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DRAFT

For Mr. Peake
By J. Williams

8 March 46

Policy With Respect To Taxation

The glaring social and economic inequalities characteristic of the Japanese tax system of the past were corrected by the sweeping revision of the tax structure in 1940.

The basic features of the New plan are:

- (1) Allocation of specific tax sources to each level of government, national, prefectural and municipal.
- (2) Recognition of the income tax as the principal national tax, with separation of corporate income from personal income, detailed classification of the latter as to source, and imposition of a uniform progressive surtax.
- (3) National assistance to lower levels of government on a uniform basis through grants of the total proceeds of three national taxes (land tax, house tax, business tax) and a fixed percentage of our other taxes (income tax, corporation tax, amusement tax, admission tax);
- (4) Designation of the national taxes on which local surtaxes can be levied and the surtax rates which can be charged.

In spite of the tremendous revenue increases necessitated by the war, the framework of the 1940 revision remains unaltered.

There are certain tax practices and abuses, however, which are in conflict with the objectives SCAP has been

directed to achieve. The Japanese Diet, under the new constitution, should be able without much difficulty to eliminate the evils of the tax system.

Import duties, for example, should be fixed in all details by statute, and no government Ministry should be empowered by ordinance or regulation to alter the statute in any particular.

The common practice of the ministries, as authorized by the old constitution, to impose fees and charges and to effect additions and rate revisions by ordinance or administrative regulations, should be prohibited. Again, fees and charges should be determined by statute only.

Sales, consumption and utility taxes which unfairly burden the masses should be abolished. In this category fall the sugar excise tax, the transit duty, the non-alcoholic beverages tax, the textile consumption tax, the commodities tax and the like.

In the past, the government has employed the taxing device to encourage certain home industries and to promote foreign economic penetration. Since the foreign and domestic industrial and financial policies ^{to be pursued by} of the Japanese Government are covered by specific directives to SCAP, it is not necessary to deal with them under the subject of taxation. Government income from monopolies, investments, businesses, state-owned property and Imperial property is also dealt with under

separate headings.

A most important key to local government, or lack of local government, in Japan is the system of taxation. Grants and subsidies to lower levels of government from the national government are commendably employed to equalize the national tax burden as well as to equalize the tax burden between urban and rural regions. But the system is also a powerful tool by which the central government denies autonomy or self-government to local units. Local authorities have no discretion whatsoever in the expenditure of national grants and subsidies. The remedy lies not in the system of taxation, which is equitable and efficient, but rather in the degree of control exercised by the national government over local use of funds received from the national treasury. Prefectural and municipal governments should be allowed the same amount of freedom in using central government grants and subsidies as they have in using revenues that are self-collected.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 1410

DATE: 18 Feb 46

EDITORIAL SERIES: 458

ITEM 1 Principles of the Communist Party - Provincial Newspaper Kahoku Shimpo (Sendai) - 14 Feb 46. Translator: K. Nobunaga.

Full Translation:

The JAPAN Communist Party's Central Committee on the 8th decided on the general principles to be presented to the 5th national meeting. The principles had been recognized as the establishment of a proletarian dictatorship by force and the establishment of a Soviet type of government. Accordingly, the masses felt it was a terrible party.

The principles of the Party decided at the 4th general meeting were so abstract that we found it difficult to grasp the inner thoughts. The Communist Party many times has proposed co-operation with the Social Democratic Party, which has refused it on various pretences. The Social-Democratic Party could not understand the political principle of the Communist Party.

This time however the principles of the Communist Party have become clear. According to its principles the Emperor System is to be abolished as a system. The private property system is to exist to meet the needs of the community. Today when post war reconstruction is being especially speeded, the food, living necessities, and housing problems should be solved promptly in order to secure a certain means of livelihood for the people. Middle sized and small commercial and industrial entrepreneurs should make active use of their capital. Monopolistic capital and enterprises which are exploiting the masses, should be completely destroyed. This is reasonable from the standpoint of JAPAN's economic democratization. Furthermore, the Communist Party mentions in its platform that JAPAN's democratic revolution against the bourgeoisie should be accomplished by education or by peaceful democratic means, instead of the use of violence or dictatorship.

Since Mr. NOZAKA, Sanzo's home-coming, the Communist Party has gradually changed its political principles under the spirit of a "Popular Communist Party". This principle seems to have been created by him.

Mr. NOZAKA expresses in his speeches that if there are better views and plans on practical problems than the Communist Party's we should adopt them rapidly and co-operate in a body to secure the means of the people's livelihood and to reconstruct JAPAN. It is understood that by doing this, he intends to gather many classes of our society for a democratic front. This political principle is so spontaneous, generous, and co-operative that it is certainly

EDITORIAL SERIES: 458 (Continued)

ITEM 1 (Continued)

worthy of a popular party. It will give life to JAPAN's Communist Party.

We have many problems in securing the means of the people's livelihood, not only in the cities, but also in the local districts. By forming a powerful democratic front regardless of parties, we should achieve great results rapidly. It is with this object and as the best way to obtain popularity that the JAPAN Communist Party also fights as a soldier in a democratic front with the modest attitude of a party of the masses.

ITEM 2 Creative Character of the Reclamation of Waste Land - Provincial Newspaper Kahoku Shimpō (Sendai) - 13 Feb 46. Translator: B. Ishibashi.

Full Translation:

The reclamation policy through which the Government plans to bring under cultivation 1,550,000 cho of waste land and woodlands, and to establish new villages, is a matter of epochmaking significance in JAPAN's agriculture. Naturally, reclamation is always accompanied by severe difficulties. Sometimes it happens that in a large tract of land one cannot find enough feed for horses. Land is sterile, and a self-supporting system is difficult to be established with only one or two years' effort. Even houses are not built without trouble, and it is common for one to live in a shed, built out of branches of trees. In addition, in an out-of-the-way mountain district one must get along without even lamplight, not to mention electric light. Not only that, the climatic conditions are extremely unfavorable, on account of cold, winds, snow-storms, and rain. There also may be great drought.

At the outset of the reclamation work, one does not know what to do. Often fields cultivated through great trouble are ruined by wind in a single night. Those who reclaim waste land courageously in the midst of such severe hardships are not engaged in a difficult task because to them the task is a great adventure. They can be called pioneers. They cherish at heart a strong desire to reconstruct themselves, which bears a resemblance to the spirit of those pioneers who went to AMERICA seeking freedom of religion and to found there a new unrestricted country. Each of them has a firm resolution and ideal to establish new villages and to pave the way for new prosperity through their own efforts. Particularly the hardships their leaders must undergo are more severe. The higher the ideal is entertained by them, the more severe are their pains. It is comparable to an artist who puts his heart into a creation. Indeed, establishing a new village is no less a work than art. Those who engage in reclamation are just like the artists who steadily give expression to their ideals by every day's work. We should admire them rather than sympathize with them.

The fundamental requisite for the reclamation administration should be the stimulation of those people who establish villages. The Government, dominated by immediately urgent problems regarding the reclamation, neglects this fundamental requisite with the result that free development of the reclamation enterprises is checked. It is known that our agricultural policy is based on agriculture as a first principle, which is intended to establish and maintain the self-supporting small holding system. Also this policy is

ITEM 2 (Continued)

observed in the reclamation administration. It is only natural that such intensive cultivation as rice production is based on the agriculture-first principle with the family members as the source of labor.

The greater part of our agriculture is carried out by manual labor. However, as for the fields to be reclaimed, almost all of them are dry rice-fields and land is extensive. The feudal fetters of the old landowners have been lifted in outline, but the violence of nature is more severe than ever. Such being the case, to encourage now the small farmers will not only retard the reclamation work, but also cause them great trouble. Unless the Government acts decisively on modernization of the reclamation administration, not merely holding to the agriculture--first principle, a large portion of those men engaged in the reclamation work will become uninterested.

Many of the authorities who are in charge of the reclamation administration misunderstand the concept of liberalism. It is not uncommon for them to recognize officially many enterprisers, including the grafting and self-advertising ones. Not only that, some of them seem to think it liberal or democratic to recognize several enterprises in a limited district and to make them compete with one another, or to order the formation of unions composed of new farmers, who have been given hardly three tan of land. This is decidedly beside the point. The thought that reclamation work can be carried on satisfactorily through free competition among various enterprisers, while the Government recognizes as large a number as possible, is nothing more than the concept of laissez-faire, an ideology of industrial capitalism. To consider it readily as being a liberal action to introduce the free competition system in defeated JAPAN is nothing but self-contentment and ridiculous confusing of meanings. It should be realized that the agriculture-first principle differs fundamentally from democracy.

It is to be hoped that the Government renders help to those engaged in the reclamation work, but the work itself should be entrusted to their creative activities the same as a picture is entrusted to an artist. While the task of establishing villages is attendant with pain, it is proper that those who engage in it are placed in a free position because of their ideals. In this regard only, the authorities concerned should encourage and nurture liberal thought.

DISTRIBUTION "X"

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 1387

DATE: 18 Feb 46

SOCIAL SERIES: 265

ITEM 1 Concealed Goods Discovered - Asahi Shimbun - 16 February 1946. Trans-
lator: S. Shiba.

Full Translation:

Foodstuffs and commodities which have been discovered by the Metropolitan Police Board since the morning of 15 February are as follows: (1) 500 pairs of military summer trousers and 1,900 pairs of winter trousers, 2,000 shirts, 120 pairs of puttees and 500 pairs of socks, under the straw-mattings inside the workshop of the SUNAMURA woodworks factory of HIRATSUKA-Machi, EBARA-Ku; (2) 2,000 bags of soy bean in the houses of UWAJIMA, Kajuro and one other, dried bean makers, of the same ku; (3) 600 blankets in the warehouse of the JAPAN Spinning Company within the province of the NISHIARAI Police Station; (4) medicine worth 1,000,000 yen in MATSUMOTO's warehouse of the North CHINA Development Company in NISHITAMA-Gun; (5) 71 bags of rice and 31 bags of wheat under the stand of the HACHIOJI race course, which were overlooked through their being delivered to the city authorities concerned; (6) 50 bags of rice in the warehouse of the SHOWA Airplane Company within the province of the AOME Police Station; (7) 7 barrels of soy, each containing 7 to 10 bags of salt and 1,000 coal nuts; (8) 17 barrels of sugar each containing 20 kan, 84 packs of condensed milk each containing 20 dozen tins, which belong to NAGAFUJI, Eiji of 2 Chome, KAMOTO, SHITAYA-Ku, were found in YOKUKURA's pawnshop at MOTCHIROO-Cho, SHIBUYA-Ku by a policeman who was on patrol from the TORIIZAKA Police Station; (9) 300 down mattresses in KYOBASHI-Ku; (10) 400 yards of cotton, 22 pairs of rubber-soled socks and 50 pairs of socks in the house of a certain repatriated man within the province of the ITSUKAICHI Police Station.

ITEM 2 Raise in Tram Fares and Water Charges to Pay for Increased Wages of
Metropolitan Office Employees - Asahi Shimbun - 16 February 1946. Trans-
lator: H. Nishihara.

Full Translation:

The TOKYO Metropolitan Office has raised the pay of its employees, including policemen and teachers. Thus the public must bear the burden of the expense in the form of a rise in street car and water charges.

The office will hold an extraordinary metropolitan assembly for three days from 18 February to discuss a budget of 95,246,079 yen which includes an additional budget of 79,899,822 yen for the rise in the employees' pay. But 38,232,849 yen of it will be paid by the Government in cost of living and family allowances. Where can the TOKYO Metropolitan Office get the money for the rest? As a temporary measure, the Office will issue loan bonds. But after all, the above-mentioned charges must be raised.

SOCIAL SERIES: 265 (Continued)

ITEM 2 (Continued)

The following plan will be discussed by the assembly:

- (a) Street car charges. The present charge of 20 sen, allowing changing cars once, will be raised to 40 sen without changing cars.
- (b) Bus charges. The present 20 sen will be raised to 40 sen.
- (c) Water charge.
 - (1) A fixed rate system: The present 1 yen 50 sen for houses smaller than 15 tsubo will be raised to 3 yen 50 sen. The present 2 yen 50 sen for houses larger than 15 tsubo will be raised to 6 yen.
 - (2) Meter system: For ordinary houses, the present 3 yen 50 sen per 20 cubic meters will be raised to 3 yen; for bath houses, the present 5 yen per 100 cubic meters will be raised to 20 yen.
 - (3) If one water tap is used by several families, the present charge of 70 sen per family will be raised to 2 yen.
 - (4) For other uses: About 120 per cent raises will be effected.

Another plan aims to raise the streetcar and bus charges to 50 sen. The rise of streetcar and bus charges will come into force on and after 10 March; the rise of water charges on and after 1 March.

ITEM 3 Inflation - Nippon Sangyo Keizai - 16 Feb 46. Translator: S. Inoue.

Summary:

Property worth 20,000 or 30,000 yen which bore interest sufficient for leading a daily life is now only a dream we dreamt before the war. It will be the middle-class people who are to suffer most by the inflationary whirlwind. I, a press-man, will now introduce scenes which I picked up in department stores and in pawnshops throughout TOKYO.

- (1) At the Livelihood Consultative Bureau in MARUNOUCHI. Consultations handled here every day number about 100. Those who came for consultations include an ex-head of a certain provincial thought control police and an ex-army colonel. The majority of consultants are made up of war-refugees who plead that they are jobless and suffer from the high rental of houses and so they want to get a job in TOKYO. Job-hunting by family wives is one of the conspicuous aspects found in the recent consultation for livelihood.
- (2) Near a book seller at MARUNOUCHI displaying secondhand books or not books on an old newspaper below a certain railway bridge near TOKYO station, was a young man. Nothing professional about his tradesmanship was found. He was a college student as was expected. A notebook sold for 4 and a half yen, a novel marked "A Single Star" belonging to the YUWANAMI's libraries is worth five or ten yen. Any books published during the war are sold at 20 or 30 yen per book. A college student who was only a remittance of 300 yen monthly must thus cover his monthly deficit of 200 to 300 yen, because the Metropolitan collegiate life can scarcely be carried on at a monthly expense as high as 500 to 600 yen.
- (3) Shopping in JINBO-Cho in KANDA. Before a placard, put up on the door of a meat shop in JINBO-Cho, saying "Beef 20 yen per 100 me (or momme)" were standing many people in two lines which meandered through the streets. They were patient enough to keep waiting more than one hour before the selling began. "Beef costs 31 or 32 yen at a black market and a higher-class beef is worth 40 or 50 yen" said one of the

ITEM 3 (Continued)

housewives standing in the line. "When it is very difficult today to get 10 yen a day even by earnest working, it is a good way for me to save 10 or 20 yen even if I shiver in the cold for a long time." Thus, city dwellers are converging upon the center of the city to get cheaper commodities.

(4) At a second-hand buying section in NIHON-BASHI, many salaried men came to the second-hand section installed in a department store to sell their second-hand wares. Among such sales there begin to appear such daily necessities as porcelains or small furniture pieces. Worth our great sympathy was a gentleman saying jestingly "I sell these for my food."

(5) At a bank in an uptown area the deposits number only about 30 daily, while withdrawals of money for small amounts reach 150 to 200. New associations or new corporations are the recent depositors replacing individuals.

(6) At pawnshop in MITAKA. "Most of the war refugees bring back their kimonos to pawn them," said a shopkeeper. Our customers formerly were students or workmen who indulged in drinking or carousing and sometimes farmers, while the recent lineup of customers is quite different from the former ones. However, there are almost none who forfeit their pawn tickets.

(7) Shoes sold at NISHIOGIKUBO. "We have too many pairs of shoes" says a middle-aged woman showing naval shoes to a keeper of a second-hand shop. She continued "My husband said they are worth 180 yen." However, she was too new at bargaining to stick to her demands and she at last yielded selling them for 150 yen. "Our recent customers are residents in apartment houses, women living in great mansions and repatriated persons," said the shopkeeper.

ITEM 4 Cheap Vegetables - Mainichi Shimbun - 16 February 1946. Translator: T. Ogawa.

Summary:

"How cheap it is. For this much I paid only three yen!" On saying this a housewife opened her net-bag to show the contents to her friend. The contents were some 15 pieces of fresh small turnips smeared with wet soil. The price of vegetables sold here are one fifth to one thirds the black market prices. For instance, 500 monme of radish sell at 3.50 yen, the same quantity of komatsuna or small turnips at three yen, carrots at 6.50 yen and burdock at 10 yen, etc.

The Vegetables Bargain Market (at YURAKU-Cho) was opened at 1300 yesterday under the auspices of the Metropolitan Agricultural Association on the premises of the association. Hundreds and thousands rushed to the market overflowing into the street. The association's aim was to sell fresh vegetables at cheap prices to the salaried men of the MARUNOUCHI area. The majority of the buyers who flocked to the market, however, were housewives and young ladies, coming all the way from the outskirts of the Capital in jammed trams.

The vegetables sold were supplied by the members of the Agricultural Associations of OMORI, SETAGAYA and ADACHI Wards, and their supply amounted to 1,500 kan.

The ward in which the market will be held next time has not yet been decided. The Agricultural Association, having been encouraged by the good results of this attempt, is planning to open the market on a larger scale and more systematically.

Parallel with the above attempt, the Livelihood Stabilization Association

ITEM 4 (Continued)

has also started a bargain sale of food at MARUNOUCHI and KANDA. A long line is also seen there as dried fish or greens and fruits are sold cheaply, far below the market price. The secret of these cheap prices is explained by the fact that all the procedures starting with the purchasing to the distribution of the goods are executed by the association itself, so as to prevent exploitation by the middlemen.

DISTRIBUTION: "X"

DAILY SUMMARY OF PROCEEDINGS OF THE DIET

1. It is essential, not only that the Govt Sect examine proposed Cabinet and member bills in advance of their introduction in the Diet, but also that the Govt Section follow closely the progress of legislation from day to day in the upper and lower chambers.

2. In order to keep abreast of the daily proceedings of the Diet, the Govt Sect should

a Request the Cabinet ^{to} furnish the Govt Sect a two- or three-page, typed summary of each day's proceedings of both houses of the Diet, in English, preferably within three hours of adjournment each day, but in any case, at least three hours before the Diet convenes for the next daily session. The summary to include:

- (1) Bills introduced
- (2) Gist of discussion on the floor and members participating
- (3) Actions taken

(4) Calendar for next daily session

3b = Also, borrow from ATIS, CIC and/or CIFE, for the duration of the next Diet, two qualified English-Japanese speaking officers or civilian employees, who will monitor and summarize, in writing, the daily proceedings of each house of the Diet. This method of reporting will serve as a check against Cabinet reports, and at the same time, will assure complete coverage.

3. The substance of par. 2-a above should be incorporated into par. 2-b of TAB A, attached to MEMORANDUM FOR THE CHIEF OF STAFF (Proceedings of Diet)

D R A F T

(-1) Williams

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

January 1946

MEMORANDUM FOR: IMPERIAL JAPANESE GOVERNMENT.
THROUGH : Central Liaison Office, Tokyo.
SUBJECT : Procedure for Reporting Japanese Laws,
Ordinances, Decrees, and Regulations.

1. This Memorandum supersedes Memorandum AG 601 (22 Oct 45)GS - Proceedings of the Diet.
2. [To facilitate the dissemination to all staff sections, General Headquarters, of information concerning Japanese laws, ordinances, decrees and regulations in accordance with a schedule that will permit thorough examination and study] the Japanese Government will, from this date forward, adopt the following reporting procedure:
Except in cases of unusual exigencies,
a. All Imperial, Cabinet and Ministry Ordinances, decrees, regulations, and all other promulgations of the Japanese Government which have the force of law shall be furnished to the Supreme Commander of the Allied Powers at least five (5) days before promulgation.

(1) When ~~such a promulgation repeals~~ an existing law ^{is repealed} (or any part thereof) ^(or the part thereof repealed) the text of the original law shall also be furnished.

(2) When ~~such a promulgation amends~~ ^{an amendment to ~~the~~ ~~law~~ is promulgated} ~~law~~ the full text of the original law shall be furnished as well as the text of the amendment.

b. When the Diet is in session the ~~full~~ text of all government bills and all bills offered by members shall be furnished to SCAP at least three (3) days before they are introduced into the Diet, ^{with a brief statement of the purpose of the bill,}

~~c. All bills passed by the Diet shall be furnished in full text ~~as passed~~ within three (3) days after passage and shall not be promulgated as laws for at least five (5) days after the full text is furnished to SCAP.~~

d. All of the documents referred to above shall be in the English language and shall be furnished in twenty-five (25) copies.

~~3. Receipt of this directive will be acknowledged.~~

FOR THE SUPREME COMMANDER:

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c. No bill ~~shall~~ passed by the Diet shall be promulgated as a law until one week after the full text thereof has been submitted to the Supreme Commander.

~~See~~ ON MEMO ⑫

Col. Powell ①

Board Huxley ②

① & ② For comment
concurrence or further
revision

Board Swope ③

③ For concurrence or
typing in final form or
objection to changes
initial

✓
Commander Coope.
suggested that I pass
this along to you today,

Orange

D R A F T

MEMORANDUM FOR THE CHIEF OF STAFF.

I. THE PROBLEM PRESENTED.

To effect full compliance with General Order No. 8, 278
2 October 1945, which directs the Government Section to make recommendations concerning the "elimination of the feudal and totalitarian practices which tend to prevent government by the people" [3b(3)] and with Staff Memo No. 6, 28 November 1945, which requires the Section to assist in strengthening democratic tendencies and processes in government (3a-4a), to exercise supervisory authority over existing governmental machinery (4c-1), and to cause the abrogation of laws, ordinances, etc, which prejudice the achievement of objectives or conflict with directives (4-f) it is essential that full information concerning pending and accomplished legislation, ordinances, decrees, and regulations be constantly available to interested staff sections of General Headquarters, Supreme Commander Allied Powers. It is necessary therefore to adopt a reporting procedure that will permit thorough examination and study of all enactments having the force of law prior to promulgation by the Imperial Japanese Government.

II. FACTS BEARING ON THE PROBLEM.

1. On 22 October the Chief of Staff dispatched Memorandum AG 601 GS -(Proceedings of Diet to the Japanese Government) thereby establishing a procedure for the reporting

D R A F T

of information concerning pending and accomplished legislation, ordinances, and decrees.

2. As a result of this agreement the Government Section received detailed reports relating to legislation and ordinances of interest to SCAP. This material was disseminated by the Government Section to the Staff Sections specifically interested.

3. However, the process of translating and reproducing copies of Laws and Ordinances, Reports of Diet Proceedings, etc, by the Central Liaison Office often considerably delayed transmission of important documents, with the result that requirements of the SCAP Memorandum were not adequately met. Moreover, soon after the directive was made effective it became evident that the reports should be dispatched directly to several staff sections instead of only to the one or two most directly concerned. But it was deemed inexpedient at that time to require the CLO to mimeograph an adequate number of copies of all documents since any such requirement would further have delayed receipt of materials.

III. CONCLUSIONS.

1. To facilitate the dissemination of information relating to all enactments having the force of law in sufficient

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time to permit thorough examination and study by all staff sections of General Headquarters the Japanese Government should be required to revise its reporting schedule [superseding Memorandum AG 601 (22 Oct 45)GS - Proceedings of the Diet] to provide for submission of English language translations of all documents several days prior to promulgation.

2. Furthermore, all documents relating to laws, ordinances, decrees, and regulations should be submitted in sufficient number of copies to permit immediate distribution to all staff sections.

IV. ACTION RECOMMENDED.

That the inclosed directive to the Japanese Government (See Tab A) be approved and dispatched.

CONCURRENCES

DRAFT

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

February 1946

MEMORANDUM FOR: IMPERIAL JAPANESE GOVERNMENT.
THROUGH : Central Liaison Office, Tokyo.
SUBJECT : Procedure for Reporting Japanese Laws, Ordinances,
Decrees, and Regulations.

1. This Memorandum supersedes Memorandum AG 601 (22 Oct 45)GS -
Proceedings of the Diet.

2. To facilitate the dissemination to all staff sections,
General Headquarters, of information concerning Japanese laws,
ordinances, decrees and regulations in accordance with a schedule
that will permit thorough examination and study the Japanese
Government will, from this date forward, adopt the following
reporting procedure:

a. Except in cases of unusual exigencies, all Imperial,
Cabinet and Ministry Ordinances, decrees, regulations, and all
other promulgations of the Japanese Government which have the
force of law shall be furnished to the Supreme Commander of the
Allied Powers at least five (5) days before promulgation.

(1) When an existing law (or any part thereof) is
repealed, the text of the original law (or the
part thereof repealed) shall also be furnished.

(2) When an amendment is promulgated, the full text of the original law shall be furnished as well as the text of the amendment.

b. When the Diet is in session the text of all government bills and all bills offered by members shall be furnished to SCAP at least three (3) days before they are introduced into the Diet, with a brief statement of the purpose of the bill.

c. No bill passed by the Diet shall be promulgated as a law until one week after the full text thereof has been submitted to the Supreme Commander.

d. All of the documents referred to above shall be in the English language and shall be furnished in twenty-five (25) copies.

FOR THE SUPREME COMMANDER:

**GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION**

PRESS TRANSLATIONS

No. 804

DATE: 17 Jan 46

ECONOMIC SERIES: 173

ITEM 1 The Three New Tax Bills - (No.3 in a series by WATANABE, Kikuzo) -
Nippon Sangyo Keizai - 14 Jan 46. Translator: J. Okamura.

Summary:

Corporation Property Tax (ZAISAN ZAI)

A Corporation Property Tax is to be levied on all properties of corporations appraised at the time of the property value examination. In such cases, however, debts of the corporation and paid-up debentures will be deducted from the calculation of properties for taxation.

When any corporation, prior to the property value examination, donates a certain amount of money to some organization, such donation will be disregarded in taxation. The tax will be levied on the corporation as of its status prior to such action. The organization which received such a donation from any corporation, is to assume a joint responsibility for the payment of the assigned tax, in accordance with the percentage which the received amount occupies in the whole property of the organization. This provision is designed to prevent the corporations from evading taxes.

The corporation tax (HOJINZAI) has not been levied so far upon public welfare organizations established by prefectures, municipalities, towns, or villages. However, even such organizations will not be exempted from the new property tax when their structures are changed by funds donated by individuals or other corporations during a specific period prior to the investigation.

Properties of schools, libraries, hospitals, and similar public institutions, or properties of religious institutions or religious propaganda designated by the Government are to be exempt from taxation. It is, however, still undecided as to what kind of properties owned by such organizations or institutions are to be regarded as taxable properties.

Public welfare or public institutions whose properties are valued at less than 30,000 yen are exempt from taxation. In the case of corporations paying the corporation tax, the rate of taxation will be 20 per cent of the reserve funds, and 30 per cent on other properties. In the case of corporations paying the special corporation tax, the rate is 15 per cent on reserve funds and 25 per cent on other properties. Corporations not coming under the above two categories are to pay ten per cent on their properties. The reserve funds of those corporations which pay the war profits tax are subject to deduction of the amount of war profits tax, in the appraisal of taxable value.

Properties held in trust under the common trust funds of trust corporations or banks which conduct trustee business, will be calculated separately from their own properties. A 20 per cent tax rate will be applied on such properties of common trust funds.

ITEM 1 (Continued)

Properties held in trust other than common trust funds will not be regarded as belonging to trustee corporations, but will be treated as those owned by individual trustees. It is also provided that life insurance and reserve funds for dividends will be regarded as properties belonging to life insurance corporations, though they do not really belong to such corporations, since it is difficult to ascertain the individual amount of dividend reserve funds. On such funds a 20 per cent tax will be levied.

Appraisal of Properties

The appraisal of properties will be the most vital factor in enforcing the property tax and this is especially true at the present time when prices of commodities are so diversified. Rice is being sold at 80 sen per sho at one place, while it is sold at 50 yen in others.

In this connection, it has been decided that fundamental policies will be regulated in provisions or laws, and other subsidiary regulations will be added in supplementary provisions. Besides, a Property Appraisal Commission will be established in TOKYO, to conduct the fundamental program in connection with taxable property appraisal. Real estate Appraisal Commissions will also be established in every financial bureau district to conduct the appraisal of real estate. Individual property appraisal committees and corporation property appraisal committees in every revenue office district are also under consideration to help make the project a success.

The appraisal of properties is based in principle, on the market value on the day of examination. The value of land and buildings will be ascertained by multiplying the rental value by a certain figure which will be decided by the Government. Such a system is understood to have originated in former Finance Minister BABA's plan, and it is rational and easy to conduct. Consideration will be given to the appraisal of the value of farm land, in order to avoid any great difference between the value of farmland by tax appraisal and its value in the farmland reform prices. In conducting appraisal for such properties, it is advisable for the ministries concerned to co-operate among themselves.

The appraisal of war-devastated lands is also a difficult task, but it is understood that most adequate measures will be taken after the present conditions and future development programs are taken into consideration.

National bonds, debentures, and shares which fluctuate will be appraised on the average value during a certain period prior to the examination. For those bonds or shares which stock exchange transactions have been suspended, the appraisal will be conducted in proportion to the properties, revenue and other conditions of competent corporations.

It is, however, almost impossible to appraise the value of stocks of corporations in foreign territories, until the concrete program of reparations and government compensation policies for such assets in former Japanese territories have been decided upon.

For such properties, it is understood that a temporary appraisal will be conducted on a certain specific basis, until the real situation has been made clear, when new measures to meet the situation will be taken.

ITEM 2 Neighborhood Association System to be Replaced by Household Unit System for February 1946 - Sangyo Keizai (Tokyo) - 15 Jan 46.
Translator: T. Ukai.

Full Translation:

The high prices caused by the abolition of price control has made it very difficult for many housewives to obtain fish and vegetables. In some cases it has lead them so far as to make a show of their wealth by the purchase of large amounts of these side-dishes. In order to do away with these tendencies the city authorities have decided now to replace the unit of the neighborers' association, hitherto referred to for the distribution of perishables, et cetera by that of the individual householder. Actual distribution under the new system will begin in the first ten days of February 1946, when the authorities will complete the preparation for the ration cards, et cetera. Also, bargain sales, hitherto open only to those who were members of a household, will henceforth be open to everyone. About one-third of the goods are offered at bargain sales, 20 to 30 per cent of their price being borne by the authorities.

Rice and fuel are also to be differently, that is, in the same way as perishables, et cetera. They will be handed over to each householder at his home.

Eleven kilotons of mackerel and cuttlefish arrived at the central metropolitan wholesale market (TO CHUO OROSHIURI SHIJO) from ITO on the 13th, 4.5 kilotons of cuttlefish from AJIRO and whale meat from SHIOGAMA arrived on the 14th. Prices on the first day were cuttlefish, 17.20 yen, mackerel, 23.25 yen. These were somewhat dearer than the agreed standard prices but lower by 60 per cent than the agreed prices of the previous day. Prices on the second day were cuttlefish, 16.10 yen; whale meat, 21 yen. These were lower by 3.10 yen and 1.00 yen respectively than the agreed standard prices.

Total arrivals were 34 metric tons on the 13th. The fact that less than 50 metric tons of fish arrived during these two days might be thought to be due to the link system, cutting down the amount of non-link system fish, but in actual fact there was a decrease in the quantity of both types of fish brought to the market.

Vegetables brought to the vegetable section of the Central Metropolitan Wholesale Market (TO CHUO OROSHIURI SHIJO, SEIKABU) on the 14th, two days after the standard price system was setup, amounted to 55,000 kamme. This was a ten per cent increase over the previous day. The amount was normal and the market rather high.

(per kamme, unit yen)	TSUKIJI	KANDA	Highest price disposed at	Standard Price
Radish	5/10	5/10	10	10
Turnip	4/8	1.5/7	8	8
Carrot	8/20	17/18	18	20
Burdock	18/33	25	25	25
Taro	-----	15	22	22
"Hakusai"	12	8/12	11	12
Chinese Cabbage (Kyona)	6	-----	6	6
"Santo-na"	5/8	6/8	8	-----
"Komatsuna"	1.5/7	3/6	7	7
Spinach	30	-----	30	30
Welsh onion	18/20	8/20	20	20
Lotus root	-----	30	30	30
"Maru-daikon"	6/10	5/10	10	10
"Kabu"	-----	5	5	10
"Yamato-imo"	30/45	20	45	-----
Tomato	35	-----	35	-----
Rocambole	15	-----	15	-----

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 811

DATE: 18 Jan 46

EDITORIAL SERIES: 257

ITEM 1 Let the People First Have Civilization - Provincial Newspaper-Kahoku Shimpo (Serikaf) - 10 Jan 46. Translator: I. Hotta.

Summary:

The fundamental SCAP directives are, without exception, aimed at vital points in Japanese tradition. How are they accepted by the people? Can we leave the old leaders to face alone, in confusion, the attacks of the directives?

Democratic policies do not restrict people. They are valuable because of content and not because of form. The feudalistic institutions which have prevented the natural growth of the Japanese are being removed one by one. Then what will give the people the intelligence and power to create a new and democratic Nation?

Early in the MEIJI era, FUKUZAWA, Yukichi, wrote an essay on civilization, stating that the elevation of intelligence standards of the people is of fundamental importance in developing a civilization. The former leaders of our country, however, organized a political world with feudalistic absolutism as its center, with out understanding the spirit of the MEIJI Restoration. It is very significant that the Imperial Covenant, consisting of five articles, was mentioned at the very beginning of the Imperial Rescript issued on New Year's Day. The intellectual class of our country has been fond of theoretical disputes, but they must be practical now. To build a civilization in a nation means to elevate living standards, both spiritually and materially.

We shall not discuss the decline of moral culture in JAPAN during the war, but it is doubtful whether conditions had reached the standards of democratic civilization even before the war. Life should develop materially, too. There is only one railway in TOHOKU District, proving that this district is not civilized. A reform of the farm land system will certainly revolutionize feudalistic farming districts.

Farmers spend the winter months at manual home-work, and cutting trees for fuel. It is indeed unscientific. Farmers are busy. They have no time to think. They have neither capital nor wisdom. The authorities should give them democratic civilization suitable to their occupation.

Will democracy grow naturally under present circumstances? Of primary importance is the leading of the people toward a civilized life. Give them a chance to think and judge for themselves. Democracy will never be developed among people who have no time to think for themselves.

ITEM 2 On High Prices - Mainichi Shinbun - 14 Jan 46. Translator: K. Nobunaga.

Full Translation:

It is no wonder that mikan is valued at a yen and half per kanme. One kanme of mikan can be exchanged for one sho of rice which is valued at a yen and a half. If farmers want to get one kanme of mikan with

ITEM 2 (Continued)

money, they must pay what corresponds to the value of more than 20 sho of rice. Therefore, they will not want to purchase it.

A farmer who sold 50 bales of rice to the Government said, "I received 3,600 yen for a delivery of 50 bales of rice. If I sold them at black market prices I would get 1,000 yen per bale or 3,000 yen for three bales alone. So, the remaining 47 bales were merely gifts."

Very few farmers are so generous as to force a smile after making a gift of 47 bales of rice. Therefore, the above mentioned remarks on mikan may guide the minds of many farmers.

Village officials urge us to deliver rice, but they must reconsider the matter rationally. The delivery prices of rice for one koku, 40 Kan (160 Kg) are valued at no more than 160 yen, making the price of one kan only four yen. On the other hand, markets in TOKYO bought sweet-potatoes, a substitute food, at five yen per kan. The prices of radishes or carrots are more than ten yen and burdock is valued at more than 20. Therefore, it is quite absurd for us to make a delivery of rice, and, naturally, poor deliveries result. It is exceedingly foolish that the Government control the price of rice, but has lifted price control of vegetables and fish.

It is unreasonable to enforce the delivery of rice without raising its price to a degree which will enable the rice-growing farmers to live comfortably, or without lowering the prices of other goods to balance that of rice. Bonito is valued at 200 yen for one kan, and rice at one and a half yen per sho. This is proof of the slight consideration given to a staple food. Rice, which is indispensable to us, is valued at one and a half yen for one sho, while ten cigarettes called "Peace" are valued at seven yen. I wonder what the Government is thinking about.

In JAPAN, at present, the black market, or unrestricted prices, is now governing the sale of all goods. Therefore, rice can never be satisfactorily delivered at the present ridiculously cheap prices. It is asking too much of us to sell only rice cheaply. To get better delivery of rice it is necessary to remove the anomaly of two price systems due to inflation. Consideration for our compatriots should not be compulsory, and a forced consideration is of no avail.

ITEM 3 "Fanning the Sun with a Peacock's Feather" - Tokyo Shinbun - 15 Jan 46.
Translator: L. Hotta.

Full Translation:

The decision to institute three new taxes, which are expected to obtain a revenue of 100,000,000,000 yen, is certainly a remarkable one. However, it is not correct to criticize new taxes by discussing their meaning merely as a source of revenue. What effect will these taxes have upon the economic conditions in present JAPAN? Will they be able to prevent inflation and open a way for a return to normalcy? These facts must be thought of first in criticizing and carrying out taxation. When we criticize the taxes, considering these factors, the decision has many faults. One example is the fact that the property tax will not be levied on properties valued at less than 20,000 yen. There is an amount to be deducted according to the size of a family, and all those who possess properties valued at 30,000 yen or more will be taxed.

Taxes are also levied on life insurance. Those who are insured for 10,000 or 20,000 yen must pay taxes accordingly, even though their incomes are insufficient. That is why the Socialist Party called the new taxation a taxation on the masses. It is necessary, since taxes are useful in the reconstruction of a nation; however, we can not overlook the fact that the low exemption point caused people to purchase items at black market

ITEM 3 (Continued)

prices. This was done in order to evade taxation and, consequently, stimulated inflation, thereby causing the taxes to have a negative rather than a positive effect. It is not difficult to spend 10,000 or 20,000 yen these days, and one can easily evade a tax by street shopping. This is one of the main cause of prosperity through tax evasion.

We must consider exemption of 10,000 yen, and below, in the increased property tax in a similar manner. Property is believed to have increased since April of 1940. If a man saved 1,500 yen a year, he has already saved 10,000 yen. One who has thus saved money honestly will be thought of as a war profiteer, even though he has merely followed the direction advocated by the Government. Those who are honest are going to become the scapegoats.

Inflation is increasing, and a revenue of 100,000,000,000 yen may be mere eye-wash. We will not be able to overlook it is these new taxes favor only the rich.

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ITEM 3 Comments on Three New Taxes and Conditions Limiting Use of Tax Income -
Provincial Newspaper Chubu Nippon Shimbun (Nagoya) - 13 Jan 46. Translator:
Y. Ebike.

Summary:

The general outline of the Government-drafted plan for levying three new taxes of an epochal magnitude was revealed on 10 January. Now the only thing that remains to be seen is what amendment will be made on it along democratic lines by the new Diet's decisions, and how the revenue from these sources can be collected and used by the Finance Authorities most effectively, that is, for the purpose of relieving the present national distress.

When viewed from the degree of urgency, the aims of these new taxes should be the prevention of vicious inflation, reconstruction of financial policies, confiscation of war profits and redistribution of property. Of these taxes, the Corporation Property Tax is estimated to yield 20,000,000,000 yen, the Individual Property Tax, 50,000,000,000 yen, the Individual Property Increase Tax, 25,000,000,000 yen, and the Corporation War Profit Tax, 5,000,000,000 yen. Thus the sum total amounts to 100,000,000,000 yen, and over 2,000,000 households are supposed to be affected by the new taxation. If the recently acquired assets of individuals and corporations in JAPAN, as represented by savings and deposits, are estimated at 150,000,000,000 yen in each case, about one-third of this amount is going to be collected as tax. In other words, a sum three times as large as three years' income of the people will at once be turned into the coffers of the state, since the people's income is estimated to total 30,000,000,000 yen this year.

In these critical days of aggravating inflation, the three kinds of property tax are charged with a very important mission which aims at absorbing one-third of both the potential and immediate purchasing power, and thus at stabilizing the value of the currency. We can not be sure, however, that these new taxes might not turn out to be taxation of the masses and their income to be financial capital instead of industrial capital. Therefore the people, to say nothing of the Diet members, should be critical of the nature of the new taxation and vigilant of the ways the Government spends the revenue from these taxes.

The key to successful enforcement of taxation depends upon a fair and balanced rate of taxation and speedy collection of taxes when the amount has been fixed. If delay in payment to be outlined for special cases provided in the draft should be excessively resorted to, some people may take advantage of this provision in anticipation of the aggravating inflation in the future, which will result in reducing their burden. Again, if the authorities' attitude was too stern in the appraisal of these properties whose value is rapidly expressed in currency denomination, while on the other hand too generous in that of lands factories or machinery which will rise in price in the future, it will result in such an extreme inequity that only those who possess means of production will be rich someday, while almost all middle class working people will be brought to ruin in the end.

What is wrong with the new taxation plan and what apprehensions do we have about it?

First, when viewed from the stand point of the rate and the exemptions in the taxes, properties of a medium or small size are taxed, rather heavily. The low exemption rate of 20,000 yen gives us some apprehension that the new levy may prove one that hits the masses hard. As for the individual property tax, which levies 10 per cent for 20,000 yen to 30,000 and 70 per cent for more than 50,000,000 yen, the adoption of such a progressive taxation as this will result in making little difference with millionaires whose taxation rate is not much higher than that for ordinary property. Therefore to avoid such mass taxation the exemption point should be raised to 50,000 yen at least and the highest rate of taxation to 90 per cent.

The second defect is the heavy taxation on individual properties as compared with the light taxation on incorporated properties. The corporations' reserve funds, which are the chief objective of the corporation taxation, are taxed as low as 20 per cent. Reserve funds, in fact, are not needed in those factories which were damaged in the recent war. In case, however, their production increases someday, they had better collect more capital from the masses, preferably from their employees.

The third defect is the unfair estimation of both movable and immovable properties. All measures are taken for recognizing and taxing those movable properties whose value is expressed in terms of money, while low-value estimation is made for such immovable properties as war-ruined land and those lands possessed by big landlords. Therefore, farm rent payable in money instead of in kind should be encouraged from the viewpoint of a fair taxation too.

All in all, since the main object of the new taxes lies in the prevention of inflation and the stabilization of the people's living, the immense tax income should be spent in accordance with this object and the Diet should see to it that this object is attained successfully through legislative measures. In these circumstances the revenue accruing from this source should never be used for the purpose of indemnifying munition industries.

Next, one half of this income should be appropriated for reconstructing the national economy, encouraging production, relieving the unemployed, while half of the remaining amount should be set aside for redeeming the public bonds now held by the Bank of JAPAN, and also for reducing its bank note issue by half, thus paving the way to the return to the limited currency issue system.

Next in importance comes the redemption of the public bonds held in other banks, who in their turn will be able to pay off their liabilities with that money. At the same time, loans hereafter should be restricted to those enterprises which are indorsed by production.

These measures alone can free us from the impending inflation on one hand, while safeguarding us against possible deflation on the other. If the three major taxes should be carried out without master statesmanship and courage, the new measures will end only in a mere shifting of funds without any practical benefit realized.

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Comment by:
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Type of Commun:
Editorial

Language:
Japanese

Disposition of Commun:
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COMMENT

OPINION: COMPENSATION OF WAR INDUSTRIES

"By losing the war we lost the economic foundation of imperialism and feudalism. We have no colonies, no heavy industry and no war industry. This means a clean sweep of the capitalistic monopoly of profit. Facing this economical revolution, we have to change the national policy from imperialism to democracy.

"Finance Minister Shibusawa showed us a new 5 year plan for economic reconstruction. According to this plan, the authorities are originating a property tax, war profit tax and several indirect taxes, but they are going to compensate the war industry. The estimated amount of compensation money for war industry is about 100 billion yen and if we add 130 billion yen for war debts, the total amount is about 230 billion yen.

"Can we stand against this huge amount of tax and compensation money for war industry? Those who are helped by this compensation are imperialists and capitalists so the people must suffer. There is no need to help war profiteers.

"Under the guise of reconstruction, finance officials are going to maintain the old policy. We must prevent this plan and take a short-cut to the democratization of our national economy."

Examiner:

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 811

DATE: 18 Jan 46

EDITORIAL SERIES: 257

ITEM 1 Let the People First Have Civilization - Provincial Newspaper-Kahoku Shimpo (Senda!) - 10 Jan 46. Translator: I. Hotta.

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ITEM 2 (Continued)

money, they must pay what corresponds to the value of more than 20 sho of rice. Therefore, they will not want to purchase it.

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ITEM 3 (Continued)

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We must consider exemption of 10,000 yen, and below, in the increased property tax in a similar manner. Property is believed to have increased since April of 1940. If a man saved 1,500 yen a year, he has already saved 10,000 yen. One who has thus saved money honestly will be thought of as a war profiteer, even though he has merely followed the direction advocated by the Government. Those who are honest are going to become the scapegoats.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ALLIED TRANSLATOR AND INTERPRETER SECTION

PRESS TRANSLATIONS

No. 304

DATE: 17 Jan 46

ECONOMIC SERIES: 173

ITEM 1 The Three New Tax Bills - (No.3 in a series by WATANABE, Kikuzo) - Nippon Sangyo Keizai - 14 Jan 46. Translator: J. Okamura.

Summary:

Corporation Property Tax (ZAISAN ZAI)

A Corporation Property Tax is to be levied on all properties of corporations appraised at the time of the property value examination. In such cases, however, debts of the corporation and paid-up debentures will be deducted from the calculation of properties for taxation.

When any corporation, prior to the property value examination, donates a certain amount of money to some organization, such donation will be disregarded in taxation. The tax will be levied on the corporation as of its status prior to such action. The organization which received such a donation from any corporation, is to assume a joint responsibility for the payment of the assigned tax, in accordance with the percentage which the received amount occupies in the whole property of the organization. This provision is designed to prevent the corporations from evading taxes.

The corporation tax (HOJINZAI) has not been levied so far upon public welfare organizations established by prefectures, municipalities, towns, or villages. However, even such organizations will not be exempted from the new property tax when their structures are changed by funds donated by individuals or other corporations during a specific period prior to the investigation.

Properties of schools, libraries, hospitals, and similar public institutions, or properties of religious institutions or religious propaganda designated by the Government are to be exempt from taxation. It is, however, still undecided as to what kind of properties owned by such organizations or institutions are to be regarded as taxable properties.

Public welfare or public institutions whose properties are valued at less than 30,000 yen are exempt from taxation. In the case of corporations paying the corporation tax, the rate of taxation will be 20 per cent of the reserve funds, and 30 per cent on other properties. In the case of corporations paying the special corporation tax, the rate is 15 per cent on reserve funds and 25 per cent on other properties. Corporations not coming under the above two categories are to pay ten per cent on their properties. The reserve funds of those corporations which pay the war profits tax are subject to deduction of the amount of war profits tax, in the appraisal of taxable value.

Properties held in trust under the common trust funds of trust corporations or banks which conduct trustee business, will be calculated separately from their own properties. A 20 per cent tax rate will be applied on such properties of common trust funds.

ITEM 1 (Continued)

Properties held in trust other than common trust funds will not be regarded as belonging to trustee corporations, but will be treated as those owned by individual trustees. It is also provided that life insurance and reserve funds for dividends will be regarded as properties belonging to life insurance corporations, though they do not really belong to such corporations, since it is difficult to ascertain the individual amount of dividend reserve funds. On such funds a 20 per cent tax will be levied.

Appraisal of Properties

The appraisal of properties will be the most vital factor in enforcing the property tax and this is especially true at the present time when prices of commodities are so diversified. Rice is being sold at 80 sen per sho at one place, while it is sold at 50 yen in others.

In this connection, it has been decided that fundamental policies will be regulated in provisions or laws, and other subsidiary regulations will be added in supplementary provisions. Besides, a Property Appraisal Commission will be established in TOKYO, to conduct the fundamental program in connection with taxable property appraisal. Real estate Appraisal Commissions will also be established in every financial bureau district to conduct the appraisal of real estate. Individual property appraisal committees and corporation property appraisal committees in every revenue office district are also under consideration to help make the project a success.

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Full Translation:

The high prices caused by the abolition of price control has made it very difficult for many housewives to obtain fish and vegetables. In some cases it has lead them so far as to make a show of their wealth by the purchase of large amounts of these side-dishes. In order to do away with these tendencies the city authorities have decided now to replace the unit of the neighbors' association, hitherto referred to for the distribution of perishables, et cetera by that of the individual householder. Actual distribution under the new system will begin in the first ten days of February 1946, when the authorities will complete the preparation for the ration cards, et cetera. Also, bargain sales, hitherto open only to those who were members of a household, will henceforth be open to everyone. About one-third of the goods are offered at bargain sales, 20 to 30 per cent of their price being borne by the authorities.

Rice and coal are also to be differently, that is, in the same way as perishables, et cetera. They will be handed over to each householder at his home.

Eleven kilotons of mackerel and cuttlefish arrived at the central metropolitan wholesale market (TO CHUO OROSHIURI SHIJO) from ITO on the 13th, 4.5 kilotons of cuttlefish from AJIRO and whale meat from SHIOGAMA arrived on the 14th. Prices on the first day were cuttlefish, 17.20 yen, mackerel, 23.25 yen. These were somewhat dearer than the agreed standard prices but lower by 60 per cent than the agreed prices of the previous day. Prices on the second day were cuttlefish, 16.10 yen; whale meat, 21 yen. These were lower by 0.10 yen and 1.00 yen respectively than the agreed standard prices.

Total arrivals were 34 metric tons on the 13th. The fact that less than 50 metric tons of fish arrived during these two days might be thought to be due to the link system, cutting down the amount of non-link system fish, but in actual fact there was a decrease in the quantity of both types of fish brought to the market.

Vegetables brought to the vegetable section of the Central Metropolitan Wholesale Market (TO CHUO OROSHIURI SHIJO, SEIKABU) on the 14th, two days after the standard price system was setup, amounted to 55,000 kamme. This was a ten per cent increase over the previous day. The amount was normal and the market rather high.

(per kamme, unit yen)	TSUKIJI	KANDA	Highest price disposed at	Standard Price
Radish	5/10	5/10	10	10
Turnip	4/8	1.5/7	8	8
Carrot	8/20	17/18	18	20
Burdock	8/33	25	25	25
Taro	-----	15	22	22
"Hakusai"	12	8/12	11	12
Chinese Cabbage (Kyona)	6	-----	6	6
"Santo-na"	5/8	6/8	8	-----
"Komatsuna"	1.5/7	3/6	7	7
Spinach	30	-----	30	30
Welsh onion	18/20	8/20	20	20
Lotus root	-----	30	30	30
"Maru-daikon"	6/10	5/10	10	10
"Kabu"	-----	5	5	10
"Yamato-imo"	30/45	20	45	-----
Tomato	35	-----	35	-----
Rocambole	15	-----	15	-----

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ITEM 3 Comments on Three New Taxes and Conditions Limiting Use of Tax Income -
Provincial Newspaper Chubu Nippon Shinbun (Nagoya, - 13 Jan 46. Translator:
Y. Ebiike.

Summary:

The general outline of the Government-drafted plan for levying three new taxes of an epochal magnitude was revealed on 10 January. Now the only thing that remains to be seen is what amendment will be made on it along democratic lines by the new Diet's decisions, and how the revenue from these sources can be collected and used by the Finance Authorities most effectively, that is, for the purpose of relieving the present national distress.

When viewed from the degree of urgency, the aims of these new taxes should be the prevention of vicious inflation, reconstruction of financial policies, confiscation of war profits and redistribution of property. Of these taxes, the Corporation Property Tax is estimated to yield 20,000,000,000 yen, the Individual Property Tax, 50,000,000,000 yen, the Individual Property Income Tax, 25,000,000,000 yen, and the Corporation War Profit Tax, 5,000,000,000 yen. Thus the sum total amounts to 100,000,000,000 yen, and over 2,000,000 households are supposed to be affected by the new taxation. If the recently acquired assets of individuals and corporations in JAPAN, as represented by savings and deposits, are estimated at 150,000,000,000 yen in each case, about one-third of this amount is going to be collected as tax. In other words, a sum three times as large as three years' income of the people will at once be turned into the coffers of the state, since the people's income is estimated to total 30,000,000,000 yen this year.

In these critical days of aggravating inflation, the three kinds of property tax are charged with a very important mission which aims at absorbing one-third of both the potential and immediate purchasing power, and thus at stabilizing the value of the currency. We can not be sure, however, that these new taxes might not turn out to be taxation of the masses and their income to be financial capital instead of industrial capital. Therefore the people, to say nothing of the Diet members, should be critical of the nature of the new taxation and vigilant of the ways the Government spends the revenue from these taxes.

The key to successful enforcement of taxation depends upon a fair and balanced rate of taxation and speedy collection of taxes when the amount has been fixed. If delay in payment to be outlined for special cases provided in the draft should be excessively resorted to, some people may take advantage of this provision in anticipation of the aggravating inflation in the future, which will result in reducing their burden. Again, if the authorities' attitude was too stern in the appraisal of these properties whose value is rapidly expressed in currency denomination, while on the other hand too generous in that of lands factories or machinery which will rise in price in the future, it will result in such an extreme inequity that only those who possess means of production will be rich someday, while almost all middle class working people will be brought to ruin in the end.

What is wrong with the new taxation plan and what apprehension do we have about it?

First, when viewed from the stand point of the rate and the exemptions in the taxes, properties of a medium or small size are taxed, rather heavily. The low exemption rate of 20,000 yen gives us some apprehension that the new levy may prove one that hits the masses hard. As for the individual property tax, which levies 10 per cent for 20,000 yen to 30,000 and 70 per cent for more than 50,000,000 yen, the adoption of such a progressive taxation as this will result in making little difference with millionaires whose taxation rate is not much higher than that for ordinary property. Therefore to avoid such mass taxation the exemption point should be raised to 50,000 yen at least and the highest rate of taxation to 90 per cent.

ITEM 3 (Continued)

The second defect is the heavy taxation on individual properties as compared with the light taxation on incorporated properties. The corporations' reserve funds, which are the chief objective of the corporation taxation, are taxed as low as 20 per cent. Reserve funds, in fact, are not needed in those factories which were damaged in the recent war. In case, however, their production increases someday, they had better collect more capital from the masses, preferably from their employees.

The third defect is the unfair estimation of both movable and immovable properties. All measures are taken for recognizing and taxing those movable properties whose value is expressed in terms of money, while low-value estimation is made for such immovable properties as war-ruined land and those lands possessed by big landlords. Therefore, farm rent payable in money instead of in kind should be encouraged from the viewpoint of a fair taxation too.

All in all, since the main object of the new taxes lies in the prevention of inflation and the stabilization of the people's living, the immense tax income should be spent in accordance with this object and the Diet should see to it that this object is attained successfully through legislative measures. In these circumstances the revenue accruing from this source should never be used for the purpose of indemnifying munition industries.

Next, one half of this income should be appropriated for reconstructing the national economy, encouraging production, relieving the unemployed, while half of the remaining amount should be set aside for redeeming the public bonds now held by the Bank of JAPAN, and also for reducing its bank note issue by half, thus paving the way to the return to the limited currency issue system.

Next in importance comes the redemption of the public bonds held in other banks, who in their turn will be able to pay off their liabilities with that money. At the same time, loans hereafter should be restricted to those enterprises which are indorsed by production.

These measures alone can free us from the impending inflation on one hand, while safeguarding us against possible deflation on the other. If the three major taxes should be carried out without master statesmanship and courage, the new measures will end only in a mere shifting of funds without any practical benefit realized.

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Editorial Series 235

Item 4: "Importance of The New Taxes", Mainichi Shimbun,
11 Jan 46

"epoch-making property, individual property increase, and corporation war profits taxes have been established with the three objects of preventing inflation, confiscating unfair war profits, and realizing a more equitable distribution of income." — Certain to confront many difficulties.

Authorities taking "easiest way out" by taxing the masses.

To take most of the taxes from large capitalists, "capitalistic revival of our economy may be obstructed."

Individual property tax easiest way to tax masses.

Exemption is 20,000 yen. Properties shall be evaluated at current prices. Property now valued at 20,000 yen is equivalent to that of 2,000 yen in pre-war days (yen $\frac{1}{10}$ its pre-war value). Middle and lower classes will be liable to taxation — taxation of masses.

The three taxes to be collected at one time in 1946. Under certain conditions postponement is permitted, 4 yrs for individuals and 2 yrs for corporations, is permitted — Thus a large sum of payments will be postponed. With rapid inflation, this amounts to exemption from payment. Big taxpayers the ones permitted to postpone.

(TAXES)

payment. "... those to whom the law should be applied with most strictness will enjoy an actual exemption and this will therefore more certainly be taxation of the masses."

Govt insists on payment of indemnities of 30 bil. yen as indemnification of munitions industries. Govt aims at acquisition of $2\frac{1}{2}$ bil - 3 bil yen by corporation ~~tax~~ war profits tax and 25 bil yen by the corporation property tax. If the more than 30 bil yen is paid to munitions companies as indemnities, the result is that the corporations are completely exempted from the property tax and the property increase tax. Very "unreasonable"

Whole sum from new taxes to be applied to redemption of war bonds. Banks are largest bond holders. These new taxes will enrich financiers at expense of masses and industrialists. Moreover, if slackened money market advances more loans to munitions companies, inflation will be encouraged.

"... excess consideration given to the interests of the capitalists"

For preventing inflation, 100 bil. yen must be collected by all means. We should watch gov't's operation of these taxes with great apprehensions.