

Encl. to Tokyo's
No. 281 dated
May 13, 1948.

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advisable, therefore, that the tenants commence the payment of the new rental rates on the 1948-49 crop, when they still enjoy considerable cash-prosperity, rather than at a later date when the payment of fair rents as provided by the law might become a more difficult chore.

p. Interviews with landowners show that the government has not as yet paid for the purchased land. To date they have received only certificates stating the amount of money due them. The actual payment will be in 24-year annuity bonds bearing interest at the rate of 3.65 percent per year. The Land Reform Law makes no reference to the negotiability or non-negotiability of the bonds; this, in effect, placed them in the former category if a landowner chose to cash his bonds. However, the Japanese Ministry of Finance decreed that the land bonds are not negotiable during the first five years of their issuance. Under the circumstances the landowners are not concerned whether they receive the bonds now or at a later date, and are very much exercised about the non-negotiable character of the bonds. The complaint is universal and justifiable since the existing financial arrangement, conceived as one of the counter-inflation measures, is preventing the landowners from making a new start in business or industry. There is considerable scope in the field of processing agricultural products, but it calls for capital and initiative. Those among the landowners who have the latter lack the capital. This could be corrected to some extent if the landowners were granted the option to cash or not to cash a bond as circumstances might dictate.

q. This trip gave me the opportunity to get a glimpse of the work of the local land commissions. It is not easy even for an interested observer, if he is only a morning or afternoon visitor, to find out how well a commission discharges its duties - unless confronted with a flagrant case of non-performance. I haven't encountered such. I did find that the preparatory work of a commission in the matter of purchasing and selling the land is a good index of its concern with the land reform program. Judged on this basis, the majority of the commissions I dealt with may be rated as good. The unfortunate feature even of the best commission is the lack of funds to carry on the work. Greater progress would have been registered in many cases but for inadequate personnel. A commission cannot afford to hire more than one secretary, whose salary, if single, is only 600-700 yen a month, and double that if married. He must attend to a great deal of paper and statistical work. Delays are inevitable. On occasions the hat is passed around among the villagers in order to provide a commission with that minimum financial assistance without which its work would come to a halt. Nor are the Prefectural Commissions better off. The remuneration of the commissioners is totally inadequate and so are the administrative expenses of the commissions. The commissions are the administrators and the executors of the land reform program. They should be provided with the means that would advance rather than hamper their activities. The existing budgetary provisions do nothing of the kind.

r. Kurume

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r. Kurume airfield (Saga prefecture) was formerly a center for "Kamakaze" operations. I visited the place, and it was there that I saw an authentic example of "beating swords into plowshares". Little, if anything, has remained of the airfield; most of it is already under the plow and in the course of this year one will look in vain for a shred of evidence that might testify to its wartime "non-agricultural" use. Kurume is but one instance of the effort on the part of the Occupation to place the former military lands into agricultural production. I was equally impressed with the eagerness on the part of the M. G. teams to effect the change as quickly as possible. The main difficulty with which they have to contend in carrying it out is prying the land loose from the Ministry of Finance, (repository of government-owned property). The problem of unravelling the maze of bureaucratic red tape to which all such transfers are subjected also enters into the picture. In accordance with the current procedure, the Prefectural Land Commission submits a "transfer plan" to the local finance office, which in turn is supposed to forward it, with recommendations, to the District Bureau of Finance for approval. All of which is easier said than done because "OPERATION DELAY" seems to be the motto of the finance offices. In Kumamoto, for example, out of 126 pieces of land scheduled to have been transferred by the end of December (1947), the District Bureau of the Ministry of Finance acted upon and approved the transfer of not more than ten. The M.G. teams are aware of the slow progress, and under their active prodding the obstructions on the part of officialdom may yet be overcome. In the meantime, the attention of the Ministry of Agriculture has been called to the need for corrective measures with a view toward simplifying the transfer procedure and selling the released land to the tenants at the earliest date.

s. The economic changes now taking place in rural Japan, such as the improvement of the lot of the great majority of the farmers and the worsening of that of the landlords, are quite apparent. What is less obvious at this stage are the political and social changes. However, one need not be an economic determinist to realize that they are bound to come to the surface. An interested visitor to any village cannot but sense that some aspects of the cake of custom in the landlord-tenant relationship are giving way as the economic base which made the relationship possible disappears. The old order, badly battered, can persist in a new guise only in the event that no new leadership should emerge. Recent events all seem to indicate, however, that the development of this new leadership is imminent.

t. There is no question about the fact that all the leaders of the rural communities belonged to the landowner class. They had the money, the time and the "know-how"; they knew nothing and cared less about sharing their power with others. Their position, therefore, was all-important in the economic, political, social and educational hierarchy of the village. All this was beginning to change with the war. The war had placed the tenants in a privileged position, at least economically, because they were the food producers. The shift from rent in kind to

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rent in cash was another factor that weakened the bonds between the landlord and the tenant, and above all, the dominance of the former over the latter. The land reform is completing the process. The loss of affluence has removed one of the main props of their influence. Of course they still have the articulateness which in itself makes for leadership. On the other hand, the tenants and the owner-cultivators have the opportunity now, and in fact are being compelled, to take an active part in the affairs which at one time were the sole preserve of the landowner. It is realized, however, that even under the most favorable circumstances they cannot assume all or most of the commanding positions over night. Many a vacuum will be created and it will be some time before they are filled. The farm unions, the land commissions and the agricultural cooperatives will supply much of the needed talent. But even they will not be in a position to supplant for some time to come the leadership which dominated the rural communities for so many generations past. In all likelihood, therefore, the result will be that in the years immediately ahead leadership in the village will be shared between the land owners, who have been greatly weakened economically and politically, and the other rural groups, which have been economically and politically greatly strengthened.

u. A feature worth noting is the helpless position of the Communist Party in the Japanese village. This is best illustrated by the failure of the Communist propaganda against land purchasing. The alacrity with which the tenants have already acquired and will continue to acquire land in the coming months is a good measure of that. The policy now is to soft-pedal the issue for it is certainly politically unwise, and, in all probability, physically unsafe for a Communist propagandist to stand up before a group of tenants urging them not to buy land. The Communist main line of attack was not against a land reform as such, but against this particular type of reform with its main emphasis on private, rather than state, individual, rather than collective ownership of the land. It is quite apparent that the agrarian reform now in progress has cut the political ground from under the feet of the Communists in the Japanese countryside, thereby strengthening the forces that make for a middle-of-the-road, stable, petit-bourgeois rural society.

v. It is not an idle task to speculate, however briefly, on what might have happened if the Land Reform Act had not been enacted or, having been promulgated, had not been enforced. For one who had witnessed the Communist rise to power in Soviet Russia, the answer is quite clear. Failure on the part of the numerically stronger but politically less astute democratic parties, to deal with the land problem resolutely in the summer of 1917 was tantamount to delivering the peasantry into the hands of the Bolsheviks, who never tired of telling the peasants that the land will belong to them when they came to power.. Not many years later the Communists repudiated the promise; they nationalized the land and at the point of the bayonet herded the peasantry

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into the collective farms, but the fact remains that a non-communist peasantry, bent on ownership of land, made it possible for the Communists to climb to power.

w. Comparisons are invidious, and it is not suggested here that the Russian experience would have repeated itself in postwar Japan if the tenants were not given the opportunity to acquire the land. It is safe to assume, however, that but for this move rural Japan would be a seething cauldron of unrest and discontent and fertile ground for Communist agitation. A trip through rural Japan in the midst of far-reaching land tenure changes shows a peaceful, hard-working peasantry, lending no ear to political extremism, let alone supporting such. This is being achieved not by force majeure but through the orderly institution of a long overdue land reform program. In a very practical sense we are witnessing now the emergence of a healthier farm economy, which, incidentally, has promise for all of the Far East. Though the details of Asia's rural pattern differ from country to country, in essence the problem is the same. Throughout the east, the land tenure systems make the evolution of sound economic, political and social conditions impossible. Hence the not unreasonable presumption that the land reform of Japan is the seed from which can sprout a new agrarian order in the Orient. But leaving aside the reform's possible effect on other countries, it seems that in the light of the current developments in the Japanese village as against what might have happened, the conclusion one must draw is inescapable: SCAP's thorough appreciation of the lessons of history and their proper application to a specific condition. It behooves the doubters and the scoffers of the land reform to ponder this lesson and grasp the political implications of this basic policy of the Occupation.

9. Military Government Teams:

a. The preceding paragraphs show that the purpose of my trip was to study the progress of the land reform program and to obtain information on the collection campaign then in the final stage of completion. The work of the military government teams was not (and isn't) within the purview of my mission, yet it would be a reflection on my concern with land reform and food matters, as well as other problems of the Occupation, if I didn't conclude this memo with a few remarks on the M. G. teams, the executors of SCAP directives.

b. On this trip I have had direct contact with the Shikoku and Kyushu regional teams and the following prefectural teams: Kagawa, Okayama, Fukuoka, Saga and Kumamoto. If I may be permitted to add Niigata (northern Honshu), which I visited at an earlier date, we have a fairly good cross section of the country and its problems and of the teams that supervise the carrying out of General MacArthur's directives. The importance of their work hardly needs to be emphasized for the teams are the instruments through which SCAP hopes to impart new meaning to Japan's economy, polity and society. My stay with the teams was all too short to permit anything approaching an answer or, for that matter,

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a well-considered opinion concerning their activities. Yet if first impressions are valid, then it need not be considered presumptuous on my part to state that, in the main, the CO's and the economic officers I have dealt with have the understanding and earnestness that are in tune with the tasks in which they are engaged. They have shown eagerness to share the experience and knowledge gained in the day-to-day dealings on the grassroots level, for which there can be no substitute.

c. For the most part the teams are aware of the responsibilities that devolve upon them as representatives of SCAP to the Japanese people. The line of demarkation between supervision and command is difficult to draw, but my talks with some of the CO's reveal concern lest they mistake the one for the other. They are careful not to usurp the role of the Governors; not to make messenger boys out of them, but to build them up in the eyes of the Japanese people. This in itself is a difficult chore, and especially since they deal with one of the worst bureaucracies in the world, with whom compliance is a matter of form rather than of spirit. Under the circumstances the teams must "crack down" occasionally, and "suggest" punishments that fit the crime, but I have also witnessed a display of measures that make for amity, confidence and willing compliance, not necessarily among the bureaucrats, but, more importantly, among the people.

d. To this observer the land reform program is one of the pillars of the entire reform movement initiated by SCAP. Not all members of the teams share this view; it is a "touchy" subject with a few of them, and they take exception to some of the underlying principles and to some of the purposes of the reform. All of which is perfectly legitimate. The concept of "property", it has been said, is one hundred thousand years old, and it would be a sorry day indeed if we were of one mind on such basic issues as the State vs the individual in relation to "property", and public welfare as affected by the relationship of the various groups in the community to "property". What is really important is that the differences of opinion do not affect adversely the enforcement of the land reform law. Whether wholeheartedly for it or not, the effort to carry out the program is very impressive.

e. Even a few hours spent with a military government team reveals a well-known feature, a feature which however is worth underscoring time and again: the scope of the work on the one hand, and on the other, the exceedingly small number of people charged with the duties of carrying it out. The economic problems with which they deal are a good illustration of what I have in mind. These include mining and forestry; agriculture and such directly related matters as food collection and land reform; tax collections; reparations and disposition of the same; commerce and trade (imports and exports), industrial production and a whole gamut of things which are part of the main subdivisions. Add to this the rather extensive reporting schedules, and the all-important fact that few are the M. G. officers who have even a smattering of the Japanese language, and the wonder is how the teams do not get snowed under the avalanche of duties and responsibilities. The greater wonder is, of course, that things do get done.

f. The occupation of Japan, in its third year, is shifting
its emphasis

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its emphasis from the purely military objectives in the direction of the non-military, i.e., to the training and education in running the newly established institutions, in translating into life the great body of legislation enacted since the surrender. The accomplishment of the above is predicated on more and better experts, advisers, teachers and supervisors. By the same token the role of the M. G. teams should be greater than ever before. If these assumptions are correct, then two conclusions may be drawn. First, the rapid turnover of personnel, particularly where the cause is "overage" rather than lack of experience or familiarity with the problems, deserves a most careful reexamination. One need hardly labor the point on the harm done to the team, its work, and to the basic aims of the Occupation by the current practice of changes in personnel. Second, the teams need no longer be kept on "short rations" as far as personnel is concerned. This is the case now. The impression I gathered is that the same would be largely true even if the TO of every team were completely filled. More and better personnel has always been a basic need in the past; in the days ahead it will be an absolute necessity.

g. One may justly question my competence to touch on matters under (f). With respect to the organization of the M. G. teams I am somewhat in the position of an observer looking from the outside in, whose view therefore may be somewhat obscured. If I have ventured to "trespass", however, it had been because I have an "axe to grind", namely, the fulfillment of SCAP's policies and the strengthening of the M. G. teams in order to ensure this fulfillment.

W. I. LADEJINSKY
Department of the Army Consultant

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ACTION
is assigned to



UNITED STATES POLITICAL ADVISER
FOR JAPAN

No. 624

RESTRICTED

Tokyo, September 21, 1948.

Subject: Agricultural Survey Trip to Northern Japan.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

In reference to despatches 299, May 24, 1948 and 321, June 3, 1948 with regard to orientation trips by officers of this Mission to outlying districts of Japan, I have the honor to enclose herewith a memorandum prepared by Foreign Service Officer Jay Dixon EDWARDS on the subject of such a trip taken by him into several of the northern prefectures of the main island of Japan in the period from July 14 to July 24, 1948.

This trip, one in the series instituted by the Mission with a view both to the gathering of firsthand information and the training of officers of the staff, was undertaken for the purpose of gaining general information concerning conditions in the area visited, and for the more specific purpose of gaining insight into questions of land reform, rice collection, and agricultural taxation. With this in mind it was made in the company of Mr. Robert S. HARDIE, head of the Economics Branch of the Agricultural Division, Natural Resources Section of this Headquarters.

The memorandum indicates that there has already been carried out a fairly high degree of execution of the land reform measures. Land sales to tenants have been completed approximately 67% in Aomori prefecture, 67% in Akita prefecture, 77% in Niigata prefecture, and 93% in Yamagata prefecture. Common to all four prefectures is a failure to dispose of reclaimed land and land considered reclaimable. The organization of agricultural cooperatives seems to be making wide progress. Complaint against increases in the national income tax was found to be general; considerable withdrawal of deposits has followed upon increased taxes and increased cost of living. The method of assessing the income tax is in several ways arbitrary and poorly worked out, and has given rise to much resentment. In the prefectures visited individual complaint against the current rice collection

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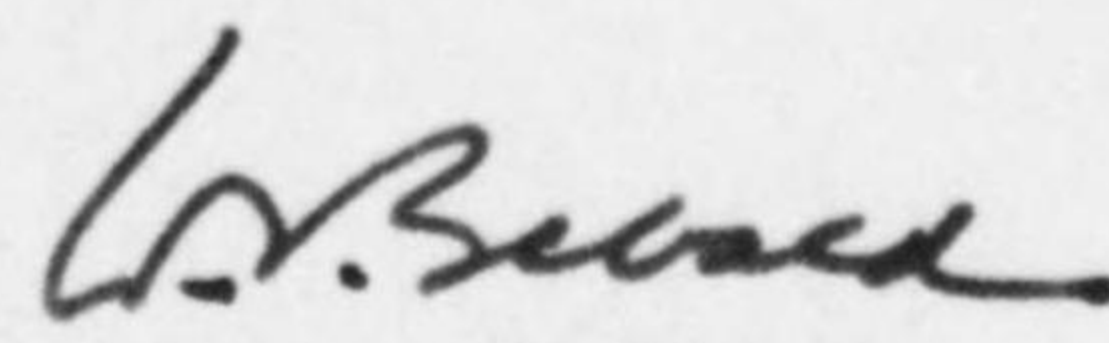
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quotas is not marked, although certain inequities in the
quotas are thought by some officials to be the source of
a good deal of the rice in the blackmarket.

Respectfully yours,


W. J. Sebald

Enclosure: *att'*

Memorandum of September 17, 1948
by Jay Dixon Edwards reporting a
survey trip July 14 to 24, 1948
to northern Japan.

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Enclosure to Despatch No. 624 dated September 21, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, on the subject: "Agricultural Survey Trip to Northern Japan."

Report of Agricultural Survey Trip by Jay Dixon EDWARDS, Second Secretary of Mission, to Four Prefectures in Northern Honshu, Japan, During the Period July 14 to 24, 1948.

I. AUTHORITY

This survey trip was taken under authority of an order of General Headquarters, Far East Command, No. 176-5 dated July 6, 1948 in connection with this Mission's orientation training program, with the particular view of acquiring information concerning land reform, rice collection, and agricultural taxation.

II. ITINERARY

In company with Mr. Robert S. HARDIE, head of the Economics Branch of the Agricultural Division, Natural Resources Section of this Headquarters, the following was the itinerary covered:

Departed Tokyo for Niigata, via Karuizawa, Nagano, and Naoetsu at 0830, July 14, and arrived Niigata at 2336, July 14. (Day coach for Occupation Forces available but no dining facilities.)

Departed Niigata for Sado Island at 0900, July 17, and returned to Niigata at 1130, July 18. (By Sado Island steamer having cabin accommodations.)

Departed Niigata via Naoetsu at 1550, July 18, and arrived Akita at 0817, July 19. (Trip made in baggage car for lack of special day coach for Occupation Forces and because of overcrowding of Japanese coaches. Lay-over of seven hours in Sakata, Yamagata Prefecture.)

Departed Akita at 1526, July 19, and arrived Aomori 2200, July 19. (By baggage car for lack of special Occupation Forces coach and because of crowded condition of Japanese coaches.)

Departed Aomori at 0815, July 21, and arrived Yamagata at 2020, July 21, via Akita. (Aomori to Akita in baggage car - portion of journey from Akita to Yamagata in second-class Japanese coach.)

Departed Yamagata at 1450, July 23, and arrived Tokyo at 0607, July 24, via Sendai with stopover of four hours. (Special Occupation Forces car from Yamagata to Sendai. Pullman accommodations from Sendai to Tokyo.)

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III. GENERAL

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III. GENERAL PLAN

The plan of the trip was to confer in the four prefectural capitals with the prefectural officials concerned with land reform, reclamation, farm credit, taxation, and agricultural cooperatives, officers of the old National Agricultural Association (Nogyokai), and local officials of the Central Bank of Agriculture and Forestry. Following a conference with these officials, we planned to interview in the fields as many farmers as time permitted. All except two of the interviews with Japanese were conducted through me as an interpreter. In both conferences and interviews emphasis was placed upon the questions of land reform and agricultural taxation. The latter subject seemed important because the Natural Resources Section had been receiving, prior to our trip, numerous intimations of dissatisfaction and unrest among farmers due to tax grievances.

Incidentally, although I was concerned primarily with agricultural questions, there were a few deviations. At Niigata I visited the library for Japanese established under the information program of the Civil Information and Education Section of General Headquarters, Supreme Commander for the Allied Powers. I was informed by the American woman in charge that the library contains about 3,000 volumes, of which only a few are novels, and that most of the titles concern technical subjects. The two-storied frame building in which the library is housed also contains music and conference rooms. These rooms are loaned to various Japanese organizations for their meetings without regard to interest shown in the library itself. However, the librarian felt that the practice had already produced some interest and that more would develop. The music room is equipped with two non-electric record players of not very modern appearance and a collection of American folk music. A more varied selection of music would undoubtedly add to the appeal of the facilities afforded. The magazine racks of the library display the latest available issues of all well known American publications of every political complexion. Daily attendance averages two hundred and thirty-five. The Niigata library is the only Civil Information and Education Section library in the four prefectural capitals we visited.

IV. NIIGATA PREFECTURE

On the morning following our arrival at Niigata, a meeting was arranged through the Acting Economics Officer with the following prefectural and other officials:

Lt. HARTLE, Assistant Economics Officer,
Niigata Military Government Team (acting in
absence of Economic Officer).

Mr. GONDAIRA Bunshichiro, of the Agri-
cultural Cooperatives Section, Economics
Department, Niigata Prefectural Government.

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Mr. WATANABE

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Mr. WATANABE Kujiro, of the Reclamation
Section, Economics Department, Niigata Pre-
fectural Government.

Mr. OKABE Saneo, of the Agricultural
Affairs Section, Economics Department,
Niigata Prefectural Government.

Mr. SATO Tatsuo, of the Rural Land
Section, Economics Department, Niigata
Prefectural Government.

Mr. IMAI Bumbei, Vice Chief of the
Niigata Prefectural Government, Nogyokai
Agricultural Association.

Mr. TOMITA Takeichi, Manager of the
Niigata Branch of the Central Bank of
Agriculture and Forestry.

Farm Land Reform:
Purchase, Sale, and Reclamation

It was disclosed, in the course of the conference,
that the farm land purchase program in Niigata Pre-
✓ fecture is virtually completed. 90,383 cho¹ of land
have been acquired to date by the local and prefectural
land commissions. This figure is approximately 93% of
the goal of 97,500 cho expected to be reached by mid-
September. Of the total land acquired to date, 27,486
cho, or approximately 30% is land surrendered in lieu
of payment of taxes. Accepting the figure of 233,000
cho as the total tillable acreage of the prefecture,
according to a 1944 survey, the land affected by the
farm land reform program amounts to 42% of the total
cultivable area of Niigata and to 76% of the land farmed
✓ by tenants in that year. This means that approximately
24% of the tenant-operated lands are not expected to be
purchased. As it is anticipated that the average of un-
purchased, tenant-operated land throughout Japan will
not be more than 10%, the figure for Niigata Prefecture
appears to be a little high. This was pointed out to
the prefectural officials by Mr. Hardie, and the former
were advised to continue the surveys rigorously so that
no purchasable land might be overlooked. By July 2,
1948, 74,999 cho of land, or 77% of the total expected
to be purchased, had been sold to tenants, according to
the Director of the Farm Land Department of the pre-
fectural government.

In addition to cultivable land, the land reform
program (Articles 30 and 38 of the Owner-Farmer Establish-
ment and Special Measures Law) provides for the transfer

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1. A cho equals 2.45 acres and comprises 10 tan.

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to prefectural governments of national public land which is considered reclaimable and also for the purchase of land for purposes of reclamation and sale to tenant-farmers entitled under the land reform program or for immediate sale if deemed reclaimable by individuals. In Niigata it is expected that 1936 cho of reclaimable land will have been purchased by December 2, 1948. In addition, 3703 cho of reclaimable public lands have been transferred to the prefectural Farm Land Department for reclamation and disposal. Of the total of 5639 cho, only 1260 cho have been reclaimed to date. Of the remainder, 2755 cho have been judged reclaimable by individuals and should have been sold much before this time, according to Mr. Hardie. (Instructions to the prefectural governments ordering immediate sale of land reclaimable by individuals or land already reclaimed, were sent from Tokyo in December 1947). Furthermore, no reclaimable land in Niigata had been sold to farm operators by July 15 for the reason, as stated by the head of the Reclamation Section of the Economics Department, that roads and bridges had yet to be built. Mr. Hardie was not favorably impressed by this record nor by the reason assigned for delay and took the occasion to lecture the prefectural officials regarding compliance with instructions on this matter and to encourage them to place this category of land in operation by private individuals as early as possible. Under the land reform program in Niigata, lands above 4000 feet are not scheduled for reclamation. Of the estimated 11,000 cho of pasturelands within the prefecture, it is expected that some 1500 cho will be purchased.

Agricultural Cooperatives

The Nogyokai or National Agricultural Association had 397 branches in various cities, towns, and villages of Niigata which were destined to cease functioning on August 14, 1948 in accordance with the Agricultural Cooperatives Law. Their replacement by the new agricultural cooperative associations has already begun. 491 of these associations had been approved by July 15; 4 others were then awaiting approval; and it was expected that by August 14 at least 100 additional applications would have been filed. If all pending and anticipated applications are approved, Niigata will have approximately 595 agricultural cooperative associations. There are 397 cities, towns, and villages in the prefecture. Of this number, 324 had only one new cooperative association on July 15 while approximately 67 had more than one. The chief of the Agriculture Section of the Economics Department believes that some difficulty may be anticipated in exercising the priorities authorized under Articles 5 and 6 of the Agricultural Cooperatives Law, which grant a time preference to the new agriculture cooperatives to facilitate their acquisition of the properties of the old Nogyokai. The reason for anticipating difficulty in this connection is the disparity in numbers between the 397

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branches of the Nog yokai and the probable 595 new agricultural cooperative associations. In other words, in some cases, the properties of a single branch of the Nog yokai may have to be divided between several cooperatives competing for them. The chief of section was of the opinion that the Property Disposal Board, set up under the Agricultural Cooperatives Law, could not smoothly transfer Nog yokai properties to the new cooperatives without the assistance of prefectural government officials. Trouble of this nature is expected in about 50 cities, towns and villages. In reply to the section chief's request for the cooperation of General Headquarters in Tokyo in solving the problem involved Mr. Hardie stated that instructions on this subject might be expected soon.

When queried regarding his preference for a single, prefecture-wide federation of agricultural cooperative associations or for a number of federations functionally specialized, the chief of the Agriculture Section decided in favor of a single federation. This decision was also endorsed at the conference by the vice chief of the Niigata prefectural Nog yokai. It was expected that on July 17 representatives from each of the then existing agricultural cooperative associations would meet in Niigata to vote whether to set up one or more prefectural federations. A liaison conference had been held in Niigata shortly before by 33 representatives of all the cooperatives that had been approved by June 14. This conference sent a petition with 200,000 names appended to the Diet in Tokyo calling for a single, prefecture-wide federation. Mr. Hardie explained to me later that this petition had not been acted upon in Diet committee as the Social Democratic Party, which is the dominant political party in Niigata, had changed its stand on this matter, although it apparently had not informed party representatives in Niigata. Mr. Hardie believes that the petition may have originated in the Niigata Japan Farmer's Union, the members of which mainly belong to the Social Democratic Party.

After eliciting from the prefectural officials the fact of their preference for a single, prefecture-wide federation of agricultural cooperatives, Mr. Hardie proceeded to explain the importance of keeping federations of cooperatives separated according to their functions. He used the then existing prefectural Nog yokai as an example of an undesirable, over-all federation unsuccessfully combining the functions of selling at the highest price, buying at the lowest price, dispensing credit, and managing deposits of members. These functions, he stated, could not all be carried on competently by the same organization, and the interests of some of the members were always likely to be hurt.

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1. There are 212,000 farm families in the prefecture.

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Crop Quotas

The head of the Rural Land Section of the Economics Department stated that Niigata's fulfillment of its rice quota last year had been slightly in excess of 100 per cent. Even so, there had been rice available for sale on the blackmarket. Mr. Sato believed that this was due to the inequitable allocation of quotas, leaving some farmers with an undue share of their production. In turn, the inequitable allocation, he stated, was due to the farmers' untruthful reports concerning their crops. Furthermore he thought the prefectural quota, both last year and this year, too high. Colonel Cox, Commanding Officer of the Niigata Military Government Team, agreed with Mr. Sato regarding last year's quota. Colonel Cox said that the prefectural quota had been so high that, on an average, the farmers had not been allowed to retain the customary share of their produce, sufficient to feed each member of the family four go¹ of rice per day.

It was also the opinion of the Rural Land Section head that the combined wheat, barley and rye quota for this year is excessive (19,800 koku², as against 5,000 koku last year, when fulfillment of the quota was three per cent short). The prefectural governor has requested a reduction to 4,800 koku, which represents last year's actual performance. This year, however, the production of these grains is reported to be slightly less than the previous crop.

Local allocation of the 1948 rice quotas may give less cause for complaint than last year, when allocations were based solely on area under cultivation, according to the head of the Rural Land Section. This year the quota allocation committees have been taking land productivity as well as acreage into consideration in as many areas as possible. Although the greater fairness thus practiced might improve the farmers' attitude toward delivery of rice to the Government, he did not feel that it alone would increase collections in comparison with last year. The reason he assigned was that last year the successful fulfillment of the excessive prefectural quota was possible only by compelling partially self-supplying farmers, that is, farmers who raise less than the amount necessary to feed themselves and their families four go of rice per person per day, to give up some or all of their crop. This year it is hoped that such an extreme measure need not again be invoked. If the partial self-suppliers are not allowed to retain more rice than the Government's standard 2.5 go ration provides, their incentive to produce at all is destroyed and they become an additional burden on the ration supplies. A further reason assigned by the Rural Land Section head for his pessimistic view regarding this year's rice collections was that, if farmers are not allowed to retain an amount

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of rice

1. A go equals .16 dry quarts or .18 liters.
2. A koku equals 5.12 bushels or 1000 go.

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of rice equal to or greater than the ration standard provides, they will balk at having to buy the difference at the new price of ¥3,830.40 per koku, instead of the old price of ¥2,138 in effect until July 11 of this year. This is particularly likely to be the case since, although there will be an increase in the price paid the farmers for their 1948 crops, the spread between the purchase price and the ration price will probably be greater than last year.¹

Farm Credit and Deposits

Regarding the fertilizer situation, we were told that the farmers had obtained about 70% of their requirements for this year's planting. About one-third was purchased with funds borrowed against the 1948 rice crop under the so-called "bill" system, an administrative device which empowers the Bank of Japan to re-discount notes bought by the Central Bank of Agriculture and Forestry against crop loans. The rest of the needed fertilizer was obtained by withdrawal of farmers' deposits in local branches of the Nogyokai. In a few cases, the branches' resources had not been sufficiently liquid to permit honoring all requests for withdrawals.

During the first half of 1948 the deposits of farmers in local branches of the Nogyokai, the deposits of the latter in the prefectural Nogyokai, and the deposits of this body in the Niigata branch of the Central Bank for Agriculture and Forestry all declined at an unusually precipitous rate. Heavy demand for credit in areas such as northern Honshu which produce only one crop a year is, of course, normal. However, it was learned from prefectural officials that the principle reason for the excessive withdrawals had been the need for cash to pay taxes. The following table shows the extent of the decline in deposits during the first half of this year (figures in millions of yen):

<u>Deposits</u>	<u>1947</u> <u>Dec 31</u>	<u>1948</u> <u>Apr 30</u>	<u>1948</u> <u>Jun 30</u>
Prefectural Nogyokai deposits with Central Bank	1,182	242	35
Local Nogyokai deposits with Prefectural Nogyokai	2,107	957	650
Deposits with Local Nogyokai	2,638	1,786	1,400

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Farm

1. The differential for the last crop was ¥388.00. It has already been tentatively decided to pay something in excess of ¥2987 for the 1948 crop. The increase may be about ¥300, bringing the differential close to ¥543.

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Farm Taxation

It appeared from interviews with farmers in Niigata that the greatest single financial burden on the cultivator is the national income tax. This tax is calculated by the Finance Ministry for each of the prefectures on an historical basis (the average tax yield of the years 1939-1944). In each prefecture the tax is allocated among the cities, towns and villages according to their proportionate production of rice. The breakdown for each farmer is then determined by multiplying the average production per unit of land in his locality by the number of units he cultivates. In this way, no account is taken of variations in the quality of land within the local administrative unit. In effect, therefore, the farmers are instructed what their tax will be, even though the law now bases taxability upon filed returns. It was acknowledged by the prefectural officials at the conference that individual tax returns this year were frequently increased arbitrarily by the tax collectors, and this was found to be the case in actual interviews with cultivators. The farmer has the right to appeal his assessment, but, the burden of proof is upon him. Since the average farmer does not keep record books with which to prove his case, his tax appeal must frequently result in no reduction. While the arbitrary rate of assessment is admitted, the tax officials feel that any resulting inequity is off-set by extra income from rice straw and other by-products of which no account is taken in computation of the tax. As of the end of June, 190 cho of land were reported to have gone out of cultivation and been abandoned because of taxes or other financial difficulties. As this is but a fraction of the total land that has changed hands within the prefecture under the land reform program, it may be concluded that taxation has not to date seriously affected accomplishment of the program. Tax officials stated that a typical farmer's division of taxes paid the various governmental entities is as follows: 66% to the national government; 22% to municipalities and towns, and 12% to the prefecture.

Interviews with Commanding Officer and Governor

On the second day of our stay at Niigata, we interviewed Lt. Col. L. H. COXE, Commanding Officer of the Military Government team, who, discoursed to us on various matters concerning public administration in the prefecture. He touched particularly upon the trouble given him by the small but vociferous group of Communists and by the Japan Farmer's Union, which is strong. There had been a cleavage in the latter organization, brought about by the ejection of Communist members. Certain members, such as the Socialist lawyer TAMAE, had objected to this action on the ground that the union should not concern itself with political matters. Tamae had also opposed the collection of the 1947 rice quota but had been persuaded by Colonel Coxé to abate his opposition.

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Colonel

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Colonel Coxe also spoke of his effort to achieve a 100 per cent closing of restaurants and tea houses in conformity of the government's policy on food conservation. His efforts in this direction had, for a time, been thwarted by Governor OKADA, who was himself interested in a certain number of "special tea houses", which actually functioned as houses of ill repute. The Commanding Officer further mentioned the difficulty which visiting personnel of General Headquarters, Tokyo, had occasionally given him, and cited the case of several officers of the Civil Transportation Section of this Headquarters who had been invited by Niigata transportation officials to a lavish Japanese dinner in a public restaurant which had supposedly been closed. The presence of the American personnel in the city was not discovered until the police, at Colonel Coxe's instigation, came and closed the restaurant. He deplored the "holiday" attitude thus exhibited by some General Headquarters officials when on official tours.

A unique opportunity was afforded us to witness at first hand the relations between the Commanding Officer of the Military Government Team and the highest Japanese civil official of the prefecture when the Colonel received a visit from Governor Okada during the course of our interview. The former seized upon the occasion to talk to the governor about outlawing prostitutes, basing his argument upon public health considerations. Governor Okada, in offering resistance, raised the question of the welfare cases that would result from prohibiting their calling to so many people and, in the event, did not seem to be greatly influenced by Colonel Coxe's arguments.

The governor had just returned from a conference of the seven governors of the Tohoku prefectures held in Iwate. He informed us that Niigata only recently had associated itself with this conference and had thus become a part of the Tohoku region. Governor Okada made use of his visit to enter a plea for the loan of road making equipment from Military Government, and Colonel Coxe readily agreed that something should be done about the public roads in the prefecture. The colonel laid emphasis upon the need for a good engineer, but the governor asserted that he could not pick a man for this position or promote a subordinate to it without first clearing him with the purge officials, since the position of prefectural engineer is one that requires such clearance. The governor was not very clear as to the precise difficulty in this respect. After his visit the Colonel commented that the Public Works Office was full of "stumble-bums" and that he was attempting to achieve a clean-up by repeated suggestions to the governor. The Public Works Office, he added, accounts for 19.6 per cent of the prefectural budget for the fiscal year 1948 and is therefore a rich plum for politicians.

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Visit to Sado Island

We took the occasion to ask Colonel Cox's permission to visit Sado Island, a part of the prefecture which lies in the Japan Sea west of Niigata two and a half hours by steamer. The Colonel stated that he did not ordinarily allow visitors from Tokyo to go to Sado but that exception might be made in our case since we were on official business. The reason he gave for the prohibition is the danger from mines in the Niigata harbor, as yet not completely swept since the end of the war. He informed us that the American air force had dropped about 779 mines of various types but that as yet only 356 had been accounted for and that a steamer had struck one and sunk in September 1947.

On the morning of July 17 we departed for Sado with a jeep on one of the steamers plying between Niigata City and Ryoju, the port of Sado. The island bears a striking resemblance to Oahu Island in Hawaii in that it is of volcanic origin and consists of a broad fertile area lying between two parallel ranges of mountains. As on Oahu, the cultivable area lies open to the sea at both ends. The central plain is planted almost entirely to rice. The population of 124,250 is engaged in agriculture and in fishing which is carried on in all the waters around the island. Considerable dried squid and seaweed of many varieties are exported to the mainland. If there were more suitable accommodations for lodging on the island, it should be easily possible for the population to increase its income from the tourist trade, as the scenery well merits inspection.

Military Government Team Personnel

The Niigata Military Government Team consists of eight officers, 41 enlisted men and 4 civilians. As Colonel Cox did not mention the need for additional personnel I assume that he had adequate staff. The economic officer being absent, Mr. Hardie and I dealt with his assistant, Lieutenant HARTLE, who readily proclaimed his liking for his job but did not appear to have any special qualifications for it. When I asked him to enumerate for me the principal industries of the prefecture, I received in return a query as to what I meant by the question. Eventually, the Lieutenant's nisei interpreter supplied me with the information. Evidently the officer personnel at Niigata are expected to be jacks of all trades. This situation may, after all, be due to shortage of personnel, but it is not altogether comprehensible how a legal officer can be transferred to economic work and an economic officer to information and education work with equal facility and preservation of efficiency.

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Akita Prefecture

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V. AKITA PREFECTURE

The pattern of our operations in Niigata was repeated at Akita with the omission of interviews with farmers, since there was insufficient time to do more than hold a conference with the prefectural officials concerned with the matters in which we were interested. As at Niigata, this conference was called after our arrival, the officials being summoned by Sergeant E. J. BOURASSA, economics officer, acting in the absence of Captain Ralph TODD. Sergeant Bourassa had been in Akita for eighteen months and seemed to relish his work although he complained of being overburdened.

The following are the persons who attended the conference at Akita:

Mr. WATANABE, Vice Governor.

Mr. WATANABE, head of the Land Department
Akita Prefectural Government.

Mr. YAMAZAKI, Chief of the Reclamation
Section, Land Department, Akita Prefectural
Government.

Mr. ABE, head of the Agricultural Land
Section, Land Department, Akita Prefectural
Government.

Mr. SASAKI of the Agricultural Cooperative
Section, Economics Department, Akita Prefectural
Government.

Mr. KIKUCHI, of the Cultivation Section,
Economics Department, Akita Prefectural
Government.

Mr. KAKIZAKI, of the Agricultural Section,
Economics Department, Akita Prefectural Govern-
ment.

Mr. HARADA, Chief of the General Affairs
Department, Akita Prefectural Government.

Mr. OKA, Director of the Prefectural
Nogyokai.

Mr. SATO, Chief of the Accounts Section
of the Prefectural Nogyokai.

Sergeant E. J. Bourassa.

Farm Land Reform: Purchase, Sale and Reclamation

53,000 cho of arable land in Akita were originally
estimated as subject to transfer under the land reform

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program.

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program. A supplementary survey ordered in January 1948 brought to light an additional 3,000 cho. Up to July 19, the land purchased by the Government, exclusive of land surrendered in lieu of taxes, amounted to 41,760 cho, or 75 per cent of the area revealed in the last previous survey in January. The goal is to complete the purchase of the remaining 25 per cent by October 2 of this year. If 17,000 cho of land surrendered in lieu of taxes are added, the total land acquired by the Government up to July 19, amounts to 58,760 cho, or 49 per cent of the total cultivated land of Akita as estimated in 1944. The area of 56,000 cho representing the purchase goal, plus the 17,000 cho surrendered in lieu of taxes, together amount to exactly the estimated total of tenant-cultivated land as of 1944. When the program is completed, therefore, it appears that virtually all of the tenant-cultivated land will have passed to the ownership of the tenants. As of July 1, 39,000 cho, or approximately two-thirds of the land then held by the Government had been transferred to private ownership. Mr. Hardie did not think that this was a very satisfactory showing. The head of the Agricultural Land Section, however, disagreed and stated that it was planned to sell all but seven per cent of the land available for sale by October 13, 1948. Purchase and sale of some 5,000 cho of pastureland will be completed by December 13, 1948, according to the same official.

Out of the total 73,000 cho which the Government will have acquired under the land reform program and in lieu of taxes, it is believed that about 5,000 cho will remain for some time as state-owned land. This land was originally purchased before the floods of last year and was damaged while under state ownership. The Government intends to subsidize prospective purchasers in order to bring about its reclamation. Water facility costs on this land are high. For this reason and because there is, as yet, no protection from floods, it is recognized by the prefectural government that immediate purchase by tenants would not be economical for the purchasers. The reason for the high cost of irrigation on this land is the over-all cost of electricity, the rates of which alone are not especially high in Akita. In all but the most fertile areas, there is a tendency among tenants, according to the head of the Agricultural Land Section, not to purchase flood-damaged land both for this reason and because of high maintenance expenses, inclusive of taxes. Maintenance expenses are higher in the flooded areas than the tenancy charges now in force.

There is some evidence of land manipulation in Akita in evasion of the Land Reform Law. We were informed that the cultivation rights, but not the ownership of, 20 or 30 cho of land had been transferred for the various reasons above enumerated and because of the discouragement entailed by the rice collection program. This land is now being farmed by persons interested only in raising their own food. It was alleged that the land would have been ruined if the transfer of cultivation rights had not

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been approved. The fees for cultivation rights are high and probably exceed the 15 per cent legal lease rate.

Reclaimable land purchased by the Government amounts to 7,459 cho, including the public lands transferred for reclamation, the total to be reclaimed and sold or sold on condition of reclamation amounts to 9,342 cho. Of this land, all has been judged by the prefectural Reclamation Board to be reclaimable by individuals, that is to say, has been deemed not to require heavy machinery to restore its fertility. None had been sold as of the day of the conference, allegedly because the survey to determine individual lots had not been completed. Here was the same situation we had encountered in Niigata, and here too Mr. Hardie seized the occasion to lecture the prefectural officials upon the urgent need for early sale of all reclaimable land.

Agricultural Cooperatives

Up to July 19, 316 agricultural cooperatives had been approved in Akita Prefecture. As of that date, three applications were awaiting approval, and it was expected that by August 14 about ten additional would have been received. Cooperatives approved to date are sub-divided as follows:

Ordinary agricultural cooperatives	224
Live stock cooperatives	10
Seri-culture cooperatives	5
Fruit and horticulture cooperatives	2
Reclamation cooperatives	75

As there are 222 towns and villages and two cities in Akita, the number of cooperatives that may probably be approved by August 14 will provide less than two for each town, city and village. We were informed that the guiding policy of the prefectural government had been to limit cooperatives as much as possible to one per town or village. This policy had been recommended by the Agricultural Cooperatives Promotion Society, the members of which are principally former Nog yokai members and the wealthier farmers. It was said that the new cooperatives program had been adequately propagandized among the farmers of Akita, some 45 to 54 meetings having been held for the purpose, but that the attitude of the Akita farmers regarding the question of federations of cooperatives favored a single, prefecture-wide federation. Mr. Hardie doubted the farmers had been made to understand the finer points involved in the program, particularly the advantages of multiple federations. The acting economics officer of the Military Government Team, Sergeant Bourassa, remarked to us after the conference that the apparent reason why the farmers preferred a single federation was their feeling that the assets of the old prefectural Nog yokai would not suffice to support more than one federation. Mr. Hardie's comment on this statement was that the farmers obviously expected a federation

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of cooperatives to do the same work as the old Nog yokai. This, he said, implied that there would be a change merely in name. He added that more education appeared to be needed in the principles of cooperatives and that farmers should be given to know there is no compulsion either to form a cooperative or to federate in any manner.

Crop Quotas

In the opinion of the Vice Governor and the Chief of the General Affairs Department of the prefectural government, about one-third of all the farmers in Akita sell rice on the blackmarket. The latter official further gave his opinion that most blackmarket rice is derived from retention rice intended for the farmers' own use. If this were the case, then the prefectural quota last year could theoretically, according to the Chief of the General Affairs Department, have been higher. The same official felt that the quotas levied on the farmers were generally equitable, although there may have been some cases of injustice. At any rate, the head of the Agricultural Section of the Economics Department did not think that inequitable quotas accounted for more than one-half of the rice in the blackmarket.

Misunderstanding with the Agriculture and Forestry Ministry had caused some difficulty with regard to the combined prefectural wheat and barley quota, set this year at 2,100 koku. Last year there had been no quota at all. The quota assigned to Akita this year had been based on the Ministry's calculation of 1,975 cho planted to these grains. The actual area in the spring of this year was 590 cho. As of the date of the conference, no wheat or barley had been collected and it was not expected that any could be collected. The prefecture had sought the elimination or decrease of the assigned quota on the plea that not enough wheat and barley will be raised this year to cover the farmers' legal retention. Because of weather conditions, the northern prefectures of Japan are not, after all, characterized by a two-crop agricultural system.

Farm Credit and Deposits

The local credit situation in Akita was marked this year by heavy withdrawals from the Nog yokai before June 15. To meet them the Nog yokai had, in turn, to borrow from the Akita branch of the Central Bank of Agriculture and Forestry. As of the date of our conference, withdrawals from the Nog yokai were at the rate of two million yen daily. In certain instances, especially in southern Akita, where farmers' incomes last year were reduced by floods, local branches of the Nog yokai could not meet withdrawal demands and had to obtain credit from the prefectural organization. During four or five days in April, even the prefectural Nog yokai could not honor demands of the local branches for withdrawals. This situation was met by granting of loans totaling fifty-eight million yen from the Central Bank to the local branches. The most

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recent development in the situation has been the approval by the Central Bank of the loan of 105 million yen to the prefectural Nogyokai for the months of July, August and September. There are no Nogyokai deposits to cover this loan. In July, the prefectural Nogyokai was honoring approximately sixty to seventy per cent of farmers' applications for loans. Those whose applications were rejected obtained the finances required from certain available Nogyokai assistance funds and from Government subsidies supplied through the Nogyokai.

The straitened credit situation of the Akita Nogyokai, like that of other Nogyokai throughout Japan is largely due, according to Mr. Hardie, to investment of association funds in non-agricultural enterprises and to the Government's absorption of large amounts of these funds during the war in forced bond purchases.

In the opinion of the chief of the Accounts Section of the prefectural Nogyokai agricultural production is suffering from inadequate credit. Fertilizer purchases have been facilitated by the Government's agricultural loan system but central Government funds for repair of flood damage, which was heavy last year, have not been properly distributed. It is expected that agricultural production this year will be reduced by about four or five per cent for this reason.

The following table records the decline during the first six months of 1948 of the Akita farmers' deposits in local Nogyokai branches, the deposits of the latter in the prefectural Nogyokai and finally the deposits of the prefectural organization in the Central Bank of Agricultural and Forestry (in millions of yen).

<u>Deposits</u>	<u>1947 Dec 31</u>	<u>1948 Apr 30</u>	<u>1948 Jun 30</u>
Prefectural Nogyokai Deposits with Central Bank	347	209	97
Local Nogyokai Deposits with Prefectural Nogyokai	568	324	187
Deposits with Local Nogyokai	892	534	390

Between December 13, 1947 and June 30, 1948, farmers' deposits in local branches of the Nogyokai declined by 56 per cent. The reasons alleged by prefectural officials for this drastic reduction were as follows:

1. Decline of local income because of heavy floods in 1947.
2. The high rate of the agricultural income tax.

3. The low

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3. The low official prices for agricultural products as contrasted with the high prices farmers must pay for manufactured necessities.

Farm Taxation

According to the estimate of the chief of the Accounts Section of the prefectural Nogyokai, approximately thirty or forty per cent of withdrawals of deposits were for the purpose of paying income taxes. In the opinion of the same person the farmers' income tax is not fair as compared with income tax paid by other groups in the prefecture. Moreover, over fifty per cent of the income tax returns submitted by Akita farmers were increased by the tax officials. About twenty per cent of all the farmers protested this arbitrary procedure. Upon further investigation by the tax office, some protests were honored and relief granted.

To sum up the tax situation in Akita, it appears that the farmers in the prefecture cannot pay their taxes and operating and living expenses without deposits to draw upon. The question that arises is: how can such payments be made next year, when deposits may be much less than at the beginning of this year?

Although we interviewed no farmers in Akita, the tax situation in the prefecture, as outlined by the chief of Accounts Section of the prefectural Nogyokai and by Akita Government officials, was the same as in the three other prefectures visited. Of the six farmers interviewed in the fields in Aomori, Yamagata, and Niigata prefectures, only one paid an income tax this year equal to his own computation. The five others paid income taxes increased by 14, 63, 130, 318, and 367 per cent over their own computations. Only in one case was the increase apparently justified. On comparison of statistics derived from the various interviews with farmers, there appears to be some irrationality in the attitude of tax officials. For example: A farmer cultivating 1.4 cho of paddy land in Aomori, on which he produced 70 bags of rice, was assigned a quota of 28 bags and paid an income tax of ¥2,500. A farmer in Yamagata, cultivating 1.3 cho of rice land on which he produced 75 bags with a quota of 55 bags, paid an income tax of ¥9,300. We were told that the seemingly arbitrary attitude of tax officials is based at least partly on the income which they estimate to be derived from the blackmarket. The first farmer just mentioned, had a differential of 42 bags between his production and his quota which he could have sold on the blackmarket. The second farmer, although having a differential of but 20 bags, paid a tax three times as high.

VI. AOMORI PREFECTURE

On the morning after our arrival in Aomori, a conference was arranged through the Economics Officer of the

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Military Government Team with the following officials:

Lieutenant Colonel R. K. HALL, Commanding
Officer, Aomori Military Government Team.

Captain J. D. McCULLOUGH, Economics Officer,
Aomori Military Government Team.

Captain P. F. DEAN, Assistant Economics
Officer, Aomori Military Government Team in
charge of natural resources.

Mr. K. AOYAGI, Land Department, Aomori
Prefectural Government.

Mr. Y. KOBAYASHI, Economics Department,
Aomori Prefectural Government.

Mr. S. YAMAZAKI, Agricultural Land Section,
Prefectural Land Department, Aomori Prefectural
Government.

Mr. K. KOBAYASHI, Reclamation Section,
Prefectural Land Department, Aomori Prefectural
Government.

Mr. H. DOI, Agricultural Cooperatives
Section, Economics Department, Aomori Prefectural
Government.

Mr. S. BABA, Agricultural Section, Economics
Department, Aomori Prefectural Government.

Mr. K. NODA, Tax Section, Finance Department,
Aomori Prefectural Government.

Mr. T. OKITSU, Aomori Branch, Central Bank
of Agriculture and Forestry.

Mr. S. MATSUO, Head of the Prefectural
Nogyokai.

Farm Land Reform:
Purchase, Sale and Reclamation

The basic survey of arable land in Aomori available for purchase under the land reform program revealed 38,084 cho of land to be available. A subsequent survey in the early part of 1948 increased this figure to 44,495 cho, and by July 1 of this year 44,037 cho had been purchased. The purchase part of the land reform program in Aomori may therefore be considered completed. However, through July 2, only 29,048 cho, or approximately two-thirds, of the purchased land had been sold. It was alleged by the prefectural officials that sales had been delayed intentionally in order to place

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emphasis on the purchase part of the program, and to give adequate attention to surveying and to re-grouping plots. It is hoped that all sales will be completed by October 2 of this year.

The purchase of an estimated 6,000 cho of pasturelands, as contrasted with the purchase of arable land, has not made any progress. No purchases have been made to date, but it is expected to complete both purchases and sales of this type of land by December 2, 1948.

Approximately 14,000 cho of reclaimable land have been purchased under Articles 30 and 38 of the Owner-Farmer Establishment Special Measures Law. In addition, 6,773 cho of public lands deemed to be reclaimable have been transferred to the Prefectural Land Commission. The total of 20,678 cho is 46 per cent of the area shown by the survey early this year to be purchasable under the land reform program. This is a much higher percentage than in Akita Prefecture, where the reclaimable land is only 17 per cent of the ordinary cultivable land purchasable under the program.

Of this total of 20,678 cho of reclaimable land, 10,051 cho have already been reclaimed. Another 5,000 cho have been judged reclaimable by individuals and should be sold as soon as possible through the land commissions. It is likely that the entire remainder of the land not already reclaimed will have to be reclaimed by individuals as the central government has informed the prefectural government that no diesel oil will be available this year for its reclamation by mechanical means. None of the reclaimable land in Aomori has yet been sold. When this information was disclosed, Mr. Hardie delivered to the officials at the conference the same warning and injunction he had given at the conferences in Niigata and Akita. In so doing, he stressed the national need for increasing agricultural production and the assistance thereto which could be given by disposing of reclaimed or individually reclaimable land as quickly as possible. It is interesting to note that of the 20,678 cho of reclaimable land, 11,066 cho, or slightly over one-half, was former military land. Although this land formerly devoted to military use and now judged reclaimable is at present under cultivation, production cannot be maximized, Mr. Hardie told the assembled officials, until the cultivators know the land belongs to them.

The head of the Prefectural Land Department asked for Mr. Hardie's advice concerning the method for determining which timbered areas are to be left as forest land and which are to be taken over for reclamation purposes. The farm land reform laws are not specific on these points. Rather, they give the Prefectural Land Commission broad powers to buy any land exceeding the ownership limitations set by the Owner-Farmer Establishment and Special Measures Law. Early this year, instructions had gone out from the Agricultural and Forestry Ministry advising each prefecture

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as to the extent of forest land which should probably be purchased for reclamation purposes. This advice was based on surveys made in 1943, 1945 and 1947, but specified smaller areas than indicated in the surveys. According to Mr. Hardie, prefectural officials tended to view this ministerial "advice" as a quota and had been over-zealous in buying up land which, in the interest of the general prefectural economy, should have been left in forest. He informed the head of the Prefectural Land Department that the problem is one for forestry and reclamation experts to settle among themselves. He added that his interest was in seeing that, once land had been purchased as reclaimable, it be gotten into production as quickly as possible. A Vice-Ministerial letter to prefectural governments is now under preparation in the Ministry of Agriculture and Forestry and the Natural Resources Section of this Headquarters which sets certain standards by which forest, pasture and reclaimable land can be distinguished. For example, if the land is principally used for the growing of timber, it shall be left as forest land. If the primary use is for pasture purposes, it may be purchased by the prefectural land commission as pasture land. The specific criterion will be that, if more than thirty per cent of the area of the land in question is covered by forest, it shall remain as forest land; if not, it may be purchased for either pasture or reclamation purposes depending on its arability. According to available figures, Aomori Prefecture now contains 11,000 cho of national forest land and 20,000 cho of private forest land.

Agricultural Cooperatives

In Aomori Prefecture, there were, until their dissolution on August 14 of this year, 165 branches of the Nogiyokai or National Agricultural Association. As of the date of our conference, 393 new agricultural cooperative associations had been approved. About fifty communities have only one cooperative, while the remainder have an average of three each. The 393 cooperatives may be broken down as follows:

Ordinary agricultural cooperatives	322
Reclamation cooperatives	41
Live stock cooperatives	21
Apple growers cooperatives	3
Sericulture cooperatives	1
Total -	<u>393</u>

As of July 20, ten additional applications to establish cooperatives were awaiting approval, which was expected to be given. The prefectural officials at Aomori stated they were aware of the fact that the new cooperatives are given priority in the acquisition of the old Nogiyokai properties. In their opinion, it would require three months to exercise this right of priority after receiving the relevant instructions from Tokyo. These instructions had not been received as of the day of the conference, but were expected in the near future.

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The same length of time would be required to complete dissolution of the Nogiyokai organizations throughout the prefecture. Mr. Hardie urged that new cooperatives take advantage of the priority in question in less than three months, if possible. As was the case in Niigata and Akita, it was anticipated also in Aomori that difficulties would be experienced in exercising priority rights over Nogiyokai properties in those cities, towns and villages which have more than one cooperative. The head of the Agricultural Cooperatives Section stated that such difficulties could be anticipated in about 30 communities.

A number of the prefectural officials present agreed with the opinion of the head of the Agricultural Cooperatives Section that the farmers of Aomori tend to favor a single, prefecture-wide federation of cooperatives. A few of the farmers, it was stated, were inclined toward a system of dual federations, one for credit and deposits and the other for buying and selling, but in no case are multiple federations favored. The disclosure of this information again impelled Mr. Hardie to lecture, as he had done in the other prefectural capitals, on the advantages of multiple federations.

Crops and Crop Quotas

The same complaints regarding the wheat and barley quota were made in Aomori as in other prefectures. It appears that this year's quota represents a considerable increase over that of last year, which was rather low. Aomori has been assigned by the Ministry of Agriculture and Forestry a quota this year of 24,600 koku on an assumed planted area of 9,000 cho. As the actual planted area is only 4,050 cho, a request has been made to reduce the wheat and barley quota to 16,000 koku. The quota for last year's crop was 10,000 koku, of which 120 per cent, or 12,000 koku were collected.

Aomori's rice crop this year, like that of the other northern prefectures, should be plentiful to judge by the appearance of the planted fields. About 3,300 cho of rice have been damaged by insects but this is not expected to affect the crop appreciably. The prefectural officials judge that the crop will be better than last year's. Throughout the four prefectures visited on our trip, I noticed wide use of a device for trapping destructive insects (aokomushi) which have given considerable trouble this year. Blue lighted tubes about two feet long, similar to those used in neon signs, are spaced over the fields on a grid pattern at intervals of one to two miles. Below the light is a receptacle containing a fluid which kills the insects that fall into it. The local people say that this device is fairly effective. I noticed its use also on remote Sado Island.

In the estimate of the prefectural officials, about 30 per cent of the farmers of Aomori sell rice on the black-market, and about 50 per cent of last year's crop was thought to have been disposed of in this manner. The alleged reason why farmers have enough rice for black-marketing is that quotas in general are not sufficiently

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high. The head of the Prefectural Economics Department was of the opinion, however, that quotas have been fairly distributed this year, although such was not the case last year. He felt that inequities in quota allocations last year may have accounted for a very small proportion of rice in the blackmarket (less than one per cent). However, Captain McCullough, economics officer of the Military Government Team, thought that much more blackmarket rice of the last crop was traceable to this source.

Farm Credit and Deposits

The farm finance picture in Aomori was very similar to that in other prefectures. Demand for credit began in January, almost simultaneously with the completion of rice collections, and increased to a peak in April and May, declining somewhat since that time. In parallel with the demand for credit, there was a heavy withdrawal of deposits; both withdrawals and borrowing were apparently necessitated by the need for fertilizer and farm tools and by tax obligations. The source of credit was the Aomori Branch of the Central Bank of Agriculture and Forestry from which the prefectural Nogiyokai borrowed to meet the demands upon it. Its indebtedness to the Central Bank by July 22 had amounted to about 214,000,000 yen. In ten different places in the prefecture local branches of the Nogiyokai were not sufficiently solvent to honor local farmers' requests for withdrawals of deposits. In some of these cases, the prefectural Nogiyokai itself was unable to meet local branches' demands for financial assistance. The following table shows the decline in agriculture deposits in Aomori Prefecture during the first five months of this year (in millions of yen):

	<u>1947</u> <u>Dec 31</u>	<u>1948</u> <u>Apr 30</u>	<u>1948</u> <u>May 31</u>
Prefectural Nogiyokai deposits with Central Bank	230	110	92
Local Nogiyokai deposits with Prefectural Nogiyokai	154	150	141
Deposits with Local Nogiyokai	382	295	294

(Note: This table differs from those given for the other prefectures in that May 31 rather than June 30 was the latest date for which statistics were available.)

Farm Taxation

The heavy withdrawals of deposits in April and May were largely for the purpose, we were informed, of paying taxes. This means of paying taxes seems to be fairly general

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throughout single-crop, rice producing districts. The farmer receives payment for his rice deliveries in January, whereas he does not have to meet his taxes until the latter part of March. In the meantime, the income from his crop is spent on food and articles of daily necessity, production implements and fertilizer. The farmers have, therefore, little left with which to pay taxes at the present low official price for rice other than the savings of past years. In Aomori County, in which Aomori city is situated, thirty per cent of the farmers protested the arbitrary assessment of their income taxes this year, we were informed by the head of the tax section of the Prefectural Finance Department. He further informed us that about eighty per cent of all the farmers' tax returns in Aomori County were adjusted upwards to take account of the rice each was assumed to have sold on the blackmarket. The head of the prefectural Nogiyokai was of the opinion that about seventy per cent of the farmers in the prefecture protested their income taxes. Even with the widespread complaints against the Government's agricultural taxation policy, this figure seemed rather high. As in the other prefectures, the Japan Farmers' Union was appealed to for assistance in making the protests.

VII. YAMAGATA PREFECTURE

Attending our conference in Yamagata city were the following:

Lieutenant Colonel Brice C. W. CUSTER,
Commanding Officer, Yamagata Military Government
Team.

Mr. B. J. SULLIVAN, Economics Officer,
Yamagata Military Government Team.

Mr. Edwin W. LOFTHOUSE, Assistant Economics
Officer, IX Corps, Headquarters, Sendai.

Mr. Michio MURAYAMA, Governor of Yamagata
Prefecture.

Mr. N. OSHINO, Chief of the Agricultural
and Forestry Department, Yamagata Prefectural
Government.

Mr. MITSUO Ito, Agricultural Land Section,
Agriculture and Forestry Department, Yamagata
Prefectural Government.

Mr. T. OTSUKI, Reclamation Section, Agri-
cultural and Forestry Department, Yamagata
Prefectural Government.

Mr. T. SAWARA, Agricultural Cooperatives
Section, Yamagata Prefectural Government.

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Mr. I. GEJO

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Mr. I. GEJO, Yamagata Branch, Central Bank of
Agriculture and Forestry.

Mr. M. YOSHIMATSU, Yamagata Prefectural
Nogyokai.

Farm Land Reform:
Purchase, Sale and Reclamation

The original survey of arable land in Yamagata pre-
fecture to be made available for purchase under the land
reform program disclosed approximately 50,000 cho of land
which would be subject to purchase. A later survey in
January or February of this year raised the available area
to 55,912 cho, which is approximately thirty-nine per cent
of the entire arable land of the prefecture, roughly
estimated at 141,702 cho. Inasmuch as fifty-six per cent
of the arable area is considered to have been tenant-
operated before the inception of the land reform program,
and inasmuch as on a national average only ten per cent
of tenant-operated land is to escape purchase, approxi-
mately 71,418 cho should be purchased for re-sale to
tenants. If the further surveying advised by Mr. Hardie
does not increase the figure of 55,912 cho, Yamagata pre-
fecture will be left with thirty per cent of its formerly
tenant-operated lands still operated on the same basis,
an excessively high percentage. The arable land purchased
by July 22, 55,692 cho, practically equalled the target
area disclosed by the last previous survey. If the
necessity for further surveying as indicated above is dis-
regarded, the purchase program in Yamagata may be con-
sidered virtually complete. We were assured that it would
be entirely completed by the required date, December 2,
1948. A very good showing has also been made on sales to
tenants as 51,487 cho had been sold by July 22.

It is interesting to note that the average farmer in
Yamagata makes a down payment on his land purchase of
fifty-five per cent. This figure is somewhat lower than
the average down payment that prevailed in other pre-
fectures in other stages of the program.

In addition to the ordinary arable land, some 2,500
cho of pasturelands have been judged available for purchase
and will be acquired by December 2 of this year.

Regarding land reclamation, the discussion at the con-
ference revealed that 11,026 cho of reclaimable land had
been purchased and that a further 3,409 cho of public land
had been transferred to the prefecture for reclamation.
Of the total of 14,444 cho, the area reclaimed as of July
22 was 8,459 cho. Most of the balance is considered re-
claimable by individuals. However, as had been the
situation in the three other prefectures, no reclaimable or
reclaimed land had yet been sold. Disclosure of this fact
again elicited from Mr. Hardie severe injunctions to the
prefectural officials to abide by instructions which had

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already been issued on this point. It was recalled that the instructions of December 16, 1947, had directed the prefectures to establish complete plans for reclamation and had ordered the immediate sale of all reclaimed or individually reclaimable land. In June another similar but more emphatic instruction had been issued. Mr. Hardie stated his opinion that the reclamation boards tend to take too great a proprietary interest in the land under their control and show no inclination to release it to the land commissions for disposal to tenants.

Agricultural Cooperatives

Within the prefecture there were 226 city, town and village branches of the Nog yokai, including three in the prefectural capital. By July 22, 379 new cooperatives to replace the Nog yokai had been approved. These are broken down as follows:

Capital stock cooperatives:

Ordinary agricultural cooperatives	254
Reclamation cooperatives	1
Others	<u>7</u>
Total	262

Non-stock cooperatives:

Ordinary agricultural cooperatives	31
Sericulture cooperatives	109
Reclamation cooperatives	2
Livestock cooperatives	1
Village industry cooperatives	1
Straw products cooperatives	<u>1</u>
Total	117

The prefectural official in charge of the agricultural cooperatives program stated that it would take about one month after receipt of instructions from Tokyo for the new cooperatives to exercise their priority in the purchase of Nog yokai properties. Only 24 of the approximately 226 cities, towns and villages in the prefecture will have more than one cooperative. Difficulty is anticipated in all 24 communities in effecting the transfer of the Nog yokai properties. We were again informed that local Property Disposal Boards might not be able to cope with the situation.

Contrary to the views obtained in the other prefectures we visited, the opinion of Yamagata farmers regarding the matter of cooperative federations, we were told, inclined to favor five or six prefecture-wide, functional federations. It was not apparent why agricultural opinion in Yamagata Prefecture differed in this respect from that in Niigata, Akita

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1. The reason for the large number of cooperatives of this type is that Yamagata is traditionally a heavy silk producing prefecture.

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and Aomori. It is possible that programs to educate farmers in the principles of cooperatives were better executed and more effective, but this subject bears further investigation.

Crops and Crop Quotas

The standing rice which we could see from the train appeared to be in very good condition. This was true also in Niigata and Aomori and to a lesser extent in Akita. We were told by the Yamagata Prefectural officials that it should be easily possible to attain the ten per cent increase in production which the Government has urged upon farmers this year. In the Governor's opinion, the rice quota is generally allocated fairly and there are few complaints on that score. The blackmarket in rice last year derived its supplies chiefly from Niigata, Akita and Iwate. Little Yamagata rice was sold outside of official channels.

It is felt by the prefectural government that the combined wheat and barley quota this year is entirely too high, and the Ministry of Agriculture and Forestry has been asked to cut it in half. The acreage planted to these grains last year was 4,500 cho, whereas this year it is 2,975 cho. This year's quota of 10,400 koku was based on an estimated planted area almost 600 cho in excess of that actually planted. Collections for last year were 100 per cent. It is categorically stated that such a record cannot be attained this year unless the request to halve the quota is granted.

In assessing the attitude of the farmers of Yamagata toward the Central Government and their willingness to deliver 100 per cent of their rice quotas, it is necessary to consider a local situation in the farm lands south of the lower Mogami River, where considerable dissatisfaction arose this year. In 1947 the farm lands north of the lower Mogami were inundated and the crops destroyed. In order to collect the prefecture's rice quota therefore, the quota assigned to the flooded area was largely transferred to the less damaged territory south of the lower Mogami. The farmers of the latter region were therefore compelled to surrender all the rice they had produced, without retaining any for their own use. For this rice they were paid 1800 yen per koku. It was apparent to the Yamagata Military Government Team that the farmers of the area would therefore be entirely dependent upon rationed rice for food. Accordingly, approximately 150,000 koku were retained, after collection, in warehouses in the region in question. As anticipated, it was necessary to use this rice for distribution of rations. The Government's retail ration price however was 338 yen more than the price received by the farmers for their production. This occasioned bitter complaint. Military Government, sympathetic to the farmers' pleas, succeeded in having the Government set a special retail price for the affected areas which was considerably lower than the national price although still 65 yen per koku above the price received by the farmers for their crop. The incident has left a legacy of ill will in the area which may

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hamper rice collections in 1948.

Farm Credit and Deposits

The decline in farmers' deposits this year was more drastic in Yamagata than in the other prefectures visited. During the first six months of this year, the decline in deposits on the local level was 57 per cent, on the prefectural level 83 per cent, and in the prefectural branch of the Central Bank of Agriculture and Forestry 99.95 per cent. Table follows (in millions of yen):

	<u>1947</u> <u>Dec 31</u>	<u>1948</u> <u>Apr 30</u>	<u>1948</u> <u>Jun 30</u>
Prefectural Nogiyokai deposits with Central Bank	1,418	58	77
Local Nogiyokai deposits with Prefectural Nogiyokai	1,508	503	260
Deposits with Local Nogiyokai	1,633	915	663

Because of the farmers' pressing need for money to finance their cash outlays, the deposits of the prefectural Nogiyokai with the Central Bank in Yamagata were exhausted about the middle of May this year. By July 22, the prefectural Nogiyokai had borrowed ¥17,000,000 from the Central Bank. Farmers had largely exhausted their own deposits in the branch Nogiyokai by the latter part of May. The demand for credit which then rose markedly continued quite heavy through the date of our conference. The state of agricultural finances last year was not the same, as the farmers' fiscal needs were supplied by withdrawals of their own deposits or through loans financed by the Nogiyokai or its local branches without the necessity of heavy demands upon the Central Bank. As of the date of the conference, the prefectural Nogiyokai was making disbursements for withdrawals and loans at the rate of about ¥110,000,000 per month.

Farm Taxation

It was estimated by prefectural officials that about 83 per cent of the withdrawals of farmers' deposits had been for the purpose of paying taxes. The balance had been for the purpose of purchasing production materials and incentive goods distributed by the government.

According to the information furnished us, about one-half of the farmers of Yamagata filed income tax returns for 1947. The taxes thus declared amounted to only ten per cent of the sum finally collected. In other words, tax officials assessed the farmers at an average rate of 1000 per cent of their declared tax. This was evidently not done without some investigation. The method of investigation used, however, was such as to work considerable

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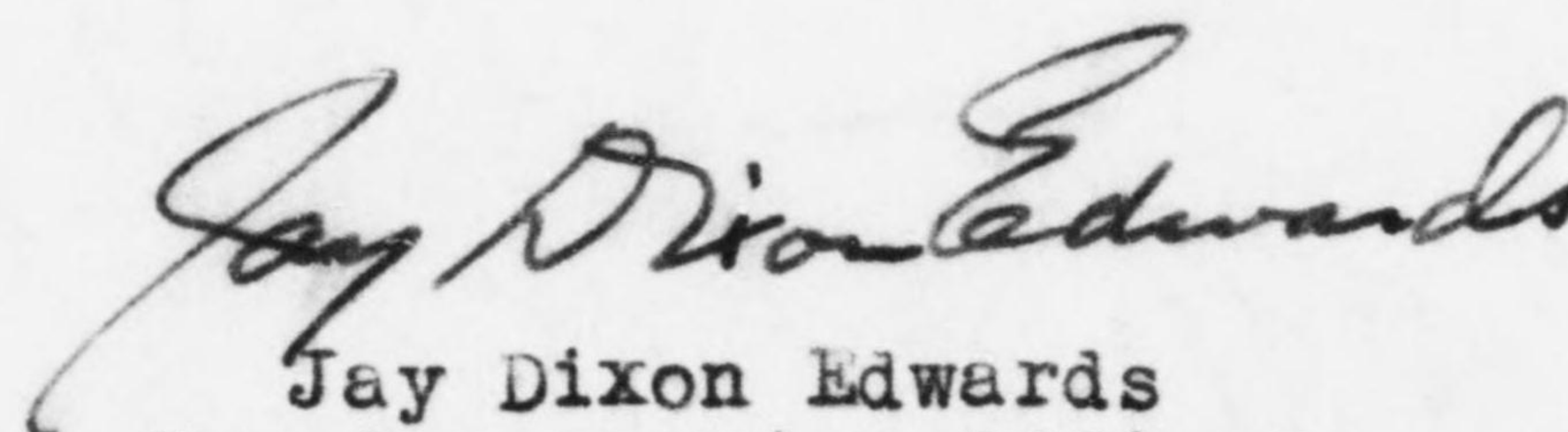
Enclosure to Tokyo's
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injustice upon many. Tax officials sampled various villages investigating the crops of six or seven farmers in each. Thus an average production per unit of area was worked out for each community. The individual farmers' production was then calculated by multiplying the average unit production by the number of units farmed by each. The difference between the amount of rice delivered by the farmer and the amount which he was thus estimated to have produced was assumed, allowance being made for retention for food, to have found its way into the blackmarket. To the income derived from official deliveries was then added the income estimated to have been derived from illegal sales. This system of estimating taxable income did not take into consideration local variations in soil productivity and may have made too gross assumptions concerning the supposed diversion of rice into blackmarket channels.

The Governor of Yamagata was of the opinion that it would certainly be more fair to investigate each individual case but stated that this was impossible because of the shortage of tax personnel. The farmers, he thought, had not made honest returns and were in need of greater "democratization" to persuade them of the need to report more accurately.

Yamagata prefectural officials estimate that national taxes for the year 1947 consumed about 45 per cent of farm income and that prefectural and local taxes consumed another 9 per cent. If this is true, the average Yamagata farmer paid out 54 per cent of his income in various taxes, national, prefectural and local.


Jay Dixon Edwards
Foreign Service Officer

Tokyo, Sept. 17, 1948.

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ASSISTANT SECRETARY FOR OCCUPIED AREAS

October 5, 1948 AM 10 33

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MEMORANDUM FOR THE UNITED STATES MEMBER, FAR EASTERN COMMISSION

Subject: Principles for Japanese Farmers' Organizations, SC-277 Series.

The following is to confirm the position communicated from this office to Dr. Blakeslee today by telephone:

You are authorized to oppose the proposed British amendments to SC-277/11 contained in SC-277/14, and to propose the following United States amendment:

In paragraph 3, insert a period after the word "abolished" and delete the remainder of the sentence.

Add the following new paragraph 4 (renumbering the present paragraph 4 and subsequent paragraphs accordingly):

"4. This policy should be put into effect gradually, due regard being paid to the immediate economic needs of the country and the need to prevent avoidable dislocation of food control measures."

It is anticipated that submission of this amendment may induce the U.K. Member to withdraw his proposed amendments in SC-277/14.

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Charles E. Saltzman
Assistant Secretary

OCT 7 1948

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A true copy of the signed original

Cleared in draft by:

Pos. N.A. ILS
Mr. Schuler Mr. Allison Mr. Sullivan.
Army Dept. (Col. Rugg) no objection.

DCR 3 10 8 P.M.

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894.61/10-548

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THE STATE-ARMY-NAVY-AIR FORCE COORDINATING COMMITTEE
Washington, D. C.

SANA-6302
23 December 1948

DEC 27 1948

MEMORANDUM FOR THE SECRETARY OF STATE:
(Attention: Mrs. A. L. Dunning - NA)

Subject: Directive Transmitted to SCAP by the Joint
Chiefs of Staff

Reference: SANA-6292 (16 Dec 48)

Enclosed are four copies of Directive, Serial No. 97,
transmitted to SCAP by the Joint Chiefs of Staff. Copy
No. 1 is for transmittal to the Far Eastern Commission and
Copies Nos. 2, 3 and 4 are for the files of the State
Department.

894.61/12-2348

For the State-Army-Navy-Air Force Coordinating Committee:

George H. Haselton
GEORGE H. HASELTON,
Executive Secretary

Enclosure:
Serial No. 97,
Copies Nos. 1, 2, 3 & 4

to FEC retained in NA

DIVISION OF
NORTHEAST ASIAN AFFAIRS
Memo to Sec. Gen., FEC,
DEC 23 1948
drafted 12/23/48.
DEPT. OF STATE *File*
M. P. M. C.

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Serial No. 97

COPY NO. 13

17 December 1948

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERS

PRINCIPLES FOR JAPANESE FARMERS' ORGANIZATIONS

GENERAL PRINCIPLES

The following Directive, serial number 97, prepared by the State Department to implement the policy adopted by the FEC on December 9, 1948, under the provisions of paragraph II, A, 1, of its terms of reference has been received from the State, Army, Navy, Air Force Departments for transmission to you for your guidance in accordance with paragraph III, 1, of its terms of reference:

"1. Japanese farmers should be encouraged to form themselves into farmers' organizations, including unions and cooperatives of all kinds, for their mutual economic and social benefit, and for the purpose of preserving and improving conditions of agricultural work and otherwise assisting the legitimate interests of farmers.

"2. Farmers' organizations and their members should be assured of and encouraged to observe in the conduct of their operations the fundamental freedoms guaranteed by chapter III ('rights and duties of the people') of the constitution of Japan.

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"3. Any existing laws or parts thereof which are contrary to the provisions stated in this policy should be abrogated, and any organizations established thereunder abolished.

"4. This policy should be put into effect gradually, due regard being paid to the immediate economic needs of the country and the need to prevent avoidable dislocation of food control measures.

FARMERS' COOPERATIVES

"5. Farmers' cooperatives should be a means whereby those who are actively concerned in obtaining their living by working on the land or in pursuits closely connected therewith can combine for their mutual advantage.

"6. The right of farmers to organize themselves into cooperatives should be assured and protected by law and the freedom of farmers to join or abstain from joining cooperatives should be provided by law. Any farmers' cooperative should have the power to make rules admitting to membership any person who is not a genuine farmer, which rules may or may not exclude non-farmers from voting. Measures should be taken however, to prevent cooperatives becoming controlled by any banking, trade, industrial, or other non-farmer companies and interests.

"7. Farmers' cooperatives should not be subject to any adversely discriminatory taxation, nor to any discriminatory restrictions upon their engaging in any economic activity related to their own agricultural pursuits and for the benefit of members.

"8. Farmers' cooperatives should be subject to the laws relating to juridical persons, but should not, in their internal management and operation, be subject to any control interference, or supervision by any administrative organ of the Japanese Government nor should they be subject to dissolution by administrative order. Where it is alleged that cooperatives have violated the law, or their articles

of incorporation or by-laws, remedial action should be sought and taken through the courts of law and not through government decree, or administrative decision.

"9. Farmers' cooperatives should be free from any obligation to take part in, or from any responsibility for, the enforcement of government measures, except that they should comply with government measures to the same extent as any other Japanese National or organization under Japanese Government jurisdiction.

"10. Farmers' cooperatives should be encouraged and assisted by the Japanese Government in providing education for their members, both generally in an understanding of Democratic processes and particularly in cooperative practices and agricultural techniques. The Japanese Government should, as far as possible, assist cooperative officials in obtaining information on cooperative activities in other countries. These objectives should be given due weight when allocations of paper supplies and import of foreign publications are made.

"11. Japanese should be free to choose the forms of organization of their cooperatives. Cooperatives should be allowed to associate themselves in regional or national bodies, with representation in such bodies in proportion to the membership of the individual cooperatives. Emphasis, however, should be placed on the importance of solid local basis for future of cooperative activity in Japan.

"12. The director and officials, other than administrative officers, of farmers' cooperatives should be elected at regular stated intervals by the farmers concerned by secret ballot and Democratic methods. Each member should have one vote. It should be the responsibility of the cooperatives to ensure that all their activities are democratically conducted.

"13. No member should hold office in a cooperative if (1) he is engaged in activities which are likely substantially to compete with the activities of the cooperative, or (2) he is subject to the purge directive of January 4, 1946, or subject to subsequent purge directives by the Supreme Commander for the Allied Powers.

"14. The Japanese Government, in so far as practicable should make available to farmers' cooperatives technical advisory and other services and should ensure that credit is available to them on reasonable terms.

"15. Farmers' cooperatives should be encouraged to participate in voluntary measures to promote the objectives of the occupation.

FARMERS' UNIONS

"16. The principles for Japanese trade unions (FEC-045/5) should, with the necessary modifications, be applicable to farmers' unions."

Serial No. 97COPY NO. 4

17 December 1948

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSPRINCIPLES FOR JAPANESE FARMERS' ORGANIZATIONSGENERAL PRINCIPLES

The following Directive, serial number 97, prepared by the State Department to implement the policy adopted by the FEC on December 9, 1948, under the provisions of paragraph II, A, 1, of its terms of reference has been received from the State, Army, Navy, Air Force Departments for transmission to you for your guidance in accordance with paragraph III, 1, of its terms of reference:

"1. Japanese farmers should be encouraged to form themselves into farmers' organizations, including unions and cooperatives of all kinds, for their mutual economic and social benefit, and for the purpose of preserving and improving conditions of agricultural work and otherwise assisting the legitimate interests of farmers.

"2. Farmers' organizations and their members should be assured of and encouraged to observe in the conduct of their operations the fundamental freedoms guaranteed by chapter III ('rights and duties of the people') of the constitution of Japan.

"3. Any existing laws or parts thereof which are contrary to the provisions stated in this policy should be abrogated, and any organizations established thereunder abolished.

"4. This policy should be put into effect gradually, due regard being paid to the immediate economic needs of the country and the need to prevent avoidable dislocation of food control measures.

FARMERS' COOPERATIVES

"5. Farmers' cooperatives should be a means whereby those who are actively concerned in obtaining their living by working on the land or in pursuits closely connected therewith can combine for their mutual advantage.

"6. The right of farmers to organize themselves into cooperatives should be assured and protected by law and the freedom of farmers to join or abstain from joining cooperatives should be provided by law. Any farmers' cooperative should have the power to make rules admitting to membership any person who is not a genuine farmer, which rules may or may not exclude non-farmers from voting. Measures should be taken however, to prevent cooperatives becoming controlled by any banking, trade, industrial, or other non-farmer companies and interests.

"7. Farmers' cooperatives should not be subject to any adversely discriminatory taxation, nor to any discriminatory restrictions upon their engaging in any economic activity related to their own agricultural pursuits and for the benefit of members.

"8. Farmers' cooperatives should be subject to the laws relating to juridical persons, but should not, in their internal management and operation, be subject to any control interference, or supervision by any administrative organ of the Japanese Government nor should they be subject to dissolution by administrative order. Where it is alleged that cooperatives have violated the law, or their articles

of incorporation or by-laws, remedial action should be sought and taken through the courts of law and not through government decree, or administrative decision.

"9. Farmers' cooperatives should be free from any obligation to take part in, or from any responsibility for, the enforcement of government measures, except that they should comply with government measures to the same extent as any other Japanese National or organization under Japanese Government jurisdiction.

"10. Farmers' cooperatives should be encouraged and assisted by the Japanese Government in providing education for their members, both generally in an understanding of Democratic processes and particularly in cooperative practices and agricultural techniques. The Japanese Government should, as far as possible, assist cooperative officials in obtaining information on cooperative activities in other countries. These objectives should be given due weight when allocations of paper supplies and import of foreign publications are made.

"11. Japanese should be free to choose the forms of organization of their cooperatives. Cooperatives should be allowed to associate themselves in regional or national bodies, with representation in such bodies in proportion to the membership of the individual cooperatives. Emphasis, however, should be placed on the importance of solid local basis for future of cooperative activity in Japan.

"12. The director and officials, other than administrative officers, of farmers' cooperatives should be elected at regular stated intervals by the farmers concerned by secret ballot and Democratic methods. Each member should have one vote. It should be the responsibility of the cooperatives to ensure that all their activities are democratically conducted.

"13. No member should hold office in a cooperative if (1) he is engaged in activities which are likely substantially to compete with the activities of the cooperative, or (2) he is subject to the purge directive of January 4, 1946, or subject to subsequent purge directives by the Supreme Commander for the Allied Powers.

"14. The Japanese Government, in so far as practicable should make available to farmers' cooperatives technical advisory and other services and should ensure that credit is available to them on reasonable terms.

"15. Farmers' cooperatives should be encouraged to participate in voluntary measures to promote the objectives of the occupation.

FARMERS' UNIONS

"16. The principles for Japanese trade unions (FEC-045/5) should, with the necessary modifications, be applicable to farmers' unions."

DC/a

894.61 / 12-2348

In reply refer to
NA

DEC 27 1948

UNCLASSIFIED

MEMORANDUM FOR THE SECRETARY GENERAL,
FAR EASTERN COMMISSION

In accordance with a memorandum dated December 23, 1948, from the State-Army-Navy-Air Force Coordinating Committee, there is enclosed a certified copy of a directive, Serial No. 97, to the Supreme Commander for the Allied Powers regarding Principles for Japanese Farmers' Organizations, to be filed with the Far Eastern Commission under the provisions of paragraph III, 4, of its Terms of Reference.

DCR - ITP Unit
010H

Class Sheet made for

C. A. Holick
Charles A. Saltzman
Assistant Secretary

Enclosure:

Copy No. 1 (certified)
of Directive to SCAP,
Serial No. 97.

UNCLASSIFIED

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12/23/48

JM
FE

CR 557
DEC 23 1948 P.M.
RFS 12/23/48

894.61/12-2348

DC/R

MAR 10 1949

In reply refer to
NA

CONFIDENTIAL

MEMORANDUM FOR THE UNITED STATES MEMBER
FAR EASTERN COMMISSION

894.61/3-1049

The United States Member, Far Eastern Commission is authorized to propose that SC-335, Agrarian Reform in Japan, be amended as follows:

1. Paragraph 1 to read: "In the view of the Far Eastern Commission an equitable and sound agrarian reform program is an important factor favoring the democratization of Japan";
2. In line 2 of paragraph 2: insert the phrase "the basic principles embodied in the" before "following steps";
3. Delete paragraph 3c.

The United States Member is authorized to accept SC-335 with these changes.

CS/A

W.W.B.
W. Walton Butterworth
Director for Far Eastern Affairs

2K
MAR 10 1949 P.M.

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3/7/49

CONFIDENTIAL

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Checked with
General
L/P by phone
ceo

894.61/3-1049

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FORM DS-322
7-18-46

OUTGOING TELEGRAM

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MAR 30 1949

894.61/3-3049

SUPREME COMMANDER FOR THE ALLIED POWERS

TOKYO

117

INFO: ARMY CHIEF OF STAFF

FOR ACTING POLITICAL ADVISER.

Summary Steering ^{Comite} ~~Committee~~ Mtg., Mar. 22, 1949:

Agrarian Reform in Japan (SC-335)

First and second US amendments (second slightly revised) appeared acceptable to all members except Soviet who had no instructions. Third US amendment to delete para 3c not acceptable to Brit on grounds that it would defeat object of paper. Fr. and Austral ~~ian~~ members associated themselves with Brit views. Chi ~~ese~~ member quoted Tokyo news dispatch that Yoshida Cabinet planned to abandon second agrarian land reforms and concluded that since ~~the~~ land reforms had not been carried to their completion, it was very important for ~~the~~ FEC to draft a policy including this para. In summary, 7 members offered deletion para 3c.

Fishing and Aquatic Industries in Japan (SC -271/10)

Sov ~~iet~~ member reintroduced Sov ~~iet~~ amendments, contained in C2-271/9, which were rejected in working ^{comite} ~~committee~~. He added that his delegation had reservation on inclusion of words QTE outside Japanese territorial waters. ^{UNQTE} ~~UNQTE~~ Canada ~~ian~~ member

submitted amendment to para 2b, line 5, that words QTE has informed SCAP it ^{UNQTE} ~~UNQTE~~ be deleted. Phil ^{ippine} ~~ippine~~ member stated that in pre-war days his Govt had much trouble from Jap ^{anese} ~~anese~~ fishing vessels and therefore the Phil ^{ippine} ~~ippine~~ Delegation, profiting from past experience, would like to stress that area

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FORM DS-322
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OUTGOING TELEGRAM

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Department of State
CONFIDENTIAL
Washington

CONFIDENTIAL

-2-

UNQTE

that is of QTE direct concern/~~UNQTE~~ to Philippines is 300 miles from its territorial shores. In summary, 9 members approve paper as forwarded from working comite No ~~comite~~. The member supports US paper.

Following papers retained on agenda:

Complaint against SCAP by Deported German National SC-330/6.

Replacement of Art Cultural Objects SC-272/12.

Removal of Aircraft and Private Munitions SC-312.

ACHESON
Acheson
(201)

ACCEPTANCE DESK

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CONFIDENTIAL

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21
MAR 30 1949

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE NW.
WASHINGTON 8, D. C.

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NORTHEAST ASIAN AFFAIRS
APR 24 1949
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APR 24 1949
DEPARTMENT OF STATE

28 April 1949

My dear Mr. Secretary:

The Terms of Reference of the Far Eastern Commission provide that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished."

It is further provided that when such decisions are made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

At the one hundred and fifty-first meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington, D. C., on 28 April 1949, the enclosed policy decision entitled "Agrarian Reform in Japan" was approved. The Soviet representative abstained from voting on the enclosure.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission in order that an appropriate directive may be prepared and transmitted to the Supreme Commander in accordance with the Terms of Reference.

The Commission

The Honorable
Dean Acheson,
Secretary of State,
Washington, D. C.

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MAY 10 1949

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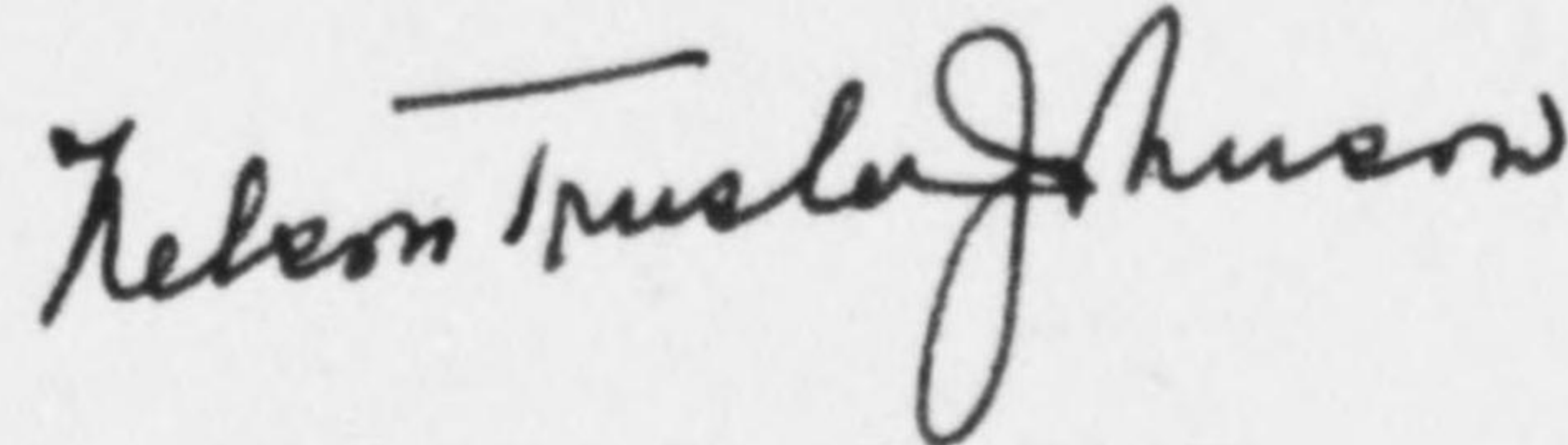
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The Commission agreed that the text of the enclosed policy should be released to the press after the appropriate directive has been received by the Supreme Commander. In order that we may make our arrangements for release as expeditiously as possible, it would be appreciated if you could notify me when the United States directive has reached Tokyo.

Sincerely yours,



Nelson T. Johnson
Secretary General

Enclosure:

Certified Copy of
Policy No. 60

FAR EASTERN COMMISSION

2516 MASSACHUSETTS AVENUE NW.

WASHINGTON 8, D. C.

The attached copy of a document adopted at the one hundred and fifty-first meeting of the Far Eastern Commission, held at 2516 Massachusetts Avenue, Northwest, Washington, D. C. on 28 April 1949, has been compared with the original text and is hereby certified to be correct.

Nelson T. Johnson

Nelson T. Johnson
Secretary General

Washington, D. C.
28 April 1949

FW 894.61/4-28-49

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FEC-RESTRICTEDAGRARIAN REFORM IN JAPAN

1. In the view of the Far Eastern Commission an equitable and sound agrarian reform program is an important factor favoring the democratization of Japan.

2. The Far Eastern Commission approves the basic principles underlying the following steps which have been taken since the surrender with a view to securing a thoroughgoing reform of the Japanese agricultural system:

a. the directives issued to the Japanese Government by the Supreme Commander for the Allied Powers, in particular that of 9th December, 1945,

b. the Agricultural Land Adjustment Law of 1938, as amended by the Japanese Government in 1945, 1946 and 1947, which, together with the Ordinance relative thereto dated 25th January, 1946, contained provisions designed to bring to an end the system of rents payable in kind and to prevent the exaction of exorbitant rents,

c. the Land Reform Law (known also as the "Law Concerning the Special Measure for the Establishment of Owner Farmers"), enacted on 19th October, 1946, designed to bring about a large scale transfer of the ownership of land from the landlord class to the tenantry and thereby to create a numerous class of independent owner-farmers,

d. the creation of a network of Agricultural Land Commissions covering the whole country to administer the reforms referred to above,

e. the partial execution of the land transfer program as witnessed by the latest returns of the Japanese Ministry of Agriculture and Forestry,

f. the Agricultural Co-operative Association Law enacted on 7th November, 1947, which facilitated the provision of credits to operating farmers and the extension of education in farming techniques.

3. The Far Eastern Commission now decides as a matter of policy as follows:

FEC-RESTRICTED

-2-

a. the proper objectives of the reform should be to improve the economic status of all tenant farmers and as far as practicable to create a more numerous class of independent owner-farmers than has previously existed;

b. to these ends, the basic principles underlying the measures set forth in paragraph 2 above, should continue to be applied.

STANDARD FORM NO. 64

RESTRICTED

Office Memorandum • UNITED STATES GOVERNMENT

DATE: April 29, 1949

TO : FE - Mr. Butterworth

FROM : NA - Mr. Bond

SUBJECT: Draft Directive Regarding Agrarian Reform in Japan.

The attached is a pro-forma memorandum for the Secretary, SANACC, enclosing a draft directive regarding Agrarian Reform in Japan prepared on the basis of a policy decision approved by the FEC on April 28, 1949 and requesting that the enclosed draft directive be forwarded to JCS for transmission to SCAP. It is recommended that you approve and sign the attached.

FW: 894.61 / 4-28-49

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FE:NA:ALDunning:lk
4/29/49

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F. L. D.
MAY 9 1949

RESTRICTED

In reply refer to
NA

MAY 3 1949

RESTRICTED

MEMORANDUM FOR THE SECRETARY, SANACC

Subject: Draft Directive Regarding Agrarian Reform in Japan.

There is enclosed a draft directive prepared on the basis of a policy decision approved at the 151st meeting of the Far Eastern Commission on April 28, 1949 under the provisions of Paragraph II, A, 1, of the Terms of Reference.

It is requested that the enclosed draft directive be forwarded to the Joint Chiefs of Staff for transmission to General MacArthur for his guidance in accordance with Paragraph II, 1, of the Terms of Reference of the Far Eastern Commission. It is assumed that if the Joint Chiefs of Staff have any question regarding the draft directive they will refer the matter to the Department of State for clarification before transmitting a directive on the subject.

The Secretary General of the Far Eastern Commission has informed the Secretary of State that the Commission, in adopting the policy decision regarding Agrarian Reform in Japan, agreed that it should be released to the press after the appropriate directive had been received by the Supreme Commander. Therefore, in accordance with normal procedure, acknowledgment of the receipt of the directive by SCAP is requested.

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W. Walton Butterworth
Director for Far Eastern Affairs

Enclosure:

✓ Draft Directive.

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RESTRICTED

FE

A true copy of
the signed original.
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DRAFT DIRECTIVE REGARDING AGRARIAN REFORM IN JAPAN

The following directive prepared by the State Department to implement the policy adopted by the Far Eastern Commission on April 28, 1949, under the provisions of Paragraph II, A, 1, of its Terms of Reference has been received from the State, Army, Navy, Air Force Departments for transmission to you for your guidance in accordance with Paragraph III, 1, of its Terms of Reference:

1. In the view of the Far Eastern Commission an equitable and sound agrarian reform program is an important factor favoring the democratization of Japan.

2. The Far Eastern Commission approves the basic principles underlying the following steps which have been taken since the surrender with a view to securing a thoroughgoing reform of the Japanese agricultural system:

a. the directives issued to the Japanese Government by the Supreme Commander for the Allied Powers, in particular that of 9th December, 1945,

b. the Agricultural Land Adjustment Law of 1938, as amended by the Japanese Government in 1945, 1946 and 1947, which, together with the Ordinance relative thereto dated 25th January, 1946, contained provisions designed to bring to an end the system of rents payable in kind and to prevent the exaction of exorbitant rents,

c. the Land Reform Law (known also as the "Law Concerning the Special Measure for the Establishment of Owner Farmers"), enacted on 19th October, 1946, designed to bring about a large scale transfer of the ownership of land from the landlord class to the tenantry and thereby to create a numerous class of independent owner-farmers,

d. the creation of a network of Agricultural Land Commissions covering the whole country to administer the reforms referred to above,

e. the partial execution of the land transfer program as witnessed by the latest returns of the Japanese Ministry of Agriculture and Forestry,

f. the Agricultural Co-operative Association Law enacted on 7th November, 1947, which facilitated the provision of credits to operating farmers and the extension of education in farming techniques.

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3. The Far Eastern Commission now decides as a matter of policy as follows:

a. the proper objectives of the reform should be to improve the economic status of all tenant farmers and as far as practicable to create a more numerous class of independent owner-farmers than has previously existed;

b. to these ends, the basic principles underlying the measures set forth in paragraph 2 above, should continue to be applied.

RESTRICTED

STATE-ARMY-NAVY-AIR FORCE COORDINATING COMMITTEE
Washington, D.C.

DIVISION OF
NORTHEAST ASIAN AFFAIRS

MAY 10 1949

SANA-6370
9 May 1949

DEPARTMENT OF STATE

Mem to REC 5/11/49 all L&H

MEMORANDUM FOR THE SECRETARY OF STATE:
(Attention: Mrs. A. L. Dunning - NA)

Subject: Directive Transmitted to SCAP by the Joint
Chiefs of Staff.

Reference: SANA-6367 (3 May 49)

Enclosed are four copies of Directive, Serial No. 103,
transmitted to SCAP by the Joint Chiefs of Staff. Copy No. 1
is for transmittal to the Far Eastern Commission, and Copies
No. 2, 3, and 4 are for the files of the State Department.

5/12, mp

For the State-Army-Navy-Air Force Coordinating Committee:

George H. Haselton
GEORGE H. HASELTON,
Executive Secretary

Enclosure:
Directive, Serial No. 103,
Copies 1, 2, 3 & 4

894.61/5-949

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Serial No. 103COPY NO. 2

4 May 1949

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSAGRARIAN REFORM IN JAPAN

The following directive, Serial No. 103, regarding agrarian reform in Japan, prepared by the State Department to implement the policy adopted by the Far Eastern Commission on 28 April 1949, under the provisions of paragraph II, A, 1, of its terms of reference, received from the State, Army, Navy, and Air Force Departments, is transmitted for your guidance in accordance with paragraph III, 1, of the Commission's terms of reference:

"1. In the view of the Far Eastern Commission an equitable and sound agrarian reform program is an important factor favoring the democratization of Japan.

"2. The Far Eastern Commission approved the basic principles underlying the following steps which have been taken since the surrender with a view to securing a thorough-going reform of the Japanese agricultural system:

"a. The directives issued to the Japanese Government by the Supreme Commander for the Allied Powers, in particular that of 9th December, 1945,

"b. The Agricultural Land Adjustment Law of 1938, as amended by the Japanese Government in 1945, 1946, and 1947, which, together with the ordinance relative thereto dated 25th January, 1946, contained provisions designed to bring to an end the system of rents payable in kind and to prevent the exaction of exorbitant rents,

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MAY 18 1949

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"c. The Land Reform Law (known also as the 'law concerning the special measure for the establishment of owner farmers'), enacted on 19th October, 1946, designed to bring about a large scale transfer of the ownership of land from the landlord class to the tenantry and thereby to create a numerous class of independent owner-farmers,

"d. The creation of a network of agricultural land commissions covering the whole country to administer the reforms referred to above,

"e. The partial execution of the Land Transfer Program as witnessed by the latest returns of the Japanese Ministry of Agriculture and Forestry,

"f. The Agricultural Cooperative Association Law enacted on 7th November, 1947, which facilitated the provision of credits to operating farmers and the extension of education in farming techniques.

"3. The Far Eastern Commission now decides as a matter of policy as follows:

"a. The proper objectives of the reform should be to improve the economic status of all tenant farmers and as far as practicable to create a more numerous class of independent owner-farmers than has previously existed;

"b. To these ends, the basic principles underlying the measures set forth in paragraph 2 above, should continue to be applied."

STANDARD FORM NO. 64

UNCLASSIFIED

Office Memorandum · UNITED STATES GOVERNMENT

DATE: May 11, 1949

TO : FE - Mr. Butterworth
FROM : NA - Mr. Bond
SUBJECT :



Attached is a pro forma memorandum for the Secretary General, Far Eastern Commission, enclosing a certified copy of a directive to SCAP regarding Agrarian Reform in Japan, to be filed with the FEC.

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MAY 18 1949
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F.W. 894.6115-949

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In reply refer to
NA

MAY 12 1949

UNCLASSIFIED

MEMORANDUM FOR THE SECRETARY GENERAL
FAR EASTERN COMMISSION

In accordance with a memorandum dated May 9, 1949,
from the State-Army-Navy-Air Force Coordinating Committee,
there is enclosed a certified copy of a directive, Serial
No. 103, to the Supreme Commander for the Allied Powers
regarding Agrarian Reform in Japan, to be filed with the
Far Eastern Commission under the provisions of paragraph
III, 4, of its Terms of Reference.

894.61/5-949

W. Walton Butterworth
Director for Far Eastern Affairs

Enclosure:

Copy No. 1 (certified)
of Directive to SCAP,
Serial No. 103.

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A true copy of
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MAY 12 1949

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In reply refer to
NA

MAY 12 1949

UNCLASSIFIED

MEMORANDUM FOR THE SECRETARY GENERAL
FAR EASTERN COMMISSION

In accordance with a memorandum dated May 9, 1949,
from the State-Army-Navy-Air Force Coordinating Committee,
there is enclosed a certified copy of a directive, Serial
No. 103, to the Supreme Commander for the Allied Powers
regarding Agrarian Reform in Japan, to be filed with the
Far Eastern Commission under the provisions of paragraph
III, 4, of its Terms of Reference.

W. Walton Butterworth
Director for Far Eastern Affairs

Enclosure:

Copy No. 1 (certified)
of Directive to SCAP,
Serial No. 103.

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the signed origi-
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In reply refer to
NA

MAY 12 1949

UNCLASSIFIED

MEMORANDUM FOR THE SECRETARY GENERAL
FAR EASTERN COMMISSION

In accordance with a memorandum dated May 9, 1949,
from the State-Army-Navy-Air Force Coordinating Committee,
there is enclosed a certified copy of a directive, Serial
No. 103, to the Supreme Commander for the Allied Powers
regarding Agrarian Reform in Japan, to be filed with the
Far Eastern Commission under the provisions of paragraph
III, 4, of its Terms of Reference.

S. Walton Butterworth
Director for Far Eastern Affairs

Enclosure:

Copy No. 1 (certified)
of Directive to SCAP,
Serial No. 103.

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5/11/49

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THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

United States Political Adviser for Japan

Tokyo, June 21, 1949.

894.61/6-2149

REC'D. JULY 1

N. 405

UNCLASSIFIED

DIVISION OF NORTHEAST ASIAN AFFAIRS

JUL - 6 1949

Action Assigned to NA

Action Taken no action

ACTION: FE-enc.

INFO: FR DCR OFD L ITP-enc. OLI COM-enc. AGRI-enc.

Subject: Headquarters Publications on Agricultural Reform.

Date of Action

Action Office Symbol NA

Name of Officer M. Green

Direction to DC/R file

The Charge d'Affaires ad interim has the honor to enclose five copies each of the following documents prepared by the Natural Resources Section of Headquarters here in explanation of various phases of agricultural reform in Japan:

- 1. Headquarters press release dated June 9, 1949, concerning the land reform program in Japan
2. Headquarters press release dated June 11, 1949, concerning the agricultural cooperative program
3. Natural Resources Section publication dated May 9, 1949, concerning the crop and livestock insurance program in Japan.

The first enclosure briefly describes the historical background of and economic necessity for the land reform program and states that this program, which was approved by the Japanese Diet on October 1946, has the two principal purposes of transferring land ownership to farmers who actually till the soil and of improving tenancy practices for those who continue as tenants.

The press release of June 11 describes the reform of the farmer agricultural associations into popularly elected and controlled cooperatives. The new cooperatives were legally authorized in December 1947 and have as their primary objective maximum service to participating members rather than payment of dividends on invested capital.

of households

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ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

Vertical stamp: Central Files 894.61/6-2149

Vertical stamp: CS/H

Vertical stamp: FILED 14/1952

Tokyo's Despatch No. 405,
June 21, 1949.

- 2 -

of households are represented in memberships of two or more co-operatives.

The third enclosure outlines one of the principal activities of the agricultural cooperatives, the maintenance of a crop and livestock insurance program. Crop and livestock insurance has had a long history in Japan and the changes made at the instance of the Occupation in this program have been largely designed to make the burden of the individual farmer more equitable. The insurance program is compulsory in the case of silkworms, cocoons, paddy and upland rice, wheat, barley, and oats, while insurance of cattle, goats, sheep, and pigs is voluntary. The program is administered on a local and regional basis under the general supervision of the Minister of Agriculture and Forestry.

Enclosures: *att.*

- ✓ 1. Headquarters press release, June 9, 1949, concerning the Land Reform Program in Japan.
- ✓ 2. Headquarters press release, June 11, 1949, concerning the Agricultural Cooperative Program.
- ✓ 3. Natural Resources Section publication, May 9, 1949, concerning the Crop and Livestock Insurance Program in Japan.

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GENERAL HEADQUARTERS
Far East Command
Public Information Office

Information Bulletin:

1630

9 June 1949

LAND REFORM PROGRAM IN JAPAN

Abolition of the pernicious land tenure system which has long blighted Japanese agriculture and impaired development of a peaceful national economy has been a basic objective of the Occupation. Accomplishment of this objective is essential to the economic and political well-being of Japan.

Having an area of 142,270 square miles, Japan is smaller than the state of California. Only 16 percent of the total area is arable. Approximately 47 percent of the total population of about 81,600,000 depends on agriculture for all or part of its income. Before the surrender, about 70 percent of the farmers rented all or part of the land they cultivated. Only nine percent of farm households cultivated more than 4.9 acres of land, and 67 percent cultivated less than 2.4 acres.

This overcrowding had led to a highly inequitable land tenure system with rents ranging from 50-70 percent of the annual crop and had resulted in widespread economic instability and social strife.

Repulsed in their demands for remedial legislation, farmers, during the decade preceding World War II, consciously and unconsciously gave strong support to the military group which held out the promise of new lands and prosperity to be won through aggressive war. This course was thwarted by defeat and surrender. The tenant class in occupied Japan, with demands for relief from their intolerable situation still foremost in their minds, remained a fertile field for any other extremist ideology promising a solution to their problems.

The elimination of this malignancy was recognized as vital to the promotion of maximum production of staple foods and requisite social and economic stability. On Dec. 9, 1945, the Supreme Commander for the Allied Powers issued a directive to the Japanese Government "to take measures to insure that those who till the soil of Japan shall have a more equal opportunity to enjoy the fruits of their labor".

Japanese land reform is based on legislation enacted by the Diet and promulgated Oct. 21, 1946. It has two main objectives: (1) transfer of land ownership to farmers who actually till the soil, and (2) improvement of farm tenancy practices for those who continue as tenants. The program has emphasized private rather than state, and individual rather than collective, ownership of the land.

The program in each village is administered by a local agricultural land commission, elected by and from the farmers. The ratio of tenants, owner-cultivators, and owners on each commission is established by law at 5, 2, and 3 respectively $\frac{1}{3}$. Each category elects its own representatives to the commission. Elected prefectural agricultural land commissions coordinate and supervise the work of local commissions under the general supervision of the Central Agricultural Land Commission (national), of which the Minister of Agriculture and Forestry is chairman.

Agricultural lands subject to purchase have been: (1) lands owned by absentee landlords; (2) tenant-operated lands in excess of specified retention rates; (3) owner-operated lands in excess of retention rates fixed by law, except those that can be reasonably operated by the farmer and his immediate family; (4) corporation-owned lands that do not relate directly to the principal objective of the corporation; and (5) lands capable of reclamation for agricultural use.

1/ Virtual completion of the cultivated land transfer phase of the reform has reduced the cultivated area under tenant operation to approximately 12 percent of the total. It is anticipated, as a consequence, that legislation governing the composition of the land commissions will be so modified as to vest a majority with owner cultivations and balance the rate of tenant with that of owner interest.

(more)
(over)

Lands subject to transfer have been purchased by the government (through the agency of the land commission) for resale to eligible buyers. Tenants on the land as of Nov. 23, 1946, other tenants, and other persons who wish to cultivate the land have had priority to purchase in that order.

The purchase price of land, established by law, is subject to variation within legal limits at the discretion of the land commission. Sellers of land receive payment in 1,000 yen bonds bearing 3.65 percent interest and redeemable in 24 equal annual installments. Any amount less than a unit of 1,000 yen is paid in cash. Tenants may pay for all or any part of the land at the time of purchase and the remainder in 24 annual installments with interest at 3.2 percent.

Tenant payments for the land, plus other expenses coincident with land ownership, in any year cannot exceed one-third of the gross income from the land in that year. In case of crop failure or low farm prices, the government will reduce, defer, or cancel the annual payment.

Agricultural lands purchased under the program may not be sold or used as collateral for loans during the 24-year amortization period without specific approval of the government. Tenant purchasers desiring to discontinue their purchase contract during the 24-year amortization period must sell their lands back to the government on terms similar to those of the original contract. All future land transactions are subject to approval by the agricultural land commission.

Through the land reform program, the Japanese government had acquired 4,581,073 acres of cultivated land by March 2, 1949, of which 4,389,344 acres had been sold by March 31, 1949. Disposal of the remaining 191,729 acres, together with small additional amounts of land still to be acquired, will be virtually complete by June 30, 1949. The cultivated land area operated by tenants will have thus been reduced from an estimated 6,300,000 acres (46 percent) to approximately 1,670,000 acres (12 percent). As of the same dates, 540,134 acres of pasture land had been acquired, of which 233,149 acres had been sold. An estimated additional 375,000 acres of pasture land awaiting purchase, together with the 306,985 acres on hand, will be sold largely to cultivating farmers by June 30, 1949. In addition to cultivated land and pasture land, 2,402,544 acres of land have been acquired for reclamation for sale to owner-farmers as part of a long-range program for increasing the total cultivated area of the country. Of this amount 100,167 acres had been reclaimed and sold to individuals, or sold to individuals for private reclamation by Feb. 1, 1949.

Although the land reform program is dedicated primarily to creating owner-farmers, total elimination of farm tenancy is not considered feasible. A small reservoir of land subject to tenancy is considered essential to a program of maximum food production. Flexibility in the land tenure pattern must be preserved to prevent withdrawal of land from cultivation in cases where the owner becomes temporarily unable to cultivate for himself, or where no applicant to purchase land is available.

The land reform program therefore also includes provisions to insure fair tenancy practices for those who remain as tenants. The most important of these provisions are: (1) a written farm lease with all principal elements clearly stated; (2) cash payment of rent; (3) ceiling of 25 percent of the production from paddy and 15 percent from upland fields; and (4) rent contract cancellation or alteration subject to approval by the land commission. A model lease contract form to be used by tenants and landlords as a guide in drawing up their own contracts has been widely distributed.

The total cost to the Japanese government of administering the land reform program was 5,929,648,750 yen for the period Sept. 1, 1946-Dec. 31, 1948. Of this amount 4,874,923,093 yen was spent for the support of the 11,322 local land commissions. Principal responsibility and credit for the success of this program involving transfer of title to about 30,000,000 individual parcels of land, accrues to these local land commissions. The average cost of operating an individual local land commission has been approximately \$1,450 (computed at an assumed rate of 300 yen to \$1.00) for the period September 1946-January 31, 1948, or about \$50.00 per month per commission.

GENERAL HEADQUARTERS
For East Command
Public Information Office

Information Bulletin No. 4:

11 June 1949

THE AGRICULTURAL COOPERATIVE PROGRAM

Approximately 5,910,000 farmers are engaged in farming Japan's 14,900,000 acres of cultivated land. The extreme small size of their individual operations makes it essential that they pool their efforts and resources through cooperation to the greatest practical extent in order to achieve economic stability and maximum production.

Toward this end, legislation which became effective Dec. 15, 1947, provided for the establishment of democratic, farmer-controlled, cooperative associations in accord with internationally recognized cooperative principles.

Cooperative associations replace a monopolistic, government-controlled system of agricultural associations which had been developing in Japan since 1899. Legislation enacted that year established associations to improve farming practices. Membership was compulsory. A year later, industrial cooperatives were similarly authorized to facilitate trade and essential business--especially in rural areas.

Although this law provided for voluntary membership and permitted some degree of independent action, the Japanese agricultural cooperative movement was, from its inception, primarily a government-sponsored movement.

In most instances the cooperatives were controlled by the local agricultural associations which were in turn agents of the government and dominated by landlord interests. Amendments to the law, especially between 1930 and 1943, which culminated in the Agricultural Organization Law of 1943, steadily increased government control over these organizations and served primarily as a means of controlling farm prices, and thereby the entire farm economy.

The 1943 legislation eliminated even the fiction of democracy, and the agricultural associations (Nogyokai) which emerged existed primarily to compel farmers to conform to the aims of the military. They served to control agricultural prices and production, to handle collections and rationing, and to bring in rural capital for the war effort. They were one of the important means used to police farm communities in the war effort.

Abolition of this totalitarian structure was recognized by General Headquarters, Supreme Commander for the Allied Powers, as a preliminary requisite to fostering and encouraging an agricultural cooperative movement free from domination by nonagrarian interests and dedicated to the economic and cultural advancement of the Japanese farmer.

Law 133, promulgated Nov. 19, 1947, required the dissolution of all of approximately 11,000 incorporated agricultural associations and 139,959 incorporated agricultural practice associations and sericultural practice associations by Aug. 14, 1948. After this date these associations were prohibited from transacting any business except liquidation of assets.

By March 1, 1949, liquidation of agricultural associations was five percent complete, while that of the agricultural practice and sericultural practice associations was 80 percent complete.

The new cooperative associations organized pursuant to Law 132, which became effective Dec. 15, 1947, have as their primary objective maximum service to participating members rather than payment of dividends on invested capital. They are incorporated enterprises, authorized to perform practically any economic service which will contribute to the advancement of communities.

Fifteen or more farmers may organize a cooperative. A cooperative membership is voluntary. Each farmer member has one vote. Persons residing within the business area of the organization may be associate members with all privileges except voting rights.

(more)
(over)

A farmer is any individual who personally carries on or engages in agriculture. This definition includes all of those within a household whose activities make them eligible, and the participation of women is encouraged. The business area is as defined by the articles of incorporation.

Two or more cooperatives may organize a federation of agricultural cooperatives. Such federations may perform any activity which the local cooperatives are authorized to perform except that if a federation is engaged in the making of loans and receiving of deposits, it is prohibited from performing additional functions not connected with these activities.

Federations engaging in credit activities may, however, act in behalf of affiliated associations in discounting bills and guaranteeing debts toward banking organizations with which such associations are authorized to do business.

A cooperative association may charge expenses and require contributions in accordance with its articles of incorporation. It may organize as a capital stock or nonstock association, but no nonstock association may carry on both the functions of making loans and receiving deposits.

Liability for a share is limited to the amount of the share and, in the case of a nonstock organization, the amount of the authorized fee. In a capital stock association, each member must possess at least one share, and the maximum number of shares which one member may own is specified in the articles of incorporation.

Only members may hold stock. Transfer of stock is subject to the approval of the association. Primary responsibility for carrying out the agricultural cooperative program is vested in the Ministry of Agriculture and Forestry.

As of March 31, 1949, a total of 31,181 new cooperative associations and federations had been approved under the new law. These were distributed by type as follows: 377 federations covering a prefecture or larger area, of which 353 were stock and 24 nonstock; 575 federations smaller than a prefecture, of which 466 were stock and 109 nonstock; 59 individual cooperatives covering a prefecture or larger area, of which 50 were stock and 9 nonstock; and 30,170 local cooperatives, of which 15,815 were stock and 14,355 were nonstock.

Types of cooperatives included general purpose, sericulture, livestock, reclamation, fruits, tea, firewood and charcoal, poultry, dairy farming, and miscellaneous, of which general purpose, sericulture, and reclamation were by far the most numerous.

Members of more than 99 percent of all farm households belong to at least one cooperative, and a substantial number of households are represented by memberships in two or more associations. About 84 percent of all local cooperative directors and auditors are not now and never have been directors or auditors in the agricultural associations abolished by the law of Nov. 19, 1947, indicating a substantial measure of transfer of leadership in rural economic affairs into new hands.

CROP AND LIVESTOCK INSURANCE PROGRAM IN JAPAN

9 May 1949

Japan's deficit food position requires that agricultural production be maintained on land which would, in a surplus food production country, be considered submarginal. Maintenance of a high level of production, including use of submarginal land involving high operation risks, is therefore a matter of national policy and national necessity. The risks of operating poor land or land unusually subject to flood or other disaster are intensified in Japan by the minute scale of Japanese agriculture and the difficulties faced by a farmer in finding essential substitute income in the event of even a small-scale crop failure. A farmer must be guaranteed a minimum return for his efforts or he will cease to farm. In order to stabilize the economic position of the individual farmer and to maintain production on a maximum area, the Japanese Government requires farmers to participate in a compulsory insurance program, and in return undertakes on behalf of the whole community of consumers as well as producers to subsidize a part of the cost of insurance benefit payments.

Japan's present insurance system represents a revision of the system existing at the time of surrender to bring it into closer harmony with basic Occupation objectives and to correct inherent administrative and procedural difficulties. While public relief in the event of crop failure had been recognized in principle since the Tokugawa Era, relief in the form of insurance was instituted in 1929 with the passage of the Livestock Insurance Act and in 1939 with the passage of the Crop Insurance Act. Under these acts responsibility for administration of livestock insurance rested with voluntary associations organized for the purpose, but crop insurance, which was compulsory, was carried on by agricultural associations. These have been dissolved as part of the agrarian reform program and replaced with democratically organized cooperative associations. Development of a new administrative mechanism to replace that provided by the dissolved organizations thus became necessary. Moreover, preexisting insurance procedures were defective in a number of ways. Procedures for fixing crop insurance premiums failed to differentiate between high- and low-risk areas. Farmers in low-risk areas thus had to assume a part of the cost of insuring crops in the higher-risk regions. Premium rates were insufficient to finance insurance obligations, and a substantial deficit had accumulated. Both livestock and crop insurance systems were established to pay losses in amounts which, under present economic conditions, are insufficient to be effective in maintaining maximum agricultural production.

The new Compensation Against Agricultural Loss Law, promulgated 15 December 1947, substitutes a unified compensation system for the dual system previously in effect. Its object is to maintain maximum agricultural production. It calls for determination of premium payments on the basis of historical records of losses. Premiums are fixed for each area in accord with that area's past record. Ordinary losses are paid insofar as possible from premiums paid by members. Losses in excess of an amount collected as premiums are met by government subsidy. The principle of subsidy is established partly in recognition of the nation's responsibility to participate in costs incurred for benefits which accrue to the nation and partly to keep premiums within the farmers' capacity to pay. Insurance of silkworms, cocoons, paddy and upland rice, wheat, barley, and oats is compulsory. Livestock insurance is voluntary, and no government subsidy is authorized. Cattle, goats, sheep, and swine may be insured.

Compulsory crop insurance covers one-half of the estimated average production per tan of crops. Additional coverage is theoretically permissive but has not been started. Maximum payments cover one-half of the losses in excess of 30 percent (40 percent for sericulture.) No payments are made for losses of less than 30 percent (40 percent for sericulture).

Livestock insurance coverage on adult animals is limited to 80 percent of the value of the animals. On embryo and newborn animals, maximum coverage is 20 percent of the value of the parent. The rate increases up to 80 percent with the age of the animal.

Administration of the law at the local level rests with agricultural mutual relief associations organized under the supervision of prefectural governors. At the prefectural level, responsibility for administration rests with agricultural mutual relief insurance associations organized under the supervision of the Minister of Agriculture and Forestry. Local associations insure with prefectural associations, which in turn reinsure with the national government. General surveillance over the entire structure is maintained by the Ministry of Agriculture and Forestry to insure compliance with the law.

As of 28 February 1949, agricultural mutual relief associations established on a local basis under the new law of 15 December 1947 numbered 10,452 out of an eventual total of 10,849. By that date, each prefecture had one mutual relief insurance association serving as a federation of local associations. These replaced 46 prefectural insurance federations, 531 county associations, and an unreported number of local associations, in addition to 288 livestock insurance associations in operation when the law was enacted and now in the process of dissolution and liquidation or transfer of assets. The total of about 4,556,000 cho (11,165,025 acres) of land planted to rice, wheat, barley, oats, and naked barley in 1948 and the 16,724,374 grams of silkworms and cocoons produced in 1948 was covered by insurance. Benefits paid to members totaled ¥2,547,700,854 compared with ¥1,066,440,821 paid by members in premiums as of 16 March 1949. Livestock insurance covered 306,658 head of cattle, horses, goats, sheep, and swine 5 March 1949, insured for ¥3,033,134,920. Premiums paid totaled ¥62,661,359 against which ¥22,718,432 in benefits had been paid.

STANDARD FORM NO. 64

UNCLASSIFIED

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Bond

DATE: July 19, 1949

FROM : NA - Mr. Stegmaier JLS

SUBJECT: Tokyo's No. 405, June 21, 1949

1894.61/6-2149 x 2894.52

Encloses Headquarters press releases of June 9 and June 11 concerning the land reform and agricultural cooperative programs and Natural Resources Section publication of May 9 explaining the crop and livestock program.

The first release describes briefly historical background and economic and social necessities for land reform, explains the administrative structure of the program and reviews progress to date in the purchase and sale of tenanted land by the Government. 4,500,000 cultivated acres involved, sale of which to be completed by June 30, 1949. Notes that a small reservoir of tenanted land will be allowed to survive as essential to maximum food production.

Second release traces reform of farmer agricultural associations into democratically operated cooperatives. Highly critical of the government-controlled and landlord-dominated system of the past, it reports new purpose is service to members, not dividends. 31,181 new cooperative associations and federations up to March 31, 1949, 99 per cent of all farm households having a member in at least one such organization.

Third enclosure indicates the previous crop insurance system, begun in 1929, has been changed so that premium rates correspond more exactly to the risks of the area in question. The previous system of flat rates meant farmers in low risk areas were unjustly burdened by payments to high risk areas. Insurance is compulsory for crops easily susceptible to damage and failure, voluntary for livestock. When losses exceed premium receipts the difference is subsidized by the Government.

State Dept.
Northeast Asian
Affairs office
from Stegmaier

FE:NA:JLStegmaier/pm

Mr. A
Mr. B
Mr. C
Mr. D
Mr. E
Mr. F
Mr. G
Mr. H
Mr. I
Mr. J
Mr. K
Mr. L
Mr. M
Mr. N
Mr. O
Mr. P
Mr. Q
Mr. R
Mr. S
Mr. T
Mr. U
Mr. V
Mr. W
Mr. X
Mr. Y
Mr. Z

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STANDARD FORM NO. 64

DC/R

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mrs. V. H. Duffus
 UNE - Department of State

FROM : Acting Chief, Far Eastern Affairs Group
 Office, Under Secretary of Army

SUBJECT: Report on Japanese Cooperatives for UN/FAO.

DATE: 30 September 1949

(XR) The inclosed literature on Japanese Cooperatives and allied subjects was received from the Supreme Commander for the Allied Powers in compliance with the request from the Food and Agriculture Organization of the United Nations, and is forwarded in accordance with your telephone conversation on 29 August with Mr. Arnold Nestel of this office.

XR 5015A

E. W. HENDRICK
 Lt. Colonel, G.S.C.
 Acting Chief, Far Eastern Affairs Group

Incls.
as above

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*Note to TAO
10/10/49*

OCT 19 1949

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The Secretary of State of the United States of America
 presents his compliments to the Director General of the Food
 and Agriculture Organization of the United Nations and encloses
 herewith reports on the Agricultural Cooperative Program in
 Japan transmitted at the request of Lieutenant Colonel E. W.
 Hendrick, Acting Chief, Far Eastern Affairs Group, for the Supreme
 Commander for the Allied Powers. This is in response to a request
 from the Director General of the Food and Agriculture Organization
 of the United Nations, Washington, D. C.

894.61/9-3049

Enclosures:

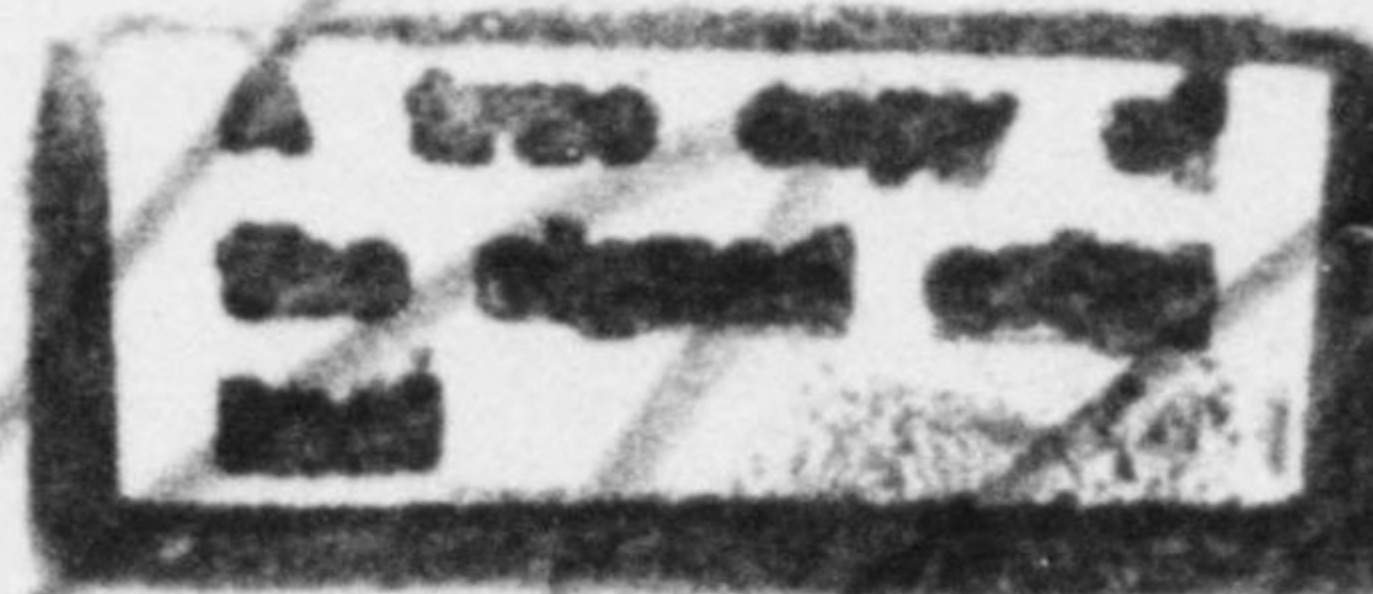
- ✓ From the Supreme Commander for the Allied Powers, dated August 29, 1949 and January 13, 1949.

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Department of State,
 Washington, October 13, 1949

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DEPARTMENT OF STATE

Memorandum of Conversation



file

DATE: October 18, 1949

SUBJECT: Japanese Agrarian Reform

PARTICIPANTS: Mr. Laurence Hewes, Former Chief of Agriculture Division,
Natural Resources Section, SCAP
Mr. Green
Mr. Fearey *RAY*

COPIES TO: FE - Mr. Butterworth ✓
Mr. Merchant
Mr. Hamilton
NA - Mr. Allison

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In the course of a discussion of the Japanese agrarian reform program Mr. Hewes made certain remarks of interest in connection with the problem of whether the Japanese should be required in the peace treaty to preserve particular social and economic reforms introduced during the occupation.

Mr. Hewes felt that there was great danger that the agrarian reforms would not survive if a treaty concluded during the coming year did not contain a provision requiring the Japanese to continue them. The danger, he stated, does not arise from lack of interest by the former tenants and other benefited farmers in the continuation of the reforms. Although the farming class was originally skeptical of them, or rather of our determination to see them through, they are now convinced of our sincerity in the matter and have developed appreciation and enthusiasm for the reforms.

The danger derives, rather, from the continuing political naivete and timidity of the bulk of the farming population, who are not yet able to tell their friends from their enemies on the political scene and who remain cowed by former landlords and other

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groups still dominant in the rural areas. The influence in the villages of the former tenants and other poorer farmers is gradually increasing, but is still well short of the point where they can effectively protect their interests. Diet Members from the rural areas are still representative of landlord and commercial interests, with almost none devoted to the interests of the poorer farmers.

Mr. Hewes' fears were strengthened by a number of indications that the Yoshida Government is already beginning an ill-concealed campaign to sabotage the agrarian reforms. In outline these indications are:

1. The appointment by Yoshida of an outspoken opponent of the reforms as his Minister of Agriculture. This individual, Kotaro Mori by name, was the only member of the Diet who, when the agrarian reform legislation was up for approval in 1945 and 1946, dared openly to attack it.
2. The denial of funds necessary to continue the operations of the land registration offices. These offices are responsible for the formal transfer of title to farming land from the landlords to the tenants under the reform program. Until this transfer of title occurs, the former tenants do not have legal title to the land. To date, only 30% of the transfers have been effected.
3. A proposal for amalgamation of the Tenant Owners Act and the Agricultural Adjustments Act, the effect of which would be to throw in even greater jeopardy the present title of the former tenants based on temporary land ownership slips.
4. A proposal to dissolve the local Land Commissions, on which the tenant class is heavily represented, or to amalgamate them with the Agricultural Adjustment Commissions on which the owner class is most heavily represented.

Mr. Hewes position, in brief, is that the farmers still lack political power to protect the benefits which they have obtained under the reform programs, and that Yoshida appears determined to sabotage the reform and feels sufficiently sure of his ground to move in that direction while the occupation is still continuing. Although there is no assurance that the farmers will gain requisite political experience and power by any given date, Mr. Hewes believes they are moving steadily in that direction and that all that is necessary to place the reforms on a firm basis is more time. This is a frequent argument, of course, and it will be remembered that back in 1947 and 1948 SCAP experts argued that the reforms could not

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then stand on their own feet but that they would be able to do so if a few more years were allowed. Mr. Hewes' remarks do suggest, however, that, with Mr. Yoshida apparently prepared to move against the reforms while the occupation is still on, Allied influence and pressure after the treaty may not be sufficient by themselves to give the agrarian reforms and, even more important, the educational reforms, a fair chance of survival.

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Telephone
Business—WAlnut 1-6820
Editorial—WAlnut 1-6821

THE NICHIBEI TIMES

1375 Eddy Street
San Francisco 15, Calif.

November 1, 1949

Ack'd Nov 22 '49
NA: m. Green
SS-CR
2 Kant

The Secretary of State,
Washington 25, D.C.

File

Dear Sir,

RE: NA - Documents from Japan on
Japanese Land Reform

On receipt of the Japanese documents addressed to certain Japanese residents of the United States from Mr. John M. Allison, Director, Office of Northeast Asian Affairs, we printed the notices in our issue of above date.

I am enclosing a copy of the paper.

The article in Japanese carried the names of all the persons to whom the letters were addressed.

One local resident has already called to claim his letter and we feel sure that we will be able to locate the others in a short while.

In the future if there are any other matter in which we can be of assistance through our news columns, we will be most happy to be of service.

Yours sincerely,

NICHI BEI TIMES

Y. W. Abiko
Y. W. Abiko, Editor

YWA: ss

Enc.

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DEC 2 1949

Handwritten notes and signatures in a box at the bottom left.

CS/H

Notice of Sale Letters Reveal Drastic Scope of Japan's Land Reform Law

Just how drastic measure the Japan land reform law is was brought to the attention of the Nichi Bei Times Monday with the receipt of about 120 official "notification of sale" for distribution to absentee landowners in the United States.

These notices from the prefectural offices were sent by the Japan foreign office to the U.S. state department and the govern-

ment office has asked the Nichi Bei Times to find the addressees.

Nearly all of them were from Kagoshima, Tottori, Fukui and Kochi prefectures.

The list of names appears in the inside pages of this issue.

From these forms, it was learned that the government bought an acre for about ¥5000 or about \$12.50. Pre-war prices for farm land was about \$75 to \$100 per acre.

The sale is final, according to the notice, unless it can be proved that the listed owner is an American citizen. However, if the nisei is registered in the family records in Japan at the time the land reform law was adopted, the law applies to him. U.S. citizens have a year in which to reclaim their property after the notice is issued.

S.F. ATTORNEY HEADS AREA FOR JAPAN UNIVERSITY DRIVE

John L. McNab, prominent San Francisco attorney and nationally known figure in the Republican party, has been named area chairman of the \$10,000,000 campaign for a Japan International Christian University.

Announcement of his appointment was made Sunday by Dr. Tully C. Knoles, chancellor of the College of the Pacific, and regional chairman of the campaign.

McNab was the delegate to the 1928 Republican national convention who nominated Herbert Hoover for president and formerly served as U.S. attorney in northern California.

Church groups are sponsoring the drive which is headed nationally by Joseph C. Grew, former U.S. ambassador to Japan.

Big Crowd Enjoys Marysville YBA Party

MARYSVILLE, Oct. 31 — An overflow crowd enjoyed the Marysville YBA's benefit game party at the YBA hall last Saturday night, directed by Opal Nakao and her committee.

An impromptu jam session was held by the young people after the party.

Next on the agenda for local YBA members will be the YBA members will be the N.C. YBL conference in Sacramento, Nov. 20. Local members planning to attend were asked to pre-register with Terry Manji before the deadline this coming Saturday, according to Roy Hatamiya, club president. A deposit of \$1 must be made to pre-register, he said.

Sac'to Bussei to Work on Bazaar Booths

SACRAMENTO, Oct. 31—With more than a dozen different booths to set up and decorate for the coming Joint Buddhist bazaar, all local YBA members have been asked to assist in the work

Precious Buddhist Books to Be Studied at Stanford

One of the world's rarest writings, the sacred canon of Buddhism, arrived on the Stanford University campus after fabled and intricate wanderings over half of Asia, it was announced Monday by Dr. Wallace Sterling, president of the university. It is a priceless copy of the Tibetan Tripitaka, 300-odd volumes of Buddhist scripture, translated more than 200 years ago from various Indian languages into classical Tibetan.

It takes its name from a

Sanskrit word meaning "three baskets"—a reference to Indian and Ceylonese tradition of collecting ancient Buddhist documents in baskets.

It is the only complete edition of the work in the western world and is as important to Buddhists and Oriental scholars as an untranslated Greek or Latin documents about the teachings of Christ would be to the west.

Most of the original documents from which the huge translation was made have long been lost and it is expected that a translation of Stanford's treasure will reveal many secrets of Buddhism's origin and history.

The story of how the great document reached Stanford began more than forty years ago in Japan when a wandering Tibetan priest met and converted a young Japanese named Tokan Tada.

Tada journeyed to the fastness of the Himalaya mountains and there was ordained a monk by the Dalai Lama, chief priest of Tibet.

When he decided to return to Japan in 1922 the Dalai gave him two copies of the Tripitaka with which to spread the Buddhist word through his native land.

While a teacher at the Northeastern Imperial university at Sendai, Tada turned over one of the copies to Ryutan Tokuzawa, a former graduate student at Stanford.

Unable to translate the work himself, Tokuzawa wrote to a Buddhist monk in Los Angeles named Nyogen Senzaki, asking where the document might best be placed for study.

Senzaki in turn talked about it with an old friend, Mrs. John B. McCandless of Pasadena, also a Stanford graduate. She urged that the Tripitaka be sent to the university and the arrangements were finally made.

It came from Tokyo in 30 large boxes. Each of more than 300 volumes contain from 300 to 500 leaves of tough, unglazed paper, printed from wooden blocks.

The paper is almost perfectly preserved, possibly because it is said to be made from the root of a poisonous plant which insects will not attack.

The donors and the university both hope that the Tripitaka will attract Buddhist scholars from all over the world and that they will reach a greater understanding of Buddhist thought and Tibetan literature through translation of the document back into its original Sanskrit and then into modern language.

Buddhist tradition dictates a highly formalized procedure for reading the Tripitaka. The devout Buddhist holds a volume across his knees and lifts the 4½-by-20-inch leaves toward him as he reads, repiling each leaf in his lap as he finishes it.

On opening and closing the book, the phrase, "May I receive the blessing of these holy words" is repeated. After finishing each

DRIVE BEING CONDUCTED IN NORTHERN CALIFORNIA

Christmas gifts for the children of Okinawa were urged Sunday by Henry Yamada, chairman of the Okinawa Relief league of Northern California.

Pencils, notepads, colored papers, crayons and toys are especially requested.

Gifts or monetary aid should be sent to Choshin Oda, 84 6th St., Oakland, by Nov. 20.

Oakland YBA Host to 150 in Halloween Fest

OAKLAND, Oct. 31—Approximately 150 persons from the Oakland Methodist Fellowship, Berkeley U.C. Nisei Student club and the Oakland Young Buddhist groups met at a Halloween party last Friday at the local Buddhist hall with the latter group as hosts.

The local Bussei committee in charge included:

Yosh Inono and Mary Mori, games, mixers and social dancing; Mako Otsuka, Moe Yanagi and Ted Kaneko, decorations; Sets Kimura, Shiro Aochi and Shiz Yokomizo, refreshments; and Marie Hoshino, invitations.

Manufacturer of Japan Zero Plane Succumbs

TOKYO, Oct. 31 (AP)—Chikuhei Nakajima, wartime manufacturer whose company designed and produced the Japanese Zero plane, died of cerebral hemorrhage at the age of 66.

After the war, Nakajima was arrested as a class AAA war criminal suspect but was later released.

Japanese Find New Use for Fluorescent Lamps

TOKYO, Oct. 31 (AP) — A new application for fluorescent light is reported from Japan. Rice growers use blue fluorescent lamps to lure to destruction hordes of insects.

Vital Statistics

Married

Mine Hashimoto (formerly of Oakland) to Henry Kiyoshi Suzuki of Chicago in New York, Oct. 21.

Births

To Mr. and Mrs. Peter M. Sugawara, Petaluma, a son David Paul in New Orleans, Oct. 28.

To Mr. and Mrs. George Taki (nee Mariko Kikuchi of San Francisco) a daughter in Chicago, Oct. 18.

To Mr. and Mrs. Frank Yamaguma of

Provoov Treason Case in New York Postponed

NEW YORK, Oct. 30—A hearing was postponed last Friday until Nov. 14 in the case of John David Provoov, 33, former army sergeant of Sausalito, Calif., accused of treasonable wartime dealings with the Japanese.

The adjournment was granted by U.S. commissioner Edward W. MacDonald at the government's request. U.S. attorney Irving M. Saypol said the case now is before the federal grand jury.

Editor at Harvard

FIRST TIME FOR NISEI OF LAW REVIEW

CAMBRIDGE, Mass., Oct. 31—A 1944 nisei honor graduate of the University of Denver has been named as one of the editors of the Harvard Law Review, it was revealed this week.

He is Sho Sato and is the first Japanese American to receive the honor of being on the monthly Harvard publication.

The Harvard Law School Record (a weekly publication) in reporting the nisei appointment also said that for the first time in the 133-year history of the institution it will admit women to the school starting next year.

So far as is known only one other Japanese American has been on the staff of a law review and he was George Yamaoka at Georgetown university.

India's Gift Elephant to Japan Featured in Meet

TOKYO, Oct. 31 (AP)—The Indian elephant "Miss Indira" which arrived in Japan recently as a gift to the Japanese children from Prime Minister Nehru of India was the star of the municipal employees field meet Sunday.

The elephant engage in a tug-of-war with 50 men and won. The men's team was increased to 70 and Miss Indira finally lost.

A match between a combined team of 60 children and 30 adults and the elephant resulted in a draw after two minutes of all-out pulling on each side.

Pine Methodists Near Goal for Car Fund

November 22, 1949

In reply refer to
NA

*Do not use as precedent,
This is incorrect style
for formal letter
S/S-CR*

Dear Sir:

I wish to thank you for your letter of
November 1 enclosing a copy of the Nichi Bei
Times of that date, in which notices of sales
of lands in Japan under the Japanese land reforms
were brought to the attention of your readers.

OK

Your ready cooperation in this matter is
much appreciated.

Sincerely yours,

[Signature]
John M. Allison
Director,
Office of Northeast Asian Affairs

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Mr. Y. W. Abiko, Editor
Nichi Bei Times,
1375 Eddy Street,
San Francisco 15, Calif.

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THE FOREIGN SERVICE
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Office of the U. S. Political Adviser
for Japan

Tokyo, November 16, 1949.

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Subject: Transmission of Publication on Japanese Agricultural Programs Under the Occupation.

The Acting Political Adviser has the honor to enclose a copy of a publication entitled "Japan Agriculture Programs Under the Occupation," dated September 26, 1949, and prepared by the Agriculture Division, Natural Resources Section, General Headquarters, SCAP.

It may be noted that the essential parts of the summary of this study were published on November 9 and 10, 1949, by the Nippon Times, English-language daily published in Tokyo under Japanese auspices, under the heading "The Agricultural Outlook: Summaries of Programs Under the Occupation". The Nippon Times, in an editor's note, characterized the study as "one of the best analyses of the Japanese agricultural program under the Occupation that has yet been written."

Topics discussed in this study include Japanese agricultural production statistics, fertilizers, insect and disease control, the seed situation in Japan, livestock, food storage and preservation, land reclamation and improvement, soil survey, food collection, crop reporting, agricultural research, agricultural extension, Japanese land reform program, agricultural cooperative program, and crop and livestock program.

Enclosure: *all*

Copy of "Japanese Agriculture Programs Under the Occupation" (eight copies to the Department).

Parchment Mat to the Department.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

26 September 1949

CROP AND LIVESTOCK INSURANCE PROGRAM IN JAPAN

Japan's deficit food position requires that agricultural production be maintained on land which would be considered submarginal in a surplus food production country. Maintenance of a high level of production, including use of submarginal land involving high operation risks, is therefore a matter of national policy and national necessity. The risks of operating poor land or land unusually subject to flood or other disaster are intensified in Japan by the minute scale of Japanese agriculture and the difficulties faced by a farmer in finding essential substitute income in the event of even a small-scale crop failure. A farmer must be guaranteed a minimum return for his efforts or he will cease to farm. In order to stabilize the economic position of the individual farmer and to maintain production on a maximum area, the Japanese Government requires farmers to participate in a compulsory insurance program, and in return undertakes on behalf of the whole community of consumers as well as producers to subsidize a part of the cost of insurance benefit payments.

Japan's present insurance system represents a revision of the system existing at the time of surrender to bring it into closer harmony with basic Occupation objectives and to correct inherent administrative and procedural difficulties. Public relief in the event of crop failure had been recognized in principle since the Tokugawa Era. Relief in the form of insurance was instituted in 1929 with the passage of the Livestock Insurance Act and in 1939 with the passage of Crop Insurance Act. Under these acts responsibility for administration of livestock insurance rested with voluntary associations organized for the purpose, but crop insurance, which was compulsory, was carried on by agricultural associations. These have been dissolved as part of the agrarian reform program and replaced with democratically organized cooperative associations. Development of a new administrative mechanism to replace that provided by the dissolved organizations thus became necessary. Moreover, preexisting insurance procedures were defective in a number of ways. Procedures for fixing crop insurance premiums failed to differentiate between high- and low-risk areas. Farmers in low-risk areas thus had to assume a part of cost of insuring crops in the higher-risk regions. Premium rates were insufficient to finance insurance obligations, and a substantial deficit had accumulated. Both livestock and crop insurance systems were established to pay losses in amounts which, under present economic conditions, are insufficient to be effective in maintaining maximum agricultural production.

The new Compensation Against Agricultural Loss Law, promulgated 15 December 1947, substitutes a unified compensation system for the dual system previously in effect. Its object is to maintain maximum agricultural production. It calls for determination of premium payments on the

basis of historical records of losses. Premiums are fixed for each area in accord with that area's past record. Ordinary losses are paid insofar as possible from premiums paid by members. Losses in excess of an amount collected as premiums are met by government subsidy. The principle of subsidy is established partly in recognition of the nation's responsibility to participate in costs incurred for benefits which accrue to the nation and partly to keep premiums within the farmers' capacity to pay. Insurance of silkworms, cocoons, paddy and upland rice, wheat, barley, and oats is compulsory. Livestock insurance is voluntary, unless an individual association makes it compulsory by majority votes at a general meeting. Farm buildings, implements and miscellaneous crops may be insured on a voluntary basis.

Compulsory crop insurance covers one-half of the estimated average production per tan of crops. Additional coverage is theoretically permissive but has not been started. Maximum payments cover one-half of the losses in excess of 30 percent (40 percent for sericulture.) No payments are made for losses of less than 30 percent (40 percent for sericulture).

Livestock insurance coverage on adult animals is limited to 80 percent of the value of the animals. On embryo and newborn animals, maximum coverage is 16 percent of the value of the parent. The rate increases up to 30 percent with the age of the animal.

Administration of the law at the local level rests with agricultural mutual relief associations organized under the supervision of prefectural governors. At the prefectural level, responsibility for administration rests with federations of agricultural mutual relief associations organized under the supervision of the Minister of Agriculture and Forestry. Local associations insure with prefectural associations, which in turn reinsure with the national government. General surveillance over the entire structure is maintained by the Ministry of Agriculture and Forestry to insure compliance with the law.

As of 30 April 1949, agricultural mutual relief associations established on a local basis under the new law of 15 December 1947 numbered 10,663 out of an eventual total of 10,881. By that date, each prefecture had one federation of mutual relief associations. These replaced 46 prefectural insurance, 531 county associations, and an unreported number of local associations, in addition to 288 livestock insurance associations in operation when the law was enacted and now in the process of dissolution and liquidation or transfer of assets. The total of about 4,556,000 cho (11,165,025 acres) of land planted to rice, wheat, barley, oats, and naked barley in 1948 and the 23,644,721 grams of silkworms and cocoons produced in 1948 were covered by insurance. Benefits paid to members totalled ¥2,801,897,799 for the 1948-49 fiscal year compared with ¥1,086,084,505 paid by members in premiums as of 16 March 1949. Livestock insurance covered 306,658 head of cattle, horses, goats, sheep, and swine as of 5 March 1949, insured for ¥3,003,134,920. Premiums paid totalled ¥62,661,359 against which ¥22,718,432 in benefits had been paid.

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Enclosure to Despatch No. 798,
November 16, 1949, from the Office
of the U. S. Political Adviser for
Japan, Tokyo, on the subject "Trans-
mission of Publication on Japanese
Agricultural Programs Under the
Occupation."

JAPANESE AGRICULTURE
PROGRAMS UNDER THE OCCUPATION

26 September 1949

894.61 / 11-1649

Prepared by the
Agriculture Division of
Natural Resources Section,
General Headquarters, Supreme Commander for the Allied Powers

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

26 September 1949

AGRICULTURE IN JAPAN

Introduction

1. The two most important agricultural problems confronting the Occupation in Japan have been insufficient food production and the low economic status of the rural community. Topography and the pressure of a large farm population on a limited acreage have had much to do with the relatively small area under cultivation, and with the small, un-economic farm units, widespread tenancy, and the low standard of living of those who till the soil. The Japanese are good farmers, but even their skill cannot overcome the limitations imposed by a total of only 15 million acres of cultivated land and 82 million people. In the past Japan could not attain food self-sufficiency even in years of abundant crops, but has had to rely on imports to make good the deficit. Now that former overseas sources of supply are no longer available, maximizing food production is one of Japan's most urgent needs.

2. The scarcity of arable land in Japan gave rise to many abuses in the land tenure system and in the field of agricultural taxes and credit. These abuses, coupled with domination of agriculture by bureaucratic and nonagrarian interests, multiplied the difficulties of the Japanese farmer in attaining a level of economic security comparable to the remainder of the population. National policies designed to expand industrial production and foreign trade relegated agriculture to an inferior position in the economy. Those dependent upon the land for their livelihood did not share to any substantial degree in the improved standard of living that resulted from the increased national income.

3. The low economic status of the Japanese farmers over the years has created among that group a feeling of hopelessness and restlessness. Agrarian unrest in turn has provided no small part of the stimulus to Japan's imperialistic foreign policy. Tenants particularly, and farmers generally, have been in large measure sympathetic to extremist political movements by Japan's militaristic exponents.

4. In recognition of the nature of Japan's economy, the Occupation has directed its agricultural programs toward two major objectives, namely, maximum food production, and the achievement of social and economic stability of the farm population. The brief report that follows outlines the nature and scope of the agricultural programs instituted.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

JAPANESE AGRICULTURE: PROGRAMS UNDER THE OCCUPATION

INTRODUCTION

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

26 September 1949

SUMMARYProduction Statistics

Stimulated by expansion of trade and population, Japan increased its staple food output 96 percent between the 1880's and the decade immediately preceding World War II. Rice and wheat accounted for most of this gain. At the end of World War II hostilities, however, many of its people faced the threat of starvation. By 1945 fertilizer shortages, combined with bad weather and other disrupting influences, had reduced harvests. Since that time production has gradually increased. In 1948 staple food crop harvests were six percent above the 1931-40 average, but not as high as the 1939 record crop. Increase came chiefly from sweet and white potatoes and barley.

In the period extending from the 1880's to 1921, Japan had expanded its cultivated areas from 12 percent of the total land mass to 16 percent, resulting in a total cultivated area of about 15,000,000 acres. After that time the area remained relatively constant until the war, when military requisitions reduced it by about 500,000 acres.

Annual harvest of minor cereals, beans, and peas followed the upward trend of the staple crops until about 1920, but declined thereafter. The trend in vegetable and fruit production continued upward for a longer period. However, with major emphasis on staple food crops during and since the war, the trend reversed. In 1948 production ranged from 23 to 40 percent less than prewar for these groups.

Among industrial crops, mulberry for silkworms (which more than doubled in average annual acreage from the 1881-90 decade to the 1931-40 decade) has been cut back during and since the war to less than two-thirds of the 1881-90 figure. This decrease has been due to loss of foreign silk markets and need for land for food production. Tea production is little more than one-half of the prewar average. On the other hand, the 1948 tobacco crop was 42 percent more than in 1931-40.

Fertilizer

With soils naturally low in fertility and with intensive cropping, Japan must rely heavily on fertilizers. When World War II began, the nation had ample facilities to produce most of its nitrogenous and phosphatic commercial fertilizers but had to import phosphatic rock. Limited equipment and lack of indigenous deposits made it necessary also to ship in the inorganic potash used. Peak fertilizer production was reached during the

period 1936-40. When war hostilities ended, the fertilizer industry was in a serious condition. Since then commercial fertilizer supplies have increased steadily. Largely as a result of action by Allied authorities, including imports of large quantities and introduction of measures to increase domestic production, the supply of nitrogenous fertilizer for farm consumption has risen from 439,000 metric tons in fiscal year 1946 to 1,464,000 metric tons in 1949; phosphatic fertilizer used by farmers increased during that period from 32,156 metric tons to 1,033,125 metric tons, and potash supplies during the same period have mounted from 902 metric tons to 159,000 metric tons.

A system of fertilizer allocations begun during the war has been recast by the Occupation to insure timely deliveries and equitable distribution between crops and areas. Importance of compost, animal manures, and night soil in crop production has been emphasized continuously. Current use of compost and night soil is estimated to be above the 1936-40 average.

Insect and Disease Control

Plant insects and diseases, although estimated to reduce crops in Japan by at least 12 percent annually, received minor control attention prior to 1947. While some good resulted from laboratory investigations, field work had been neglected. Use of pesticides in the dust form was practically unknown. Insecticide supplies, reduced during the war, have been adequate in 1949. The Agriculture Division of Natural Resources Section has encouraged experimental work on insect control, the use of dusts, and the use of new insecticides. DDT and benzene hexachloride, newly developed insecticides which can be produced in Japan, have relieved the pressure on other chemicals, particularly diesel oil and pyrethrum, for control of rice leaf hoppers. Other insecticides have been imported for testing. In addition to larger supplies and more effective kinds of pesticides, efforts are being made to improve control practices. The principle and use of insecticide dusts and aerosols are being emphasized by the Agriculture Division to obtain more effective control of pests. An Agricultural Chemical Control Law was promulgated in 1948 to assist in overcoming the inferior quality of pesticides. A Plant Quarantine and Emergency Pest Control measure will be presented to the next session of the Diet. The Agriculture Division of Natural Resources Section is assisting the Japanese Government in the programs discussed above and is sponsoring an extensive research program designed to develop more effective controls of plant pests, particularly rice borers.

Seed Situation

Improved seed is a major factor affecting crop production in Japan. Methods of plant breeding, and seed increase, inspection, certification, and distribution as means of increasing food production have been greatly improved during the past few years. However, hybridization and back-crossing have only recently received attention from Japanese scientists. Long-range increases in yields through use of these techniques may be expected.

With advice and guidance from the Agriculture Division, Natural Resources Section, the Ministry of Agriculture and Forestry has made pronounced advances in the production of certified seed of white potatoes since the Occupation began. Seven foundation seed farms were established in 1947 and increased

emphasis placed on seed production. This program is reflected in banner potato production in 1948 and 1949 despite inclement weather over much of the potato area of Japan during the 1949 growing season.

Notable improvement has also been made in the selection, curing, and storing of seed of sweet potatoes. Methods of curing introduced by the Agriculture Division now permit long-time storage and the planting of sound seed, and are paving the way for improving the main crop storage.

Livestock

Livestock plays a minor role as a direct food in Japan. Before 1868, the nation consumed almost no meat or milk. Up to 1941 animal foods, other than fish, amounted to only a little more than one percent of the total food consumed. Even this amount decreased during and after World War II, largely because of lack of concentrate feeds. Horses and draft cattle are necessary to provide farm draft power, the present number of draft animals is considered sufficient for that purpose. More dairy cows, dairy goats, and sheep are needed for increased production of protein food and other products. Swine have increased markedly in recent years despite the shortage of concentrate feeds. Poultry has regained only a slight portion of the 70 percent decrease it suffered during the period 1941-46.

Under SCAP direction, the livestock control companies were dissolved. Government livestock breeding stations are still maintained, although their need has not been demonstrated. The Agriculture Division of Natural Resources Section is encouraging policies to establish an economically sound livestock program. These policies include increased indigenous feed production, (especially improved forage production) to the extent possible without decreasing the amount of staple food grown, and livestock breeding production and utilization by private enterprise, at maximum levels consistent with feed imports. Government aid in the form of improved research and education facilities, and farmer access to long and short-term credit at low interest rates are also included in these policies.

Food Storage and Preservation

The Japanese climate, with hot humid summers and rains in the late spring and fall harvest seasons, magnifies food storage and preservation problems. The six million tons of sweet potatoes deluging the fall markets present an especial difficulty. Storage facilities are inadequate, and freezing weather in winter prevents later shipment. Grain storage is adequate in capacity but is not rodent-proof or air-conditioned. Vegetables are preserved by salting, pickling, or drying, but major losses result during market movements from lack of refrigeration and shipping facilities. At the instigation of the Agriculture Division, the Japanese are paying particular attention to potato spoilage problems. Sweet potato storage on farms has received increasing emphasis since 1947; the government will pay 70 percent more for farm-stored sweet potatoes after 1 March 1950 than during the peak season. As a result of Agriculture Division recommendations, a five-year plan has been launched to

provide 110,000 metric tons additional space for potatoes each year. Currently 215 buildings to provide an annual storage capacity of about 25,000 metric tons are under construction.

Land Reclamation and Improvement

Recognizing land reclamation and improvement as a basic means of increasing food production, the Japanese Government has provided subsidies for this activity for many decades. Nevertheless, land reclaimed from 1910 to 1939 average slightly less than 30,000 acres per year; gains from reclamation were largely offset by diversions of agricultural land to other uses. From 1937 to 1944, because of military acquisition, cultivated areas decreased about 500,000 acres. After the surrender, the government placed increased emphasis on land reclamation. Under SCAP direction the Land Reform Law was written. It included authority for the government to acquire uncultivated land for reclamation and established procedures for sale of reclaimed land to cultivators. A new Land Improvement Law, promulgated in June 1949, provides for more effective land improvement conducted by associations of the local people concerned.

With the increased emphasis on reclamation since 1945, the government has acquired 2,700,000 acres of uncultivated land for reclamation and 845,000 acres have been reclaimed.

Agriculture Division specialists have assisted the Japanese authorities not only in implementing legislation and instructions but also in the solution of technical problems in actual field work. Guidance has been given in developing standards for the selection of land to be reclaimed, in planning and settling reclaimed areas, and in designing and constructing land improvement projects.

Soil Survey

Basic knowledge of the soils is essential to proper evaluating of Japanese agriculture, and to establishment of policy and development of programs for increasing food and feed crops. The first soil maps of Japan were made under a program instituted in 1882, and by 1945 all cultivated land, except parts of Hokkaido, had been mapped. In 1936, however, aware of the inadequacies of their soil maps, Japanese soil scientists began the study of foreign classification methods. Few maps were completed under the revised scheme. A reconnaissance soil survey was initiated by the Natural Resources Section late in 1945. The survey, by United States soil scientists, makes use of an internationally known system of classifying soils by the morphological characteristics of the soil profile. Field work has been completed, and preparation of a series of eight reports is now in progress.

Food Collection

As the Japanese Government tightened its economic and other controls in the years immediately preceding and during World War II, it instituted a system of food collection from farmers and rationing to nonfarm families.

Only rice was collected in the first year - 1940. Wheat and barleys were added in 1941 and sweet potatoes and white potatoes in 1942. The system was used through the remaining war years. Food shortages necessitated continuance by the Occupation of the collection and rationing system. Use of the system apparently will be necessary for a number of years to come.

About 80 percent of all staple crops is subject to collection. Before planting time each year, the Ministry of Agriculture and Forestry, on the basis of "normal" production, determines delivery quotas and assigns them to prefectures. The prefectural governments sub-allot the quotas to counties (guns) and cities; the counties sub-allot them to towns and villages, which in turn assign them to individual farmers. Quotas may be revised downward at harvest time if crop conditions warrant. Authority to increase quotas at harvest time will be considered at the next session of the National Diet.

Consumer goods in short supply are made available to farmers as an incentive to stimulate crop deliveries.

The 1942-44 war years showed a continuously high total collection level, followed by a sharp drop in 1945 and progressive increase through 1948. Deliveries of each of the staple crops in 1948 exceeded those of 1947. The outlook for 1949 collections is encouraging.

The Agriculture Division of Natural Resources Section maintains close and continuing surveillance over all phases of the food collection program, including food production, assignment and revision of collection quotas, and actual collections by the Japanese Government.

Crop Reporting

In 1878 Japan began to collect national statistics on area and production of all major crops, based on reports from prefectural government officials. Field sampling to determine yield at harvest time was commonly used by local crop surveyors as early as 1933, but prior to 1947 little attempt was made to forecast production ahead of harvest.

A lucrative "black market," and fear of actual hunger growing out of the war served as incentives for farmers and local officials to under-report both crop plantings and yields. As a result, the accuracy of national crop area and production reports was impaired. Following a study by an expert from the United States in 1946, a new crop reporting system was set up, with control and supervision centralized in the Ministry of Agriculture and Forestry. Under this system, the accuracy of farmers' reports on acreage of crops is measured by means of sample surveys, and yields are determined by field sampling. These operations are conducted by trained personnel in prefectural offices of the Ministry of Agriculture and Forestry. Acreage surveys in 1948 accounted for more than a million acres of staple crops that farmers had failed to report.

Japan's food deficit must be made up by U. S. tax dollars, so a reliable crop reporting system is mandatory. The present system is superior to that used prior to 1948, but many problems remain. Effective guidance by the

Agriculture Division of Natural Resources Section eventually should place the Japanese crop reporting system on a high plane of efficiency and effectiveness.

Agricultural Research

Japan's lack of sufficient arable land to provide food for her growing population makes an effective agricultural research system imperative to insure highest returns from the agricultural resources. When the Occupation began, research work was scattered, with little coordination, among several hundred experiment stations and research institutions. The arrangement resulted in duplication of effort and inefficient use of funds. Further, equipment was inadequate in many of the stations.

With advice and guidance of specialists in the Agriculture Division, Natural Resources Section, the Japanese Diet enacted legislation in 1948 to provide for elimination of nonessential stations, consolidation of research institutions, application of research to immediate and practical farm problems, and prompt dissemination of findings to farmers. An Agricultural Improvement Bureau was established in the Ministry of Agriculture and Forestry in August 1948. A plan for consolidating research institutions was approved by the Cabinet in July 1949 and is scheduled for accomplishment by 1 April 1950; under this plan, 135 stations will be closed and 53 will be combined with the 191 remaining. Agriculture Division specialists conducted a school in experimental methods in March 1949. Under the guidance of these specialists, various experiments have been conducted which utilize experimental design methods only recently known to the Japanese.

Agricultural Extension

Planned distribution of technical knowledge to farmers in Japan was provided by legislation enacted in 1899, establishing a government-controlled system of agricultural associations to improve crop practices. Under this system, the government provided for one or more technicians in each village to work with farmers. In addition, cooperatives, organized under a law of 1900, helped finance operations of farms to supply superior seed and, in some instances, employed technicians to advise farmer members.

During World War II the associations and cooperatives were combined into a national association which was given control over crop quotas, collections, and rationing of critical materials. Agricultural technicians were given control and policing duties. The national control organization and its member associations were dissolved by direction of the Occupation authorities.

Legislation enacted in July 1948 on advice of Agriculture Division specialists provided for an agricultural advisory service. Prefectural governments are completing the organization of Agricultural Improvement Sections to work with the national government in developing such a system. More than 6,000 village farm and home advisors have been appointed, and more than 3,300 rural youth clubs have been organized. Agriculture Division specialists are working with the Japanese on plans for on-the-job-training programs to develop advisory techniques and leadership skills.

Land Reform

Prior to the Occupation 70 percent of the Japanese farmers rented all or part of the land they cultivated. The pressure of population on limited land resources perpetuated a feudalistic land tenure system requiring payment of exorbitant rents in kind often amounting to 50 to 70 percent of gross farm production. Japanese land reform legislation enacted by the Diet and promulgated 21 October 1946 has two main objectives: (1) transfer of land ownership to farmers who actually till the soil and (2) improvement of farm tenancy practices for those who continue as tenants. The program emphasizes private individual ownership of land rather than state or collective ownership. During the initial transfer phase, which is virtually completed, almost one-third of the cultivated land in Japan, more than 4,500,000 acres involving about 30,000,000 tracts, has been purchased by the government from former land owners for resale to cultivators. An estimated 12 percent of the cultivated land will remain in tenancy to provide the necessary amount of tenure flexibility. The land reform program also includes provisions to insure fair tenancy practices for the remaining tenants such as written farm leases, rent ceilings, cash rentals, restrictions on land transfer, and safeguards against arbitrary changes in rental contracts. Current operations include the registration of title transfers, collection and payment for lands sold and purchased by the government, and continued improvement of tenancy practice.

The Agriculture Division of Natural Resources Section provided technical advice and guidance in the preparation of the legislation on which the land reform program is based. Specialists consulted with Ministry of Agriculture and Forestry officials, furnishing advice and guidance on administrative policies adopted, and maintaining continuous contact with the progress of all activities.

Agricultural Cooperatives

The minute size of the average Japanese farm management unit requires that farmers pool their efforts and resources through cooperation. The prewar Japanese Government took advantage of this situation to construct a monopolistic hierarchy of agricultural associations through which the government controlled almost all aspects of farm life. Membership was compulsory for all farmers.

SCAP policy has required dissolution of this basically militaristic set-up and its replacement by a genuine agricultural cooperative movement free from domination by nonagrarian interests and dedicated to the economic and cultural advancement of the farmer. The Agricultural Cooperative Association Law which became effective on 15 December 1947, provides for the organization of democratic agricultural cooperatives based on internationally recognized cooperative principles. By 30 June 1949 a total of 31,329 local and individual cooperatives had been organized. These had federated into a total of 993 federations of agricultural cooperatives by the same date. Volume of business records for the year 1948 showed that cooperatives handled a major portion of farmer purchases, sales, financial deposits, and loans. Membership in these cooperatives is voluntary. Each member has one vote. The primary purpose of the cooperatives is maximum service to participating members rather than payment of dividends on invested capital. Results of officer elections

for these organizations in March through May 1949 show that over 80 percent of the present officers have never been directors or auditors in the former agricultural associations. This indicates a substantial change of leadership in rural communities.

Problems remaining include improving the operating efficiency and placing the new organizations on a sound financial basis, building membership loyalty, retaining the present freedom from political control, and strengthening democratic management.

The Agriculture Division of Natural Resources Section advised the Ministry of Agriculture and Forestry in the preparation of the new cooperative legislation, and in administration of the program.

Crop and Livestock Insurance

Japan's deficit food position requires that agricultural production be maintained on land which would be considered submarginal in a country which produces surpluses of food. Compulsory crop insurance, supported in part by government subsidy, and voluntary livestock insurance have been in operation with limited benefits since 1929 and 1939 respectively as measures required to keep submarginal land in production.

Japan's present insurance system, as authorized in the law of 15 December 1945 for Compensation Against Agricultural Loss, is a version of the system existing at the time of surrender. The changes were designed to bring the system into harmony with basic Occupation objectives and to correct administrative and procedural difficulties. Insurance coverage on staple food crops is compulsory in order to guarantee maximum effectiveness of the program in terms of crop production. Premiums are fixed for each area in accord with that area's past record of losses. Livestock insurance is voluntary unless the general membership of the local agricultural mutual association votes to make it compulsory. Insurance of other property and produce is optional. Administration is placed in local agricultural mutual relief associations operated by farmers, and in prefectural federations of these local associations. The Japanese Government exercises only limited general supervision.

Agricultural mutual relief associations established on a local basis numbered 10,663 as of 30 April 1949. Each prefecture had one federation. Local associations insure with prefectural federations, which in turn reinsure with the national government. Losses in excess of the amount collected as premiums are met by government subsidy. The principle of subsidy is established partly in recognition of the nation's responsibility to participate in costs incurred for benefits which accrue to the nation, and partly to keep premiums within the farmers' capacity to pay.

The Agriculture Division of Natural Resources Section assisted the Ministry of Agriculture and Forestry officials in preparing the present crop and livestock insurance legislation, in developing and implementing administrative policies, and in analyzing the progress of insurance activities under the new law.

DISCUSSION OF PROGRAMS

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

26 September 1949

JAPANESE AGRICULTURAL PRODUCTION STATISTICS

At the beginning of the Meiji Era (1868) Japan was largely self-sufficient from the standpoint of food, cultivating about 12 percent of the total land area. Rice was the principal crop. By the turn of the twentieth century, population increases had already caused food requirements to exceed crop production. Since that time the food requirements of the population always have been greater than indigenous production of food crops. By the early 1940's this deficit was averaging about 15 percent of total food requirements each year. The difference was supplied by imports, principally of rice and other grains, soybeans and sugar.

Rapid expansion of trade and population after the Meiji Restoration caused a steady increase in production and prices of agricultural products. By 1948, the cultivated area comprised 16 percent of the total land area of the country. Average annual production of staple crops (rice, wheat, barleys, sweet potatoes and white potatoes) in terms of brown rice equivalents^{1/}, increased from 6,711,000 metric tons during the ten-year period 1881-1890, to 13,115,000 metric tons during the period 1931-40 -- an increase of 96 percent. In 1939, a record crop of staple foods was produced -- 14,615,000 metric tons. During the war years, production held up well until 1945 when fertilizer shortages and unfavorable weather caused short crops. Largest production of the staple crops for the war years was in 1942 -- 14,023,000 metric tons, only four percent less than the record 1939 output. In 1948, total production of the staples was 13,927,000 metric tons (brown rice equivalents). This volume of food was six percent more than the average annual production of these crops during the period 1931-40 but five percent less than the peak production in 1939.

Production of each of the staple food crops in 1948, on metric ton brown rice equivalent basis, was as follows; rice, 9,352,000; wheat, 937,000; barley, 654,000; naked barley, 686,000; sweet potatoes, 1,874,000; and white potatoes, 427,000. The overall increase in staple food production in 1948 as compared with the 1931-40 period, is accounted for by the

^{1/} To facilitate valid comparisons between crops, and between time periods, actual product weights of crops other than rice have been converted to caloric equivalents of brown rice.

sweet potato, white potato and barley crops. Output of these crops rose 103 percent, 46 percent and six percent, respectively. Rice production was almost exactly equal to the 1931-40 average. The wheat and naked barley crops were 18 percent and 12 percent less respectively than the average for the above pre-war period.

During the 60 year period, 1881 to 1940, rice and wheat accounted for most of the increased food output from staple crops. Of the total 6,403,000 metric ton (brown rice equivalents) increase in average annual production between the periods 1881-90 and 1931-40, rice accounted for 70 percent and wheat 13 percent. Barley and naked barley production had climbed steadily to reach a peak production in 1913 nearly double the 1881-90 average. These crops declined in importance thereafter, giving way to wheat. Even so, however, production of these two crops was substantially higher during the nineteen thirties than in the eighties, and accounted for five percent of the total increase in staple food production.

Sweet potato output during the years 1931-40 averaged more than twice the annual production indicated by incomplete data for 1881-90. The crop accounted for eight percent of the increase in staple food production occurring between these two periods. White potato production was negligible prior to 1890. On the basis of meager production data for the early years, this crop accounted for four percent of the total increase in production between the two periods mentioned above.

In addition to the staple crops, minor cereals, beans and peas contribute to the total caloric output of Japanese farms. In addition a sizable production of vegetables and fruits contribute valuable calories and provide a vital source of vitamins and minerals in the Japanese diet. For the years prior to 1920 the production picture for these minor crops is obscure because of incomplete statistics. Such data as are available, however, indicate that production of most of these commodities showed a gradual upward trend until about 1920. Annual harvests of minor cereals, beans and peas declined after that time but the trend in vegetable and fruit production continued upward, reaching an annual average of 6,600,000 metric tons of vegetables (443,000 metric tons brown rice equivalents), and 1,200,000 metric tons of fruits (136,000 metric tons brown rice equivalents) during the years 1931-40. The average annual production of vegetables and fruits during this period was 17 and 38 percent larger respectively than during the preceding decade.

Production of minor cereals, and beans and peas declined to an average of 1,015,000 metric tons (brown rice equivalents) during the decade preceding World War II. This output was 15 percent less than during the twenties. Because of the major emphasis placed on staple food crops during and since the war, the downward trend in production of the minor crops listed above has continued. Thus, in 1948 the total harvest of these minor crops was only 611,000 metric tons -- 40 percent below the prewar level.

Vegetable and fruit production in 1948 also was less than before World War II. The vegetable crop totalled 6,159,000 metric tons (413,000 metric tons brown rice equivalents) -- 40 percent less than during 1931-40. Fruit output was only 928,000 metric tons (105,000 metric tons brown rice equivalents) -- 23 percent smaller than the 1931-40 average.

Area of cultivated land in Japan increased steadily from an average of 11,596,000 acres during the eighteen eighties to 14,944,000 acres in 1921. The latter figure represents the largest area ever cropped in a single year. Since 1921, the area has remained relatively constant. A slight decline occurred in 1929 but most of this reduction was restored during the thirties; and by 1939 the total was 14,750,000 acres. Average for the period 1931-40 was 14,677,000 acres. The area of cultivated land declined somewhat during the war, due chiefly to its being requisitioned for military purposes; but by the fall of 1949 land available for crops was estimated at 14,800,000 acres.

Since the reporting of crops statistics was begun in Japan in 1880, paddy land for rice production always has comprised slightly more than half of the cultivated land of Japan, except for a brief period (1917-21) when the area of paddy and upland fields was divided about equally. During the ten-year period, 1881-90, 57 percent of all cultivated land was devoted to rice paddies, the proportion declining gradually until about 1918. During the thirties paddy land comprised 53 percent of the total; and the proportion has remained practically unchanged since that time.

Though Japanese agriculture always has been chiefly concerned with production of the important food crops, considerable acreage has been devoted to certain industrial crops. Most important of these is mulberry for silkworm production. Area planted to mulberry increased from an annual average of 679,000 acres during the period 1881-90, to an average of 1,441,000 acres during the years 1931-40. When Japan lost her foreign silk markets during World War II, most of the mulberry trees were removed. Land formerly used for mulberry production now is used for production of food. Even so, 438,000 acres were devoted to mulberry in 1948.

Other important industrial crops include tea and tobacco. Tea production in 1948, at 26,000 metric tons, was little more than half of the 1931-40 average of 48,000 metric tons. But the 1948 tobacco crop, estimated at 98,000 metric tons of dried leaf, was 42 percent more than the average during the above prewar period.