual data.

(3) A case of illegal possession of soy beans at a farm coop warehouse was referred to the prefecture government, but no answer has been received after two months.

(4) A request to the Kencho for information about factory operations was refused.

(5) A request to the Kencho for information about charcoal distribution has been ignored for two months.

(6) A question about materials stored in a farm coop warehouse has been ignored for one month.

(7) A request to the Textile Section of the Osaka Bureau of

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Commerce and Industry for directives and records of cloth allocation was refused in part.

(8) On various other occasions the Nara Branch, Osaka Bureau of Commerce and Industry, has been less than 100% cooperative in supplying requested information and in participating in investigations.

These matters have been taken up with the agencies concerned, and 100% cooperation has been promised.

11. ECONOMIC RECOVERY

a. Besides the prefectural Economic Recovery Commission, local committees have been formed in 10 cities and towns.

b. Following concrete actions have been taken by prefecture and local committees.

(1) A fund of ¥100,000 has been collected by the Federation of Businessmen's Associations for loans to small business. This fund has already revolved three times.

(2) A Credit Insurance Institution has been formed and is applying to the Finance Ministry for a charter.

(3) A letter was written by the prefecture committee to the Ministry of Commerce and Industry, requestin that allocations of sample and production materials to export manufacturers be expedited.

(4) Eighteen foundries, clothing and weaving factories were inspected for efficient operation by committees of five (three technical experts, one kencho official and one from the Bureau of Commerce and Industry). Factory owners were notified of the findings, and recommendations are being made available to other factories.

(5) Two conferences have been held for Nara exporters, addressed by government officials and experienced exporters.

(6) An exporters' exposition was held, and the governor awarded prizes for the best exhibit in each field.

(7) Consumers' representatives in all towns have been advised to promote "model stores".

(8) Taxpayers' savings associations are being organized by towns and by business associations.



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HEADQUARTERS
NIIGATA MILITARY GOVERNMENT TEAM
APO 547

Report Control
Symbol MG-11(R2)

Prepared by:
WILLIAM F. JOHANN
DAC
Actg. Economics Section Chief

ANNEX D

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF MAY 1949

ECONOMICS SUMMARY

1. Agriculture

a. Sowing of rice was delayed four (4) days this year due to cold weather.

b. Blights and rice borers were noticed causing slight damage to crops during month of May.

c. The growth of barley, rye and wheat is poor due to too much rain.

d. 1,700 acres of rape plants are indicative of a yield of 18,000 bushels.

e. Spring planting of cucumber, egg plant, tomato, taro and turnips has reached to date an acreage of 1,300 cho or 85% of the quota.

f. To date 6,000 cho or 95% of the quota for irish potatoes have been planted.

Land Reform:

a. Ryotsu-machi Reform Commission

The land commission in this Town is exercising strict enforcement of the provisions prohibiting acquisition of land in excess of legal limits. All land subject to purchase has been acquired and sold to appropriate individuals as prescribed by law. The Local Land Commission reports that Land purchase was completed 20 March 1949. Transfer of titles was submitted to Land Farmers Section, Niigata Prefectural Government. All purchases and sale writs, transfers and collections for land sold by government have been accomplished on time.

b. Iwafune Machi Farmland Reform Commission

All land subject to purchase by the Local Land Commission has been acquired. The land has been sold to appropriate individuals prescribed by law. The Local Land Commission is exercising strict



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enforcement of the provisions prohibiting acquisition of agriculture lands in excess of legal limits. All land purchased from sizeable landowners has been resold by the Japanese Government. 90% of tenants who purchased land paid at the time of purchase. Insufficient number of clerks caused some delay in the transfer of titles, purchases and sale writs.

Agriculture Cooperative Association

a. Iwafune-Machi Agriculture Cooperative Association

The farmers in this village have been fully informed of their privileges and responsibilities as stipulated by the cooperative laws. Strict enforcement is being exercised in regards to organization and operation of the cooperative association. All individuals concerned have been assured that this cooperative is not being dominated by non-farmers interest. The Nogyo Kai of this village was completely liquidated and full protection was given to the creditors.

b. Ryotsu-Machi Agriculture Cooperative Association

Strict supervision is being exercised in regards to organization and operation of this cooperative association. Members of this cooperative have been assured that this cooperative is not being dominated by non-farmers interest. The Nogyo Kai of this village was completely liquidated. Transfer of property and assets was completed in spite of the shortage of clerks. The rights of creditors and members of the Nogyo Kai have been fully protected.

2. Fisheries

a. Due to favourable weather condition the fishing catch increased approximately 65% in comparison with last month.

b. All supplies and materials allocated by the Ministry of Agriculture and Forestry has been distributed on time.

c. With the use of 661 fishing boats the following listed species and quantities were caught during the month of May.

| Species | Amount |
|---|---|
| Sardine | 158.77 |
| Mackerel | 74.83 |
| Cod | 755.27 |

| | |
|---|---|
| Shark | 75.39 |
| Squid | 10.41 |
| Halibut | 4.41 |
| Flatfish | 18.14 |
| Others | 260.00 |
| Total | 1,357.22 |

* Unit: Metric Tons

Fishing Cooperative:

a. Ajirohama Fishery Cooperative Association

A preliminary dissolution meeting was held on the 13 April 1949. At this meeting seven (7) new members were elected by secret ballot for the property disposal board. A committee was elected for the purpose of assuring democratic procedure throughout the period of time this organization functions. It was reported by the Chief and members of the cooperative that fishing materials and incentive goods received through the link system constituted only 20% of the actual needs.

b. Shidaihama Fishery Coöperative Association

A general meeting for the dissolution of the old association was held on 15 February 1949. Five (5) members were elected by secret ballot for the property disposal board. A-B-C pamphlets and leaflets were distributed to individual fishermen. The major complaint of the fishermen is lack of rubber goods and fishing materials obtained through the link system. It is claimed that only 10% of the actual needs are being received through the link system.

3. Incentive goods

Distribution of incentive goods allocated for the regular 1948 fall crop collection was completed by this prefecture 20 April 1949. On 11 April 1949 a commendation was awarded to this prefecture by the Agriculture and Forestry Ministry for completing the excess quota (310,000 koku) delivery of rice.

4. Forestry

a. The area designated for reforestation this year is 3,155 cho with an estimated cost of 20,000 yen per cho. Central Government funds will furnishes 80% of the reforestation cost while the remaining 20% will be paid by the prefectural government.

b. A 7% increase is indicated in the production of all lumber products during this reporting period. Production figures are as follows:

| | |
|---|---|
| Lumber | 6,205,200 bd.ft. |
| Logs | 12,041,880 bd.ft. |
| Paper | 4,320,828 lbs. |
| Charcoal | 1,914 tons |
| Firewood | 5,465 tons |
| Veneer | 14,643 bd.ft. |
| Plywood | 24,917 bd.ft. |
| Bamboo | 800,000 kg. |

5. Transportation

Transportation control:

a. During month of May the following transportation control inspections were supervised by Mil Govt personnel:

(1) 2 May - Passenger and Baggage check at Niitsu R.R. Station and vicinity.

(2) 6 May - Road Blocks within Nagaoka City limits.

(3) 10 May - Spot-check of Murakami public markets and road blocks within city limits.

(4) 19-20 May - Passenger and baggage check at Nagaoka R.R. Station and inspection of distribution Kodans.

b. As a result of prefecture-wide control the following repeat violations have been observed.

(1) Transportation certificates are not being filled out properly.

(2) Transportation certificates are being used for more than trips specified.

(3) Controlled commodities being transported by vehicles without transportation certificates.

(4) Transportation certificates are not being returned to issuing agencies within specified number of days.

All materials, involved in transportation control violations, confiscated by Japanese police and judical authorities are being turned into legal channels for redistribution.

e. To correct the above violations, at the suggestion of this Team, the EIB will conduct classes in regards to proper method of issuing transportation certificates. Issuing agencies will be instructed not to issue additional certificates for individual consignors until validated certificates have been returned by consignees. Suspected baggage on trains will be continued to be removed and held over for further investigation. (Wait for new OD before discontinuing)

Notify Jam. of new Transp. Certificate PP 17 + supplement

Transportation coordination

a. Of the 2,800 freight cars under the jurisdiction of the Niitsu Railroad Control Dept. only 1,530 cars were in operatable condition during this reporting period. The Prefecture utilized 16,778 cars to meet this months traffic load of 196,583 metric tons, an increase of 6 percent in comparison with last months freight shipping capacity. To date the monthly capacity (estimate 1,000 cars for A class repairs) of the Niitsu Mechanical Dept. Niitsu R.R. Sub-Division (Niitsu Kokibu) has been unsuccessful to cope with this situation.

b. The acceptance of 2 refrigerator cars (REOTE) by USSR (previously rejected due to faulty underframes) and the expected completion of 20 refrigerator (REO) cars for the Transportation Ministry during June will conclude this prefecture's segment of the current Railroad Rolling Stock Repair and Construction Program, reference OD 15 (48). Failure to obtain export orders for rolling stock, now under negotiation, will result in a gradual shutdown of one private industry hitherto enlisted in the program.

6. Electric power

An estimated 86.3 percent of this prefecture hydro electric generating capacity (amounting to 645,078 KW) was utilized in producing 403,179,366 KWH, an increase of 8.3 percent over month of April. Thermal generating

capacity totalling 24,500 KW was not used during May. Of the aforelisted accumulated electric power 66.2 percent was transmitted out of this prefecture. On Sado Island the deficit of the Tohoku Haiden cumulative hydro-electric and thermal generating capacity of 1,076 KW was met with 343,153 KWH provided by a privately owned thermal generating plant. Fluctuating prices of solid fuel resulted in an estimated loss of ¥4,905,611 by Tohoku Haiden. Accrued electric power generated in Niigata Prefecture amounted to 1,579,722 KWH and is indicative of a 1.3 percent decrease.

* Above figures include 20 percent transmission and 9 percent stealing loss.

7. Food Distribution

An estimated 58,495 pounds of imported food was found spoiled on M.G. spot-checks of storage facilities and inter-prefectural food stuff shipments. Spoilage was due to neglegence by Japanese food officials, at this echelon, to report receipt of stocks being in danger of spoilage and failure to effect prompt "emergency" releases.

8. Petroleum

a. Total throughput to stills of refined petroleum during 1 to 31 May totalled 4,826 kiloliters, an increase of 152 kiloliters as compared with the previous month. The total refined production amounted to 5,417 kiloliters of which 4,026 kiloliters were finished products and 1,391 kiloliters were intermediate products for asphalt, paraffin, rope and oil manufacture. The increase in overall production was chiefly due to the New Kaji R-1 and Kajikawa R-8 discovers in Kitakambara Gun. Yields of finished products were: (Unit: liquid in Kl. and grease in MT)

| Gasoline | Kerosene | Diesel Oil | Lubricating Oil | Grease |
|---|---|---|---|---|
| 635 | 389 | 1,166 | 1,795 | 34 |

b. Cumulative natural gas production of 62 "wet" wells and 1,520 "dry" wells in operation during May amounted to 81,546,705 cu.ft.

9. Construction

Shipbuilding: On the 28th of May the keel was laid for one (1) Oil Tanker of 98 gross tonnage being constructed for the Heiwa Kisen K.K., Tokyo. Reference is Memo for the Japanese Government, SCAPIN 6556-A, 2 May 1949. Launching is anticipated by end of July. Construction will be completed within fixed construction period.

10. Public works

Miomote River Project, Iwafune Gun: Authorized construction will begin during month of June. Overall expenditures for the project will amount to excess of 18 billion yen of which one fourth will be allotted as subsidy by the central government. Final completion of the project will:

a. Result in a hydro-electric generating station (maximum capacity 29,600 KW) by 1953.

b. Contribute to the irregation of an estimated 700 cho of paddy land and 530 cho of reclaimed land, resulting in an estimated annual increase of 12,590 koku of rice.

c. Assure flood control by reducing natural streamflow from 1,560 $m^2$/sec to 716 $m^2$/sec.

11. Redistribution critical materials

The Niigata Branch Office of the Commerce and Industry Bureau is of the opinion that the current labor dispute of eighteen Pyrite mines, located in Akita, Iwate and Yamagata Prefectures will effect this prefectures sulphuric acid production during the succeeding months. Sufficient stockpile on hand and satisfactory supply of electric power will maintain the present daily average output of 150 metric tons until June. Seriously hampered production and damage to plant equipment are forseen in the event of failure to receive necessary future supplies of pyrite.

12. Import-Export

Export: Fifty-five (55) percent of this months commodity export sales represents contract with buyers in the Dollar Area and forty five (45) percent in the Sterling Area. Current negotiations for additional export contract are: Spinning machines for India, Ice plant equipment for USSR, Potassium of Lime for Korea and Sewing machines and Rodent control equipment for U.S.A.

13. Stimulation of critical industries.

In order to induce foreign traders and promote Niigata Export Industries an estimated 2,000 prefectural products were put on display at the Niigata Foreign Trade Hall (Boeki Kan). Exhibition was performed under the auspicious of the Economics Department, Prefectural Government.

14. Elimination of control associations

In accordance with notification, Vice Minister, Agriculture and Forestry, 24 Fo No. 163, 28 April 1949, this prefecture has filed for approval thru Japanese channels to SCAP the reorganization plan for the "voluntary" Niigata Fuel Wholesale and Forestry Products Association (Niigata Nenryo Oroshi Rinsan Kumiai).

15. Reparations

Reference par. 6d, OD 21 (48) as amended. In order to eliminate discrepancies which came to exist due to the conflicting reparation equipment status listed by Japanese Evaluation Committee (in Evaluation Reports of specific plants) as compared with official M.G. records, an extensive survey has been conducted to determine the status of certain items designated under custody. To date the following unofficial changes of equipment status are subject for review by this Team:

a. Reclassification of 1,105 items of equipment located in twelve installations.

b. Improperly inventories (salvage) of 54 items of equipment located in five installations.

c. Inventory status as to the eligibility of seven items of equipment located in one installation.

16. Economic Investigation Board

<u>Shinano River (Senju Third) Hydro-electric Project, Tokamachi, Nakauonuma Gun</u>

a. This Team with the aid of the E.I.B. uncovered the following illegalities involving lumber and timber procured for the construction of this project:

(1) 13,332 koku of raw and sawed lumber was obtained by contractors from Niigata Prefecture without allocation coupons.

(2) In addition to quantity above, 11,730 koku obtained from Nagano Prefecture was transported to project site without required transportation certificates.

(3) In addition to 10,100 koku of lumber included in quantity listed in "(1)", above, 9,900 koku of raw lumber obtained from Nagano Prefecture was purchased at prices 20 to 30 percent above those set by the Japanese Government Price Board.

(4) Additional stocks of construction materials are suspected to have originated from Fukushima, Iwate, Tochigi Prefectures and Tokyo-to.

b. In order to further the efficiency and effectiveness of the E.I.B. at this level, a meeting was held 27 May with all of its members, police and judical authorities. On this occasion the following was emphasized by this Team:

(1) Continues public support to insure impression upon the Japanese people that this agency has the full support of the Occupation Forces.

(2) Reduce the burden of this agency by delegating duplications and minor routine investigation to the autonomous and rural police.

(3) Extensive liaison with coordinating committees and all other effected authorities at government level so as to eliminate weaknesses, to disseminate all available educational data to the public and to assure prompt enforcement of economic laws and existing control programs.

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Reports Control Symbol MG-11 (R2)

OITA MILITARY GOVERNMENT TEAM
APO 24 UNIT 2

ANNEX D

to
Monthly Military Government Activities Report
Period Ending 31 May 1949

Report prepared by: Samuel B. Umphrey, CAF-10,
Economics Officer

ECONOMICS SUMMARY

1. Agriculture

a. A Crop Reporting Office survey reveals estimated damage to the wheat and barley crops of approximately 13 percent, and to the white potato crop of only 6 percent. Based on these data quota turn-in should meet expectations.

b. Land Reform

(1) Of 527 cho, 410 cho in Wada-mura, Shimoge-gun, is arable land; of this 112 cho 7 tan has been purchased and resold for cash to tenants. Ten cho of reclaimable land has been purchased, and 4 tan 7 se (ex-military land) has been resold.

(2) 179.9 cho of the 440.1 cho arable land in Ajimu-machi, Usa-gun, has been purchased and resold. 63 cho of reclaimable land has been purchased by the local land commission and is awaiting disposition.

(3) Information on written rental contracts is being disseminated by the prefectural government. Several villages in each gun have been elected as models for this program.

(4) Status of the land reform program in this prefecture is as follows:

| | Purchased | Resold | Balance |
|---|---|---|---|
| Paddy and Upland | 23,775 cho | 23,545 cho | 230 cho |
| Reclaimable Land | 19,135 " | 1,791 " | 17,344 " |
| Pasture Land | 2,198 " | 2,078 " | 120 " |

c. Dissolution of Nogyokai and Operation of Cooperatives

(1) Inspection of the Agricultural Cooperative Association at Ryuo-mura, Usa-gun, revealed that its formation was approved

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on 24 May 1948, registered 12 June 1948, and operations began on 15 August 1948. Assets of Nogyokai was transferred on 27 December 1948. In addition to usual administrative activities full coordination was observed between technicians and farm advisors who are apparently implementing the schedule of the Extension Service System in an attempt to better the farmers lot. A farmers' newspaper advises on rice seedling propagation, crop diseases, and other pertinent subjects.

(2) The Agricultural Cooperative Association, Imazu-machi, Shimoge-gun, was approved on 10 May 1948 and began operations on 15 August 1948 by renting assets from the old Nogyokai. Activities of the cooperative technician include lectures to farmers on subjects of general information, demonstration of crop protective dusting apparatus and more modern methods of using the horse in plowing.

(3) As of the 20th of this month 701 Agricultural Cooperative Associations and 21 federations have been formed in the prefecture; of the federations eight cover the entire prefecture while 13 have only one gun each as their designated area.

(4) 213 Nogyokai's have transferred 575,990,000 yen in assets to cooperatives.

d. Investigation reveals no illegal sales of insecticide 24D in this prefecture. Officials report receipt of small amount which has been distributed to agricultural and sericultural stations. Distribution of this article is governed by the provisions of the Agricultural Chemical Control Law and only registered dealers may handle it.

e. Agricultural Extension Service

(1) Of 101 farm advisors appointed by the Prefectural Governor one was a woman. These Farm Demonstration Agents have been assigned to various sections of the prefecture. Appointment of specialists has not been accomplished pending receipt of requirements for qualification.

(2) A Four-H Club was formed at Kitachi-mura, Minami-amabe-gun, on 16 May with 100 boys and girls, ages 15 to 20 years.

(3) Livestock. A short delay is anticipated in completion of the program for protection of livestock against equine encephalitis due to non arrival of DDT. Officials are attempting to secure delivery of the insecticide in order to begin the program about 10 June 1949.

2. Crop Collection

Harvesting of wheat and barley crops has been observed in scattered areas of the prefecture. This early maturing of the grain is attributed to an exceptionally warm winter. Complete harvesting and early turn-in is contingent upon weather conditions but officials expect to complete harvesting prior to advent of seasonal rains.

3. Food Distribution

a. Surveillance of food distribution offices, records, and storage warehouses this month revealed minor discrepancies involving inadequate fire fighting equipment, which will be eliminated with the installation of additional firebuckets in strategic locations during the month of June.

b. Average per capita meat consumption this month was 30.5 grams.

c. Average days of rice distribution this month was 21.24.

4. Fisheries

a. Fishing Cooperatives

(1) Interest among fishermen in the formation of fishing cooperatives is being intensified via media of newspapers, radio, posters, and meetings of representatives of the Young Men's Association. These meetings, in the form of one day schools, have received widespread acclamation, as the programs have been generally interesting. Members of this team attended and encouraged the activities in three cities (Nakatsu, Oita, Saeki) and 9 towns (Saganoseki, Nagasu, Usuki, Hiji, Kunizaki, Sakanoichi, Higashi-nakaura, Yanagigaura, Onyushima, Higashi-kamiura) for a total of 26 conferences.

(2) There is an apparent attempt by some members of the Fishermen's Union (Gyomin Kumiai) to discourage formation of single cooperative in areas with as many as 1000 members. It is their desire to form more than one cooperative in order to increase their bargaining power. Their campaign includes promises that officials of the new cooperatives will be appointed from the ranks of the Gyomin Kumiai; that decisions of the majority should not prevail; and finally promises of "new, better, and more equipment" which is shown to the fishermen. This equipment is far superior to regular equipment. Investigations reveal that fishermen are inclined to believe this type of propaganda, and that they do not fully trust the Ken Aquatic officials because several of them were former officials of the old associations.

Noted by NR

(3) Although attended by officials of the Ken Aquatic Section and District Office representatives, an investigation by this team revealed that 17 dissolution meetings were illegal due to lack of quorum. Continued active surveillance is contemplated by this team.

5. Incentive Goods

a. Officials of the Ken Economics Section, Commerce and Industry Section, Chairman of the Incentive Goods Committee, and officials of city and district offices who are actively engaged in the incentive goods program, together with representatives from this team, held a conference on the 20th of this month to determine methods to implement the program. A plan was formulated whereby more strict control would be exercised over shipment handling, storage and distribution of incentive goods. Results of the program will be observed through inspections and reports prepared by various interested agencies and forwarded to this team.

b. Despite continued surveillance by this team of fish collecting, receiving, wholesale, and retail agencies, violations of price control and failure to post prices continue. Although a producing area most of the prefecture's fish is supplied from elsewhere. Officials allege that transportation charges are in excess of authorized charges, thus placing a financial burden upon the consumer. Receivers fear reprisals in the form of stoppage of shipments in the event an official complaint is registered. Through efforts of the EIB, six major violations involving two collecting agencies, two wholesalers, one retailer, and one shipsmaster are now being prosecuted. Closer coordination between EIB, police and other officials would be a contributing factor in discouraging potential violations.

c. Fall crop incentive goods of sake, tobacco, thread, socks, sweaters, drawers, and shirts were received. All clothing was distributed. Tobacco not distributed will be shipped to the Kumamoto Branch of the Central Government Tobacco Monopoly Bureau, and 49 koku of sake is being held pending outcome of application for additional quantities. Ken officials state that numerous people have not reported to collect rations.

6. Forestry

a. A campaign was recently inaugurated by Ken officials to encourage forest owners to construct firebreaks. This is under supervision of District officials and is deemed an important activity in view of the forthcoming dry season.

b. Officials report that there are indications of damage caused by the bark beetle. This damage coincides with the return of hot weather to the prefecture and its extent is undetermined at this time.

Reports Control Symbol MG-11 (R2)



7. Transportation

Police discovered only one violation of the transportation certificate law during the month. An improvement in the returning of transportation certificate to the issuing agency was noted. It is the opinion of this team that wholesale daily violations of the transportation certificate law is occurring in this prefecture. It is the concensus of opinion of members of this team that authorities charged with enforcement of the law do not believe that control of staple foods and critical materials essential to economic recovery. The entire program is apparently treated with indifference by responsible officials. This team has conducted about 50 conferences in an attempt to encourage and stimulate the program without apparent results. Plans for next month include the coordinated efforts of EIB, police, and team members in an additional attempt to eliminate some of the malpractices.

8. Electric Power

a. Power supply being on 1st step restriction was generally good this month probably due to unexpected rainfall.

b. No violations of the electric power rationing program was reported by local officials or observed by members of this team.

9. Construction

a. An administrative inspection by the Fukuoka Regional EIB of the Ken Construction Section resulted in a letter from that agency to the prefectural governor outlining certain malpractices and requesting an immediate reply. Pertinent contents of the letter deal with violations practiced by both Ken officials and contractors as follows:

(1) Application for permission to construct buildings which are prohibited, are granted.

(2) Construction violations continue unchecked due to non inspections after building permit is granted.

(3) Local officials are unfamiliar with laws dealing with construction.

(4) Interpretations of existing laws are made by incompetent officials to suit their own purposes.

(5) Local officials are making no attempt to enforce construction ordinances of the government.

b. This team does not concur with opinion of local officials that some provisions of Ministry of Construction Ordinance Number 2 should be either abrogated or modified, specifically that dealing with size of dwellings. Actually if floor space restrictions were lifted many wealthier owners would start immediate construction thereby channeling critical materials from more worthy projects. Information given to this team indicates that a petition has been forwarded to the Central Government for modification of building limitations in this prefecture.

c. A brief summary of this team's opinion of relationship between the local Economic Investigation Board and police and other agencies is as follows:

(1) There is insufficient evidence to establish any direct act of sabotage by any agency in this prefecture, however Mr. Arata Inage, Director Oita Economic Investigation Board, has subtly indicated on several occasions that the Marine Products Section, and Food Section are not active in carrying out existing directives designed to further the Japanese Economic recovery and fail to properly recognize the importance of EIB activities. Inactivity of subject agencies is in the form of non attendance at important committee meetings, non efforts to enforce laws and ordinances, and disregard of laws and ordinances by responsible officials. As an example, an EIB inspection revealed that receiving and retailing agencies of controlled marine products had engaged in price violations by reason of the tacit consent of officials of the marine products section, and municipal police; also, price control is difficult due to lack of proper supervision by responsible agencies.

(2) Chiefs of the Ken Economics Department and head of the National Rural Police have been warned and have promised to cooperate more closely in the future.

d. Of 22 detected construction violations this month only 3 were sent to the producrator while 19 were warned not to violate the construction ordinance again. Of the cases pending from previous months and brought before the procurator this month, 10 were fined and 4 received 6 months confinement each.

10. Public Works

Unusual activity in road and street repair has been observed apparently in anticipation of the impending visit of the Emperor of Japan to this prefecture early next month.

11. Redistribution of Critical Materials

While purchasing 13,375 yards of textiles from the Fuji Spinning Company the Sangyo Tukko Kodan has received permission to dispose of through regular authorized channels 89,900 kg carbon steels, 303 kg iron wire, 2,309 kg steel wire, 5,982 kg nails, 1,748 kg electric wire, 18,088 kg scrap iron, and 3,154 kg wire rope.

12. Import-Export

a. Type 3 cement, 5,700 metric tons, 6,500 metric tons and 4,947 metric tons, was loaded and dispatched aboard the Chinese vessels, "Li Hsing", "Foo Heing" and "New China" respectively, destined for Calcutta, India, Manila, P.I., and Hongkong, China, respectively.

b. The Board of Trade has placed an order for 13-50 H.P. ships engines at the Usuki Iron Works and the Otsuka Iron Works. Target date for delivery to the Russian Mission is 30 September 1949.

13. Release of Installations

A part of the former Oita Army Junior Airmen's School, Seike-machi, Oita City, formerly used as a laundry site by the 19th Infantry Regiment, consisting of 12 wooden and 3 brick buildings located on 5100 tsubo (181,560 sq ft) of land was released to the Japanese Government on the 27th of this month.

14. Reparations

All reparations installations in the prefecture were inspected this month, and maintenance is considered to be satisfactory.

15. Restricted Industrial Operations

a. Shipbuilding

(1) The Oita Shipbuilding Company reports 80 percent completion of the 150 ton cargo boat, permit No. 4647.

(2) Completion of the 150 ton cargo boat, SCAP No. SP910, was reported this month.

(3) Russian Representatives Mr. Ivan T. Kuzenetson, Mr. Aleksi Andrievsky, and Mr. Alexander V. Mokarov arrived at the Usuki-machi Shipyard on the 14th and departed on the 19th of this month for the purpose of inspecting vessels being constructed for their government. Trial runs were made on two (2) 115 HP, 25 ton tug boats, tests were conducted on 5-50 Hp motors, and inspection was made on one (1) 50 HP tug boat less motor. Upon completion these articles will be transported to Kure, Honshu for further travel to final destination.

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HEADQUARTERS
OKAYAMA MILITARY GOVERNMENT TEAM
APO 248

ANNEX D

Economics Summary
(Reports Control Symbol MG 11 (R 2))

Prepared by: Mr. Alexander F. McGimpsey, DAC, CAF-11
Captain Lawrence M. Corcoran, Infantry
Captain Marin W. Green, FA
Mr. Tetsuro Kajiya, DAC, CAF-4

1. Agriculture

a. Weather

The mean temperature for the period 25 April 1949 to 24 May 1949 was 15.7° C (60° F), the normal being 16.5° C (62° F). Rainfall for same period was 108 mm (normal is 101 mm). Sunshine hours for May was 208 as against normal of 223.

During the night of 19 May, there was a high wind accompanied with a heavy rain in most of this prefecture which caused considerable damage to the wheat and barley crops.

b. Wheat and Barley Crops

The Prefecture Agricultural Office and this headquarters both believe that the mugi crops have been adversely affected by bacterial diseases caused by the warm winter, cold spring and excessive rains to the extent of 20%. The Ken Experimental Station is keeping the district chiefs advised on the control of these found mugi diseases.

c. White Potato Crop

Due to the unseasonable cold weather at sowing time the growth of the "Irish" potato has been retarded.

d. Agricultural Co-Operative Associations

On 24 May 1949, an inspection was made in Tsukida-son, Maniwa-gun. The farmers interviewed seemed to prefer the old Nogyokai to the present Cooperatives. They claimed the Nogyokai did more for the farmers. It was also reported

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that the Nogyokai executives did everything possible to get the local cooperative started. The farmers were aware of their rights under the cooperative system.

In Shinjyo-cho, Maniwa-gun, the farmers interviewed were wholeheartedly in favor of Agricultural Cooperatives. They believe the service is superior to that of the old Nogyokai, considering the times, because they share in the profits.

The Economics Officer attended the annual meeting of the Credit Federation Cooperative Association of Okayama-ken. Approximately 300 were in attendance. The association made a profit during the past year and was able to declare a 5% annual dividend. It is capitalized at ¥ 20,200,000. Total membership is 420.

The district chief of Asaguchi-gun informed this team that he convokes a meeting monthly in rotated locations with the heads of the 16 agricultural cooperatives in that gun to discuss agricultural problems. The district chief also handles Tsukubo-gun where there are 15 cooperatives and he carries on a similar activity there.

e. Land Reform

This team inspected land reform progress at Ugake-son, Mitsu-gun on 4 May, Kurashiki City on 2 May, and Kojima City on 21 May. The inspections revealed that the foregoing Agrarian Land Commission Offices were performing smoothly and efficiently. Most of these tenants who purchased under land reform paid cash.

It was observed by this headquarters that the Central Government is remiss in the payment for the purchased lands both in bonds and cash. In one of the land commission offices, no part of the 1949 Japan Fiscal Year (JFY) subsidy has been received as of 3 May 1949 to operate the office.

f. Liquidation of Nogyokai (Agricultural Associations)

Originally there were 369 Agricultural Associations in the ken. 352 of these associations have been authorized to transfer their assets to the corresponding Agricultural Cooperative Association as of 25 May 1949. Seventeen authorizations have been withheld because

4 cases involves Nogyokais that have to settle with two or more Cooperatives
5 cases involves losses in capital assets and indemnification remains uncertain and undecided
8 cases involves lack of personnel for liquidation.
17 cases total.

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g. Sericulture

(1) As of 1 April 1949, 1239.1 chobu of land is the registered acreage for mulberry trees which is almost a ten percent increase over normal acreage.

(2) The estimated silk worm production from 8 May to 13 May (which is the season) was 97,270 grams which was a 11.4% increase over that of last year. Heightened interest in silk probably maybe due to the decontrol of silk effective 1 June 1949 so that it can be used both for domestic and foreign trade.

h. Dairy Farming

(1) Milch Cattle

The number of breeding stock from 1 April to 30 April 1949 was:

| | | |
|---|---|---|
| Bulls | 184 | |
| Cows | 2559 | |
| | 2743 | Total |

(2) Milk Production

During month of April 1949, 1715.94 koku milk was locally produced and 108.82 koku imported from other prefectures.

i. Reclamation

(1) The Funaho-cho, Asaguchi-gun Agrarian Land Commission sold 4 chobu of reclaimed land during May 1949. The average price per chobu was ¥ 776.60.

(2) This team submitted a letter through channels, subject, "Permission for Release, Remodel and Use of 2 Disused Japanese Armored Tanks and the Destruction of 11 others", file No. 386.3, dated 25 May 1949 requesting approval of subject matter. The tanks to be reconstituted are primarily intended for reclamation of agrarian land in Iioka-son, Katsuta-gun that was destroyed by floods.

2. Crop Collection

a. Rice and Rice Substitutes



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As of 31 May 887,297.5 koku (102.5%) rice was delivered and 21,997.5 koku (129.4%) was the over quota delivery.

The ken enforcement authorities have arrested 47 farmers of Fujitason, Kojima-gun in May, and charged them with deliberate evasion in meeting their adjusted delivery quota of rice. 60 koku of rice was confiscated from 39 farmers which is about 30% of the deficient delivery quota.

b. Sweet Potato Crop

As of 31 May 1949, the total amount of sweet potatoes delivered was 14,861,401 kan (226.4%).

c. Mugi Delivery Date

The Ken officials have stepped up the Mugi delivery dates as follows: for southern guns and cities, 20 August 1949; and for northern guns, 31 August 1949. The Central Government had set 30 September 1949 as mugi delivery date.

3. Food Distribution

a. Indigenous Food

For the month of April, 9,127,086 kg of indigenous staple food (in terms of unclean rice) was distributed, and of this 7,208,898 kg was rice, 918,278 mugi, 726,285 processed potatoes, etc.

b. Imported Food

Imported Foodstuffs distribution was 451,863 kg (in terms of unclean rice) of which 366,332 kgs were cereals and balance corn flour. Grand total of food distribution for April was 9,578,949 kg.

c. C-O-R-R-E-C-T-I-O-N

In April 1949 Monthly Activity Report, this team reported 11,269,000 kg (in terms of unclean rice) imported food distributed in this ken. The aforementioned figure was reported in error. It should have been 877,646 kg. The grand total of both indigenous and imported food distribution was 11,265,000 kg.

d. Use of Imported Foodstuff

Information on the use of corn flour has been disseminated by the local Food Distributing Kodans to the public. This team learned from farmers that

bread made with part corn flour is relished by the children but the bread gets stale quickly. It soon starts to decompose due to bacteria action within. On 20 May 1949, the Economics Officer attended a meeting of Okayama Branch, Foodstuffs Association and suggested that the Japanese should experiment with many varieties of food in order to balance their diet which in turn will help the farmers by abating the demand on the current staple crops, particularly rice. The farmer could then grow many varieties of crops and by selected rotation of crops, he would increase his yields.

e. Warehouses for Staple Crops

(1) Eight Government designated warehouses for "frozen" rice (substituted rice) were visited. In two of the warehouses vermin infestation was very much in evidence. Immediate fumigation was advised by usage of Picric Chloride.

The lack of fire fighting equipments was also observed and remedial action advised. It is apparent that some sort of method for rat extermination must be instituted in these warehouses. Rat traps and poison have been in use but no appreciable results have been noticed.

Two warehouses inspected were found to be storing "frozen" rice with other items. These goods were ordered to be taken out immediately and stored elsewhere.

(2) Inspection of Imported food processing mills were made, and it was found that all but two of them have been idle for a month or more due to lack of imported and indigenous foods to be processed. However, in the latter part of June the mills are expected to be very busy due to the harvesting of the mugi crops.

(3) The Government warehouses were found to be in excellent condition but they do lack adequate fire fighting equipment and this was called to their attention for remedy.

5. Fisheries

a. Fish Catch

The fishing season is in full swing and the weather has been favorable for fishermen during the period of 21 April to 20 May 1949. Amount of fish caught during this period decreased about 100,000 kan as compared to previous

month. This was due to the great amount of "Ikanago" (sand eels) caught during April.

b. Fish Cooperative Associations (Reports Control Symbol MG 11 (R 2))

As of 31 May 1949 five (5) Fishermen Cooperative Associations have been approved by Governor but none have been registered. Of the sixty-six Fishing Organizations in existence when the Fisheries Cooperative Association Law became effective, fifty eight were in the process of liquidation as of 25 May 1948.

21 General meetings have been held and 31 are in the process of arranging a general meeting as of 31 May 1949.

A member of this section visited the following fishing communities during May 1949 and talked to members of the Fishing Associations:

Kitakijima-son, Oda-gun
Manabeshima-son, Oda-gun
Konoshimasoto-son, Oda-gun
Konoshimauchi-son, Oda-gun

It is the opinion of the fisherman that these new Fishing Cooperative Associations will benefit the individual. They all complained that under the old organization the local politicians received personal gains and were not interested in the individual fisherman. Representatives of the Prefecture Aquatic section have visited all the fishing communities in this Prefecture and orientated the fishermen on the Fishermen's Cooperative Association Law. All fishermen have been given the leaflet "ABC" of the Fisheries Cooperative Association Laws.

At the present time, the Economic Section is planning with the Civil Information Section on an intensive publicity campaign to urge the formations of Fishing Cooperatives.

5. Mining

a. Coal

Okayama Coal Production for May 1949 is as follows:

| | |
|---|---|
| Production Plan | 2,550 tons |
| Actual production | 2,458 tons |
| Stock carried over from April | 9,392 tons |

Shipment:

| | | |
|---|---|---|
| Plan | 3,150 | tons |
| Effected | 3,062 | tons |
| Delivered at storage bin | 371 | tons |
| | 3,433 | tons removed from mines |
| Stock at the end of May | 8,418 | tons |

b. Lignite

1,654 tons were mined during period of 21 April to 20 May 1949. This is 18% less than the amount mined during similar period last reporting month (2,019 tons).

c. Pyrite

For month of May 1949, 29,969 tons of pyrite ore was mined at Yanahara. The established monthly goal is 30,000 tons.

On 19 May through 24 May 1949, the transportation workers at the mines (the ore loaders) went on strike for increase of pay. The strike involved 80 men. Management claimed a four day strike would shut the mine down. This headquarters sought through military channels the movement of minimum amount of ore in order to keep Konoshima Chemical Company ovens working. A shut down of furnace that burns pyrite ore for its sulphur recovery means a relining of furnace with its attendant high labor, material and loss of time costs. These union workers returned to work on 25 May then again resumed another strike effective 31 May 1949 for an indefinite period.

Under the foregoing circumstances, the production of almost 30,000 tons is a splendid example of management's spirit of cooperation in this present economic crisis. During the strike (19-24 May), management made preparations to ship 7500 tons of ore from 25 May to 27th (both dates inclusive). Normally the Katakami shipping office can handle only 1000 tons daily. Management made arrangements with Railway Administration Division and Motor Ship Transport Companies during strike interim for intensified loading and shipping.

d. Pyrophyllite

During the period of 21 April to 20 May 1949, 13,777 tons of 100% grade pyrophyllite were mined which was 15.2% under that of similar period last month.

e. Summary

The decrease in coal, lignite and pyrophyllite production has been

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attributed (according to management) to the retrenchment program of both business and government, reduction in personnel, and the temporary economic adjustment caused by establishment of the single yen rate.

One of the committees of the Economic Recovery Commission is to make a study of the exploitation of underground resources in Okayama-ken. This committee is headed by Dr. UMAJI, who organized his committee into 3 teams of six specialists each. These teams are to make an actual survey of the subterranean resources throughout the prefecture. This team has requested a copy of their report.

This team submitted a special report on "Price Discrimination of Yanahara Pyrite Ore" (49/E/NR/#1) through channels for consideration.

6. Incentive Goods

On 2 May 1949, incentive goods distribution was discussed with appropriate section of ken. This team uncovered considerable stocks of incentive goods on hand. The explanation was that the ken awaits total allocation of an item before distribution to preclude arguments from the recipients of favoritism and discrimination in case a later shipment of concerned rationed item should be of a different quality. This team recommended prompt distribution and the ken has heeded this advice.

On a field trip by this team during week of 9 May, farmers expressed themselves that the point system of rationing is not equitable. One who farms a small parcel of land cannot get enough production and therefore not enough rationing points to buy even the cheapest of critical items, the jikatabi (rubber soled cleft toe shoes) whereas the ones with large farms are able to get more than they need of these rationed items. Many thought the prices of incentive items excessive.

As of 20 May, the distribution of the incentive items linked with rice and sweet potato delivery was excellent. Practically every item was almost 100% distributed to the farmers. The lone exception concerned 241,978 tan of cotton fabrics received and 219,934 tan distributed.

7. Forestry

a. Pine Bark Beetle Control

Report covering 21 April to 20 May 1949.

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Monthly Activities Report, Okayama Mil Govt Team, APO 248, for period 1-31 May 1949. Annex D cont'd.

| AREA AND AMOUNT | AREA AND AMOUNT NOT ELIMINATED DURING PREVIOUS MONTH | DAMAGE DURING CURRENT MONTH | TOTAL DAMAGES AT END OF CURRENT MONTH |
|---|---|---|---|
| Area | 126 chobu | 328 chobu | 465 chobu |
| Amount (in lumber measurement | 15,611 koku | 30,500 koku | 46,111 koku |

| AREA AND AMOUNT ELIMINATED DURING CURRENT MONTH (CUT, PEELED AND BURNED) | AREA AND AMOUNT NOT ELIMINATED AT END OF CURRENT MONTH | SALVAGED TIMBER AT END OF PREVIOUS MONTH |
|---|---|---|
| 281 chobu<br>25,843 koku | 173 chobu<br>20,268 koku | -<br>20,241 koku |

| SALVAGED TIMBER REMOVED | SALVAGE TIMBER REMAINING |
|---|---|
| 33,488 koku | 12,596 koku |

Upon inspection by this team in Tsukubo-gun, less than 5% of suspected trees are untreated - this involved about 100 trees. In this gun, according to District Chief, the people are "pine beetle conscious". The neighbors, upon suspicion, contact the nearest forester. If tree is affected, the tree comes down and the bark is peeled and burned on the spot.

8. Transportation

a. The availability of railway cars for the transportation of natural resources reached 91% of demand during the period 21 April to 20 May 1949. The availability of railway cars for the transportation of staple materials within prefecture reached 364%. The May transportation plan of 7181 metric tons per day by railroad fell short by 4%. The chief cause was an oversight in planning the transportation program. The demand for commercial cars of 30 to 35 tons was not as great as had been expected whereas the demand for smaller cars was prominent. This kept the larger cars idle for a considerable length of time, during reporting period, awaiting demand at the stations. There were more food, coal, charcoal, minerals and cement transported than had been planned but the amount of fertilizer only reached 66% of that planned to be transported due to a loaders' strike at the Yanahara Mines and Hibi Smelter Company.

b. During the month of April there were 5,934 cargo inspections made by enforcement authorities of which 372 were railway cars, 4,630 were trucks and 932



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motor boats and semi-motor boats. There were 12 cases of violations, mostly staple foods.

9. Electric Power

The river volume of water for Okayama was 105% above normal (for past five years).

The thermal-electric plant received 122% of its coal allocation during May.

No special restrictions were placed on industry during May. The hydro-electric generation was normal for the month of May.

10. Petroleum

The balance of stock on hand for end of April 1949 was about 20% in excess of that at end of March 1949. No shortages have been reported by the farmers or fishermen.

11. Construction

a. Permits

Applications for building permits for April 1949 decreased 28% compared to previous months. It is believed to be caused by farmers being very busy in the fields at this season of the year. Rural districts decreased in permit applications 30% and urban decreased 23%. 35% of applications were for dwelling houses, 40% for shops, 25% were for repairs and additions.

b. Violations

Number of violations in building construction for April were 111 cases which shows a large decrease. 31 cases have been indicted, 54 cases are pending and their construction has been suspended pending the suspension. Administrative action was taken against other cases.

12. Redistribution of Critical Materials

Distribution of Critical Materials from 26 April to 25 May 1949 consisted of 2000 kg aluminum alloy scrap to Okayama Kinzoku Kogyo Company; 572 lbs of craft paper to Otake Factory, Mitsubishi Kasei Company; and Special Steel (4168 kg) to Amaki Factory, Okayama Papor Manufacturing Company.



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The Okayama Road Administration Office have huge stocks of steel and steel products to be disposed of as well as other critical materials. Negotiations are underway for distribution.

13. Export-Import

No export or imports occur direct in this prefecture - this is handled by Kobe Port Customs.

During the month of April 1949, this ken shipped for export camphor and peppermint oil to India, Bangkok Hats to US. straw braid to Switzerland and Argentina, artificial pearls to US, fancy straw mats to India, and textiles to Netherlands and British East Indies.

14. Stimulation of Critical Industries

a. A meeting at Vice Governor's office was held on 6 May 1949 where discussion of problems and possible solutions for the medium and small textile industries took place. This conference was attended by prefectural officials of Commerce and Industry Department and Labor Department and management from textile factories in Okayama Prefecture. These categories of business are in financial straits.

b. Economic Recovery Commission

Committees of the Economic Recovery Commission have been active during May 1949.

(1) Finance Committee

One meeting was held on 10 May 1949. Subjects discussed were tax savings systems; formulation of simple bookkeeping system for benefit of small commercial businesses and farmers; vigorous information program on tax savings and simple bookkeeping; methods for handling delinquent tax payers, the placement of tax officials in banks and post offices to give the tax payer technical advice on the making out of income taxes; and the publicizing of good tax payers. All the foregoing discussions were heatedly debated. A simple bookkeeping system was voted on and adopted by this committee. Steps are underway to have this simplified bookkeeping form brought to the public's attention. Plans were formulated for a savings account system for tax payers which is to be specifically identified for the payment of taxes.



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A second meeting was held on 26 May 1949. The purpose of this session was to formulate a petition to the Shoup Committee on local and Prefectural taxes. This session brought out by debate that the Ken government had no important tax sources, there is no cushion for local tax adjustments because the kens relied too much on the Central Government for subsidies. The Japanese Government have retarded local improvements, which they had obligated themselves to undertake, because the Central Government is a notorious delinquent payer of the voted subsidies. For the 1949 Japanese Fiscal Year (JFY) the ken expected 33% of the National taxes collected in ken returned to Ken for to carry on its obligations but the Government is only returning less than 16%. This subsidy settlement was done without granting the Ken a hearing on the retrenchment. The ken has no local income tax so are recommending a surtax on National Income Tax, so that both taxes can be collected by one agency and this agency to forward the surtax to Ken Government and the balance to Central Government. Other taxes were discussed - particularly the high entertainment tax of 150%. This committee is in favor of reducing this latter tax.

(2) Trade Committee

This committee met on 12 May 1949, and they discussed the working results of the establishment of single yen rate. They concluded it will cause confusion and that the small and medium size businesses may suffer financial reverses and probably shut-down. The larger industries will be forced to streamline their production, and increase efficiency of the workers resulting in reduced personnel and the reduction of overhead expenses.

(3) Price Control Committee

Model shops were discussed. These shops are to be set up to handle the sale of critical items for livelihood at official prices. Women's organizations are to be enlisted to support the movement. In case of inequitable pricing of items, this committee pledged itself to plead with concerned agencies of government for reconsideration.

(4) Natural Resources Committee

The second meeting of this committee was held 6 May 1949 to discuss underground exploitation of natural resources (reported in



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para 5e above).

15. Elimination of Control Associations

Sake selling associations were ordered dissolved by law No. 17, Article 38, dated July 1948.

The following organizations completed liquidation as listed below:

| | |
|---|---|
| Kurashiki Sake Selling Association | 4 May 1949 |
| Takahashi Sake Selling Association | 23 December 1948 |
| Niimi Sake Selling Association | 25 April 1949 |
| Hayashino Sake Selling Association | 4 May 1949 |

16. Reparations

This team made inspections of all reparation plants in this prefecture during the month of May 1949. Storage houses, reparation items and fire prevention equipment in the plants were found to be in good condition.

The final report (File 560, Subject, "Ex-Japanese Naval Small Craft", dated 26 May 1949) on the estimated cost for repairs on two ex-Japanese naval small boats were sent to Eighth Army, 26 May 1949. Both estimates were below forty percent of total cost. At present the boats are located at Tamano and Katakami Shipyards. These boats were mentioned in para 18 of Activities Report, Annex D for April 1949.

A conference was held by prefectural officials and persons in charge of reparation plants on 14 May. At the conference the attendants inspected one plant and discussed how the maintenance can be improved.

17. Restricted Concerns

a. Mitsubishi Plant

Management of Mitsubishi Heavy Industries, Ltd., informed this team on 26 May 1949 that the Mitsubishi Enterprises are to be broken up into three independent units. One unit will operate in the Yokohama-Tokyo area, another in Shizuoka-ken to Mihara-shi of Hiroshima-ken and the third will operate west of Mihara-shi to Kyushu. The Shizuoka-Mihara area is the unit that will concern this team.

The only Mizushima Plant in the prefecture is the former airplane factory in Tsurajima-cho which is now making motor tricycles.



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Management believes that labor in their plants will suffer a ten percent reduction sometime in August 1949.

b. Mitsui Shipyards

At 0110 o'clock, 8 May 1949, a fire was discovered in the woodworking shop. It was extinguished in 15 minutes. Damage estimate was ¥ 300,000. The fire did not affect export ship building.

18. Shipbuilding Inspections

On the 6 and 7 May 1949, representatives of the Soviet Government, Messrs. Kuznetrov, Makarov and Andreawsky, inspected 4 wooden shipyards in which 8 tugboats are being constructed for USSR. All of the 8 boats were said to have been satisfactorily under construction. It is expected that these vessels will be completed by the end of June.

In reference to memorandum for the Ministry of Transportation from GHQ, SCAP, Economic and Scientific Section, 561.4 (30 March 1949) ESS/IND, subject "Application for Permission to Change 12 Wooden Vessels Now Under Construction", the 3 ships mentioned as being constructed in Okayama Prefecture are as follows.

| SHIPYARD | N..E OF SHIP | TONNAGE | PROGRESS |
|---|---|---|---|
| Katakami Zosen | 3906 | 250 ton | Completed 15 April 1949 |
| Oda Zosen | 9726 | 150 ton | Completed 20 April 1949 |
| Asakuchi Zosen | 9721 | 150 ton | * |

* Sent to Hiroshima Shipyards of Mizuno Zosen Co. Ltd., Uwajima, Hiroshima-Prefecture under the authorization of Tamano Branch of the Maritime Bureau on 24 August 1948.

The following steel ships are being constructed at the Mitsui Shipyards in Tamano City, Okayama.

| SCAPIN | TONNAGE | OWNER | PERCENTAGE OF COMPLETION |
|---|---|---|---|
| 6082-A | 3700 ton cargo vessel | Jap Concern | 83% |
| 6393-A | 3700 ton cargo vessel | Jap Concern | 3% |
| 6495-A | 2400 ton cargo vessel | Jap Concern | 35% |
| 6415-A | 5170 ton cargo vessel | Denmark | 17.8% |
| 6415-A | 17,900 ton tanker | Denmark | 1% |
| 6415-A | 5170 ton | Denmark | 34% |
| 6415-A | 5170 ton | Denmark | 0% |



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In the 3 ship yards visited this month no illegal shipbuilding was found to be in progress.

19. EIB Activities

The Okayama Branch EIB has carried out approximately 54 completed investigations during the month of May 1949. These investigations include coal allocations and deliveries through legal channels; allocations and production of textiles; and the channels, controls, and violations of staple foodstuffs. They have turned a great many cases of violations over to the procurators. It is the opinion of this team, that this EIB is the most effective law enforcement agency of Economic Crimes in Okayama-ken. Number of Economic Crimes tried by courts during the period 26 April to 25 May 1949 in ken involved 693 persons. Lowest sentence received was two (2) months, the highest sentence was 12 months. Average sentence was 5 months and eight (8) days. The total number of persons fined was 691; the total amount of fines was ¥ 3,493,900, lowest fine ¥ 500, the highest fine was ¥ 500,000 and average fine was ¥ 5,056.

In compliance with Chugoku Military Government Region Headquarters' telephone request of 16 May 1949, this team sought information on coordination and cooperation of Japanese Government agencies with EIB. Up to the present (31 May 1949), complete harmony has been realized. There has been no evidence brought to light of sabotaging of EIB activities by other governmental agencies. This team has complete confidence in the Okayama EIB.

20. Miscellaneous

a. Governor's Conference

On 25 May 1949, the SMGO and Economics Officer attended the Governor's staff conference at the Koncho. Current economic problems and probable solutions were discussed. Discussions of national importance which included the following were: the rising surge of unemployment being referred to Economic Recovery Commission (ERC) for possible abatement and possible recommendations to Central Government; extra rations for part time farmers (which this team does not favor because these farmers get their prescribed rations from their own farms); instructing the county extension agents on farming bookkeeping in order for them to advise farmers on the financing of their crops and to be aware of their profits for both tax and personal purposes; mugi crop about 15% less than expected; and that the Tazuda-son hydro-electric project approval is to be voted on by the Assembly.

b. Financial Situation in Ken (Source Okayama Branch Bank of Japan)

Medium (¥ 200,000 to ¥ 1,000,000) sized businesses and small businesses

Monthly Activities Report, Okayama Mil Govt Team, APO 248, for period 1-31 May 1949. Annex D cont'd.

are hurt by shortage of funds. The Okayama Branch, Bank of Japan, investigated 100 concerns (which included textiles, machines, rubber, electric, lumber, woodworking, paper, contractors, food processing, transportation, other enterprises) which revealed that

in April 1948 there were 27% in financial difficulty
in October 1948 there were 39% in financial difficulty
and in April 1949 there were 44% in financial difficulty.

Some plants have been shut down.

The causes of financial stringency are

(1) Inflation causing price increase of raw materials

(2) Delinquent buyers which are chiefly caused by

(a) Government payments lagging

(b) Mining industries' outstanding unpaid accounts

(c) Tax liabilities and penalties

(d) Wage increase

(e) Consumers decrease in purchasing power

(3) Accounts receivable rapidly increasing

(4) Wage increases

Industry finds it difficult to pay labor because of tight money, some have to forego proper servicing of equipment, and some find it difficult to purchase raw materials.

To remedy the foregoing, bank loans have to be negotiated, unpaid accounts collected, the capitalization increased, reduction of overhead, and to increase the efficiency of workers.

The Central Government has been delinquent chiefly in cases which concern the Ministry of Agriculture and Forestry and Ministry of Transportation.

Known cases of delinquency by Ministry of Agriculture and Forestry are

Monthly Activities Report, Okayama Mil Govt Team, APO 248, for period 1-31 May 1949. Annex D cont'd.

(1) Japan Express Company of Okayama Branch for payment of freight on charcoal and fuel wood

| | |
|---|---|
| 31 March 1949 | ¥ 30 million arrears |
| 30 April 1949 | ¥ 41 million arrears |
| 20 May 1949 | ¥ 36 million arrears |

(2) Charcoal Business Cooperative

| | |
|---|---|
| 31 March 1949 | ¥ 13.7 million arrears |
| 30 April 1949 | ¥ 8.3 million arrears |
| 20 May 1949 | ¥ 5.2 million arrears |

and the delinquent cases by Ministry of Transportation are

(1) A printing company

| | |
|---|---|
| 31 March 1949 | ¥ 850,000 arrears |
| 30 April 1949 | 681,000 arrears |
| 20 May 1949 | 922,000 arrears |

(2) Electric Communication Instrument Manufacturer

| | |
|---|---|
| 31 March 1949 | ¥ 350,000 arrears |
| 30 April 1949 | 130,000 arrears |
| 20 May 1949 | 130,000 arrears |

The Chugoku Contractor Company as of 20 May 1949, is owed ¥ 4.4 million by Ministry of Agriculture and Forestry, Ministry of Transportation and Special Procurement Board.

This lagging of payments by Central Government indirectly affects Mino timber suppliers who depend on Coal Companies who in turn depend on government subsidies. Other firms who deal with coal mines are faced with the same dilemma.

Credit Situation

| | May 10 | April 30 |
|---|---|---|
| Bank Deposits | ¥ 6,976 million | ¥ 7,167 million |
| Bank Loans | 4,909 million | 4,872 million |

Banks can now lend up to 100% on collateral risks.

Monthly Activities Report, Okayama Mil Govt Team, APO 248, for period 1-31 May 1949. Annex D cont'd.

An agricultural implement manufacturer's (with ¥ 5 million capitalization) business trend is as follows:

| DATE | MONTHLY GROSS INCOME A | UNCOLLECTED ACCOUNTS AT END OF MONTH B | BILLS RECEIVABLE AT END OF MONTH C | B+C / A | UNPAID ACCOUNTS |
|---|---|---|---|---|---|
| March 1948 | ¥ 1,600,000 | ¥ 300,000 | ¥ - 0 - | 18.7% | ¥ 250,000 |
| Sept 1948 | 1,200,000 | 500,000 | 650,000 | 95.8% | 400,000 |
| March 1949 | 700,000 | 1,400,000 | 400,000 | 257.1% | 1,500,000 |

In order to expedite government payments, a "Government Payment Expediting Investigation Committee" has been organized and ill operate under Okayama Branch of Finance Bureau.

c. Okayama Industrial and Cultural Grand Exposition

This exhibit officially opened up on 20 March 1949 and closed on 20 May 1949. Due to an unseasonably cold spring, few clear days, and the railroad fare advance (while fair was in progress), the expected attendance fell off. Pay admissions amounted to ¥ 59,648,598 which was ¥ 7,051,402 short of estimate. It is claimed by the enterprise (operated co-jointly by Ken and City) that the exhibit broke even. They made certain operating retrenchments during progress of the fair to balance out the shortages. Some of the temporary buildings will be retained in place and others be re-erected elsewhere for government business. Television was a big attraction - they had 5 sets operating. 23 other prefectures had space in this exhibit. The fair was an asset to Okayama City and Ken.

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8th Army

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HEADQUARTERS
OSAKA MILITARY GOVERNMENT TEAM
APO 25

ANNEX "D"

To Monthly Military Government Activities Report
Period ending 31 May 1949

ECONOMICS SUMMARY - Prepared by Mr HENRY C KEISEL, CAF-12

1. Agriculture

a. The figures on the purchases and sales of farmland and on reclaimed land remain the same.

b. Eleven land reform cases were placed on the court docket during the report period which brought the total number of court cases as of 31 May 1949 to 292, involving 1,197 cho of land.

c. The revised regulation on the payment of subsidies for reclaimed land has placed the village, town and city officials in a somewhat embarrassing position as they had formerly encouraged the farmers to reclaim the land using the subsidy as an incentive. It was reported by the prefecture officials that under the new regulation, these subsidies cannot be given to the farmers.

d. One Prefectural Federation of Dairy Farming Cooperative Associations was formed by six local dairy farming associations and received approval from the Prefectural Goverment. Four agricultural cooperatives were approved during May which brought the total number of cooperatives to 398. Elections for the new officials in 62 cooperative associations were carried out during the reporting period which brought the total to 149 cooperativec that had new elections. Several cooperative associations began to operate vegetable retail shops when vegetables were decontrolled. The cooperative associations in the vegetable producing areas are satisfied with this new program. The liquidation of assets of 10 Nogyokai organizations was approved and completed during this report period.

e. The agricultural extension workers in this prefecture have concentrated their efforts to promote productive efficiency on the farmlands that have poor soil conditions. This program was conducted through the coordination of the Prefectural Agricultural Experimental Station and the Prefectural Federation of Guidance Cooperative Associations. Sixteen model localities were chosen throughout the prefecture for the purpose of demonstration.

f. The wheat and barley plants have generally withstood the unnatural season through proper countermeasures and the efforts of the farmers. In some localities, the crops are affected by mildew, mosaic and rust diseases. For this reason, and the fact that the stems are weak and slender, there are possibilities that there will be a reduction in crop yields.

scap advised

g. The growth of white potato has been retarded in some areas due to abnormal temperature during the budding period and ring rot disease affecting some seeds which necessitated replanting.

2. Food Distribution

a. On 16 April, a new Fish Distribution system was put into effect in Osaka Prefecture. Heretofore, the retailers were issued delivery orders based on population and the amount of fish received in the Central Market regardless of the area and the class of consumers they served. The shop keeper was obliged to keep ration fish, as ration, for only a four hour period after which he could sell it as free sale fish. This procedure made it possible for the retailer to keep quality fish under his counter for four hours and then dispose of it without regard to legal price. The outcome of the old system was that, due to lack of any record of ration fish sold to the consumers, the shop keeper sold the fish to the person who would pay the highest price, usually the blackmarket operator.

b. Under the new system, an appointed "squad leader" draws his fish by delivery order, issued only by the Prefecture Fishery Section. When sold, the retailer has the consumer fill in a standard form showing; kind of fish, price paid and amount purchased, after which the buyer signs his name and stamps his seal. These vouchers are picked up and consolidated by the squad leader and presented to the Fishery Section before receiving another delivery order. Without the consolidated vouchers he cannot obtain another supply of fish. At the end of a ten day period, the Fishery Section compiles the amount issued and the amount sold by each appointed squad and the delivery orders for the next ten day period are issued on the basis of sales. Consequently, in areas where the consumer demand is light, excessive amounts of fish are not delivered to retail stores. This system also gives a close check on the prices paid by consumers for each type of fish and eliminates blackmarket activity in marine products. The licensed retailer is allowed to receive free sale fish to sell in quantity based on consumer demand but there again, he must maintain the voucher system. Adjustment of quantities is made after a ten day period in the same manner as ration fish.

Consumers object to this and allow dealer to fill in which permits above ceiling prices

Theoretically but not actually

c. Preliminary checks at approximately 125 retail stores disclosed a reluctance on the part of the consumer to completely fill out the voucher. However, on recent inspections, interrogation of customers disclosed most agreed that it was well worth the effort. All consumers interviewed agreed that fish is now being sold at the legal price and is much cheaper than before this system was put into effect.

d. Plans are now underway to hold a meeting on 10 June of representatives of all Housewives Associations and PTA's in Osaka Prefecture. The importance of cooperating with the local authorities will be stressed with a complete outline of the new ration system by the Chief of the Prefectural Fishery Section and representatives of this headquarters.

e. The monthly meeting of the Administrative Punishment Committee was held on 24 May to pass on illegal actions of fish retailers. Due to a new regulation promulgated by the Central Government, they could not pass on the thirty cases pending. This regulation states that no administrative action can be taken until twenty days after the violator has been notified. In this twenty day period, the offender may forward an explanation of his activities to the Prefectural Government for consideration. The only case tried at the meeting was that of the Taimaru Receiving Agency. As the company had already sent in an explanation, the regulation was complied with, and after much discussion, it was agreed to suspend the license to deal in fresh fish for a period of 15 days.

f. Comparison of fish receipts for May 1948 and 1949:

| | 1948 | 1949 | |
|---|---|---|---|
| Fresh Fish | 2,279,030 | 2,599,020 | Kan |
| Processed fish | 308,652 | 646,816 | " |

Fish Distribution for May 1948 and 1949:

| | Per capita 1948 | Per day 1949 | |
|---|---|---|---|
| Fresh fish | | | |
| Designated areas | 9.7 | 10.2 | Momme |
| Non-designated areas | 5.0 | 4.8 | " |
| Processed fish | | | |
| Designated areas | 0.8 | 2.0 | |
| Non-designated areas | 0.2 | 0.9 | |

g. Approximately 29,033 metric tons of staple food were distributed to the residents of this prefecture for consumption in May. This figure includes 3.8 days of advance ration distribution for June. The total distribution was 36,106 metric tons as rations for the general consumers, 2,615 metric tons as supplementary rations for laborers and 312 metric tons as special rations. The distribution to the general consumers for the month was approximately 12.2 days of rice, 0.4 days of barley, 11.9 days of wheat four, 0.3 days of corn meal, 2.5 days of sweet potato flour, 2.3 days of bread and 0.5 days of noodle.

h. A report from the Osaka City Police Headquarters disclosed illegal actions by officials of the Staple Food Distribution Kodan. Early in 1948, funds which should have been distributed to branch offices of the Kodan were deposited in a bank and split up among the officials. This has resulted in the arrest of the Chief of the Kodan and the possible arrest of several section chiefs. It also involves several persons formerly connected with the Kodan, now employed in high positions both in the city and prefecture.

i. During the month of May, sixty two ration points were inspected by this headquarters. These inspections show that measures are being taken by the Staple Food Distribution Kodan to bring all ration points up to the standard of the six model points established in the prefecture. Unsatisfactory points are reported to the Kodan on Friday of each week for immediate correction. This program has been very effective and recent inspections disclose a marked improvement.

j. A meeting of all warehouse chiefs was called by this headquarters on 24 May. At this time, all discrepancies noted in previous inspections were brought to the attention of both the chief of the Osaka Food Office and the warehouse chiefs. A minimum standard in regard to fire prevention, rodent control, sanitation, bookkeeping and pilferage prevention was established. All warehouses storing imported food and substitute rice are inspected by this headquarters at least once per month and discrepancies reported to the proper authorities for immediate correction.

3. Fisheries

a. Since the preliminary dissolution general meetings of two aquatic fisheries associations did not meet the minimum required attendance in April, two meetings were held during the reporting period. Eight preliminary organizational general meetings for the organization of fisheries cooperatives were held during May which brought the total to eleven meetings held in this prefecture. Seven organization general meetings for the fisheries cooperatives were held during the reporting period. Three meetings were sponsored by this team at Kaizuka and Takatsuki cities and Nishi Tottori village regarding the fisheries cooperative association law. Speeches were given and motion pictures titled "Cooperatives in the United States" and "How to Conduct a Meeting" were shown. These meetings were conducted in the evenings for the purpose of having as many fishermen as possible attend, but only approximately 20 per cent of the members attended. The reasons can be attributed to the fact that some fishermen were out in the bay and it is apparent that others are not interested in the new fisheries cooperatives. Those who attended appeared to be former fishery association officials or new opportunists who desire to run the new cooperatives. The task to disseminate information to fishermen is difficult due to their lack of enthusiasm and the fact that approximately 20 per cent are illiterate.

b. In the early part of the month, inspections at the various fishing villages revealed that there were some concern by the fishermen over the draft of the new fishery rights law. The understanding by the fishermen of the new law was that the cooperative association will be able to fish only those marine products that are at the bottom of the sea, and that fishery rights would be given to the large organizations. As a result of information on fishery rights given by this headquarters, and Marine Products Section, Prefectural Government, the fishermen now realized that their original fear was unfounded.

c. During the reporting period, the total fish catch was 168 metric tons which represented an increase of 63 per cent over the preceding month.

4. Incentive Goods

a. Five pairs of socks and 728 undershirts of US Army surplus goods have been distributed to farmers during May for over-quota delivery of 1948 summer crops. The distribution for this program is almost completed except for those unclaimed goods.

b. Approximately 2,266 pieces of various US Army surplus goods have been distributed to farmers during the month for over-quota deliveries of the 1948 fall crops. The delay in the completion is due to the fact that the incentive points and quantity of the goods for the substitution of barley and wheat for rice was not determined by the Ministry of Agriculture and Forestry until recently.

c. Approximately, 978 pieces of various US Army surplus goods were distributed to workers in iron and steel industries during this reporting period. Approximately 80 per cent of the distribution program has been completed.

5. Forestry

a. During May, 4,024 trees involving 2,832 koku of lumber on 68 cho of land, infested with pine bark beetle disease were eliminated. The total amount of trees infested by the pine bark beetle as of 31 May is 3,739, involving 1,820 koku of lumber on 69 cho of land. Inspections by this headquarters revealed that the local offices do not understand the full importance of the elimination of the disease. For this reason, several conferences were held with prefectural officials in order that a wide information and education campaign be conducted for the purpose of informing the local officials and the forest owners concerning proper measures to be taken to eliminate this disease.

b. Charcoal, Firewood and Gasu Maki

Annex D, CIC Activities Rpt, Pd ending 31 May 49

(1) Collection, distribution and stocks on hand of charcoal, firewood, and gasu maki, as of the end of this period are as follows:

| | Charcoal bale | Firewood bundles | Gasu Maki tons |
|---|---|---|---|
| Collected | 1,565,933 | 1,595,563 | 229,933 |
| Distribution | 1,248,887 | 1,428,712 | 223,809 |
| Stock on hand | 317,046 | 116,851 | 6,124 |

(2) Distribution plans for June is 621,090 bales of charcoal and 1,646,000 bundles of firewood. In order to avoid confusion encountered during the last elections of wholesale and retail dealers, distribution will be made by present dealers, and newly elected dealers will take office next month.

6. Transportation

a. Public Conveyance

(1) During this period, little change was noted in operation and utilization of units, compared with the preceding period.

(2) Street car utilization decreased 1 per cent, subway utilization increased 18 per cent, attributed to an increase of three new units to the line, while there was no change in bus utilization.

(3) Tire shortages increased slightly, with a total of 4,105 tires short, of which 838 tires short are 750 x 20 for reconverted GMC busses. The shortage is not too acute, as wheels on deadlined vehicles are interchanged with those on operating vehicles.

(4) Allocations of electric power, gasoline, and charcoal were adequate.

b. Transportation Control

(1) During this period, autonomous, city, and national rural police maintained check points at main rail, highway, and waterfront control check points to control staple food and critical material shipments.

(2) A total of 12,204 persons were apprehended and arrested for violating transportation regulations. This represents a 13 per cent decrease compared to the preceding period. 2,623 persons were referred to the Procurator's Office for judicial action, a decrease of 9(nine) per cent compared with last period. The remaining 9,581 persons were disposed administratively.

(3) Items confiscated were turned over to the proper Kodans for redistribution. Major items confiscated were as follows:

| | | | | | |
|---|---|---|---|---|---|
| Rice | 67,960.98 | kgs | Charcoal | 3,285.7 | kgs |
| Wheat | 27,096.4 | kgs | Lumber | 214 | kan |
| Potato | 13,785.62 | kgs | Cotton thread | 53,159 | lbs |
| Cereals | 14,145.85 | kgs | Firewood | 12,550 | kgs |
| Other staple foods | 12,040.6 | kgs | Hides | 12.85 | kgs |
| Fresh fish | 10,671.8 | kgs | Eggs | 200 | ea |
| Sake | 1,240 | sho | Cake | 3,800.13 | kgs |
| Cigarettes | 2,919 | pcs | Salt | 981.8 | kgs |
| Textiles | 29.630 | yds | Malted rice | 2.2 | koku |
| Clothing | 6,428 | pcs | Condensed milk | 34.5 | lbs |
| Tires and tubes | 22 | ea | Rubber shoes | 130 | pr |
| Gasoline | 6,080 | litres | Rubber socks | 57 | pr |
| Steel wire | 27 | tons | Soap | 250 | pcs |
| Electric wire | 300 | meters | Cement | 300 | tons |
| Sugar | 208.6 | kin | Fertilizer | 756.2 | kgs |
| Processed fish | 10,045.9 | kgs | | | |

(4) Rice confiscations increased 22 per cent over the preceding month. This increase may be attributed to efforts of Osaka Municipal Police in maintaining close surveillance on freight shipments. Results of police checks in the past at rail and highway check points have indicated that the number of "piggy-back" carriers are steadily decreasing, while the amounts of illegal, camouflaged freight shipments are increasing. During this period, six shipments, totaling 4,500 kgs of rice, 329 kgs of red beans, 2,662 kan of potato, and 230 kgs of cereals were discovered concealed and camouflaged as shipments of vegetables, eggs, apples, and lumber. The trend indicated herein will be discussed with Mil Govt Teams in adjoining prefectures in the future, airing at closer coordination of control measures in cities lying on the edge of this prefecture.

(5) During this period, the EIB investigated 27 cases pertinent to staple food controls. Of this number, 9 cases were violations of Food Control Regulations and 2 cases involved violations of Emergency Food Regulations. Investigation is being continued on 4 cases, while 23 cases were dropped for lack of evidence.

7. Electric Power

a. During this period, the daily average natural flow in Kansai 60 cycle area was 1,680,670 KW, an increase of 17.5 per cent over the preceding period, and a 10 per cent increase over the same period one year ago. Compared with the last seven year average, the amount generated shows a 5.2 per cent increase.

b. Thermal generation averaged 49,870 KW daily, representing an 80 per cent decrease over the preceding period, but an increase of 29 per cent over the same period one year ago.

c. Power consumption in Osaka Prefecture averaged 7,220,100 KWH, a 3.7 per cent decrease compared with the preceding period, and a 14 per cent increase over the same period one year ago. Excessive consumption amounted to 372,900 KWH. A total of 20 non-scheduled power suspensions for short periods in morning and afternoons were conducted by power company to off-set excessive consumption.

d. Delinquent payments of fines for excess power consumption amounts to ¥472,292,794. Of this amount, 44 industrial consumers owe ¥23,646,412, 5 per cent of the total. On 19 May, local Commerce and Industry Bureau sent warning letters to the 44 industrialists, who all owe ¥200,000 or more, and stated in the letters that, unless full payment of bills was made within five days after receipt of the letter, electric power would be suspended for an indefinite period. Interview of each company by Kansai Haiden officials disclosed that if these drastic steps were taken, the companies would be unable to make any payments as their income would be sharply curtailed. Power companies have compromised with the company, and no power suspension will be made, providing the company pay part of their fines each month.

8. Housing Construction

a. Continued study regarding housing construction served only to confirm the previously reported conclusion that fund shortages are an insurmountable obstacle to the design of a practical housing program. Government agencies and civic organizations, working in coordination with this headquarters, have made exhaustive surveys concerning the problem. Results have been definitely discouraging. The only potential source of funds considered worthy of reporting is the Welfare Insurance Reserve Fund, derived from payroll deductions, and augmented by employer and government payments. It is reported that the fund currently totals in excess of ¥9,200,000,000. It is the unanimous recommendation of the government and civic organizations studying the problem with this headquarters that a portion of the fund be utilized as a source of long term, low interest loans to insured persons desiring to build homes. The suggestion is particularly supported by the fact that an estimated 65 per cent of persons desirous of building homes are workers who are currently making welfare insurance payments. Further study at the appropriate echelon is recommended to determine if utilization of the welfare insurance reserve fund as a source of loans to eligible prospective home builders is feasible.

9. Redistribution of Critical Materials

a. Remaining stockpiles of items available for purchase were reduced to 375 kg of nails and 654,417 kg of ordinary steel. Total purchase of these two items was delayed due to discrepancies between amounts as reported

by the holders and as surveyed by the Kodan prior to purchase. No obstacle is foreseen to completed purchase prior to 30 June 1949. Excellent

b. Completion of the purchase phase of the program has permitted closer study and understanding of redistribution problems. Program revisions required to permit maximum effectiveness and efficiency of operations are summarized as follows: Gear understands situation and is working for improvement.

(1) Greater decentralization of administrative authority from the central ESB headquarters in Tokyo to the regional ESB offices, particularly regarding material allocations and disposition authority. The quantity of a given material authorized to be allocated in any one case by the regional office without approval of the central ESB represents less than 25 per cent of all transactions. Due to the ineffective and inefficient Japanese communications system, many consumers must visit Tokyo to negotiate regarding allocations. A survey based on actual cases taken from the files of the Osaka Prefecture ESB revealed that the average time required to obtain an allocation order from Tokyo is sixteen days, and in some cases as much as seventy days. Decentralization is required not only to save time and money to the applicant, but to permit administrative streamlining and resultant increase in efficiency at all echelons of the ESB. Establishment of efficient communications between central ESB in Tokyo and the regional offices is recommended as an alternate action in event further decentralization of authority is not feasible.

(2) Strict cash basis of sales does not take into consideration the existing "tight" money situation, and precludes purchase of critically needed materials by consumers not having ready cash available. The Sangyo Fukko Kodan predicts sharply accelerated sales volume if credit is extended to worthy applicants. The Kodan and the Osaka ESB state that private banks will not make cash loans for material purchases due to limited reserves, but will underwrite the credit. It is recommended that the sales policy be revised to include credit provisions, but that acceptable underwriting be required.

(3) Fixed selling prices to which the Kodans are bound do not provide for changing market conditions. For example, the fixed selling price of copper is ¥104,000 per ton, despite the fact that the same grade of copper is available on the open market at ¥75,000 to ¥80,000 per ton; lead is on the open market at ¥55,000 per ton, but the Kodan's price is ¥90,810; and silk textiles are plentiful on the open market at 50 per cent to 70 per cent of the Kodan's official price. Even considering that the prevailing low market price is reflective of a scarcity of buyers rather than abundant supply of the materials themselves, it is believed that warehousing and other costs do not justify retaining the materials in anticipation of an improved market. Retention is further considered as contrary to the basic aim of the critical materials program; i.e., to effect equitable redistribution of critically needed materials at the earliest possible time. It is recommended that the policy governing selling price be redesigned to permit consideration of existing market conditions.

(4) The current list of critical materials includes several items which are no longer in critical category. The effect is to impede Kodan and EIB operations. It is recommended that the list be revised with a view to reducing it to the minimum consistent with existing conditions of supply and demand.

(5) The Kodans are in possession of substantial quantities of decontrolled items. Buyers are not interested in these items at official prices due to abundant supply on the open market. This headquarters concurs in the Kodan's suggestion that such items be disposed of at public auction.

c. It has been the policy of this headquarters to screen confidential CCD reports indicating violations of the critical materials ordinance, and refer the selected cases to the Osaka EIB for investigation and report. To provide surveillance over EIB operations, personnel of this headquarters periodically accompany EIB inspectors on the actual investigation. In the period 1 January 1949 to 15 May, a total of sixty selected cases were referred to the EIB, all of which were investigated. Personnel of this headquarters accompanied EIB inspectors on fifteen of the investigations. Observations of the accompanying personnel in each case were that the EIB inspectors were thorough and conscientious in their method of investigation. However, no violations were discovered in any of the sixty referred cases, despite very specific evidence of illegal actions in most instances. Factors negating the value of the reports as a basis for investigation are numerous, including excessive time lapse between discovery of the basic information and referral to this headquarters; fictitious names and addresses used by illegal operators; and the chain of middle-men or brokers invariably involved in blackmarket transactions.

Excessive time lapse to be discussed seaPP other factors to surmountable.

10. Import-Export

a. Nineteen foreign flag vessels and three SCAJAP vessels arrived and fifteen foreign flag and one SCAJAP vessel departed from Osaka Port during May with general cargo as below:

| Vessels | Import | Export |
|---|---|---|
| Foreign flag | 22,936.005 tons | 13,403.74 tons |
| SCAJAP | None | 343 tons |
| TOTAL | 22,936.005 tons | 13,746.74 tons |

b. A total of 1,089 ships were inspected by Osaka Customs during this period. Purpose of these inspections was to check for smuggling. None of the ships were found to be carrying any illegal cargo. 20 persons were arrested on land by Osaka Customs. These perons had in their possession goods that were being smuggled into and out of Osaka. Approximate value of the goods being smuggled out was ¥568,805, while incoming goods were valued at ¥185,218.

11. Stimulation of Critical Industries

a. Capital Accommodation Problems.

(1) Capital accommodation is the principal problem currently confronting prefectural industry. A prime contributing factor is non-payment by the government of accounts due manufacturers engaged in government orders. At the same time the producers are heavily indebted to the government for credit purchases of coal. As of 30 April 1949, government indebtedness to private industry in the prefecture totalled ¥2,500,000,000, while payments due the government for coal totalled ¥270.000,000. As a means of temporizing industry's financial stringencies, it is recommended that the Japanese Government be advised to discount the coal indebtedness from the cited accounts payable to private manufacturers.

12. Control Associations

The Osaka Prefecture Special Fabrics Industry Cooperative Association dissolved 18 May 1949, while liquidation is expected to be completed by 18 August 1949. The Osaka Prefecture Cotton Manufacturing Industry Cooperative Association dissolved 23 April 1949, while liquidation is expected to be completed by 13 August 1949. The Osaka Prefecture Special Furniture Inspection Society, reported as dissolved on 28 February 1949, completed liquidation 30 April 1949.

13. Reparations

a. 91 plants were inspected. No major discrepancies in custody or maintenance observed.

b. Reduction of custody and maintenance personnel to minimum requirements received priority attention.

(1) As of 1 May 1949, Prefectural Government was making payments to privately owned plants for a total of 3,575 persons engaged in custodial and maintenance work. Revised manning tables reduced this figure to 2,319. After coordinated study between this headquarters, Prefectural Government and a committee representing the privately owned plants, the figure was further reduced to 1,681. Major reductions were in guard personnel, following agreement that the government would not pay for any guards at ingress and egress points at operating plants, on the theory that an operating plant would be required to maintain a full force of such personnel whether or not it is a reparations installation.

(2) Revised manning tables for the three arsenals in the prefecture have reduced authorized strength from 525 to 432 persons. Further economy will be effected as follows:

(a) Partial release of the Kobe Arsenal, plant 32-30. 80 per cent of the plant's equipment has already been allocated, including 511 packaged items awaiting shipment. Approximately 700 evaluated items remain, totalling less than 50 tons in weight. Adequate storage facilities are available at the Osaka Arsenal, plant 32-32, to accommodate the remaining items. Release of the arsenal will result not only saving the government ¥630,000 per month representing salaries for the 63 custodial and maintenance personnel now employed at the installation, but sale or lease of the land and buildings will provide substantial income. Several private concerns are desirous of procuring the facility. The Osaka Finance Bureau is preparing the application for release

(b) Concentration of equipment at the Osaka and Hirakata Arsenals, plants 32-32 and 32-31, respectively, into the smallest possible areas, rendering the major parts of both installations eligible for release. Release of land and buildings not required for custody and maintenance of equipment will permit termination of an additional 168 personnel. The Osaka Finance Bureau states that numerous applications for purchase or lease of the land and buildings have been received from private concerns, indicating that the released areas will provide substantial additional income to the government. Applications for release are being prepared.

14. Restricted Industrial Operations

a. Spot-checks in connection with surveillance of the textile industry revealed several unregistered weaving looms in operation in violation of the Textile Control Act. The total number of looms in the prefecture is estimated at 34,000, of which 27,591 are registered and authorized for operation. A project was designed in coordination with the EIB, Kansai Haider (Power Distribution Company), the local tax offices and the National Rural Police to determine the score of illegal operations. Eighty-one illegally operated unregistered machines have been disclosed in three weeks of investigation. Other information obtained indicates that Osaka's unregistered looms are the principal source of the large amounts of cotton cloth which, in the past four months, have appeared on the local blackmarket in abundant quantities. The illegal weaving operations further appear to be closely related to resumed operations by blackmarket cotton spinning plants in the prefecture. The EIB succeeded in reducing illegal spinning to minor proportions in an intensified drive in the early part of this year, but the operators are reported to be back in business on a syndicated basis and in close conjunction with owners of the unregistered looms. Six of the loom violations cited above were cases of companies working on export orders with authorized machines who used the unregistered looms to meet delivery committments. Cases of this type are disposed of with a reprimand and warning that further violations may result in cancellation of operating permit. The spinners and weavers operating solely for the Japanese blackmarket are considered a deterrant to economic balance and the project to end their practices will be prosecuted vigorously by the concerned Japanese Government agencies working in coordination with this headquarters.

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b. Shipbuilding

Twenty-eight shipyards were inspected. No violations of directives were observed.

c. Explosives

Twelve fireworks factories, including seven not authorized for production, were inspected. No violations of directives were observed.

Restricted

(Reports Control Symbol MG-11) (R2)

HEADQUARTERS
SAGA MILITARY GOVERNMENT TEAM
Saga, Kyushu, Japan
APO 24-5

AJW

5 June 1949

Monthly Military Government Activities Report
for Period 1 - 31 May 1949

ECONOMICS SUMMARY

(Major Aloysius J. Walsh)

ANNEX D:

1. Agriculture:

a. An appropriation for "moth lights" was inserted in the prefectural budget in the amount of ¥4,885,150. This headquarters compiled information discouraging the use of this light, translated the information into Japanese and distributed the letters to the officials concerned. Result of this action is that this item will be eliminated from the budget. Prefectural officials have discouraged new installations and are embarking on an educational campaign, the purpose of which is to instruct the farmers as to the inefficiency of this installation. Checks against applications for further installations are also being made with the power company for information purposes.

b. Crop Collection.

(1) The status of fall crop collection reported by the Food Office, Saga Branch, as of 31 May was as follows:

| | Purchased | Confiscated | Total | Per cent |
|---|---|---|---|---|
| Rice (koku) | 765,430.83 | 548.30 | 765,979.83 | 101.10 |
| Sweet Potato (kan) | 8,307,821 | 2,743 | 8,310,564 | 156.92 |

(2) The status of 1949 crop collection reported as of 31 May was as follows:

| | Purchased | Confiscated | Total | Per cent |
|---|---|---|---|---|
| Wheat | - | - | | |
| Naked Barley | 346.02 | - | 346.02 | |
| Barley | 49.51 | - | 49.51 | |
| TOTAL (koku) | | | 395.53 | 0.1 |

Restricted

(3) The first barley collected in this prefecture was on 17 May. The prefectural food section announced 30 May results of its investigation into the production of barley and broad beans for this season to be as follows:

| | Planned Production | Estimated Production | Estimated Decrease in Production | % of Decrease in Production |
|---|---|---|---|---|
| Barley (koku) | 328,500 | 286,483 | 42,017 | 13% |
| Broad Beans (koku) | 18,800 | 18,310 | 490 | - |

As the prefectural authorities originally estimated decrease in production would be 25%, this would indicate that the situation has improved.

c. Agricultural Cooperative Associations.

Members of this team inspected two villages, Nishiyoka and Kisato. Present members of the Agricultural Association: Farmers 881, non-farmers 497, total 1,378. All members are given fifteen days notice before meetings. There is a total of 287 agricultural cooperative associations in the prefecture at the present time. Seven nogyo-kai have not as yet been dissolved. Applications of four nogyo-kai are awaiting approval by the Finance Bureau, and three have not been approved by the prefectural officials. An educational program has been arranged through utilization of pamphlets, posters and instructors to familiarize the people with the provisions of the law.

d. Land Reform.

This prefecture has purchased 20,047 cho of agricultural land under the land reform program, or 106% of the quota; 99% was sold, and the remaining 1% will be retained for experimental purposes.

A total of ¥103,575,296 was paid for the land, and collections amount to ¥101,817,112. The Central Government has given the prefecture until 31 August to complete land payments. Reason for delay in this part of the program is failure to submit claim letters. A campaign of radio broadcasts and newspaper articles is in progress to accelerate the completion of the program. The following report includes reclaimed land.

(1) Total area of land under cultivation: 65,768 cho
(Due to lack of funds and material
only 29 cho were reclaimed.)

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(2) Tenant lands: 3,131 cho
(No tenant lands sold during this period)

(3) Total area of purchased land: 20,047 cho
(No land purchased during this period.)

(4) Total land resold: 19,834 cho

(5) Total area of land used by urgent land development project: 2,676 cho

(6) Total area of land originally planned for transfer: 18,787 cho
(Educational program now in progress to have written contracts between tenants and landlords. No written contracts reported as of 31 May.)

(7) Total area of former military property: 293 cho

(8) Area of uncultivated land purchased: 4,215 cho

(9) Area of uncultivated land resold: 840 cho

(10) Area of pasture land scheduled for release: 700 cho

(11) Area of pasture land purchased: 1,329 cho

(12) Total area of pasture land resold. 1,266 cho

e. On 20 May prefectural officials held a general meeting on land reform, land reclamation and land payment. All existing problems were discussed. Members of this team addressed this meeting, after which a question and answer period was held.

f. Weed Killer.

Weed Killer 24-D has not been received in this prefecture through legal channels, and none has been sold through illegal channels.

2. Food Distribution:

a. Meat consumption per capita averaged .08 pounds. This average was computed on the basis of population divided into total available supply. During May 152 beef cattle, 50 hogs and 38 horses for a total of 39,803 kg. of meat were slaughtered for consumption.

b. Food collection points and distribution points were inspected by members of this team, and improvement has been made in sanitation and rodent control. Conditions while improving are still far from rating very satisfactory.

c. A campaign being carried out by the Saga Prefectural National Rural Police covering price listing is proving very successful. This campaign is being aided by the cooperation of the purchasing public.

d. The check on ration control (ghost population) during the month of May resulted in the arrest of five persons. Six persons were receiving illegal rations in the amount of 725 days rations for a total of 602.335 kg. Of the five persons arrested four were sent to the Procurator's Office.

3. Fisheries:

a. Fish Distribution.

(1) Whaling. As of 31 May forty-nine mink whales have been caught. This number is far below the catch for 1948, due to abnormal climate and the high temperature of the sea water which lessens the food supply for whale.

(2) Link Materials.

At present distribution of link materials is satisfactory, however one problem exists. Due to the smaller catches of fish fishermen have less money than normally and cannot purchase their allotments of link materials, and loans cannot be obtained from banks. However, the fishermen feel that with the coming sardine season (about the end of June) their catches will enable them to purchase more link materials.

(3) Fishing Cooperative Associations.

During the month, surveillance was carried out on preliminary meetings for cooperatives in Tobo (Karatsu City), Kodomo-ura and Kabeshima. The meetings were adequately publicized, and attendance was good in all cases. The promoters were selected to draft the constitution for each association. The constituent general meeting for each cooperative is scheduled to take place

during the first part of June. Favorable interest and participation by the fishermen has been observed during various surveillance trips.

b. Report on Actual Shipment and Receipt of Marine Products.

| | | |
|---|---|---|
| (1) | Total Production . . . . . | 592,497 kan |
| | Amount exported to other prefectures . . . . . | 355,304 kan |
| | Amount imported from Nagasaki prefecture . . . . . | 339,974 kan |

4. Mining:

a. This team inspected nineteen coal mines for production, sanitation, working and living conditions.

b. Coal Production.

| Month | Quota (tons) | Production | Percentage |
|---|---|---|---|
| April | 150,000 | 152,564 | 101.23 |
| May | 153,900 | 135,678 | 88.16 |
| June | 151,900 | - | - |

c. Due to the strikes the quota was not met during May. In this prefecture seven coal mines did not strike on the two twenty-four-hour strikes, and eight mines remained at work during the forty-eight-hour strike. Befu coal mine, which has had the top production in this prefecture for the last three months, is one of the mines that did not strike. Production per miner at this mine for May is 11.80 tons. Greatest cooperation between management and labor at this mine has not only resulted in this peak production, but this mine is making money, and paying the highest wages.

d. Mining Timbers.

All coal mines in the prefecture were found to have a 30-days supply of mining timbers on hand.

5. Incentive Goods:

a. An investigation of distribution of incentive goods distribution is being made by this team in compliance with the telegrams received from the Military Government Section, Eighth Army. Information to date is not definite enough to make a final report. Subject incentive goods are for crop collection.

Restricted

6. Forestry:

a. (1) Output of lumber for general use: 207,200 cu. ft.

(2) Output of lumber for mine posts: 105,600 cu. ft.

(3) Lumber mills:

| | |
|---|---|
| (a) Number of mills in operation | 478 |
| (b) Number of mills not in operation | 16 |

(4) Stock of lumber:

| | |
|---|---|
| (a) General use | 433,000 cu. ft. |
| (b) Mine posts | 438,000 cu. ft. |

(5) Output of charcoal: 493 tons

(6) Output of firewood: 86,405 cu. ft.

(7) Pine root oil operation suspended.

(8) Camphor production:

| | |
|---|---|
| (a) Crude Camphor | 6,849 kg. |
| (b) Camphor oil | 10,679 kg. |

(9) Camphor stock:

| | |
|---|---|
| (a) Crude camphor | 5,762 kg. |
| (b) Camphor oil | 13,484 kg. |

b. Pine Bark Beetle Control.

Determined efforts have been made by this prefecture to combat the pine bark beetle. Movement of infected logs appears to be satisfactorily controlled.

| | | April | May |
|---|---|---|---|
| (1) | Area infested | 2,694 cho | 845 cho |
| (2) | Area controlled | 1,379 cho | 1,763 cho |
| (3) | Area still to be controlled | 1,396 cho | 1,583 cho |

7. Fertilizer:

Unit: Kilo ton RECEIPT

| Type of Fertilizer | Allocation (A) | Total Amount Received (B) | Amount Rec'd This Month | B/A Per Cent |
|---|---|---|---|---|
| Nitrogen | 15,558.0000 | 14,091.2858 | 2,047.2527 | 90.6 |
| Phosphate | 8,300.0000 | 7,772.3465 | 1,098.3183 | 93.6 |
| Potassium | 1,997.0000 | 2,340.9482 | 484.9161 | 117.2 |

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| Unit: Ton | DISTRIBUTION | | | | |
|---|---|---|---|---|---|
| Type of Fertilizer | Distributed (C) | Amount Distributed This Month | Amount on Hand in Kodan | C/A % | C/B % |
| Nitrogen | 13,959.3269 | 2,156.9932 | 131,9589 | 89.7 | 99.8 |
| Phosphate | 7,533.1560 | 1,188.1758 | 239.1905 | 90.8 | 97.0 |
| Potassium | 1,977.9768 | 375.8339 | 362.9714 | 99.0 | 84.3 |

Note: Due to lack of funds some farmers are unable to purchase fertilizer at the present time. This condition is expected to improve as crops are collected.

8. Extension Program:

a. The prefecture is conducting a school to train extension agents. Only graduates of this school are permanently appointed as agents. Present status of agents is as follows.

| Authorized | Permanent Appointment | Temporary Appointment | Total (Present) |
|---|---|---|---|
| 106 | 88 | 4 | 92 |

b. This school is so successful that farmers have requested that one farmer from each village be permitted to attend this course in addition to the regular students. This person, while not an extension agent, would be available at all times to assist the farmers in improving farming methods.

9. Transportation Control:

a. During May check points set up by the police showed a decrease in illegal movement of critical goods through the prefecture.

b. Plans have been drawn for the establishment of road blocks on all highways leading out of Saga during the coming crop collection. These road blocks will be in operation daily beginning 15 June.

c. Checks at railroad stations also showed a decrease in illegal movement of staple goods.

10. Electric Power:

During the month of April 2,702 new domestic service drops were installed. This will result in an estimated consumption of approximately 200 kw.

11. Construction:

| | |
|---|---|
| a. Shortage of dwellings | 23,199 |
| Number of people in need of dwellings | 104,395 |
| Number of permits issued | 253 |
| Number of completed dwellings | 248 |

b. 52 violations were uncovered, 40 of these violators were admonished. None was sent to the Procurator's Office.

12. Public Works:

a. Six projects, all pertaining to river improvement, were in operation during the month. Work was performed to dredge river channels, replace washed-out dikes and strengthen river banks.

b. Road maintenance resulted in the repair of 55.618 miles of road, using 396.71 cu. yds. of gravel.

13. Import-Export:

a. A meeting of the Saga Prefecture Foreign Trade Development Council was held on 31 May. Members of the Economics Section of this team attended. The council decided to expand its export office in Tokyo and install a permanent display of all products suitable for export. It also decided to petition for an export port in Fukuoka.

b. It is the goal of this council to increase export business from Saga prefecture to four times last year's volume.

c. Due to the change in exchange rate no exports were made during May. This condition is expected to be eliminated during June.

14. Elimination of Control Associations:

Under strict supervision by prefectural officials, control associations are being dissolved. A special report covering this activity will be submitted 10 June.

15. Reparations:

All reparations plants in Saga prefecture were inspected and found to be satisfactory except for a few minor points which were corrected. A study is being made at the present time with the object of elimination of unnecessary personnel.

16. Economic Investigation Board:

a. The number of economic crimes offenders referred to the Procurator's Office during the month of May was 624, of whom 211 were admonished. Forty of these cases were sent to the Procurator's Office by the EIB. All material consficated was turned into legal channels.

b. In compliance with TWX, cite KSMG 740, dated 16 May, two meetings were held by the Economics Officer with the local EIB. A complete written report was given to the Economics Section covering relations with Central Government offices, prefectural officers, the Procurator's Office and the police. From statements made by the EIB members and a study of the comprehensive written report the following conclusions have been drawn.

(1) Cooperation

| | | |
|---|---|---|
| Procurator's office | - | very satisfactory |
| Prefectural officials | - | satisfactory (general) |
| Local officials | - | satisfactory (general) |
| Fishery section | - | satisfactory |
| Forestry section | - | very satisfactory |
| Special products section | - | satisfactory |
| Ogi district office | - | unsatisfactory |
| Higashimatsuura district office | - | excellent |
| Charcoal office | - | excellent |
| Road transportation supervisor's office | - | excellent |
| Saga Branch, Fukuoka Commerce & Industry Bureau | - | excellent |
| Supplies coordination office | - | excellent |
| Food office | - | satisfactory |
| Labor standard bureau | - | very satisfactory |
| National rural police | - | excellent |
| Municipal police | - | satisfactory |

(2) No agency has assumed a positive non-cooperative attitude, and there has been no effort at sabotage of EIB programs.

(3) Efforts will be made by members of the Military Government Team, at committee meetings, to increase cooperation of those officials and agencies listed as unsatisfactory or satisfactory in this report.

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(4) Basis of rating of satisfactory for prefectural officials is attendance at meetings of Economic Investigation Committees where many of them were represented by proxy 70 to 75% of the time. This matter will be brought to the attention of each official listed in an attempt to correct his lack of interest in this important function.

HEADQUARTERS
SAITAMA MILITARY GOVERNMENT TEAM
APO 201

Report Control
Symbol MG-11 (R-2)

ANNEX D

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT
FOR THE MONTH OF MAY 1949

Economics Summary - Raymond A. Hashitani, DAC

- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

1. Agriculture

a. Extension Program

(1) During the current reporting period in the 151 areas of the Agricultural Improvement Committee in Saitama, 51 additional persons were appointed, making a total of 1,721 nominated committee members.

(2) On 16 and 17 May a brief course in modern statistics was given for the interest of research institute technicians in the Prefecture to give statistical knowledge to those who desired it.

(3) Home demonstration agents met on 18 May to discuss nutrition problems during the farmers' busy season and to discuss other matters pertaining to rural life.

b. Crop Condition

(1) Prefectural officials report 10% damage to the barley crop in the southern part of Kitaadachi-gun due to sabi or rust and up to 25% damage to wheat in areas of Iruma, Hiki, Minami Saitama guns and other areas by a disease known as koka-ishuku. As a counter measure, effected barley is being sprayed with a lime sulphate mixture, whereas wheat plants effected by disease are being pulled and taken from the fields. It is further reported that due to dry weather early in May the barley crop did not head as well as was anticipated.

BASIC: ANNEX D to Monthly Military Government Activities Report for the Month of May 1949

c. Agricultural cooperatives

(1) The property disposal committee in Saitama has met 18 times since 15 August last year to work on matters pertaining to the liquidation of the prefectural Agricultural Associations. Inasmuch as plans for property disposal have been completed they will be transferred as soon as accounts are settled.

(2) The property transfer of city, town and village agricultural associations is progressing very well. Out of 312 associations, 289 have already obtained approval for property transfer and have made the transfer. The 23 remaining associations have not yet completed transfers due to one or more of the following reasons:

(a) The association desires compensation under the Financial Institutions Reconstruction and Reorganization Law.

(b) Delay due to business reasons.

(c) The Agricultural Associations and the Agricultural Cooperative Associations have failed to negotiate.

2. Crop Collection

a. The collection totals for the four staple foods as of 31 May were as follows:

| Staple Food | Quantity Collected | Percent of Quota |
|---|---|---|
| Rice | 766,633 koku | 102.25 |
| Wheat and Barley | 445,119 " | 99.14 |
| Sweet Potatoes | 56,543,903 kan | 130.34 |
| White Potatoes | 13,036,502 " | 105.70 |

b. Spring Fertilizer Distribution status as of 15 May:

BASIC: ANNEX D to Monthly Military Government Activities Report for the Month of May 1949

| Item | Nitrogenous Annon. Sulphate equiva. (Metric ton) | Phosphate Superphosphate equiva. (Metric ton) | Potassium Chloride equiva. (Metric ton) |
|---|---|---|---|
| State Allocation | 32,106 | 17,872 | 4,341 |
| Prefecture Allocation | 32,102 | 17,861 | 4,341 |
| Village Allocation | 30,485 | 16,839 | 4,067 |
| Rec'd by Kodan Br. | 27,072 | 15,562 | 4,003 |
| Shipped from Kodan Br. to dealers or coops | 25,048 | 14,377 | 3,307 |
| Rec'd by Farmers | 22,304 | 13,543 | 2,666 |

c. The receipt and distribution of fertilizer in Saitama for the month of May were as follows:

| Type of Fertilizer | Rec'd by Pref. | Delivered to consumer (Unit: metric ton) |
|---|---|---|
| (1) Nitrogenous | 3,300 | 3,482 |
| (2) Phosphate | 1,192 | 4,034 |
| (3) Potash Fertilizer | 196 | 1,142 |

3. Food Distribution.

a. Public demonstrations of corn meal recipes were held in Urawa, Ueno, Kawaguchi, Omiya, Chichibu and Kawagoe under sponsorship of the Prefectural Foodstuffs Section. Four uses recommended for imported corn flour were prepared and well received by a large attendance in each of the cities.

b. Decontrol of vegetables effected 1 April is proving favorable for the consumer with an abundance of greens available throughout the prefecture at fair prices. Fish receipts during the month of April were 220,843 kan which is 76% of the allocation.

c. Train raids for the purpose of controlling the blackmarket of staple foods have been banned by an ordinance passed during the current session of the Diet. Consequently all inspections of trains have now been discontinued. During the four months period, January through April 1949, Saitama Prefecture had confiscated 277,145 kgs. of rice and rice equivalents valued at ¥8,324,522.02. This has been turned over the the Saitama Food Distribution Kodan.

BASIC: ANNEX D to Monthly Military Government Activities Report for the Month of May 1949

d. Spot checks of all railway and bus stations were conducted by the NRP and Municipal Police with the following results:

Number of arrests, 805; number admonished, 592; number confined, 3. The amount of staple foods seized was 13,687 kgs. (94.8 koku) of rice and rice equivalents.

e. A coordinated drive by the EIB and NRP to eliminate the bogus or "ghost" population has produced the following results:

| | Arrests | Courts Cases | Illegal Recipiants | Illegal Receipts |
|---|---|---|---|---|
| NRP | 19 | 19 | 33,954 | 25.964 kg. |
| EIB | 15 | -- | 12,126 | 3,312 kg. |

4. Mining and Refining.

a. Ore production in the Prefecture in April as compared to production during the preceeding month was as follows:

| Mineral | March | April (Unit: metric ton) |
|---|---|---|
| Refined copper ore | 29. | |
| " lead " | 24. | |
| " zinc " | 425. | |
| Sulphide ore | 134. | |
| Magnetic iron ore | 593. | |
| Chrome iron ore | 10. | |
| Carbon-calcium fertilizer | 321. | 421 |
| Lignite | 203. | 161 |
| Crushed stone | 651. | |
| Lime-stone | 41,922. | 31,886 |

5. Forestry

a. Insect damage

The extent of outbreak of Pine Bark Beetles during this reporting period was 35 cho effecting 13,569 trees or 5,911 koku of lumber. Control during the same period by the prescribed method covered 8 cho, effecting 1,647 trees or 1,056 koku of lumber, leaving an area of 27 cho uncontrolled. An outbreak of "Nesodiprion Sertifera Geoff" larvae in Miyamae-mura and seven other villages and towns in Hiki-gun is reported to have been discovered in April. These larvae, by eating needles of

young pines, have damaged 300,000 trees in 35 cho of land. Control is being exercised by the Forestry Section of the Prefectural Government by spraying with arsenic acid lead solution. Owners are also being encouraged to dust effected areas with DDT and other insect powder.

b. Charcoal

During the current reporting period 850 kilns were in operation and produced 533 tons of charcoal or 89% of the planned production. The reason for the low production was scarcity of wood. Charcoal imports were 3,338 tons, and distribution was 4,650 tons. Out of 240 trucks used for charcoal transportation in May, 3 used gasoline, 65 used charcoal and 172 used fire wood.

c. Lumber

A total of 732 sawmills in operation during this reporting period produced the following quantities which are compared to planned production as follows:

| Item | Planned prod. | Actual prod. | Percentage |
|---|---|---|---|
| Material lumber | 30,000 koku | 46,983 koku | 155% |
| Satn lumber | 14,000 koku | 19,698 koku | 140% |

The high percentage figures shown in the last column is reported to be due to low planned production figures set by the Central Government.

Lumber stocks in Saitama are:

| | Lumber Material | Sawed Lumber |
|---|---|---|
| At lumber areas | 67,092 koku | 1,300 koku |
| At RR stations and mills | 60,937 " | 46,708 " |

d. Bamboo

Bamboo production in May was 10,000 bundles. The estimated production, April 1949 through March 1950, is 310,000 bundles or 15,000 less than the estimated consumption of 325,000 for the same period. Accordingly, it is planned that 15,000 bundles will be brought in from other prefectures. Current bamboo stocks on hand are estimated to be 11,400 bundles.

BASIC: ANNEX D to Monthly Military Government Activities Report for the Month of May 1949

6. Transportation Control

a. Controls remained unchanged during the current reporting period. Simultaneous controls were effected four times during the month of May with excellent results.

7. Construction

a. Construction permits issued during the month of May as compared to the number issued during April are as follows:

| Type of Building | April | May |
|---|---|---|
| Dwelling houses | 824 | 1044 |
| Houses | 252 | 227 |
| Business Houses | 394 | 549 |

b. Building construction completed during May as compared to that for the preceding month is as follows:

| Type of Building | April | May |
|---|---|---|
| Dwelling houses | 555 | 561 |
| Houses | 67 | 69 |
| Business houses | 577 | 378 |

c. Eleven violations of building construction laws were reported for the above period.

8. Import-Export

a. Oniya and Kunagaya silk factories of Katakura Seishi K.K. were visited again by technical representatives of USSR on 20 May to study technical problems involved in silk manufacture. Purchase of forty silk reeling and re-reeling machines is planned in order to establish a silk factory in the Ukraine.

b. Several articles manufactured in the prefecture were on display at the team headquarters building during May. These articles consisted of cotton and silk yard goods, dolls, harmonicas, accordions, slide rules, bicycles, photographic enlargers, binoculars, cloisonne ware, silk and leather gloves and various paper products. These were originally placed on display for the Commanding General, IX Corps, and were left to give members of the team and visitors an opportunity to see some of the products manufactured in this prefecture.

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c. The following products are reported to have been produced for export by Saitama industries during April:

| Item | Production |
|---|---|
| Bamboo slide rules | 3,740 ea |
| Alarm clocks | 7,247 " |
| Canvas shoes | 29,303 pr |
| Binoculars | 169 " |
| Pencils | 120,000 dz |
| Cameras | 103 ea |
| Textiles | 276,841 yd |
| Photographic Enlargers | 148 ea |
| Brass plates | 663 kg |
| Copper pipe | 22,000 " |

9. Stimulation of Critical Industries

a. Bicycle races sponsored by the prefectural government were held from 3 May to 8 May at Omiya. These races were held to raise money for the bicycle industry in the prefecture as well as to provide revenue for the prefectural government.

10. Redistribution of Critical Materials

a. Coal and Coke allocation and actual receipts for April were as follows:

| | Allocation | Receipt | Percent |
|---|---|---|---|
| Coal | 10,322 MT | 9,010.6 MT | 89 |
| Coke | 4,335 " | 3,316.45 MT | 77 |

b. Redistribution of other critical materials in this prefecture for the period 20 April to 20 May was as follows:

| Item | |
|---|---|
| Ordinary steel | 7,618 kg |
| Paper | 4,088 lb |
| Soda ash | 1,400 kg |
| Nails | 60 " |
| Castic soda | 1,520 " |

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11. Reparations

a. Twenty-five (25) reparations plants were inspected during the month of May. A marked improvement in fire-fighting equipment in all facilities was noted over the previous month. General maintenance, custody and control were found to be satisfactory.

b. The regular monthly custodian's conference was held on 12 May at Chuo Kogyo K.K., Plant No. 34-43. Approximately fifty representatives of all reparations plants were present and various problems were discussed. As the announcement of the United States recommendation to halt reparations removal from Japan had been released earlier in the day, representatives of this headquarters were swamped with questions pertaining to this announcement. All present were reminded that the announcement was purely a news release and that the reparations program remained unchanged until official instructions were received from higher headquarters ordering any changes to be made. Twelve (12) buildings at Kunagaya Koku Plant No. 34-10 were released to the Japanese Government and one (1) building at Yokogawa Denki Plant No. 34-30. Subject buildings will be dismantled and salvaged for repair of other buildings within the custodial area. All buildings released were inspected and checked for reparation items prior to release.

12. Rolling Stock

a. The Nihon Sharyo Co., Ltd., Warabi factory has filled their order for 55 freight cars and 5 passenger cars for the USSR.

b. Progress toward completion of orders from other sources by the above-mentioned plant is as follows:

| Purchaser | Type of car | Number ordered | Number completed |
|---|---|---|---|
| Philippine Govt. | Passenger car | 20 | 0 |
| Siam Govt. | Box cars | 70 | 5 |
| Japanese Govt. | Box cars | 60 | 60 |
| " " | Refrigerator cars | 70 | 0 |
| " " | Gondolas | 115 | 115 |

13. Incentive Goods

a. Saitama Prefecture completed distribution of all incentive goods received to redeem points earned by farmers for delivery of fall crops by mid-May. There are, however, 766,550 unredeemed points held by farmers who are anxious to redeem them for clothing or tabi if possible. Accordingly, prefectural officials are pressing the MAF for more

allocations of goods. It is considered vitally important that points held for delivery of the 1948 fall crops be redeemed at the earliest possible time in order that farmers may have faith in the crop collection program during the coming season.

b. It is further reported that 104,000 boxes of matches remain on hand which may not be used to redeem points according to current instructions. It is recommended that authorization be given for distribution of these matches to farmers who have delivered 100% of their quotas or more.

Cleared with SCAP

14. Land Reform

a. A general election for Agricultural Land Committee members for towns, villages, guns, and the prefecture is scheduled to be held in August. Accordingly, the prefecture has inaugurated an information program to prepare all interested parties for this election by outlining the duties of committee members. The prefectural Agricultural Land Committee met on 16 to 23 May for the purpose of speeding up registration for agricultural land purchase and sale in the land reform program.

15. Livestock

a. The number of livestock in Saitama remained practically unchanged during May.

b. During the reporting period 2,076 swine were injected with cholera preventative injections in Hiki-gun, Minami-saitama and Kita-saitama-gun. It is reported that the third enzootic equine encepholitic strengthening injection is being made in Minami-saitama, Kitakatsushika and Kita-saitama guns.

c. Milk Hygiene Week was held from the 10th to the 16th of this month. Special emphasis was given to hygenic practices pertaining to milk production throughout the entire prefecture during this period. Special attention was given to sanitary practices in milking cows, and in the handling of milk for the purpose of improving the quality of the milk.

16. Restricted Industrial Operations

a. The Teikoku Kakchin Seizo, Kawagoe Factory, Saitama Ken, which is presently producing explosives for industrial purposes and a

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linited ancunt of sporting cartridges, submitted the following figures on production for the nonth of May. Subject plant is currently operating under re-conversion permit number 1868, dated 3 March 1949.

| Item | Quantities |
|---|---|
| Blasting caps | 860,000 |
| Percussion caps | 60,000 |
| Friction tubes for whaling | 900 |
| Cartridge (sporting) | 500 |

17. Econonic Investigation Board

a. A three nonth investigation by a specially organized grcup of EIB investigators for concealed and hoarded goods in the possession of the Saitama Prefectural Government was completed early in May. The number of illegally held items found in the hands of the Prefectural Government amounted to approximately 217,870 pieces of clothing, blankets, thread, soap, yarn and towels valued at approximately ¥60,000,000 at current prices. These items were originally received by the Prefectural Government principally for distribution to the unemployed, repatriates, victims of the September 1947 flood and for other purposes. Accordingly, it is planned that part of the goods seized will be used for distribution to repatriates and that the balance will be distributed through official channels.

b. Although there exists a spirit of conpetition between sone nembers of the EIB and the NRT, it is felt that the overall program is not adversely affected. Members of the two crganizations showed excellent cooperation in the February Oshi nachi textile raid, the last joint operation where the twc groups acted together.

c. The Econonic Investigation Board has at all times shown excellent cooperation with this Headquarters. Special connendation is due Mr. Soga, Chief of the Food Section, for outstanding work in the uncovering of viclations of food distribution regulations.

Restricted

Report Control Symbol MG-11 (R2)
Annex D Monthly MG Act Rpt
1 - 31 May 1949

Shiga Mil Govt Team
APO 25, Unit 3
13 June 1949

ECONOMICS
(Prepared by Major Leland R. Dunham)

1. AGRICULTURE

a. Land Reform

There were no purchases of land and only two (2) cho were sold during the month. Remaining to be sold one hundred twenty-eight (128) cho.

b. Dissolution of Nogyokai and Formation of Independent Cooperatives.

Seven (7) new cooperatives were established and one (1) was dissolved during the month making a total of two hundred and fifty-eight (258).

One additional Nogyokai was liquidated and the assets transferred to the Agricultural Cooperative Association; five remain to be liquidated.

Lectures and movies were given in nine (9) villages under the auspices of the prefecture for strengthening cooperative activities.

A transportation Federation of Agricultural Cooperative Associations was established on May 25. It has ninety (90) four-ton trucks and thirty-five (35) one-ton trucks.

c. Extension Service

Thirty-two (32) additional extension agents and nine (9) home demonstration agents were hired during the month making a total of ninety-five (95) of the one hundred and twenty (120) goal.

Although determined efforts have been made by this team to separate the Extension Service and Experimental Stations from the Agricultural Production Section of the prefectural government, the results have been discouraging. Two reasons have been offered: (1) that establishing of a separate department at this time is expensive and unwarranted considering the austerity program. (2) that establishing a separate department with a director at the head of the Extension Service and Agricultural Research would reduce the prestige of the governor.

To facilitate farmers asking questions of area extension agents, question boxes have been set up in each city, town and village.

d. Land Reclamation

Ninety-three cho of reclaimed land were purchased by the prefecture making a total of 2,711 cho; no sales were made to individuals during the month.

Restricted

Restricted

2. CROP COLLECTION

The over-quota goal for rice was completed on 15 May.

| | Quota | Collection | Percentage |
|---|---|---|---|
| Rice | 88[illegible],600 koku | 900,978 koku | 102% |
| Sweet Potatoes | 3,305,000 kan | 4,722,060 kan | 143% |

The fact that both the quota and the over-quota goal were attained in spite of the tremendous amounts of confiscated and the even greater amounts of non-confiscated blackmarket rice, indicate that the original preplanting quotas should not be reduced until all possible effort to attain such quotas have been made.

The 1949 preplanting quota which was reported as 99% complete as of 30 April was found to be incorrect because of false reporting to the Military Government Team by prefectural officials (Reference special report 3 June 1949, file 430 49/E/FC/3, subject "Explanation for Incomplete Preplanting Quotas").

The furnishing of registered copies of the individual preplanting quotas to the Central Food Office recommended in special report dated 21 Feb 1949 file 430 49/E/FC/1, subject "Illegal Use of Premium for Overquota Delivery of Rice", is being carried out in this prefecture. As of 31 May about 80% of these quotas were in the Shiga Food Office.

The registration of farmers as to the food consigned of preference has disclosed the possibility that underhanded methods were employed by the Agriculture Cooperative Associations, and the Agricultural Federations in an attempt to keep independent food consignees from obtaining the right to be established by the Central Food Office. Inasmuch as the independent food consignees in question did receive the required number of farmers signatures, it is felt that they should be established even though the cooperatives refuse to release said farmers from their list. The competition thus afforded should help to improve the service to the farmer by the cooperative and the individual consignees.

3. FOOD DISTRIBUTION

a. The prefecture received 87% of its fresh marine products allocation and 111% of its processed marine products allocation for the month. The per capita consumption 224 momme: 184 fresh, 60 processed.

| | |
|---|---|
| b. Meat production within the prefecture | 46,275 kg. |
| Shipped to other prefectures | 19,487 kg. |
| Consumed within the prefecture | 26,788 kg. |
| Per capita consumption | 8 momme |

c. Staple food ration per capita

| | |
|---|---|
| Polished rice | 24 days |
| Flour | 4 " |
| Corn meal | 2 " |
| Bread | 1 day |

Appears Too high to be checked-

Restricted

d. Some evidence of storage of fresh controlled fish for the purpose of maintaining the maximum controlled prices found, indicating that some relaxing of controls or the lowering of the controlled prices should be considered.

4. FISHERIES

Three more general meetings, preparatory to the dissolution of the Gyogyokai were held, There is one remaining to be held.

5. INCENTIVE GOODS

Distribution of the second allocation of fall crop incentive goods was completed on 25 May. Incentive goods for the over-quota goal delivery have been received and are now being distributed.

6. FORESTRY

The 1949-50 plan for reforestation:

| | |
|---|---|
| National plan | 178 cho |
| Prefecture plan | 1,560 cho |

On 29 May 128 pine trees in the national forest at Kamitanakami-mura, Kurita-gun were found infested with the pine bark beetle. Immediate steps were taken to cut and burn the infested trees and to prohibit transportation of unpeeled pine from the vicinity of the affected area and to survey surrounding forest for evidence of the beetle.

7. TRANSPORTATION

There is an urgent need for road graders with which to keep the main truck routes smooth. The drags drawn by passing trucks, presently being used, are entirely inadequate in view of the increasing use of the roads and the fact that nearly all are unpaved.

2,220 persons were arrested for violation of transportation of foodstuffs, and increase of 10% over last month; 15,694 kg of foodstuffs were confiscated.

Very high for small prof.

8. ELECTRIC POWER

In spite of strict enforcement of controls of individual users early in the year, it is estimated that about 20% of the electric power supply is being illegally used. This is enough to fill all demands for full use in critical industries and greatly aid in the power supply needed for harvesting.

9. PETROLEUM

The allocation and distribution has progressed satisfactorily, although due to shortage of tankers 20% of the machine and 30% of the cylinder oil allocation was reduced.

Restricted

10. CONSTRUCTION

401 authorizations for building were issued during the month showing a 30% decrease from April and a 42% decrease of the average for the past 16 months. 7 unauthorized projects were found during the month.

11. REPARATIONS

The reparations machines at Mitsui Seiki KK 35-1 are being consolidated so that a portion of the plant may be released for another industry. Consolidation is expected to be completed by the end of June.

12. ECONOMIC INVESTIGATION BOARD

The relationship between the EIB and the other law enforcement agencies is reported to be very good. The weakest link is with the Local Autonomous Police because they receive less information from central government sources and are therefore not as well informed on what is trying to be accomplished.

Three hundred ninety-eight (398) forged tickets for special ration of clothing and fourteen (14) forged tickets for one hundred and six (106) rations of sugar were found in Otsu and are being investigated.

13. ECONOMIC RECOVERY COMMISSION

All subcommittees of the commission held meetings during the month. The average production of industries of Shiga showed an increase for May over April. Using January 1949 as 100% index, April was 193% and May 231%. Broken down into the five main industries, the average follows:

| | | | | | |
|---|---|---|---|---|---|
| Machinery | Jan 100% | Feb 176% | Mar 268% | Apr 369% | May 506% |
| Lumer | Jan 100% | Feb 111% | Mar 118% | Apr 116% | May 132% |
| Chemicals | Jan 100% | Feb 91% | Mar 92% | Apr 85% | May 94% |
| Ceramics | Jan 100% | Feb 175% | Mar 150% | Apr 158% | May 148% |
| Textiles | Jan 100% | Feb 145% | Mar 178% | Apr 246% | May 277% |

The Increased Production Drive conducted under one of the subcommittees is credited with a good portion of the increase production shown.

Restricted