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ECONOMIC TRENDS

Coal imported from Japan is to be used for the most part for railroad engines as it is of a higher quality than domestic coal.

Living Conditions: Numerous persons expressed deep concern over the rapid advance in prices throughout the country. One writer said a "civil war" is likely to develop unless "something is done about it."

Complaints have been numerous from employers and employees alike over the "high living cost-low wage" differential. Workers were vehement in their belief that they could not buy food or other necessities, and employers claimed they could not pay wages demanded. A coal mine owner living in Seoul said that he was forced to close his mine at Sanchoku (Southern Korea) because the workers demanded ¥20 and three meals daily.

LABOR

Activity: Since shortly after the beginning of the occupation Korean laborers have been returning from Japan. Considerable difficulty has been experienced in caring for such persons upon arrival as most are poorly clothed and have little money. Several Korean relief agencies have been formed to ease the hardship of the returnees, but even these agencies cannot cope with the problem satisfactorily.

Laborers at Rissekimen (Northern Korea) were reported to be living a group life in dormitory style. These persons are working in the coal mines under the control of the Russian Army and "there is no possibility of escaping at present." Factory workers at Chang Hang, Chusei prefecture, demanded ¥100,000 from the owners for living costs, and the chief of the factory was imprisoned at the instigation of the workers.

Strikes and riots broke out at the Korean Food Control Association immediately after 15 August. The chief agitator, the foreman of the rice cleaning section, was reported by a factory employee to have said "let us strike at the office workers! If the laborers do not receive control of the factory, let us sabotage and strike."

Organizations: Plans for organizing an Associated Miners' Confederation were announced on 23 October "with the consent of authorities." (Underlined because of doubt of accuracy of statement.) This organization, intended to

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include all miners in Korea, adopted the following resolutions:

To permit each mine to organize a self-controlling group of its own.

To let them plan their work in accordance with instructions from headquarters.

To pay a living wage to all workers and then contribute to the state all surplus income.

The Miners' Relief Committee, an organization already functioning, was asked to "cooperate in the program of the new confederation."

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A. The Plan of the Industry and Commerce Section
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I. MISSION

A. General

1. Summary:

The Industry and Commerce Section of G-5 or M. G. Section of Theater Staff is responsible for the accomplishment of industrial and commercial objectives determined by higher authority including:

Destruction of war potentials in industry and commerce,

Rendering ineffective totalitarian and Zaibatsu influences and controls,

Causing industrial production and commerce by applying approved controls through native agencies to supply,

Allied military needs, minimum civilian requirements, restitution and reparation demands,

by making maximum use of native resources and minimizing imports, and by reasonably equitable distribution of essential commodities with maximum reliance on normal economic laws and supplementary use of price fixing, rationing and other economic controls.

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2. Presentation. -- The statement of mission is derived from directives (existing, implied and assumed) to provide:

a. The Scope -- The fields of responsibility within the total economy, without indicating degree of activity, if any, which will result from higher policy determinations.

b. The Policies which govern all actions.

c. The Objectives required by directives to be accomplished within the respective fields of responsibility.

Mission thus understood is a clear guide both to the survey of the factual situation within which mission must be accomplished and to the character of actions and orders for which planning is to be done. Appendix A shows sources of Mission elements.

B. Mission in Industry and Commerce

1. Scope:

a. Industrial

(1) Petroleum

Exploration of oil reserves

Development and drilling of wells

Crude oil production, pumping and tank farm storage

Transportation by land and water as an integrated operation from well-mouth to storage at large industrial or refining centers.

Refining of crude or synthetic products

(2) Coal

Exploration of coal reserves, mining, washing, grading, storage and handling for shipment.

(3) Other Minerals

Exploration of mineral resources, development,

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mining, and dressing (precedent to smelting; casting, forming, reducing or other processing of metals and minerals)of iron, ferro-alloy, and non-ferrous ores, and non-metallic minerals, including sulphur, salt, phosphates, and quarry materials, e.g., cement rock, limestone, slate, mica, precious and industrial stones, construction stone, clays, etc.

Note: Excluded are agricultural production of food and industrial raw materials, forest products, and aquatic foods and industrial raw materials obtained by the fisheries industry.

(4) Machinery and Manufacturing

(a) Metal processing--the smelting, reducing, casting, forging, heat treating, rolling, alloying, precedent to the fabricationof metals, and the manufacture of machinery, tools and equipment.

(b) Wood processing.

1. The milling of lumber.
2. The manufacture of articles of wood, including veneers and plywoods, furniture, cabinets, etc.
3. The milling and processing of cork, bamboo and special woods.

(c) Machinery, tools and equipment

1. Machinery, machine tools, and parts.
   a. Road building machinery and equipment.
   b. Industrial machinery, machine tools, power tools, hand tools, and heavy equipment (including cranes, cupolas, furnaces, etc.)
   c. Dredging and well drilling equipment.
   d. Construction machinery and equipment.
   e. Mining machinery and equipment.
   f. Farm implements and machinery.

2. Hardware, pumps, compressors, tubing, pipe, and plumbing equipment.
3. Marine equipment, fittings and accessories.
4. Precision, scientific, professional, control, and laboratory instruments and equipment.
5. Ordnance.
6. Machinery, tools and equipment for the printing and publishing industry, including type, matrices, typesetting and stereotype machines, presses, paper cutters, binders, etc.
7. Photographic, motion picture, and theatrical equipment.
8. Special apparatus, devices, and miscellaneous metal products, including toys.

(d) Motive and transportation equipment.

1. Stationary and marine engines.
   a. Steam engines and turbines.

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b. Internal combustion engines.
c. Hydraulic turbines.

2. Automotive and transport equipment
   a. Automobiles
   b. Trucks
   c. Commercial vehicles
   d. Buses
   e. Motorcycles
   f. Tractors
   g. Bicycles
   h. Other automotive equipment, parts, and accessories.

3. Railway equipment
   a. Locomotives (other than electric)
   b. Cars
   c. Other railway equipment, parts, and accessories.

4. Aircraft

(e) Electrical equipment and appliances
   1. Generators and motors for the electric power generating utilities and plants, and for all industrial, commercial and other uses.
   2. Power transmission equipment, including converters, transformers, rectifiers, switchboards, substation equipment.
   3. Industrial and commercial appliances and specialized equipment, including electric locomotives, street cars, and electric bus motors and controls, electrical equipment for all types of internal combustion engines, electric furnaces.
   4. Telephone, telegraph and radio equipment.
   5. Electric lighting and heating equipment, including light bulbs, radio tubes, electric therapy apparatus, industrial, scientific, medical and household appliances and instruments, electric stoves and cookers.
   6. All other devices using electricity.

(f) Ships and boats--the manufacture of ships and boats of all kinds, the repair, salvage, conversion, fitting out of steel and wooden ships, and the installation of engines, machinery and gear.

(5) Chemicals
   (a) Heavy chemicals, e.g. sulphuric acid.
   (b) Pharmaceuticals, e.g. bismuth, quinine.
   (c) Surface coatings, e.g. lacquers.
   (d) Synthetic organic chemicals, e.g. plastics.
   (e) Natural organic chemicals, e.g. rubber
   (f) Ceramics.
      1. Glass - plate, sheet, bottles, etc.
      2. Cement
      3. Pottery and clay products
         - China and earthenware
         - Sewerpipe and tiles
         - Brick

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- Construction
- Furnace lining refractories

(g) Food processing--the canning, preserving, dehydrating, converting and all other processing of edible products, food research, food standards and tests.

(h) Processing of wood pulp and manufacture of paper.

(i) The processing of charcoal and other fuels and chemicals from wood.

(6) Textiles and Clothing

(a) The manufacture of cloth, and all other articles of fiber from natural and synthetic or substitute fibers of wool, silk, cotton, rayon, etc., and all types of clothing in industrial quantities and by the use of industrial methods and equipment.

(b) The processing of wood pulp for cellulose products including rayon, the manufacture of rayon, and other cellulose products.

b. Commercial controls--the control of the distribution of those commodities and services that are determined by higher authority to be essential for military operations and government, civilian supply and use by the United Nations, liberated peoples and for reparations. The control methods include:

Ordinary commercial controls
Price and other anti-inflation controls
Rationing to consumers
Licensing of distributors.
Allocation of commodities to industrial or commercial users in accordance with priorities established by higher authority.

2. Policies:

a. The following policies will govern all actions of all units in all industrial and commercial fields:

(1) War potentials of industry and commerce will be destroyed. 1/

(2) The influences and controls of the totalitarian and Zaibatsu. 2/ elements will be rendered ineffective.

(3) Industry and commerce will be required to rely to the fullest extent possible on resources and facilities available within the National territory 3/to the end that imports will be minimized. 4/

(4) Reactivation of industry and commerce will be scheduled to serve the following requirements in the priority order listed: 5/

(a) To supply American and Allied military operational and occupational requirements.

(b) To provide minimum needs of the civilian population for essential commodities. 6/

(c) To provide goods for the relief of liberated areas.

(d) To make restitution and reparations, as may be directed.

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(5) The standardof living will be served by industry and commerce to the end that the population will be supplied with essentials to the degree necessary to prevent disease, starvation or disorder, which might endanger or impede military operations or occupation. 6/

(6) Consistent with other directives, the maximum utilization of existing national resources and production facilities 3/ will be responsibility of the Section.

(7) Underproduction, hoarding, black markets and inflation will not be permitted to prevent reasonably equitable distribution of the essential civilian needs. 7/

b. The following policies (in addition to those above enumerated) will govern action of all units of industrial control:

(1) Native production methods should be employed and new methods rarely introduced. 8/

(2) When conditions permit efficiency in operations will be sought. 9/

(3) To maintain through native agencies controls sufficient to accomplish the industrial objectives of military government. 10/

(4) To meet production quotas fixed by higher authority than the Industries subsection, the scheduling of production will be governed by the following principles. 11/

(a) Reclamation of plant equipment and use of salvaged equipment and materials should precede initiating new production, new plant construction, and new exploitation of new materials.

(b) To minimize critical transportation difficulties, production should be dispersed among the various regions of the country insofar as feasible.

(c) Quality ofproducts should be accommodated to existing production facilities, available raw materials, critical demand for quantitative goals of production, and time pressure of demand, rather than seeking qualities which might be dictated by competitive standards.

(d) To minimize black market activities, and decrease the problems of rationing and allocation, production schedules should be controlled in a manner consistent with the policies governing the control of inflation, pricing and rationing.

(e) Maximum fluidity and interchangeability of stock piles of raw materials, inventories of semi-processed materials, plant facilities, machine tools, motive and other power units, tools, parts and equipment will be maintained to permit rapid temporary or permanent plant and production conversions in meeting emergencies or changing conditions.

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c. The following policies (in addition to those enumerated under a above) will govern all actions of units of commercial control:

(1) Normal commercial activities will be relied upon as much as feasible to prevent black markets, hoarding and inflation and to establish reasonably equitable prices and distribution of commodities before special controls of essential commodities and services are instituted. 12/

(2) The reestablishment and maintenance of privately owned commercial businesses and the distributive agencies of a free economy system will be encouraged by licensing, extension of commercial credit and all other reasonable means. 13/

(3) Government or quasi-government purchasing, warehousing, distributing, importing or export companies or organizations will be used only in emergencies and temporarily, unless and until the controls thereof are modified in accordance with the policies of Military Government. 14/

d. The following policies (in addition to those enumerated under a above) will govern all commodity controls imposed upon the native economy:

(1) Existing methods of control of essential commodities, including the price control, rationing, and licensing systems will be used initially. 20/

(2) Controls will be exercised through existing or reestablished governmental and civilian agencies and machinery. Any existing government or quasi-government purchasing, warehousing, distributing, importing, exporting or other controlling companies or organizations may be adapted to the purpose, even though prior ownership or control is eliminated and former personnel not retained. 20/

(3) Commodity controls will be coordinated with financial and credit controls and with production schedules so as to control inflation. 21/

(4) The minimum of control will be exercised consonant with the accomplishment of the mission. 22/

(5) Controls affecting essential commodities supervised by Military Government detachments at the respective echelons will be exercised through the relative civilian governmental agencies. 10/

(6) The controls of essential commodities will be designed to make available to the civilian population such human necessities as will prevent disease, starvation, or civil disorders, which might endanger or impede tactical operations and military government. 6/

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3. Objectives.

a. Industrial

(1) To cause the industrial economy of the nation to make the maximum use of its natural and human resources and its existing and reconstituted production facilities in meeting the essential needs of its population for industrial products. 3/

(2) Except as required by Allied Armed Forces, the production of war materials will be stopped. 23/

(3) War plants not producing for Allied Forces will be converted to essential civilian production, or, pursuant to instructions from higher authority, will be disassembled for removal or otherwise destroyed. 23/

(4) Reactivate as soon as possible within established policies the essential industrial production in the priorities and quantities required. 24/

(5) To obtain the maximum production of natural resources from native sources (petroleum, coal, minerals, woodproducts) in view of overall shortages for the national economy, so that imports may be minimized, until a different import policy is inaugurated; and to obtain adequate production of industrial products in accordance with goals of production within successive periods approved by higher authority. 3/

(6) To cause effective security measures to be taken to prevent sabotage, waste or destruction of national resources and industrial properties. 25/

(7) Establish and maintain in all fields of essential industry proper controls through appropriate Military Government units and native agencies. 10/

(8) Coordinate interregional industrial production as much as feasible. 26/

b. Commercial

(1) To reestablish as quickly as possible the free operation of the economic laws of supply and demand in the national commercial economy so as to minimize the area of governmental price fixing and controls, allocation of materials, inventory controls, rationing and licensing. 27/

(2) To reactivate as quickly as possible the normal channels and agencies of commerce at each level of distribution from point of production to retail outlets, with such reorganization as is required: 8/

(a) by initial or continuing critical shortages of commercial structures, equipment, transport, investment and working capital and commercial credit, and saleable commodities, and

(b) by the changes in the National economy resulting from war, occupation, and reconversion to civilian economy.

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(3) To correct progressively the maladjustments in the distribution system. 27/

(4) To cause the national commerce to distribute to the population in a reasonably equitable manner the available essential commodities.

(5) To maintain through native agencies controls sufficient to accomplish the commercial objectives of military government. 10/

(6) To regulate and limit foreign trade to:

(a) Imports of goods and services of types and amounts essential to the national economy as regulated by Military Government. 4/

(b) Exports of goods and services of types and amounts best suited to:

1. Satisfy Allied military and civilian requirements in commerce, restitution and reparations. 5/

2. Pay for essential imports and maintain a National balance of trade. 16/

(7) To control inflation by fixing the prices of the essential commodities and services at proper levels of distribution. 28/

(8) To control the licensing of distributors of essential goods.

(9) To establish the methods of control of allocation, rationing and supply of essential commodities in accordance with priorities fixed by higher authority. 30/

(10) To effect liaison with those agencies of government charged with policing, taxing, subsidising, or otherwise interested in prices and the distribution of essential commodities. 31/

(11) To establish inventory controls of essential commodities at collection points, in warehouses, in transit and at respective marketing levels. 32/

(12) To abolish any and all commodity controls of those products which can be handled by ordinary commercial channels under the law of supply and demand and at equitable prices in order to restore normal commercial activity as soon as possible. 22/

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II. SURVEY

The present survey covers the industrial and commercial aspects of Japanese national economy. Agriculture, fisheries and forestry are not included, although it is recognized that the products of these branches form a considerable part of the supply of raw materials used by industry.

A. The Industrial Economy.

Japan is the most highly industrialized country in the Far East. However, its industrial output is far below that of the other great powers. Its steel production, for example, is about 1/10th that of the United States. At the same time, its range of industrial production is approximately as wide as in the United States. Japanese industry, given the raw materials and fuels, can produce any of the machines and industrial products needed by a nation that has become accustomed to modern life.

However, handicraft industries have survived to an unusual degree. One of the peculiarities of the Japanese economy is the existence side by side of large modern factories and the traditional small-scale handicraft industries and home workshops. Since 1931 major changes have taken place in Japanese industry. The rapid growth of Japan's industrial potential has been accompanied by a marked shift away from the light, peace-time industries to the heavy industries which form the basis of Japan's war-making power. The iron and steel, chemical and machinery industries have been greatly expanded, with corresponding shrinkage, both quantitatively and relatively, in the light industries.

The Wartime development of heavy industry has been integrated with the exploitation of the resources of the Inner Zone. In this way wartime Japan's dependence on imported raw materials has been considerably reduced. Nevertheless, it remains true that Japan proper is deficient in most of the materials of modern industry.

1. Mineral Resources of Japan

   a. Governmental Controls. Control over the minerals industry is centered in the Iron and Steel Bureau, the Non-ferrous Metals Bureau, the Light Metals Bureau, and the Fuel Bureau of the Munitions Ministry. Legal background for such control is based on the Mining Law of 1905, The universal Production Law of 1938, The Petroleum Industry Law of 1934, The Petroleum Resources Law of 1937, and the Light Metals Manufacturing Law of 1937. Control societies and associations have been organized by the government as administering and enforcing agencies.

   b. Coal. The average annual demand for coal in the three years between 1933 and 1935 was about 36,000,000 metric tons. Considering increased development of the hydro-electric resources of the country since that period, and the adjustment downward of heavy industry to a status earlier than 1933, the demand for coal should be 25 to 30 million metric tons annually. Domestic production in 1936 was 41,803,000 metric tons and coal reserves are estimated to be around 6 billion tons. It is therefore evident that Japan will be self sufficient in the production of coal for many years. It may be found necessary to import some high grade coal for the production of metallurgical coke, however, as domestic coal is not of sufficient high quality for this purpose.

   The principal coal fields of Japan are located in Kyushu and Hokkaido. Approximately 60 percent of the total production comes from Kyushu and 20 percent from Hokkaido. The fields are mined at relatively high cost, as for the most part, the seams are thin and broken, and much of the mining equipment is below American and European standards. Many of the mines also suffer from water seepage which necessitates expensive pumping operations.

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Distribution is dependent upon rail or water transportation or both. In 1935 the government railways carried about 67 percent of the total coal output which represented 34 percent of all freight traffic. It is estimated that in 1943, about 40 percent of all the coal produced domestically was carried wholly or in part by water-borne equipment. Coal loading ports are few but each handles a large volume. There are about 30 important discharge ports, only a few of which have mechanical handling equipment. It is anticipated that combat damage to the entire coal distribution system will be excessive. Stockpiles will be negligible when the country is occupied and it will be found necessary to rehabilitate the industry and get production under way as early as possible. Since isolated surface mining equipment does not provide an inviting target for air bombardment, little damage to such equipment is expected. Underground equipment may be seriously damaged, however, by flooding. The greatest problem will probably be in the distribution of the coal to the consumers because of the severe combat damage to rail and water transportation facilities.

c. Petroleum. Although Japan's domestic refining capacity is estimated to be 30,000,000 barrels in 1943, this industry is based almost entirely on imported crude oil. Domestic production of crude oil in 1943 is estimated to be about 2,500,000 barrels. This production comes from fields located in a belt extending from west central Hokkaido to north central Honshu. Production is limited to the Niigata and Akita districts of Honshu and one district in Hokkaido. Fuel reserves are probably less than 75,000,000 barrels. The greater part of the refining capacity is located with reference to availability of imported crude, although there are refineries located in each of the three producing fields. Although crude production equipment and wells will not be seriously damaged by combat operations, it is doubtful if the surviving refining capacity will be sufficient to process the domestic production of crude.

From figures provided by Janis, Japan is procuring approximately 2,500,000 barrels annually from domestic production, 12,000,000 barrels from synthetic production, and 1,500,000 from Manchurian shale, the balance of her requirements being until recently obtained from the United States, Burma, and the East Indies, and Borneo. Although Japan has an estimated storage capacity of 25 to 30 million barrels, it is believed that reserves have been used up, and, due to the air and naval blockade, cannot be replaced. The total peace time domestic production amounted to about 11 percent of the consumption. It will therefore be necessary to import petroleum or its refined products to meet civilian requirements following the termination of hostilities. Oil fields, refineries and synthetic plants should be reactivated and placed on a production basis as soon as possible in an effort to limit shipping space requirements to the minimum.

The entire petroleum industry in Japan is controlled by the Imperial Oil Company (Teikoku Sekiyu), created by the law of 18 September 1937, but only recently raised to a monopolistic position.

d. Iron Ore. The reserves of iron ores, principally hematite and magnetite were estimated by the Imperial Geological Survey in 1911 to be 56,000,000 tons and later raised to 80,000,000 tons of which about half are not suitable for

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exploitation, excepting in a national emergency. Processes may have been developed for the exploitation of additional reserves of iron sands during the present war.

During the years 1929-1936, 84 to 93 percent of the total iron ore consumed was imported from British Malaya, China, the Philippines, Australia and Korea. Should steel consumption of Japan be reduced to the 1917-1925 level of 1,324,000 metric tons, approximately 2,750,000 metric tons of ore would be required since Japanese ores have an average iron content of less than 50 percent. Based on 1929-1936 production figures, Japan proper can produce only about 350,000 metric tons of this requirement although new processes may have increased her potential production capacity to twice that amount. It is safe to assume that following the war, Japan will require approximately 2,000,000 metric tons of iron ore or an equivalent amount of pig iron and scrap.

The principal iron mines are located in Honshu and Hokkaido. The Kamaishi mine in Iwate Prefecture, Honshu, is the largest in Japan. The magnetite ore with a 35 to 55 percent iron content is produced largely from open pits and is shipped to the iron and steel plants at Kamaishi, fifteen miles distant. Second in importance is the Kaitchan mine located 40 miles south of Otaru in Hokkaido. The ore is limonite of 45 to 55 percent iron content and high in phosphorous and sulphur which limits smelting to the Bessemer process. Other less important mines are the Abata in Hokkaido, 20 miles northwest of the Muroran-Tanishi iron and steel center in Hokkaido, the Somin and Kuriki mines in Iwate Prefecture, Honshu, and the Kuji Iron sands on the coast of Kuji Bay, Iwate Prefecture, Honshu.

e. Fluxes, deoxidizers and alloys. With the exception of coal and limestone, all the principal raw materials used in the production of iron and steel have been imported, varying from 50 to 100 percent. Limestone, of which about 1/2 ton is used to each ton of pig iron produced, is plentiful in Japan. Some dolomite and fluorspar is also used, and silicon is readily available.

(1) Aluminum, a small percentage of which is used in some steel is not available domestically. (see par. f. (7) on page 20.)

(2) Manganese is produced in Japan but has been imported heavily during the past ten years. It is estimated that she now produces 28 percent of her requirements and may therefore be self sufficient after the war.

(3) Nickel, essential in ordnance steels and bearings, should be in little demand and it is believed that sufficient quantities can be produced domestically.

(4) Chromium as a normal constituent of all steels, varying from a fraction of one percent in ordinary steel to 25 or 30 percent in tool steel, stainless steel and heat resisting steel. Chromite, the principal ore of chromium, is produced in Japan but only about one-third of that produced is of metallurgical grade. It is probable that from 15,000 to 20,000 tons of metallurgical grade chromite will have to be imported after the war.

(5) Tungsten is not produced in Japan proper. This metal is used principally in tool steel, electric

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(5) Antimony has been consumed at the rate of one to two thousand tons per year for the past several years while domestic production has been negligible. It is believed that requirements for this metal can be met by the use of substitutes.

(6) Mercury, essential in the metallurgical and electrical fields of industry, must be imported as Japan produces only about 10 percent of her peacetime requirements.

(7) Aluminum. The aluminum industry in Japan which is estimated at 35,000 metric tons of aluminum metal, is based entirely upon imported ores. No commercial deposits of bauxite, alunite, aluminous clays or shales exist in Japan proper. Statistics from supply countries show that 10,036 metric tons of bauxite was shipped to Japan in 1935. Such shipments increased to 273,000 metric tons in 1939. A large percent of the 1939 importations by Japan was probably stockpiled however, as the estimated production of aluminum for that year was only 23,000 metric tons. It is believed that the civilian post war economy will require the importation of from 5,000 to 10,000 metric tons of ore as in the years preceding 1935.

(8) Magnesium is produced from brines left after the evaporation of sea water in the manufacture of salt. There are no other sources of the metal in Japan proper. Requirements are met by the importation of magnesite and dolomite from Korea and Manchuria, and it is assumed that post war requirements will also require the importation of ores. An estimate of post war requirements cannot be made from data available.

(9) Gold, Silver and Platinum are produced in Japan but are unimportant industrially.

g. Non-Metallic Minerals

(1) Sulphur deposits are widely distributed throughout Japan proper usually associated with volcanic materials. The largest mines are located at Kunodomari in southwestern Hokkaido and at Nanajiri in northern Honshu. Sulphuric acid, used mainly in the production of fertilizer, is also produced from the pyrite ores. Japan is more than self sufficient in the production of sulphur and has been able to export about one-third of her production.

(2) Salt is produced from sea water at the rate of about 600,000 tons annually. In 1936, 1,700,000 tons of salt was imported and it is believed a like amount will be required from outside sources following the war.

(3) Phosphate production is insignificant in Japan proper. Imports in 1939 amounted to 775,000 tons and like imports will be required in the future for the production of fertilizers.

(4) Clay and Limestone are known to occur in abundance in the vicinity of most cement plants although these materials have been largely replaced by blast furnace slag in the manufacture of cement. Limestone for fluxing is abundant. It is also used in the

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light and radio tube filaments. As much as 4000 tons of tungsten may have to be imported to meet civilian needs.

(6) Molybdenum is not produced in Japan and very little is known about her consumption or requirements. Vanadium is a constituent of some iron ores but it is probably not found or mined as a separate metal. A substitute alloy can be used as required.

f. Non-Ferrous Metals.

(1) Copper is found throughout Japan proper but the bulk of production comes from Honshu and Shikoku, 80.8 percent coming from Honshu. The five principal mines are the Hitachi in Ivaraki Prefecture, Honshu; the Ashio mine in Tochigi Prefecture, central Honshu; the Besshi mine in Ehime Prefecture, north central Shikoku, near the Inland Sea; the Kosaki mine in Akita Prefecture, northern Honshu; and the Osaru-Zawa mine, Akita Prefecture, northern Honshu.

The ore from the Hitachi and Ashio mines is cupriferous pyrite: from the Besshi mine, massive pyrite, banded pyrite and massive chalcopyrite; and from the Kosaka and Osaruzawa mines, sphalerite, galena, pyrite and chalcopyrite. During the years 1920-1933 Japan produced domestically approximately 70,000 metric tons annually, representing about 2,800,000 metric tons of ore. It is estimated that Japan in 1944 consumed 59,180 metric tons of copper for indirect military and civilian use. It is therefore deduced that Japan will be self sufficient in copper after the war.

The industry is entirely in the hands of Nissan, Mitsubishi, Furakawa, Jujita and Sumitomo who in turn have been brought under the jurisdiction of governmental agencies.

(2) Zinc is produced from a few mines in Honshu and from numerous copper and gold mines where it is produced as a by product. The Kamiota mine in Gifu Prefecture, central Honshu and the Tokata mine, Miyaki Prefecture, northeastern Honshu, are the most important. Although Japan has imported zinc for the past twenty years, it is believed that little or no importation will be required.

(3) Lead production in Japan proper reaches possibly 5,000 to 10,000 metric tons and at no time in the past thirty years has more than 15 percent of the requirements been produced domestically. Imports of approximately 30,000 tons per year will possibly be required to meet civilian requirements for a peacetime economy, although consumption figures would indicate higher import requirements.

(4) Tin production in Japan amounted to only 205 metric tons in 1920 but was increased to over 2,000 metric tons in 1936. During the years 1928-1933 an average of 76,000,000 tons of tin plate was imported, principally from Great Britain, the United States and Germany. Heavy imports will be required following the cessation of hostilities to meet civilian requirements.

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manufacture of mineral wool, lime, and plaster. Clay deposits in the Nobi plain are used in the manufacture of porcelain. Clay and chromite is also available in the manufacture of bricks, tile, and other construction goods.

h. Summary. Industrial Japan has expanded almost entirely on importation of raw materials and the economic control of the nation can be assured by rigid supervision and regulation of her imports of raw materials or finished goods. Nearly all raw materials required to provide manufactured goods sufficient to meet the proposed post war economy must be imported. The status of her processing plants following the war will determine the question as to whether raw materials or finished products must be imported immediately following the war. Exploitation of production potentials to the fullest extent and the limitation of what is considered to be essential civilian goods to an absolute minimum, will reduce the demand for shipping space which will be critical following hostilities. High priority should be given to the rehabilitation of mines, quarries, oil fields, refineries, metallurgical plants and other installations concerned with the exploitation of Japan's domestic mineral resources. (See Reference, Appendix B-1)

2. Machinery and Manufacturing

a. Metal Processing (not completed)

b. Wood Processing (not completed)

c. Machinery, Tools and Equipment (not completed)

d. Electrical Equipment Industry. (Note: Footnotes refer to Bibliography. See Appendix B-2)

(1) The Japanese electrical equipment industry was, in the late 1930's, self-sufficient for a peacetime economy; in some categories it even exported[1]. For purposes of survey, this industry should be broken down into Heavy Equipment, Light Equipment, and Electronics.

(2) Heavy Equipment.

(a) "Heavy" electrical equipment includes generating, transmission and converting units in excess of 1000 kw capacity (including turbines).

(b) In 1940, Japan could produce 1,100,000 kw in new equipment per year, and it is probable that, by 1943, facilities were increased to make 1,300.000 kw capacity production[2]. Authentic sources indicate that firms making this equipment diverted about one-half their facilities to munitions and that, in 1944 and 1945, their output was reduced to 600,000-700,000 kw capacity, the minimum necessary to keep Japan's power systems functioning[3].

(c) Approximately 90% is produced by three companies, and 10% by three others[4] (see Appendix B-2, note A); about two-thirds of production facilities are in the Tokyo-Kawasaki area and one-third in Kobe and Nagasaki.

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(3) Light Equipment.

(a) Small and medium-size motors and generators are produced by 22 companies but over one-half of the total output comes from four[5] (see Appendix B-2, note B). Facilities are 50% in Central Honshu and 50% in SW Honshu-Kyushu region[6].

(b) Wire and cable production is in the hands of the 5 Zaibatsu interests that control copper mining and copper processing plants; facilities are chiefly in the Tokyo-Kawasaki area, with one-third of production in Osaka and No. Kyushu (see Appendix B-2, note C).

(c) Communications equipment. Three companies manufacture 95% of all radio equipment and 75% of the telephone apparatus, with facilities located almost entirely in the Tokyo-Kawasaki area (see Appendix B-2, note D).

(d) Indicating instruments. Integrating wattmeters for switchboards and other commercial uses are made by four companies in the Tokyo-Kawasaki area[7]; precision indicating instruments, for aircraft, industrial and research purposes, by five others in that same area[8] (see Appendix B-2, note E).

(e) Spark plugs and insulators are produced in "large" and "very large" factories, by mass production[9], highly localized in Nagoya City and in Aichi, Givu and Miye prefectures. A few concerns are responsible for the bulk of the output[10] (see Appendix B-2, note F).

(f) Storage batteries are produced by three companies located in Kyoto, Osaka and Yokohama. All three make mercury-are rectifiers for charging; two also make dry (see Appendix B-2, note G).

(g) Light bulbs. One large company at Kawasaki makes about 35% of all household lamps, eleven fairly large "standard" companies produce 40%, and 1800 home workshops make 25%, plus miniature, automotive and decorative types[11] (see Appendix B-2, note H). Two-thirds of production is in the Tokyo-Kawasaki area, and one-third in Osaka and Kokuram Fukuoka-ken[12]. Glass is made from raw materials found in Japan, while raw tungsten comes from Korea[13].

(4) Electronics.

(a) The basic items in electronic equipment are vacuum tubes. Two companies dominate the electronics industry[14] because of their tube production (seeAppendix B-2, note I) and their activities are heavily concentrated in Kawasaki, between Tokyo and Yokohama. There is minor production in and near Kobe.

(b) Other components such as resistors, condensers, coils, etc. are made in scores of small plants equipped to produce light electrical appratus, near Tokyo and Kawasaki.

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(5) The electrical equipment industry is controlled and directed by the Electric Machine Control Society, set up under the National General Mobilization Law and Key Industries Group Edict which were promulgated 30 August 1941 and took effect as of 1 September 1941. Electrical machinery was designated a key industry 30 October 1941, and the Electric Machine Control Society was established 12 January 1942, with 245 member companies. The Minister of Commerce and Industry designates members 15.

3. Chemicals. (Note: Data in parentheses refer to bibliography. See Appendix B-3)

a. General

(1) Chenical and Drug Industry

This survey will present only a resume of the outstanding features of the Japanese Chemical Industry. No brief summary can hope to fully treat the topic of Chemical Industry in a modern industrialized state.

(2) Government Controls.

The Bureau of Chemicals in the Munitions Ministry is divided into five sections; Inorganic, Organic, Synthetic, Household, and Administrative. There is a National Chemical Control Society (2) that directs and advises the Control Associations (1) and National Policy Companies (3). There are about one hundred and fifty in the chemical field.

b. Heavy Chemicals.

(1) Sulphuric Acid. The abundance of native sulphur and pyrites yield adequate raw material supplies. Productive capacity in 1943 was estimated at 6,600,000 metric tons. Of 3,300,000 tons produced 2,200,000 were used in fertilizers, 600,000 in synthetic fiber manufacturing, and the balance of one million tons in many various industries (7-p. 51)

(2) Fixed Nitrogen. Natural nitrates are not available in Japan Proper. Abundant hydro-electric power, coal, and limestone enable the demand for fixed nitrogen to be satisfied by means of the synthetic ammonia and cyanimide processes. About 470,000 metric tons of fixed nitrogen are needed for fertilizers. This is equivalent to a production of about 2,200,000 metric tons of nitrogen type fertilizer. About 750,000 tons are used as straight Ammonium Sulphate Fertilizer, 350,000 tons as Calcium Cyanimide direct, and 1,100,000 tons of fertilizer are of the compound type (9-p. 56). Japanese productive capacity is claimed to be adequate.

"Shortages appear to be due not to inadequate plant capacity, but to several factors: (1) the tightness of coal as a source of cyanimide, water, gas and electric power; (2) a rice-fertilizer-electric power proce structure not properly adjusted ---- (3) utilization of --- plant capacity for some other product --- (4) seasonal shortages of electric power." (7-p. 53)

(3) Superphosphate of Lime. The necessary Phosphorite Rock must be imported. 733,000 tons is given for the latest year (1938). There is adequate sulphuric acid and other raw materials. The annual production of finished fertilizer is 1,250,000 tons of which 90% is used in Japan proper. (7-p. 55)

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(4) Soda. Soda manufacturing in Japan is hampered by the lack of the basic raw material, salt. The damp climate of the country does not allow economic evaporation of sea-water. In 1938 1,607,000 metric tons of salt were imported (4). Imports were diminishing steadily prior to the war. Productive capacity of 450,000 metric tons is deemed adequate. The greatest proportion is used in the production of Caustic Soda (1938 consumption being 430,000 metric tons). Japan has an adequate supply of raw materials for intermediate treatment (7-p. 50).

(5) Bleaching Powder. The annual production of 80,000 tons is used chiefly by the textile and paper industries. Production facilities are deemed adequate (7-p. 57).

(6) Chlorine. In 1943 about 150,000 tons were produced to meet minimum requirements. Actual productive capacity is estimated at 210,000 metric tons. Unless producing unit is located where sea water may be readily purped in, shortage of salt will hamper operations (7-p. 50).

C. Other Chemicals.

(1) Catalysts and Miscellaneous Inorganic Compounds. These items are varied and required only in comparatively small amounts by an industrial economy. They are of such low volume that stockpoling is usually successfully accomplished prior to the start of a war.

(2) Alcohols. National production in 1938 was over 40,000,000 gals. The normal estimated peace-time consumption was about 5 million gallons. As food fermentation is the normal source of ethyl alcohol about 100,000 metric tons of sweet potato would be needed.

The smaller wood distillation plants and the synthetic process (where carbon monozide and hydrogen are combined under pressure in an autoclave in the presence of a catalyst) are not adequate to meet the demand for methyl alcohol (3-p. 136). In peace years imports accounted for about one-half the consumption. If Japan is allowed to develop a plastics industry the dependence on imports will have to be even greater.

Methyl Alcohol is one of the chemicals that will have to be very closely regulated as it may be utilized in the production of such explosive as: cyclonite, tetryl, PETN. (3-p. 141)

Butyl Alcohol requirement in peace time should only be about 328,000 gallons. Due to a desire to be self-sufficient since the 'China Incident' a production capacity of over one million gallons has been built up. (3-p. 142)

(3) Glycerine. Usually a by-product of soap manufacture. Used in medicines, explosives, leather goods, etc. The industry and the vegetable seed oil producers yield a highly adequate supply of raw materials. In 1937 16,000 metric tons were stated to be the productive capacity of the industry. The national consumption up to 1930 was 5,500 metric tons. That

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may be assumed to be a peace time requirement (3-p. 151).

(4) Soap and Cosmetics. Soap exports exceed imports in normal times by about ¥ 3,500,000. The average annual consumption of fats and oils by the soap industry is 90,000 metric tons. Domestic production of oils and fats component has become adequate to meet the demands of the industry through the substitution of hardened fish oil for imported tallows and fats (7-p. 59). Cosmetics are usually cheap imitations of American French Items. Their export volume is about ¥ 40,000,000.

(5) Commercial Explosives. These are used in mining, road building, clearing of land, etc. The raw materials needed are coal tar products, (eg. Toluene, Benzene, etc.) glycerine, nitrates, and chlorates. In all but the last of these items is Japan considered self-sufficient. (3-p. 171)

(6) Coal-Tar Distillates (Coke-Oven By-Products). From the operation of coke-ovens for steel mills etc., 150,000 metric tons of coal tar distillates are produced. There is also a large quantity of coal gas produced which is sold to cities. The ammonium sulphate produced is used for fertilizer, or in the manufacture of explosives. The most distinctive coal-tar distillates benzine, toluene, etc. are needed for medicines, dyes, etc. The production of these basic ingredients will have to be sharply curtailed as compared to 1944 production. The productive capacity being estimated at 60,000 metric tons for benzene or six times the amount required in a normal year like 1925. The total demand for coal tar distillates in peace time is about 25,000 metric tons. In Japan where coal is aburdant and petroleum is not, it is improbable that there will be a shift from coal to petroleum as the chief raw material for the manufacture of benzene, phenol, etc.

(7) Paper & Pulp . Inspite of the numerous forests, transportation difficulties, connected with moving out trees to the pulping mills, have prevented the growth of adequate pulp industry. During the years 1929-35 one-third of the pulp consumed was imported (1-p.339). The volume of paper exported was about equal to the volume imported (150 million pounds). Among the imports newprint and cheaper paper predominated. Among the exports the higher priced paper such as that used in fine stationery and cigarettes predominated. Much of the special paper was made in small home-type workshops. With curtailed newspaper printing, the few large Japanese newsprint plants should yield an adequate supply.

(8) Synthetic Fibers. The industry is based on moddrn, well-equipped plants. The indsutry arose from the need of Japan for a native low-cost fiber. Imports (1938-40) accounted for 40% of the wood pulp used. Total rayon production in Japan (1939) was 250,000 M.T. Home consumption was about 75% of this amount or approximately 130,000 M.T. The current clothing rationing system in Japan may indicate an increasing demand for long over-due replacements. (3-p.193).

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(9) Drugs & Pharmaceuticals.

(a) Pharmaceuticals of Inorganic Origin. This includes bismuth, mercury salts, bromides, etc. The actual quantity of raw material involved is small. The main problem will be the rehabilitation of capacity for refining these materials to pharmaceutical standards. Japan has been stock-piling these items for many years.

(b) Synthetic Pharmaceuticals. Examples of these are aspirin, phenacetin, barbiturates, etc. The Japanese have kept well abreast of the rest of the world in the qualitative and quantitative production of synthetic pharmaceuticals. Production of this type of drugs is but one of the many uses of coal tar distillate in which Japan is well developed.

(c) Organic Pharmaceuticals. In examples of this class such as quinine or camphor oil, Japan has a practical monopoly. Certain items such as nux vomica, used in the preparation of strychnine, must be wholly imported.

(d) Vaccines & Serums. Campaigns against Cholera and typhus have used great quantities of these items. The Kitasato Institute is the largest producer of these materials.

(e) Organo-Therapeutics. These are the materials made from animal glands. The packing houses have always furnished an adequate supply of the necessary raw materials.

(f) Vitamin Products. Dietary deficiencies of the people have been remedied by the liberal use of modern vitamin preparations. Fish oils and yeasts have always been available in sufficient quantity to meet the demand.

The present Japanese Drug Industry is considered not only adequate for peace-time needs, but for the greatly expanded needs of war-time.(3-p.219)

(10) Dyes. Like the drugs and nitrogen fertilizers, the dyes present a serious problem in the elimination of war potential. Practically all dye processes may be readily modified to produce an explosive. In fact the explosive picric acid (trinitrotoluene) is an excellent fast yellow dye for silk or wool. (5-p.2).

There are about 60 dye manufacturing concerns with an output of 63 million pounds. The five leading companies account for about 90% of the output. Exported dyes are high cost mordant dyes from Germany, Switzerland, and the U.S.A. Apparent consumption over the peace-time years of 1928-32 was about 22 million pounds (5-p.6). With a small demand for explosives the coal tar industry can easily furnish enough raw material. If the industry is eliminated about 25 million pounds would have to be imported (5-p.3).

(11) Plastics. The industry has not yet developed a definite raw material pattern. This is due to the many new products being constantly developed and the many new raw materials being used. A nation cut off from imports of metal naturally turns to plastic substitutes. If there is an excess of coal tar distillate available, this will stimulate more interest in plastics. The writer has seen no data giving the total output of plastics, the raw materials needed or the outstanding producers. The highly competitive nature of a new field

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always make manufacturers more than usually secretive. The older plastics, which represent only a fraction of the field as it stands today, require large amounts of phenol, urea, formaldehyde, glycerine, and pthallic anhydride.

(12) Paints, Varnish & Lacquers. In a normal economy the surface coating industry uses a great variety of pigments (organic and inorganic), oils, resins, and thinners. The national output of paints products was 53,000,000 (1-p.328) and in the same year they imported 8,000,000)1-p.337) worth. The value of different paints products varies so much that no available data attempts to give figures as to gallons or litre produced and used.

Control of the Yangste Valley has given Japan a virtual monopoly on Tung Oil, the most generally useful surface coating oil. Figures on the import of oil seeds are not broken down as to type. In the figures available as to vegetable oil imports there is not inkling as to what proportion is used for edible fat production and what goes to surface coatings. Certain resins like rosin, shellac, gum arabic must be imported. The average Japanese house is not painted.

There will be a diminished industrial demand. So many coating formulae are known that with competent technical help an adequate supply of surface coatings should be available.

(13) Essential Oils. These are specialty items that sell at a high price. They are usually made by small firms. They are used in flavourings, perfumes, and as deodorants. Their great number precludes further discussion.

(14) Mixed Fertilizer (Artificial Manures). These are based on animal or plant wastes such as oil cake or fish meal. The chemical potency available increased by the addition of inorganic, soluble, soil-feeding salts like ammonium sulphate. The volume of production has averaged about 3,000,000 (1-p.332). Imports of finished artificial manures were small. Soy bean cake, cotton seed cake imports of nearly one million metric tons annually were needed.

d. Leather and Hides. The Japanese have for many years used textile fabrics in many places where other nations use leather. This mitigates the demand on an already inadequate industry. Native production figures are not available. A Japanese source states that the country is only about 50% self-sufficient. (1-p. 77)

e. Rubber Processing. Tires and rubber shoes accounted for 60% of the rubber goods production. The shoes were sold chiefly in Asiatic margets. During the 1930 crude rubber imports were about 55,000 tons annually. There is no native rubber production. Reclaiming is common practice and supplied 13% of the demand (7-p. 61).

f. Processed Foods.

(1) Canned Foods. Marine products lead the field with 6,700,000 cases produced. Of this number 2,000,000 were consumed at home, the balance were exported (7-p.71)

(2) Confections. Of the food processing industries this does by far the largest yen value production. Aside from some sugar beets raised in Hokkaido and Sahkhalin and about one million piculs (133 #) of sugar from cane raised in the southern parts of the main islands,

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Japan is dependant on Formosa for an annual import of about 14,000,000 piculs (7-p, 73).

(3) Flour. About one-third to one-half of the flour produced was exported. Annual production in 1938 was about 38 million bags (one bag is 130#). Wheat imports were steadily decreasing so it may be assumed that there is a dequate capacity (7.-p. 73).

(4) Beer and Rice Wine. Production of these items has declined due to the war-time restrictions to conserve rice and grains. In normal tire about 10% of the beer produced was exported to Asiatic Markets (7-p. 72)

g. Ceramics.

(1) Pottery, Earthenware, Tile and Brick, etc.
The manufacture of pottery and chinaware is one of the most famous home-work-shop industries in the world. The average number of employees perproducing unit is only eight. The value of the output in 1937 was ¥ 95,000,000. (7-p. 75) Specialized items such as furnace lining refractories and electrical insulators are made in modern kilns and amount to only ¥ two million yen per year.

(2) Cement. A highly controlled commodity. Usually a great amount of unused capacity exists. 1929-1934 the average annual capacity was double the production.

(3) Glass. Recently developed, hence modern techniques are used as well as modern equipment. Imports are only of high quality glass for special purposes. Large production capacity for low-cost table-ware, bottles, novelties, etc. Supplies and export business of ¥ 25,000,000

(4) Conclusion. In the Ceramic field Japan has made intensive and skillful use of an abundant supply of native clays, lines, sands, etc. to become one of the leading ceramic producing nations of the world.

General Summary Statement on the Chemical Industry.

For a country so poor in natural resources Japan has built up a very nearly completely balanced Chemical Industry. Much of this has been done by the importation of raw materials, equipment, and technical help.

From 1926-36 increasing restrictions have been placed on imports, due to, one; Japan's desire to conserve credits, and two; limits placed on trading by suspicious neighbors. During this period the chemical industry increased about 30% in volume and value of products. While some of this may be attributed to the devaluation of the Yen, a more important factor is that those same ten years coincided with the first great industrial development and exploitation of synthetic chemicals. The probable further development of synthetic industries, using relatively cheap and universally available raw materials would suggest that a nations war potential cannot be totally elimirated by control of imports.

4. Textiles

The peacetime textile industry of Japan was its most important manufacturing industry. Thirty percent of all its factories, almost half of its operatives, and more than a third of its production value was represented by this industry. From the point of view of world trade, almost seventy p rcent of Japanese exports and more than sixty percent of its imports were in textiles.

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Shortly after the outbreak of the Sino-Japanese war a decline set in. Gradually the Japanese began to gear their industrial economy. By 1942 only 30% of all mills were operating as before with the balance converted to the war machine. As of May 1943 the structure was as follows, with little change up to the present date:

Textile factories still operating	35%
Sold or rented	18%
Which changed textile fabrication	3%
Now used by other industrial branches	8%
Used by combine enterprizes	7%
Reserve factories	2%
Used for storage of machines	1%
To specific use	10%
Used with other factories to serve the operation of another factory	3%
Used their machinery and equipment to establish new factories	7%
Merged	1%
	100%

a. The Silk Industry

Prior to the war this industry provided a living for about eleven percent of all factory workers in Japan. In addition many thousands of others were employed in the services of distribution and handling silk products. The sericulture industry accounted for about twelve percent of the annual farm income during normal years, with cocoon production ranking next to rice in importance. Silk production averaged in the neighborhood of ninety-two million pounds per year. From 1928 to 1932, ninety-five percent of this total representing more than eighty percent of all Japanese exports went to the United States. About this time synthetic fibers began to become popular in the United States and due to their increased use after 1933, the total exported to America dropped to eighty-five percent or sixty percent of the total Japanese exports.

The extreme importance of raw silk in the Japanese economy cannot be overlooked. When our forces take over control in Japan they will find a silk industry capable of producing approximately fifty million pounds per year. This drop in production is due to many causes engendered by the war. Manpower and fertilizer shortages, along with a considerable drop in mulberry production, due to the national rearrangement of agricultural fields for the production of more food, have made it extremely hard for the sericulturists to maintain their goods. The hoped for crop for 1945 will be 200 million kgs. of cocoons or about fifty to sixty million pounds of silk.

The strict economics and hardships imposed on the industry by the exigencies of war have brought about many technological improvements and cheaper processes. The trend has been toward standardization. With the loss of her imports of cotton, excepting limited quantities from China and Greater East Asia Japan has had to fall back more and more on her silk industry for clothing and war needs. Spinning of the cocoons has been concentrated in the most efficient plants. There are probably not more than 30 to 40 thousand spindles now in use. Smaller firms have been merged or liquidated, and then plants converted to war industries chiefly airplane manufacture.

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Emphasis has been placed on the coarser ?/22 size yarns with the exception of certain government orders. Short fiber silk is being used more and more, almost a third of the available stocks or close to 20 million pounds being converted for this purpose. About ninety percent of the crop is being used domesticly, the balance is shipped mostly to Indo-China.

Most of the older obsolescent equipment has been called in for the scrap drive.

The industry is rigidly controlled from the Fiber Control Company through the Japan Silk Yarn Manufacturing Control Company and its far reaching affiliates.

Labor conditions are difficult since the industry has less priority than the busy munitions plants.

b. The Cotton Industry

The cotton industry before the war was the largest manufacturing industry in Japan, employing in the neighborhood of half a million workers in all its various fields. This industry produced well over a billion pounds of yarn and more than three and a half billion square yards of cloth. More than half of this cloth was exported to India, China, Australia and South America. More than half of the cotton imported to supply these needs came from America, the balance came chiefly from India, with small imports from China and Brazil.

The industry received its first impetus during World War I when there was no competition in world markets from the European markets. It expanded steadily until the early thirties. Cheap labor, along with the installation of new power equipment gave the Japanese an advantage over their competitors. At its peak, the industry employed from 20 to 25 percent of all factory employed labor in Japan. There were about 12 million spindles in operation. In recent years, however, the cotton industry had begun to decline for a number of reasons, chief among them the Sino-Japanese war, the competiton from rayon, and in the end the outbreak of World War II.

Even before the American war cotton mill owners had begun to branch out into other industries because of the decline of profits during the late thirties. Within the industry, mergers and standardization had already begun, with an organized program for expanding cotton production.

In 1941 the first government sponsored reorganization took place among the great spinners chiefly, since there was strong opposition from the independent small weavers. As the war progressed, the reorganizations continued until in 1945 there remained only from 8 to 10 combines of spinners and weavers with five to six million spindles. What the effect of recent bombings have been on the production capacity of the industry cannot be ascertained until we occupy Japan. There has been extensive scrapping of outmoded machinery for munitions needs. The bulk of the mills have been converted to war production plants. There are no figures available on present cotton stocks, if any, or fabric stocks.

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The industry has been under the strict contol of the Japan Cotton Spinners Association throughout the emergency. All production, prices, allocation and scheduling has been done through that body, which in turn is responsible to the Fiber Control Company. Most of the following firms are still in operation: Tojobo, Kanebo, Dainipponbo, Fujibo, Kureha, Yamatobo, Shikishimabo, Nishimbo, and Kuruashikabo.

c. The Synthetic and Staple Fibre Industry

The Japanese led the world in the production of synthetic yarn in 1937. After this peak, production declined for various reasons, among them general world economic conditions and difficulties of import and export engendered by the Sino-Japanese war. The great stumbling block to production of rayon in Japan has been that only the low grade wood pulps have been available either in Japan or Manchukuo. In order to produce the higher grade yarns, pulp has to be imported from Scandanavia, Canada, or the United States. Caustic soda, a necessary ingredient in its manufacture, comes from the salt of North China and Italian Somaliland, or must be made by the Solvay process which requires large quantities of electricity. The American war has shut off imports of high grade pulp and transportation and power needs of the war effort have cut down the supplies of caustic soda.

The first reorganization of the industry came in 1940, when 20 firms were merged into 17. There was a further shrinkage in 1942 with only five firms emerging. All the remaining factories were converted to essential industries. Again in 1943 all remaining low efficiency mills were eliminated and then equipment turned in for scrap and cannibalization.

The manufacture of Staple Fibre began to reach substantial proportions shortly after the outbreak of the Sino-Japanese war. It has gone far to substitute for cotton staple, which, even then, it was anticipated, might in the near future be cut off.

The first staple fibre was greatly inferior to the German staple from which it was copied. Crimping, waterproofing and spinning techniques were inadequate, resulting in many harsh criticisms being leveled on the manufacturers. As a result the Industrial Association of Staple Manufacturers began a campaign of improvement which eventually paid dividends. At the outset of the war Japanese staples could be favorable composed to our own. The present condition of fibre stocks will be discussed in a separate chapter.

d. The Wool Industry

This industry has developed to meet domestic demands for European type clothing, uniforms, muslin, and certain serge type kimonos. There has never been a great export trade. The bulk of raw wool was imported from Australia. About nine-tenths of the industry was controlled by ten interests. Normally it employed upwards of fifty thousand workers. At the end of 1943 there were operating about 24 large mills as a result of several mergers of small mills with larger plants.

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The industry has been under the control of the Japan Woolen Industry Control Company since 1941. The function of this company has been to combine the capital, unify the industry and control production and prices. Present stocks will be mentioned in another chapter.

e. The Commercial Fibres Industry

Japan has always been in an unfavorable position with regard to jute, hemp, flax and ramie. Except for a small amount of flax grown in Hokkaido, all of her raw material must come from Chosen, Taiwan, China, India and the Philippines. Before the war efforts were made to stockpile sufficient quantities to fill greatly increased war needs, and during the height of her conquest ample stocks were available. There have been concerted attempts to increase homeland production.

f. Clothing and Shoes (not completed)

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B. The Commercial Economy

1. General

Domestic commerce ranges from modern department stores to the ancient marts and street peddlers. Foreign commerce is as highly developed as that of any modern nation with the native hand maidens of insurance and banking fully developed on Western lines.

Domestic and Foreign Commerce is controlled by large monopolistic companies controlled by a few leading families. These companies have adopted western business methods and have introdduced modern commercial outlets, but nevertheless the small native shops and street peddlers still play an important part in the distribution pattern. Today, under the guise of war, many of these companies have combined to form gigantic semi-public cartels which completely control native commerce. And, in the field of foreign trade, the large trading trusts have submitted to almost complete governmental control although their operations are, as in domestic commerce, conducted by semi-public companies or associations.

2. Foreign Trade Economy

a. History

No other great power is so poor as Japan in the primary sources of wealth. Japan is not "self-sufficient" in agriculture, timber resources and mineing. She has little iron, coal (for coking purposes), oil, and none of the essential alloys for making steel. Hence, she cannot, without her import trade, make either the machinery required for the manufacture of goods or machines. She cannot clothe her people and workers without importing wool and cotton.

Even in peace time Japan can only make both ends meet by her exports of silk and cheap manufactures. Her imports of essential raw materials were obtainable only as long as the USA had need of her silk and the British Empire suffered her to send textiles and less important manufactured goods to Empire countries.

b. Balance of International Payments

From 1927 through 1936, with the exception of a slight credit balance in the years of 1931 and 1935, Japan has had a consistant unfavorable international trade balance. Her trade and service items show a credit balance but her capital item operations turn this into a debit balance. In 1931, she covered these debits by the shipment of specie totaling about 411 million yen.

c. Japan's Trade Expansion

Japan's trade expansion occurred at a time when the world-was experiencing a world-wide depression. Numerous factors influenced the expansion of her export trade in this period; notabl low wages, rationalization of industries engaged in export trade, depreciation of the yen, lowered purchasing power in economically backward areas as a result of the depression which shifted demand to cheap Japanese products and subsidies granted by the "paternalistic" minded government.

d. Foreign Trade

(1) Period 1920-26 -

These seven years showed an unhealthy excess of imports of 398 million yen on the average.

(2) [illegible]

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(2) Period prior to 1931 -
The year of 1929 was the turning point in Japan's foreign trade which entered a period of severe depression effecting both exports and imports.

The result of foreign trade in 1931 showed a decrease of almost 50%(or about 2,000 million yen) in exports and imports compared with 1929. The main cause of the sharp decline was the extraordinary recession in prices which averaged about 45% compared with 1929 while the volume was only about 3% less and showed an increase over 1930. The years 1929 and 1931 showed a slight export surplus.

(3) Period 1931-35 -
These five years showed an increase in the volume of imported articles of about 15% which compares with an advance of about 75% in value. This expansion in foreign trade was largely due to the depreciation of the yen which brought about an advance in prices of imported articles.

The price advance in exports was of only moderate proportion, the advance being attributable to the increase in volume rather than to the advance in prices.

In contrast to the developement of imports the volume of exports during the five years increased over 75%.

These five years showed an unfavorable balance of trade i.e. import surplus. The markets for both imports and exports widened considerably particularly as regards exports.

(4) Period 1937-41 -
The invasion of China brought immediate repercussions on Japanese foreign trade. Since July 1937, remarkable progress was made towards the achievement of a thorough military totalitarianism.

So far as foreign trade was concerned, the effects of mounting arms budgets, prior to the war, had been visible chiefly on the import side. Imports of raw materials and capital goods for the expansion of heavy and military industry had since 1931 tended to counteract the influence of the rapid growth of exports. During late 1936 and early 1937, there occurred an import boom of major proportions occassioned by: (1) Fear of inflation, (2) the new cheap money policy,both which induced a wave of speculative buying.

The excess of imports over exports for the first six months of 1937 was 126% greater than that for the same period in 1936.

In order to counteract the disturbing effects of this huge import movement certain control measures were introduced.

C.

e. Japanese Control Measures
(1) Exchange Control Law
Designed to restrict the importation of consumer goods while permitting imports essential to war time industrial development to continue. Finance Ordnance #1 (Jan. 1937) required that permission of Ministry

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of Finance be obtained for foreign exchange to pay for imports of merchandise. This was further tightened* to require permits to be obtained before the import of goods was authorized. This resulted in control of trade itself rather than simply trade control through the medium of foreign exchange.

*(Law concerned with temporary measure for exports and imports which further required that permits for imports be secured from the Ministry of Commerce and Agriculture).

(2) Link System
Introduced to restrict imports to a volume comparable to that of exports through "linking" the import of raw materials to the export of finished goods produced from them.

(3) Exporters Association Law
Enacted to promote exports by encourageing cooperation among the exporters by agreeing on one or more of the following:

(a) Regulation of production.
(b) Production quotas.
(c) Selling conditions.
(d) Division of markets.
(e) Centralized distribution.
(f) Joint purchase of raw materials.
(g) Joint storage of manufactured goods.
(h) Joint acceptance of orders.

f. Foreign Exchange
From 1920 to 1930 the exchange rate of the yen in terms of U. S. dollars ranged from a 1920 average of .4919¢ in 1924 and .4910¢ in 1930. In 1932 it dropped to .2811¢ and remained fairly stable through 1938. A further drop to .2596¢ was indicated in 1939 and in 1940 the rate was .2344¢.

g. Regional Trading Corporation (Koeki Eidan)
RTC was established by the government in July 1943 and placed under the supervision of the greater East Asia Ministry to centralize, and make more direct than in the past, government control over all export and import trade, to release that trade directly to the war effort by assuming that the greatly restricted flow of exports be directed to secure essential commodity imports for war industries, to assume that the minimum exports allowed be made available for export and not find their way into the domestic market.

RTC, in turn, supervised the Trade Control Society (renamed Japan Trade Association) which is composed of approximately 85 Export Associations.

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C. Governmental Controls of Essential Commodities

For more than a decade all the devices of substituting governmental controls of economy in lieu of the normal operation of the laws of supply and demand have been developed and applied in a manner comparable to the German system. As the military clique in Japan gradually gained control of the National Government arbitrary controls were imposed over the laws of supply and demand until today there is little free economy in that country. Attempts have been made to halt inflation through price-stop decrees and public appeals and critical items have been rationed both nationally and locally, but public compliance has been only fair. Black markets and hoarding have become widespread and more attempts are being made to control the domestic economy through centralized rationing and by means of control agencies.

1. Price Controls

The Japanese Government has used price control measures in an attempt to halt inflation to maintain prices so that essential goods will be available to the people in minimum quantities, and to encourage the production of goods and services necessary to their war effort by using subsidies and allocations.

In 1937 the Anti-Profiteering Ordinance of 1917 was revived to prevent price rises through restraint of trade, and on May 1938 the first price schedules were published which fixed the prices of cotton yarn. The National General Mobilization Law of 1938 (revised in 1941) gave sweeping powers to the Government which resulted in several Imperial Ordinances restricting prices of goods and services. The first of these was #276 of April 1938, which established the Central Price Committee under the Ministry of Commerce and Industry with local commissions in each prefecture. The functions of these committees were to establish price policy and fix price schedules and a subsequent ordinance appointed price investigators to check on price compliance throughout the country. The Central Price Committee continued to function until 1940 when it was replaced by the Price Policy Council with the Prime Minister as chairman and a council of 20 members. Two committees, the Central Price Fixing Committee, with the Minister of Industry and Commerce as Chairman, and the Agricultural Price Fixing Committee, with the Minister of Agriculture and Forestry as Chairman, acted in an advisory capacity in fixing prices. The Central Price Control Committee was reorganized in November 1943 with the new Minister of Agriculture and Commerce as chairman and a permanent staff of 45 permanent members, 22 temporary members, and 22 secretaries. It was now a cabinet function to determine prices and the Ministry of Agriculture and Commerce's responsibility to carry out the policies as set forth through the Commodity Prices Bureau. Under the Central Price Control Committee, with the Vice-Minister of Agriculture and Commerce as chairman, was the Price Control Deliveration Council of 24 members and 22 councillors. Other ministries now controlled the pricing of goods and services under their jurisdiction, but these agencies had to consult with the Ministry of Agriculture and Commerce if price changes in their respective fields would affect the general commodity price level. At this period many fields of commerce and industry were controlled by gigantic control agencies and their semi-public organizations were allowed to manipulate prices with the government making up the spread between retail prices and "cost of production" by subsidies. In January 1945, the Wartime Commodity Prices Investigation Committee was formed with the Premier as Chairman, and 14 prominent civilian members. This committee has probably taken over many of the functions of the Central Price Control Committee and the Price Control Deliveration Council, and is now the organization for determining broad price control policy.

A Wartime Commodity Price Division was established in the General Planning Board and was charged with the administration of direct price control. Except for staple commodities, the authority to fix prices was now delegated to prefectural governor and the Commodity Price Bureau of the Ministry of Agriculture and Commerce was abolished.

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Several methods have been used to fix prices, but the Imperial ordinances freezing prices as of specific dates is the backbone of price determination. Adjustments are then made where injustices may have occured. Imperial Ordinance #703 fixed the prices of most goods and services as of September 18, 1939 while rents were pegged as of August 1938. In August 1940 perishable foodstuffs became subject to prefectural price fixing and several attempts have been made to regulate dividends and limit profits. All their attempts to halt price advances have partially failed, and cost of living indices have risen sharply during the last three years. Because cost prices were frozen at retail levels without regard to processors and middlemen, many dealers were forced out of business or into black market operations. Subsidies, special monetary compensations and wage increases have placed additional money on the market, so that this pressure has been felt on the price structure. Taxation, Bond purchases, and other methods of reducing consumer purchasing power have failed to check the surplus money available for goods. Although price increases have been excessive during the last three years, official prices still do not reflect the cost of living because many necessary items must be purchased on the black market at exorbitant prices. Barter has become popular, but the government now requires the registration of barter goods and places point value on each item for exchange purposes.

The present trend in price control regulation is to allow the control agencies to set prices at each level of production and distribution, to centralize commercial functions and eliminate middle men, to maintain retail prices and grant subsidies when necessary to maintain production and distribution. Although these attempts have helped halt inflationary trends there are many loopholds not yet plugged, and the most important single factor is the apparent disregard of price ceilings by individual citizens despite the many patriotic appeals.

See OSS R & A No. 2453) For Imperial Ordinances, Price Statistics
OSS R & A No. 2701) tics and Cost of Living Indicies.

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2. Rationing

a. Foods As consumer commodities became scarce in Japan in the late thirties individual cities began rationing limited supplies. In 1940 rice, dairy products, wheat, saki, bean paste, and other edibles were locally rationed by means of ticket systems and up to December 1941, nearly all foods were thus locally rationed.

At this time national food rationing was inaugurated and sugar was placed under the control of the ministry of Commerce and Industry. However the administration of the rations was left to local authorities and practices differed considerably. The system of rationing varies as did the quotas per individuals. General policies concerning the allocation of food and rationing are now handled by the Food Control Bureau of the Ministry of Agriculture and Commerce which maintains regional Food Affairs Offices, but non-uniform rationing practices still continued.

(1) Staple Foods The control of staple foods began with rice control using the Japan Rice Company, a semi-offical organization, established in 1939 as the control angency. This company handled the purchase and distribution of rice but was succeeded by the Foodstuffs Control Corporation. Its purpose was to control all staple foods, to handle distribution and to store up inventories against emergencies. All staple foods, above each farmer's needs for household use and for seed, were brought by the government through the Prefectural Industrial Federations and the National Purchase and Sales Federation, it is then distributed through the Central and Local Foodstuffs Control Corporations which handle storage and distribution. The central Foodstuffs Control Corporation provide for the needs of the armed forces and sells to the Local Foodstuffs Control Corporation. The Local Corporations, however, are under the administration control of the Prefectural Governors. The capital of The Central Foodstuffs Control Corporation is contributed by gigantic food companies and the Government. It is supervised by the Minister of Agriculture and Commerce. General food distribution policies are determined by the Cabnit Planning Board, but are carried out through the Foodstuffs Control Corporation.

The Local Foodstuffs Control Corporations distribute essential foods to the consumers through the neighborhood associations. Coupons are used to ration staple foods and these coupons are distrubited by the local police on the basis of Family savings made by then. Consumers who eat in restrunts use eating out ration tickets.

Food processors such as flour mills have lost their independent status. They receive staple foods from the Central Foodstuff Control Corporation and process these foods on a commission basis. This method of controlling foods has resulted in many food manufacturs being forced out of business.

Sugar is also handled through the Japan Sugar Control Corporation, which operates under the Ministry of Agriculture and Commerce. The Corporation distributes sugar to the Japan Sugar Association, which handles the distribution through its local branches.

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These branches deliver sugar to the wholesale association and cooperative societies, of which there is of each in every Prefecture. From there it is sold to retail stores or individual cooperatives who distribute it to consumers who use tickets supplied by the Community. The Prefecture distributs these tickets to the communities and operates under the direction of the Ministry of Agriculture and Commerce. Large sugar users receive their coupons directly from the Ministry of Agriculture and Commerce and smaller users obtain their coupons from the Prefecture.

The Japan Sugar Control Corporation and the Japan Sugar Association were combined to simplify administration and the number of wholesale and retail outlets for foods have been greatly refuced.

(2) Fish and Other Foods: Fish and marine products have been controlled and rationed since early 1942 by fish control associations under the supervision of the Ministry of Agriculture and Commerce. Salted salmon Control Association and then sold according to ration regulations. There are over 120 destenation points for fish prefecture shipments but distribution is handled by each Prefecture Authorized fish retailers are designated by the Prefecture.

Food control agencies have been started in large cities to handle the purchasing and distribution of fresh fruits and marine products, but the method of rationing vary greatly in each locality. The neighborhood associations, however, seem to be the organizations called upon to handle specialy rationed products as they are needed, and the local police seem to control the distribution of all necessary coupons and tickets.

Food rationing has not been highly successful in Japan. It is left to local agencies to determine the system to be used and the amounts of food rations to be issued and there is little uniformity throughout the country. It has been difficult to police the thousands of small farms. Farmers have been diverting much of their produce to city friends and black market channels. Furthermore, a considerable "ghost" population has sprang up in cities because it has been impossible for the police to keep a close check on a shifting population. Thousands of peddlers have been selling produce outside authorized distributions channels and small rations have forced people to patronize black markets. Arrests of ration violators have been few and many have gone unpunished while patriotic appeals have failed to empress the people.

b. CLOTHING Clothing rationing was established in January 1942 by the Ministry of Commerce and Industry,(after 1943 called Agriculture and Commerce Ministry) Inventories of all stock held by clothing dealers were taken and such inventories were reported to the Prefectural governors. Clothing tickets were then issued by the Ministry of Commerce and Industry and distributed to the mayors of cities and headmen of towns and villages and then to consumers through the neighborhood associations. Tickets were of two types, A and B. A tickets were valued at 80 points and given to rural people and B tickets were valued at 100 points for use by urban dwellers. Some distinctions were made by cla-

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ssis of workers, brides, etc. and special clothing tickets were obtained from Prefectural Governors.

Since 1942 ration allowances have been cut until today there is no distinction between rural and city people but allowances are based on age brackets. Forty points are allowed for people thiry years or older and fifty points are given to those under thiry. Special consideration is given to living standards and to people in colder regions. Shoes are handled by special ration.

Clothing rations are insufficient to meet the needs of the people and the quality of garments has so deterinated that even limited rations do not provide for minimum needs. Clothing can be purchased on the blackmarket, but not as easily as food, as raw materials need processing before they can be used and all clothing production is under control of textile associations.

c. CHARCOAL Charcoal is now probably controlled by the Japan gas and Charcoal Corporation with the United Association for District Sales handling distribution in each Prefecture. The prefectural office controls rationing through local offices and distribution is handled from stations in school districts or neighborhoods. Police have emergency supplies. Tickets systems, which vary with each locality, are used.

d. OTHER COMMODITIES. Soap, matches, rice bowls, paper, kerosene, cigarettes, and other items are rationed. In general we may conclude that commodities handled by large control companies are distributed through company channels until distribution is made to consumers through local stores or neighborhood associations. Other commodities are rationed as the need arises and these commodities are apportioned by towns or prefectures. There is national direction and supervision of rationing in Japan is handled on a prefectural level.

REFERENCES:

See OSS R & A No. 2453/ For Rations allowances and

See OSS R & A No. 2701/ coupon values.

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ORGANIZATION OF JAPAN'S WAR-TIME ECONOMIC CONTROLS (as of June 1945)

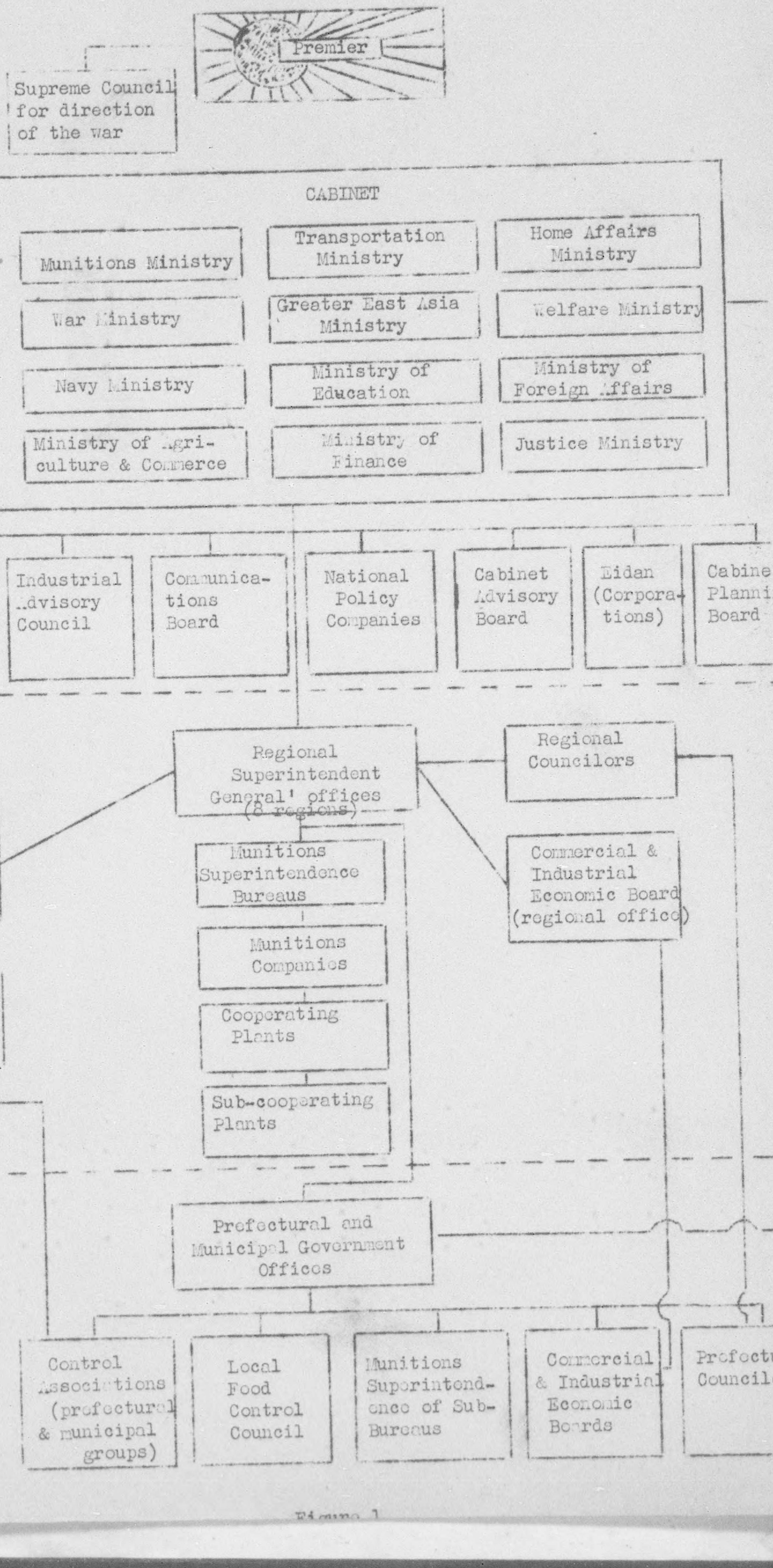

Figure 1

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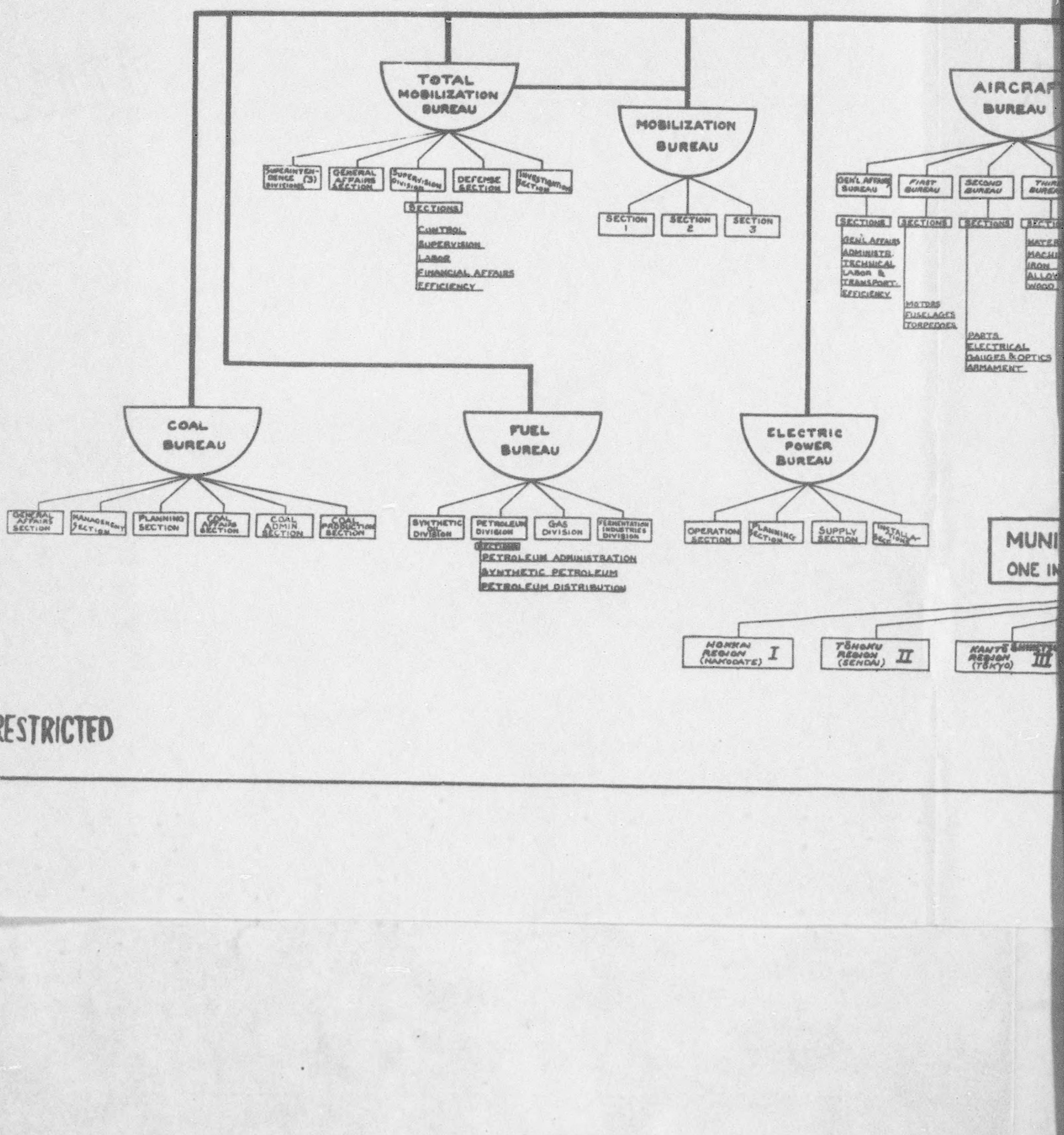

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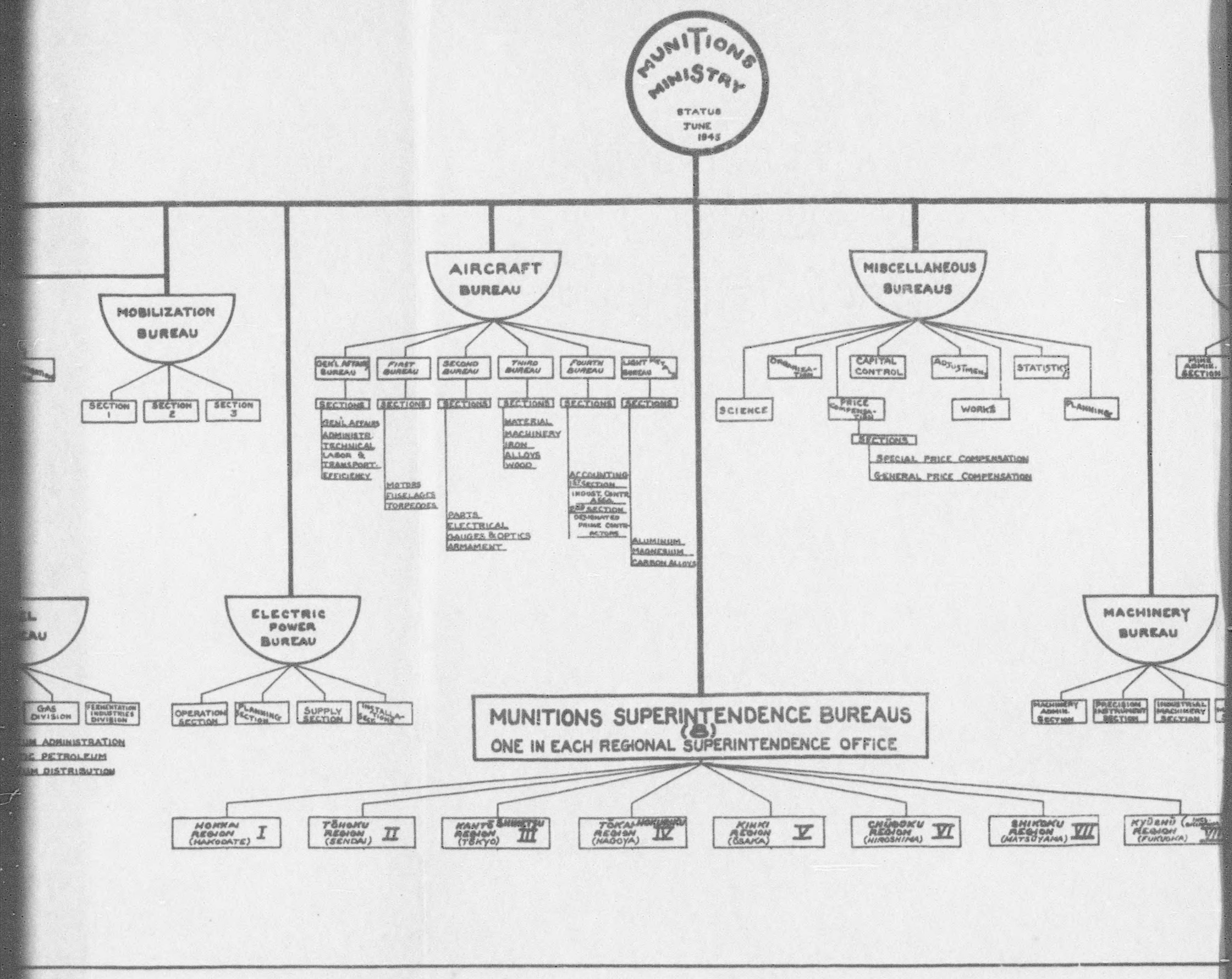
ROLE OF MUNITIONS MINISTRY IN THE CONTROL OF JAPANESE WARTIME INDUSTRIES



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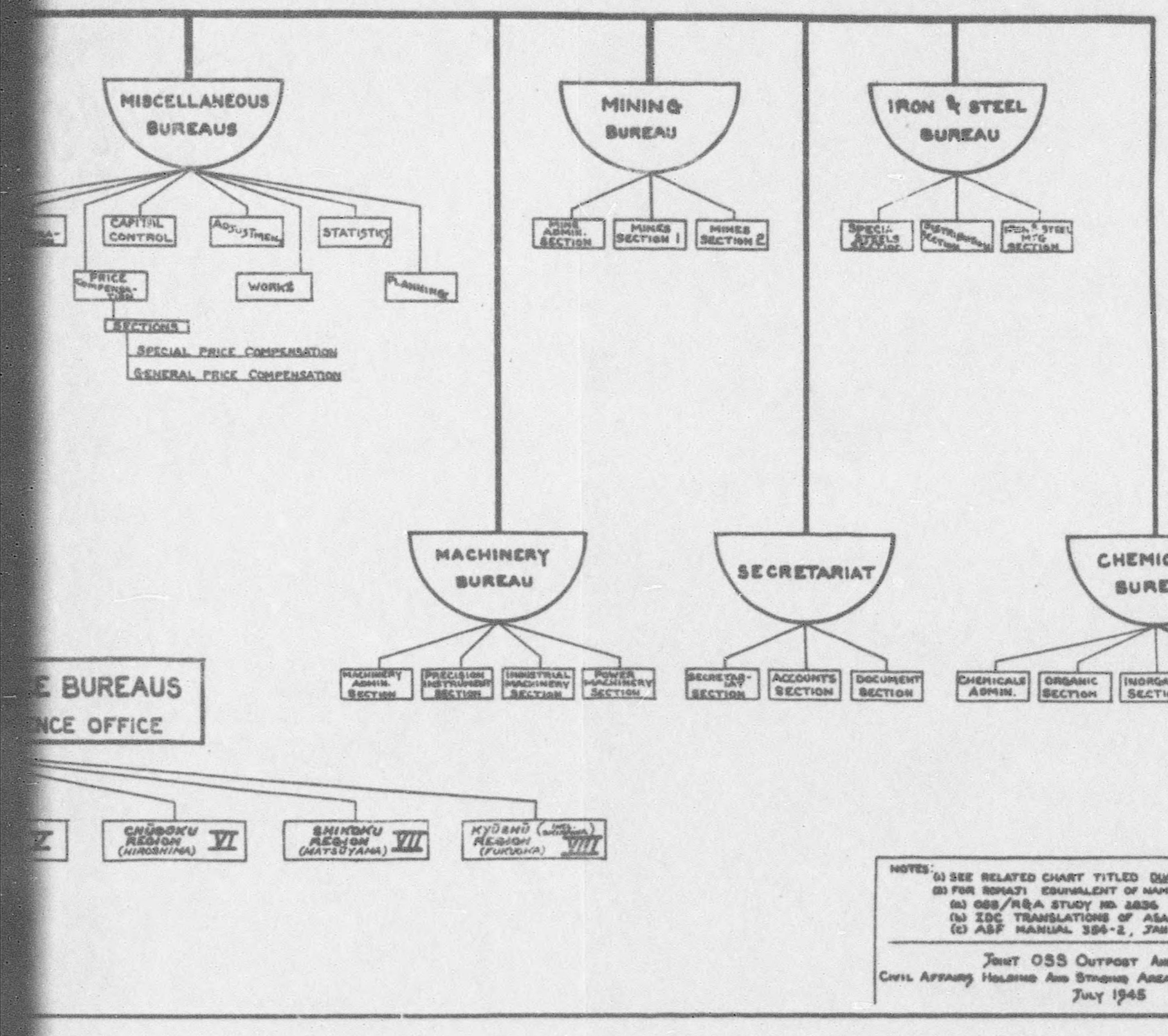

NOTES: (1) SEE RELATED CHART TITLED DUAL ADMINISTRATION OF WAR PRODUCTION IN JAPAN
(2) FOR ROMAJI EQUIVALENT OF NAMES SEE-
(a) OSS/R&A STUDY NO 2836
(b) IDC TRANSLATIONS OF ASAHI NENKAN 1946
(c) ABF MANUAL 384-2, JAN 48

JOINT OSS OUTPOST AND S-5, DIVISION
CIVIL AFFAIRS HOLDING AND STAGING AREA ; PRESIDIO OF MONTEREY, CALIF.
JULY 1945

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THE DUAL ADMINISTRATION O

NATIONAL LEVEL

THE MUNITIONS MINISTRY	CONTROL SOCIETIES (TOSEI-KAI) & NATIONAL POLICY COMPANIES	ARMY MINISTR
TOTAL MOBILIZATION BUREAU General supervisory activities of the munitions ministry, including jurisdiction over the enterprises designated under the Munition Company Law, 17 December, 1943; also studies and drafts material mobilization plans, jurisdictional plans and statistics.		
AIRCRAFT ORDNANCE BUREAU	⟹ AIRCRAFT INDUSTRIAL ASSOCIATION (Fourteen Control Societies under its jurisdiction).	ARMY ORDNANCE HEADQUARTE OR (ORDNANCE ADMINISTRATION BURE
ELECTRIC POWER BUREAU	⟹ JAPAN GENERATION & TRANSMISSION COMPANY (National Policy Company)	
CONSTRUCTION BUREAU	⟹ WAR CONSTRUCTION CORPORATION (National Policy Company)	
IRON AND STEEL BUREAU	⟹ IRON & STEEL CONTROL SOCIETY	
MINING BUREAU OR (NON-FERROUS METALS BUREAU)	⟹ MINING CONTROL SOCIETY	
MACHINERY BUREAU	⟹ { PRECISION MACHINE CONTROL SOCIETY INDUSTRIAL MACHINE CONTROL SOCIETY	
CHEMICALS BUREAU	⟹ CHEMICAL INDUSTRY CONTROL SOCIETY	
FUEL BUREAU	⟹ IMPERIAL OIL COMPANY (National Policy Company)	
COAL BUREAU	⟹ COAL CONTROL SOCIETY	
SCIENCE BUREAU		
PRINCIPAL FUNCTIONS: Administration of Aircraft Production and general supervisory and integrative tasks, including industrial construction, conversion, and dispersal of industries and plants.		**PRINCIPAL FUNCTION:** Admin

NOTE:
The above Ministerial Bureaus and Control Societies cooperate closely at the National Level to formulate basic industrial production plans districts, the focus of the Ministries being predominantly horizontal and that of the Control Societies, vertical. General Policies jurisdictional administration and the preparation of master schedules of needs and resources also find their place at the Natio service and disciplinary functions with the industry on behalf of the National Ministerial Bureau, (including inspection, standards, co the quota-determining and other functions of former private industry associations and cartels. It is typically the Contro under its administration, while distribution is made according to the plan when it has been approved by the competent Minist Bureaus and the large number of subsidiary control societies and their related excutive and/or distributive organs.

REGIONAL LEVEL

OFFICE OF THE REGIONAL S

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At the head of each of the eigh Superintendent General with the rank is directly subject to the whole C on behalf of all the Ministries. hold concurrent positions on the General. Thus matters concerning handled here, allowing the two regional planning, supply, and di This compensates to a degree for Bureau, although within the offic under its direct jurisdiction but fun the broad functions of the Muni

MUNITIONS SUPERINTENDENCE BUREAU	REGIONAL CONTROL ASSOCIATIONS

DECLASSIFIED E. O. 12065 SECTION 3-402 / NNDG NO. 775015

TRATION OF WAR PRODUCTION IN JAPA

ARMY MINISTRY	CONTROL SOCIETIES	NAVY MINISTRY	CONTROL S NATIONAL PO
ARMY ORDNANCE HEADQUARTERS OR (ORDNANCE ADMINISTRATION BUREAU)	MUNITIONS INDUSTRY ASSOCIATION; OTHER CONTROL SOCIETIES CONCERNED WITH LAND ORDNANCE ITEMS	SHIP CONSTRUCTION HEADQUARTERS	SHIPBUILDIN INDUSTRIAL MANAGER
		NAVAL AFFAIRS BUREAU	NAVY INDUS OTHER CON CONCERNE ORDN
PRINCIPAL FUNCTION: Administration of Land Ordnance Production.		PRINCIPAL FUNCTIONS: Administration of Shipbuilding (Na Naval Ordnance Produc	

formulate basic industrial production plans for all of Japan and to make geographical allocations to the regional authorities who draw up supply and distribution sch trol Societies, vertical. General Policies connected with raw materials, priorities, capital equipment, technique, electric power, and price are also drafted at this ources also find their place at the National Level. The Control Society, which has official status and whose officials have the status of government offi bureau, (including inspection, standards, control of labor, and research) and, in turn constitutes a policy pressure agency of the industry upon the National Bo and cartels. It is typically the Control Society, however, which establishes the distribution plan for a finished product of the particular industry or been approved by the competent Ministry. Both types of agencies have been vastly simplified in presentation by omitting the large number of divisions and excutive and/or distributive organs. (See chart, ROLE OF MUNITIONS MINISTRY IN THE CONTROL OF JAPANESE WARTIME PRODUCTION, and OSS R&A No.

F THE REGIONAL SUPERINTENDENT GENERAL

SECRETARIAT —

At the head of each of the eight regional administrative districts is a Superintendent General with the rank of Cabinet Minister. The Superintendent General is directly subject to the whole Cabinet and exercises authority in his district on behalf of all the Ministries. Officials of Munitions Superintendence Bureau hold concurrent positions on the Secretariat of the Regional Superintendent General. Thus matters concerning integration of functions of both groups are handled here, allowing the two sides to function as much as possible as one regional planning, supply, and distribution administrative agency for the region. This compensates to a degree for the fact that the Munitions Superintendence Bureau, although within the office of the Regional Superintendent General is not under its direct jurisdiction but functions as an "extra bureau", largely because of the broad functions of the Munitions Ministry.

ONTROL ASSOCIATIONS	REGIONAL BUREAUS	REGIONAL CONTROL A

DECLASSIFIED E. O. 12065 SECTION 3-402 / NNDG NO. 775015

WAR PRODUCTION IN JAPAN

	CONTROL SOCIETIES	NAVY MINISTRY	CONTROL SOCIETIES AND NATIONAL POLICY COMPANIES
	→ MUNITIONS INDUSTRY ASSOCIATION ⇢ OTHER CONTROL SOCIETIES CONCERNED WITH LAND ORDNANCE ITEMS	SHIP CONSTRUCTION HEADQUARTERS ⇢	⇢ SHIPBUILDING CONTROL SOCIETY ⇢ INDUSTRIAL EQUIPMENT MANAGEMENT CORPORATION
		NAVAL AFFAIRS BUREAU →	→ NAVY INDUSTRIAL ASSOCIATION ⇢ OTHER CONTROL SOCIETIES CONCERNED WITH NAVAL ORDNANCE ITEMS
	tion of Land Ordnance Production.	PRINCIPAL FUNCTIONS: Administration of Shipbuilding (Naval and Merchant) and Naval Ordnance Production.	

of Japan and to make geographical allocations to the regional authorities who draw up supply and distribution schedules for their respective acted with raw materials, priorities, capital equipment, technique, electric power, and price are also drafted at this level. Studies of their Level. The Control Society, which has official status and whose officials have the status of government officials, performs liaison, of labor, and research) and, in turn constitutes a policy pressure agency of the industry upon the National Bureau, thus perpetuating ciety, however, which establishes the distribution plan for a finished product of the particular industry or complex of industries both types of agencies have been vastly simplified in presentation by omitting the large number of divisions and sections of National chart, ROLE OF MUNITIONS MINISTRY IN THE CONTROL OF JAPANESE WARTIME PRODUCTION, and OSS R&A No. 2836).

PERINTENDENT GENERAL

ARIAT —

ional administrative districts is a abinet Minister. The Superintendent General and exercises authority in his district als of Munitions Superintendence Bureau etariat of the Regional Superintendent gration of functions of both groups are to function as much as possible as one ion administrative agency for the region. fact that the Munitions Superintendence the Regional Superintendent General is not as an "extra bureau", largely because of Ministry.

REGIONAL BUREAUS	REGIONAL CONTROL ASSOCIATIONS

DECLASSIFIED E. O. 12065 SECTION 3-402 / NNDG NO. 775015

REGIONAL LEVEL

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SECRETA

At the head of each of the eight re
Superintendent General with the rank of
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Bureau, although within the office of
under its direct jurisdiction but functions
the broad functions of the Munitions

MUNITIONS SUPERINTENDENCE BUREAU "EXTRA BUREAU" OF THE REGIONAL SUPERINTENDENT GENERAL

Regional Bureaus of the Munitions Ministry are represented here. Transfer of powers from the National Bureaus of the Munitions Ministry to their respective regional representative has taken place according to the Extraordinary War Measures Bill of 23 June, 1945. For example, the Regional Total Mobilization Bureau controls the "designated" enterprises in its particular region. The Munitions Superintendence Bureau depends on the "designated" munitions companies and the Regional Control Associations in planning production particularly in determining priorities and in executive and administrative regulation of industries, factories, special companies, and public corporations. Conversion and disperal of industries is likewise planned and executed regionally through the cooperation of these bodies. The "designated" enterprise, of course, functions through membership in a particular control association, under the supervision of a liaison official of the Munitions Superintendence Bureau.

REGIONAL CONTROL ASSOCIATIONS (TOSEI-KUMIAI)

Regional Control Associations (Tosei-Kumiai) will carry out their vertical functions of disciplining and controlling their respective industries by analogy with their national parent organizations. In addition, by the 26 June, 1945 revision of the Major Industries Association Ordinance, the Control Associations were further empowered to "operate" their respective industries and this in a manner approaching a joint stock corporation, since they were given "full responsibility for the disposition of profits and losses incurred by major industries.

NOTE:

Supply and distribution schedules (including electric power) for regions (or districts) by industry and by factory are determined at th Bureau with the particular Regional Control Association. The latter actually has the right to operate the factories within its particul their executives on the board of directors of the Control Association, on the executive staff of the Ministry or Bureau, and/or in a closest liaison with their respective Superintendent General Offices. They are delegating "widespread authority" to representative This would hold true also for national policy companies, as the War Construction Corporation, the Japan Generation and Tran

Principal Sources

OSS., CASA Outpost SIR No. 3, 24 July, 1945.
ToseiKai NenKan, Tokyo, 1943.
Asahi NenKan, 1944.
FCC Daily, June, 1945.
Diamond, 11 June, 1944.
Memorandum No. 1, CASA, 3-5, Government Organization and Administration Section, 4 July, 1945

Legend

→ Represents legal administrative jurisdi
See: Major Industries Association La
also known as the "New Econo

- - - → Represents transfer of administrative
See: Transfer of Administrative Aut
Transfer of Administrative Aut
Revision of the Major Industri
Extraordinary War Measure

RESTRICTED

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OFFICE OF THE REGIONAL SUPERINTENDENT GENERAL

SECRETARIAT —

At the head of each of the eight regional administrative districts is a Superintendent General with the rank of Cabinet Minister. The Superintendent General is directly subject to the whole Cabinet and exercises authority in his district on behalf of all the Ministries. Officials of Munitions Superintendence Bureau hold concurrent positions on the Secretariat of the Regional Superintendent General. Thus matters concerning integration of functions of both groups are handled here, allowing the two sides to function as much as possible as one regional planning, supply, and distribution administrative agency for the region. This compansates to a degree for the fact that the Munitions Superintendence Bureau, although within the office of the Regional Superintendent General is not under its direct jurisdiction but functions as an "extra bureau", largely because of the broad functions of the Munitions Ministry.

REGIONAL CONTROL ASSOCIATIONS (TOSEI-KUMIAI)

Regional Control Associations (Tosei-Kumiai) will carry out their vertical functions of disciplining and controlling their respective industries by analogy with their national parent organizations. In addition, by the 26 June, 1945 revision of the Major Industries Association Ordinance, the Control Associations were further empowered to "operate" their respective industries and this in a manner approaching a joint stock corporation, since they were given "full responsibility for the disposition of profits and losses incurred by major industries.

REGIONAL BUREAUS OF NATIONAL MINISTRIES

Regional Bureaus of National Ministries including "civilian ministries" (except those under the jurisdiction of the Munitions Ministry) are represented and function here under the direct jurisdiction of the Regional Superintendent General. These will include the Regional Army Ordnance Headquarters and the Naval Affairs Bureau. Regional Bureaus are to take over all the functions of the National Ministries outside of the integrative and "basic composite" ones. This transfer of powers to the Regional Superintendent General (in each of eight regions) was authorized by the passage of the Extraordinary War Measures Bill of 23 June, 1945.

REGIONAL

Regional Control
to those described
powers to "operate
and losses in the
Association Ordi

regions (or districts) by industry and by factory are determined at the regional level through joint operation of the Regional Superintendent General Office and
r actually has the right to operate the factories within its particular industry. In turn, the various industries and corporations involved may control th
ation, on the executive staff of the Ministry or Bureau, and/or in an advisory capacity to the Cabinet as a whole. Industrial interests such as Mitsui, Mi
Offices. They are delegating "widespread authority" to representatives of the home office in the outlying regions and, in general, are reorganizing their ope
he War Construction Corporation, the Japan Generation and Transmission Company, and the Imperial Oil Company.

Legend

——→ Represents legal administrative jurisdiction -
See: Major Industries Association Law, 1 September 1941, also Known as the "New Economic Structure" Law.

- - - → Represents transfer of administrative authority -
See: Transfer of Administrative Authority Law, 18 February, 1942.
Transfer of Administrative Authority Ordinance, 21 January, 1943.
Revision of the Major Industries Association Ordinance, 26 June, 1945.
Extraordinary War Measures Bill, 23 June, 1945.

Joint OSS Outpost And
Civil Affairs Holding An
1 August, 19

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UPERINTENDENT GENERAL

TARIAT —

regional administrative districts is a
f Cabinet Minister. The Superintendent General
net and exercises authority in his district
ficials of Munitions Superintendence Bureau
ecretariat of the Regional Superintendent
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REGIONAL BUREAUS OF NATIONAL MINISTRIES ⟹ REGIONAL CONTROL ASSOCIATIONS (TOSEI-KUMIAI)

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Regional Control Associations perform, regionally, functions analogous to those described on the National level. They have additional powers to "operate" their industries and to dispose of profits and losses in those industries by revision of Major Industries Association Ordinance of 26 June, 1945.

t the regional level through joint operation of the Regional Superintendent General Office and the Regional Munitions Superintendence
ticular industry. In turn, the various industries and corporations involved may control the Control Association or Bureau by placing
n an advisory capacity to the Cabinet as a whole. Industrial interests such as Mitsui, Mitsubishi, and Sumitomo are maintaining the
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Transmission Company, and the Imperial Oil Company.

risdiction -
Law, 1 September 1941,
conomic Structure" Law.

ive authority -
Authority Law, 18 February, 1942.
Authority Ordinance, 21 January, 1943.
ustries Association Ordinance, 26 June, 1945.
sures Bill, 23 June, 1945.

Joint OSS Outpost And S-5, Division
Civil Affairs Holding And Staging Area
1 August, 1945

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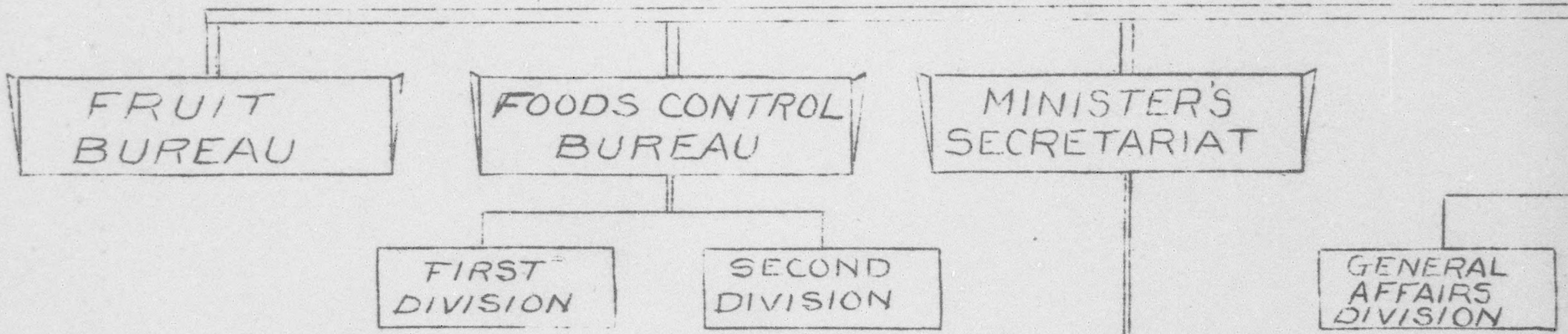

lotes, continued --

3. Establishment of WARTIME NODITY PRICE DIVISION in the General ning Board, and the abolishment of Commodity Price Bureau of the Ministry griculture And Commerce, (OSS, R&A 3, pg 12)

4 Munitions Ministry.

conomics Branch, S-5, CAHSA
Presidio of Monterey, Calif., 17 Aug 45

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HORSE ADMINISTRATION BUREAU

- HORSE BREEDING DIVISION
- RESOURCES DIVISION
- BUSINESS AFFAIRS SECTION

AGRICULTURAL ADMINISTRATION BUREAU

- PLANNING SECTION
- RAW SILK SECTION
- SERICUL SECT

- MANAGEMENT SECTION
- AGRICULTURAL ADMINISTRATION SECTION
- AGRICULTURAL PRODUCTS SECTION
- AGRICULTURAL INSURANCE SECTION
- FEED SECT

- CENTRAL HEADQUARTERS INCREASED PRODUCTION WARTIME FOODS
- CENTRAL TECHNICAL GUIDANCE OFFICE
- CENTRAL POWER MOBILIZATION OFFICE
- WOOD CONSTRU SECTI

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AGRICULTURE AND COMMERCE MINISTRY

- TEXTILE BUREAU
  - COTTON MANUFACTURING SECTION
  - SILKS & WOOLENS SECTION
  - SYNTHETIC FIBER SECTION
  - LAND CULTIVATION SECTION
  - ANIMAL PRODUCTS SECTION
  - FERTILIZER SECTION
- MISCELLANEOUS
  - INCREASED PRODUCTION DELIBERATIVE OFFICE
  - FIBER PRODUCTION PROMOTION
  - RETAIL BUREAU
  - INDUSTRIAL GUIDANCE DEPARTMENT
  - AIRPLANE WOODEN CONSTRUCTION
  - BUSINESS AFFAIRS BUREAU
- FORESTRY BUREAU
  - PLANNING SECTION
  - FORESTRY ADMINISTRATION SECTION
  - TIMBER SECTION
  - GENERAL AFFAIRS SECTION
  - ADJUSTMENT SECTION
  - RESOURCES MOBILIZATION SECTION

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GENERAL AFFAIRS BUREAU

FUEL SECTION

AFFORESTATION SECTION

OPERATIONS SECTION

ASSOCIATION SECTION

FUNDS SECTION

OIL AND FATS SECTION

PLANNING SECTION

DELIBERATIVE OFFICE

CENTRAL LABOR MOBILIZATION OFFICE

TECHNICAL GUIDANCE OF IMPORTANT PARTS DEPARTMENT

AIRPLANE PARTS (MOTOR)

COMMODITIES FOR LIVING (CONSUMER'S) BUREAU

AGRICULTURAL FOODS SECTION

ANIMAL FOODS SECTION

FISHERIES ADMINISTRATION SECTION

MARINE SECTION

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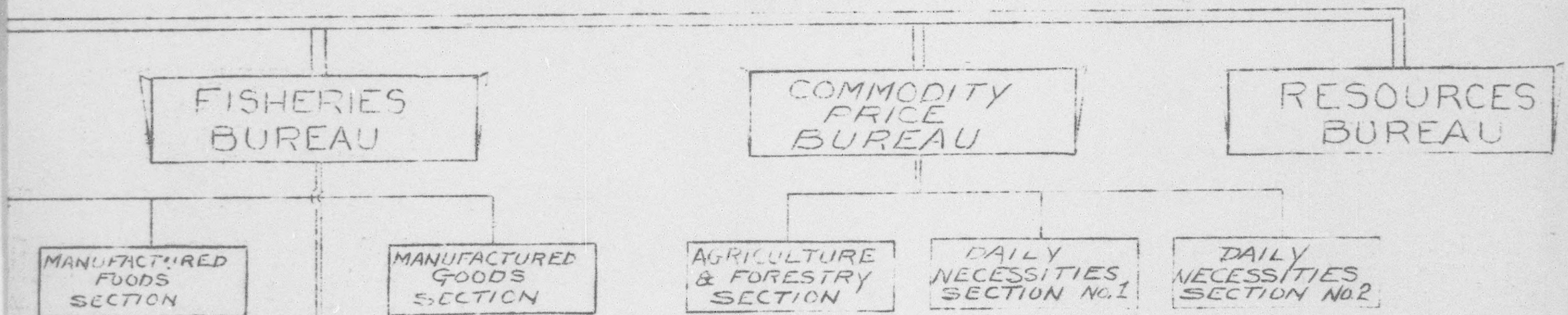
RESTRICTED



Source: OSS, R&A No. 2836 (31 December 1944).

Notes: ▲ Special attention is invited to the following:

1. Transfer of powers of Nat'l. Ministries to Superintendent General (in ec of the eight regions) authorized by the passage of the Extraordin War Measures Bill of 23 June 1945

2. Establishment of WARTIME AGRICULTURAL ASSOCIATION (merger Central Agricultural Association and National Agricultural Econom Society). (OWI, JSR, 24-30 June 1945).

cont'd.

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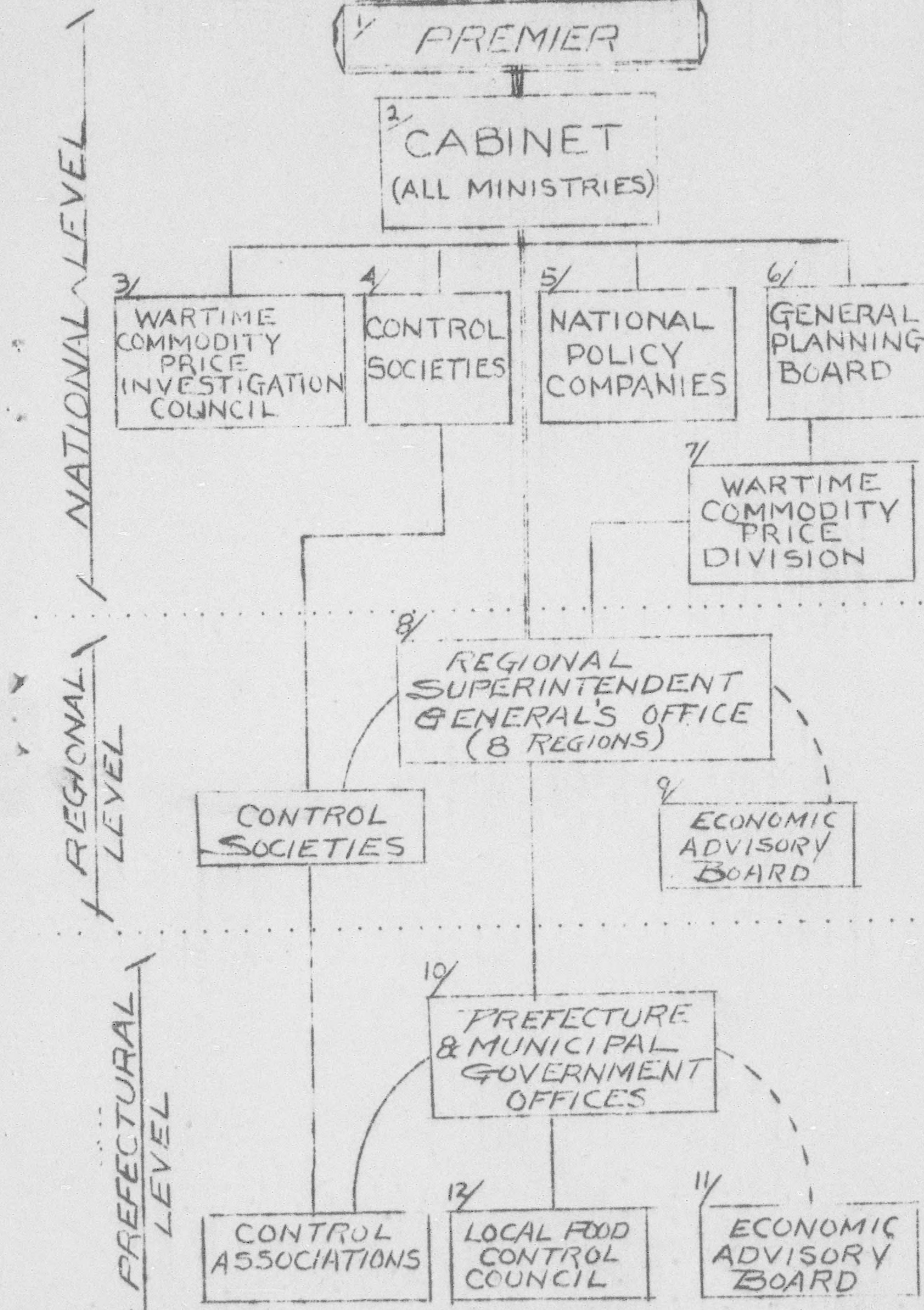
ADMINISTRATION OF PRICE CONTROL IN JAPAN



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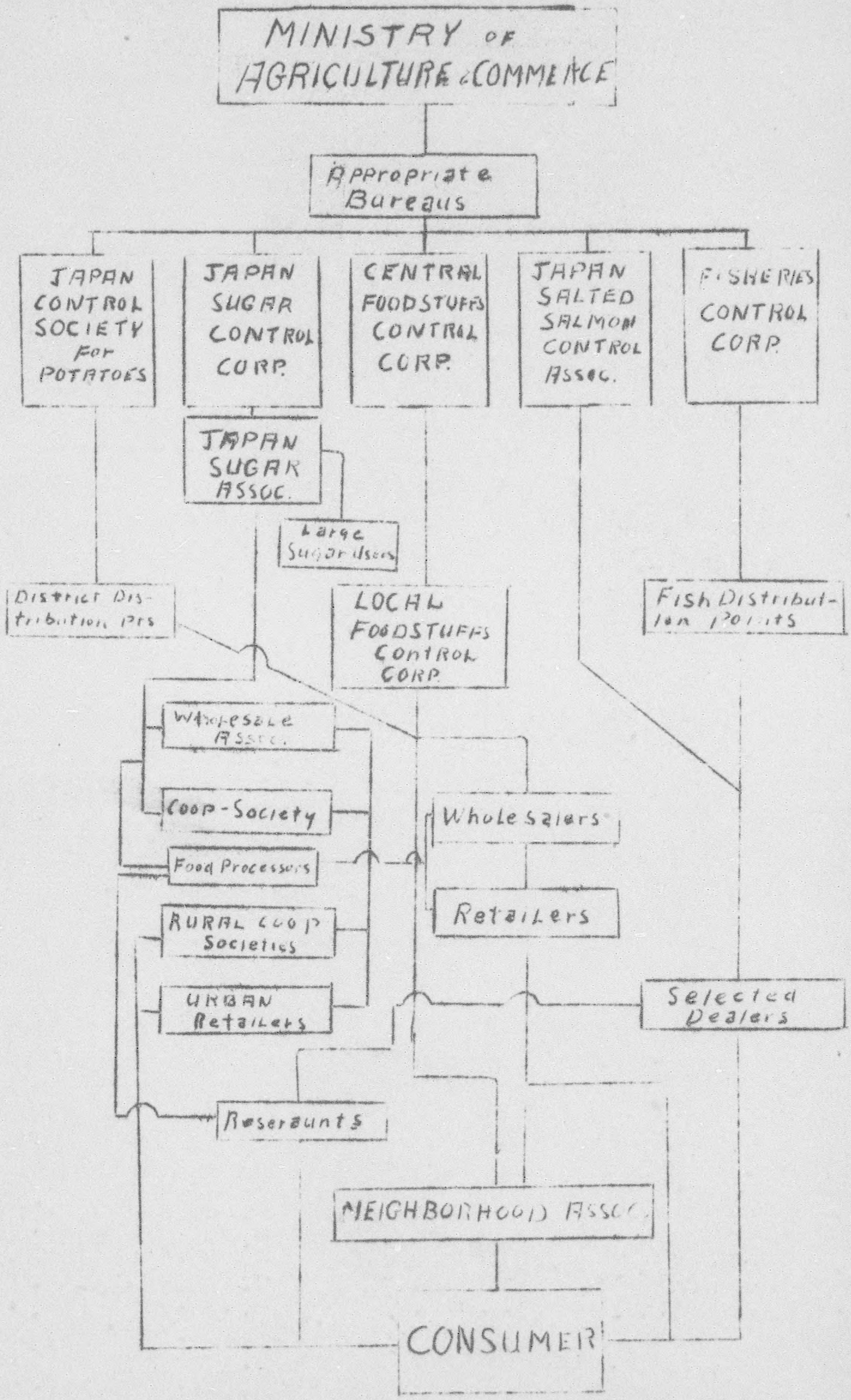
FOOD RATIONING IN JAPAN



Coupons obtained from Neighborhood Assoc. thru police. Prefectural and Municipal Offices issue coupons as directed by Ministry of Agriculture and Commerce. Large concerns obtain their coupons direct from the Ministry of Agriculture and Commerce.

HEADQUARTERS U.S. GROUP CONTROL COUNCIL ~ (GERMANY

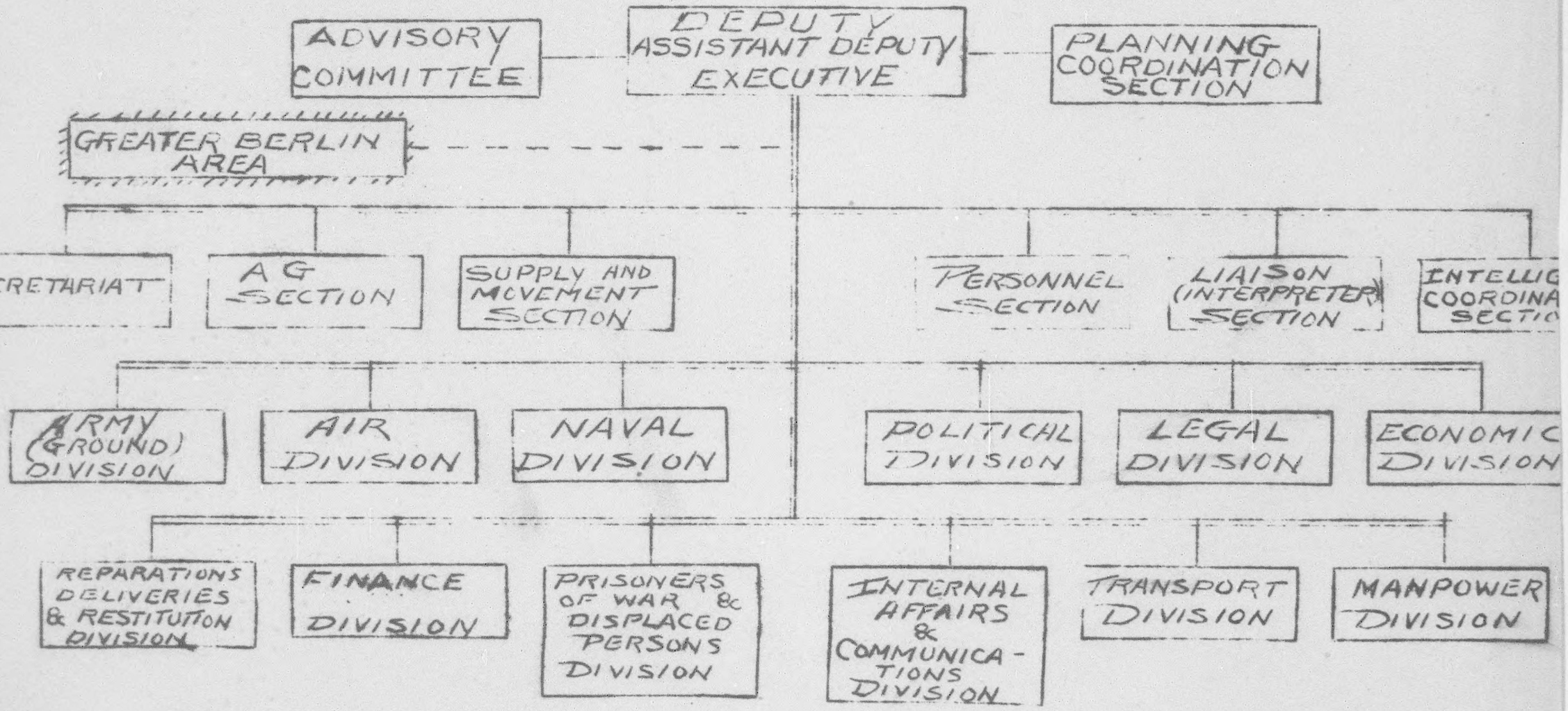


FIGURE 7

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ECONOMIC DIVISION - U.S. GROUP C.C. (GERMANY)

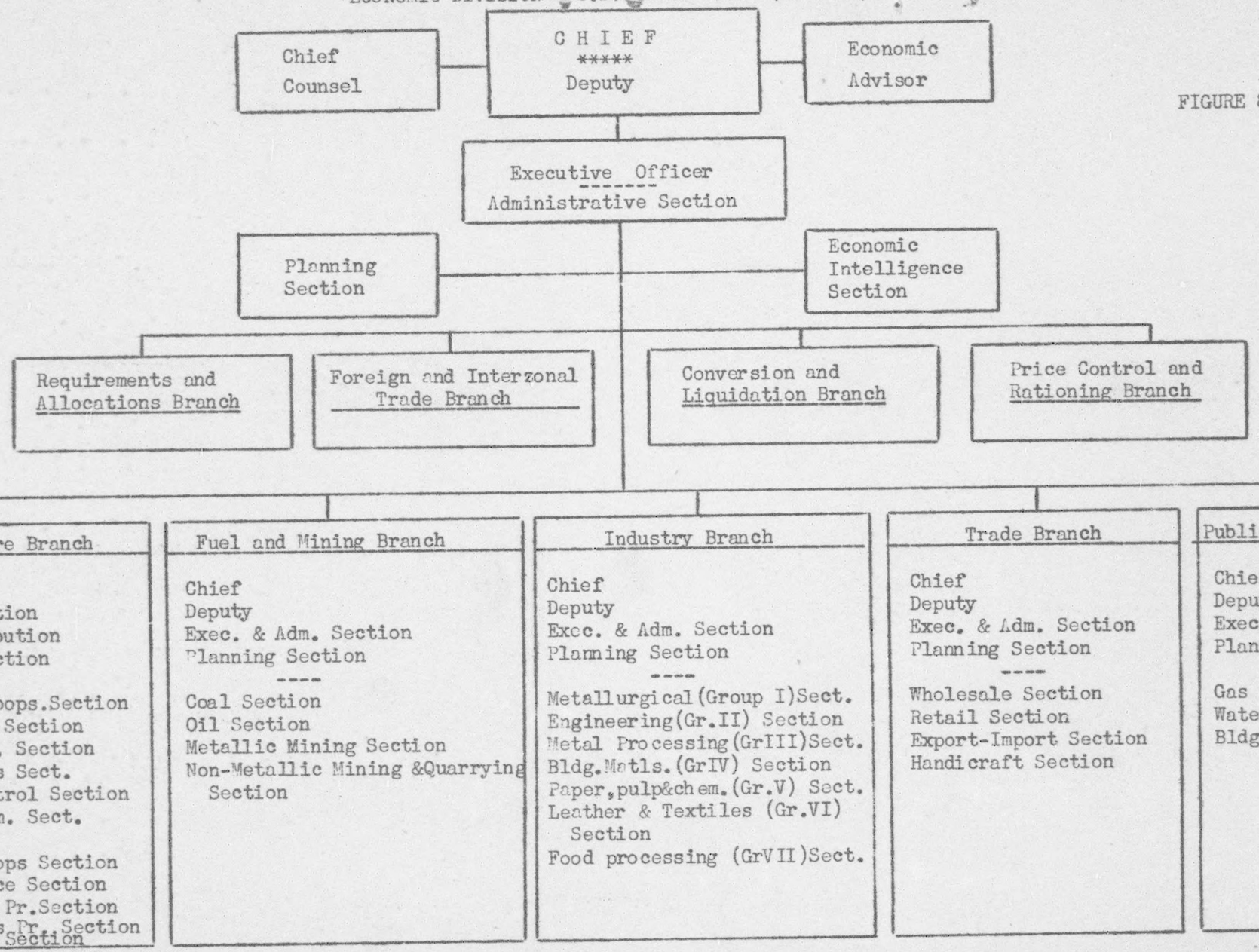

FIGURE 8.

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III. It is assumed for this plan that Military Government controls have been made possible within part or all of the national territory (exclusive of Colonial or conquered areas) to operate over and through the national governmental machinery (existing, restored, or recreated in whole or part) so that indirect national government may be controlled by CinCAFPAC through his staff regional prefectural city and town MG companies.

IV. The Estimate of the Situation

The Military and fectual situation required CinCAFPAC to evolve decisions regarding (1) how he will assume and maintain control and the authoritive direction of the national industrial and commercial economy, (2) how the political and economic policies furnished to him will be given effect, (3) how the objectives in industrial production and in commercial activities will be accomplished, (4) how his staff will function in accomplishing the objectives assigned, (5) what subdivisions of the staff will be activated, (6) how each staff element will be manned, (7) how staff personnel will operate the controls of industry and commerce (when and as approved by him) through the governmental, industrial and commercial control organization of the native regions.

Within the limitations of the situation the industry and commerce section has endeavored to prepare for subsequent study and improvement plans for the control of the national industrial and commercial economy through native national government and other agencies by CinCAFPAC and his staff, including such a staff section as an Industry and Commerce Section.

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V. The Plan of National Control of Industry and Commerce

Assumptions:

It is necessary to assume staff elements of G-5 staff higher than Industry and Commerce section so that plans of actions and flow of actions and orders may be conceived within the relationships of this section and other staff elements. It is assumed that Cin CAFPAC will approve military government staff organization along lines for comparable in principle to those now used in Germany. (See figures 7 and 8). It is also assumed that under such principles all economic sections would be coordinated under one Economics Branch. As in Germany there would be a high level Planning Coordination Section to advise G-5 regarding fixing industrial production goals, import quotas, allocations of plants, machinery, raw materials and labor, between producers in accordance with priorities, essential commerce controls, policies governing licensing of producers, distributors, importers, exporters and operators of public utilities and services, price control, rationing, priorities of use of raw materials, goods and services. Such section would doubtless advise how to balance the accumulated demands for goods with existing supplies, and goods to be produced or imported.

A. The Plan of the Industry and Commerce Section

1. Functions
Functions of the Section will be to:

a. Determine potential quotas of production of natural resources and of manufactured goods by continuous surveys. These surveys will include requirements for such production, including raw materials, semi-processed materials, plants, machinery, fuel, power, management and technical personnel and labor, and financial credit.

b. Determine the commercial fields in which the normal operations of the laws of supply and demand will accomplish the objectives of the Military Government.

c. Determine the commercial fields in which governmental controls must be applied to supplement the operations of economic laws in order to accomplish the objectives of the Military Government.

d. Assemble data on, and when so directed, submit recommendations concerning the following:

(1) Production goals for defined periods to be accomplished by Japanese industry.

(2) Licensing of industrial and commercial organizations and establishments.

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PART OF APPENDIX C

Synthetic Fibers - Captain:
Rayon, Nylon, etc.

Dyes - Captain:
Aniline type, sulphur type, etc.

Plastics - Captain:
Urea resins, phenolics, methacrylate, etc.

* Paint, Varnish and Lacquers - Captain:

Essential Oils - Lt.:
Flavorings, deodorants, etc.

(6) For Household Bureau

Food Processing - 1 Captain; 1 Captain M. C.:
The Medical Corps Captain would be responsible for standards of sanitation edibility, etc. The other Captain would have administrative and production responsibility.

Rubber Processing - Captain:
Rubber goods, tennis shoes, etc.

Leather Goods and Tanning - Captain:
Production of leather from hides.

Soap and Toilet Articles - Captain:
Toilet articles being only those preparations coming in the chemical field, plastic combs, lotions, etc. Not nail files or hair nets, etc.

* This office might, with equal logic, be placed under Organic Bureau.

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(3) Industrial and commercial controls, including finance, credit and capital controls.

(4) Rice rationing and allocation of controls of defined classes of commodities at defined levels of production and distribution.

(5) Import and export quotas for defined periods.

(6) Foreign commerce controls including

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licensing, finance, credits, capital, subsidies and foreign exchange.

e. Determine the methods of industrial and commerical reporting, economic intelligence, and analysis.

f. Determine the essential liaison relations of the section with other sections of G-5 and obtain through channels statements of liaison policies.

g. Draft for approval and issuance by higher authority other orders to military personnel in all echelons concerning the control of Japanese industry and commerce.

h. Draft for approval and issuance by higher authority directives and orders to Japanese governmental and control agencies concerning the control of industry and commerce.

i. Prepare for approval by higher authority procedures for the supervision of industry and commerce to be prepared by Military Government and Japanese personnel. Such technical instructions will be issued by the Section, when authorized, by direct communication to all M G echelons and will include:

Definition of the form of audits, inspections, and other supervisory techniques.

Technical instructions in the form of techincal manuals, bulletins and other communications, reporting procedures and forms.

j. Advise and, when authorized, supervise M G personnel in all echelons concerning actions in controlling Japanese industry and commerce.

k. Supervise the actions of Japanese governmental and control agencies which are charged by orders of the Military Government with controlling industry and commerce.

2. Organization of Industry and Commerce Section

a. The principles applied are:

(1) Economy of personnel, which is accomplished by pooling staff for analysis work serving several units of the section and by recommending use of native personnel in unit staffs, with Officer personnel shown as an alternative plan.

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(2) Indirect Government which is reflected in actions planned as functions above. MG personnel exercises control and supervisory functions, not operational functions.

(3) Flexibility in administrative control functions.

(4) Specialization technilogical control functions.

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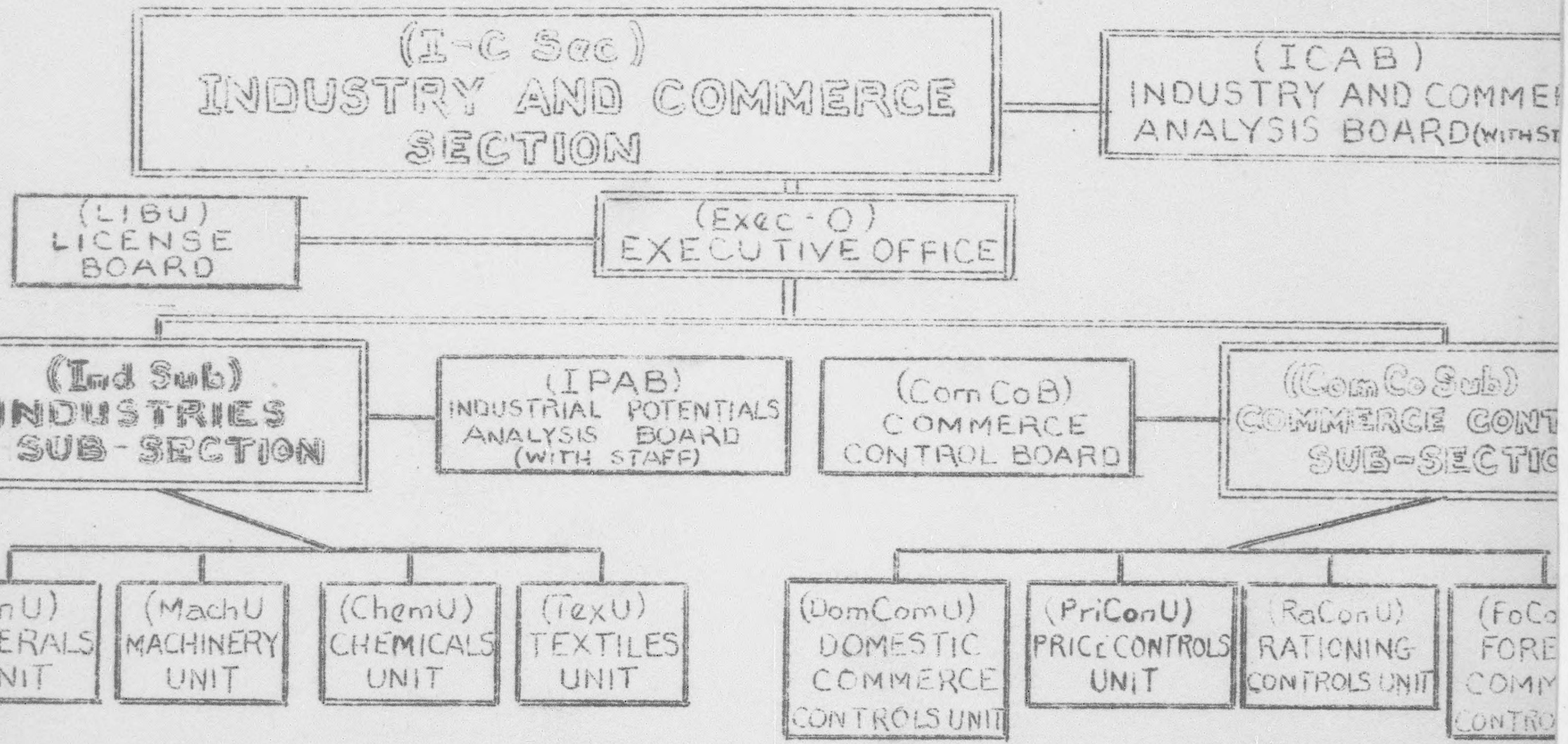
b. The Functional Organization of Section

(1) Introductory Explanations.

(a) The following chart (figure 9) presents the planned subsections and units. Production of industrial products is the field of control responsibility of the Industries Subsection ranging from the extraction of raw materials, to the final fabrication or manufacture of all types of industrial products. Agricultural production of food and industrial raw material, forest products, and aquatic foods and industrial raw materials obtained by the fisheries industry are excluded because it is assumed that they lie in the field of responsibility of separate sections of the Economics Branch. It is recommended that Agriculture be controlled by a separate Section of Economics Branch. As an alternate assumption, however, the fisheries industry and the forestry and logging and forest products extraction industry could be placed in the minerals Unit as shown on the chart, in which case its title would be Natural Resources Unit.

(b) All commerce controls are the field of responsibility of the Commerce Controls Sub Section. Its control responsibilities begin with the accumulation of inventories of commercial significance of all items of native production, including agricultural production, forest products entering commerce, and aquatic products. Commerce controls extend, therefore, from inventory controls (even before sale by the producer when that is deemed necessary) so price and rationing controls at essential levels of distribution in commerce and to final consumer or retail sales. They likewise begin for imports with controls of importers and of the placing of orders abroad and extend to the point where domestic commerce controls take over. For exports they begin with inventory controls and extend to the point where foreign exchange control (assumed as the responsibility of Finance Branch) integrate with foreign commerce controls.

FUNCTIONAL ORGANIZATION CHART



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(c) In character commerce controls range from the ordinary governmental controls applicable to commerce in a free economy where the laws of supply and demand are operating to the necessary special controls of price, allocation, rationing, licensing, subsidy and credit imposed by government when free economy fails to meet the objective.

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of reasonably equitable distribution of essential commodities.

(d) In further introductory explanation of the Functional Organization Chart comments upon the theory of unit organization and upon the 4 Boards follows:

1. Unit Organization

Industrial production control organization of 4 units - Minerals (MINU), Machinery (MACHU), Chemicals (CHEMU), and Textiles (TEXU), follows industrial technilogical grouping. The scope of industries of each unit appears below where personnel and functions are discussed under each unit. It is believed to be feasible to correlate technilogical expertness of personnel for all industrial controls into 4 groups, thus gaining economy of personnel without losing requisite specialized technilogical expertness of personnel in industrial controls.

Commercial Control organization also falls into 4 units - Domestic Commerce Controls Unit (Dom Com U), Foreign Commerce Controls Unit (Fo Com U), Price Controls Unit (Pri Con U), and Rationing Controls Unit (Ra Con U), which grouping is self-explanatory.

2. Special Boards

Three principal Boards are planned: Industry and Commerce Analysis Board (ICAB), Industrial Potentials Analysis Board (IPAB), and Commerce Control Board (Com Co B). The following comments apply to all 3 Boards:

a. Each is solely advisory to the Section Chief or to a Subsection Chief.

b. Each is staffed by ex-officio members who constitute the advisory body.

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c. Each Board includes a permanent officer and E[illegible] staff which functions under a Secretary-Director in performing analytical and statistical work of service to the Board members.

d. Each Board staff represents economy of personnel by pooling in the Board analytical and statistical

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personnel that would otherwise be multiplied if scattered through the subsection and unit staffs. The analysis work serves the constituent subsections and units as to the common elements of analysis and survey necessary to spark their specialized plans, actions and orders.

f. Each Board of ex-officio members will necessarily insure completed Staff work by channelizing interunit staff liaison.

f. Each Board implements and expedites authoritative decision by Chiefs, whom it serves, by processing data, neutralizing conflicting recommendations by staffs of respective units, and framing alternative lines of action and decision

3.

The License Board (LIBU) which is a clerical unit of the Section Executive Office can operate without officer personnel other than such personnel in the Executive Office as the Executive Officer of the Section delegates to supervise its work. Should volume of clerical work require, it may be manned with full time officers.

The character of work of LIBU results from actions of industrial units recommending licensing controls over producers and manufacturers, which licenses, if such system be approved by higher authority, would be issued pursuant to proper MG orders to the Native Government and its bureaus by the appropriate native agencies. To recommend the issuance of licenses of defined types to specific persons, corporations, associations or industrial organizations LIBU would issue on recommendation of specific Unit Chiefs (approved by Subsection Chief) Licenses, clearances (or instructions for issuance of

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the appropriate license by the pro-pernative agency). LIBU would serve to Commerce Control Units in the same manner.

(2) Personnel and Functions

Note: Only officer personnel is specified although EM and civilian personnel is indicated without recommending strengths.

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(c) Office of Chief of Industry and Commerce Section

1. Personnel

Chief --- Brig. General
Assistant for Liaison -- Captain
Assistant(Secretary-Director of ICAB) - Colonel
EM

2. Functions:

Determine potential quotas of industrial production.
Determine scope of free economy.
Determine commercial fields requiring governmental controls.
Recommend production goals and methods of control of commerce.
Determine methods of industrial and commercial intelligence collection and analysis.
Determine SOP liaisons.
Draft orders to and supervise actions of MG and native personnel in regard to industry and commerce.
Prepare procedures for industrial and commercial surveys, reports and controls.

3. Flow of Actions

a Upward. Chief's determinations and recommendations go as staff work to Chief of Economics Branch for approval or rejection.

b From Below. Chief's decision are based on completed staff work by Chiefs of IndSub and ComCoSub.

c Lateral. Pursuant to SOP of Chief of Economics Branch I-C Sec Chief maintains liaison with other chiefs of sections in Economics Branch and within other branches when approved.

d Between I-C Chief and Chiefs of Correlative Native Governmental Bureaus and Control Agencies. As provided by SOP of G-5, I-C Sec. Chief maintains liaison with proper native agencies for supervision, inspection, economic intelligence, and reports of factual and accomplishment situations.

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(b) Industry and Commerce Analysis Board (ICAB)

Personnel - ex-officio:

Chairman - Chief of I-C Sec.

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Secretary-Director-- Assistant to I-C Section
Members - Ind Sub Chief
Comm C B "

Analysis Staff:
Industrial Analyst - Captain
Economist - Captain
Financial & Statistical Analyst - Captain
EM staff with economic and industrial experience.
No native personnel for security reasons.

2. Functions:
Board members coordinate their staff work and decisions and advise I-C Section Chief.

Analytical staff analyzes and correlates industrial and commercial data as directed by Secretary-Director, including requests through him by members in regard to their subsections, actions prior to decisions by Chiefs of Subsections, thus obviating duplicate analysis staff work in the two subsections.

3. Flow of all complete staff work is to I-C Chief as Chairman of ICAB.

(c) Executive Office

Executive Officer (Deputy I-C Sec. Chief) --- Colonel
Adjutant --- Captain
C O of Sec. HQ Co --- Captain
EM Records Staff
SOP Functions

(d) License Board

EM Staff
Functions in issuance (clerical) of license clearances as approved by I-C Sec Chief and authenticated by Adjutant.

(e) Office of Chief of Industries Subsection) IndSub)

1. Personnel

Chief --- Colonel
Deputy Chief is Exec. Officer and is Secretary-Director of Industrial Potentials Analysis Board (IPAB) --- Lt. Colonel

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2. Functions

a Is ex-officio member of ICAB
b Makes all determinations and performs all functions on the industrial control side of I-C Soc Chief, as recommendations to this Chief, coordinating all work of the 4 Industrial units, including supervisory and reportorial functions and

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maintenance of liaisons pursuant to I-C Sec SOP.

(f) Office of Chief of Commerce Controls Subsection (ComCo Sub)

1 Personnel

Chief --- Colonel
Deputy Chief is Exec. Officer and is SEcretary-Director of Commerce Control Board (ComCoB)
--- Lt. Colonel

2 Functions

On the Commerce Control side of I-C Sec. his functions are the same (mutatis mutandis) as those stated for Ind.Sub Chief.

(g) Industrial Potentials Analysis Board (IPAB) (Re-numbering paragraph above regarding Special Boards)

1. Personnel - Ex-Officio:

Chairman is Ind.Sub Chief
Sec'y-Director is Exec. Officer of Ind.Sub
Members-MINU Chief
M.CHU "
CHEMU "
TEXU "

Analysis Staff:
Industrial Analyst - Captain
Economist - "
Statistician - "
EM Staff with industrial experience.
No native personnel for security reasons.

2. Functions
Board members confer into their staff work and decisions and advise Ind.Sub Chief.

Analytical Staff analyzes and correlates industrial data as directed by Secretary-Director, including requests through him by Chiefs of MINU, M.CHU, CHEMU and TEXU in regard to the common elements for all 4 units in determining potential quotas of production of any industrial product. For example, when TEXU is preparing a potential of cloth production for a forward period the non-technilogical elements of such calculation

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(the technilogical elements being handled by IPAB analytical staff) will be handled by analytical staff of IPAB. Such common elements of calculation (involved in the determination of any potential of production

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of any industrial product by machine methods) are: a Materials (raw, semi- and finished) procurement, transportation, distribution to producers involved, storage and issue against production work orders.

b Legal ownership and property

elements, such as State property neutral property, United Nations property, patents and incorporeal rights, leases, trusts and tenures, elements affected by reparations and restitutions, to liberated nations and peoples native laws, regulations, MG ordinances, including data there on received through SOP liaisons with Property Custodian and Legal Branch.

c Capital and Financial elements, including stocks and bonds, audits, financial statements, costs, accounts, statistics, and trend studies, and all other credit and finance matters affecting the potential production of any kind of industrial product being calculated by any of the 4 Industrial units.

d Allocations elements within ontic range of common uses, plant space and facilities, materials, machines, equipment, fuel, power, tools and labor, including also rehabilitation of plant and equipment, salvage conversion of plant and facilities, construction, destruction, cannibalization and rebuilding of equipment. The pooling of such analytical and statistical work within IP_B reduces the necessity for multiplying such staff in each of the 4 industrial units and also centralizes the data obtained from the maintenance by IndSub Chief of SOP liaisons with other elements of MG staff and with native bureaus and agencies. It also coordinates as to such non-specialized technilogies as are handled by the respective units the survey data flowing from the routine of industrial reports to IndSub Chief.

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(h) Commerce Central Board (ComCoB) (Reexamine Paragraph above regarding Special Boards)

(1) Personnel-ex-officio

Chairman is ComCoSub
Chief
Secretary-Director is
Exec. O

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Members:
DenConU - Chief
PriConU - "
ReConU - "
FoConU - "

Analytical Staff
Statistical Analyst --- Captain
Economist (with marketing background) - Captain
Cost Accountant --- Captain
Foreign Commerce Analyst ---------- Captain
Legal advice can be supplied to this staff either by using staff of General Counsel of Economics Branch or by appointing a Legal Advisor.
EM staff with economic and commercial background.
No native personnel for security reasons.

2. Functions
Board members coordinate to their staff work and decisions and advise ConC. Sub chief. Analytical staff analyzes and correlates commercial data as directed by Secretary-Director, including requests through him by Chiefs of DenConU, PriConU, ReConU, and FoConU in regard to common elements for all 4 units in determining their recommendations of actions and orders in accomplishing their mission

(i) Minerals Unit (MINU)

1. Personnel

Chief -- Colonel
Deputy Chief -- Lt. Colonel
OIC for Mineral Resources and Reserves - Major
Civilian Geologist or Captain
" Mineralogist or "
" Metallurgist or "
OIC for Production Controls-- Lt. Colonel
Civilian Petroleum Engineer or Captain
" Mining Engineer or Capt.
" " " (Coal) or Captain
" " " (iron ore) or Captain
" " "(Ferro-alloys) or Captain
" " (Non-ferrous ores) or Captain
" " (Non-metallic minerals) or Captain

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OIC for engineering construction, plant maintonance and design --Major
Civilian Cost Accountant or Capt. EM staff (and vivilian staff) with mining background)
Civilian engineers and staff may be natives.

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Should volume of actions of unit, including maintaining liaison with correlative native bureaus and control agencies for supervision, obtaining native estimates of potential production and factual data on production, and for inspections and reports, require expansion of the personnel of the unit, bureaus may be headed by each of the officers-in-charge (OIC) listed above.

2 Functions:

a Exercises control for exploration and evaluation of mineral resources and reserves of:

Petroleum
Coal
Iron Ore
Ferro-alloy ores
Non-ferrous metal ores
Non-metallic minerals
Quarry Products

b The supervised exploration programs, testing and ore analysis,

c Determines extent and value of mineral resources, and the survey of economic advantages of development of reserves.

d Supervises the native controls of:

(1) Engineering construction, rehabilitation, conversion, and maintenance, of oil fields, pipe lines, storage facilities, refineries, and mine and quarry equipment.
(2) Production of petroleum, coal, iron ore, ferro-alloys, non-ferrous ore and non-metallic minerals.
(3) Accounting and reporting procedures, and administration and labor management.

e Operates as the liaison channel to obtain from native governmental bureaus and control agencies

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(1) their estimates of the potential capacity of native production of minerals
(2) the data (including every elemant essential to the extraction of minerals, the operations of native companies, the existing conditions of mines, fi-

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ncial credit, machinery, nd labor) to substantiate their estimates of potential production capacity.

(3) their recommendations regarding the requisite directives and orders to native governmental and control agencies by CinC.AFPAC to authorize their activation of production and their scheduling of industrial operations to accomplish the fixed goal of mineral production for forward periods, inclusive of authoritative allocations of plant, machinery and other elements essential to their direction of such scheduling and operations pursuant to policies approved by higher MG authorities.

Comment: This functional statement illustrates in detail the same kind of function of the other 3 industrial units, and will be referred to in the outline of such unit functions.

(j) Machinery Unit (MACHU)

1 Personnel

Chief (ex-Officio member of IRB)
--- Colonel
Deputy Chief --- Lt. Colonel
OIC for Metal processing -Captain
Civilian metallurgist or Captain
OIC for fabrication Industries, including manufacture of article of wood, and manufacture of machinery, tools and equipment-
--- Major
Civilian Woodworking Engineer
or Captain
" Machine tool Engineer
or Captain
" including power tools -
" Hand tools and implement Engineer or Captain
including hardware, plumbing equipment, farm implements, and miscellaneous metal product
Civilian heavy equipment Engineer
or Captain
including road building machinery, cranes, cupolas, furnaces dredging and well-drilling equipment, construction machinery, printing equipment and presses, mining machinery,

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Civilian Engineer for photographic, motion picture and other special apparatus - or Captain. Civilian Engineer for Precision, scientific, professional, control and laboratory instruments or Captain.

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Civilian Engineer for precision, scientific, professional, control and laboratory instruments or Captain

OIC for Motive and Automotive Equipment --- Major

Civilian Engineer for steam engines and turbines (steam & hydraulic) or Captain

Civilian internal combustion engineer or Captain

Civilian Engineer for transportation equipment, including all elements other than engines or Captains

OIC for Railway equipment --- Major

Additional Officer personnel or Civilian engineers may be required depending upon personnel in transportation Branch (or Section of Economics Branch)

OIC for Electrical equipment --- Major

Additional officer personnel or civilian engineers may be required dependent upon personnel in Public Utilities Branch (or Section of Economics Branch)

OIC for Shipbuilding --- Major with necessary Civilian Engineers or additional officer personnel depending upon liaison with naval controls of shipyards.

2 Functions

a Supervises native controls of production of goods approved by higher authority in the following industrial and manufacturing fields:

Metal processing.
Wood processing, exclusive of paper and chemical products (see CHEMU) and pulp conversion into rayon (see TEXU), machinery, tools, and equipment.
Motive and transportation equipment.
Electrical equipment and appliances.
Ships and boats.
(See statement of Scope in Mission above pp 3-6)

b Supervises native controls of engineering construction, rehabilitation, conversion, and maintenance of plants and

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equipment employed in the industrial and manufacturing fields listed in a above.

c. Supervises native controls of accounting and reporting procedures, and administration and labor management.

d. Operates as the liaison channel between the MG and native

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governmental and control agencies concerned.

NOTE: For full statement of this liaison function see MINU above

(k) Chemicals Unit (CHLIU)

1 Personnel

Chief -- Colonel
Deputy Chief -- Lt. Colonel
OIC for inorganic chemicals Production Control -- Major
Civilian Engineer for heavy Chemicals -- or Captain
Civilian Engineer for fertilizers or Captain
Civilian Engineer for ceramics or Captain
Civilian engineer for other inorganic chemicals or Captain
OIC for Organic Chemicals Production Control -- Major
Civilian Engineer for paper or Captain
Civilian Engineer for fermentation products or Captain
Civilian Engineer for food processing or Captain
Civilian Engineer for miscellaneous organic and household chemicals (e.g. coal tar distillates, rubber, leather, soap) or Captain
OIL for synthetic Chemicals Production Control - Major
Civilian Engineer for drugs or Captain
Civilian Engineer for synthetic fibers or Captain
Civilian Engineer for dyes and intermediates or Captain
Civilian Engineer for plastics and surface coatings or Captain
OIC for Engineering, for plant and equipment, design, conversion, and construction- Major
Civilian Cost Accountant
EM staff (and civilian staff) with chemical background.

Civilian engineers and staff may be natives.

NOTE: Should the volume of actions require expansion of the unit, bureaus may be set up to control the several chemical fields. The Officers-in-Charge (OIC) listed above would be key personnel in the expanded organization, one plan for which is shown in Appendix.

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2 Functions

a. Supervise the native controls of

(1) Engineering construction, rehabilitation, conversion, and maintenance of chemical plants and equipment.

(2) Production of inorganic, organic, synthetic, and household chemical products. (See Statement of Scope in Mission p 6).

(3) Accounting and reporting procedures, and administration and labor management.

b. Operates as the liaison channel between the MG government and native governmental and control agencies concerned with chemical manufactures.

Note: For full statement of this liaison function see Minerals Unit (Min U) above.

(i) Textiles Unit (Tex U)

1 Personnel

Chief - Colonel
Deputy Chief - Lt. Colonel
O/C for Control of Manufacture of Cloth and Clothing --- Major
Civilian engineer for synthetic and staple fibers --- or Captain
Civilian engineer for cloth -- or Captain
Civilian engineer for dyeing and furnishing or Captain
Civilian engineer for clothing -- or Captain

O/C for Control of Manufacture of Cellulose Products
Civilian engineer for synthetic fibers -- or Captain

O/C for Engineering, for plant and equipment design, conversion, and construction -- Major
Civilian Cost Accountant

EM Staff (and civilian staff) with textiles background

Civilian engineers may be natives.

Note: Should the volume of actions require expansion of the unit, bureaus may be set up to control the several textile fields.

The offficer-in-charge (O/C) listed above would be key personnel in the expanded organization, one plan for which is shown in Appendix D.

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2 Functions

a Supervises the native controls of

(1) Engineering construction, rehabilitation, conversion, and maintenance of textile plants and equipment.

(2) Production of cloth and other fiber articles from natural, synthetic, and substitute fibers.

(3) Production of all types of clothing (in industrial quantities)

(4) Processing of wood pulps for cellulose products.

(For scope of responsibilities in production and processing see Mission, p. 7)

(5) Accounting and reporting procedures and administration and labor management.

b Operates as the liaison channel between the Military Government and native governmental and control agencies concerned with textile manufactures.

(Note: For full statement of this liaison function see Minerals Unit (Min U) above.

(m) Domestic Commerce Controls Unit

1 Personnel

Chief	-	Colonel
Deputy Chief	-	Lt. Col.
O/C for Retail Controls	-	Lt. Col.
Civilian merchandising expert	or	Captain
O/C for Wholesale Controls	-	Lt. Col.
Civilian marketing expert	or	Captain
O/C for Warehouse Controls	-	Major
Civilian warehousing expert	or	Captain
O/C for Public Markets Control	-	Major
EM and native clerical staffs		

Note: Should volume of work require expansion of unit, O/C's would be key personnel in establishing necessary bureaus.

2 Functions

a Determines what controls are necessary over native commercial economy and what measures must be taken to enable domestic commerce to against operate according to the laws of supply and demand.

b Supervises native controls over domestic commerce, rehabilitation of standard wholesale outlets, reestablishment and supervision of public markets, rebuilding and operation of warehouses.

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c Supervises native controls of accounting and reporting procedures, to include data regarding distribution conditions, inventories, sales, profits or losses.

d Operates as the liaison channel with native governmental bureaus and control agencies to obtain or determine:

(1) The extent that existing commercial organizations fulfill the requirements for distributing essential commodities.

(2) Credits, stocks, and transportation needed to reestablish necessary commercial outlets.

(3) Their recommendations regarding necessary orders and directives to native organizations by CinCAFPAC for reestablishing the commercial economy pursuant to policies approved by higher MG authorities.

e Determines the methods of commercial reporting required by lower MG echelons and Japanese agencies and data to be included in such reports

f Prepares such directives, reports, and technical manuals as required by Commerce Control Subsection

(n) Price Control Unit

1 Personnel

Chief	-	Colonel
Deputy Chief	-	Lt. Col
O/C for Statistical & Records Control	-	Majo
Civilian statisticians and analysts		
O/C for Cost Accounting	-	Majo
Civilian Cost Accountants		
EM and vilian clerical personnel		

2 Functions

a Determines whether or not the existing price structure is consistant with established price policies.

b Approves prices determined by various Ministries and Control Societies.

c Operates as the liaison channel with native governmental agencies to determine:

(1) The extent of inflationary trends

(2) The effectiveness of price ceilings

(3) Inequities in price controls

(4) Their recommendations regarding necessary orders and directives to native organizations by CinCAFPAC for guarding against inflation

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d Reviews requests for price changes affecting the general price levels,

e Establishes effective liaison with MG units supervising native agencies concerned with wage controls, banking and financial affairs, rent control, rationing, or any other matters effecting the price situation.

f Determines types and methods of reporting by lower MG echelons and Japanese agencies.

g Prepares such directives, reports, and cost-of-living indicies, as required by Commerce Control Subsection.

Note: This Unit acts as a central price control body to check on prices established by operating agencies or companies. It does not establish prices or investigate price violations. Except within previously delegated authority, the determinations of of the Unit are recommendations to higher authority.

(c) Rationing Control Unit

1 Personnel

Chief	- Colonel
Deputy Chief	- Lt.Col.
O/C for Food Controls	- Lt.Col.
Civilian statisticians	
O/C for Clothing Controls	- Major
Civilian statisticians	
O/C for Household fuels	- Major
O/C for Misc. essential commodities	- Major

Note: Volume of work will probably necessitate expansion of this Unit into bureaus with O/C's. Civilian advisors and clerical staff will be used.

2 Functions

a Determines what commodities should be rationed and recommends ration allowances of such commodities to higher authority.

b Supervises native controls over rationing.

c Operates as liaison channel with native governmental agencies handling rationing to determine.

(1) The extent existing rationing organizations and systems fulfill the requirements of equitably distributing essential commodities in critical demand.

(2) The extent of black market operations and hoarding and methods of overcoming such situations.

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(3) Their recommendations regarding necessary orders and directives to native organizations and people by CinC.FPOA establishing and adminstering rationing pursuant to policies approved by higher MG directives.

d. Determines the methods of reporting and data required by lower MG echelons and Japanese agencies in order to effectively supervise the rationing system.

e. Prepares such directives, reports, and technical manuals as required by Commerce Control Subsection.

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(p) Foreign Commerce Controls Unit (FaComU)

1. Personnel

Chief	Lt. Colonel
Deputy Chief	Major
OIC for Exports	Major
Civilian expert or	Captain
OIC for Imports	Major
Civilian expert or	Captain

EM and Civilian Staff

2. Functions:

a. Determine sources from which authorized imports will be obtained.

b. Determine items to be imported and authorize selected agencies or companies to handle imports after approval by high authority.

c. Determine exportable items and select and authorize agencies or companies to handle exports with approval of higher authority.

d. Recommend destination points for exports.

e. Supervise native controls over foreign commerce.

f. Operates as the laison channel with native governmental bureaus and agencies to determine:

(1) Methods of commercial reporting required by Japanese Governmental and private foreign trade agencies, and data required for effective supervision of foreign trade.

(2) Their recommendations regarding necessary orders and directions to native organization by Cen. CAFPAC for reestablishing foreign trade.

(3) Prepares such directions, reports, and technical bulletins required by Com Co Sub.

Comment regarding suggested personnel of the eight units of the Section:

These suggestions are very tentative. Overall personnel limitations of Military Government Staff above Section is also not authoritatively determined. How much civilians will be used in these units is unknown. It is, therefore, intended merely to illustrate the type of workable personnel classification, leaving to future study firmer recommendations regarding adequate minimum Unit Officer Personnel.

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B. Interrelations of Industry & Commerce Section with Native Governmental Bureaus.

1. Assumptions:
Direct supervisory liaison between units of Military Government and appropriate Native governmental and control agencies will be SOP.

Section Chief will make it SOP within the section for chiefs of 8 units to handle all routine contacts with native agencies in the performance of the functions of each unit.

2. Unit Contacts:
a. Mineral unit will maintain contacts with the mineing bureau of the Munitions Ministry, until native ministry organization is changed.

b. Machinery Unit will maintain contacts with the Machinery Bureau of the Munitions Ministry, and, until reorganized, with the Aircraft Bureau of the Munitions Ministry, with reference to the plant and equipment which may be converted to the machine manufacturing industries within the control field of the Machine Unit.

c. Chemical Unit (Chem U) will maintain contacts with the chemicals unit of the Munitions Ministry.

d. Textiles Unit (Tex U) will maintain contacts with the textile bureau of the Agriculture and Commerce Ministry.

e. Domestic Commerce Controls Unit will maintain contacts with the Commodities for Living Bureau of the Agriculture and Commerce Ministry as to consumer commodities, which will be required to coordinate with all other native agencies all commercial data and reports.

f. Price Controls Unit will supervise price controls through the Wartime Commodity Price Division of the General Planning Board which presumable has as members all officials of the Cabinet interested in price determinations. The War time Commodity Price I vestigation Council will advise the Price Controls Unit on inflationary trends and recommend remedies.

g. Rationing Controls Unit will maintain contact with the Food Control Bureau of the Ministry of Agriculture and Commerce regarding food rationing. Other rationed items will be controlled through appropriate Control Societies or Ministries through Regional Superintendent Generals and Prefectural Officers.

h. Foreign Commerce Controls Unit will maintain contact with the Regional Trading Corporation (a national control agency) under the greater East Asia Ministry, and with that ministry. See Foreign Commerce Control, Appendix E.

In each instance the principal National Bureau will be held responsible for coordination with all other Native Governmental and control agencies, so as to channel to the respective Industrial and Commercial Units of Industry and Commerce Section, the total native data and reports.

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APPENDIX A
SOURCES OF MISSION ELEMENTS

A. For the Section:

1. Destruction of War Potentials - from CAD Directive
2. Render ineffective Zaibatsu - from CAD Directive
3. Maximum reliance on native resources and facilities - from CAD Directive
4. Minimize imports - from CAD Directive
5. Industrial production priorities - from CAD Directive
6. Minimum needs of civil population (standardof living) - from CAD Directive
7. Reasonably equitable distribution of essential commodities - from CAD Directive.

B. For the Industries Subsection:

8. Employ native production methods - from CAD Directive - (deduction from "normal channels" of distribution concept.)
9. Efficiency in operations - assumed
10. Indirect government through native agencies - FM27-5
11. Principles governing scheduling production of quotas fixed by higher authority.
12. Normal commercial activities - from CAD Directive
13. Private ownership- assumed and implied.
14. Government stores - from CAD Directive
15. Cooperatives - Assumed and implied
16. Balance of trade - Assumed and implied.
17. Imports a first charge on exports - from CAD Directive
18. Link system - Assumed and implied
19. Minimize imports - from CAD Directive
20. Existing Control methods - from CAD Directive
21. Coordination of controls with finance - assumed
22. Minimize controls - assumed
23. Cessation of war production, conversion, disassembly or removal of war plants - from CAD Directive
24. Reactivate essential production quickly - from CAD Directive - (Maximum use concept.)
25. Security from Sabotage, etc. - implied from 3 above.
26. Interregional dispersal - to minimize problems arising from critical transportation - assumed.
27. Reestablish normal economy - assumed and implied
28. Control inflation - from CAD Directive
29. Licensing controls - assumed
30. Allocation controls - assumed
31. Liaison - SOP
32. Inventory controls - assumed

RESTRICTED

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APPENDIX B[1]

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APPENDIX B[2] - Data on Electrical Equipment Industry

Note A. "Heavy equipment manufacturers:

1. The 3 producing 90%:

a. Tokyo-Shibaura Electric Co., Tsurimi compound, No. Yokahama.
b. Hitachi Engineering Works, Sukegawa-machi, Ibaraki-ken.
c. Mitsubishi Heavy Industries Co., Kobe and Nagasaki.

2. The 3 producing 10%:

a. Fusi Electric Co., Kawasaki, near Tokyo.
b. Meidensha Co., Tokyo city.
c. Yasukawa Electric Co., Yawata, Fukuoka-ken.

Note B. Small and medium-size motor manufacturers:

1. The 4 producing 50%:

a. Tokyo-Shibaura Electric Co., Yokahama and Mie-ken.
b. Hitachi Engineering Works, Sukegawa-machi, Ibaraki-ken and Tokyo city.
c. Mitsubishi Electric Mfg. Co., Nagoya and Kobe.
d Meidensha Co., Tokyo city and Nagoya.

Note C. Wire and cable manufacturers:

1. The 6 producing 65%:

a. Sumitomo Wire & Cable Co., Konohana-ku, Osaka.
b. Hitachi Engineering Works, Sukegawa-machi, Ibaraki-ken.
c. Yokahama Electric Wire Co., Yokahama.
d. Fujikawa Wire & Cable Co., Fukagawa-ku, Tokyo city.
e. Showa Wire & Cable Co., Kawasaki, near Tokyo.
f. Kyushu Electric Wire & Cable Co., Moji, Fukuoka-ken.

Note D. Communications equiment manufacturers:

1. The 3 producing 95% of radio and 75% of telephone apparatus:

a. Tokyo Electric Light Co., Kawasaki, near Tokyo.
b. Nippon Electric Co., Tokyo city.
c. Oki Electric Co., Tokyo city.

Note E. Indicating instruments manufacturers:

1. Those making integrating watt-meters (power & light):

a. Tokyo-Shibaura Electric Co., Tsurimi compound, Yokahama.
b. Nippon Electric Co., Tokyo city.
c. Hitachi Engineering Works, Sukegawa-machi, Ibaraki-ken.
d. Ashida Engineering Co., Tokyo city.

2. Those making precision indicating instruments:

a. Yokogawa Electric Co., Tokyo city.
b. Nippon Electric Co., Tokyo city.
c. Fusi Aircraft Mfg. Co., Tokyo city.
d. Tanaka Instrument Mfg. Co., Tokyo City.
e. Kawakita Electric Works, Tokyo city and Osaka city.

Note F. Spark plug and insulator manufacturers:

1. The 5 producing nearly all Japan's needs:

a. Osaka Porcelain Mfg. Co., Sano-machi, Osaka ken.
b. Japan Insulator Co., Minani-ku, Nagoya.

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c. Shofu Industrial Co., Kyoto.
d. Oana Electric Co., Asakasu-ku, Tokyo city.
e. Koran Co., Arita-machi, Saga-ken.

Note G. Storage battery manufacturers:

1. The 3 making bulk of Japan's needs:

a. Nippon Battery Mfg. Co., Kyoto.
b. Yuasa Storage Battery Mfg. Co., Osaka.
c. Furukawa Electric Industry, Yokahama.

Note H. Light bulb manufacturers:

1. Tokyo-Shibaura Electric Co. (Mazda Div.) Kawasaki, 35%.

2. Names and addresses of "standard" manufacturers not available.

Note I. Electronic equipment and vacuum tube manufacturers:

1. The 2 companies making 85%:

a. Tokyo-Shibaura Electric Co. (Mazda Div.) Kawasaki.
b. Japan Electric Mfg. Co., Kawasaki.

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APPENDIX B[3]

CHEMICALS

(Note: Data in the text gives a number identifying the source, and page numbers in the source when known)

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THE ADMINISTRATION OF PRICE CONTROL IN JAPAN

KEY

1) The Premier and his Cabinet, with their various committees and
2) agencies, is responsible for price control in Japan. All Ministries of the Cabinet are involved in policy determinations of prices affecting commodities or services required by organizations within their respective jurisdictions.

3) The Wartime Commodity Price Investigation Council investigates inflationary trends, price controls, currency situations, wages, savings, commodity shortages, etc. The Premier is Chairman of this Council and the Finance Minister is Vice-Chairman. Prominent civilians act as Council members and advisers.

4) Control Societies and National Policy Companies recommend and
5) establish prices of commodities manufactured and distributed by their organizations with the approval of interested Ministries.

6) The General Planning Board, through its Wartime Commodity Price
7) Division, administers direct price control. Presumably this Division works in close contact with Ministries interested in prices of commodities or services under their jurisdiction.

8) Regional Superintendent Generals carry out price policies fixed in Cabinet agencies and recommend prices of commodities in their economic jurisdiction.

9) Economic Boards are used to study price recommendations to be sent to higher authority and establish prices of commodities set at regional levels.

10) Prefectures establish prices of commodities of local character
11) and carry out policies as set forth at the regional or national
12) level. This is done through Economic Advisory Boards, Local Food Control Councils, or other special committees. The Prefecture is probably the most important level of price control as local associations and companies are responsible to this Government echelon.

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APPENDIX C

A POSSIBLE ORGANIZATION FOR THE CHEMICALS UNIT

1. Organization charts.

Chemicals Unit
Chief - Lt. Col.

Administrative Bur.	Organic Bur.	Synthetic Bur.	Household Chem. Bur.
Chief Major			
To be activated later	Chief-Major	Chief-Major	Chief-Major
	Paper Pulp	Drugs	Food Processing
	Alcohols	Synthetic Fibres	Rubber Processing
Inorganic Bur.	Coal Tar Dist.	Dyes	Leather Tanning
Chief-Major	Mixed Ferlizers	Plastics	Soaps & Toilet Art.
	Miscellaneous	Pt. & Varnish	
Inorganic Fertilizer		Essential Oils	
Heavy Chemicals		Miscellaneous	
Ceramics			
Catalysts			
Miscellaneous inorganic Cpds.			