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Economics Division,
CIVIL AFFAIRS SECTION
GHQ, SCAP

ANNEX "D"
MONTHLY CIVIL AFFAIRS ACTIVITIES REPORT FOR THE MONTH OF Jan. 1951

√ 1. HOKKAIDO Civil Affairs Region

√ 2. TOHOKU Civil Affairs Region

√ 3. KANTO Civil Affairs Region

√ 4. TOKAI-HOKURIKU Civil Affairs Region

√ 5. KINKI Civil Affairs Region

√ 6. SHIKOKU Civil Affairs Region

√ 7. CHUGOKU Civil Affairs Region

√ 8. KYUSHU Civil Affairs Region

Remark:

Restricted

Hokkaido Civil Affairs Region

ANNEX D

Economics Summary

Report for January, 1951 Prepared by: C. Gottschalk
GS-13 DAC

1. Field Trips

Economics Section personnel participated in seventeen field trips covering sixty-three communities of Hokkaido.

2. Agriculture

a. Land Reform:

Land registration figures for Hokkaido are:

	25 Dec	25 Jan
Purchased agricultural land	99.83%	99.90%
Purchased pasture land	68.63%	70.24%
Resold agricultural land	99.73%	99.87%
Resold pasture land	43.50%	57.38%

b. Agricultural Cooperatives:

(1) The number of cooperatives limiting the withdrawal of demand deposits continued to decrease. Eighteen cooperatives were limiting withdrawals as of 15 January 1951. Several of these cooperatives have incurred large losses which limits available operating capital and requires borrowing at high interest rates. The prefectural government reports that negotiations are being conducted with the Central Bank, Ministry of Agriculture and Forestry, in an attempt to get low interest, long-term loans to assist the recovery of the remaining cooperatives. The proposal is for loans to be made in cases where management plans have been revised to correct the defects which led to losses.

(2) Personal and emotional antagonism has been a frequent cause of uneconomical organizational procedures. Noted during the month was an unusual example. When the old agricultural association at Akkeshi was disbanded, they split into three smaller cooperatives. A further partition of one of the smaller cooperatives (246 members) is contemplated. It is believed that the resulting groups will not be satisfactory economic units. The prefectural government is studying the situation in an effort to obtain reconsideration of the partition.

c. Staple Food Crop Collection:

Restricted

Crop collection during the month of January, 1951:

Rice ans Substitutes	9,432.7 koku
Mugi and Substitutes	436.3 koku

d. Reclamation:

Field trip conferences repeatedly bring forth a statement that the reclamation program is excellent in its ideal of giving more homes to farmers and producing more food, but that too much of the program is built on unfulfilled promises and incomplete planning.

The reclamation people of Hamanaka Village, Kushiro Sub-Prefecture, are faced with a problem in their development. When the project was organized, the reclaimers were promised a village branch office, roads, and most important, schools for their eighty children. The project is at the end of a long "finger" of the Hamanaka Village land that extends a considerable distance into the area of the adjoining Wada Village of Nemuro Sub-Prefecture. The Hamanaka Village office and other facilities are at the extreme other end of the village area, which requires the reclaimers to both ride and walk long distances with poor connecting train and bus schedules. Nearby Wada Village arranged to take care of the first small group of children in its school, pending construction by Hamanaka Village, but is presently over-crowded by the increasing number of children. The Wada Village officials and reclaimers state that the project and adjoining area would be a natural and desirable part of Wada Village to be annexed. This annexation would make it economical for Wada Village to construct additional school and other facilities to perform the administrative functions as the population increases, but is impracticable under present expected temporary conditions with no potential values to accrue to the village. Hamanaka village officials are obstructing the transfer of area even though it is geographically desirable.

A situation exists in Toyokoro Village, Tokachi Sub-Prefecture, which will have an adverse effect on its economic life and be the cause of unnecessary hardship. This project involves changing a river course which will make it impossible to utilize existing bridges. Present planning reportedly doesn't include completion of an adequate permanent bridge. This will leave Toyokoro Village stranded without a road, if it is not remedied.

Many reclaimers are ex-fishermen or repatriates, or from more southern regions where farming conditions are different from Hokkaido. Many conference comments are to the effect that it would be highly desirable and profitable to have more instruction and guidance in agricultural practices, especially during the early reclamation years. Part of the answer to this is being supplied by the Reclamation Training Farm at Taiki Village, Tokachi Sub-Prefecture. The farm course is for one year and is especially designed as an orientation course for emigrants from Honshu. Hokkaido Prefecture pays costs, but the school is limited in number and qualification of students.

At Hamanaka Village, Kushiro Sub-Prefecture, a large area of peat land was released for reclamation, but is deemed to be unsuitable because it is below sea level and subject to frequent salt water flooding. Drainage would be difficult and expensive so it is planned to be returned to MAF as unsuitable for reclamation. The possibilities of an oyster (or oyster-seed) development project were discussed with the reclaimers and they will investigate.

Many reclamation projects are at a considerable distance from settled areas and existing electric distribution facilities. As a result they have no electricity. An alternate solution of the problem of light for the homes is the oil lamp, but the allocation of oil is reportedly two liters for each two month period. This amount allows only one lamp-hour of usage per day, which is obviously inadequate to accomplish the necessary evening and morning household functions and results in unnecessary hardship.

e. Agricultural Practices:

Farming practices are generally not being applied to the pasture lands. As a result of this negligence there is a constant and increasing demand for more pasture land to support the emphasis on building the dairy and beef production programs and increasing the number of draft animals. Present practices include exploiting only the natural growths of forage crops. Instruction and explanation of methods and needs for developing the full potentials of existing pasture areas is being given in hopes of encouraging improved pasture practices.

Most of the orchard areas are clean-cultivated under the trees instead of being utilized to produce soil-building cover crops. An illustration of the prejudice against the cover crop soil practices is in the Ooe Village where the main crop is apples. The village has been assigned a small quota of crops for delivery under the food control program. There is not enough non-orchard land for the quota production so part of it is being produced between the rows of orchard trees. The balance and major part of the orchard land is clean-cultivated. A discussion of the values of the cover crop practices resulted in the Extension Agent's determined statement that it wasn't customary and also made the orchard practices more difficult. The discussion developed as a result of a farmer's question concerning need of more fertilizers and water in the orchards. Explanation was made of the needs and values of cover crop production to conserve moisture, add nitrogen to the soil, provide green manures for the soil building and the potential of increasing animal forage in areas not employing poisons as insect control measures.

Many of the coastal areas of Hokkaido are subject to strong winds. This condition has developed the practice of forest tree wind-breaks to deflect the wind and protect the growing agricultural crops. Some of the developed wind-breaks are on central government-owned land as well as on municipal and private land. In the Nemuro Town region an area of wind-break trees is reportedly owned by the Finance Ministry, which has ordered the trees to be cut and sold, solely for the purpose of securing money for the ministry, and with no consideration of the adverse affects on adjoining agricultural lands.

Agricultural short course interest is rapidly increasing, especially among farmers' sons and younger farmers. The requests show interest in higher school type courses lasting six weeks to three months, and offering complete courses on different aspects of farm activity for knowledge and educational credits.

f. Extension Programs:

Surveillance trips during the report period indicate general passiveness and slowness in starting extension functions and incomplete programing by

agents instead of developing pride or agressiveness in promoting knowledge and activity. Some agents have been assigned for more than a year, and as many as three years, yet are still "just getting acquainted and ready to go to work".

A general comment by agents has been to the effect that farmers are not educated enough to understand instruction in improved techniques. It was explained to them that an agent was primarily interested in practical improvement instead of scientifically technical functions; that it was considered an instruction fault if students (farmers) couldn't understand.

The Home Improvement function is basically handicapped by the shortage of personnel, but the same incomplete programing is evident. For instance, the reported program in Nemuro Sub-Prefecture is almost exclusively restricted to meat processing, of teaching how to make sausage and bacon for home use. The aim of this emphasis is to allow usage of the pork over a longer period instead of eating so much at time of butchering the animals. A more complete program of coverage was promoted. Also described was simple ice storage and home-use ice boxes for safe-guarding food, especially for use with meat and dairy-type foods.

The Agricultural Youth Clubs Program is also incomplete and generally lop-sided. Many agents still insist on field improvement practices only, instead of complete project coverage, and are apparently encouraging the theory and research aspects of development. The youth clubs are mainly depending on agents or autonomous leadership instead of being encouraged to secure interested qualified older local leaders as counsellors and guides. Also, the clubs are not encouraging younger members to participate. Interest of the youth, especially young men of over twenty years of age is continuing to increase.

3. Fisheries

a. Fishery Reform:

(1) Under the auspicies of this headquarters and with the close cooperation of prefectural government, meetings were held with the Hakodate Bay Sea Area Adjustment Commission, the Eastern Kushiro Sea Area Adjustment Commission and with the Nemuro Peninsula Sea Area Adjustment Commission. The purpose of the meetings was to explain current developments in the fishery reform program and to answer questions fishermen may have regarding this program.

(2) Commissioners state that the lack of operating funds, especially travel expenses, is a serious hindrance to the effective operation of the commissions. It is reported that commissioners and commission clerks must supplement travel expenditures from their own funds. Trips to other parts of the island to attend meetings sponsored by the Japanese government are the biggest drain on operating funds.

(3) Many of the difficulties and the complaints of commissioners would be alleviated if one or more Sea Areas would establish a United Sea Areas Adjustment Commission or an United Sea Areas Adjustment Council. Commission members appear not to understand provisions of Article 105 of the Fisheries Law, which defines procedures for combining sea areas and adjustment commissions. Fishermen feel that United Sea Areas would solve many of their problems and are anxious for more information regarding this subject. The Hokkaido Prefectural Fishery Department will make every effort to insure that fishermen understand fully the benefits of such a union and the procedures necessary for establishing one.

(4) Fishermen want crab fishing designated as a common fishery right. Prefectural officials are inclined to side with the large fishery companies which demand that crab fishing be a licensed fishery. Fishermen accuse the large established fishery companies, such as the Nichiro Fishery Company, of influencing prefectural officials. If crab fishing is designated as a licensed fishery, and provisions are not made to grant licenses to individual fishermen, the average income of fishermen from the entire Nemuro area will be greatly reduced.

(5) Although "funabikiami" (small size trawl) is designated as a type three common fishery in the Fishery Law, it is not clearly defined. Fishermen desire immediate clarification of this term.

(6) The crab fishing season and the cod fishing season overlap in the Nemuro area. Fishermen request that these two seasons be separated, as crab nets interfere with other types of fishing. Cod fishing is a licensed fishery in Hokkaido.

(7) Fishermen desire octopus fishing designated as a type one common fishery right. To date, this type of fishing has not been classified.

(8) Sea Area Adjustment Commissions cannot complete their fishery ground plans until the Hokkaido Prefectural Government revises standards for river mouth protection waters.

(9) The number of fishing boats from Honshu Island fishing Hokkaido's off-shore waters is increasing. Fishermen desire that only a limited number of boats from other areas be authorized to fish these waters. Fishermen want more patrol boats assigned to these waters. The influx of unauthorized fishing boats is especially heavy in the Kushiro area during the salmon and trout seasons. Last month a meeting was held in Kushiro City, attended by concerned members from the southern and eastern coastal communities. It was unanimously decided at the meeting to prevent any Honshu fishing boat from unloading its catch at Hokkaido's ports. The follow-through of this decision by these people will be watched with interest.

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(10) The chairman of the Hakodate Bay Sea Area Adjustment Commission is Mr. Kuniichiro Oido, age 51. He is not affiliated with a political party. Mr. Oido, a trawl boat owner, was elected to the commission by fishermen.

(11) The chairman of the Eastern Kushiro Sea Area Adjustment Commission is Mr. Isokichi Moriya, age 60. He is not affiliated with a political party. Mr. Moriya was elected to the commission by fishermen.

(12) The chairman of the Nemuro Peninsula Sea Area Adjustment Commission is Mr. Shuzo Utsumi, age 54. He is not affiliated with a political party. Mr. Utsumi owns a fish processing plant in Nemuro Town. He is a member of the Nemuro Town Public Safety Board and a representative of the Town Public Welfare Commission. He was appointed to the Sea Area Adjustment Commission by the Governor of Hokkaido. Mr. Utsumi is a graduate of the former Fisheries Training College of Tokyo.

b. Fishing Gear Demand and Supply:

(1) The allocated fuel oils for December were 1,215,479 liters of heavy oil, 650 liters of light oil and 138,468 liters of miscellaneous oils. An additional allocation of 753,000 liters of heavy oil and 55,630 liters of miscellaneous oils supplemented the original allocation. All oil was distributed to fishermen. The allocated amounts of heavy, light and other oils are respectively: 17.9%, 0.44% and 86.% of the demand.

(2) There has been no allocation of cotton thread or other fishing gear to fishermen since October 1950. In Oshima Sub-Prefecture, fishery cooperative association officials state that the allocation of cotton thread to cooperatives averaged only 14.5% of the demand during 1950. It was reported that many cooperatives in this area received no allocation at all for the past year. Fishermen state that since the prefectural government took over material allocations, supplies to fishermen have been delayed; and, in many cases, goods are not distributed to fishermen until the fishing season has past. While fishery companies and large-scale fishermen receive a steady allocation of materials, allocations to the average fisherman have been neglected. They want material allocations equalized between the large and the small-scale fishermen. This headquarters has initiated a survey to determine whether or not these accusations by the fishermen are based upon facts, imagination or bitterness. A complete record of cotton thread allocations for the entire year of 1950 has been compiled and will be used as a basis for this survey. Fishermen estimate that the price of cotton thread has increased 24% over last year's prices. It is reported that lack of fishing net preservatives is causing faster deterioration of nets.

c. Fish Catch:

(1) During December, the reported fish catch approximated 164,873.2 metric tons. This is an increase of 84,358.2 metric tons over the November catch. This increase in catch is attributed to the good fishing conditions during the first half of the month. A record catch of cuttlefish and good sardine and herring catches resulted along Hokkaido's southern coasts. Large hauls of atka mackerel, cod and shark were caught along the coasts of the Okhotsk Sea. As the water temperature was above normal, most fish were taken comparatively near the coasts. It is estimated that 10%, 12% and 3% of cuttlefish, atka mackerel and cod respectively were unreported by local fishermen. This unreported fish was supposedly sold directly to consumers or consumed by the fishermen and their families. It is unknown how many fish were taken by boats from other islands of Japan. Fish catch fell off along all coasts of Hokkaido during the later half of the month due to stormy weather.

(2) The establishment by the Fisheries Agency of 25 September as the beginning of the mackerel pike season during a meeting held for this purpose on 11, 12 September 1950, in Miyagi Prefecture, was done despite the fact that 2/3 of the attendance at the meeting opposed this date. The mackerel pike, a migratory fish, enters Hokkaido waters during the middle part of August and the heavy run commences about 1 September and lasts through the month. With the beginning of October, the mackerel pike move down the coast and Hokkaido fishermen's catch decreases. Hokkaido boats engaged in this type of fishing number approximately three hundred, or roughly 10% of the mackerel pike fishing boats of Japan. These boats are small and are unable to follow the runs of this fish along the coasts. Hokkaido and Tohoku fishermen desire the mackerel pike fishing season to commence on 1 September. It is reported that fishermen from the "Chubu" (middle) district of Japan desire the season to commence on 25 September and fishermen from southern parts of Japan desire the season to commence on 1 October. It is reported that officials of the Fishery Agency decided on 25 September as the opening day of the season as a compromise between dates desired by fishermen of the northern and the southern parts of Japan. As this fish enters Hokkaido waters during the later part of August and leaves these waters during the first days of October, it is unreasonable to limit the fishing season for Hokkaido fishermen to such a few days. A reasonable opening date for the mackerel pike fishing season is 10 September.

d. Fishery Cooperatives:

Tax problems were discussed with eight cooperatives during the month. The possibilities for guidance and service to cooperative members were discussed. Cooperatives are generally providing sales and purchase receipts for use as supporting evidence of income and business expense. The reduction in taxable income in 1950 has resulted in a large percentage of delinquencies (approximately 70%)

on current taxes because of provisions of the law regarding methods of assessment. The tax bureau has been aware of the situation and has generally attached physical properties while permitting the continued use of the facilities and equipment by the fishermen. When final assessments are made on the actual income (31 January), the taxpayer will no longer be delinquent and the attachments will be removed. The only reported exception has been in the Nemuro area where funds on deposit with the cooperative were attached. The procedures in Nemuro were perfectly legal, but not in accordance with an informal agreement, reached earlier, that where loss of income was obvious and where the amount of loss was large, the activities of the tax office should not deprive the fishermen of their livelihood. Attachments of deposits created a hardship on the cooperative and made it necessary for the member to borrow money at high interest rates to finance purchases of essential material and for living expenses. The attachments on cooperative deposits were lifted on instructions of the Sapporo Tax Bureau.

Another tax problem raised by fishermen was depreciation of fishing gear. For example, herring nets are expected to last three years and shark nets are expected to last one year according to the rationing agency of the national government. The four-year life span calculated by the tax offices is not in line with the other government agency estimates or with the realities of the situation. Further, hip boots, rubber gloves, heavy rubber raincoats, herring gloves and other essential items are not allowed as business expenses although they are unquestionably necessary materials for the conduct of fishing operations.

4. Forestry

a. Forest Management:

(1) Meetings stressing the prompt formation and ratification of forest management plans and discussing good forest management practices were held in three localities, attended by governmental officials, representatives from twelve forest owners' associations and local community officials. Each meeting was consumated with discussion periods. The reclamation of forest land for agricultural purposes headed the agenda for discussion periods. Forest owners are aware of the necessity for increasing the acreage of agricultural land. However, the reclamation of forest land, which the forest owner believes is not suitable for cultivation, is causing much concern among forest owners. Forest owners postpone reforesting their land until they ascertain whether or not the land will be designated for reclamation. As a result, forest management plans have not been formulated. It has been reported that forest land is being designated for reclamation without a prior field survey. In many cases, the land is unsuited for cultivation and/or would be more economically valuable left as forest. A governmental official told forest owners that the standards for the selection of suitable reclaimable land are defined in the AFM Ministerial Notification, 24 Kaikyoku No. 63, dated 18 January 1949. Forest owners stated that they are unfamiliar with this notification and have never seen a copy of it. The Hokkaido Prefectural Forestry Department will distribute a copy to each forest owners' association.

(2) The following two illustrations are representative of statements made by forest owners regarding the designation of forest land for reclamation.

(a) A resident of Nigorikawa Village, Oshima Sub-Prefecture, owns 400 chobu of forest land. With the exception of twenty-two chobu of twenty-five year cedar and thirteen chobu of thirteen year larch, the forest cover is composed of natural growth and coppice. The entire artificial cedar stand has been purchased for reclamation. The concerned forest owner states that there is no difference in the land fertility between the section upon which the artificial forest stands and the remainder of his land which is covered with natural growth. He states that he has no objection to selling any other section of his land. His land has reportedly been designated for reclamation without a prior survey.

(b) In Nanai Village, Oshima Sub-Prefecture, six chobu of land, which during winter months is used as a popular ski ground and during summer months as a mountain park, has been purchased for reclamation. Citizens of the village feel that this land constitutes a favorite recreation area and that this recreation contributes to the social life of the area. As such, it should be exempt from reclamation. The slope of this land is reportedly steep and the land was designated for reclamation without a prior survey.

(3) Conferences were held with officials from three national forestry offices, two prefectural forestry offices and from three sub-prefectural forestry departments. Forest management was discussed. The following topics of discussion highlighted each conference:

(a) Forest fires: Foresters express concern over the increase in the number of forest fires annually. Most of the fires in Hokkaido are attributed to land reclaimers. During March, officials will hold meetings throughout the island stressing forest fire prevention and fire fighting measures. Reclamation projects will be main targets for these conferences.

(b) Land Reclamation: Foresters state that the reclamation of forest land for agriculture destroys the private forest owner's initiative for reforesting. Governmental forests are hurt through the cutting of tree stands which reclamation of land requires. In the Kitami National Forestry Region, the Regional Forester Reports that 149 reclamation projects have been designated on national forest land to accomodate 1,282 settlers. The combined acreage of these projects total 11,113.6 chobu, of which only 3,646.2 chobu have been reclaimed. The remaining land released by the Forestry Agency is deserted. To date, 226 settlers have abandoned reclaimed land in this area totalling 226.7 chobu.

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(c) Vole Control: Since adequate distribution of vole poison (barium carbonate) was accomplished this past fall, tree mortality attributed to voles is expected to take a sharp drop. Forest owners state that distribution of free poison to private forest owners to combat the vole menace is very encouraging. In national forests of Nakashibetsu Village, Nemuro Sub-Prefecture, a two-chobu tract of forest land was designated as a vole control experimental forest. A trench is dug around this area and poison control experiments are conducted within the forest. Officials feel that distribution of free poison in adequate quantities is the ideal way to practice vole control. An effort is being made to obtain American-made mouse traps for the Prefectural Forestry Experimental Station. Tests will be made to test the efficiency of traps in a small area and to attempt to estimate a count of voles per chobu of forest land.

(d) Wind Damage: A windstorm, which occurred during November 1950, damaged an estimated 30,000 koku of standing timber in national forests of the Nemuro area. The damaged stands consisted mainly of 150-year old fir and spruce. It is hoped that one half of the windfalls can be salvaged for lumber. There will be no attempt to remove other than salvagable saw logs from the forest.

(e) Protection Forests: So called "fog prevention forests" are being planted along the coast-line of Nemuro Sub-Prefecture. This project has the support of central government and commenced this past summer. Plans call for the completion of the project by 1955. 3,000 chobu of land must be reforested to complete an unbroken stretch of coastal forests; this included deciduous stands which will be converted to coniferous stands. Seedlings will be planted 3,000 per chobu.

(4) An extract was made from a current NRS Weekly Summary of Messrs. J.C. Kircher and A.K. Dexter's report on forest management of privately owned coniferous forests. A copy of this extract was sent to each prefectural forestry office for dissemination to forest owners in Hokkaido.

b. Forestry Extension:

(1) Forestry extension programs active in Oshima, Kushirokoku and Nemuro Sub-Prefectures were investigated and found to be representative of the rest of the island. An insufficient number of extension agents are trying to do too much with too little. Their programs are too diversified for the limited number of personnel employed. The number of extension agents employed in a sub-prefecture averages four or five. In Nemuro Sub-Prefecture, only two agents are employed. The forestry extension program in this area is divided between the two agents; one handling forest man-

agement and the other forest products. The agent handling the management phase of the program appears efficient; however, the time he is able to devote to extension work is limited, as he also has been delegated the responsibility of a sub-section in the Sub-Prefectural Forestry Department. Although Nemuro Sub-Prefecture is not a predominate forest area and the number of forest owners numbers only 1,703, the size of the communities are large, in some cases larger than entire prefectures in southern Japan, and transportation facilities are limited. Two agents are clearly insufficient to cope with extension problems in this area. Throughout Hokkaido, extension agents have the tendency to spend most of their time promoting mushroom (shiitake) cultivation and/or the construction of charcoal kilns. Little time is spent in conducting forest management demonstrations. When management demonstrations are given, attendance is small. In the localities visited attendance averages twenty per session. Agents were encouraged to give more management demonstrations and to encourage maximum attendance at each demonstration. Extension agents were encouraged to aid in the school forestry program and ways in which they could assist this program were discussed.

c. Forest Products: A visit was paid the Hakodate Lumber Drying Industry Cooperative Association, located in Hakodate City. Facilities consist of four kilns (blower); the capacity of each kiln being forty koku of lumber. Kilns were constructed following plans received from the Forest Products Experimental Station in Tokyo, and are reportedly the most modern drying facilities in Hokkaido. This industry did not begin operation until August 1950, but plans are already being formulated to enlarge facilities.

5. Mining and Geology

a. Coal: After making allowances for the New Year's holiday period, production dropped an estimated 5% below expectations for the month of January. The preliminary reports give a total of 944,000 tons produced. An important contributing factor was the planned reduction in the number of persons employed by the Mitsui group of mines which produce 20% of the Hokkaido output. The separation of approximately 3,000 employees was accomplished by announcement of retirement benefits to those voluntarily quitting their jobs. However, acceptance as reported by the Coal Division of the I.T.I., was on a much larger scale than anticipated and production during the period of readjustment is temporarily below established par. Transportation from the mines has on the whole been adequate.

b. Mine Safety: The two largest producers of coal in the Kushiro area were visited for the purpose of conducting mine safety conferences. The fatality rate for all Hokkaido coal mines during January was higher than for the banner month of December -- but about half the average monthly death rate to date for this fiscal year. Additional imported coal production machinery will be installed in the Kushiro area during February.

c. Coal Stockpiles: The situation for Hokkaido as estimated by the Hokkaido Coal Association is as follows:

Unit: Metric ton

	Yard Capacity		Projected Situation			
	Maximum	Normal	End of Dec 50	End of Jan 51	End of Feb 51	End of Mar 51
At Mines	506,000	263,000	187,465	233,400	208,400	209,400
Harbors	968,000	776,000	490,183	387,000	314,000	329,000
Markets	376,000	216,000	215,383	174,800	142,800	133,800
TOTAL	1,850,000	1,275,000	893,031	795,200	665,200	672,200

Figures for January, February and March are estimates. During the past four months production, storage piles, and coal shipped from Hokkaido, have shown but slight deviations unless affected by weather condition or by number of days worked. For January, coal shipped out remained regular, but stock-piles decreased more than usual because of fewer days of mine operation.

d. Other Mining: Deep well exploration in the Horonobe District near Wakkanai was discontinued at a depth of 2,316 meters. No oil flow was developed. Favorable gas indications were found at seven different horizons. Starting at the lowest gas bearing stratum, confined between the 1,996 meter and the 2,026 meter levels, the quantity and quality of gas is being measured. A test well in the Karumai District near Tomakomai is down 150 meters. Boring to a depth of 1,000 meters is planned. The trend in current production of gold, lead, zinc and pyrite continues to improve. Except for seasonal winter declines, production of the group of miscellaneous ores continues to increase. The limited aid from counterpart funds available for further modernization of the coal industry will require mining companies to put increasing reliance on "plowing back" profits, and obtaining loans through commercial agencies for adequate future financing. It is claimed that purchases of desirable imported equipment are restricted at present for lack of dollar credits. Japanese mining machinery manufacturers are not taking the initiative in introducing improved machinery. This attitude could to a degree account for the fact that efficiency has always been low compared with that of European mines operated under similar geological handicaps. Aggressive sales promotion by equipment manufacturers in America has contributed immensely to acceptance by operators of advanced types of equipment. Lower prices for mined products is dependent upon a more analytical approach to cost reduction problems and stepping up of mechanization programs.

6. Price and Distribution

a. Economic Investigation Bureau:

(1) Field surveillance and administrative surveillance efforts for the month were the poorest since May 1950. The poor showing is attributed to the prolonged January holiday period and a general let down for the remainder of the month. Officials have promised to restore the situation to normal during February.

(2) The Regional Economic Investigation Council did not convene during January. Although the meetings will resume in February, the perfunctory and listless conduct of the meetings reduces greatly the benefits of such an organization and does not fill the intent of the law.

(3) The EIB unnecessarily delayed action on the Supplement to PD Enforcement Memorandum No. 46, Subject: "EIA Enforcement on Sugar" dated 2 Jan 51. The regional office received instruction, Keicho Satsu No. 359, on 28 December; but took no action until 21 January when it was called to their attention by this headquarters. None of the branch offices had received the instruction when they were visited during the period 22-25 January. Results will be negative because of the reporting deadline.

(4) Although the Sapporo Regional EIB believed they had no designated responsibilities under Supplement No. 1 to PD Enforcement Memorandum No. 45, Subj: "Designated Daily Necessities Regulation Enforcement Program", they have been advised that OSS stores are included in the provisions of the memorandum.

b. Fertilizer Distribution:

(1) Final fall fertilizer distribution statistics show increased sales this year for nitrogenous and phosphatic fertilizers and decreases in sales of potassic fertilizer. December sales were heavy and were responsible for large gains.

Type of Fertilizer	Amount (metric tons) 1950	% of change fr 1949
Nitrogenous	37,949	plus 44.8%
Phosphatic	49,985	plus 13.5%
Potassic	2,380	minus 28.7%

Approximately 9,848 metric tons of the total distributed as fall fertilizer was used as such. The remaining 81,666 metric tons will be used for spring and summer crops. The plan for distribution of spring fertilizer in 1951 calls for distribution of 218,666 metric tons to be in the hands of farmers by the end of March. This total is only 12,176 metric tons short of the total sales for the entire spring period last year. Conservative estimates indicate that sales this spring will substantially exceed 1950 distribution. Flexibility in distribution has been made possible by decontrol and results in the fall period demonstrated that decontrol has not adversely affected deliveries of fertilizer to farmers.

(2) Price trends since decontrol of fertilizer 1 August 1950 are as follows:

Type of Fertilizer	Price per 37.5 kg Controlled (yen)	Price per 37.5 kg at Present (yen)	Per cent change
Ammonium sulphate (N 20%)	647.66	740.	plus 14%
Superphosphate (15% P_2O_5)	284.90	380.10	plus 33.4%
Potassium Chloride Equiv.			
(40% K_2O)	572.86	900-1000	plus 57%-74%
(48% K_2O)	687.43	900-1000	

c. Restaurant Control: A total of sixty-eight restaurants were licensed during the month. The total of all types licenses in Hokkaido is 10,112. Enforcement effort was poor but better than the December surveillance. Open hearings were resumed after a lapse of two months. Seventy-five per cent of all cases heard were admonished or dismissed, which represents an improvement when compared with the overall average.

d. Staple food rationing:

(1) Imported staple food for general consumer rations totalling 1,000 metric tons, BRE, was released during January in accordance with MAF letter, file 25, Shokuryo No. 7584-60, dated 27 December 1950; approved LSS/PD, 28 Dec 50.

(2) General consumers (2,601,311) and partial supporting farmers (138,814) were allocated rice for fifteen days during January. Consumers generally eat more rice than this figure would indicate because they prefer rice, it is available, and the black market rice prices are attractive enough to make rice preferable to legal rations of imported wheat flour or imported rice. Imported wheat flour topped the list of rejected staple food items during January. The allocation of imported wheat flour is too large for Hokkaido and could be reduced approximately 10%. Revised retail staple grain prices which became effective 1 January 1951 should influence reception of the unpopular imported rice, since no price increase was announced. The new rice prices have not as yet influenced the blackmarket price. Consumer blackmarket rice prices for January in the main rice producing areas were quoted as ¥75 per sho, which is ¥2.25 under the new official price. Direct black market purchases could be made from producers in the same area for ¥65 per sho, or ¥7.34 above the official producer price paid by the government. Consumer opinion shows definite satisfaction with the present local rice economy.

(3) The following examples are typical of many reported to this office concerning resale of government purchased rice (GMO samples delivered by farmers in excess of the purchased weight).

(a) An agricultural cooperative at Takusu Village, Ishikawa Sub-Prefecture purchased nineteen bales of GMO sample rice from an employee of the Grain Management Office according to one report. They, in turn, delivered fourteen bales of the same rice in the name of farmers lagging in quota delivery.

(b) An extra employee (a farmer) of the Grain Management Office borrowed six bales of sample rice so that he could complete early delivery and receive the early delivery bonus.

(c) Another agricultural cooperative in Higashi-Takusa Village disposed of twenty-four bales of the sample rice as over quota delivery under the name of their chief.

(4) The three year plan for warehouse expansion continues to lag. Rising costs of building materials and the financial straits of many cooperatives are major reasons. Originally the plan called for the addition of 18,000 tsubo* of warehouse space. As of the end of January 1951 (the third quarter of the second year of the plan), 196 warehouses of 11,687 tsubo have been constructed. The total warehouse capacity in Hokkaido is estimated at 92,163 tsubo which is not adequate. At least 8,000 tsubo more is needed to prevent outdoor storage losses during crop harvests. Many of the existing storage facilities are in need of repair. Fifty per cent of all warehouses are over ten years old and thirty per cent are over twenty years old.

*A tsubo is a measure of square area slightly less than 36 sq ft. An average of 80 bales can be stored per tsubo.

(5) The first post-war processing of oat flakes in Japan was announced in November. The Nippon Shokuhin Kogyo K.K., who initiated the processing, was visited and high standards of sanitation, operating efficiency, packaging, and storage were found. The monthly capacity is 2,000 boxes, containing thirty-six packages of 567 grams each. The total output to date has been 1,450 boxes, but distribution has been delayed because the Price Board has not released an official price. Despite the excellence of the product, difficulties are expected because of competition with indigenous rice, and the comparatively high cost to consumers of using oatmeal. Another plant operated by the Hokkaido Sales Federation of Agricultural Cooperatives began production on 13 Jan 51.

(6) Consumers selected rice retailers during January. There were 4,134 screened applicants, of which 3,531 were elected. Former kodan employees won 2,009 of the dealerships (48%). The remainder of the dealerships were divided among former rice dealers (494), agricultural cooperatives (366), fishery cooperatives (18) coal mines (177), railroad commissaries (30), and others (437). The four major cities of Hokkaido averaged 97.6% for the January registration. Consumers who failed to vote or who voted for a defeated applicant will register again during February.

(7) No further reduction of dormant inventories of staple food items, exclusive of rice, from the crop years 1947-1949 was made during January. Plans of the Grain Management Office for their disposition will be followed up and positive results are expected in February.

(8) The confusion, indecision, and delay in handling the following matter should be corrected. In August 1950, the Otaru Maritime Police confiscated 534 kan of "shiratama flour" which had been shipped from Niigata Prefecture labeled "vegetables". Local police and food officials discussed the matter and referred it to the Central Food Agency which ruled that the item was a controlled food product processed from glutinous rice. The flour was then purchassed by the Food Distribution Kodan, and was allocated by the local food office to business firms for the purpose of making cakes for school children. The purchase money and investigation records were forwarded to the Niigata Procurator's Office, which, reportedly, ruled that the flour was not a controlled staple food within the meaning of the Food Management Law. The owner of the seized goods now seeks reimbursement from the government in the amount of ¥300,000, which he claims would have been realized from a free sale transaction. The Central Food Agency has made no comment on the Niigata procurator's decision. No final decision has been reached.

7. Industry

a. Production:

(1) Overall production during this reporting period was slightly less than December, due to the New Year holidays.

(2) The best production record for newsprint was made in December. January will be about two million pounds less for the reason given above.

(3) The consumption of raw rubber has been on the decline since November because of the seasonal slackening of demand for rubber sundries.

(4) Iron and Steel. The open hearth furnaces at Wanishi had to be repaired on two occasions during January, causing a decrease in the production of steel ingots and unfinished steel products. Production of pig iron is still on the increase. At the Muroran plant of Japan Steel Co., the production of steel products showed an increase. There is quite a demand for steel props from coal mines.

(5) A field trip to the Asahigawa mill of Kokusaku Pulp Ind. Co. and conferences with MITI officials concerned with pulp production and mine timber supply revealed that the demand and supply of timber will be critical this year. A detailed investigation is being made and will be the subject of a special report.

(6) Cement. The No. 2 plant of Japan Cement Co. at Kamiiso was shut down at the beginning of the year (1951) as the stockpile of

finished products is 17,000 tons. This is not alarming, and is customary this time of the year. The demand for cement in the next three months will be the lowest of the year.

b. Use of Imported Materials:

(1) Coking coal imported from USA. The efficiency of blast furnace operation at Wanishi has been greatly improved and the production of pig iron reached the designed capacity of the plant. This is attributed to the high grade of imported coking coal.

c. Restricted Industry:

(1) Reparations:

(a) Seven of the fifteen reparations installations in this region were visited during this reporting period. No major discrepancies were observed during the inspection trips regarding custodial, security, and fire prevention requirements. Maintenance of dead storage and operating equipment was considered good in all seven of the installations.

(b) The Reparations Section of the Hokkaido Prefectural Office received an allocation from the Reparations Agency of ¥80,661 on 23 January 1951 for the repair and preservation work to be conducted at the Tomioka Iron Works (Code No. 12-15). This amount was previously approved for expenditure by this headquarters and reported in the monthly activities report for December 1950. Since then, this plant has been further damaged by a blizzard and it is believed that the above allocation may not be sufficient. A study is now being made to determine whether an increase is deemed necessary.

(c) Recently, the Japan Iron and Steel K.K. (Code No. 12-10), received permission to transfer the following three sets of reparations equipment to the Kamaishi Plant of the same company and requested the release of the building housing the subject equipment described as follows:

Inventory No.	Description
IB2-1 (1)	No. 1 Pig Iron Molding Machine
IB2-2 (4)	No. 2 Pig Iron Molding Machine
IB2-1 (2)	Ladle Crane

An inspection conducted at the above plant disclosed that part of the building (pig iron molding shop) was integrated with the above equipment and would also necessitate removal to the Kamaishi Plant. That part of the building which will remain and not required for reparations storage purposes,

after the above equipment is transferred, was released from reparations custody by this headquarters. The custodian of the plant was informed that the remainder of the building is considered to be an integral part of the subject equipment and will remain under reparations custody.

(d) The scrapping of reparations items released from reparations custody as melt-down scrap by letter, GHQ, SCAP, Civil Property Custodian, 387.6 (11 Oct 50) CPC/AD, 11 Oct 50, Subj: "Release of Reparations Equipment located in the Hokkaido Area" has been completed. The estimated tonnage of the scrapped items are as follows:

Privately owned reparations items	941.7 metric tons
State owned reparations items	1,350.0
TOTAL	2,291.7 metric tons

(2) Explosives. Two explosive plants were inspected during this reporting period. The officers of MITI in charge of explosives accompanied this officer. A few months ago when the Sunagawa plant of Hokuyo Kayaku K.K. was inspected, the safety standard was found to be low. A decided improvement was found on this inspection. The Iwamizawa plant of Nippon Kayaku K.K. is operated efficiently, and the safety standard is excellent. Both plants complain of a shortage of paraffine and the poor quality of the available supplies. Another big problem is their accounts receivable. The coal mines owe considerable amounts to both companies. The new allocation for 1951 has been received.

(3) Chemical Fertilizer. The Sunagawa plant of Toyo Koatsu K.K. suspended the operation of one of its two ammonia synthesis plants due to the shortage of pyrite. They used this opportunity to overhaul the sulphuric acid plant. Production of ammonium sulphite was reduced by 4,000 tons. In February, both systems will be in operation.

d. Construction:

(1) Public Works. Due to the severe winters on Hokkaido, little is accomplished at this time of the year. The Civil Engineering Section of the prefecture is using a limited budget to remove snow from some of the main roads. During February this headquarters is planning two inspection trips to evaluate storm damage.

(2) Power.

(a) During this reporting period the C&I Officer together with the Chief Engineer for Haiden and Hassoden and a representative of the central government power section, inspected all important power plants in the region. We were particularly concerned with peak load periods and cycle frequency. It

is gratifying to report, after a thorough investigation, that at no place did we find a drop in cycle lower than 49.5 on a 50 cycle frequency. It was a most fruitful trip. Many problems were discovered. The Hakodate section of Hokkaido receives the poorest service and the situation is serious. There is only one antiquated thermal plant in the district. It was designed in 1919 for 60 cycle and has been converted to 50 cycle. Although it has a designed capacity of 9,000 KW, they are sending out 4,000 KW. Heiden want counterpart funds to build new boilers and it is the opinion of this headquarters that the loan should not be granted. Instead, the plant should be scrapped and a new plant of 15,000 KW should be built to give the community the minimum of service that they need. Moreover, a new transmission line from the Abuta area should be installed. They are constantly experiencing maintenance problems on the old line.

(b) Through the cooperation of industry, no power holidays were necessary.

(c) Various conferences were held with large users of power. The Hakodate Dock Company, a large shipbuilding firm, is in an unfavorable position under the new allocation system. Their business was practically at a standstill in 1949. Now they are enjoying a small part of the spurt in this industry, but as the allocation is based on 1949, the allocation of power is insufficient.

8. Labor

a. Labor Relations: There has been a total absence of strikes, lockouts, and new disputes between management and labor during the month of January.

(1) Hiyatoi Unions: Considerable time has been devoted to an investigation of the nature, activities and internal structure of Hiyatoi trade unions*. Conferences with more than a dozen of these unions have confirmed the observation of this headquarters that the Koin unions have followed a policy of exclusion of Hiyatoi workers from their memberships. Additionally, there are substantial variations

*The term "Hiyatoi trade unions", refers to trade unions consisting exclusively of Hiyatoi workers. As noted in the reports of this headquarters for September and December 1950, these Hiyatoi workers are generally employed on indefinite tenure, without allowances usually accorded to workers who are regarded as a fixed part of the company's labor force. Workers who obtain allowances are called "Koin". They are generally organized into trade unions consisting only of persons holding the rank of Koin. The Koin Unions do not admit Hiyatoi workers into their organization.

in the organization, structure, and purpose of various Hiyatoi trade unions. All Hiyatoi trade unions may be roughly classified in three main types. First is the Hiyatoi trade union which consists exclusively of Hiyatoi employed by a specific company. An example of this type is the Asahigawa Free Laborers Union, whose membership is confined to Hiyatoi employed by the Kokusaku Pulp Company. Another example is the Sagyoin Union of the Toyo High Pressure Company, Sunagawa, Hokkaido. This union consists of all persons in the plant holding the rank of Sagyoin**. A second type of Hiyatoi trade union is composed of Hiyatoi employed in a single industry but cutting across plant or company lines. In Hokkaido, such unions generally are confined to the construction industry. The third type of Hiyatoi union is made up of unemployed or partially employed Hiyatoi, irrespective of former or existing company or industry affiliations. In Hokkaido, a characteristic feature of this third group is the fact that they once acted as an administrative agency of the government in the execution of the ration distribution program. Since abolition of distribution controls, these unions have been left without a definite function, and they have confined most of their activities to engaging in welfare operations in behalf of their membership, e.g., urging the PESO to establish a low price barber shop, reducing medical rates, more jobs, etc.

One of the outstanding features of the Hiyatoi unions is the fact that where the membership of these unions is confined to Hiyatoi of a company or industry, the heart of the union's program is to collectively bargain with the employer or employers. Thus, in the Kokusaku Pulp Company, the Hiyatoi union has obtained improved terms and conditions of employment. Significantly, the union's collective bargaining efforst resulted not in a labor contract, but in a change in the Rules of Employment. In Oyubari, the Hiyatoi union for the contruction industry has obtained at least one labor contract with an employer, and is now attempting to extend its negotiations to the whole industry in the Oyubari area. They are also making plans for a federation covering the entire industry in Hokkaido. It is to be noted that the plans of these Hiyatoi unions are based upon their view that the industry does not employ Koin to any appreciable degree.

Where the Hiyatoi unions are composed of workers within a single plant or company, and where the plant or company has a union of Koin employees, there has been a clash of interests between the Koin and Hiyatoi unions. This situation is sharply illustrated in the Kokusaku Pulp Company situation. There, the Koin union and the company have a contract that specifies a union shop. When the Hiyatoi union approached management of the company for a col-

**The term "Sagyoin" denotes a higher level of Hiyatoi workers. Sagyoin are workers who have less rank than Koin workers, and they normally do not obtain special allowances accorded to Koin workers. Sagyoin rank somewhat higher than Hiyatoi in that the Sagyoin are assured of employment for a period of 90 days, subject to renewal after each 90 day period.

lective bargaining session, the Koin union interposed objections, alleging that such collective bargaining was a breach of contract - specifically, the union shop proviso. Nevertheless, the company did bargain with the Hiyatoi union, over the objections of the Koin union. However, the Koin union, which refuses to admit Hiyatoi into its organization, held that they might assist the Hiyatoi by virtue of Article 17 of the Trade Union Law, which provides that where three-fourths of the workers in a plant are covered under a labor agreement, the remaining workers are bound by the same agreement. Koin unions at the Godo Alcohol plant, and in the Jujo Paper Plant at Kushiro, have adopted the view that the efforts of their unions will be confined to the use of Article 17 of the Trade Union Law.

(2) Grievance Machinery: A study has been made of the operation of grievance machinery in contracts of the coal mining industry and the government railways of Hokkaido.

It was found that the Japan Government Railway's Labor contract stipulates a complex grievance machinery with provisions not materially different from those contained in American labor contracts. This is also true of the labor contract signed at the Hokkaido Colliery and Steamship Company on 7 December 1950. Both management and the unions have the erroneous idea that where management members of a grievance machinery process cannot expedite decisions they make, then, such grievances should move up to a higher step. For example, a railroad worker alleges that he is entitled to a new issue of work clothes. The station master, who is the first step in the grievance machinery, is authorized to provide the new clothes if the grievance is granted. However, instead of deciding whether the man should have the suit, both union and management members of the first grievance machinery step disclaim jurisdiction in such case, and refer the grievance to the last step, because clothes are purchased with funds provided by management.

b. Labor Education: This headquarters has encouraged Hiyatoi unions to continue their efforts to bargain collectively with employers, and further, has encouraged their negotiation with Koin unions in order to solve the problems of union jurisdiction.

There is no penalty provided for a breach of Article 17 of the Trade Union Law. Accordingly, it is the conclusion of some Hokkaido Labor Department officials, and concurred in by this headquarters, that the employer is under only a civil liability for a breach of the law, but, that he is under a criminal penalty liability for a breach of Article 7 of this same law. This means that if unions desire compliance of Article 17, they must institute civil suit, for such suit is their only remedy under the law.

A four day Winter Labor School, sponsored by the Department of Labor, HPO, was held at Noboribetsu starting 28 January. Participating in the program were 40 management representatives and 90 labor representatives from all areas in

Hokkaido. The course included discussions on the labor situation in Japan and in other countries, the Labor Standards Law, and the effects of recent court decisions on Labor.

During the month, the cities of Furano, Honbetsu, Kushiro, Kitami, Akabira, Yubari, Hakodate, Muroran, and Noboribetsu were visited. Conferences were held with management and unions on labor relations, and conferences were also held with District Hiyatoi Commissions. The Hokkai Maritime Bureau, and the Mariners LRC were conferred with at Otaru.

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HEADQUARTERS
TOHOKU CIVIL AFFAIRS REGION
APO 547

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ANNEX D
CIVIL ECONOMIC ACTIVITIES
January 1951

By Mr. O. L. Hobson

1. FIELD TRIPS

Subject Covered	Akita	Aomori	Iwate	Fukushima	Miyagi	Niigata	Yamagata
Agriculture	16-19		8-14	22-27			
Coops and Extension		26-31	16-18 24-1 Feb.	9-12		15-20	8-13 24-26
Fisheries					3, 4, 25, 30	15-20	8-12 30-31
Forestry					30		
Price & Distribution		17-18	15-16	11-12	24-26		
Industry				15-17	9-12, 15, 16, 25		15-17 22-25
Labor Policy	23-24	11-15 24-25	8-11 25-26	11-13 24-26		29-1 Feb.	22-23
Labor Standard	23-24	24-25	25-26				
Labor Relations Committee				19-20			
PESO	15-17				15-16		

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Annex D, Civil Economic Activities, Cont'd.

2. AGRICULTURE

a. LAND CONSOLIDATION AND IMPROVEMENT

(1) During the month visits were made to Iwate, Akita, Miyagi and Fukushima Prefectures. All concerned officials were in accordance that the ¥48,000 central government subsidy per 200 chobu of land was insufficient. Officials have found that consolidation has cost as high as ¥250,000 per 200 chobu. A few agricultural land commissions have borrowed funds from agricultural cooperatives for operating expenses. Prefectures feel that the Ministry should make some allowance for roads, paths, and irrigation ditches which will be altered during the course of consolidation. All prefectures of the region have allocated the funds to certain designated towns or villages with the exception of Fukushima which has dispersed funds to "burakus" thereby covering a wider range of villages. Fukushima Prefecture has broken down the funds to the following percentages: 6.5% for area of concerned land, 60.5% for amount of land to change hands, 15% for the number of parcels of land and 18% for the number of farming households involved. Many of the villages contacted in the region have shown a strong desire to be included in the plans for the next fiscal year. Of the villages presently conducting consolidation, approximately 25% have completed land improvement, 10% are working in coordination with--and 65% without, land improvement.

(2) Since the subsidies for land improvement were discontinued, approximately 20% of the area scheduled for the fiscal year has been completed. Farmers recognize the need for improvement but are hesitant to spend their own time and money while they could be making immediate returns as day laborers to meet their daily needs. Prefectural officials are expecting better results during the coming fiscal year as it appears that funds will be available for loans at 5% interest to the farmers for the purpose of land improvement.

(3) Regional officials are drafting a Snow, Cold Weather and Single Crop Area Bill to be presented to the Diet. The alleged purpose of the bill is to stabilize the farmers' economy through increased production of food in the one-crop area. The bill has provisions for budgetary measures on the part of the central government to encourage increases in production. The bill will be phrased to include both irrigated land and up-lands of the region. A large part of the area is one-crop, not necessarily because of geographical and climatical conditions

but by choice. Many areas can be two-cropped provided the farmers are willing, but because of high taxes they lack incentive. The rough draft of the bill, trimmed of its glamour, appears to be nothing but a request for subsidies, well-timed, to get the farm vote this coming election.

(4) Prefectures have been encouraged to stimulate more interest in the livestock industry. All prefectures of the region have a bigger demand for dairy products than the presently available supply. Akita Prefecture does not have milk processing plants of any sort. Livestock owners have been stumped by the problem of using rice bran for fodder. Rice bran was formerly sold on a priority basis to farmers to promote the livestock industry. Since 1 January, however, it has been decontrolled and sold at public auction to the highest bidder. As a result prices have gone as high as four times the controlled price. The majority of bran being purchased by fodder merchants and oil processors of the Kansai area. Once the bran leaves the Tohoku area, there is little or no possibility of the mash being returned. Local oil processors and feed merchants do not have the necessary capital to compete with those from the Kansai area. Due to the unexpected rise in cost, prefectural officials are having difficulty in encouraging farmers to extend and even maintain their livestock holdings.

(5) Miyagi prefectural officials have reported that the number of farm lands being attached by the National Tax Office for delinquent taxes is on the increase. The reason appears to be the fact that the farmers' immediate expenses for daily necessities, clothing, marriage expenses and management are placed before the payment of taxes. The farm lands attached are sold at public auction. Farming communities have a tendency to more-or-less boycott those auctions so that after the third or fourth time, with no one bidding for the property, the National Tax Office makes arrangements with MAF for purchase by the government. MAF in turn presumably rents the lands to the original owners provided they were actually farming the lands at the time of seizure. Since more cases are expected throughout the region, actual procedures and results are being investigated.

b. AGRICULTURAL COOPERATIVES

(1) During the month, lecture programs for cooperative directors were held in Yonezawa, Nagai, Sagae, Shinjo and Tateoka,

Annex D, Civil Economic Activites, Cont'd.

Yamgata Prefecture; Takada, Kashiwazaki, Muikamachi and Nagaoka, Niigata Prefecture; Hachinohe, Aomori Prefecture and Kuji, Kita Fukuoka and Morioka, Iwate Prefecture. The average meeting attendance was approximately 225 directors and considerable interest was evident. The lectures covered subject outlined in paragraph 2.b.(3), Annex D, December 1950 Monthly Activities Report.

(2) During the month a program of two-day institutes for cooperative representatives and cooperative section personnel of each prefecture (covering cooperative history, principles, management, elections, meetings, committees and information and education activities) was begun. Two sessions, one in Iwate and another in Aomori, were held. Other prefectures will be covered during February. The purpose of this program is to prepare prefectural and cooperative personnel for a series of information meetings to be held in each village prior to the annual general membership meetings this year when elections for cooperative officials will be conducted.

(3) There is a general improvement in the interest shown by directors and cooperative officials throughout Tohoku. Cooperative officials are asking for, and are making plans to extend educational programs to members.

(4) The campaign for increasing capitalization in accordance with the recent cabinet order is progressing favorably; many cooperatives plan to go beyond the requirements.

(5) There is a strong movement in progress throughout the region for reducing the number of federations by amalgamation. Amalgamation committees are at work on plans to be submitted to local cooperatives. In Aomori Prefecture, the Hirosaki Purchasing Federation and the Aomori Purchasing Federation have been combined into one organization, subject to approval of MAF Information concerning this amalgamation gathered at the request of Civil Affairs Section, GHQ, SCAP and forwarded by telephone, indicates that membership participation in the decision to amalgamate was as follows: Of 334 local cooperatives belonging to the two federations, 209 held general meetings to vote on amalgamation while 125 did not. The primary reason for failure to hold general meetings was failure to assemble a quorum.

Annex D, Civil Economic Activities, Cont'd.

Of 241 cooperatives represented at the general amalgamation meeting 199 voted for amalgamation, 12 against amalgamation, and 30 did not vote. Plans are also under way for the amalgamation of the Hirosaki Marketing Federation with the Aomori Marketing Federation.

(6) Nogyokai liquidations at the local level are completed except in a few cases where disputes and litigation are still pending. Attempts are being made to arbitrate and expedite these cases. At the prefectural level, loans from the C/C Bank are being negotiated to complete final transfer and dissolution of Nogyokai associations.

(7) There is a critical need by cooperatives for a loan fund to provide farmers with fertilizer-purchase loans which would meet the demand during the interim until agriculture bill loans are available next spring. This would permit equitable shipments of fertilizer throughout the year and avoid a critical burden on railroad shipping facilities in the spring.

(8) Iwate Prefectural Assembly recently approved an addition to the cooperative section budget for employment of thirteen additional advisors. Aomori also increased its cooperative staff.

c. AGRICULTURE EXTENSION

(1) Meetings were held with agricultural improvement personnel of Yamagata, Fukushima and Iwate during the month. Discussions also took place with various gun-chiefs, village mayors, extension committees and other community leaders in the prefectures.

(2) Programs receiving emphasis during the winter interval are: in-service training activities, rural youth organization, advisory and information services, and home improvement work. To a considerable degree the emphasis on these programs is being related to the problems of increasing food production in the belief that maximum levels of production can be reached by strengthening and reinforcing these services. It was observed however, that during the process of changing Japanese agriculture from a controlled to a free economy, many new problems are arising.

Whereas in the past the government told farmers what and how to produce and set the prices for the products currently farmers exercise their own initiative regarding production programs. In this way prices received and paid for many commodities are set at the marketplace and not by government fiat. It was pointed out that if agricultural improvement people desired a sound and stable farm economy, all available knowledge on farming techniques and marketing should be extended to the farmer through the improvement of their systems of collection and dissemination of agricultural information.

(3) The point was made at many meetings that the farmer's position has been adversely affected during the past few months relative to prices he must pay for industrial items and that this condition could be attributed to the world crisis. The various gun-chiefs indicated that the shortage of cash in rural areas could, in most cases, be ascribed to the higher prices being paid by farmers for necessities, particularly textiles and metal wares.

(4) Establishment of agriculture improvement sections in the offices of gun-chiefs is noted. This new arrangement has been designed, so it was stated, to improve the liaison between the farm advisors of the gun, the gun-chief and the prefectural authorities. How this was to be effected was not made clear. Rather, it appears to be a bureaucratic device of control. This conclusion was reinforced by statements of several extension committee members who expressed concern over the possibility of political domination by the gun-chief over extension activities. This in Fukushima, the gun-chief's office at Koriyama, for instance, had an extension composed of seven members which overshadowed the rest of the office. In Iwate and Yamagata, one person in each gun office is assigned to the coordination of extension activities in the area.

(5) Some discussion was held regarding the degree of liaison and coordination that existed between the various health centers of the Welfare Department and Agriculture Improvement offices. The close relation that exists between health center programs and programs of guidance by the home advisor seems to indicate that some joint planning is necessary. Proper liaison and coordination seem to be developing in areas served by experienced home advisors.

(6) In-service training programs being conducted during the winter months constitute the principal activities of the farm and home advisors. However, these programs appear to be patched together and ineffective. Civil Affairs continues to provide information and advice for improvement of these training programs.

(7) Rural Youth Organization

(a) Activity in the rural youth movement has hightened during the past few months. However, many deficiencies in the program are still evident. Additional instruction is needed regarding the manner in which voluntary rural youth clubs should function. The prefectural information programs appear to have neglected the rural youth program. A full-scale program to inform parents, community leaders and youth regarding the activities and organization of 4-H Clubs has never been undertaken. Very little or no attention has been paid to the problems of rural girls. The concept of individual and group projects, farm and home projects, recreation, and cultural programs is not being developed.

(b) Discussion regarding the present pattern of rural youth club projects concluded that, in a large number of instances, the projects do not demonstrate improved methods of doing farm and home work. The studies of some of the club members were even called "research." The suggestion was made that, in formulating plans for future rural youth activities, consideration be given to what improved practices could be demonstrated through projects that would increase production and improve farm living. The recommendation was also made that currently available teaching materials in each area be listed. It was further suggested that specialists, farm and home advisors place more emphasis on their own attendance at 4-H Club meetings. Evidence indicates that visits have often been very perfunctory--even token in nature. As a result, in one area in Yamagata, the school authorities have taken over complete control of the 4-H Club program and the local extension office has completely lost contact with the group.

(c) Prefectural staff members generally agree on the importance of correcting these deficiencies and of watching for evidence of subversive political influence (not now visible) at work in 4-H Clubs and adult study groups. A screening program has been contemplated, but has not yet been set up.

(8) Research and Planning

(a) Agricultural improvement personnel plan to ensure that future research programs of the experiment stations will be more practical than theoretical. During the ensuing months, efforts will be made to minimize as much as possible the hap-hazard selection of problems for inquiry which characterized much of the past work.

(b) The past six months have witnessed an extensive soil analysis program wherein farm advisors have been trained in the use of soil testing equipment to determine the PH of the soil, types of fertilizer to be used and crops that might be cultivated.

(9) It is planned that a meeting of agricultural improvement chiefs, experiment and research personnel from both prefectural and national stations, and representatives of agricultural schools and universities in the region will be held in Iwate during February to discuss the coordination of research, experimental development and dissemination of information during the coming crop year.

d. CROP COLLECTION

The rice crop collection is progressing satisfactorily in the region with Fukushima-ken topping 100 percent during the month. Niigata Prefecture reports that CP activities have slowed down collection in two guns of the prefecture. Officials have no concrete evidence to offer but it appears that CP memebers are telling the farmers that the quotas are unfair and therefore, they should not turn in their rice. Farmers of Fukushima are turning in self-retention rice against their wheat and barley quotas at last year's prices. Fukushima appears to be the only prefecture in the region still striving for 100 percent mugi collection. Other prefectures, seem to have dropped the matter entirely.

3. FISHERIES

a. VISITS

During the month the following 12 places were visited: Miyato-mura, Shiogama City, Urado-mura, and Matsushima Town, Miyagi Prefecture; Tateoka Town, Shinjo Town, Yonezawa City and Nagai Town, Yamagata Prefecture; Takada City, Kashiwazaki City, Muika Town and Nagaoka City, Niigata Prefecture.

Annex D, Economics Activities, Cont'd.

b. FISHERMEN'S COOPERATIVES

(1) Membership in the Miyato-mura (Miyagi) Fishermen's Cooperative is made up from several nearby settlements. The cooperative is not in debt--however, capital is small and fixed assets amount to one office building and fixtures. All members engage in coastal fishing and earnings are meager. The mayor, a young, enterprising man 33 years old, is seeking additional sources of work to bring added income to the inhabitants during seasonal lulls in fishing. However, there is little to be done since the islands at present offer nothing but farming and fishing. It was suggested that fish hooks might be made for sale, also that the fishermen might supply their own rope, netting, etc. Like almost all other beach settlements they look forward to the construction of breakwaters, in the hope that outside ships will use their harbor and bring in additional revenue--but the cost appears too great.

(2) In Yamagata and Niigata Prefectures, a series of lectures on cooperative operation were given by a Civil Affairs representative to cooperative directors and members engaged in both fishing and farming. The responsibility of the directors to the members in the operation of the cooperative and in the appointment of experienced managers was stressed. It is planned to hold similar joint meetings with fishermen and farmers who reside along the seacoast of the region.

c. SEED OYSTER EXPORTATION

Miyagi Prefecture Seed Oyster Growers Cooperative Association plans to export to the U. S. approximately 52,000 cases of seed oysters in February and March.

(1) Price bids have been made by buyers for "unbroken" collectors. During the process of cutting, many "spat" will be lost, necessitating an increase in case weight in order to get the required number of "spat" per case (16,000); increased wages to be paid cutters also increase the cost. Growers have indicated dissatisfaction with the bids accepted by sales representatives. Unless a higher price is paid, the growers claim they will lose money.

(2) Considerable damage was wrought last summer during heavy rains when muddy river waters invaded the Matsushima seed oyster

beds and destroyed spat. Over 1,000 oyster growers were affected by the 5 August flood with an estimated loss of ¥48 million. After considerable negotiation, the Agricultural and Forestry Central Bank agreed to lend the Miyagi Prefecture Seed Oyster Growers Cooperative Association ¥20 million for rehabilitation of the damaged area. The loan is redeemable in three years with an interest rate of eleven percent. The Miyagi Prefectural Assembly on 12 November 1950 approved a guarantee of 1/3 of the Association's loan. The Growers Association will furnish an additional sum of ¥26 million -- a total expenditure of ¥46 million. This amount will cover the cost of materials, labor and the purchase of seed oysters for 1951 restocking.

4. FORESTRY

a. FOREST EXTENSION

During the month, conferences were held concerning forest extension guidance in Miyagi Prefecture with both prefectural and national forestry officials attending. During two of the conferences, three film strips concerning forestry and soil conservation in the United States, obtained from the Sendai SCAP CI&E Library were shown, and both extension and technical foresters expressed considerable interest. During the latter part of the month, requests that these strips be shown to similar groups in other prefectures have been received. One of the results of the above conferences has been that members of this section working with forestry officials began the preparation of a film strip to be used to illustrate simple logging methods suitable for use by the small forest-owner. These small owners normally sell their standing timber to contractors and thereby lose considerable income from their small holdings.

b. PINE BARK BEETLE CONTROL

Information received from Miyagi Prefecture indicates that a satisfactory agreement has been reached with the Central Government concerning subsidies for pine bark beetle control in the prefectures of this region (reference par. 4.a.(4), Annex D for December Monthly Activities Report).

c. FORESTRY PRODUCTION

During the period from October through December, charcoal, firewood and saw logs accounted for the great part of forestry products in the region. Regional production figures are as follows: Charcoal 8,832,500

bales, top producers being Fukushima and Iwate; firewood 10,561,200 bales, Iwate and Fukushima being the largest producers; and saw logs 2,362,600 koku, Aomori and Akita being the largest producers. Approximately 30,000 cho were cut over in six prefectures, data from Yamagata not available. The area to be reforested on all forest lands totals approximately 190,000 cho, though much of this is coppice stand which will be naturally reforested. Reforestation during the period covered only a small area since the planting time was limited to early October in much of the region.

d. FORESTRY INFORMATION

Information programs on forestry subjects were fairly well-conducted throughout the region. Approximately 17,500 persons attended slide and motion picture shows and exhibits. Yamagata accounted for nearly half of the total since over 4,000 people attended the Forest and Life exhibit at Tsurucka during November.

5. MINING

Production of metallic minerals during December was generally less than the preceding month, with the exception of gold, pyrites and manganese. These were 102%, 103% and 119% respectively, compared with the previous month. The production of 77,816 grams of gold and 93,633 tons of pyrites established new records for monthly production since the war. Non-metallic mineral production was generally higher than in November, with the exception of barite, talc and quartz sand. Crude petroleum production was 103% of the preceding month. Lignite production was 117% of the preceding month. Smelter and refinery production was generally lower, with the exception of electrolytic zinc, sulphur and gold and silver precipitates. The production of 5,350 tons of refined sulphur established a new monthly production record in this region since the war.

6. PRICE AND DISTRIBUTION

During the month, EIA coordinating council meetings for Iwate, Miyagi, Aomori and Fukushima Prefectures were attended in addition to the Regional Council meeting held at Sendai.

a. SUGAR INVESTIGATION

(1) Fukushima Prefecture reports confiscation of 415 kan of sugar from two confectioneries in Koriyama City. Source of this sugar is under investigation. In Shirakawa City the sale of 104 kan was traced to Nishikawa Shoten, 3-4 Tori Nihonbashi, Tokyo. This case is now in the hands of the procurator.

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(2) Aomori EIA and the city police, in conjunction with the Maritime Police, uncovered twenty 100-pound bags of sugar imported from Vancouver, Canada, being loaded on a boat destined for Hokkado. A second shipment of 20 bags was also confiscated. The shipments were made by a falsified consignee in Tokyo to falsified consignors and were traced to a candy maker in Aomori after being detected at the pier. Further investigation is being conducted by the Maritime Police to uncover the source of the sugar. It is surmised that this sugar may have originated from specialty stores.

b. STAPLE FOOD CONTROL

The staple food enforcement program has resulted in large-scale confiscation of intended blackmarket goods. Increased shipments of staple foods indicate that Tohoku Region has become the base of operations for many brokers from the metropolitan areas.

(1) One carload (94 bales) of soybeans, camouflaged as dried persimmons and eggs, consigned to Osaka were impounded at Futaba-gun, Fukushima-ken, and the case is awaiting procurator's action.

(2) 120 bales of soybeans and 172 boxes of soybean powder (6 kan per box) were confiscated at Mizusawa Station, Iwate Prefecture and impounded at the Kodan. Further investigation of the extent of the activities of the Tokyo broker involved is now being made.

(3) A Shinjo City (Yamagata Prefecture) broker located on the outskirts of the city was apprehended for posing as a disposing agent of staple foods. He had also loaned money to farmers with repayment to be made only in goods.

(4) A member of the Bean-curd (Tofu) Cooperative Association of Nara Prefecture was discovered soliciting offers from agricultural cooperative officials of Yamagata for the sale of soybeans. In Fukushima, a sum of ¥623,500 was advanced for the purchase of 215 bales (60 kg. per bale) at ¥2,900 per bale. The agricultural cooperative collected the 215 bales and later requested the transportation certificate from the prefectural authorities. The prefecture rejected the application since it had not been notified of this allocation by the AF/M and then referred the matter to the local EIA. The goods are impounded at the cooperative pending further investigation. This case was linked with two other intended purchases in Fukushima Prefecture.

The buyer from Nara advanced ¥750,000 to the mayor of Adajima Village, Fukushima Prefecture for the purchase of soybeans at ¥2,650 per bale. The village collected 214 bales and stored them at the local agricultural cooperative warehouse. Request for trasportation certificate from the prefecture resulted in a similar situation. These goods were later inspected by the Food Office and it was discovered that 210 bales out of 214 were inferior quality (the goods were moisture laden). Since soybeans of this category are not considered a controlled item, it is suspected that the village may have taken some measures to degrade the quality and therebyby meet the contract. The officials signed a note demanded by the EIA that the soybeans would be returned at once to the producers for drying purposes and delivered for crop collection by the end of February.

The buyer from Nara also approached Saigo Village, Fukushima Prefecture with a similar offer. Prior to any action taken by the village, inquiries were made at the prefecture. The village withdrew their offer since the transaction is considered illegal.

Further investigation is being conducted throughout the region for similar transactions or offers. It appears that the Nara Company is large enough to extend their operations on a national scale.

(5) Total confiscation of staple foods (rice and rice substitutes) during 1950 is as follows:

Akita	101,215 kilos
Aomori	276,463 "
Fukushima	410,621 "
Iwate	167,068 "
Miyagi	275,201 "
Yamagata	79,190 "
Niigata	384,038 "
Total	1,693,796 kilos

c. FORGED PETROLEUM COUPONS

(1) The largest case of forged petroleum coupons in the region has been uncovered in Fukushima Prefecture. The case was reported by the Industrial Materials Section of the prefecture to

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the EIA. The forgery was mastered to an extent that even the investigators have had difficulty in determining the validity of the coupons. For example, three liters of oil had been changed to 3,000 liters on the ration coupon and ten liters to 4,000 liters, etc. Further investigation of the case brought to light an unregistered dealer retailing the petroleum (without coupons) obtained through this forgery. Apprehension of one of the two offenders was made in Tokyo and the other is still at large.

(2) As reported in the May, 1950, Monthly Activities Report, the used oil ration coupons are forwarded directly to the Trade & Industry Bureau instead of being returned to the issuing office. This method of handling has made it almost impossible to control such irregularities as mentioned above. It has also been noted that the dealers retain the used coupons beyond the date specified by regulations.

d. INVESTIGATION OF THE FOOD KODAN

(1) The first large-scale violation during the process of conversion was reported by Niigata Prefecture. Upon the notification that independent rice houses would again be established, the Sone Distribution Station, Niigata, usurped a total of 685 bales of rice. A thorough investigation is now being made to locate this rice and positive action will be taken against all violators.

(2) The officials of the Fukushima Distributory Kodan have "organized" a company to handle all movement of the Kodan rice on a ten percent basis. This company, having no facilities for such operation, uses subcontractors supposedly on a closed bid basis. The EIA reports that one subcontractor has been awarded all the contracts and has been charging 20 percent more than the normal rate. Similar cases, on a smaller scale have been found in Yamagata and Aomori Prefectures. Further investigation is being conducted by the EIA to determine the extent of the violations of the Fair Trade Law.

e. RESTAURANT CONTROL

(1) Results of the hearing sessions during the month are as follows:

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	No. Sessions	Suspension
Akita	5	24
Aomori	1	16
Fukushima	3	18
Iwate	5	0
Miyagi	1	4
Niigata	2	10
Yamagata	3	28
Total	20	100

(2) Hope for the discontinuation of the Restaurant Control Program is again being voiced throughout the region. Effective national publicity that this program is still being enforced will help prevent present laxity.

f. DISTRIBUTION

The loose distribution system used by the AF/M in supplying direct allocations of sugar to manufacturers has seriously handicapped sugar control. The following cases are cited as examples (in no case has AF/M checked plants to determine true needs):

(1) Miyagi Canning Company receives approximately two kin of sugar per case (four dozen cans) of tuna for export. Following this procedure the company has a surplus of 21 tons on hand which will probably be further increased by the time it resumes operation sometime in April, 1951.

(2) The Aomori Canning Company produces both canned fish and apple products for export. The officials state that very little sugar is used in the canning of fish (although some sugar is necessary for canning whale meat). On the other hand, they do not receive a sufficient amount of sugar for canning apples--on the average they receive approximately one-third of the allocation requested. If a sufficient allocation could be received during the harvest season, there would be little chance of spoilage and the annual loss of approximately one million boxes of apples could be averted. Furthermore, the allocation received is usually two to three months late which necessitates cooking the apples and placing them in five-gallon containers until the ration arrives at which time they are reprocessed into jam. If the required amount of sugar can be received at the required time, the additional procedure can be eliminated and lower costs as well as tastier products will be realized.

(3) The sugar allocation for condensed milk made to the Morinaga Nugyo Plant by the AF/M is on the basis of the amount of milk available to the company. As of 15 January 1951, they had a stockpile of approximately 25 tons with another allocation of 22 tons being released to them during January.

(4) The Nihon Seinyu, Takahata Town, Yamagata-ken, received an allocation of 8-1/5 tons for the first quarter of 1950 for producing condensed milk. An investigation by the EIA uncovered that 6 tons of this allocation were not used and evidently black-marketed. The company officials stated that the sugar had been consigned to the Meiji Seinyu, also a producer of condensed milk. In any event, it is apparent that the production capacity of Nihon Seinyu does not warrant an allocation of eight tons, which is the maximum allocation.

(5) Further evidence of the inefficiency of the distribution program of the AF/M is the domestic ration of sugar intended for the New Year's holidays which has not yet been released to the prefectures. The prefectural people are hoping that they will receive this additional ration for distribution at least in time for the Chinese New Year during February.

(6) Prefectural distribution of sugar appears to be inefficient as well.

(a) An interesting item has resulted in the case of the Tohoku Seika Company, Morioka City, Iwate-ken, mentioned in the November, 1950, Monthly Activities Report. The Prefectural Distribution Agency has granted another ration of two tons as of January 1951, although the company is still under investigation for malpractice.

(b) Rice cake candy manufacturers in Aomori Prefecture receive a sugar allocation from the prefecture according to the amount of personnel employed (as reported by the manufacturer). No check of capacity nor verification of the number of personnel is made.

7. INDUSTRY

a. PRODUCTION

(1) The production of raw materials and finished items continues to be quite satisfactory. Of 32 items considered, only

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lignite and iron ore are being produced in lesser quantities than a year ago. Ten items have dropped in production, a small percentage when compared with November statistics. The production of carbide is 74 percent of November. Twenty-one basic production items show an increase of 20 percent to 60 percent over the same month in 1950. Suitable coal for steel manufacturing in addition to scrap iron and ferro alloy are the major items presently in short supply.

(2) Price Trends: Reports and field surveys reveal the following price trends of industrial materials:

(a) Rubber -- In March, 1950, rubber cost ¥130,000 per metric ton. Present price is ¥600,000 F.O.B. Sendai.

(b) Caustic Soda -- Wholesale price is ¥30,000 per metric ton; blackmarket price is ¥50,000 or more.

(c) Cotton Thread -- In November, 1950, one bale for export sold for ¥110.000. The January, 1951, price is ¥150,000.

(d) Textiles -- 1 tan (30" x 40 yards) cotton fabric sells for ¥2,441. Exporters are paying 30 percent "bonus" above this to meet export contracts.

(e) Silk Fabrics -- There is no standard price but silk fabrics have increased up to 100 percent on the retail market.

(f) Rayon -- Retail prices are up 50 percent over last June.

(g) Staple Fibre -- Retail prices are up 20 percent.

b. REPARATIONS

(1) During the month nine reparations installations in Yamagata Prefecture and twelve in Fukushima Prefecture were visited to check maintenance and custody and were found to be satisfactory. At the Tatayama warehouse, Tatayama-machi, Yamagata, 13 reparations items, 24-04(K) were inspected and found to be of scrap value only. An application recommending approval to scrap these items has been submitted.

(2) The Naoetsu Plant of the Nippon Stainless Steel Company has received into custody 166 reparations items from their Takaoda Plant in Toyama Prefecture, code No. 42-12.

(3) Four field trips were made to the 1st Naval Explosive Arsenal at Funaoka-machi, code No. 24-6 to check an application to scrap reparations items and to consult with the Commanding Officer of the Funaoka Ordnance Unit with reference to a request to move certain reparations items. Mr. R. S. Link, CAS, SCAP, and two TCAR representatives also discussed these matters at Funaoka on 25 January 1951. An application to scrap 2,005 items was submitted on 26 January 1951. Included in this application are 250 items on which a separate application was previously submitted and verbal authority for scrapping received. This action has facilitated consolidation of machines and made it possible to vacate buildings desired for Occupation ordnance use. The move will be completed by 22 February 1951. The Ordnance Depot is furnishing labor, materials and equipment at no expense to reparations funds.

c. ELECTRIC POWER

(1) The Tohoku and Hokkaido Governors' conference held at Yamagata, 16-17 January was attended by a representative of Civil Affairs. The development of the Tadami watershed for the purposes of power generation and flood control was discussed at length by the conferees. It was unanimously agreed that the Tohoku governors would proceed to Tokyo and ask the proper Diet committees to budget sufficient funds for starting work on the Tadami River in 1951.

(2) Spot field checks show that small power users have been receiving additional power upon application to Tohoku Haiden in about the same proportion as medium and large users. As a group, medium size industrial power users complain of the size of their basic allocations and the necessity of paying thermal rates for additional use.

(3) Complaints are being compiled of industries that have had their power supply cut off for planned line repairs or changes, without being notified in advance. It is obvious that such interruptions cause a monetary loss to the manufacturer.

(4) Nippon Hassoden and Tohoku Haiden officials report that power generation in the northern area of this region is not sufficient to meet the peak load requirements of Akita, Iwate and Aomori Prefectures. The unusually dry season being experienced plus increased demand has developed into a possible critical situation. The transmission lines north from the Sendai sub-

station are now overloaded during the peak hours and cannot transmit more current. The immediate problem is to secure cooperation of approximately 38 large users in the three northern prefectures. Tohoku Haiden predicted that Lake Tazawa would be out of water for generation purposes by 15 February and on 27 January called for a voluntary reduction of consumption of 20 percent by the large users. Tohoku Haiden reports that this request has resulted in saving only one-third of the amount necessary because they have not received 100 percent cooperation. Requests for voluntary reduction of the peak load consumption by large industry are continuing.

(5) Civil Affairs representatives have held conferences during the past 45 days in the principal cities of all prefectures, excepting Aomori, with prefectural, industrial, and generation and distribution officials. The critical power situation and need for complete cooperation in power conservation were discussed at length. It is felt that these problems were not taken seriously, particularly by industrial users. Once an allocation is received, consumers are prone to make full use of it. The feeling exists that any reduction in power consumed will result in a cut in future allocations. Only recently has any amount of conservation publicity appeared in newspapers. The Japanese Sendai radio station, JOHK, is now broadcasting spot information and suggestions on electric power conservation six times daily. The station's instruction and guidance is through the Japanese Central Radio Office in Tokyo.

d. TRANSPORTATION

Unmoved freight in the Tohoku Region (exclusive of Aomori Prefecture) amounted to 175,563 tons (1,821 carloads) on 26 January 1951. This backlog reflects the general freight car shortage; however, it is no more serious than one year or two years ago. Although apple shipments are frequently influenced by price fluctuations, 47,000 metric tons in Akita Prefecture, representing the residue of a large crop, remain to be shipped. Charcoal shipments are also delayed, influenced to some extent by Tokyo price quotations. The stockpile of coal at the Joban Coal Company, Yumoto, Fukushima Prefecture, varies in direct proportion to cars allocated by Tokyo. The Japanese National Railway reports that pyrite shipments for the region are 7 percent ahead of schedule.

Annex D, Economics Activities, Cont'd.

8. LABOR

a. LABOR TRENDS

(1) Progress is being made steadily in extending the framework of the Sohyo organization. The negative phase--that of breaking the grip of Communist influence on trade unions (this statement does not apply to day-laborers' "unions") has been largely accomplished. Inside the federation framework, however, the fabric of the local unions is frail. Especially in the small and medium enterprises so numerous in Tohoku, cheap, overabundant labor gives the employer the upper hand. Competent leadership to replace the cast-out Communists in the locals has not come forward. At the prefectural and regional branch levels, the union leaders seem to be thinking of immediate and concrete gains at any cost to establish themselves as labor champions--to the neglect of the basic education of the general membership for patient confidence in the long-range advantages and protection of the union. If a program is not initiated for generating new leaders from the fellowship and convictions of the rank and file, hope for the growth of a desirable trade union movement in Japan looks bleak. In the course of Civil Affairs activities this point is being made continually to trade union representatives.

(2) Unrest among the unemployed, based on genuine hardship, is spreading. In January, Communist-led demonstrations and skirmishes with government officials occurred in several places throughout the region (see "Employment" below). Intimidation of works project foremen is increasing. Anyone who has observed at first hand the miserable living conditions of these large masses of people seeking work can only report that this is a problem of major importance to the national security of Japan. The historical fact is, that, the overthrow of governments germinates in subhuman living standards imposed on the proletariat, and succeeds through official neglect to correct the conditions in time. There appears no justification for dismissing this fact with "it can't happen here," especially in view of the growth of international communism in Asia and the vigor of its agents in Japan. Already some government officials, police, labor relations commissions, and courts are proving shaky in the defense of their authority, despite the moral reinforcement of the Occupation. Recent events have shown that their position is greatly affected by the tide of communism on the neighboring continent. While acknowledging the considerable budgetary provisions for unemployment relief, it is difficult to reconcile some luxurious extremes (the incessant sake

parties, for instance) with the inability to provide more constructive public work. Civil Affairs is encouraging the constituted officials to exercise their duties with proper authority and dignity. Observations made in the field indicate that the situation arising from unemployment and fractional employment and fractional employment is more serious than the Japanese, with their characteristic glossing of unpleasant facts, would like to have it appear.

b. LABOR RELATIONS

(1) A regional bloc conference of Labor Relations Commission representatives and Secretariat chiefs was held in Fukushima in January. In general, the participants agreed to resist changes in the Commission's structure which are being backed by the Labor Policy Division of the Labor Ministry. They expressed themselves as opposed to unwarranted imitation of foreign systems. This attitude in itself is believed to be a sound one, since it means that responsible persons will not concur in changes affecting their responsibility unless good reasons are manifested, however, jealousy of the status quo, in the face of changes demonstrated to be reasonably practical, is not a defensible position. Another matter discussed was the validity of signed resignations in cases of unfair dismissal, when the worker claims he was compelled by the "duress of starvation" to sign a "voluntary" resignation in order to collect severance pay. Though the majority present were not inclined to regard such resignations as binding, it was pointed out to them that prompt settlement of unfair dismissal cases by the commissions, plus union support of the complainant would do much to remove the economic pressure which an unscrupulous employer might bring to bear upon an employee to sign a resignation when he actually intends to fight separation from his employment.

(2) The two Communist-aggravated disputes reported last month were settled in January with ignominious defeat for the communist elements:

(a) The month-old strike of the Miyagi Chemical Industry (Sendai) was terminated when the union threw out the communist officials at a general meeting, withdrew from the communist-dominated federation, elected moderate executives and quickly came to terms with the management of a base-wage increase of ¥1,400 per month and year-end pay of ¥5,000 per worker.

(b) The Nippon Hydrogen Company of Fukushima Prefecture case was an interesting show of Communist strength in resistance to the "red purge." Sixteen dischargees, joined by a solid line-up of Communist Party agents and sympathizers in Fukushima Prefecture, were fighting the dismissal in Court, in the Labor Relations Commission and at the plant, on the grounds that the union membership had voted to disapprove the company's dismissal plan in toto. The company strategy was simply to offer a generous year-end bounty to the workers upon the condition that they withdraw their support of the discharged leaders. This was done, new union officers were elected, all appeals against the dismissals were dropped, the union joined Sohyo, and the crowd of agitators disappeared.

(3) The labor dispute of the Sendai Private Railway Company, reported last month, was settled in January. The union was attempting to have the company retract discharges of surplus personnel from a defunct rail line. However, upon diverting their efforts toward negotiation for a fair discharge allowance, with the assistance of the Labor Relations Committee they received an extra million yen (total of ¥4,680,000 among dischargees), which amount the company could afford to pay. (The rail line had been discontinued because of flood damage and the company retains a virtual monopoly on the transportation by operating a bus line.)

(4) An offshoot of the above trouble presented an interesting case for the Miyagi Labor Relations Commission. The minority of union members who were opposed to the union policy of fighting for reinstatement into non-existent jobs were expelled from the union. Since the union shop system was in effect, the union claimed that these employees must be fired. (Vacancies would have been created for the rehire of some of the original dischargees.) This appeal was dropped when the dispute was concluded as described above, but it brought out the need for specific safeguards in union constitutions against expulsion for honest minority opinion.

(5) The Niigata Labor Relations Commission continues to stretch the patience of most observers in its handling of the

Nippon Express Company dispute. In January, the Commission reached a tentative decision that the union officials who called a strike under the Communist Party's abortive general strike directive of last July, were guilty of violating Article 37 of the Labor Relations Adjustment Law. Presumably this would mean the communist executives of those local unions who succeeded in effecting a walk-out. The Labor Relations Commission, however, as usual had a compromise proposal. Without announcing its decision, it proposed to the company that certain local communists be reinstated and discharge allowances be paid to others--in effect recognizing only the regional branch union executives as responsible. The company retorted that it would not accept any compromise involving the reinstatement of communists, and, further, that if this advice were put in the form of a Commission order the company would appeal to the Central Labor Relations Commission. The proposal also recommended that the company pay all attorneys' fees and other costs incurred by the union in its suit--an amount in excess of a million yen. As a matter of fact, the communists had financed their suit with the treasury rightfully belonging to the Nittsu union members; the communist officers, when ejected from office, had appropriated it to themselves, including dues intended for the national headquarters. The vagaries of this single case under the Niigata Commission's handling should cause the governor some reflections about the competency of the members when the time comes to appoint the new commission.

(6) Joint labor-management meetings of prefecture-wide scope were held by the Civil Affairs Labor Division with representatives of principal enterprises in Akita, Aomori, and Iwate. Frank discussions of specific issues and prevalent attitudes tending to retard free and harmonious labor relations were held, and attempts were made to provide answers in the interest of a well-balanced trade union movement and the security of the free enterprise system. Conferences of this nature at individual plants were also held with labor and management personnel of the Teikoku Oil Company in Akita, the Akita Nippon Express Company, the Shimada Furniture Company of Sendai, and the Mitsuma Rubber Industry of Nagamachi.

(7) The Civil Affairs Labor Officer attended a meeting of the Tohoku Management Association and the prefectural management associations meetings of Miyagi, Akita, Aomori and Iwate. The opportunity was taken to urge upon these executives the long-range

wisdom of understanding and cooperation in the human aspects of the trade union movement which is just establishing itself on a sound basis, and the fatal consequences of repressing this force. The occasion was also used for concrete suggestions for a plan of accident prevention to be carried out by management with the support of the workmen's organization. At each of these conferences the respective management associations promised their participation in and active support of the forthcoming labor rallies. This support is essential to both the program and attendance of the labor rallies (rodo tai kai) which could be more properly termed labor relations rallies.

(8) The labor relations commission members, who are lawyers, state that they are finding it more and more difficult to perform their duties as public members. The reason is that under the present nationwide program to expedite court procedure, the attorneys are no longer granted court recesses for the purpose of attending Labor Relations Committee hearings. This situation threatens to result in the loss of these professional men from labor relations service at a time when professional men are most needed. Civil Affairs has suggested that committee hearings be held as often as possible in the prefectural capital rather than at the spot of the dispute. This would involve paying travel expenses of witnesses, but would allow the public members to hold hearings outside of hours when court is in session without interrupting the court process. This suggestion, even if put into maximum effect, would only be a partial solution for the problem since some lawyer members do not live in the prefectural centers.

c. LABOR EDUCATION

(1) The All-Tohoku conference of prefectural labor policy section chiefs was held in January in Fukushima. Conferees reported on the development of the trade union movement in their respective prefectures. While it was recognized that substantial gains had been made during the past six months toward channeling the trade union movement in the democratic direction, the general feeling was that international developments in 1951 affecting Japanese national life would make this year a decisive one in the history of trade unionism. In describing the details of the year-end labor offensive in their respective prefectures, the policy section officials credited Mr. Robert Amis' timely advice to employers, given during his visit to Tohoku in November, for the harmonious nature of negotiations. Another contributory factor was the general absence of communist-led strife for strife's

sake. Labor education plans for the coming year were also exchanged. These projects show excellent planning and when pooled present an imposing collection of ideas for practical education. Larger budgets for educational activities in the new fiscal year have been assured in all prefectures except Aomori, which is having "hard sledding" financially. At this conference, during a discussion of the proposed inauguration of the sole collective bargaining agent system, it was plain that neither the prefectural nor the Labor Ministry officials have the slightest knowledge of the subject.

(2) The bi-monthly regional labor school was held in January at Morioka. About two hundred delegates from all Tohoku prefectures were present. The entire program was interesting, the speakers' advice was pertinent and sound, and the participation from the floor was brisk. The Civil Affairs labor officer proposed a five-point program for union growth: maintaining faith in the organization; growth by sane steps, however, small; a broad base of education; attractive union life; constant new leadership developing from the rank and file.

(3) Civil Affairs Labor Division representatives joined with SCAP specialists--Mr. Clifford Robertson in visits to several plants in Miyagi, Yamagata and Fukushima Prefectures, and with Mr. Theodore Shigeno in Aomori, Akita, Iwate and Niigata, for the purpose of offering advice to trade union organizations and local labor policy offices in the conduct of their routine educational activities. It is believed that the constructive approach and pertinent observations at these visits gave decided stimulus to the labor educational program.

(4) Civil Affairs participated in two prefectural meetings of local labor policy office chiefs--in Miyagi and Akita--for the purpose of discussing their educational activities and contingent difficulties. Two of the problems confronting local policy offices in this region particularly are:

(a) The task of encouraging the initial organization of a wide unorganized field, including lumber and sawmill works, woodwork factories, lignite mining, gravel and stone pits, and fisheries.

(b) The need for promoting the consolidation of small, unaffiliated locals isolated both geographically and organi-

zationally from the main current of trade union advancement (about half of the unions in Tohoku have less than thirty members and some 60 percent have less than fifty.)

(5) Considerable work is being done by labor leaders in government circles to develop consumer cooperatives for trade union members. A good start has been made in Sendai, for example, where the prefectural government donates a two-story building, and workmen can purchase anything from a haircut to a wedding ceremony at rock-bottom price. Civil Affairs Labor Division is encouraging the spread of these union cooperatives, since:

(a) They prove a life-saver for such low-paid workers as day laborers.

(b) Official support of such welfare activities is an antidote to Communist propaganda.

(c) As a union activity it affects favorably the morale of members and their confidence in the organization despite periods of economic adversity.

Miyagi Prefecture also has plans to establish a Labor Bank, after inspection of such an enterprise in Okayama Prefecture. The principle of the labor bank idea is that all unions, large and small, support it financially. The effect is that smaller and incipient unions may be "carried" by the stronger ones until they get on their feet.

(6) Preparations for labor rallies in all prefectures, as called for in SCAP Labor Division instructions received through Civil Affairs Section, are shaping up well. Ample time has been allowed for the arrangement of a program containing both interest and value in maximum degree. Preliminary groundwork has been done by Civil Affairs Labor Division personnel at meetings of labor policy section chiefs, management associations, Sohyo leaders, the regional labor school at Morioka, and visits to all prefectures. A typical program (Akita) is included here as an indication of the scope and content of these rallies:

Sponsor: Akita Prefectural Government

Supporters: Akita Management Association
Akita Labor Union Congress
Akita Newspaper
Akita Radio Station

Annex D. Economics Acitivities. Cont'd.

Time: 1000 - 1530

Place: Toho Cinema Theater

Program:

1. Opening Address - Labor Department Chief

2. Music - Prefectural Government Employees' Union Band

3. Talk - Labor Representative

4. Talk - Management Representative

5. Vocal Solo - Tohoku Fertilizer Co. Labor Union Male Member (First place winner of prefectural competition)

   Vocal Solo - Tohoku Pulp Co. Workers Union Female Member (First place, prefectural competition)

   Dance - Prefectural Government Employees' Union (First place winner, prefectural competition)

6. Movie - "Arm in Arm" (Labor Ministry)

   Movie - "New Japan" (Akita Prefectural Government)

7. Talk - "Characteristics of Recent Labor Disputes" - Labor Relations Secretariat Chief

   Questions and Discussion

8. Talk - "Problems of Labor Agreements" - Labor Policy Section Chief

   Questions and Discussion

9. Recreation - "Who Am I?" - Labor and Management Representatives

   Chairman: Akita Broadcasting Station Announcer

Annex D, Economics Activities, Cont'd.

10. Band Music

11. Address of Prefectural Governor

12. Talk - "Labor Relations in a Democratic Society" - Tohoku Civil Affairs Labor Officer

Questions and Discussion

13. Movie (Donated by Theater Management)

14. Attendance Prize (100)

15. Closing Address - Labor Department Chief

Other Features: Exhibits of Labor Educational Material and Media, in Lobby and on Walls

Attendants: 1,000 Delegates of Unions, Management (delegates to be apportioned by agreement of Union Congress and Management Association), high school seniors and social science teachers

Publicity: By Akita Broadcasting Company and Akita Newspaper Company

One of the principal hurdles in planning these rallies is the problem of financing them without impairing the routine educational activities for which the labor policy section budget was intended. For example, the single item of hiring a heated hall suitable for showing movies or slides amounts to ¥50,000. Fortunately most prefectural governors have agreed that to have a suitable program is a sound investment and have authorized special expenditures.

d. LABOR STANDARDS

(1) At a meeting of the Tohoku Regional Management Association to which the Labor Officer was invited, recommendations were made for the establishment and operation of Anzen Kyokai (safety associations) to pool ideas and raise the general accident prevention level to that of the highest point existing in the prefecture. Specific recommendations were made also at prefectural management

group meetings in Miyagi, Akita, Aomori, and Iwate. Civil Affairs also solicited the cooperation of all trade unions contacted for enacting with management strict safety precautions in the working rules and exacting full compliance of union members.

(2) From time to time in the course of conferences with Civil Affairs Labor Division personnel, employers express dissatisfaction over the wages and hours provisions of the Labor Standards Law. One observation sometimes made is that it would benefit the worker financially were he permitted a longer work-day or work-week (complaints from workmen on this score are strangely missing). Explanations in terms of pride in their national civilization usually appear to satisfy; but where this attitude of management prevails, one fears that the Japanese employer may still be regarding workers as work-machines rather than as human beings possessed of spiritual and intellectual potentialities.

(3) Workmen's Accident Compensation Insurance collections for 1950 by all the Tohoku prefectures were highly creditable. Results of collections, in relation to 1950 prefectural goals were as follows: Akita 94.43%, Aomori 93%, Fukushima 93%, Niigata 92%, Miyagi 91%, Iwate 90.58%, and Yamagata 80.1% (Yamagata slipped most during 1950, with 80.1% as against an average of 91.9% since the enactment of the WACI Law).

e. EMPLOYMENT

(1) The following day-laborer disturbances occurred in this region during January:

(a) A twenty-year-old Communist ringleader of the Taira (Fukushima Prefecture) PESO unemployment relief project was discharged for loafing, destroying equipment, and inciting others to do likewise. The PESO clerk, while posting notice of this person's dismissal, was attacked by seventy laborers and beaten. The following day a two-hour demonstration by 170 day-laborers protesting the dismissal and demanding a ¥250 wage took place at the Taira PESO. Action:

1. Seventy armed police were called out to prevent violence at this demonstration.

2. Nine persons, all Communists and including the above mentioned ringleader and five Koreans, were arrested and charged with assault on the PESO official. They were held ten days and then released pending trial.

Annex D, Economics Acitivities, Cont'd.

(b) The Communist leader of a group of fifty laborers under the Nishiki PESO (Fukushima Prefecture) forced the PESO office workers to turn over the work cards at 1430 hours and to certify eight-hours' work. Action: Above mentioned leader was dropped from relief rolls. Police were alerted to prevent violence of the type described in the above paragraph. No further violence occurred, but small-scale demonstrations were made at Ueda-machi PESO and Police Station protesting the detention of the nine arrested Communists.

(c) At the Matsukawa flood control project under the Fukushima City PESO area of jurisdiction, disturbances took place on four successive days. First, a group of Communists employed on the job bullied a timekeeper for not "cooperating," one of them allegedly striking him a blow. Next, a group of Communists (mostly the same ones as the previous day) attacked the job foreman, compelled him to apologize for his orders, and forced him to buy them a bottle of shochu as penance for his "impudence." The next day, the same group led a demonstration against discontinuance of the full employment temporarily enjoyed at the year-end season, and later the Communist ringleaders physically threatened and struck a foreman, assistant foreman, and job site clerk. The following day the same group bullied and threatened the assistant foreman for an hour. Action: Laborers' representatives were called into the office of the prefectural Superintendent of Public Works and informed that the recurrence of such actions would result in the cancellation of the construction project. As yet, no further disorders have arisen.

(d) Communists attempted to exploit a situation in Aomori when the National Railroad, following a snow blizzard, sent an urgent call to the PESO for 4,000 workers for snow clearance. Day-laborer agitators saw this as an opportunity to delay the movement of vitally needed freight cars, and to apply pressure for a higher wage. Their negotiations with Labor Department officials were fruitless and, contrary to newspaper reports, any delay of rail movements from this cause was negligible. Even if all of the four thousand had refused to work, in the Aomori vicinity there are thousands more who would have been delighted to have the work opportunity. Knowing this, the Communist leaders did not seriously try to restrain the laborers from going about their work.

(e) In Yamagata, not heretofore a place of disorders,

eighty day-laborers quit work in the afternoon and spent two hours surrounding the PESO business section chief in his office. The increase in unemployment relief workers, resulting in fewer working days per man, was the cause of their grievance. Action: It was necessary to call out 40 city policemen to force them to evacuate the office at 1600 hours. No arrests or fights occurred.

(f) When Labor Minister Hori visited Yonezawa, a group of thirty day-laborers demanded to be admitted into his conference with labor representatives. One was admitted. Later in the day, the Communist-led group twice surrounded the Labor Minister yelling questions and demands. Action: Police escort was required to clear a path for the Minister. Two of the more demonstrative Communists were arrested for violating the public safety ordinance. Two groups of day laborers clamored briefly at the City Hall and Police Station demanding the release of the two arrested.

(g) In Niigata City, normally peaceful, a small group of laborers led by a Communist Party member visited the Mayor, Vice Mayor, General Affairs Section Chief, and City Assembly, demanding a raise in wages and a decrease in the price of food staples. Action: None necessary.

In addition to these specific disturbances, the mass demands which have come to be routine took place at intervals at most of the major PES offices.

(2) The trend of discharges for reasons of business rationalization unfortunately continues, offsetting the favorable trend in private job placements. Examples of employee retrenchments during the past month are:

(a) Mitsui Wooden Shipbuilding Company at Ofunato notified 181 workers of their dismissal.

(b) The Electrical Appliance Company of Miyagi carried out a reduction in force of forty.

(c) The Nihon Cold Storage Company of Ishinomaki fired 16 of 83 employees.

(d) The Sendai Printing Company cut its work force of 130 by thirty.

It is believed that such cutbacks for the sake of industrial economy and efficiency, if and when put into effect thoroughly, will strain the already critical unemployment situation.

(3) The Fukushima Prefectural government has appropriated a million yen fund for the welfare of the unemployed on relief rolls. The purpose is to provide loans in the form of goods such as clothing, shoes, and gloves. Workers will repay the loan (the price is 20 to 30 percent below retail) by small installments withheld from their wages. The inability of day-laborers to buy adequate protective clothing on the existing wage is indubitable.

(4) Several vocational training schools operated under the Public Employment Security Section were visited by Civil Affairs Labor Division personnel during January. The number of trainees in each prefecture varies from 162 in Yamagata to 411 in Miyagi--the average prefecture is training about 250. However, vacancies at the training centers average 15 to 20 percent. Some efforts have been made recently for adapting the courses to the skills most needed in the particular area. However, it is felt that more revisions could be made toward this end. The employment rate of students finishing the various courses averages about 80 percent. Dressmaking and lacquerware courses are the poorest in this respect, with a 60 percent placement average. Only one vocational training center for the handicapped is operated in the region, with six courses and a total capacity of 150; actual enrollment is 111. A course in artificial limb making accommodating 15 students has only two enrolled (methods are not up-to-date); another course in watch repair has only 16 out of a capacity of 30. Civil Affairs has called the attention of prefectural governors to the scarcity of provisions for the development of the labor source represented by that portion of the citizenship who are physically handicapped persons.

(5) Public Employment Security Officials have been very busy with the problem of the placement of lower and upper secondary school students to graduate in March. Out of 263,000 such graduates in the region, some 123,000 have already indicated that they will be job-seekers. Since most job openings occur outside the Tohoku prefectures, even with maximum success in finding jobs in other prefectures, little hope is entertained for avoiding a large increase in the excess labor force. Seasonal work offers some relief; for example, Akita sends some 17,000 workers to Hokkaido during the herring season in the spring. Prospects are in general better for female than male graduates because of the demand for girls in the textile factories.

(6) The number of working days for the day-laborers on public work relief projects showed a somewhat better average in January. The average for the entire region was slightly over 18 days per worker. Among the prefectures, Iwate was high with 21 days and Miyagi low with 16. In Miyagi itself, the Shiogama-Ishinomaki section is the worst--there even the communists do not demand the usual "full employment" but fix the demand of their demonstrations at a guarantee of 16 days' of work per month. Factors contributing to the slightly favorable trend in January were:

(a) An effort to provide extra jobs by prefectural funds during the holiday season.

(b) Snowstorms in the northern prefectures necessitating unusually large numbers of workers to clear snow.

(7) In unemployment insurance collections--a matter of nation-wide financial concern--all of the Tohoku prefectures showed comparatively excellent results during 1950, although all lost some ground over their previous rate of collections because of the general economic stringency. Collections in 1950 by prefectures were as follows: Iwate 99.7%, Aomori 98.44%, Niigata 95.1%, Yamagata 93.3%, Akita 93.26%, Miyagi 92.54%, and Fukushima 88.11%.

(8) The drive to eliminate labor bosses and camouflaged labor supply projects is being followed up by Civil Affairs in conferences with prefectural Public Employment Security Officials. In each prefecture inspection teams have visited hundreds of establishments and have a future schedule extending through March and April. The first two months of the drive (November and December) show the following numbers of illegal labor supply projects uncovered by inspection teams: Fukushima 22 (20 by government works agencies), Iwate 5, Akita 14 (25 others probable but not proved), Aomori 4 and Miyagi 21.

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HEADQUARTERS
KANTO CIVIL AFFAIRS REGION
APO 500

Report for January 1951

Economics Summary
Mr. Paul S. Remcke

1. Agriculture:

a. Field Trips and Conferences: A total of 882 man hours were spent in direct contact with Japanese in National Resources surveillance during January 1951. This was 59% of the total key personnel man hours for the period. 58 field trips were made to the ten Kanto Prefectures with a minimum of three to each. Time spent on each of the seven Natural Resources programs, including three phases of Agriculture Improvement, approximated 15%.

b. Fertilizer Distribution:

(1) Some concern is being expressed in the region regarding the 1951 spring fertilizer supply. Predictions are that it will not be sufficient to meet requirements. Current stocks held by wholesalers and retailers are said to be low.

(2) Prefectural officials in Kanagawa, Chiba, Gumma, Saitama and Tokyo-To report that wholesalers are unable to secure delivery contracts for spring fertilizer from manufacturers. If these are not effected at an early date, other factors (such as availability of transportation) may hinder timely delivery to farmers. Prefectural officials give the following reasons for manufacturers' refusal to enter into delivery contracts:

(a) Deliberate withholding to force price increase.

(b) Hoarding of stocks for the anticipated more-profitable export trade.

(c) Tendency to sell calcium cyanide as carbide due to higher carbide prices.

(d) Decreased production due to power shortages during December 1950.

(e) Excessive buying by dealer and farmer speculators in anticipation of higher prices.

(3) Tochigi officials claim that the MAF refuses to permit them to use their abundant locally produced lime for agricultural fields because the MAF has an agreement with the Fertilizer Kodan to use only commercial fertilizer!! Investigation will be made.

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c. Crop Conditions:

(1) Weather conditions in all prefectures continue favorable for the growth of winter wheat and barley. Farm advisors are offering continuous assistance on fertilizer application and other factors affecting growth.

(2) Delivery of the 1950 rice crop as reflected in the 31 January 1951 progress reports from the prefectures was 30% higher than delivery of the 1949 crop as of the same date a year ago. Six prefectures reported 100% collections, or over. Cumulative delivery was 99.4% of the revised quota. MAF reports continue at variance with the prefectural reports due to acceptance quotas prorated on basis of prefectural quotas.

d. Agricultural Co-operatives:

(1) Surveillance and guidance of agricultural co-operatives was extended to seven prefectures: Chiba, Ibaraki, Kanagawa, Nagano, Saitama, Tokyo and Yamanashi. Emphasis was placed on federation branch offices which have the most direct contact with local co-operatives. 19 such contacts were made. In addition, conferences (with advice and guidance) were held with officials of five prefectural co-operative federations, four district government offices and 15 local co-operatives, as well as co-operative section officials in all prefectures visited. Representatives of this headquarters addressed the third annual meeting of prefectural co-operatives in Nagano on 22 January 1951 and the graduating class of the Saitama co-operative training school on 31 January 1951. Mr Ward, NRS/SCAP, personally actively participated in assisting several local co-operatives in this region.

(2) Saitama, the first prefecture to report completion of preliminary auditing of all co-operative accounts, finds it necessary to re-audit approximately 10% due to inefficient accounting practices and/or serious financial conditions. Consolidation of Purchase, Sales, and Sericulture Federations is also under consideration in Saitama. Medical services would be included in a federation separate from guidance and cultural activities.

(3) It was noted in evaluating co-operative trends that most associations have experienced three phases since promulgation of co-operative laws in 1947. The first phase was one of rapid organization and growth followed by a period of mismanagement and accumulation of deficits. Weaknesses were recognized during the first half of 1950. Farmer confidence was at a low ebb and steps were taken to reorganize and strengthen the co-operative movement. The final phase witnessed the return of active government participation in all co-operative operations to the extent of financial aid, guidance, and mandatory government auditing.

(4) Various local conditions were examined and following observations were noted:

(a) Co-operatives were organized and established during 1948 and 1949. During 1950 there was a trend toward consolidation, or dissolution

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of weaker co-operatives. This trend was particularly noticeable among special-purpose co-operatives. In Nagano, for example, two co-operatives were dissolved during 1948, 58 during 1949, and 150 during 1950. Most of these were sericulture co-operatives. Consolidation of federations, especially purchase and sales federations, has been under discussion in most prefectures but action has been completed only in Gumma and Shizuoka.

(b) Membership in co-operatives followed much the same trend. Rapid growth in membership during 1948 paralleled the reorganization of Nogyokai on a co-operative basis and continued to expand at a decreasing rate through 1949 and even extended into 1950. However, some areas showed a decline in 1950. In Kanagawa, membership in all types of co-operatives was 86,688 in 1948, 107,879 at the close of 1949 and 104,347 at the end of 1950. These figures, of course, include individual membership in more than one co-operative.

(c) The number of co-operatives which reported profits at the close of FY 1948-1949 far exceeded those reporting losses, with total profits in excess of total losses. FY 1949-1950 witnessed a radical reversal with as many reporting losses as reporting profits; total losses far exceeded profits. For example, total profits of co-operatives in four prefectures fell from 17 million yen in 1948-1949 to 10 million yen in 1949-1950 whereas losses rose from 10 million yen to nearly 150 million yen in the corresponding periods. Most federations, with the exception of credit federations, followed the same trend. The current fiscal year conditions are expected to improve. Nagano prefectural officials anticipate deficit operations to decrease to 90 from the previous year's 185 units.

(d) The result of heavy co-operative losses did not seriously affect the co-operative credit functions until the end of FY 1949-50 when real conditions were exposed. Suspension of withdrawals or limitations became necessary with some co-operatives lifting restrictions before 31 December 1950. Nagano had no restrictions prior to 31 March 1950 but by 31 May 1950 five co-operatives suspended, and 18 limited, withdrawals. By 30 September 1950, these were reduced to four and 12, respectively.

(5) The year 1950 recorded both the low point in agricultural co-operative affairs and the initiation of a constructive program to put the co-operatives on a sound basis. Dishonest and negligent officers and employees were ousted and required to help make up deficits. An attempt was made, although only partially successful, to eliminate excess employees who had been carried over from the Nogyokai, and to reduce operating expenses. Inferior goods carried over from the Nogyokai were liquidated. Price increases due to the Korean War helped to reduce losses on excess stocks of goods. A program was initiated to increase share capital. Prefectural auditing of co-operative accounts brought some improvement in accounting practices. Much remains to be done, but some constructive steps have been taken to strengthen the weaker co-operatives.

(6) During the month, women's activities in agricultural co-operatives were discussed in Tokyo, Chiba, Gumma, Nagano, Saitama, and Tochigi

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Prefectures. Although many co-operatives have women voting members, only widows attend general meetings, in most cases, and do not take an active part because of the resentment of male members. Many Japanese women feel that if they belong to a women's division they will be held in a subordinate position to male members and will not have equal rights with the men, regardless of being stock holders and voting members.

e. Land Reform:

(1) Tokyo-To, Kanagawa, Ibaraki, Nagano, Saitama, Shizuoka, and Yamanashi were included in January Land Reform surveillance. Importance of early completion of land registrations and land tenure agreements was stressed in conferences held at prefectural, gun and local levels. Particular emphasis was placed on land consolidation and reclamation. A comparative analysis of progress in land reform matters between the periods January-July 1950 and August-December 1950 was also part of objective surveillance.

(2) Practically all land parcels acquired for transfer were sold to eligible farmers by 31 December 1950. Remaining areas consisted largely of farmland under two tan on which established tenants continued cultivation by tenure agreements with the government.

(3) Registration of purchased and resold land showed considerable gain during the August-December 1950 period. Additional purchases and sales during the period prevented 100% registration in prefectures that had overcome other delaying factors. Leading in this respect were Nagano and Saitama with above 99% registration as of 31 December 1950. Other prefectures with 95% to 98% completion were faced with such problems as personnel shortages, complexities arising from "land amelioration" projects, and correction of registration mistakes. Registration offices in most cases processed agricultural land registration documents but made slow progress with pasture and homesite registration. Yamanashi is experiencing difficulty in registering pasture land, formerly part of Imperial Forests, due to old and incorrect land descriptions. A complete land investigation survey is necessary.

(4) As of July 1950, few of the Kanto prefectures had definite land tenure agreement policies due to MAF delay in adjusting rental prices. Ibaraki and Shizuoka deferred action until such increases were actually effected. As of 31 December, Shizuoka processed 50% of landowner-tenant agreements and expected 100% by 31 March 1951. Ibaraki is in process of adjusting rental scales consistent with real land values.

(5) Land consolidation programs varied from ten selected local units in Tokyo-To to 53 in Nagano Prefecture. In July 1950, only promotion committees were being organized in communities selected for initial consolidation. Since then, most have succeeded in mapping and making land and cost surveys. Some local commissions have drafted exchange plans. A fundamental factor in land consolidation, according to those responsible for the program, is financial.

Consolidation expenses are said to be twice the authorized national subsidy. Actual Expenditures are held to a minimum in many communities by volunteers working without compensation. In some cases, enthusiastic and talented land commission clerks draw area maps, thus effecting a savings. Map making costs vary between ¥5,000 and ¥50,000. Land improvements, road construction and irrigation works, necessary in land consolidation, must be a co-operative undertaking by farmers concerned to avoid prohibitive costs. This headquarters encourages this approach.

f. Agriculture Improvement:

(1) Research and extension surveillance was conducted in all Kanto prefectures during the period. A review of progress during 1950 was a primary objective with comparisons noted of conditions existing at the beginning of 1950 and at its close. There is no doubt that the influence of the Agricultural Improvement program is being felt in rural communities, and that farm and home advisors are experiencing a greater degree of acceptance than at first.

(2) Organizational changes during the latter half of 1950 marked the improvement of administration and a clearer definition of functions in most prefectural Improvement Sections. In Ibaraki, the most progressive in research and extension organizational matters, an Office of Agricultural Improvement (with sub-department status) was established to insure co-ordination of those agencies engaged in research and extension. Significant advantages of the new organization are as follows:

(a) Research, extension, and training are on an equal plane and under one director, enabling greater integration and co-ordination.

(b) Establishment of agricultural improvement headquarters for research, extension, and training sections at the research station increases the efficiency of each. Closer relationship of personnel is of a special benefit to subject matter specialists in this arrangement.

(c) The training program (Farm Advisors Training Institute and Youth Agricultural Training Farm) will be given more importance than heretofore.

(d) Prestige of the agricultural improvement program was increased by its sub-department status. The director attends departmental meetings and his relations with the prefectural government were improved by locating his office in the prefectural capital.

(3) Other Kanto prefectures continue to retain an organization in which the experimental station has a "kai" status (relatively independent) and in which administrative details are channeled through the Agricultural Improvement Section. Experimental Stations are neither responsible to the Improvement Sections, nor is there any assurance that co-ordination will be maintained between research and extension. Other prefectures have displayed interest in the Ibaraki organization and we hope will make similar changes.

(4) Employment of subject matter specialists late in 1949 and early in 1950 necessitated a readjustment in extension organization. At first, specialists' functions were not clearly defined and were chiefly learned through trial and error until extension methods and subject matter fields were understood. At the present time, some specialists are well enough advanced, and have enough confidence to prepare annual programs during 1951. Training programs have yet to be better planned, with long-range objectives, information presented in more useable form, and based on evaluation of situations and personnel needs. Another step forward was employment of full-time regional or gun liaison agents (similar to U S District Supervisors) beginning in the fall of 1950. The need for effective information activities as pointed out by this headquarters has stimulated consideration with regard to clarifying and centralizing functions.

(5) At the beginning of 1950 the extension youth program was one of indiscriminate encouragement of 4-H Clubs without distinguishing characteristics to indicate a difference from existing youth clubs. Prefectural staffs included no full-time personnel to promote and direct this phase of the extension work. By the end of 1950, however, development was pronounced with a clear outlook and adoption of tentative standards and policies for better direction. Competent youth specialists are now employed in the training program and the materials being prepared are of more significant value. In general, very little progress has been made on supervised individual project work in local clubs due to lack of well-planned record sheets, reference materials, and of club leaders. Rice production and food projects will be emphasized in Tochigi during the next fiscal year, with all necessary assistance supplied by the prefecture so that a uniform standard will be maintained.

(6) Prefectural officials complain that wage, salary, and allowance increases have increased the prefectural expenditures for agricultural improvement without corresponding increases in the national subsidies. Prefectural officials also complain that in the unofficial reports of FY 1951-52 agricultural improvement national government subsidy, no funds have been earmarked for the youth program. With smaller prefectural budgets anticipated, there appears little hope for funds for youth work.

(7) Progress in the home demonstration program during the last six months of 1950 has been evident in all Kanto Region prefectures. This is due mainly to the fact that home advisors have been dispatched to gun offices and are actually doing home demonstration work. At first all interested persons were of the opinion that this program would benefit only wealthy farm families because average farmers feared prohibited costs. However, since the home advisors have been working with the farm families, there is greater demand for information and assistance in improving living conditions. With the many practical ways being taught to save time and energy, financial reasons are now seldom given as an obstacle to the progress of the home demonstration program.

(8) Chiba Prefecture has extended the home demonstration program to fishing and forestry villages. Field surveillance included one fishing and one forestry village in order to stimulate interest among the local women.

In the fishing village, home advisors discovered keen interest in the kitchen improvement program. Plans were drawn by villagers to first improve stoves to economize on fuel (with resultant savings) and later improve the rest of the kitchen.

(9) All prefectures are now planning and holding training courses for prospective local leaders to assist the home advisors. Several of these courses were attended by a representative of this headquarters. Many prefectures have qualified applicants for home advisor positions who have passed the examination but cannot be hired due to the inadequate budget and T/O of the Ministry of Agriculture and Forestry. In Gumma Prefecture, local districts are supplementing the salaries of home advisors by ¥500 to ¥1,500 per month in appreciation of the work they are doing. In Tochigi Prefecture, each home and farm advisor is given a bicycle by the Kencho and after two years of service it becomes their personal property. Other prefectures are working on similar plans.

2. Fisheries:

a. Co-operatives:

(1) The organization and activities of 11 fishery co-operatives were examined in Tokyo-To, Chiba, Ibaraki, Kanagawa, Shizuoka and Yamanashi during January. Conferences were held with prefectural officials and responsible members of fishery organizations.

(2) Establishment of co-operatives continues, as reflected by approval of five newly organized associations. 19 groups were engaged in establishment procedures and seven more held preliminary meetings during the period. No consolidations or dissolutions were reported for the period although a split was noted in approval of a new co-operative in Tokyo-To. No action was taken by the MAF on an application for establishment of a federation in Tochigi Prefecture.

(3) The anticipated increase in asset transfers did not materalize during the period. Five prefectures reported 15 transfer approvals for a regional total of 252. Of 483 former fishery associations, 231 have not affected transfer of assets. The delay in asset transfers was not attributed to lack of prefectural funds. Encouragement efforts through meetings and direct aid have not produced the desired results. This was said to be due to lack of fishermen interest.

(4) No exclusive river fishery rights were transferred during the period, indicating that officials concerned desire a status quo until all rights are adjusted. Only 12 transfers have been approved from among the 94 river fishery associations with exclusive rights. 28 are in litigation and 54 have not been considered.

(5) All Inland Water Adjustment Committees and Fishery Rights Compensation Committees have been established in the region with completion of

establishment in Tochigi Prefecture during the period. Committees in prefectures visited were engaged in scheduled activities and operations were not hampered by fund shortages. Prefectural officials complained of low compensation rates for fishery rights, especially in Yamanashi where it was felt that MAF production quantities and values were grossly underestimated.

(6) Allocation of compensation funds for losses due to interference by occupation gunnery practice was underway during the period. The ¥22,408,000 compensation fund was said to be adequate despite excessive claims for production losses.

(7) Solvency of the Hiraiso and Isozaki Fishery Co-operatives in Ibaraki Prefecture was reportedly due to additional revenues from increased fish catch. The Hiraiso Co-operative realized ¥1,983,000 from a 2% levy on members fish catch during the period 1 April-31 December 1950. Isozaki revenues were obtained by a 3% levy, totaling ¥1,201,000, for the same period. An additional ¥586,000 was realized from fisheries fees. Potential income sources are sale of fishery supplies and daily necessities. The deposit program is confined almost exclusively to allocations made by the Central Bank for long term deposits. Ordinary deposits were recorded at the Isozaki FCA as ¥257,000. 93% of the ¥8,629,000 credit program of the Hiraiso FCA was extended to two members for boat building. Credit to general members totals ¥629,000 and ¥830,000 for Hiraiso and Isozaki FCA's, respectively. All ships over 80 M/T (tuna, bonito, long line and mackeral-rod support nets) and trawlers between 10 M/T and 50 M/T were insured in both co-operatives. Off-shore pole and line boats were insured only in small numbers due to safety of operations. No particular benefits were forseen in transfer of fishery rights to co-operatives. The Isozaki FCA may lose a fixed net right to an outsider because of lack of capital. The monetary loss is 26% of the co-operative revenue for a nine month period.

(8) In most cases, it is felt that the Fishery Rights program is completely ineffective since many local co-operatives are unable to assume proprietary rights. One of several co-operatives visited in Kanagawa indicated no change in the present division of fish catch revenues which gave the absentee boat owner ¥2,628,000 for a five month period (on a ¥2,000,000 investment) and approximately 60 operating fishermen less than ¥7,000 each for the same period. The same is true everywhere in the region. There is no reform for the working fisherman unless, as a group, he is able to acquire funds for purchase of equipment.

(9) The national federation of Laver and Shell Products FCA in Tokyo-To required changes in management and activity policies. Excess office personnel and lack of member participation have rendered the federation insolvent. Salaries are twice the income. A loss of ¥830,000 was recorded as of 30 November 1950 although actual losses are greater because unpaid capitalization of 1.5 million yen is listed as an asset.

(10) KaCAR commendation for outstanding organization and activities was presented to members of the Omaezaki Engo FCA in Shizuoka Prefecture. During the period August 1950 to January 1951, member savings increased from Y2.8 million to ¥5 million and a women's division established. Guidance principles are emphasis on savings program, collective purchase and sales of daily necessities, and development of co-operative spirit.

(11) As in other instances, the Fukuura FCA in Kanagawa Prefecture, despite participation in a fixed net operation earning ¥10,000,000, received less than ¥1,000,000 due to capital investment. Even this profit was insufficient to cover "town expenses" levied to cover local government expenses. Such manipulations make it impossible for the co-operative to take over sole operation of the fixed net rights. The proposed Heyakawa Port was observed to be making scant progress due to inadequate funds. Counterpart aid funds are desired to realize completion in two and a half years. Officials considered this reasonable due to possibilities of becoming a major port for fishery operations in Kanagawa Prefecture. Other necessary facilities are available.

(12) Surveillance of the Urayasu Minami Joto and Kanaya Futtsu FCA's in Chiba Prefecture revealed a common need for prefectural guidance in proper management and revenue producing activities. Overstaffing was evident in both organizations and inadequate revenue activities in the Kanaya Co-operative.

b. Marine Production and Supplies:

(1) Marine production in all co-operatives visited showed an upward trend during 1950 as compared to the previous year and were in most cases post-war highs. Increases in fuel supplies and netting, favorable currents, and climate were attributed as reasons. Record productions were noted in the rivers of Yamanashi because of stocking with fish fry and in the tidelands of Chiba due to increased stocking of shell spats.

(2) Although fuel oil allocation shortages were reported by all coastal co-operatives visited, ship tie-ups or curtailment of activities were not evident. The supplementary fuel allocations for rod-support net fisheries and the inactivity due to celebrating the New Year holidays are factors in the favorable fuel oil condition and will tide fishermen over until the end of the current fiscal year. Further shortages can be purchased either illegally or "borrowed" from oil dealers. Cotton requirements were said to be 65% fulfilled by allocations. The balance of requirements were desired as adequate reserves.

3. Forest Conservation Program:

a. Forest Extension:

(1) Tokyo, Chiba, Gumma, Ibaraki, Kanagawa and Yamanashi were covered in forestry surveillance during the period. Authorized tables of prefectural and local extension organization staffs are nearing completion. Filling of Utilization Specialist positions is not proceeding satisfactorily, however. Of 21 such positions authorized in ten Kanto prefectures, five vacancies exist and seven

positions have been filled by personnel who either failed to pass or did not take examinations. Of the remaining 47 specialist positions, 13 have been filled by applicants who failed to pass examinations and two remain unfilled; a management specialist and extension chief. An extension specialist is concurrently serving in the latter position. Extension specialist positions are expected to be completely filled following examinations in March 1951. At present, about 25% of the specialists are devoting part of their time to other than extension duties.

(2) Processing of five candidates completes fulfillment of 163 authorized local extension positions. Aside from monthly in-service instruction, forestry information to extension agents varies from none in Ibaraki to several leaflets and bulletins in Kanagawa Prefecture. In Kanagawa, three agents disseminate news letters to forest owners. Lapel buttons and extension forester's notebooks, recently issued by the Forestry Agency, were observed in prefectural offices and in use by local extension agents. Recipients' reaction was favorable.

(3) Two local extension agents in Yamanashi Prefecture indicated that approximately 60% of their time was devoted to field work. Further examination confirmed this to be typical. Non-extension time consists largely of compiling data obtained from forest owners concerning reforestation requirements outlined in the Temporary Measures Reforestation Law. Prefectural Foresters indicate that three of the eight county agents are doing this type work because county offices lack adequate personnel.

b. Management Guidance:

(1) Eight prefectures have completed management staffs, reflecting rapid progress in contrast to the extension program. Two prefectural level employees are being processed in Tochigi, while Gumma expects to place a forester to be released by the forest owners association in April 1951. Despite the fact that 35 applicants qualified for local guidance positions in Gumma, seven of the 27 authorized positions are unfilled. Prefectural officials expect to complete the staff in March after political ideologies of qualified candidates have been determined! Ibaraki officials express need for two men per management unit during the coming year instead of one as is anticipated.

(2) Gumma, Ibaraki, and Kanagawa have taken no action pursuant to the Forestry Agency's letter of 25 October 1950, directing revision of those management plans that require revision, and preparation of temporary cutting and planting plans for those areas lacking management plans. No significant number of revisions have been made because a Forestry Agency official stated, at a meeting held in Tokyo on 24 October 1950 to discuss the contents of the letter, that revisions should not be attempted until April 1951, following disclosure of the 1951-1952 budget allowances. There is a possibility that such letters are being written merely to satisfy SCAP officials and their issuances preceded by informal "instructional" meetings! Prefectural temporary cutting and planting plans have not been prepared pending receipt of timber and fuelwood production allocations, and indicated reforestation subsidies from the Forestry Agency. Cutting capabilities based on management plans, as estimates in absence of such plans, have been submitted by some prefectures. A reconciliation of differences between prefectural and forestry agency plans will follow.

(3) In a letter to all prefectures, dated 25 October 1950, the Forestry Agency requested by 15 December 1950 data on forest area, volume, growth, accessibility, etc. Kanagawa, Ibaraki, and Gumma in reporting this information had considerable difficulty in assembling the data on such short notice. Reports were based on management plans or estimates where no plans exist, rather than actual surveys. In Kanagawa, where data from areas covered by management plans were applied to areas without, on the basis of proportional areas there appeared to be 10,000 less cho of forest land than previous data indicated.

c. Reforestation:

(1) All prefectures are anticipating more extensive reforestation and higher percentage of plan completion during the current fiscal year than in any since 1945. Pursuant to the Temporary Measures Reforestation Law, data is now being compiled on areas in need of artificial reforestation. Completion of the surveys is expected in February 1951.

(2) Expenditures of counterpart funds for production of low cost seedlings were examined in the Tokyo and Maebashi National Forest Regions. The pattern is much the save as previously reported for the Nagano Region. Expansion of national forest nursery area has been through rental of privately owned nurseries except in the Maebashi Region, where five of the nine hectare increase planned for the 1950-1951 fiscal year has been realized. No increase was made in the Tokyo Region. Questionable use is being made of counterpart funds for buildings, vehicles, cameras, weather instruments, etc, as disclosed in surveillance of the Tokyo and Maebashi Region offices. Considerable expenditure of funds for germination testing equipment was noted despite the fact that simple germination tests at nurseries would suffice. A ¥2,500,000 soil and germination testing laboratory is being installed at the Meguro Experimental Station in Tokyo-To, proposed site of the Regional main office in FY 1951.

(3) The Chiba District Forest Office was examined to determine procedural use of counterpart funds at that level. Three nurseries comprising four hectares are owned, and 17 with 11 hectares are rented. Supervision of the latter are by local rangers and by employees in the Chiba office. Operations are discussed with owners and plans made for ensuing months. Satisfactory records of planned and actual expenditures are maintained at the District office and a table of unit work costs has developed to determine fund requirements for each nursery's monthly work.

d. Insect and Disease:

(1) Inspection of the "most serious" bark beetle infestations in Kanagawa Prefecture revealed minor damage by primary insects, matsu-no shirahoshi-yomushi (cryptorr hynehus insidiosus). Adverse site conditions encouraged this infestation which advice, rather than government assistance, could control. Another infestation of secondary insects was observed on a sand dune fixation from which all litter had been removed. Similar conditions were observed in Ibaraki. This headquarters continues to stress owner responsibility and improved

forest management for control of small scale primary insect infestation. Maebashi National Forest Region reported that an outbreak of momoyomadaranc-meiga (Dishocrois-punctiferalis), a defoliating insect, which was noted on 27 hectares of 70 year old fir in the national forest in Tochigi Prefecture in June 1950, had been practically controlled. The identity of a disease which killed eight cho of sugi in Gumma Prefecture is being determined at the Meguro Experimental Station.

(2) A few prefectural officials are assuming a more realistic attitude in insect control that was evident early in 1950. This is especially true with respect to the degree of importance, the amount of infestations and the effect of forest management on infestations. This is apparently in response to NRS and KaCAR advice.

e. Miscellaneous:

(1) A considerable number of complaints and requests for action against thievery of wood products have been lodged with gun and prefectural officals in Yamanashi. Persons apprehended have been released without charge. This headquarters advised the officials regarding the education of the public on future importance of young plantations, forest owner patrols during the winter season and exchange of thinnings, etc for labor by those in need of fuel.

(2) The first annual Kanagawa Prefectural Forest Rehabilitation Conference was attended by representatives of higher headquarters and KaCAR. Speakers included the director and members of the Forestry Agency, the governor, diet members and civil affairs. An exhibit of seedlings, charcoal, and forestry information was on display and prefectural recognition and prizes were given to those who had conducted outstanding forestry work during the year. Resolutions were passed by the conference regarding stressing mountain and river improvement, encouragement to private forestry (reduced forest taxation, financial assistance through loans, and technical assistance), forest roads (more forest roads and better planning and administration of road building programs), reforestation and seedlings (increased subsidy, seed collecting by the prefecture, free seedlings, and distribution of seedlings through an allocation system), and forest administration.

4. Mining:

a. During January the Kanto Region mine safety record suffered a sharp set-back as five fatalities, 20 serious and 86 minor injuries were reported for the period. The Tokyo Mine Safety director reported that the accident rate always rises in January due to general carelessness during the holiday season. Special efforts were made by the Tokyo division to warn all mines of this seasonal toll. An examination of past records at the division office proved that seasonal accident peaks occur in August as well as January. The outline of the graphs remain much the same for each year but indicate progress as the peaks get lower each year. January accidents of this year were much higher than anticipated and safety officials expressed grave concern over the record, although 20% lower than the previous year.

b. Personnel from this headquarters inspected four mines during the period and mine safety films were shown at two areas. A combined group showing was held in Gumma Prefecture and attended by representatives of six mines and the Gumma Mine Safety Association. Greatest attention and comment was directed to the film titled "Safety Course for Coal Miners," and all personnel present were impressed by elaborate safety precautions practiced in USA mines.

c. Two mines inspected reported a critical shortage of mine timbers and that price was becoming prohibitive. Officials of the Tokyo Mine Safety Division displayed samples of oil-less bearings (powdered metal) and stated that such bearings had already been installed in conveyers in two Kanto mines. Wide application for further use of these new bearings is expected by division officials.

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5. Price and Distribution:

a. Field trips were made to each of the ten Kanto prefectures during January. 719 hours were spent in contact with the Japanese concerned with the distribution and industry phases of the economics program. Restricted industries and reparations accounted for 59% of this time, while 13% was devoted to the Economic Investigation Bureau, distribution and enforcement. The balance covered electric power, construction, mining surveillance and special projects.

b. Economic Bureau:

(1) A conference was held with the Regional Economic Bureau in addition to one conference with each prefectural bureau during the month.

(2) Staple Food: Enforcement activity decreased sharply during January, resulting in the arrest of only 12,400 violators in possession of 328 M/T of staple food. Carrier activity, disguised shipments, and violations committed by railway employees increased in inverse ratio to this slackening of control, particularly in Tokyo, Nagano and Tochigi. A survey conducted by the Yamanashi Economic Bureau revealed that nine percent of all passengers on two main rail lines were carriers. In Tochigi, railway employees are underselling all other blackmarketeers. An increase of diversions during the first and second phases of staple food processing also was observed.

(3) Administrative inspections of dissolving and liquidating kodans and the transportation of tobacco for the Monopoly Bureau continued to reveal new evidence of the mismanagement of these organs. An investigation by the SPB indicated that contractors rejected by the Occupation Forces because of qualifications or other reasons were being hired by SPB as subcontractors, often on the same job from which they were disqualified. Excessive profits, dishonest estimates, favoritism, unnecessary work, and other instances of mismanagement and/or dishonesty also were uncovered. The Regional Economic Bureau estimates that losses sustained from service demands will be even higher than those uncovered to date. Details regarding the import of sugar without bills of exchange in the name of the Japan Red Cross, revealed that the JRC was used as a "front" for two trading companies in Tokyo. This, as well as numerous other violations, apparently resulted from a too loose interpretation of customs regulations and lack of co-ordination and interest by MITI. Steps have been taken to prevent recurrences. MITI negligence is blamed also for the current situation with respect to "Speciality Shops" operated for foreign residents. Of the ten violations detected by the Tokyo Economic Bureau, the majority were committed by operators who possessed neither shop, office, nor telephone and whose addresses were traced to shacks among the paddy fields in the outskirts of Tokyo. All were referred to procuratorial authorities. The origin of foreign commodities on open sale throughout the region is twofold - officially released goods (SIM, TOG, QM) and illegal diversions from OSS and SPS type stores. In each case the MITI has primary responsibility for the correct administration of those programs. Although regulations require the marking of all released goods, few if any are now so identified, making it impossible to determine the source.

Import licenses appear to be granted for commodities for sale to foreigners with little regard, it would seem, to the maximum possible consumption by this group. A survey of prices for consumer commodities conducted in Tokyo during January revealed slight increases since 30 September 1950. Of the 145 items surveyed, 54 have increased (some seasonal), while ten decreased and the balance remained unchanged.

c. Restaurant Control: During January, five prefectures reported 107 restaurant violations. Administrative action was taken in 46 instances and prosecution requested for the balance. Public Hearing Committees met a total of ten times in three prefectures and heard 91 cases. One license was revoked, 40 suspended and 16 unlicensed establishments sealed. In Yamanashi and Ibaraki there have been no PHC meetings since September. In Saitama, the governor granted permission for the operation of "sushi coupon" restaurants, in accordance with an alleged transfer of authority from the central to prefectural governments. Reports indicate that similar acts occurred in Fukushima and Yamagata prefectures in Tohoku Region.

d. Staple Food:

(1) Ration rejections by general consumers continued to decline throughout the region. Among contributing factors were year-end holiday demands and increased purchasing power, coupled with a tendency to hoard because of unsettled international conditions. The principal factor, however, was the placing of all staples other than rice on a "free coupon" basis during January. Despite the numerous difficulties which this system will place upon accountable agencies (coupons valid throughout Japan for a period of 45 days) rejections and subsequent waste should be reduced considerably. Flour mill operators, especially in Shizuoka, do not favor this revision of ration procedure. Because of the relative unpopularity of flour, bread, and noodles as compared with readily acceptable pressed wheat and barley, millers realize that production cutbacks are inevitable. Current stockpiles at Shizuoka mills are estimated at 7,000 tons. Although the shortage of rail transport has been eased somewhat, difficulties are being experienced in maintaining stockpiles at required levels in Kanagawa and Tokyo. Co-ordination by the Kanagawa Economic Bureau was responsible for the assignment of ten percent more freight cars to move imported wheat from ports to mills.

(2) Registration of "A" class staple food retailers (rice, wheat, barley) was completed during January. Although a final tabulation of results has not been completed, indications point to the successful perpetuation of the Kodan group. High-handed tactics, often illegal, were employed during the registration. Considerable pressure was applied to former rice dealers and other "outsiders" by the former Kodan employees in order to effect their withdrawal prior to the actual registration. In Shizuoka and Gumma, the Kodan group issued pamphlets which implied that unless they were selected to remain in business, rations would be suspended until the end of March. Both groups expended considerable energy in obtaining the proxies of registrants. Door-to-door canvassing and the giving of small gifts to consumers were practiced throughout the

region by all competitors. In Honjo, Saitama, all applicants disqualified themselves by various illegalities, leaving prefectural officials wondering who will be eligible to distribute staple food. In Kanagawa, the Liberal Party actively supported the former rice dealers, while the Socialists supported the Kodan group. To protect the interests of general consumers and insure a fair registration, prefectural governments and local economic bureaus utilized all available information media. A random survey of ten ration points and 40 households in Kofu, conducted by the Yamanashi Economic Bureau, revealed a large margin of error in weight favoring the ration points. By multiplying the average shortage (63 grams) by the ration population in Kofu, an annual consumer deficit of 1,180 bales, worth 3½ million yen, results.

(3) Campaigning for wholesale dealerships in gaining in intensity throughout the region. The majority of applicants in all prefectures except Tokyo belong to the Kodan group. Present plans call for the establishment of co-operatives or corporations along lines roughly parallel to those of the Kodan. There appears little doubt that this group will meet the general success, since selections will be made by retailers, the majority of whom are former Kodan employees with financial interests in these co-operatives/corporations. Strong support is expected from the "dai-ni kaishas," since a considerable portion of the shares and debentures of these companies also is in the hands of the Kodan group. The posting of a seven million yen bond required of all applicants acted as a further deterrent to competition before it materialized. In Tokyo, however, only nine of the 30 applicants for 20 available franchises belong to the Kodan group. Of the unresolved problems still facing prospective wholesalers, lack of a policy statement on the determination of transportation differentials is paramount. It was understood that this matter was being studied by the MAF Food Office and the Fair Trade Commission, but no details were available at regional and prefectural levels.

e. Fertilizer: Moderate shortages and slightly higher prices for spring fertilizers were reported in most prefectures during January. This may be traceable to dealers withholding stocks in anticipation of higher prices, rail transport difficulties, rumored withholding of stocks by manufacturers expecting larger returns from export sales, and reduced production resulting from electric power shortages.

f. Charcoal: The supply of charcoal, both locally produced and procured from other regions is more than adequate for demand. Prices have shown a further tendency to decline during the past month, with moderate dumping by some dealers in Saitama in expectation of further price decreases.

g. Petroleum Supplies and "Advance Allocations": Advance allocations are continued by distributors; are "underground" rather than openly, as before government prohibition. Present difficulties are dwindling stocks and scarcity of supplies of heavy fuel and diesel oils. Reports of difficulty in securing supplies to cover official allocation tickets were received from all fishing prefectures. Official allocations continue entirely out of ratio to requirements of fishing industry. At the month's end, all tickets had been issued for deep-sea fishing in Shizuoka and no "official" oil remains for boats departing in

February and March. In Misaki (Kanagawa), tuna boats were nearly 3,000 KL short of requirements for the fourth quarter after returning to dealers the tickets for 1,000 KL advance made during the third quarter. Less than six KL of official oil remain for boats going out in February and March. At the end of the month, 12 large boats were on the beach due to lack of fuel. Shortage of supply is ascribed variously to decreased import of finished products, insufficient import of crude, previous advance allocation, and lack of smooth distribution.

6. Industry:

a. General: Prefectural Economic Bureaus report that current Occupation Force procurement demands have lifted certain industries out of the red. Demand for cotton and woolen textiles now exceeds output due to limited supply and high price of yarns and fibers. Prices of critical materials continued to rise through January and some materials are unobtainable, even with allocation tickets. Caustic soda, available for 60,000 yen/ton on the black market, is reportedly completely exhausted when attempts are made to purchase at legal prices. Discussions with prefectural and company officials indicate a growing desire for the return of controls and industrial associations to equalize the distribution of materials. Industry would like to control allocation of materials within industry itself by revival of control associations! Demand for scrap iron is urgent and is evidenced by constant streams of bidders at reparations plants where scrap is available. The local Regional Economic Bureau reported that supplies of crude rubber are critical and that the price has trebled. Thus price of finished rubber products has risen only approximately 50%. Suspension of trade with China has seriously effected some industries that depended on raw material imports. Other industries have had large cancellations of finished products, but severity of effect has been offset by domestic demand.

b. Imported Critical Materials: Kawasaki Iron and Steel Works' coke ovens consumed 23,867 tons of imported and 43,741 tons of domestic coking coal during January. Pig iron production dropped to 35,758 tons (1,263 tons less than the December output). Production also declined in steel ingots as only 31,471 tons were produced in the open hearths and 14,407 tons in Thomas converters. Work stoppages during the New Year's holiday season was the responsible factor and it is anticipated that February production will be normal.

c. Medium and Small Enterprises: A survey made in Nagano Prefecture in January showed that six months ago over 30% of the prefecture's 735 saw mills were shut down due to poor business. At present all mills are operating and cannot meet demand. As of 31 January there was 5,583 tons of lumber awaiting shipment at Nagano RR stations. Yamanashi Prefecture reported that 40% of the 700 weavers in the Otsuki district are of the family or cottage type. These smaller enterprisers are realizing excellent profits as they are not subject to power regulations nor the labor standards law (are able to work 12 to 16 hours daily). The larger firms, employing nearly 100% female employees who work only eight hours daily, cannot meet their demand. The weavers usually receive bills in advance covering 50% to 60% of cost from customers. These bills are discounted by local banks up to 80% so that weavers can purchase materials. During January, for reasons not given, the banks stopped this discount practice.

d. Transportation: All prefectures report improvement in the rail transportation situation. Continued efforts are being made to effect fast turn-around of cars at all points. Efforts of Economic Bureaus (regional and prefectural) did much to alleviate the railroad car stringency since mid-December.

e. Reparations:

(1) A total of 97 reparations plants, three shipyards, one fertilizer, and one explosive plant were visited (covering 424 man hours in actual contact).

(2) Releases: Partial releases of 13 privately owned reparations plants and the complete releases of two were approved during the month. The two installations released were Nisshin Kogyo, Odawara Plant (19-11) and Daiwa Kogyo, Takagi Plant (26-25). All reparations equipment from 19-11 was transferred to the Tamagawa Plant of the same company (19-10). The equipment from 26-25 was transferred and placed in storage at the Daiwa Plant of the same company, a non-reparations plant. A reduction of 15 custodial personnel was effected by these releases. Aside from the releases of privately owned installations, the partial releases of four former Japanese Army-Navy installations were recommended and forwarded to the Commanding General, Yokohama Command.

(3) The Former Japanese Army Veterinary Depot, Tachikawa, Tokyo (Dispersal area of 39-43 and 39-45) was authorized ¥3,376 from reparations funds to install electrical wiring and lights.

(4) Discrepancy Reports:

(a) Reference letter, file 387.6 (18 Oct 50) CAS-ED, "Reparation Surveillance," 23 October 1950, Nihon Seikosho K K (19-50): Instructions were given to rearrange equipment within building No 25 as soon as authorized use and movement of 20 items is approved. Tokorozawa Aero Arsenal (34-38): consolidation of equipment has been completed and area not required for reparations custody was released by the Post Engineer, Camp Drake on 27 November 1950. Hattori Tokei K K (34-49); 1st Tokyo Military Arsenal (34-31): instructions were given to repair fence dividing the reparations and the released area; 2d Tokyo Military Arsenal (34-51); further consolidation and release of area will be conducted upon approval of an additional 141 items, requested for melt-down scrap on 20 January 1951.

(b) Reference letter, file 387.6 (16 Nov 50) CAS-ED, "Request for corrective Action on Discrepancies in Reparations Installations in Ibaraki Prefecture," 25 November 1950, 1st Naval Air Depot (14-01): guards paid from reparations funds have been reduced to ten. Toka Sangyo K K (14-10): covered in December MAR, Annex D, par 6f (2).

(c) Reference letter, file 387.6 (4 Dec 50) CAS-ED, "Reparations Surveillance," 4 December 1950: maintenance of reparations equipment at the Aoyage Seisakusho (34-39) has been corrected and a request for the release of land and building not required for reparations custody at the Gumma Dispersal Plant is presently in channels.

(d) Plants inspected during the month (not including those inspected by CPC inspectors in this region): Chiba (04) - 07, 08, D2; Gumma (10) - 01, 06, 09, 09(1), 16a, 18, 19, 20, 22, 23, 24, 26, 28, 30, 32, 32a, 34, 33, 36, 41, 45, 37, 38, 39, 40, 43; Ibaraki (14) - 08, 11; Kanagawa (19) - 73; Nagano (26) - 02, 04, 05; Saitama (34) - 20, 65; Shizuoka (37) - 04, 05, 06, 08, 09, 11, 13, 14, 16, 31, 32, 45; Tochigi (38) - 01, 03, 04, 06, 07, 09, 10, 13, 15, 17, 19, 20, 25, and 39-85; Tokyo (39) - 06, 08, 10, 13, 29, 41, 43, 57, 67, 88, 91, 93, 109, 119, 120, 121, 123, 126, 128, 129, 132, 133, 134, 141, 142, 143, 145, 149, 177, 178.

f. Restricted Industries:

(1) Petroleum Refineries:- During January all Kanto Region refineries were operated within authorized quotas. Production at the four refineries amounted to 155,788, 124,277, 123,893, and 93,493 bbls, respectively.

(2) Explosives: The Chief, Fairway Safety Office of the 3rd District Maritime Safety Headquarters reported in January that prior to the operations suspension order received 1 February 1951, that 16 separate firms had started salvage of sunken explosive ammunition. One firm salvaged 222 tons but other salvage companies raised only small amounts ranging from five to ten tons. Authorized yearly production quota of carlit at Kanto Denki Kogyo K K was increased by 500 tons, January production was 202 tons of the 3,629 tons quota. Production of black powder, fireworks, and fuse is still far below authorized amounts.

(3) Fertilizer: Short electric power supply permitted only 75% of anticipated ammonium sulphate production to be realized. Manufacturers state this low production will continue through February unless rains increase stream flow. Superphosphate production ranged from 79% to 100% depending on plants' location. The two large producers of calcium cyanamide reported producing 85% and 103% of planned output.

(4) Shipbuilding: Routine surveillance inspections at six shipyards revealed no violations of existing directives. 23,430 gross tons of shipping were completed during January in Kanto Region yards. All major yards are approximately 20% short on electric power requirements due to three hour cut-off at peak load periods. Under construction at present are 36 steel vessels totaling 97,448 gross tons, which include seven large vessels in the Sixth Shipbuilding Program.

g. Electric Power:

(1) Conferences were continued in all prefectures, and a major conference with large consumers, Haidens and concerned officials was held on 9 January at the Employees Association in Tokyo. With the backing and cooperation of this headquarters, Kanto Haiden secured the co-operation of approximately 4,500 consumers in lowering daytime peak loads by 43,000 KW and by 24,000 KW for nighttime. Had not generated power continued to drop due to diminishing

stream-flow, results would have been satisfactory. At this time it is felt that switch-pulling may be imminent and Haiden requests that Hassoden effect shut-offs in rural areas before pulling switchs in the Metropolitan areas. However, night-time consumption of power in the Metropolitan area by signs and other luxury lighting is estimated to be 6,500 KW. At present, a program is being carried out to effect a two day per week shut-down of signs (by area) which will result in an additional decrease in power consumption, although not comparable to a blanket shut-off of nonessential lighting.

(2) All classes of industry have co-operated in changing to Sunday work-day with a weekday holiday:

Consumer over 300 KW	48 plants
Daytime decrease	11,700 KW
Nighttime decrease	6,100 KW
Consumber 500 KW to 3,000 KW	430 plants
Daytime decrease	23,900 KW
Nighttime decrease	13,900 KW
Consumer under 500 KW	4,000 plants
Daytime decrease	7,360 KW
Nighttime decrease	3,980 KW

(3) Chubu Haiden, covering Nagano, and western Shizuoka, has effected peak load reduction of 3,000 KW in this program.

(4) Tactical units co-operated in all cases where plants changing day-off were handling procurement demand or direct contract under Occupation Forces supervision.

h. Public Utilities Commission: As of months' end no chief has been appointed to the Regional Bureau of the PUC. A staff of 108 was established after receipt of notice on 18 January, operating under a section chief for administration, and a section chief for engineering. (The former chief of the power allocation section of the MITI Bureau remains unassigned.)

i. Public Works:

(1) General: Shortages and high prices for cement, timber, steel gravel, and petroleum continue as the principal problems confronting the public works program. In Shizuoka, officials complain that the length of time to secure Ministry of Finance approval for the floating of prefectural bond issues often delays beginning work for six months or more. They suggest a system of "interim approval," whereby a prefectural appropriation could be made to cover the period between the beginning of the fiscal year and the granting of approval for the bond issue.

(2) Counterpart Funds: Prefectural officials are voicing concern that no counterpart funds will be available for public works projects during the 1951 fiscal year, claiming that they cannot afford these projects if they are financed any other way. The main diversion tunnels at Ikari Dam, Tochigi, have been completed and the diversion coffer dams are 60% complete. This project should be ready for use during March. Spot checks of other counterpart fund work sites in the region indicated that progress is according to plan. No unusual problems or difficulties are apparent.

(3) Housing: The housing shortage is still acute in the heavily populated areas throughout the region. In Tochigi, an 18 unit ferro-concrete apartment building is almost complete. Occupancy will be determined by ability to pay rent and the "value" of the tenant to the community. It was admitted, however, that this building probably will be occupied solely by prefectural officials. The Nagano Prefectural Government plans to underwrite all or part of the 25% required by builders utilizing the Home Loan Program, in addition to supplementing the budget for this purpose with 2.25 million yen of prefectural funds.

(4) City Planning: Due to repeated pressure, Tokyo-To passed city Ordinance 88, restricting the construction of drinking establishments, motion picture houses, and other places of "entertainment" in the vicinity of schools. Present zoning laws, however, remain far from adequate. The most frequently heard complaint from home owners centers about the lack of restrictions placed upon the type of equipment utilized in home work shops. Noise, noxious odors, etc constitute a very definite public nuisance.

7. Labor:

a. Field Trips and Conferences: 42 man-days were spent in the field on the following activities: 15 factory visits for promotion of trade agreements (Nagano, Tochigi, Tokyo); conferences with LD (Gumma, Nagano, Shizuoka, Tochigi, Yamanashi), with LPS (Chiba, Gumma, Ibaraki, Kanagawa, Nagano, Shizuoka, Tochigi, Yamanashi), with LSB (Gumma, Ibaraki, Shizuoka, Tochigi, Yamanashi), with local LPO's (Chiba, Shizuoka), with WMB (Shizuoka, Tochigi, Yamanashi), with LRC (Ibaraki, Shizuoka, Tochigi, Yamanashi); visits to two PESO's (Yamanashi); ten factory visits for labor education (Kanagawa, Tokyo); two factory visits on labor standards (Gumma, Yamanashi); two labor rallies (Kanagawa, Tokyo); press conference on labor rallies (Tokyo). 40 office conferences breakdown: management, 19; union, 8; Japanese labor officials, 11; Occupation officials, 2.

b. Labor Relations:

(1) Agreements after the Sanbetsu Pattern: Persistence of the Sanbetsu pattern in union proposals for collective bargaining agreements is noted. A recent instance is the proposal by the Chiyoda Life Insurance Co Workers' Union, which embodies the following items: (a) The company shall not establish or revise the Rules of Employment, wage regulations, or any other regulations without the consent of the union. (b) The company shall permit the union members, during working hours, to engage in whatever union affairs or union activities are deemed necessary. (c) The company shall listen to the union's opinion regarding the following matters (a management council shall be called to discuss any of such matters which either the union or the company deems necessary for discussion): (1) Matters concerning operation of the company's business. (2) Matters which have serious effect upon business procedures and business operation. (3) Matters concerning fundamental policies and standards which are deemed necessary for the benefit of the employees relative to their status and economy. (d) The company shall not enforce any personnel action which seriously affects the union members' livelihood or working conditions, such as transfer, change of working-place, temporary lay-off, change in status, etc, until it is determined through discussion with the union. (Several articles along this line indicate that not even a discharge for cause can be carried out without consultation with the union, the implication always being that the union must first give its consent.)

(2) Kato Mfg Co Case (Chiba): (Reference Annex D, KaCAR Monthly Activities Reports for August, September, October, December 1950, and Special Report, this headquarters, 23 October 1950.) The following information concerning settlement of the Kato case was obtained from management officials, members of the second union, and Chiba LP officials:

(a) When the Chiba District Court was informed by the Tokyo High Court that it should cease the fruitless mediation and render a decision, Judge Takane, who had been handling the case, approached Mr Kusaka, Chiba LRC Chairman, and asked him to take over the mediation, acting not in his capacity as LRC Chairman, but as an individual. Mr Kusaka agreed. In this way, the

court was able to sidestep its responsibility and evade the instructions of the Tokyo High Court. The company was unaware of all this. They knew only that they were summoned on 1 December 1950 by the LRC Chairman, who announced that he was continuing mediation of their case in place of the court. The company rejected Mr Kusaka's offer of mediation. They had petitioned the court numerous times to cease the mediation and render a decision. Mr Kusaka then told them that they had better accept the mediation, since the court would have to render a decision by 5 December. They assumed, from the nature of this warning, that the decision would probably go against them.

(b) In the meantime, management had received some unofficial legal advice from various quarters which made them somewhat apprehensive concerning the validity of their position. Sources for this "advice" included the Chief of the Sixth Civil Suit Section of the Attorney-General's Office, a professor of law at Tokyo University, and a professor of law at Meiji University.

(c) At this point, the first union announced, through Mr Kusaka, that it would accept a certain mediation plan which the company had agreed to in a previous discussion. The company decided that it would be wiser to settle than to continue any longer. They notified Mr Kusaka that they would accept this mediation plan.

(d) On 5 December, the date a decision was to have been given, representatives of the company and of the first union met at the Chiba Court and signed the settlement prepared by the court. Its terms provide that the company shall pay a total of ¥4,478,000 to the 38 first union members in three installments, and that the first union shall withdraw its complaint filed with the court against the company. This sum includes an additional wage payment (the company had been paying regular wages, at the court's suggestion, all through the dispute), a special retirement allowance, taxes, and a "special allowance for the strike." Two installments have already been paid; the third and last will be paid shortly.

(e) The first union members, admitted Communists, have drawn regular wages while excluded from the plant these many months and are now, in addition, four million yen richer. The company, whose only fault was to sign a union shop agreement with a union representing an overwhelming majority of its workers, is, therefore, paying four million yen as a penalty for dealing in good faith with its workers. The trade union movement in Japan has suffered a setback, since doubts have been raised as to the validity of the union shop principle. But, most important, the Chiba District Court (which piled confusion upon confusion until it was called to task by the Tokyo High Court) has sidestepped the issue and saved face.

(3) Kenkyusha K K Dispute (Tokyo): (Reference MAR, Annex D, 8b (2), October 1950.) The prolonged dispute at Kenkyusha K K (book publishers) over the purge of six Communists and four fellow-travelers finally came to settlement on 31 December 1950 after a series of ineffectual court injunctions, illegal entries, and fruitless collective bargaining sessions. Settlement was

reached without intervention of the LRC. The union (Sanbetsu-affiliated) made it clear that it had no faith in the LRC; branded it as a "capitalist front organization." Management, having displayed a singular inability to manage, appears to have profited educationally if not financially. The settlement consisted of the following: The company shall pay the nine dischargees (the tenth resigned voluntarily) the ordinary retirement allowance plus a special retirement allowance averaging ¥50,000 each. The union and the individual dischargees shall immediately withdraw their applications to the court asking for provisional injunction of reinstatement. The dischargees shall retire peacefully and thereafter sever all connections with the company and the union, and shall not file any further protests concerning the case. (Attention is invited to the cynical attitude of Communists toward the union implied in the words underlined above. For ¥50,000 per capita, they were willing to make their exit from the union, even though no trade agreement, and hence no union shop clause, existed.) The one dischargee who resigned voluntarily is reported to have received an additional ¥50,000 from management as a "confidential" bonus for not protesting his discharge. The effect of the settlement on production is indicated by the fact that during November, at the height of the dispute, it was only 30% of normal; in December, 80%; at present, normal.

(4) Hiratsuka (Kanagawa) Tobacco Plant Dispute: This dispute arose late in December at the Hiratsuka Tobacco Drying Plant of the Japan Monopoly Public Corporation in Kanagawa. The cause was the separation of 70 temporary workers who had been employed on a term-hiring contract and were supposed to be separated on 19 December. One of them, a Communist named Goto, incited the group to demand extension of their hiring contract for another week, together with payment of a ¥5,000 year-end allowance plus discharge allowance. As in the Kiryu chimney-sitting case (Reference MAR. Annex D, 7b (4), December 1950), Communist helpers from the outside assisted with characteristic techniques of agitation. The outsiders were CP cell members of the Hiratsuka District and day labor Communists, most of whom had been discharged under personnel rationalization. The dispute was settled through conciliation by Chairman Hoshizaki of the Hiratsuka District Federation of Labor Unions, with the result that each male worker received approximately ¥2,500 and each female ¥1,000 (representing payment of wages through 25 December, although they did not work beyond the 19th).

(5) Riken Spring Co Case (Tokyo): Management representatives of the New Riken Industrial Co, Ltd, have reported further developments in the trouble involving six workers discharged for cause by the former Riken Spring Co, Ltd. (which was amalgamated with the first-named company on 1 October 1950). After the Tokyo District Court had given a provisional injunction ordering reinstatement of all the dischargees, it suggested to the company that it review the discharge procedures, strictly in accordance with the old Rules of Employment, which had been held by the court to supersede the new ones set up by the company. A joint union-management discipline committee was established, and the disciplinary discharge of the six workers was unanimously approved. The union general meeting duly approved the discharge. The following day, the company filed with the Adachi LSIO an "application for exemption from the

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employer's obligation to give 30 days' discharge notice" under Article 20 of the LSL and formally discharged the workers. The Adachi LSIO Chief suggested that the company withdraw this application and pay the dischargees allowances equivalent to 30 days' wages. The company submitted supplementary specific evidence to justify its claim to the right to discharge without notice. On the other hand, the six dischargees are still demanding their wages on the basis of the above-mentioned reinstatement injunction, which the court has not cancelled, despite the fact that the company filed a protest requesting cancellation as long ago as September 1950.

(6) Tokyo Shibaura Electric Company: Management reports continued participation of Communist dischargees in the collective bargaining sessions held with the union. In December the dischargees organized the "Toshiba Unlawful Discharge Counterattack League," with a factory group at each plant, and began an active propaganda campaign for the purpose of making character attacks on the union's democratic leaders and on the management, distorting the facts regarding collective bargaining negotiations and attempting to alienate the rank and file from the union leaders and from the company. Other activities of this counterattack league have included the filing of complaints with the LRC and the district courts charging unfair labor practice in the discharges and the spreading of party-line propaganda for an over-all peace, withdrawal of the Occupation Forces, and defense of peace.

(7) Buying-off the Communists: In the above-cited Kato, Kenkyusha, and Hiratsuka Tobacco Plant disputes, there is evidence that management has engaged in buying-off the Red dischargees. More such evidence comes from Shizuoka in the form of the following figures supplied by the LPS:

Company and Location	Number of Red Dischargees	Amount Paid Upon Discharge
Fuji Sangyo, Hamamatsu	19	¥2,500,000
Toa Fuel Co, Shimizu	1	¥ 100,000
Ando Electric Co, Washizu	8	Equivalent of 3 months' wages (average ¥23,000 per capita)
Tokai Paper Co, Shimada	8	Equivalent of 6 months' wages plus ¥250,000 (total)
Suzuki Loom Co, Hamamatsu	3	Equivalent of 6 months' wages

(8) M/L Questionnaire to LRC's: With regard to the recent M/L questionnaire to the LRC's regarding collective bargaining units, LRC reorganization, and minor revisions of TU and LRA laws, it was discovered that the question on the collective bargaining unit determination was too nebulously worded.

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c. Labor Education:

(1) Labor Education in Secondary Schools: Nagano reports that the program of labor education which is being conducted by the Prefectural Government in secondary schools is so popular that labor officials regret the lack of lecturers at their disposal.

(2) M/L Radio Hour: Tochigi LP officials called attention to the fact that the M/L radio hour for labor education requires more publicity. They stated that such publicity is apparently being neglected in most prefectures, at present.

(3) Japanese Labor and UN Aims: (Reference MAR, Annex D 7c (1), December 1950,) Yamanashi reports that an endeavor to acquaint labor unions with the aims of the UN, as required by the M/L's quarterly education program, is being carried out by the LPS. The chief explains at those meetings that the labor movement cannot be separated from the international situation. He has noted that most unions agree with the Sohyogikai precept that labor must co-operate with UN objectives.

(4) Request for Assistance in Management Education: Ibaraki LP officials have requested assistance from this headquarters in conducting their management education programs along the lines laid down in the M/L's quarterly instructions. Specifically, they wish assistance at employer conferences during which such matters as the following will be discussed: personnel management, job descriptions, operation of production and research committee, education of supervisors regarding their responsibilities and the extent of their authority, technical training of employees.

(5) In-service Training for LPO Personnel: A three day in-service training conference for LPO personnel in Gumma Prefecture was sponsored by the Gumma LPS. The conference was similar to the one held in Chiba in December 1950 and reported in the December MAR. This headquarters participated, presenting a demonstration of the techniques of management education and conducting a question period.

(6) Labor Education at Tokyo Engineering Works (BIG-5): In response to a request from the officer-in-charge, a labor education program was presented at Tokyo Engineering Works (BIG-5). A series of six discussion meetings were held with rank and file workers. Emphasis was placed on the necessity for rank and file participation in union activities, methods of encouraging effective rank and file participation, and a discussion of the proper activities of a trade union. Since it was impossible to meet all of the 3,800 union members, names were selected impartially from an alphabetical roster of the workers. Each meeting was for a different group of 35 to 40 workers, thus permitting active participation in the discussions. Judging from the interest shown by the workers, it is felt that they will be successful in instigating some improvements in the union and the acceptance of more responsibility by the rank and file.

(7) Phonograph Records: With regard to the use of labor education phonograph records, Ibaraki and Yamanashi report that the lack of phonographs prohibits their use while Shizuoka feels that records are ineffective as a means of educating rank and file workers.

d. Labor Standards:

(1) Stringency of Budget: Tochigi LSB Inspection Section Chief, at a conference of labor officials held this month, pointed out that increasingly stringent budgetary controls are only contributing to the present decline of labor. He emphasized the importance of the labor movement and the labor laws to the economic stability of Japan and stated that realization of this fact by the Japanese Government is essential. The foregoing coincides with observations by LSB personnel in other prefectures.

(2) Attitude of Unions toward LSL: Although no systematic movement on the part of unions for support and enforcement of the LSL has been indicated, individual unions continue to evince interest in those provisions which assure benefits to workers along the lines of working hours, holidays, payment of wages, protection against unfair dismissal, etc through the report system. Actually, however, their co-operation in the enforcement of the law is more passive than active. Instances continue to appear in which unjustified dismissals of unionists tagged as Reds not only have gone unprotested but also have been acquiesced in by unions. Shizuoka reports that, following the Red purge, some unions have come under management domination and are conniving with employers in sanctioning and concealing LSL violations.

(3) Employers' Attitude toward LSL: Although, on the whole, the attitude of employers toward safety and sanitation measures appears to have become more positive, there still remains much to be desired along this line. Some employers withhold their co-operation until they have experienced losses from unsatisfactory safety and sanitation arrangements.

(4) Textile Industry Conditions in Yamanashi: (Reference MAR, Annex D 7d (2), December 1950.) Yamanashi WLB field representative is fully aware of working conditions in home industries as described in the Civil Liberties Commission report. The easiest way to correct this situation, she believes, is through labor education. However, employers in such establishments reportedly allow her to talk with their workers only so long as she does not touch upon the LSL or other pertinent facts which would serve to enlighten labor. Employers, by applying direct pressure, can easily oppose any attempt to unionize or enlighten workers in home industries. Only one or two workers are employed in each establishment on the average and small employers' associations are quite prevalent in such areas. At the beginning of her assignment in Yamanashi (November 1950), the field representative arranged meetings of large groups of women to encourage them to greater activity since the smaller industries are too numerous to permit individual coverage. The LSB Chief admitted that the situation described in the CLC report is true, although he felt that the statements regarding working hours had been somewhat exaggerated.

LSB officials have lectured and distributed pamphlets to students, employers, parents, and workers, with a view toward eradicating these ingrained practices. Seven violations in home industries were recently detected, and maximum fines ranging from ¥2,000 to ¥12,000 were imposed. The chief stated that in Kita and Minami-koma gun, (the area embraced in the recent exposé) 3,300 of the 4,383 home industries employ only members of the family and are therefore not subject to LSL. Competition between industries covered by the LSL and those not covered is very keen. Those industries subject to the law choose to ignore its provisions and take their chances on being caught. The M/L has advised that severe punishment will be meted out to all offenders. Prefectural officials, however, do not believe that conditions in Yamanashi are inferior to those in other prefectures. The M/L is reportedly fully aware of this problem and is studying means of solving it. It is interesting to note, in connection with the above-reported matters, that the chairman of the Yamanashi Chamber of Commerce and a management representative of the textile association, upon their return from a recent visit to the United States, lectured and wrote a few newspaper articles, but had nothing to say pertaining to trade union matters.

c. Women's and Minors' Bureau:

(1) Traffic in Minors: Despite the fact that all Kanto prefectures continue to report negatively with regard to cases of child-selling, the WOMEN'S AND MINORS' BUREAU BULLETIN (October 1950) presents evidence that such traffic has increased. Although, of the Kanto prefectures, only Tokyo is mentioned as being engaged in the sale of minors, Kanagawa, Chiba, Saitama, and Tokyo are listed as prefectures in which they are bought. Most of these minors become sekkyakufu (waitress-prostitutes). Other types of work are represented, of course. Almost invariably, the minors come from poverty-stricken homes, although not necessarily from backgrounds characterized by ignorance or lack of education. There is, for example, the instance of a university professor who sent out 18 and 16 year-old members of his family for ¥3,000 each because his ¥15,000 monthly salary was insufficient to support his large family. Among 127 detected intermediaries, the average commission was ¥1,000-2,000 each, but a maximum of as high as ¥22,000 has been noted. War orphans are often the victims of these transactions. Frequently, the intermediaries cheat by adding clothing and medical expenses to the amount of the original "loan." Few of the contracts are in written form, but of those discovered, the following may serve as an example: "I entrust you with registration in your ward office ~~of~~ my first daughter for ten years from March 1947 to her age of 25 round years. I have borrowed ¥30,000 as a ransom, provided that the parents and the daughter shall not see one another for 3 years after the registration date. But if I take her back home during the contract period, I promise to pay you expenses amounting to ¥50/day as food costs on and after the day of registration. Under those conditions, I have made this contract as evidence for the future. (Surety, Signature.)" Disposition in most cases consists of returning the children to their homes, although not a few of them signify no desire to go back to their former environments.

(2) Unfair Discharge of Woman Teacher (Kanagawa): Upon receipt of a petition from a woman teacher in an upper secondary school in Hiratsuka, to the effect that she had been discharged unilaterally by the principal and that a subsequent order suspending her from attendance at the school had been issued, the Kanagawa W&MB immediately requested full investigation by the Superintendent of Education, together with investigation by the Legal Affairs Bureau with regard to the civil liberties of the teacher. As a result of the Legal Affairs Bureau investigation, the principal's arbitrary decision was found to be unlawful. A recommendation was made to the Board of Education, and the teacher was reinstated, although shortly afterward she was transferred to another school. Two months of constant effort by the W&MB, involving close co-operation with the Legal Affairs Bureau and continual encouragement to the teacher to stand her ground, resulted in correction of the injustice. The case constitutes one of the few concrete examples of W&MB effectiveness which have come to the attention of this headquarters.

f. Employment:

(1) Day Laborer Demonstrations: The acme of violence in Communist-inspired day laborer demonstrations was reached in Nagano City in mid-January with the murder of a 36-year-old policeman (one of the force dispatched to restore law and order among day laborers who had assembled outside the Nagano District Court in an attempt to impede the processes of justice). The demonstration, occasioned by the scheduled trails of the day laborer union chief and vice-chief, who had been arrested for violation of public safety laws in prior demonstrations (demand for ¥5,000 winter allowance), was engineered by Communist Diet member Hyakuro Hayashi. Suspects have been arrested, and others are under investigation, but prefectural officials doubt that the crime can actually be pinned on the guilty person. Other prefectures report somewhat less dramatic but riotous demonstrations, almost invariably incited by, and participated in, by Red purgees whose unemployment insurance benefits are drawing to a close. In this connection, Kanagawa supplies the following information regarding purgees:

Total number of purgees:	886
Employed again in other places:	73
Returned to farming:	41
Employed in union affairs:	11
Became independent merchants:	93
Became day laborers:	6
Unemployed:	382
Others:	87
Uncertain:	193

Gumma reported that on 28 December a group of approximately 20 Koreans, including wives and children, invaded the Takasaki City Office to demand payment of a ¥1,000 per capita year-end allowance and that they entered into sit-down tactics after rejecting an offer of ¥500. This "offer" is being investigated,

since it smacks of the establishment of a dangerous precedent. Tokyo-To reported that the number of day laborers registered at Tokyo PESO's was approximately 39,600 at the year's end (an increase of 16,600 over the figure for the end of 1949). For the New Year holidays they received an advance payment of four days' wages, amounting to ¥968 each.

(2) Day Laborer Unions and the PESO: Prefectural labor officials have repeatedly called attention to the need for the M/L to state clearly whether or not there is an employer-employee relationship between the PESO and unions of day laborers. Tochigi reports that it requested such clarification some time ago but that no reply has been forthcoming. In this connection, study of the recent Maizuru (Branch) Court decision shows that when members of the free day laborers' union approached the deputy mayor with demands for a bon festival allowance (three paid holidays) and recognition of Sunday work, they were met with refusal. In their dissatisfaction with the reply they failed to obey instructions to withdraw from the municipal office, with the result that a turmoil occurred in which a number of arrests were made. The Maizuru Court, in trying the case, stated that it could not but hesitate to refuse the over-all right of collective bargaining to the free day laborers' union, basing its opinion on the following: The union, although not qualified under the provisions of Article 5, TUL, still consists of workers as defined by the TUL, which recognizes craft unions and the right of collective bargaining for conclusion of a trade agreement and the protection of union activities. Therefore, the city cannot refuse the right of collective bargaining to a union of day laborers who have the right to receive wages in compensation for their services. Furthermore, in view of the special nature of the enterprise, when the city gives workers unfair and disadvantageous treatment in violation of existing laws and ordinances pertaining to unemployment relief work, the day laborers' union has the right of collective bargaining guaranteed by Article 28 of the Constitution. Thus, although it found the defendants guilty of failing to obey the order to withdraw, the Maizuru Court stated, in effect, that it was not the right of collective bargaining that was in question, but the procedure that the union attempted to use. How such a decision is to be reconciled with the M/L's application of Cabinet Order 201, 1948 (Article 1) to day laborer unions (denying them the right of collective bargaining) is something that no Japanese authority has yet ventured to explain.

(3) Year-end Allowances for Day Laborers: In Ibaraki, city officials of Mito, Hitachi, and Tsuchiura granted day laborers a year-end allowance of ¥500 out of local funds. The mayor of Tsuchiura reportedly set the precedent, and the mayors of the other two cities felt impelled to follow suit. On 22 January, representatives of the Mito day laborers held a conference with the governor regarding payment of a ¥500/capita contribution from prefectural funds. Their request was denied. The Employment Security Section chief sees indication that day laborers will mount another year-end offensive of perhaps equal intensity during the early part of February, when the old-style (lunar calendar) New Year rolls around.

Hq KaCAR, Annex D, Monthly Activities Report for January 1951

g. Summary:

(1) Persistence of the Sanbetsu pattern in union proposals for collective bargaining agreements is noted.

(2) Courts continue to demonstrate ineptness in their handling of labor cases.

(3) There is evidence that employers are buying-off the Communists in Red purge cases.

(4) LSB officials express the opinion that increasingly stringent budgetary controls are contributing to the present decline of labor.

(5) Yamanashi LSB and W&MB chiefs admit to deplorable textile industry conditions; feel that labor education offers solution; state that strict enforcement of LSL in this connection would necessitate amercement of almost every employer in the prefecture.

(6) Traffic in minors (especially female) shows increase according to W&MB investigations.

(7) Acme of violence in day laborer demonstrations was reached in Nagano with the murder of a policeman. End of unemployment insurance benefits for Red purgees is a contributing factor to increase in strength and extent of agitation.

(8) Increased confusion exists as to whether or not there is an employer-employee relationship between the PESO and unions of day laborers.

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HEADQUARTERS
TOKAI-HOKURIKU CIVIL AFFAIRS REGION
APO 710 (Nagoya, Honshu)

ANNEX D

To Civil Affairs Activities Report
Period Ending 31 January 1951

ECONOMICS SUMMARY

Author: C. M. George, Economics Officer

AGRICULTURE

1. Agricultural Reform

a. Land Reform

(1) Civil Affairs personnel visited three villages in Aichi where land consolidation projects were in progress. One village had completed the necessary maps and expected to make its exchange plan public on 20 January. The others expected to complete exchange plans by the end of January. Two of the villages expected to conform to their authorized budgets but the other was planning to request more funds. All farmers in each village had signed the original approval for the program. One village had planned to publicize its exchange plan for only 30 days rather than the required 60 to insure completion on time. Prefectural officials instructed land commissioners to conform to the 60-day polidy.

(2) Land registration progress in Gifu reached 99.8% for purchases and 99.1% for sales, according to registration office reports. Completion was expected by the end of February 1951. This left Aichi as the only prefecture with an appreciable amount of work remaining. The registration office reported 93.6% registration of purchase and 92.1% registration of sales. Excuses given by the registration office were (a) the shortage of personnel needed to process the applications, and (b) the necessity of returning many of the forms for correction.

b. Agricultural Cooperatives

(1) No substantial progress occurred in liquidation of the three remaining prefectural Nogyokai. Officials expected Gifu prefectural Nogyokai to complete registration by the middle of February, Aichi and Toyama by the end of February. Two additional local Nogyokai completed transfers of assets and fifteen finished registration of transfers.

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BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 January 1951.

Nine local Nogyokai remained with transfers not accomplished and 65 with registrations not completed. Aichi reported that a long-standing court case which had been delaying liquidation of 18 Nogyokai was settled, except for the execution of the official court documents. All prefectures expected to realize completion by the 31 March national target date.

(2) Prefectural inspections of ACA federations were completed by Toyama to determine financial developments subsequent to audits in July 1950. Auditing of business federations was in progress in Ishikawa, with completion expected by 13 February.

(3) Audit exposition conferences to explain the financial situations of prefectural federations to member representatives were held in Aichi and Fukui. Three area conferences were held in both prefectures and were attended by two or three representatives of each local cooperative. Conferences were of the same type held in Gifu and Mie during December 1950, as previously reported. The conferences, sponsored by prefectural officials, were observed by Civil Affairs personnel. Explanatory leaflets were distributed to attendants at all meetings and charts and graphs were used effectively in explanations presented by sponsoring officials. Questions and comments by attendants disclosed the same need for effective education of members in basic ACA principles as previously witnessed at the Gifu and Mie conferences. It was also evident that prior to those conferences the members had received only fragmentary information about the financial status and activities of their federations. Prefectural ACA Section officials of Toyama and Ishikawa observed one of the conferences in Fukui while planning similar programs of their own.

(4) Prompted by the audit exposition conferences the officials of the Fukui federations called a general meeting to submit reconstruction plans and primarily to re-submit their 1950-51 budgets which had not been approved by the members:

(a) Fifteen-year plans to recover the ¥120 million deficit were introduced. The plans showed little effort to reduce current operating expenses. Throughout the meeting the federation directors blamed the government for their financial plight and indicated their dependence on government subsidies for recovery.

(b) One representative requested from the floor that federation directors give a detailed account of the losses and that they publicly admit responsibility. The chairman over-ruled this request, which gave the remainder of the meeting an air of discord. Members from the floor severely criticized federation officials for not distributing

their proposals in advance so that local representatives could consider them and discuss them with their members.

(c) It was evident that attendants wished present directors to resign but were afraid that resignations would allow them to escape responsibility for past losses; therefore, the stalemate in this respect continued.

(d) The meeting ended with only the approval of the budgets accomplished.

(5) Follow-up meetings after audit exposition conferences are being held by local ACAs in Gifu, Mie and Aichi, where farmers are being informed of the financial status and deficiencies existing in prefectural federations as well as in their own associations. According to prefectural reports, twelve ACAs in Mie have held such meetings. "About 10%" of the ACAs in Aichi held meetings although all reports were not yet received; and Gifu was checking on follow-up meetings being held. An official who had attended three of the Aichi meetings was enthusiastic about the results. He stated that farmers were very much interested in hearing the financial standing of their organizations and that comments indicated a recognition of the need for increased capital investments as a result of such meetings.

(6) Methods of auditing local ACAs by Fukui prefecture were ascertained. It was found that only in rare cases do the prefectural officials take measures to insure that reports of audits and recommendations are disseminated to all members. The resulting tendency is for directors of cooperatives in good financial condition to pass on such information to members readily, while directors of poor cooperatives, where knowledge by members is the most important, tend to withhold such information for obvious personal reasons. Fukui officials were urged by Civil Affairs to set up a standard and impartial policy to insure that results of audits are fully disseminated to members. Unless such a practice is followed, auditing will prove of little value in a guidance sense.

(7) Prefectural officials of Aichi and Toyama who attended the recent ACA auditors' course in Tokyo felt that the course was very helpful and worthwhile. They agreed with methods proposed during the course although they stated that it would be impossible to audit in the recommended manner until sufficient personnel are made available. Toyama completed the follow-up course. Aichi was delaying the follow-up until additional personnel might be employed and included.

BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 31 January 1951.

(8) A special report is being prepared showing the adverse effects of guidance federations receiving the major portion of their financial support from other federations. The failure of guidance federations to educate and inform member cooperatives and their practice of receiving prefectural subsidies are also discussed.

(9) The financial condition of local cooperatives showed slight change since the peceding period. In Aichi one additional ACA stopped withdrawals, in Gifu one which had limited withdrawals stopped them altogether. In Mie one cooperative removed limitations on withdrawals. In the whole region 25 ACAs were suspending withdrawals and 17 were restricting withdrawals.

(10) Capital increase to meet the 31 March goal according to the recent cabinet order was of prime interest among prefectural officials and cooperative members. Notwithstanding their belief that the intermediate goals for cooperatives and federations with sizeable deficits are virtually impossible to achieve, the prefectural officials are urging the cooperatives and federations to make every effort to formulate practical plans. Federations with deficits were proceeding with plans to recover losses which would require from eight years (Gifu and Toyama) to fifteen years (Fukui; note paragraph 4, above). The Aichi Purchase Federation plan would require ten years. Such plans incorporated the intermediate and five-year capital increase goals of the cabinet order but disregarded the clause which requires deficits carried over to be deducted from paid-in capital. Fukui prefecture, which has an extremely low percentage of ACA capital actually paid-in at present, was considering prefectural loans to help cooperatives meet capital goals.

2. Extension Reorganization

a. Individual conferences, relative to the 1951 fiscal year plans, were held with each of the prefectural directors of agricultural extension. The points of organization, budget, functions, examinations, training schools, result demonstrations and analysis charts were covered. Increases in personnel organization for the 1951 fiscal year range from 28 to 181. Increases in budget range from ¥2 million to ¥55 million. On the average farm advisors and home advisors attend training schools every month for a day or two. Analysis charts, showing progress of the work, used by the agricultural extension director of Mie prefecture, were shown and explained to the directors in the other prefectures. These directors, not using such charts now but realizing their value, decided to make their own beginning in February. Prefectural extension personnel are adopting the slogan "Extension Stimulates Initiative" for the coming year.

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b. "Agricultural Extension in action" is indicated by the following successful demonstration: In July 1950 in Fukui prefecture the home advisor of Awara village talked with the farm women about the height of sinks; the women were using sinks at floor level. In October 1950, the home advisor observed 13 homes where the women had raised their sinks to comfortable working heights.

c. In Toyama prefecture, Oshima village has an active home improvement club of 30 members. At their monthly meetings they study kitchens, sinks, food, clothing, child care, schools, marriage and savings. Recent demonstrations in the homes have resulted in larger windows in kitchens, separate basins for the children to wash their faces and hands, and enlarged kitchens.

d. Result demonstrations by farmers of the same community include new canals for irrigation, new roads for hauling fertilizer and obtaining increased yields by the use of better insecticides.

e. Livestock, crop and home improvement projects are planned by members of the Yamamuro and Futatsuka 4-H clubs in Toyama prefecture during 1951.

3. Staple Food Crop Collection and Production

a. Information received from the Gifu Prefectural Food Section indicates that a 700,000 koku overquota delivery for Japan may be allocated shortly by MAF. This rumor has contributed to a general slow-up of rice delivery. With the exception of Toyama, all prefectures are meeting their intermediate collection goals.

b. Weather conditions during January were favorable for normal maturation of wheat. During November and December, due to seasonal rains, planting of wheat was delayed in all prefectures.

c. The "Increased Production Committee", to promote a 10% production increase in Aichi prefecture met only once. This indicates a sporadic and ineffective follow-up.

FISHERIES

1. Supplies

a. As a result of an investigation of the status of supplies in several representative fishing communities, it was found that the Yabuta FCA, Toyama

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prefecture, and the Nanao FCA, Ishikawa prefecture, had received only 40% and 20% of their cotton thread requirements respectively. Blackmarket cotton yarn in the Hokuriku area was reported to be ¥3,500 per roll (¥800 above official rates) making it very difficult for the fishermen to supplement their shortages.

b. As previously reported, petroleum continues to be insufficient. Petitioners for petroleum and cotton yarn, disregarding prefectural channels, are known to be calling directly on the Fishery Agency in Tokyo for an increase in allocation. One of the petitioners interviewed by this section stated that he received results only after a visit to the Fishery Agency. Such action as this tends to negate the functions and responsibilities of a prefectural supply office. There has been little evidence that the Fishery Agency discourages this practice.

2. Cooperatives

a. Fish Production: The Himi-nada Fixed Net Cooperative Association, Toyama prefecture, reported a total fish catch grossing ¥200 million during the year's operation, 300% above the average year's income. An unexpected run of winter mackerel was reported by the Fukui Purse Seine Cooperative Association. The squid catch in the Hokuriku prefectures and Mie was reported to have been the biggest in post-war years. However, due to the fact that the price of squid has dropped to a low of ¥20 to ¥60 per kan (average ¥100 per kan), it is hardly enough to cover boxing and handling expenses.

b. Finance: The Mutual Aid Finance system has not shown gains in recent months because of the prefectures' failure to publicize and encourage it. It appears necessary that the Fishery Agency must give stronger emphasis through the prefectures if this program is to succeed.

c. Boat Insurance: Fukui prefecture exceeded its target for boat insurance as confirmed by a congratulatory telegram sent by the Fishery Agency on 25 January to the Fukui Prefectural Fishery Section. This brings to three the total number of prefectures accomplishing their targets.

d. Fishery Cooperative Activities: In the Hokuriku prefectures many small cooperatives have been formed, particularly in communities where fixed net fishery predominates. In Fukui, 47 of the 75 FCA's have an average of 43 members with capitalization as low a ¥6,700. Much of this can be attributed to independent operators who desire fixed net rights.

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They are cognizant of the cooperatives' having first priority, and therefore have established their own associations meeting minimum membership requirements. Mr. Hisaga, Chief of the Fukui Fishery Section, has recommended that the Fishery Cooperative Law be amended to require a larger membership and capital to insure efficient operation. The present law affears to provide a loophole for influential fish bosses to gain control over cooperative fish rights.

e. A FCA Counter-measures Committee, as suggested by the Fishery Agency, has been organized in Ishikawa prefecture. Other prefectures have not as yet acted upon this suggestion. The Otomi FCA in Fukui prefecture has increased their capital investment to ¥9 million. Since the average capitalization of the FCAs in this region is below the national average of ¥200,000, each prefecture is commencing a capital increase campaign. The Fukui Prefectural Fishery Section is encouraging all FCAs to raise their shares to ¥1000, which at the present time average less than ¥500.

3. Fishery Reform

All prefectures are complying with the fishery reform schedule at the present time. No delay is anticipated in any prefecture except Mie. Its long coast line and diversity of fishery will necessitate a prolonged survey.

4. Fishery Problems and Comments:

a. Prefectural officials of Mie and Aichi desire legislation which will permit them to control and prosecute illegal fishing. At the present time, the prosecution of fishing law violators rests with the national government and therefore the control of illegal fishing is not as effective as the prefectures concerned desire.

b. It is the opinion of the fish farmers that the MAF should set up a low rental rate for lakes and ponds used for fishing. The fishermen are usually assessed a high rental by the farmers. A national rental rate now protects the land farmer; likewise, fish farmers desire similar regulations for their own protection.

c. Factories are indiscriminately disposing of waste in rivers. Inasmuch as these factories are big sources of tax revenue, the prefectures are reluctant to enforce measures for proper disposal of waste.

d. The hydro-electric plants are not allowing a constant flow of water for fish ladders. This prevents normal migration of fish upstream. Measures to enforce conservation, as suggested by responsible Gifu officials, would include the authorization of game wardens.

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e. Another problem posed by Gifu prefectural officials and fishermen is that of compensation for damages caused by dams to fisheries. The reply of dam officials to the fishermen that they could not increase compensation costs without increasing consumer electricity rates has proved unsatisfactory to them. Press releases publicizing the scandal concerning hoarded assets and an undetermined amount of plant profits makes this answer unconvincing to the fishermen.

FORESTRY CONSERVATION PROGRAM

1. The prefectural specialists of the forest extension program, this month, attended one-week national and regional training schools. These schools are part of the schedule of one-week training schools three times a year. The subject matter covered by the schools included management, reforestation, erosion, disease and insects, and industry. Attendance at the two management specialists' training schools by personnel of this section afforded an opportunity to describe the recent progress made by this region in the forest extension program. The handling of the village agents' training schools was of special interest to the representatives of the Forestry Agency from Tokyo. They plan to emphasize this work in the other regions of Japan. The prefectural specialists and village agents are now wearing cost lapel badges identifying them as personnel of the forest extension service.

2. "Forest Extension in Action" is indicated by the following successful demonstration: In Fukui prefecture where small oak trees from two to six inches in diameter had been used for charcoal production, village agents conducted demonstrations with private timberland owners using these trees for mushroom production. The timberland owners have increased their profit five times over what they had received for charcoal.

3. Watershed management conferences in Aichi and Gifu prefectures have been held by the prefectural technicians handling river, farm and forest work. Greater coordination in the work of these technicians was the purpose of these conferences. Aichi prefectural officials working on watershed management and erosion control were greatly stimulated by the visit of Dr. W. C. Lowdermilk and his party of NRS representatives. Dr. Lowdermilk particularly emphasized the value of leaf litter in erosion control.

4. It was encouraging to hear the Vice-President of the Tomakomai Paper Company state that the company policy would be to follow the selective cutting method of timber management after the establishment of their new paper mill near Nagoya in 1952. The paper mill will require 480,000 koku of pulpwood per year.

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5. The chief specialist of Mie prefecture stimulated the forest nurseries of the prefecture to use a new shipping tag when sending out nursery stock. The new tag contains instructions on proper care of seedlings.

MINING AND GEOLOGY

1. Mine Safety

a. Courses of instruction on sound safety practices and on the implementation of the mine laws inside and outside the mine will be offered by inspectors and engineers of the Nagoya Mine Safety Division for the purpose of preparing safety supervisors and bosses for the national examination which is scheduled to be held in the near future. A two-day course will be held at Nagoya and one-day courses will be offered at four other localities.

b. Non-metallic mining operations, although included under the new mining law, probably will not become subject to the jurisdiction of the Mine Safety Division until August 1951, according to the chief of the Nagoya Mine Safety Division. Since the Mine Safety Law holds the mine right owner responsible for the implementation of the safety codes in the mine, and since the non-metallic mine operators have six months in which they may apply for a mining right, the chief feels that operators will not apply for a mining right until the deadline date in an effort to defer as long as possible their assumption of responsibilities under the Mine Safety Law.

c. Three instances of cave-in accounted for two deaths in lignite mining and one critical injury in graphite mining. Fifteen violations in 12 lignite mines inspected were all concerned with ore haulage and transportation. In an endeavorto effect a decrease in injuries and deaths attributable to violations prevailing in the ore haulage and transportation aspects of mining, the Mine Safety Division intends sponsoring six meetings during February and March at selected localities with safety supervisors and bosses instructing them on proper safety measures to be observed in conjunction with haulage and transportation.

2. Mine Rehabilitation:

a. Underground Exploration

(1) Prefectural funds for underground exploration were expended during 1950 by Aichi, Toyama , Ishikawa and Fukui prefectures. The establishment of a budget for underground exploration marks the first

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time these prefectures have extended aid to the mining industry.

(2) Toyama prefecture, with a budget of ¥259,000, sponsored geophysical prospecting for natural gas and lignite, made a geological survey of a molybdenum bearing area, and conducted overburden stripping at nine sites where the presence of graphite had been indicated by electrical prospecting. New reserves of graphite discovered are reported as being 30,888 tons, 20% C, and 164,516 tons, 5% C. These reserves will be exploited during 1951 by the Sennotani Mine of the Showa Graphite Corporation.

(3) Ishikawa prefecture utilized ¥5,400,000 for a number of projects including prospecting for coking coal, limestone, porcelain earth, phosphate rock, and copper as well as making a general geological survey of the Hakusan area, and sinking a 500 meter boring in search of natural gas reserves.

(4) Fukui prefecture spent ¥350,000 for geophysical prospecting for natural gas reserves. Although the presence of natural gas was indicated at 4 levels within 58 meters, the prefecture fears that the reserves may not be sufficient to merit exploitation.

(5) Aichi prefecture established a budget of ¥750,000 which will be applied to shallow boring at 12 selected locations where there is a strong possibility that clay reserves exist which may be suitable for the ceramics industry. To date, two borings have been completed, both having revealed the existence of high quality clays.

(6) All prefectures, with the possible exception of Mie, will probably establish underground exploration budgets for the 1951 fiscal year. Indications from the prefectural offices are that the prospecting will be placed on a strictly scientific basis, being done by qualified geologists and mining engineers, in only such areas in which there is ample evidence that mineralization exists. All prefectures, including Mie, are conducting conferences with the Nagoya Mining Department ITI, underground development societies, mining associations, and other mining interests, in an effort to establish the most promising areas and to ascertain which type of prospecting would be practical at each of these areas.

(7) Aichi prefecture intends continuing its clay exploration as well as sponsoring a geological survey in one area where the existence of lead-zinc-silver ores is suspected. Gifu prefecture is considering conducting a geological survey at an undeveloped area wherein pyrometasomatic deposits of copper-lead-zinc are known to exist. Toyama prefecture, in addition to continuing its graphite exploration, hopes to conduct a

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general geological survey in one area where pyrometasomatic deposits of lead-zinc have been found. Ishikawa prefecture has scheduled numerous exploration projects involving prospecting for copper reserves near the Ogoya Mine, and conducting geological surveys in selected areas in search of zinc, limestone, diatomaceous earth, and a number of other minerals. Fukui prefecture hopes to sponsor a general geological survey in selected areas wherein deposits of copper, lead, and zinc were formerly mined.

(8) It is probable that results from 1951 exploration work will be better than those achieved in 1950 because all prefectures have indicated their willingness to abandon nonscientific methods of ore search, and place prospecting on an absolutely scientific basis. The fact that prefectures are extending aid to mining similar to that extended for many years to manufacturing is deemed significant.

b. Recent price rises in lead and zinc combined with improved mining and technological practices, many having been made on the recommendations of NRS metallurgists, have enabled the Kamioka Mine to realize a montyly net profit of about ¥150 million. Between 1951 and 1954, approximately ¥1,600 million are scheduled to be utilized for expansion, improvement and development work. Ore output from the two main workings is to be increased from the current daily output of 1800 tons to 3000 tons. The mill capacity of the Shikama Mill is to be increased from 650 tons to 1000 tons. A 30-ton pilot plant is to be purchased and installed. Ore bins and storage facilities are to be expanded and improved. Extensive repairs and improvements are to be made on the mine's private railroad. A total of ¥700 million is planned for these projects. The zinc electrolytic plant capacity is to be increased to 1000 tons at a cost of ¥66 million. An electric generation plant is to be built at a cost of ¥800 million. A zinc fuming plant, long recommended by NRS metallurgists, is scheduled for construction at a cost of ¥10 million. Exploration work entailing several thousand meters of prospecting tunnels is to be done at a cost of about ¥30 million.

PRICE AND DISTRIBUTION

1. Economic Bureau

a. During the past year a tendency was noticeable on the part of the prefectural EIAs to convene Coordination Committee meetings only after the field trips of Civil Affairs personnel concerned with their programs had been decided upon. This was felt by this section to indicate an inadequate degree of independance, and conversely, too much reliance by the EIA upon the presence of Civil Affairs personnel. Therefore, at a

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meeting of all prefectural directors in January it was urged that the Coordination Committee meetings in the future be convened entirely independently of Civil Affairs, with the assurance, at the same time, that when such meetings did coincide with prefectural visits, and to the extent possible, invitations to attend the meetings would be welcomed.

b. The emphasis of the EIA surveillance work during the last quarter of the JFY 1950 in all prefectures except Aichi will continue to be on administrative details of the rice delivery channels. In Aichi, in addition to the rice delivery surveillance, the EIA is continuing the sugar program, and is making the investigation of the Overseas Supply Store and the one specialty shop operating in this region. The Nagoya Bureau of ITI reports that there are 12 current licenses for the operation of specialty shops which involve Nagoya, but only one such shop is actually doing business at this time.

c. The region-wide investigation of the Tobacco Monopoly indicated here, as apparently elsewhere, that unwarranted fees are being paid to the Nippon Express Co., much of which is sub-contracted to small carriers at much lower rates.

d. The Regional Economic Bureau has publicly warned the cotton textile industry to maintain strict self-discipline in the matter of voluntary price controls. The efficacy of those warnings remains to be seen.

e. Information received by this headquarters from anonymous sources to the effect that a major source of blackmarket fuel oil originated with commercial ships which would sign for 100% of their capacity of bunkers and actually only receive 60%-80%, leaving the remainder with the supplier at blackmarket prices, was checked with the EIA. The EIA investigators were of the opinion that this was extremely doubtful, and that the actual source, rather, was probably from refineries, brokers who sell for refineries, and from export manufacturing companies that receive excessive allocations. Evidence of sufficient strength to support a prosecution has been unobtainable to date, they stated. This question arose in connection with persistent reports that about 40% of the fuel used by fishermen, 80% of that used by coastwise vessels, and 20% of that used by trucks is obtained from blackmarket sources.

2. Restaurant Control.

Public Hearing Committees in six prefectures met a total of 6 times and heard 27 cases. As a result, 16 violators received reprimands, 9 received suspensions of three to 15 days and two establishments were sealed after investigations revealed that they were operating without permits. Action is still pending on four additional violations uncovered