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controls. Without these controls, living costs would rise, and the purchasing power of money would decrease, causing widespread social and economic chaos.

Controls can be maintained only if consumers buy essential commodities through official channels at official prices and support the efforts of the Economic Investigation Board by reporting violations to the police. Consumers who buy goods on the blackmarket are enemies of Japan's economic recovery. Anti-blackmarket activities should be initiated by consumer groups and supported by the people.

Commodities are being freed from controls as soon as supply equals demand. Only when these conditions exist can commodities be decontrolled without endangering the livelihood of the people and causing price rises. Vegetables, silk products and many production materials have been decontrolled recently. On the other hand, remaining controls must be strengthened.

POINT 6. IMPROVE THE OPERATION OF FOREIGN TRADE CONTROLS AND TIGHTEN EXISTING CONTROLS TO THE EXTENT THAT SUCH MEASURES CAN APPROPRIATELY BE DELEGATED TO JAPANESE AGENCIES.

PRINCIPAL OBJECTIVE

To inform the Japanese people what is being done to restore their national independence and to hasten their return into the family of nations by emphasizing:

- a. That Japanese foreign exchange (purchasing power abroad) was dissipated during the war and must be rebuilt before the country can stabilize its economy.
- b. That conservation of foreign exchange is essential to rebuilding Japan's purchasing power abroad.
- c. That foreign exchange must be utilized for the benefit of all of the people.
- d. That foreign trade controls will be relaxed as rapidly as stabilization of Japan's economy permits and the people demonstrate their readiness to accept necessary responsibility for their country's welfare.

THEMES

Foreign exchange must be utilized for the benefit of all the people.

Exchange control regulations and operations are necessary to conserve foreign exchange and utilize it most efficiently for the best interest of all the people.

Foreign trade controls can be relaxed as Japan's economy is stabilized and as the people demonstrate their readiness to accept the necessary responsibility for their country's welfare.

Conservation of foreign exchange requires sacrifices by some of the people for the benefit of all of the people.

United States dollar loans under programs such as GARIOA and EROA have provided Japan foreign exchange necessary to buy imports until a balance between exports and imports can be reached.

Dollar loans to Japan, such as the Occupied Japan Export-Import Revolving Fund, must be liquidated as soon as possible to strengthen the country's credit position and its international reputation.

The newly organized Foreign Exchange Control Board is designed to realize maximum benefits for Japan from goods and services acquired in international trade.

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POINT 7. IMPROVE THE LOW EFFECTIVENESS OF THE PRESENT ALLOCATION AND RATIONING SYSTEM, PARTICULARLY TO THE END OF MAXIMIZING EXPORTS.

PRINCIPAL OBJECTIVES

Principal objectives are to explain to the Japanese people the necessity of (1) increasing exports, (2) reducing food imports, (3) tightening controls on certain items, and (4) revising distribution of incentive goods to workers, farmers, fishermen.

THEMES

Exports must be increased so that foreign exchange can be obtained for the purchase of raw materials for expanding Japanese production. To increase production, allocations must be tightly controlled to insure most efficient and economical use of raw materials.

Food imports must be reduced so that funds used to pay for those imports can be used to import industrial raw materials. In order to reduce food imports, the staple food rationing system must be strengthened. New measures to improve the food rationing system include registering the population and classifying the people into three classes--producers, semi-producers, consumers. This will eliminate the "ghost population" and insure that food reaches legal recipients. Consumers are encouraged to have home gardens to increase food production, and thus lower prices. Farmers are encouraged to deliver rape seed harvests and thus permit reductions in expensive oil imports.

Controls on marine products, textiles and soap are necessary in order that these products will be equally distributed through official channels.

Steel and other raw materials imported into Japan must be reprocessed and sold instead of being diverted into the blackmarket; otherwise, foreign currency needed to purchase additional raw materials will disappear.

POINT 8. INCREASE PRODUCTION OF ALL ESSENTIAL INDIGENOUS RAW MATERIALS AND MANUFACTURED PRODUCTS.

PRINCIPAL OBJECTIVE

To inform management, labor and the public that modernizing Japan's industry, with resultant greater production at lower costs, will improve the country's competitive position in world markets and pave the way for expansion of industry and increased over-all employment.

THEMES

It is to the best interest of both management and labor to work together in harmony, without work stoppages, to increase Japan's export and consumer goods.

Industry should place primary emphasis on saving scarce production materials such as fuels, power, imported raw materials and key equipment and should strive for greater and more effective employment of the nation's workers, of which there is a large supply.

More export goods mean more food, clothing and other essentials for the workers.

Japan must export to live. Other nations are beginning to flood world markets with goods often superior to Japan's. If Japan is to compete, it must produce more quality merchandise at a lower price.

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Good workmanship benefits both the employe and the employer. Management and labor should have pride in their products.

Waste is the enemy of prosperity. Scarce raw materials and manufactured products must be conserved.

Imports should be confined to those raw materials and commodities which Japan cannot produce in adequate quantity.

Production of more pyrite for fertilizer will increase food production, allowing reduction of food imports and transfer of foreign exchange for the purchase of more iron ore and other essential raw materials which Japan must import.

Copper, lead and zinc production can be increased by conserving materials wasted by careless mining, milling, and smelting.

Gold and silver production can be increased by eliminating careless and wasteful handling of refinery slimes.

POINT 9. TO IMPROVE EFFICIENCY OF THE FOOD COLLECTION PROGRAM

PRINCIPAL OBJECTIVES

To inform farmers that maximum food production and delivery into official channels are vital to rehabilitation of Japan.

To acquaint farmers with incentives offered them for maximum production and over-quota deliveries.

THEMES

Japan is not self-sufficient in food supplies and must spend precious foreign exchange or depend upon U. S. grants to make up food deficits. Even with increased domestic food production since 1945, Japan still must import 15 to 20 percent of its food. Collections from 1948 staple goods crops were the largest since the surrender and exceeded the national quota by 10 percent.

Reduction in food imports will permit reduction in Government price subsidies to finance food imports.

Because the Japanese population is growing rapidly, there is no likelihood in the foreseeable future that Japanese farmers will have lighter delivery quotas. (The demand for food increased sharply in 1948, when the nation's population increased by 1,750,000 persons. Population increases are continuing).

Domestic food production can be increased still more:

a. Surveys by agricultural technicians indicate that production can be increased through more widespread use of improved farming practices, land reclamation, and increased fertilizer supplies. For example, better storage under a program now promoted by the Government should save thousands of koku of potatoes from spoilage.

b. The newly established Agricultural Improvement Service of the Agriculture and Forestry Ministry, through more than 6,000 local farm advisers, can assist farmers in applying improved methods. Much can be done to increase crop yields through better seed varieties, insecticides, fungicides, planting, and tillage practices.

Farmers have strong economic incentive to exceed their delivery quotas:

a. Farmers who produce and deliver above the pre-planting quotas receive premium prices for their excess deliveries.

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b. Attractive incentive goods can be purchased by farmers who meet or exceed their quotas. The procedure for distributing incentive goods has been greatly simplified this year, giving farmers much greater freedom of selection.

c. Purchase prices and quotas for staple food crops (rice, wheat, barley, wheat and sweet potatoes) are set fairly. A parity index used to establish official prices reflects changes in the costs of things which farmers must buy and thus gives farmers parity with other groups in the austerity economy. Individual quotas become more equitable each year as locally elected Agricultural Adjustment Committees accumulate more data from their own experience and from the investigations of soil scientists and crop reporters.

d. Fertilizer supplies have increased sharply since 1945 and distribution has become more timely.

Farmers have social and patriotic incentives to maximize food production and deliveries.

a. Farm villages can never achieve a "bright future" unless the industrial economy is stabilized. Maximum deliveries of food from the country at fair, official prices is necessary to achieve industrial stabilization.

b. Only through industrial stabilization can Japan increase its exports and thereby gain foreign exchange to lessen economic dependence upon outside aid. Farmers, as well as all other groups in Japan, must share the burden necessary to obtain economic stabilization.

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