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MEMORANDUM FOR RECORD

SUBJECT: Field Trip to Kanagawa Prefecture, 18 - 22 December 1950.

1. References: Operational Directives No. 9, 10 and 11, subjects: "Distribution of Food and Critical Materials", "Elimination of Control Associations" and "Industry", dated 10 April 1950.

2. Enforcement: Since the transfer of controls over 3rd nationals to the Japanese Government, enforcement agencies in Kanagawa have not encountered any difficulties but ~~for~~ shortages of language specialists in the future. Cases handled to date were mostly Chinese and in most instances they were able to speak Japanese but if non-Japanese speaking foreign national cases should come up the police will be forced to hire temporary linguists. Requests have been made to higher headquarters for approval to establish a special budget for obtaining language specialists but no decision has been reached to date.

The expected EIA budget decrease for the 1951 JFY will not affect the local E.B. seriously according to E.B. officials. The amount of work to be performed in 1951 JFY will be equal to that produced during this fiscal year. Local E.B. officials however expressed desire for additional funds to carry out their educational program more effectively. E.B. officials are aware of the emergency measures being taken up by the U.S. which will sooner or later affect Japan and may increase the activities of the E.B. in which case a substantial increase in their budget will be necessary.

Survey of the charcoal situation by the E.B. disclosed that present production and import of charcoal are sufficient to meet local requirements and no serious shortages are expected as long as the present favorable freight situation continues. Moreover Kanagawa is said to produce sufficient substitute fuel (rentan, mametan) to offset shortages of charcoal. Present price of ¥350 per bale is not expected to increase further.

According to E.B. officials preparation for the dissolution of the staple food kodan is being conducted smoothly. A relatively large number of outsiders are expected to register for staple food retail business. These people will be able to survive the expected keen competition since they will be handling staples only as a side business and will continue their present business in charcoal, miso, shoyu, etc. The most anxious question at present harbored by food dealers appears to be the solution to the transportation problem and are awaiting the Government's decision.

Economic Bureau official reported the stockpiling of imported food (wheat and products) due to freight car shortages and attempts to approach

the Transportation Ministry to ease the situation proved futile. Bureau officials were advised to try and solve the problem by approaching local officials. Suggestions such as the use of water transportation were made.

In prefectural reports to Civil Affairs the Economic Bureau was advised to submit actual data rather than "official" reports such as submitted by the Kencho whose reports are usually not too accurate. As an example a survey of local petroleum distribution to fisheries was presented to show the difference existing between official report and actual situation.

The police were informed that beginning January 1951 representatives of Civil Affairs will meet only with the local E.B. and any necessary police information required will be obtained from the E.B. The police were commended for their good work and encouraged to continue doing so.

3. Staple Foods - Rejections in November are reported to have been 669 M/T while in October rejections totaled 812 M/T or 3.357% of allocations. The principal reason given for the reduced rejections in November is said to be due to year end demands. The average retail black-market price of rice is said to be approximately ¥130 per sho in Yokohama. Transportation is said to have caused no serious problems as yet in this program.

Elimination of the Staple Food Kodan is reported to be progressing satisfactorily with 1,034 retailers now said to be doing the work formerly performed by 971 kodan distribution points. This number is expected to increase to 2,000 by March so officials predict that competition will result in better service to customers. At the same time, inasmuch as the issuance of ration coupons is scheduled to be handled by city, ward and village offices with very limited personnel, trouble is predicted. Accordingly, larger allocations of funds is said to be needed in order that more clerks and other help may be hired. Officials further stated that the proposed retail margins for villages in remote areas such as Hakone are entirely too small, inasmuch as transportation costs from wholesalers to retailers are very high.

4. Fertilizer - The supply and demand of fertilizers in Kanagawa Prefecture as of 15 November was as follows:

	<u>Supply</u>	<u>Demand</u>
Nitrogen	5,845 M/T	7,878 M/T
Phosphate	7,516 "	7,715 "
Potassium	791 "	1,918 "

Current Prices of the more important items are reported as follows:

	<u>Price</u>	<u>% of official price at time of decontrol</u>
Ammonium Sulphate	¥745 per 10 kan	115%
Calcium Cyanamide	415 " 6 "	107%
Calcium super-phosphate	330 " 10 "	124%
Potassium Sulphate	907 " 10 "	132%

In spite of the above price increases since decontrol, distribution is reportedly progressing smoothly through private dealers and cooperatives. However, difficulties are expected in that dealers report lack of capital, with which to purchase stocks. Although transportation is said to have caused no difficulties, this problem is said to be jeopardizing the spring fertilizer program. Officials report that dealers will need a total of approximately ¥1,000,000,000 credit to carry out this program successfully.

5. Charcoal - Production and distribution of this item is reportedly progressing smoothly with no transportation or other problems expected. The 600,000 bale production goal for this year is expected to be completed shortly and inasmuch as normal imports from other prefectures have been received the supply is quite adequate. The average retail price is said to range from ¥300-320 per bale or about 10% less than the November average.

6. Public Works - River and Harbor projects were reported 70% completed, road projects 80% and housing projects 40% of the 1950 JFY plan completed. Cement shortages due to insufficient freight cars were reported hindering progress in river and housing projects. Harbor projects are not being affected since sufficient quantities of cement are shipped in by barges and boats. Truck transportation from ports to the various projects are too expensive and cannot be carried out under the present budget. Heavy U.S. Army vehicular traffic continued to damage roads and highways and requests for immediate repairs from Army units are continually being submitted. Kencho officials having received a letter from KaCAR advising contact with Japan Logistical Command for Army support have finally found an answer to their plea and are preparing to contact J.L.C. as soon as possible. Housing projects were reported one month behind schedule due to shortages of lumber, cement and steel. Plans are being revised to meet the situation by using cheaper grade materials. Officials expressed confidence that despite the above shortages of materials, all projects will be completed by the end of this fiscal year.

As of 10 December 2,942 applicants applied for housing loans. Allocation for Kanagawa is 4,100. To date 2,614 applicants submitted blueprints of their houses, 956 started constructions and 108 have already completed construction. Since 1 November, loans per tsubo have been increased from ¥18,000 to ¥21,000. A real estate company formed under article 17 of the Housing Loan Law received the 75% loans from the Finance Corporation to build a number of homes for individuals under a long term payment plan is finding difficulty at present due to the price increases of materials, especially steel. The company has decided to reduce the number of homes to be constructed.

The Land Transportation Office reported that the 3rd quarter gasoline allocation was increased 4.2% over the 2nd quarter and supplementary allocations increased 30%. Out of the supplementary allocation 70% is being used by companies handling P.D. projects and 30% for other use. Although there has been an increase in allocation it is still insufficient to meet the increase in the number of new cars which average approximately 450 per month. Allocation at present is reported to be sufficient to meet approximately 50% of requirements.

Electric Power - Discussion held with representatives of Kanto Haiden, Power Adjustment Bureau of MITI and the Labor Standards Office. Kanto Haiden reported that no serious shortage of electric power is foreseen during this winter. Recent rains boosted the power situation favorably. However, steps are being taken through the various electric power committees established in the prefecture to approach large consumer and request their cooperation during the winter months. Kanto Haiden reported that seven companies are already working on Sundays voluntarily and another, the Automobile Castings Co. in Tsurumi begins work at six o'clock. However it was stated that in most instances management is unable to obtain the consent of the labor unions since many laborers come from distant places and dislike waking up early due to the cold weather and lack of adequate heating facilities. The peak hours in Kanagawa were reported to be from 1600 - 1900 hours. Thirty eight companies adopted power cuts during the peak hours but have been unsuccessful with the labor union in starting work earlier in the morning. Representative of the Power Adjustment Bureau, MITI stated that efforts are being made to prevent power losses in the course of transmission, and from frequent accidents in factories.

8. Small and Medium Enterprise - The Korean War is said to have affected SME immensely in that large production orders have been received both from the occupational forces as well as the ECA. Accordingly, production has risen substantially. Prices are said to have also risen both on raw material and other production costs resulting in increased prices for the finished products, which are often subcontract items produced for the larger manufacturers. Transportation is said to be no longer a problem of great importance. However, a source of capital is a major problem which is said to be holding up the organization of many enterprises as well as production.

Exports to the U.S. ~~are~~ said to be increasing particularly since the beginning of the Korean war with certain textile products said to be particularly well accepted by American traders. Domestic commerce is said to have changed little if at all from the normal trends.

A visit was made to the Gumma Products Exhibit which was held on the 2nd floor of the Commerce and Trade Hall in Yokohama from 16-18 December 1950. This exhibit was reported fairly successful. Approximately 2,000 people visited the exhibit on the first day and 2,000 on the following two days. Orders placed for products shown at the exhibit amounted to approximately ¥400,000. The absence of clear and visible names of producers was noted. Sponsors of the exhibit stated that many high quality products were not exhibited due to producers fear of having their products copied.

9. Industry - Confirmation inspection of scrap down of reparations equipment at Tokyo Rashi Seisakusho K.K. (19-55) conducted. Inspection revealed break down of furnaces incomplete. One furnace was still intact and three others partially broken down. Plant officials were advised to scrap-down as soon as possible and report to this headquarters.

Prefectural officials were asked to advise this headquarters as to the best plants for storage of reparations machinery located in the Kokura Steel Company (19-18) plant area. This machinery now occupying space which the Big-9 U.S. Army Ordnance unit desires. Fuji Koshi Seiki (19-66) and/or

Nihon Kogaku Co. Kawasaki plant (19-22) were recommended by prefectural officials in as much as the buildings at Sangyo Kikai (19-62) originally considered is in very poor condition.

Officials report that a letter to the Governor from this headquarters, subject; "Authorized Use of Reparations Equipment," dated 28 November instructed them to have all plants using reparations items without written authorization file application for such authorization by 28 December. Although instructions have been sent by the prefecture to authorization by the Kanagawa CAT received during the period October 1948 to the same month in 1949, officials say that applications will not be completed for some time yet in view of the shortage of typewriters, translators, etc. Inasmuch as the above letter states that "Failure to take necessary steps will result in withdrawal of equipment from use", officials as well as factory managers are very much worried at this time.

Scrap inspection was made at Nippon Tanko K.K., Kawasaki Plant (19-78). Recommend approval for melt-down scrap of requested items. Routine inspection at Nihon Seikosho, Yokohama Plant, (19-51) revealed no discrepancies but maintenance was found to be poor.

10. Conclusion:

a. Enforcement agencies meeting difficulty obtaining approval for special budget to hire language specialists to handle foreign national cases. Decrease of 1951 JFY EIA budget will not affect Kanagawa E.B. Survey of charcoal situation revealed sufficient supply for this winter. Freight car shortages resulted in stockpiling of imported foods (wheat and products).

b. Staple food rejections reported decreased due to year end demand. Preparation for Kodan dissolution progressing satisfactorily.

c. No fertilizer problems at present but present transportation shortage may affect supply of next spring fertilizer.

d. Production and import of charcoal going favorably. No serious shortage foreseen this winter.

e. Cement lumber and steel shortages affecting progress in public works projects. Truck transportation from ports to projects too expensive and cannot be undertaken under present budget. Completion of projects, however, expected by end of this fiscal year.

f. House builders using housing loans meeting difficulty due to rising cost of construction materials.

g. Allocation of gasoline to the Land Transportation Office for the 3rd quarter increased over 2nd quarter but still insufficient to meet requirements. Increases in new cars average 450 per month.

h. Officials concerned with electric power reported no serious shortage foreseen this winter. However, efforts to obtain large consumers' cooperation for prevention of power losses and staggering of working hours

to reduce peak hour demands continued.

i. Small and medium enterprises production orders increased since the Korean war. Gumma Products exhibit proved fairly successful, producers of high quality products showed reluctance to display their products due to fear of being copied.

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