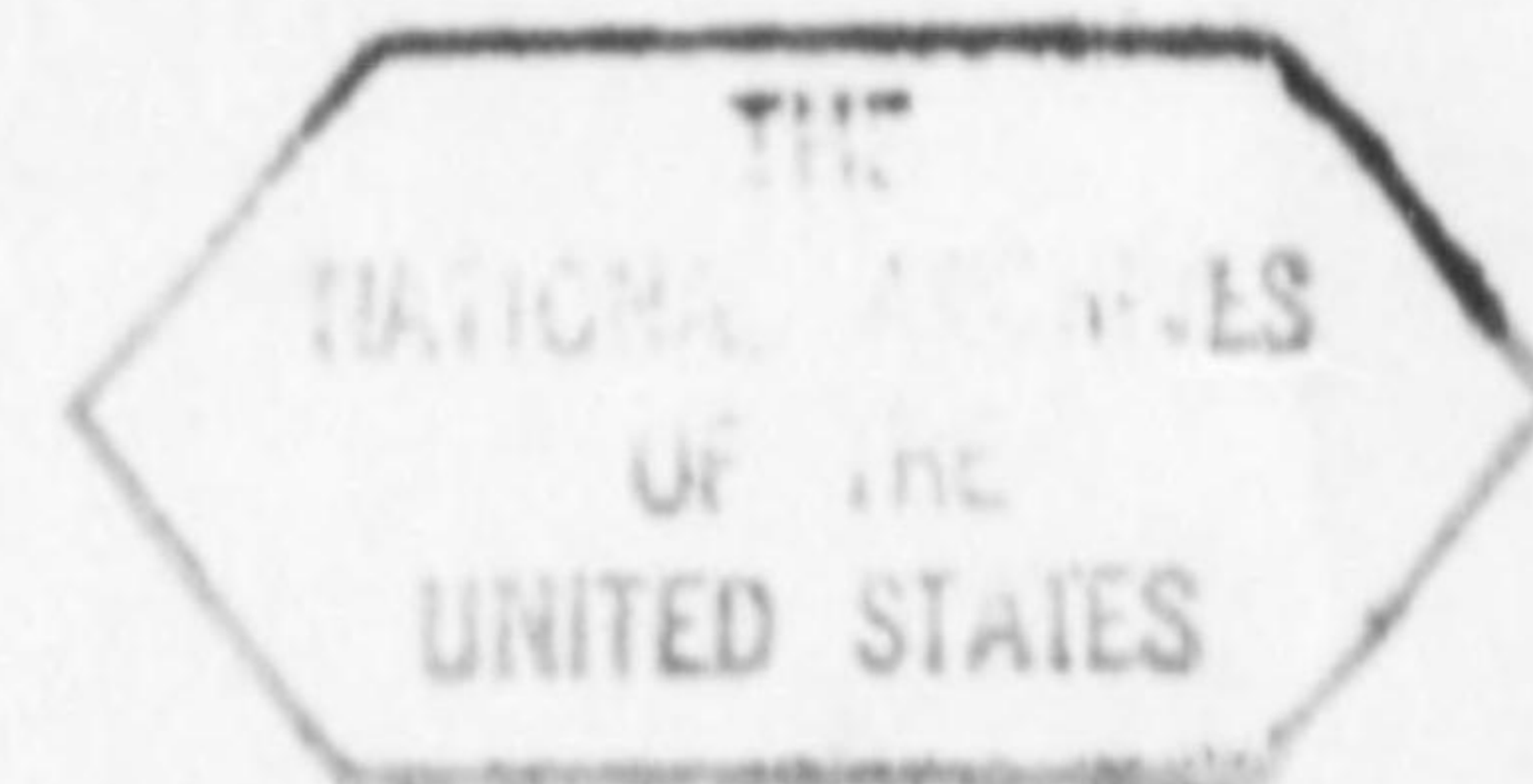


**GHQ/SCAP Records(RG 331)**  
**Description of contents**



- (1) Box no. 2309
- (2) Folder title/number: (10)  
D&I, Regional Civil Affairs Activities Reports  
for Sept. 1950

(3) Date: ?

(4) Subject:

Classification	Type of record
9600	e

(5) Item description and comment:

(6) Reproduction:  Yes  No

(7) Film no. \_\_\_\_\_ Sheet no. \_\_\_\_\_



Job aids

Industry -

Industrial Management Conference.

Roads -

Road Sapporo to Muroran -

Stone  
MITI

putting before

≡ Lectin Panel

1. Practical Course - SCAP  
concurrent

2. Official Business  
Repres. of Fairing Unit -  
Gen. Diplom Immunity.

↳ Importers -  
Wholesale -



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HOKKAIDO CIVIL AFFAIRS REGION

OVERTON 4  
MCCREVILL 4  
STANBEX 8  
SINCLAIR 8

ANNEX D

Economics Summary

Report for August, 1950

Prepared by: C. Gottschalk  
GS-13 DAC

1. Field Trips

- a. Number of trips: 4
- b. Subjects covered and number of places contacted:
- (1) Industry (4)
  - (2) Public works (1)
  - (3) Labor (6)

2. Agriculture

a. Land Reform:

Registration figures for Hokkaido are:

	<u>25 August</u>	<u>25 Sept.</u>
Purchased agricultural lands	98.75%	99.7%
Purchased pasture lands	61.58%	62.4%
Resold agricultural lands	96.35%	98.5%
Resold pasture lands	38.17%	39.7%

b. Crop Collections:

The crop collection reports show:

Rice and rice substitutes 8.1% collected  
Mugi 58.0% collected

Both of these collection figures are in excess of the planned goals for the crop collection period ending 30 September. Hokkaido officials optimistically expect to complete the collection of the crops at least one month ahead of their pre-planned goal date.

c. Agricultural Cooperatives:

- (1) Alleged misuse of public funds granted to reclamation cooperatives as subsidies were investigated. The allegations could not be proved or disproved, but the investigation

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brought to light the following undesirable practices: First, accounts and books are incomplete and unorganized for the past three years. No acceptable accounting has been made of the use of public funds in these projects. Secondly, the government agencies responsible for distribution of national government subsidies have not exercised surveillance over the distribution, and have not required any standard of performance on the part of the reclamation cooperative. Thirdly, no educational program for cooperative officials have been effectively conducted on accounting and business management.

(2) Recommendations were made as follows:

(a) That a survey be made of reclamation cooperatives to find exact status of their finances and their accounts.

(b) That a program of education and guidance be instituted for officers and employees of reclamation projects to aid in their accounting and management procedures.

(c) That a study be made of the feasibility of requiring standards of management procedures and accounting as a requirement for continued grants of public funds. Recommendations resulting from this study should be forwarded to the responsible National Government agency in Tokyo.

3. Mining and Geology

a. Coal production for September, according to preliminary reports, reached 979,860 tons. This brings the production for the second quarter up to 2,911,814 tons or 107.9% of the quota as established by the central government.

b. The accident rate during the month held close to the average for the year. Fifty percent of fatal accidents were the result of roof falls. Inspectors are continuing the campaign to improve timmering plans and roof inspections.

ANNEX "D"

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ANNEX "D"

- c. Stockpiles were reduced from 669,062 tons to 621,799 tons during the month although production in September was 70,000 tons above output for August.
- d. Loading of coal by the imported loading machines showed considerable improvement during the first 20 days of September as compared with results for July and August. Improvement month by month to date is as follows:

<u>Month</u>	<u>Machine loaded coal in tons</u>	<u>% Improvement over Previous Month</u>
April	6,623	
May	10,157	53.5%
June	12,669	24.5%
July	16,228	28.0%
August	16,702	3.0%
*Sept.	22,452	34.0%
*Sept 1st 10 days	6,284 tons	
Sept 2nd 10 days	8,168 tons	
Sept 3rd 10 days	8,000 tons (Estimated)	

- e. The Coal Association is showing much interest in establishing organized research in coal preparation. It is their contention that facilities for experimentation and research on Hokkaido coals be established in this area in addition to the proposed institute to be operated near Tokyo. An extension of any central activity of this nature through a small field service permanently established at the Hokkaido level would undoubtedly bring about more intimate relations between research and production fields, and better dissemination and application of knowledge gained through research institutions.

f. Other Mining:

- (1) During the past month, films on metal mine production and processing of gold ore were shown in the principal ore mining areas of Hokkaido. A log of the places visited and attendance at respective places was kept and submitted to headquarters.

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- (2) Generally speaking, production as currently reported was less during August than in July, but considerably greater than one year ago. All mine production is affected adversely during the month of August on account of traditionally recognized holidays. In addition, the grade of ore mined at Konomai and Chitose was below average. Flooding at the Chitose Mine delayed operations for approximately two weeks.

4. Industry

a. Production

- (1) Stimulation: Three heavy industries having direct or indirect relation with the special demands of the Korean situation were inspected during the reporting period.

(a) The Wanishi Works, Fuji Iron and Steel Co., have been requested to increase their production and plans are now being formulated to open the #2 blast furnace (700 ton capacity) three months ahead of time, namely by July 1951. Due to transportation difficulties, this firm was short of coal last winter. To prevent a recurrence of this situation, they have stockpiled over 60,000 tons. They are anticipating a scrap shortage next year, and if increased production is expected, it will be necessary to import to meet their needs. They are worried about their allocation of fuel oil (heavy) for the third quarter of this fiscal year. If they don't get their full allocation, production will suffer.

(b) A conference was held during the month with the top executives of Muroran Plant of Japan Steel Co. They are working almost exclusively on turning out rolling stock for export. They must have approximately 15% more electric power if production schedules are to be met. This Headquarters is working with MIT & I on this problem. They,

MR OVERTON!

Now included in budget & JAP can buy. There is a shortage.

MR M'CARVILL

HANDLED BY DIFTZ

MAJ. BYRNE, G-4, PET.

WILL INVESTIGATE THIS CASE.

MR OVERTON: BRING Mr. G over ~~to~~ if he has a good case & we will go to/UP

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too, have a stockpile of coal should transportation difficulties develop this winter.

Good!

(c) Kita Nihon Koki KK turning out barbed wire was also inspected. They are meeting production schedules and anticipate no trouble.

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(2) Due to priorities, the industrial management conferences scheduled for September, have been postponed. This important phase of industry is attracting more attention all the time. For example, the Tomakomai Paper Mfg. Co. has requested the Japan Efficiency Association to make a survey of their plant and key management in several plants are asking that the conferences be held at the earliest possible date.

OVERTON:

Phillips: Must Come thru J.G. & w/ the approval, ESS will review. Insurance?

(3) A conference was held with representatives of Sunagawa Mill of Mitsui Lumber Co. As previously reported they suffered a serious fire loss and have now applied for counterpart funds to rehabilitate the mill. As this is one of the important industries of Hokkaido, this Headquarters has urged them to take the necessary steps to reopen their mill. Moreover, if the plant is not rebuilt, a large portion of the working population of the town will suffer.

ELECTRIC LINES  
ELECTRIC DEPOSITORS

NAME OF PRODUCT

(4) Kamiiso plant of Japan Cement Co. was inspected. Production and sales during September was the largest since the surrender. Stockpiles of finished products are decreasing rapidly. They claim no production problems.

b. Use of Imported Material:

(1) The rope and fishnet industry is in bad shape, due to the poor financial condition of the fishing cooperatives and the demand for export of cotton products. Production is decreasing month by month. The only thing that will help this industry is a good fish catch, which will enable fishermen to pay their outstanding bills and order new material.

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(2) Sapporo Mill of Teikoku Seima KK imported some European flax fiber which they are working carefully. They are studying how to improve the domestic product.

c. Restricted Industry:

(1) Explosives: On 28 September the Hokuyo Kayaku KK ammonium nitrate plant suffered a fire loss. Damage is estimated at ¥8,600,000. This plant was inspected during August and at that time fire hazards were pointed out. A special inspection will be made the first week in Oct. Production has been within the approved limit. Production at Iwamizawa plant of Nihon Kayaku KK for the month was as follows:

CAR:  
What has the  
MITI done on  
fire prevention?

<u>Name of Product</u>	<u>Quantity</u>	<u>Unit</u>
Electric Detonators #6	648,760	Pcs.
Electric Fuses	10,000	Pcs.

This was within the prescribed allocation.

(2) Chemical Fertilizer: Sunagawa Plant of Toyo High Pressure Co. produced about 6,000 tons of ammonium sulphate and 1,000 tons of urea. This was a 300% increase over August at which time they suffered a serious accident to the plant. This damage will be fully repaired in October. Asahigawa plant of Showa Denko is shut down pending a reorganization. Hakodate plant of Nissan Kagaku KK completed its overhaul of equipment and produced 2,000 tons of calcium superphosphate. Kushiro plant of Hokkai Kagaku Hiryo KK produced only 900 tons of superphosphate. The explanation for poor production was given in last month's report.

(3) Shipbuilding: No special problem was reported in this industry and no violations noted. Production schedule is as follows:

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MONTHLY REPORT ON SHIPBUILDING (as of 15 September, 1950)

Ship-yard	Name of Ship	Tonnage	Type	New Building or Re-construction	Wooden or Steel	Progress	SCAPIN No. (Date)	Owner of Ship
Hako-date Dock	Fire-ki-maru	6900	Cargo	Re-construction	Steel	100%	13 Dec. 1949	Nihon-kai Kisen
Hako-date	Shin-yu maru	6900	Cargo	Re-construction	Steel	33%	13 Dec. 1949	Okada Shosen
Hako-date		1680	Tanker	New building	Steel	11%	22 May 1950	Brazil Government
Naka-gawa Ship-yard	Koto-hogi-maru	13	Oil Sup-plier	New building	Steel	95%	27 Sept. 1949	Shyu-nichi Kawabe
Nara-zaki Ship-Building & Iron Plant		5	Motor Boat	New building	Steel	90%	12 May 1950	Rumoe Engineering Office

NOT NECESSARY

d. Construction:

- (1) Building: The Sapporo Autonomous Police Department is investigating an alleged embezzlement of funds entrusted to the Hokkaido Construction Association which handled the distribution of construction materials for public housing. The Director of the Association, Chief of Construction Department of the Prefectural Government and other officials have been arrested.
- (2) Roads and Public Works: The important industrial road from Sapporo to Muroran which was heavily damaged by the typhoon was inspected during the

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STANEE:  
PUTTING THIS PROJECT  
BEFORE MIN OF CONSTR.

month. Temporary bridges have been constructed but they have a capacity of only two tons. It is important that permanent work be started at once and, this time, that reinforced concrete adequately anchored be used. Otherwise washouts are bound to occur in the future.

The repavement of the new road in the City of Muroran was inspected. Work will be completed in October and the local engineering office states this construction will last for 8 to 10 years.

- (3) Electric Power: As the level of water at Lake Uryu is about two meters lower than normal for this period of the year, Hassoden and Faiden are asking big consumers to stagger their work to include Sundays. It is hoped that this will eliminate power holidays for large consumers. Power generated in September was slightly higher than August.

5. Labor:

a. Labor Relations in General:

- (1) The outstanding conclusion reached by the Labor Officer after seven months of field observation is that the trade union movement in Japan is not the counterpart of the trade union movement in the United States; that the Japanese trade union - unlike the American or British - combines many of the features of the old Japanese domestic cartels, called control associations (Tosei Kai), coupled with a membership eligibility basis that borders on a caste system; that the Japanese trade unions fully accept the Rank System prevailing in virtually all Japanese companies; that the Japanese trade unions are co-equally responsible with management for the existence of a vast class or caste of day laborers, who constitute a potentially dangerous Communist rank and file base.

- (2) Fundamental to an understanding of the structure of the average local Japanese trade union is a general understanding of the Rank System prevailing in each company. These ranks are drawn rigidly by management, closely parallel the rank system of a military organization, and are generally made



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the basis for union membership eligibility as a matter of trade union practice if not union constitutional provision. In this respect, the Rank System for Hokkaido Faiden and Nippon Hassen, described in the last monthly report, are quite typical of most companies. Generally, the personnel of each company are divided into four broad ranks, i.e.--top level management, secondary and lower level management, permanent workers, and, finally, temporary workers. The terms and conditions of employment are dependent primarily on the rank rather than the specific post or job. Focusing attention on those persons employed by companies who do have no supervisory responsibility but only receive supervision, these are divided into two ranks, i.e.--Koin and Hiyatoi, or sometimes Schein without office and Ninpu. The workers who are hired as Koin or Schein generally receive a base wage with allowances and housing. They are regarded as a permanent part of the company's labor force. The Ninpu and Hiyatoi are temporary workers; they have no status as permanent workers. While they may perform the same duties and functions as the Koin and Schein without office, they generally are employed on an individual contract basis, under a Rule of Employment promulgated especially for such temporary workers; they receive a daily wage; they are not entitled to any of the allowances normally paid to the permanent workers; are excluded from company commissary privileges; do not become eligible for retirement allowances; are not eligible for company housing, and are generally as a matter of trade union policy excluded from membership in the trade union having jurisdiction in the company. Both management and the trade unions appear to regard these day laborers as unworthy of equal consideration with permanent workers. It cannot be too strongly stressed that collaboration between the trade union movement and management to exclude Ninpu from the union membership; the failure of trade unions to give the slightest concern with respect to collective bargaining for Ninpu have produced a class of workers who rank beneath permanent workers in social status. This group of temporary day laborers have reacted by creating Unions of

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Day Laborers, but the inter-company and inter-industry character of their membership makes it impossible for such Union to collectively bargain with a multitude of employers successfully, as respects terms and conditions of employment for Ninpu. These Unions and their membership can only become the potential heart of a Communist movement. The solution to this problem is an educational program to point up the necessity of trade unions to include all workers as members, and to collectively bargain for all workers of a company.

- (3) At present, there is a general tendency for management to move further ahead than most unions in the formulation of labor contracts. Thus, in the coal mining, beet sugar, electric power, and private railway industries, the draft contract proposals of management generally include an advanced type, four or five step grievance machinery, and a peace clause calling for arbitration of grievances and disputes. The impression is that management of most companies in these industries have adopted these advanced type contractual proposals by independent reading and consideration of the experience of American management rather than through the influence of the Japanese Government. While many of the unions, particularly in these industries, are beginning to see the advantages of complete and detailed contracts with a grievance machinery and peace clause, they have not reached the fairly advanced stage of understanding and draftsmanship disclosed by management. In large part, this limited advance by trade unions in their acceptance of the detailed, grievance machinery type contract coincides with the elimination of Communist officers from their posts in the Unions. There appears to be an extremely high degree of correlation between the Union's acceptance of an advanced type of contract and the absence of an influential Communist element in the unions concerned. This is clearly revealed in the case of the Japan Beet Sugar Company in Obihiro, which concluded an excellent agreement with the Union in early 1950. Because of a strong Communist element in the Union, that contract has been scrapped by the Union, which now insists on the right of consent in all personal matters. On the other hand, management does not have a fully clear view of the nature of grievance machinery as yet, for their detailed draft contracts do not make clear whether or not the

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arbitrator can only reinstate in case of an unjustified dismissal, or can order both reinstatement and retroactive pay for the period of such dismissal. As for seniority, both sides of the industry have indicated general opposition to this concept, and it is generally not dealt with in draft proposals on either side.

b. Labor Disputes:

- (1) The dismissal of Communists in the broadcasting and electric power industries in Hokkaido have not resulted in any dispute action. The work of this Headquarters in helping to forestall such dispute action has been noted in the report for August. Meanwhile some 30 dismissed Communists in the electric power industry have petitioned the Hokkaido LRB for reinstatement under Article 7 of the Trade Union Law pertaining to unfair labor practices. The Board, in accordance with instructions from the Central Labor Relations Board, has referred these cases to the Central Labor Relations Board.
- (2) The dispute between the Union and the Wanishi Plant of Fuji Iron and Steel Company management has been settled. As noted in the report for the last month, this dispute arose because of the closure of a labor supply project, the discharge of some 600 dockworkers by the labor supply project, and the necessity for their establishment of new terms and conditions of employment with Fuji management. The basic issue was the rank status of these dockworkers, the company insisting on their recruitment as Ninpu or Fiyatoi, while the union insisted on their being hired as Koin, i.e.--permanent workers. As a result of extended conferences between management and the labor officer, the Fuji management offered the union a compromise proposal under which the displaced 600 workers would be hired probationally as temporary workers (Ninpu) for a six month period, with Koin status to be accorded to all workers who were retained beyond the probationary period. As a result of additional extended conferences between the Union
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and the Labor Officer, the Union has accepted this management proposal in principle and the details of the general agreement are now being worked out by both sides.

- (3) The Sapporo District National Railroad Mediation Commission reports that the railway workers union branches in Sapporo, Asahigawa, and Kushiro have applied to that Commission for the mediation of a dispute with respect to the coal allowance. The Commission has already drawn up a mediation proposal which generally leans toward the Union's demands, with both parties to reply to the proposal by October 7th.

A dispute between the Toyo High Pressure Company in Sunagawa and the Union involving the dismissal of some six Communists in which these Communists were held to be guilty of distribution of a leaflet authored by the Communist party in which the quality of the company's products were libelled. As a result of discussion between management and the Labor Officer, these persons were discharged. The union thereupon issued a protest that the Company had discharged persons without consulting the Union. The Union then discussed the matter with the Labor Officer, who pointed out the seriousness of such offenses. The Union disclosed that the discharged Communists had rejected Union investigation of the employer's allegation. As a result of this discussion, the Executive Board voted a "hands off" policy with regard to these dismissed Communists, which policy was approved by the General Meeting of the rank and file. This entire incident leaves the Labor Officer with the conviction that the strongest and most effective opponents of Communists in unions are the conservative elements in such Unions.

c. Labor Education:

- (1) During the past month, the Hakodate Dock Company and the Muroran Plant of Japan Steel Company was visited with Mr. V. Burati, of the Labor Division, SCAP. Conferences were held with both Unions and management with respect to general labor

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problems, and with officials of Labor Standard and Labor Policy Offices. Also, accompanied by Miss E. Wilson, ESS/LA, GHQ, conferences were held with employers, management, and labor policy officers with respect to the labor relations picture in the private railway and electrical equipment industry. The findings and conclusions of this Headquarters are described in the section dealing with Labor Relations.

- (2) With respect to the very low educational level of the Densan rank and file, as noted in the August 1950 report, this Headquarters took the view that an intensive educational program was a prime necessity. On being advised by the Chief of Education Section, Hokkaido Department of Labor, that the budget was inadequate for such a program, this problem was discussed with Vice Governor Fukuda. As a result, general agreement was reached, and this program is proceeding with a fully adequate budget.
- (3) During the month, conferences were held with the members of the Hokkaido Labor Relations Committee, dealing particularly with their policy of converting unfair labor practice cases into cases of conciliation and mediation. While the Committee fully understands the position of the Labor Officer, they apparently feel that it is best to continue their present policy rather than to attempt to handle unfair labor practice cases as quasi-judicial proceedings. It is the considered opinion of this Headquarters that power to deal with unfair labor practices should be removed from the Committee and placed in the hands of a trial examiner, as is the practice in the United States.

d. Labor Standards:

- (1) In the report for April 1950, it was noted that the total delayed or unpaid wage bill for Hokkaido industry was over ¥120,000,000. Latest reports from the Labor Standard Offices indicate that, as of August 4, it was over ¥154,000,000. This problem does not appear to be anywhere near solution on the basis of existing prosecution policy. Key areas of delayed wage payment are Takikawa, Wakkanai, Muroran, and Hakodate.

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- (2) Perhaps a more basic problem than unpaid wages is the current wage structure in the coal mining industry in Hokkaido, in which there exists a distinct wage differential for men and women performing identical surface work in the employ of mining companies. Investigation has disclosed that certain women employed by mining companies are classified as protected miners. This classification came into existence during the war, and originally referred to those female dependents whose husbands or other male heads of families had been conscripted into the Japanese Army for military service. These female replacements of persons drafted into the Army were given a preferred position with respect to priority and tenure of employment, but were paid reduced wages. Such classification still exists in most mines in Hokkaido. An examination of the report submitted by Hokkaido Tanro on this subject indicates that the wage difference for identical work is about fifteen to twenty percent less for women. The Tanro organization has advised this Headquarters that, according to an interpretation issued by the Chief of the Women's & Minors Bureau, Ministry of Labor, this wage system based upon protected miners is a violation of Article 4 of the Labor Standards Law, which prohibits wage differentials for identical work based upon sex.
- (3) Interestingly enough, the report of the Hokkaido Labor Standards Bureau has completely ignored this problem, and no officials here have any idea whether or not this part of the Labor Standards Law will be enforced at all.

- e. Women's & Minors' Bureau: The basic activity of this Bureau continues to be educational, although there has been a slight but perceptible shift of approach aimed at observation of women and minors in the working place, and more cooperation and liaison with the various Local Labor Standards Offices with respect to the administration of the women and minor provisions of the Labor Standards Law. This may in part be attributed to extended discussions between this Headquarters and the Women's and Minors' Bureau. Thus, during this month, the Bureau reported not only the lectures it gave and meetings held, but also two hitherto unknown and significant violations of the Labor Standards Law. The first violation is the use of minors in the fishing

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industry between 1700 hours and 0500 hours. Wages are paid in kind, and this employment has a negative effect on their schoolwork. This matter has been referred to the Education Officer. Other violations of the minors' provisions have been found in Fakodate, in one bakery and one fishing net establishment.

- f. **Workmen's Compensation:** Preliminary examination of the administration of the Workmen's Accident Compensation Law discloses that none of the government officers have a clear cut idea of the kinds of accidents and diseases covered under the law. The statute (Article 1) grants protection to workers who have been injured or diseased through occupational causes. However, it is not clear whether the statute intends to cover only those injuries caused directly by the occupation, or those aggravated by the occupation, or both. Conference with the Referee has not been fruitful. The Labor Standards officials have no regulation covering this point. The Appeals Committee for Hokkaido have no official position, but several members have a personal opinion that coverage of the act extends to occupationally aggravated injury or disease. Preliminary examination of the initial decisions of the Local Labor Standards offices disclose a tendency to be overly stringent in denying claims, and to ground such denial on the implied assumption that coverage of the act extends only to those diseases or injuries directly caused by the occupation. The Referee is inclined to be less stringent. Additionally, administrative policy is not clear as to whether the employer or the Labor Standard Offices can overthrow or go behind the results of a medical examination given by the employer at the time of recruitment, at least in the absence of fraudulent concealment by the worker. Evidently, not much thought has been given to the problems mentioned here, and this Headquarters intends to study the administration of this law thoroughly in the ensuing months.

g. **Employment and Unemployment Compensation:**

- (1) With respect to premium collections, the Hokkaido Prefectural Government reports over 88% of all monthly premiums due as collected, leaving for this month an uncollected amount of over seven million yen. With respect to the payment of

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insurance benefits, this Headquarters has held extended conferences with the PESO officers in an attempt to tighten up the "suitable work" provisions of the law. At present the PESO has conceded this laxness, and an attempt is being made for a closer scrutiny of claimants, particularly as to whether they are making a genuine effort to obtain employment.

(2) With respect to the labor market situation, there has been a marked increase in application of day laborers for jobs, caused by a drop in recruitment for fishing industries. The Hokkaido Prefectural Government is perfecting plans for the recruitment of day laborers to work on public works projects. However, at present, there are very few projects employing more than 100 workers at any given time. In this connection, it should be emphasized that the problem of day laborers is peculiar to Japan, and, as has been explained in the section dealing with Labor Relations, above, their existence as a disturbing element cannot be understood in terms of joblessness alone, nor can this rank of workers be absorbed into the general labor force without a substantial change in trade union and governmental labor relations policy. With respect to applicants for permanent positions, there has been a slight decrease. Present unemployment of permanent workers still hovers about the 25,000 figure.

h. Field Trips: During the past month the Labor Officer visited Hakodate, Muroran, Bibai, Obihiro, Asahigawa, and Yubari, accompanied by either Mr. V. Burati or Miss E. Wilson, both of ESS/LA, GPO SCAP. Conferences were held with respect to labor relations problems with Unions and management in these cities in the harbor transport, shipbuilding, private railroad, beet sugar, and electrical equipment industries. Additionally, conferences were held with Labor Policy and Labor Standards officials in each of these cities.

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To Hoku -

Prices of farming above costs - fertilizers  
Single crops

farm family of 8 - 132,000 ¥ for 1950.

Costs - 123,000

No supplemental industry -

Present farmer emerged as tenants-peasant w/o financial  
reserves for land improvement.  
Recommend.

Central Govt. should permit use of  
facilities for utilizing potato surplus.  
Alcohol plant in Yamagata Pref.

EIA -

SPB - coal quality checks -

Investigation of Caustic Soda  
producers.

Industrial Coops -  
Niigata ¥32 mill yen subsidy -  
(11 textile 5 metal).

Nat. Credit Security organ to replace  
pref. Security Credit Assoc.

Elec. Power see Tadami River Project.



Reporting use of acid water response for high  
maintenance cost on penstocks, valves  
Reparations - <sup>too much</sup> detail on technical things.

No. approvals of Council  
& maintenance - reported

Called - None made



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*read W. J. G.*

TOHOKU CIVIL AFFAIRS REGION  
APO 547

Prepared by:  
O. L. Hobson  
GS-13  
Economics Officer

Annex D

MONTHLY CIVIL AFFAIRS ACTIVITIES REPORT FOR THE MONTH OF SEPTEMBER 1950

Economics Summary

1. Field Trips:

Subject Covered	Prefectures						
	Akita	Aomori	Iwate	Fukushima	Miyagi	Niigata	Yamagata
Agriculture	25-30			18-22		11-15	5-8
Coops and Extension	6-8 18-20	19-22	6-8	11-14	26-28		21-22
Fisheries				26-27		12-20	5-9
Forestry					13-15		
Trade and Industry		12-15	5-12	5-8		11-18	
Public Works	17-18	19-20	5-7 21-25	11-13	14-15	14-16	
Reparations	5-7			18-20			

2. Agriculture:

a. Conferences:

(1) On 19 September conference of agricultural land bureau chiefs of Tohoku Region and Hokkaido was held at Matsushima. This meeting had been delayed due to the typhoon damage in August and could not be held when previously scheduled.

(a) Mr. Sanada, of the Central Ministry discussed the amendments to the owner-farmer establishment law contained in Cabinet Order No. 288, particularly stressing the abolition of price control.

(b) Discussion of the 1951 agricultural budget revealed that the Finance Ministry was advocating an 80 percent cut in the agricultural land bureau

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budget. This was protested strenuously by the members present; several telegrams have been received by this office from governors requesting that the cut not be approved by SCAP. The arguments put forward by the members attending were:

1. While most of the easy work of land reform was finished, the complex cases requiring men and money for surveys and investigation have been postponed. Decisions on these cases will be vital to the whole land reform system.

2. Considerable work remains to be done concerning the rental contracts program. In some areas it has been found that, due to the influence of local bosses, not one written rental contract exists in entire villages.

These conditions are still to be corrected and will require considerable information and education by prefectural officials. Other reasons advanced were specific points which can be included under the general reasons.

(c) The question of combining agricultural committees into the Agriculture Commission was also discussed and the same opinions were stated as previously reported in August Monthly Activities Report. Only one prefecture, Fukushima, seems to be in favor, or at least indifferent to adoption of this plan.

(d) Concerning reclamation, it was stated that the reclamation budget is not included in the regular Cabinet decision but that it was hoped a special budget would be passed. Since this region has more land suitable for reclamation, than any other region except Hokkaido, the budget question is of considerable importance. It is said, however, to be receiving little consideration since the area from Kanto south is not directly concerned and therefore the National Government's interest is, at best, luke-warm.

(e) It was stated that, since operations of the new land development law is in the hands of the Construction Ministry, the Agricultural and Forestry Ministry is given little part in the development plans even though these plans vitally affect (and are affected by) the operations of both forestry and agriculture.

(f) It was further stated that agricultural projects which could be used as public works, had been poorly planned and that considerable revisions had been found necessary. Prefectural officials were urged to make careful surveys and keep such revisions to a minimum since the Central Government made it almost impossible for revisions to be effected.

(2) Conferences were held with agricultural officials in Akita, Fukushima, Niigata and Yamagata Prefectures to discuss agricultural land matters.

b. Agricultural Conditions:

(1) Agriculture in Tohoku Region under present conditions is not profitable enough to pay its taxes, support its people, its production means, its organizations, its flood control and irrigation projects. The entire industry lacks substantial credit to warrant necessary loans to bolster it where needed



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and to meet the emergencies that arise from time to time. The above is a consensus of opinion of C. C. Bank, government and agricultural cooperative association officials. These conditions are reflected in the high rate of delinquency in the payment of tax assessments by farmers; low standards of living among villagers; hiring-out and outright sale of farmers' children in the flood-stricken areas; farmers leaving their farm rehabilitation work to take up employment elsewhere to provide for the family; insufficient agricultural cooperative association funds to adequately meet normal production needs and emergency demands of agriculture; the low value of land (and other restrictions inherent in the Land Reform Law) making it of little value as collateral for loans; the large number of delinquencies in repayment of cooperative loans; difficulty encountered by local cooperatives' attempts at compliance with recent cabinet order to increase capitalization; reported cases of usurious rates charged farmers for personal loans and credits extended them by unscrupulous lenders and businessmen in periods of crisis.

(2) The acute condition of the agricultural economy in the Tohoku Region is directly influenced by many local factors and their relation to the total economy of Japan. Some of the more important factors are:

(a) The prices of fertilizers, tools and other essential farm items are comparatively high and have increased in greater proportion than the prices of farm products.

(b) The initial costs of reclaiming agricultural land and maintaining structures (dams, dikes and canals) necessary for cultivation are exceedingly expensive and hazardous. Many farmers and cooperatives have exceeded their financial resources in order to hold their fields.

(c) Tohoku Region is a single crop area, giving farmers income once yearly, which necessitates long-term operational loans.

(3) The fact that the farmer is constantly needing more money to establish his farming operations, to pay debts, to finance his local cooperative, to maintain his family and to pay taxes with less income is creating a grave problem for the farmer and his village. The average farm family of eight in Akita Prefecture will receive an annual income for 1950 of approximately ¥132,000. The average expenses for 1950 (computed for fertilizer, housing, clothing, tools and living expenses) is ¥123,200 which leaves very little margin for paying other incidentals and meeting the expenses of the cooperative association and village. The opportunities for supplementing farm income in Tohoku Region are limited by the lack of industry and commercial establishments in the area.

(4) Rural industry in Tohoku should be encouraged to provide employment and to provide outlets for farmers' produce. Ways and means should be found to increase facilities and better coordinate facilities already existing. The Central Government should permit the use of facilities for utilizing potato surpluses. The large alcohol plant in Yamagata Prefecture is an example of the potential profitable use of such facilities.

(5) Farmers, generally emerging from the peasant-tenant class of former years, are generally without financial reserves. They have exploited what financial resources they could marshal to purchase and improve their land and to



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supply capital required for the cooperative program. Many farmers are forced to leave the farm work to be done by the women to obtain work in industry to supplement their meager incomes. In many cases farm women find employment on construction projects to augment the home income.

### c. Agricultural Cooperatives:

(1) In general, the agricultural cooperative associations are not on a sound financial basis. In many areas they have failed to obtain the confidence and loyalty of farmers and businessmen. The agricultural cooperative program requires considerable sums of money for promotion, capital investments and operation which must be supplied by farmers. The problems of independent farmers and their cooperative associations have been forced upon them before they could gain needed experience and education. The continuation and augmentation of educational and guidance programs are necessary to enable the farmer to meet his new problems. Such programs require considerable expenditures which at present are being supplied by agricultural people on the whole. It is important from the standpoint of farm economy and it is even more important from the standpoint of democracy. There is at present, unfortunately, a trend to economize on educational programs and to curtail guidance expenses.

(2) At the same time the agricultural cooperative program is demanding a larger investment by farmers due to a recent cabinet order. Their notes for summer operations loans are becoming due, as are their payments for land improvement projects and insurance premiums. In many cases the villagers are required to make contributions for school buildings and other community projects. In addition, additional capital will be needed to effect the transfer of Nogyokai property which should be completed this fall.

(3) It is believed that the established price of rice and agriculture products is insufficient to meet production costs in many areas. Akita prefectural cooperative officials have computed the average rice production costs for Akita Prefecture to be ¥5,820 per koku, while the established price for 1950 is reported to be ¥5,280. The increase in price over the 1949 price was more than offset by the increase in costs to farmers for fertilizer, farm tools and necessary commodities.

(4) The farmers's taxes have increased substantially and the local tax law gives promise of further taxes for the villagers. It is feared by cooperative officials that additional taxes will also be placed on the cooperative association in view of national subsidies being withdrawn.

(5) The agricultural bill which is the basis for agricultural loans stops short of meeting loan requirements for farmers. Provisions of this bill do not extend to apples, vegetables and livestock which are basic to the agricultural programs of much of Tohoku Region. Crop loans are available through the provisions of this bill only after crops are planted and to the extent of approximately one-third the insured value of the crop (with a maximum of ¥4,400 per tan available). Thus upon the issuance of a loan under the provision of this bill, the entire crop becomes incumbered and subsequent supplementary loans to the farmer cannot be secured. The local cooperatives and their credit federations must supplement the agricultural C.C. Bank loans, without security for their loans. The cooperatives are too limited in the amount they may loan by



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virtue of this safety factor, because of the low initial capitalization of the cooperative, and by the fact that a large percentage of the village savings are deposited in commercial banks and postal savings which continually drain money from the farm villages.

(6) The Central Guidance Federation reported on 30 August that more than 8,000 local cooperatives suffered losses in 1949. The average loss for all cooperatives was ¥400,000 while the average for those showing profits was ¥30,000. Only two purchasing federations made money and only sixteen marketing federations made a profit. The Miyagi prefectural cooperative officials indicate that 30 percent of the local cooperatives are financially sound, 40 percent will be in a position to repay their loans this fall and 30 percent will be unable to meet payments on loans. Inspection of many local cooperatives in Tohoku Region shows that approximately one-third of the local cooperatives are in serious financial difficulty.

(7) Due to the impoverished conditions of farmers and their cooperatives, many unethical and illegal practices are in evidence such as illegal deals in land and land tenancy; misuse of cooperative depositors' funds; forgery of farmers' names by cooperative officials to obtain loans from the C.C. Bank for use by the cooperative; refusal to pay deposit withdrawals or demands; special privileges to friends in the quantity of loans. In addition excessive interest rates charged on loans and credit sales by unscrupulous loan sharks and businessmen occur when loans must be obtained which neither the cooperatives nor local banks are in a position to grant.

(8) Conclusions: Cooperatives are being encouraged to plan ahead to keep a fair balance between their deposits and loans with adequate reserves to meet demands. It is recommended that cooperative officials acquaint the members with the true financial status of their organization and the requirements necessary to adequately finance it. Economy should be practiced wherever possible, overhead personnel reduced, accounting simplified and straight salaries paid instead of the present system of allowances. Accounts should show where losses are accruing and remedial measures taken to prevent such losses; membership in federations reviewed and membership retained only in those in which the benefits derived justify the investment. The past year has shown that the agricultural cooperative lacks adequate funds to meet the credit demands of farmers. It would seem advisable for the Central Government to provide adequate funds that would serve as a revolving loan fund through C.C. bank to provide loans to agriculture at a low interest rate.

(9) Nogyokai liquidation at the local level is practically complete, but funds are needed at the prefectural level to complete transfer of properties. Loans are being arranged through the C.C. Bank to complete the transactions but the drain upon the C.C. Bank will lessen the funds available for agricultural production loans. A long-term loan with a low-interest rate should be available for these transactions.

d. Agricultural Experiment Stations and Agricultural Extensions:

(1) Research activities of a number of experiment stations and the nature of liaison between the stations and extension offices in Akita, Aomori and Fukushima Prefectures were examined during the month. No attempt was made to effect a comparative analysis of the quality and caliber of the research



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projects. Those prefectures having farm advisors' training institutes offer fair instruction. The "full-time" instructors devote the preponderance of their time to experimental work solely. Courses of instruction, while nominally set up by the Ministry of Agriculture and Forestry, are quite fluid. An integrated program for the training of the students is being aimed at but is not quite reaching the goal. Textbooks and reference materials are available, but in extremely limited quantities. Library facilities for the students are inadequate. Printed material pertinent to the training program is extremely scarce. Little instruction is given in preparation of visual materials even on an elementary level. No attempt is being made to fit the student into the community he is supposed to serve. Instruction in methodology in extension work is confined to a few hours per month. No effort is being made to prepare basic texts on "farm psychology" as related to extension work. Some experimental stations, it appears, use the students to fill the labor needs of the station.

(2) 4-H Club activity is spasmodic. A few experiment stations have permitted some clubs to engage in small projects. On the whole, most of the 4-H Club work is as yet superficial.

(3) Training courses for home advisors are offered in Aomori and Akita. Fukushima is making a start but the program is in a nebulous stage. Model villages and farms have been set up in Aomori in several localities with remarkable effect on the local population. Some of the agricultural fairs held during the summer featured model kitchens and farms. These have had a wide influence on the village people and have served to stimulate discussion and activity. In Akita, a good beginning has been made in developing a training program for home advisors. Results will not be noticeable for some time.

(4) Activities of the experimental farms are gradually becoming integrated with the needs of the community. It appears that their research programs have lacked sufficient direction. Since the arable areas in Tohoku are limited it would appear that the integration of research and extension activities is absolutely essential. To whatever degree possible, the prefectural authorities should strengthen the quality of the staff members. Few have had training in instruction and often it appears that the experiment stations have entirely lost sight of their educational functions. Techniques for training students are in need of improvement throughout the Tohoku prefectures.

(5) Statistical Controls: Talks were held with the agricultural improvement sections of Akita, Aomori and Fukushima Prefectures. None of the sections had prepared wall maps for their own use showing division of the "ken" into extension districts, number of farm advisors per district, number of farm households per district and per advisor, 4-H Club and home advisor distribution per community and other related data. Preparation of such maps was suggested as being an effective means of demonstrating the scope of extension activities and a means by which control could be effected over the program as well as a method of measuring the degree of effectiveness of their extension programs. None of the prefectural offices had prepared maps for their own use showing such matters as livestock distribution, soil analysis, vital statistics, geologic and meteorological data, vegetation, crop distribution and related material. This information, they stated, was available in textbook form.



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(6) Plans and Procedures: Plans and forecasts have been usually mapped out through the joint efforts of farm advisors of the extension districts and various district committees. These are usually discussed with village authorities and agricultural cooperatives of the region for approval, suggestion and comment. By means of meetings and conferences these plans are then coordinated at the prefectural level, where modification occurs. However, the program which arises out of this procedure is fluid and changes often occur. Supplementary to this procedure, the experiment stations usually make suggestions based on their observations and experiences. Usually date of formulation of the plans coincides with the beginning of the fiscal year. It was suggested that the programs for the year be continually evaluated to prevent waste of effort, time and money on activities that no longer pertained.

(7) Personnel: Some difficulties have been experienced by the prefectural authorities in dealing with advisors who had proven to be ineffective in their work. Basic to this problem, it was stated, was the inadequacy of salaries and allowances which prefectural authorities felt were injurious to morale. Coupled with this factor was the enormous task involved, the amount of training required to be an effective farm advisor, and lack of recognition of their efforts. All authorities were unanimous in requesting that efforts be made to raise, not only salary and allowance schedules, but also travel grants. It was felt that shortages of qualified personnel could be overcome and extension work be made more effective if the tables of organization were increased and adequate compensation were provided.

(8) Agricultural Extension District Offices: Local extension offices visited in Akita, Aomori and Fukushima Prefectures were in the main unsatisfactory. Usually these offices consisted of inadequate rented areas of county offices, cooperatives or experimental stations. The space available for extension personnel was generally inadequate to their needs, poorly lighted, ventilated and heated. A space for interviewing farmers, conducting conferences, or holding displays and exhibitions was available. A notable exception was extension district office at Bango, Fukushima-ken which was recently constructed with some provision for farmer interviews and conferences as well as for poster and chart display. Most prefectural authorities have recognized these inadequacies and have long-range building programs underway.

(9) The following experimental stations were visited:

(a) Fujisaka Agricultural Experiment Farm (national) of AF/M, Fujisaka, Aomori-ken:

1. This station is one of the six established in the Tohoku Region in 1935 as a result of the disastrous cold damage of 1934. Its main function is to study the effect of cold weather on rice. The Fujisaka Station is unique in that it is the only one in the region having a continuous supply of cold water. This situation permits continual study of the effects of cold water on rice plants at various stages of growth. The station appears to be well-organized and equipped for paddy and upland research and best suited to study the problems of cold damage to rice. New varieties of rice have been developed, Fujisaka 3 and 5. These new varieties are considered to be the best suited for this area, than either Rikun 132 or Norin 1 now being grown.



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2. No close relation exists between the station and the extension offices. The specialists devote themselves principally to research. Farmers as well as extension personnel are invited to visit the station at any time. Lately the station has become concerned with experiments on "two crop harvest". To date, the results show that paddy fields of the area are not suited to winter crops. The station has conducted experimentation on "crop rotation" on upland fields. This is of particular value to extension work which currently in Aomori is concerned with increasing the cash income of the farmers. So important is this work considered that lecture-meetings will be held by extension people to educate farm advisors and farmers regarding the value of crop rotation. The experiment to date has demonstrated that four crops in two years can be secured in this traditional one-crop region.

### (b) Nambu Prefectural Experiment Station (Gonohe), Aomori-ken.

1. This experiment station has recently been separated from the Kuroishi experiment station. The facilities are somewhat limited for the number of projects currently underway. Experiments are being carried on to determine the adaptability of various species of wheat, barley, rice, sweet clover, soybean, millet, farmyard grass, corn and rape seed to this region. As this area is periodically subjected to snow blight damage, experiments are being conducted as to the resistance of various varieties of crops. Other factors considered in the experiments are amounts of fertilizer for optimum results, and effect of planting dates on productivity. Experiments aim at methods of rotation by which the farmers of the one-crop region can realize three to four crops in two years. In addition to the above experiments the station is also engaged in plant pathology, soil analysis and related work. Some work is being done on adaptability of various types of livestock to the region. Results are inconclusive as yet.

2. Another important function of this station is the training of young farmers. Twenty-five students are now enrolled. In the main, the type of instruction offered here is a counterpart of the Kimaishi Station. Problems are similar, if not accentuated, as facilities are even more limited. Liaison with extension work is excellent as the extension district office is located on the premises. Besides furnishing the farm advisors with material and guidance, the experiment station sends monthly reports to the prefectural office.

### (c) Prefectural Horticultural Experiment Station, (Kuroishi), Aomori-ken.

1. This is a modern station and apparently well-operated. An inspection of the facilities revealed that the plant as a whole was in exceptionally good condition. Research activities of value to extension personnel deal with apple culture and comprise the bulk of the experiment station's program. However, additional work is being done on cover-crops for orchards, of value to the small farms in the area. Various grass and legume cover-crops including Red Clover, White Clover, Common Vetch, Winter Vetch and some rye grasses are being tested. The director is of the opinion that, for the small orchards, it would be best to have a perennial leguminous cover-crop, reseeding itself each year as the legumes would have the advantage of supplying additional nitrogen for use by the trees, and at the same time reduce soil and water losses.



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The director pointed out that he had become increasingly aware of the necessity of erosion control. Regarding apple culture, the station has been principally concerned with developing new varieties which were suitable to the type of soils found in the area. The main criteria were productivity and storage quality.

2. The station research programs have been mainly concerned with the needs of the commercial farmers. The director indicated that no measures had been taken to encourage farmers in general to engage in apple growing, not only for cash-crop purposes, but also for domestic use. The director observed that apples and derivative products might form an important media for general diet improvement of the farm population. Liaison with extension personnel is fair. Research projects when completed are fully written up and submitted to the extension office. Extension specialists usually summarize reports for dissemination through farm advisors. Farmers visit the station daily, but no organized program of farmer education exists. While the farmers are not turned away, there was little evidence of positive encouragement of their attendance. During the conference, closer liaison with extension activity was urged as well as possible experiments in developing small storage facilities for the average farmer. Some stress was laid on encouraging farmers to develop small orchards for domestic use.

(d) Prefectural Agricultural Experiment Station, (Kuroishi), Aomori-ken: The facilities of this station are not adequate for the uses to which they are being placed. There is much evidence of over-crowding throughout the laboratories and workrooms. However, it is possible that better arrangement of furnitures and equipment may result in improving the space distribution.

1. The research program being conducted covers such staple crops as rice, wheat, barley, potatoes and soybeans. Some work is also being done on vegetables. Regarding winter cereals, the director stated that rye, due to its resistance to snow-blight, produces approximately 30 percent more grain per unit area than either wheat or barley. Other projects of value to extension personnel were: the development of rice varieties (six new types had been developed which were suited to the soil and climatic conditions of the region); rice blast control techniques; 2-4-D application; comparative ploughing by animal and tractor; cold damage control methods; crop rotation in paddy fields; and farm management procedures.

2. An important function of the experiment station is the training of young farmers. Currently 28 students are enrolled here. There are no charges either for tuition or lodging. Of the 1,530 class hours per year, 765 are spent in the classroom and the balance in practice work. The training program's objectives are being hampered by shortages in textbooks and related supplies as well as by insufficient space for classrooms and laboratories. Another drawback is that the students are not obligated to continue in farm work after graduation. Furthermore work in pedagogy, farm psychology and club organization is inadequate to the needs of extension work. No facilities for girl students exist at the present time.

(e) Aomori Diversified Farming Training Institute, (Shichinohe), Aomori-ken:



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1. This station's principal function at the present time is to conduct experiments on the utilization of livestock on small farms. Other important functions are the training of young people to be farm leaders in their community, educate farmers to the benefits of better utilization of animal power and methods of processing livestock products. Currently fifty students are studying at the experiment station. There is little or no classroom instruction; all work being practical in nature. The students are instructed in such matters as utilization, care and breeding of livestock and processing animal products. The experiment station is now engaged in arranging with private companies to permit the students to spend time in the plants for study purposes, and also to get practical experience with methods of processing foods, manufacture of implements and handling of machinery.

2. Liaison with the extension districts and prefectural office is good. Many farm advisers come to the station for study purposes. Home demonstration agents in particular find the station profitable for suggestions and aid.

(f) Aomori Prefectural Livestock Breeding and Experiment Farm  
(Noheji), Aomori-ken:

1. The principal functions of this experiment station are the breeding and management of livestock as well as their disposal, loan and artificial insemination. Other functions include the processing of livestock products, developing methods of dairy farm operation and devising means to further the education of farmers in livestock raising techniques. Some of the experiments of importance to extension include the construction of silos and storage areas for small Japanese farms, testing of cows for use as draft animals, application of machine and tractor power to normal farm operation, and the adaptability of various grasses to types of soils found in the area. Livestock inspected varied in quality from fair to good. These included Holstein cows, calves and heifers. Also inspected were swine, rabbits and poultry. The fields were devoted to orchard grass, timothy and red clover. The latter were part of an experiment to test their suitability for the local soils.

2. Liaison with the extension offices, both district and prefectural, is good. Reports and articles are submitted to the prefectural offices for dissemination to the district offices.

(g) Aomori Sericultural Experiment Station (Shichinohe), Aomori-ken:

1. No direct relation exists at the present time between this experiment station and the prefectural extension office. This is attributed to the nature of the sericultural association which has its own extension program. The drawback to this arrangement is that there are too few technical advisers in Aomori Prefecture, while in Fukushima and Yamagata there are too many. The principal function of the station is to develop new varieties of worms and new mulberry trees that will be cold resistant.

2. The prefectural extension office is contemplating the furthering of sericultural activities as a means of increasing the cash income of farmers between harvests. Refuse and waste of silkworm find ready market



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for use as a feed for sheep. The fibre of the mulberry can be used for basket weaving, the bark for paper manufacture and the root for medicine and fuel. 4-H Club boys currently are using the facilities of the station on individual sericultural projects.

(h) Bango Agricultural Experiment Station, (Bango), Fukushima-ken:

1. This experiment station is attempting to integrate its work with the needs of the region it serves. It sees extension as the bridge between experimental work and the farmer. Research projects, as they are completed, are put into report form for dissemination through the extension district offices. Research on feed grasses and livestock management are underway. In addition, work is being carried out on the adaptability of various fruits and flowers to this region. Other projects involve developing rice varieties suited to districts which are covered with snow 60-90 days a year. To date nine varieties have been developed among which Aizu No. 1-7, Norin No. 2 and Hosonuki No. 3 are currently cultivated in Tohoku and Hokuriku.

2. A farmer-training program is offered by the station to educate first sons of the farm households. Since they usually inherit the farmstead, much attention is paid to these young boys. Neither tuition or board is charged the students. The capacity of the station is 30 students per annum and enlargement of capacity is planned for the future.

(i) Fukushima Agricultural Experiment Station (Koriyama), Fukushima-ken:

1. The activities of this station have been well-coordinated with the needs of the community and extension programs. Plans must be approved by the prefectural authorities and the prefectural extension committee. Results and conclusions of the experiments are submitted directly to local farm advisors through the extension section. Replies to problems and questions of farmers are handled by the experiment station through the farm advisors. Several hundred farmers visit the station daily to observe and study the techniques practiced at the station. The station welcomes the farmers and provides guides for them. Lodging facilities for the visiting farmers are now under consideration. The station is quite proud of its publication "Noyu" (Agricultural Friends) which is published monthly. Approximately 13,000 copies are sold each month. However, farm advisors and agricultural organizations receive them free of charge.

2. Thirty students are enrolled in the farm-advisor training school. Although no tuition is charged, the students must pay ¥1,200 monthly for lodging. Students are not obligated to remain in the field of agriculture upon graduation but extension authorities are of the opinion they will draw the bulk of their future personnel from the farm advisor schools. The biggest problems facing the school are lack of adequate textbooks and teaching materials. Library facilities are poor and the station sees no alleviation of these problems for some time. A program to train home advisors is contemplated. At present, none of the stations in the prefecture has developed a course of study for the home improvement agent.

(j) Fukushima Horticulture Experimental Station, (Hirano-mura), Fukushima-ken:



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1. Principal functions of the station include the development of cultivation techniques of the following: peaches, pears, apples, persimmons, chestnuts and grapes. In addition, considerable work is being done on the processing and canning of fruits.

2. Little coordination exists between the activities of the station and extension offices. In the main, the work of this experimental farm is pointed towards fulfilling needs of big, commercial fruit growers, rather than the average small farmer. The station engages in no education work. The monthly journal is published jointly with the Fruit Producers' Association which has offices in the station.

(k) Training School of Farm Advisors and Home Demonstration Agents of the Akita Prefectural Agricultural Experiment Station (Akita-shi), Akita-ken:

1. The facilities devoted to the training school were inspected and found good. These included two classrooms, a model kitchen, dining room, serving area, and several laboratories. Facilities can accommodate thirty students. The 28 students now enrolled are fairly representative of the whole prefecture, although there is a tendency for the areas located near the school to be slightly over-represented. A high school education is all that is necessary for admission, plus the successful passing of an entrance examination, and personal interview. Tuition is free and students are obligated to pay ¥1,200 monthly for boarding. The school furnishes each student ¥5,000 yearly for inspection trips and related activities. Students are not obligated to remain in agriculture work after completion of the course. However, to date all have chosen to remain in this vocation.

2. The curriculum followed has been set up by the Ministry of Agriculture and Forestry. Classroom instruction totals 855 hours per year and practice work 742 hours per year.

3. With reference to the station's agricultural work, experiments have been conducted during 1949 and 1950 with 2-4-D, snow blight damage to crops and the growing of various grasses. Additional work is being done on crop rotation.

4. Liaison with extension personnel is excellent. Farm advisors are encouraged to visit and spend time there for in-service training purposes. Printed materials published by the station are made available to the farm advisors for dissemination purposes.

(l) Omagari National Agricultural Experiment Station, (Omagari-mura), Akita-ken:

1. Approximately 22 projects are underway at this station with some of the more important experiments requiring ten years, while lesser vital experiments take only one to two years. No direct relationship exists between the station and the prefectural extension offices. Moreover, no direct contact occurs between the station and the farmers. This condition can be attributed to the nature of the research which is basic and fundamental. Of importance to extension personnel have been the experiments in 2-4-D, double cropping, rice blast, direct seeding of rice, farm management and development



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of new rice varieties. No conclusions have as yet been reached on the majority of the experiments, nor have written reports been made available either to the AF/M or the extension offices.

e. Food Production:

(1) Collection of Wheat and Barley. All prefectures have formed committees of officials to expedite delivery of wheat and barley. The emphasis is on visits of these officials to areas which are lagging behind in collection, the scheduling of mass meetings, interviews with local officials and the use of sound trucks to encourage the deliveries. As of end September, the collection figures were: Aomori - 65%; Iwate - 55%; Miyagi - 60%; Akita - 47.8% (94.3% of the new revised quota which was reduced to 1,500 koku on about 1 October); Yamagata - 50%; Fukushima - 69%; and Niigata - 84%. Conditions hampering deliveries are: wet weather, increase in quota, and the harvest of early rice. Food office officials of Aomori, Akita, Fukushima and Niigata believe the quota will be completed by end October. However, Miyagi people believe that it will be 10-15 November before the quota will be filled. In Iwate and Yamagata quotas will be met sometime in November. These two prefectures will have a very difficult time fulfilling the quota -- an additional reason being that, compared to last year, this year's production is not so great.

(2) Early Rice Deliveries. The rice deliveries during September were quite poor. No prefecture fulfilled its early rice target for which bonus budget had been allocated. Officials believe, however, that since this bonus money will be carried over and divided proportionately during October to give farmers a slightly higher bonus than would otherwise be realized, early rice collections in October will be considerably speeded up.

(3) One particular problem other than difficulties of collection was brought to the attention of Civil Affairs. Aomori and Iwate, and to a lesser extent, other prefectures, will deliver considerable quantities of Indian Corn against the rice quota. The government plans deliveries of this corn by January, but prefectural officials state that at this time, the corn will not be thoroughly dried and shelled, and that collection date should be March, otherwise storage difficulties due to improper drying will be encountered. They have requested that this be brought to the attention of the Ministry through GHQ.

(4) As usual at this time of the year, the problem of rail transportation is giving difficulty. Yamagata and Akita particularly are behind in car requirements. Other prefectures anticipate similar problems. Officials were advised to confer with railroad officials and place their car orders as far in advance as possible, but additional stimulus must also be given railroad officials in Tokyo.

3. Fisheries:

a. During the month the following ten places were visited to check the status of the Japanese Fisheries Program: Oginohama Village, Ayukawa Town, Miyagi Prefecture; Tobishima, Sakata City, Yamagata Prefecture; Niigata City, Aikawa Town, Nomachi Town, Uramoto Village, Isobe Village, Noetsu Town, Niigata Prefecture.



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### b. Miyagi Prefecture:

(1) Seed Oysters. Oginohama Village depends almost entirely upon its seed oysters which are exported to the United States. The yearly profits amount to about ¥5 million. Of the 125,000 ropes of shells carrying the seed oysters, about two-thirds have been lost this year due to mud deposited by floods from the Kita-kami River north about seven miles away. It is reported that Matsushima and Shiogama have lost approximately 100,000 ropes of shells with an estimated value of ¥7,080,000. The total damage caused by the 3-4 August typhoon has been estimated at 887,600 ropes -- more than ¥35 million in value. The prefectural fisheries department is planning to allocate some funds to aid oyster men who have suffered flood damages during the coming year. It is anticipated that Miyagi will be able to export only 40,000 cases of seed oysters to the United States during 1951.

(2) Ayukawa Town. The present road from this town to Ishinomaki is inadequate and shipment of fish products is made mostly by boat to other Miyagi ports. Since Kinka-san attracts about 100,000 tourists yearly, revenue from tourist trade would soon pay for the cost of a good road, but to date no concrete plans have been made to alleviate the difficulty.

### c. Yaragata Prefecture:

#### (1) Tobishima.

(a) This island is about six miles long and one mile wide, and is about 21 miles from Sakata City. Fisheries are the main source of livelihood of the island; a few persons engage in small-scale farming on the 50 cho of cultivated land. 293 fishermen from three burakus (Hoki, Nakamura and Katsuura) are members of one cooperative. The cooperative is financially solvent but the profit percentage turned back by the membership is small. It has paid a ¥50,000 fee to the prefectural federation and has invested ¥10,000 with the Central Finance Bank. The old association turned over its one, 20-year-old, 27-ton, 50 h.p. engine boat in bad shape to the cooperative. Most of the island's 35 engine-powered boats operate in the Hokkaido grounds from August to December. One-third of fuel oil and one-half of cotton thread requirements have been met. The cost of these materials is too high for the average fisherman to purchase his full allotment. Only one glaring irregularity was found, the chief of the cooperative, a Mr. Sato lives in Sakata City, operates a printing shop in Tokyo, and does not engage in fisheries. The provisions of the fisheries law which prohibit Mr. Sato from holding office was brought to the attention of the prefectural fisheries section.

(b) Fisheries Rights. The exclusive fisheries rights fixed during the early Tokugawa Era still exist here. Disputes on fisheries rights have occurred six times; the latest one, settled by arbitration, concerned the fact that Nakamura buraku, located in the central part of the island, has the major portion of farmland and the smallest fishing ground. The other two have a shoreline abundant with shell-life and seaweed and rely solely on income from fisheries. In order to equalize the total income for each buraku, Nakamura buraku was forced by the other two to limit its fisheries rights in view of the income derived from farming. It was suggested to the representative of the Sea Area Adjustment Committee that a thorough study of the problem be made so that



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an impartial decision can be made and eligible fishermen benefit in accordance with the revised fisheries rights system.

(c) Port Facilities. The harbor of the Katsuura buraku has the only harbor worthy of mention, although dredging and breakwater improvement are required. The port has a natural bay formation. The breakwater requires extension, elevation and reinforcement; blasting and excavation of rock from the bottom of the harbor, construction of a wharf and a ship repair installation alongside the wharf. These projects would cost an estimated ¥10 million.

(2) Sakata City. A meeting with the operators of the salmon breeding stations of Fukura and Takase Villages was held and attended by village farmers, NRP and prefectural officials to discuss destruction of station salmon traps by farmers of these villages on 7 December 1949 after they had been refused permission to catch salmon for one day during the salmon run. The provisions of the new fisheries law were explained to the farmers -- that such acts of violence were subject to prosecution and that if they were dissatisfied, their problems should be presented to their representatives. The NRP chief stated that he would try to prevent similar incidents in the future. See May Monthly Activities Report, c. Inland Fisheries (2).

d. Niigata-ken:

(1) Niigata City, Inland Fisheries:

(a) Conference was held with the chief, assistant chief and other representatives of the fisheries section concerning inland fisheries. Niigata Prefecture is spending more than ¥500,000 yearly of prefectural budget funds and an additional ¥30,000 received from Japan Electric Power Co. (Nippatsu) for the preservation and breeding of young ayu in Niigata rivers. Five million young fish are required yearly for stocking all Niigata rivers, but less than 3 million are available.

(b) Concerning the request made by the Fukushima Fisheries Section to take ayu from the Agano River near the Kanose No. 1 Power Station, the ichthyologist from the fisheries section stated Niigata Prefecture gave more than 83,000 of 870,000 young ayu caught at the Shinano River to Fukushima last May to be distributed in the rivers of Fukushima. It was further stated that Niigata is willing to continue to furnish stock for Fukushima rivers as long as fish are available. The Kanose No. 1 Power Station on the Agano River has one of the best fish ladders in Japan and approximately 70,000 ayu breed near here each year. There are three other dams with fish ladders that fish must navigate to reach Fukushima (See July Report, Paragraph 3. Fisheries -- the rock mentioned in 3 (b) is being removed.)

(c) A second conference was held with prefectural fisheries officials, materials adjustment officers and trawler boat operators from Sado-shima and Niigata to discuss fuel oil shortage, high cost of materials and low profits from fish sales. Operators complain that, due to frequent seasonal wind storms and the distance to fishing grounds, they must return to ports daily and are unable to conserve their fuel oil. Blackmarket fuel is no longer available and the EIA strictly prohibits the advance sale of fuel.



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(2) In Aikawa, Sado-shima, representatives from six of the town's eight cooperatives, and prefectural officials were interviewed. These cooperatives, organized in 1949, are poorly organized and lack operating funds. Investments are from ¥100 to ¥300 per share. Liquidation of the old association has not been completed because fishermen who borrowed from the old associations have not honored these debts and it is difficult to collect from them. In addition, fishermen fail to support the cooperatives and resent the payment of small levies from their meager fish profits. It was suggested that the eight cooperatives in this area combine into a maximum of four for financial reasons and coordination of effort. It was explained that consolidation of these cooperatives has not already been done because the fishermen engage in various type fisheries and some only work part-time. Fishing is curtailed due to seasonal adverse weather conditions; harbors are poor with breakwaters required (two harbors were the only land-locked ones noted) and materials are not available in sufficient quantities.

(3) (a) At Nomachi, there are two cooperatives, "Nomachi" and "Nokodamari" separated by less than one mile of shore-line. The reasons for this, as explained by one of the cooperative officials, are to avoid confusion on the part of fishermen over fishing grounds, future settlement of rights under the new reform and different type fishing at sea. Both cooperatives appear well-maintained and engage in marketing the catch to local areas and jointly purchase materials and supplies. In September, 1950, the marketing tax was increased from 4 to 7 percent on a trial basis. Profits are small and share fees from members have netted each cooperative less than ¥200,000.

(b) Materials and Supplies. Nokodamari cooperative requires approximately 13,000 liters of fuel per month, but only receives about 6,500 liters. There is no advance supply of fuel available, when the small supply on hand is exhausted, fishermen must suspend activities. The village depends entirely on fisheries, has no farmland to supplement their livelihood and conditions are miserable. This village seems to face the worst circumstances in all of Tohoku.

(c) Port Facilities. Nomachi and Nokodamari have extensive plans for much needed harbor improvement. The harbor is naturally good. It would be advisable to improve the port south of Noactsu when funds from the Central Government are available. At the present time, map plans have been drawn up showing seven priorities -- breakwaters, boat landing places, deepening and widening of channels -- at a cost of more than ¥400 million. At Nokodamari, houses line the only road which follows the coast. Boats must be pulled up on the road for safety during storms. This blocks off all highway transportation during the winter months. Prefectural traffic on this road is almost at a standstill.

(4) (a) A conference was held at Uramoto Village with local representatives. The cooperative is well-operated but the future is doubtful due to poor catch and limited profits. Marketing is the only business. Cod, rated very low in quality to the Japanese, is the main catch. The average day's catch nets each boat from ¥400 to ¥800 to be divided among three or four men. Fishermen support families of six and more on their salary, most of which is spent for additional blackmarket rice, leaving little for clothing and other necessities. Fuel is being received at 40 percent of the requirement.



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(b) Port Facilities. A subsidy of ¥4,010,000 has been received for this year's repair work. A total of ¥23,810,000 has been approved for a three year harbor improvement project.

(5) A visit was made to Isobe Village to inspect harbor conditions. The village has two ports, but if one is improved, all boats can be accommodated. An estimated ¥100 million is needed to blast rocks, construct a fish-land wharf, shed for boats and a breakwater. There is no satisfactory protection here for vessels during stormy weather.

(6) A second visit was made to Noaetsu to further discuss important matters brought up during the April visit. Members of the cooperative stated that they were well-supplied with oil and materials. Fishermen complain of the heavy tax burden and invading trawler fishermen from nearby villages who are taking small bait fish for food consumption -- catching of small fish by hand-netting is permissible. This practice is very destructive to fish resources. Advice was previously given by Civil Affairs representative to install necessary channel marking as a safety precaution. This was not complied with and it was suggested again that the village make its own pointed bamboo poles and colored flags and not wait for the prefectural government. Eight hazardous rocks obstruct the entrance to the river harbor which have been reported to the prefecture for removal.

e. Conclusions:

(1) There appears to be a tendency on the part of small-scale fishermen to resent supporting their cooperative. Profits are so small that it now becomes a burden to pay even reasonable percentages in supporting the cooperative.

(2) Cooperative officials, though meetings are held, may be failing to impress upon the members the benefits derived from a strong and well-organized cooperative. Education, encouragement, and guidance are urgently needed in the small villages.

(3) Consideration should be given to harbor improvement of small villages -- loss of property and lives faces many people during heavy weather.

4. Forestry:

a. On 13-15 September conferences were held in Sendai, Arahama, Iwanuma, Iruishi, Kakuda, Hasama, Ichinasama, all in Miyagi Prefecture, concerning re-forestation and erosion control. These conferences were attended by members of the Regional Construction Bureau, Sendai Forestry Office, Prefectural Forestry Section, Construction Section and Agricultural Section.

b. In the south of the prefecture, the Abakuma River drainage area was visited. Conference was held at the county offices at Kakuda and Arahama at which people expressed their opinions. The officials indicated that considerable work was necessary in the area since this area suffered extensive damage during the 3-4 August floods. Plans for the dike construction and drainage pump stations were reviewed. The local irrigation association wishes to construct emergency drainage pumps to lift waters from reclaimed marsh areas to the Abakuma River, but claim they are unable to get a loan to do the work them-



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selves. Unless such a project has the approval and monetary backing of Central Government subsidies, it seems that no bank (including the Agriculture and Forestry Bank) will loan them money for the pumps, even though figures presented show that with four additional centrifugal pumps, the production of the village could be raised an average of 10,000 koku per year.

c. (1) In the northern part of the prefecture, projects are being considered on the Eio and Asama Rivers. One dam is planned for each river. These rivers are tributaries which join the Kita-kami near its mouth and are subsidiary to the main Kita-kami watershed plans. Word has been received that the Central Government has called upon the prefecture to submit detailed plans for these rivers and has given tentative assurance that work will be started on some river improvement next year. Although plans are not completely approved, there is considerable opposition from several villages to plans presented by the prefecture. In this rather thickly populated prefecture, no matter what projects are contemplated, some farmers will have to be relocated to provide water storage space. These villagers bring considerable political pressure to defeat any plan which affects them, no matter how much it will benefit the prefecture as a whole. As is usual in Japanese plans, the actual field surveys are rather sketchy and do not provide specific data concerning high water volumes or other stream-flow data.

(2) During this trip several places were visited where dike revettments which had been completed in 1948 and 1949 were found to be at least 10 percent too small during the 3-4 August high-water period. The costs for repair of damages far exceed what farmers and villages can pay. A loan to finance reconstruction of damages and to make preliminary surveys and construct new flood controls and irrigation projects would in most areas only add to the burden of debt-ridden farmers. It is apparent that the construction and maintenance of the larger flood control and irrigation projects should be undertaken and financed largely by the Central Government. The current plans for reconstructing damages incurred by the recent Miyagi flood are as follows:

(a) Reconstruction of dikes and dams on large rivers subject to the River Law (National Government undertaking) at an estimated cost of ¥405 million to be financed 100 percent by the Central Government.

(b) Reconstruction of dikes and dams on small rivers not subject to the River Law (prefectural government undertaking) estimated cost of ¥1,850 million to be financed 100 percent by the Central Government.

(c) Reconstruction of sluice gates, small irrigation channels, irrigation dams, small reservoirs, farm roads and projects costing more than ¥150,000 each (prefectural and village undertaking). The total estimated cost ¥990 million to be financed: 65% - Central Government; 10% - Prefectural Government; 25% - Village and farmers.

d. On 16 September, Miyagi Forestry District chiefs met to discuss business problems of the coming year. The private and prefectural forests in Miyagi cover 8,000 cho, of which 2,500 are prefectural forest. Of this area 800 cho is urgently in need of reforestation. The forest chiefs were of the opinion that unless the prefectural forests are properly planted and managed, the prefecture itself was open to criticism as presenting a poor example of forest



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management. Funds are available for fall planting of 100 cho of watershed forest this year. The Civil Affairs representative took this opportunity to recapitulate the previous three days' conferences and urged that upstream erosion control receive more careful attention along with reforestation; that the people of the area be given sufficient information to keep them informed of prefectural forestry plans; and farmers and foresters be instructed in simple soil conservation measures to prevent the silting of rivers and subsequent damage to downstream areas.

e. During the month special training courses were held in most of the prefectures for local forestry advisor personnel. The program plan was, in most cases, well-balanced and should prove very beneficial.

f. During the period 21 August to 21 September production of mine props, pulp logs, plywood and other miscellaneous wood products was slightly more than double the amount produced during the preceding period. The production of mine timbers during the period was less than 10 percent of the previous month's production.

5. Mining:

a. Mine Safety: No change in the Mine Safety Program from the previous report.

(1) On 20 September, a fire at the Osarizawa Copper Mine, Akita Prefecture, burned five warehouses, a garage and a dining hall. The loss of buildings and materials destroyed in the warehouses is estimated at ¥19,600,000. At present the mine is maintaining its scheduled production. Necessary materials for future operations are being shipped from Sendai, Akita, Tokyo and Osaka.

(2) Reports of mining production for August in the six Tohoku prefectures were received during the period. In comparison with July production figures they show that production of metallic minerals increased from 3 to 40 percent in all prefectures except Akita and Yamagata. Nonmetallic minerals showed an increase of approximately 30 percent in Akita and Aomori, but a decrease in other prefectures. Stockpiles of mine products decreased generally except in Akita and Miyagi Prefectures. Oil production increased 4.9 percent. Refinery production increased 38.5 percent.

b. On 8 September conference was held with Mine Association representatives and local mining officials in the Sendai Trade and Industry Bureau. Mr. Solomon, NRS, SCAP, obtained statistics concerning mining and prospecting claims. It was found that a period of six months to four years is required to process claims. The principal cause was lack of personnel for surveys and inertia on the part of the prefectural officials in processing the papers and assessing possible damages to agriculture and forestry. The mining representatives requested that the period during which prospecting rights were valid remain at four years rather than two year, as in the proposed new law, because of the short prospecting season in Tohoku and Hokkaido. Concerning the time required for processing mining claims, they requested that unless disapproval notices were received within six months to one year after application, that such claims be considered approved. This would considerably speed up the time required for approval.



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They also protested the provision requiring estimate of damages which would be caused by Mining operations because such damages are difficult to assess before operations begin.

### 6. Price and Distribution:

a. Economic Investigation Agency: During the month, EIA coordinating council meetings were attended in Fukushima, Miyagi and Niigata. The matters discussed are as follows:

(1) Special Procurement Board. The EIA conducted a thorough investigation of the SPB's coal delivery procedures. A notable difference existed between the government's original estimate for coal purchases against the lowest bid received and accepted by the SPB. The government estimate was overquoted by 50 percent. It is believed that either the government section haphazardly quoted a price or the dealers are manipulating their deals to make up the loss. The grade (5,000 calories or better) is checked on the primary shipments and no further spot-checks are made. At the maximum, the SPB checks once each month the quality of coal delivered during the contract period. Low calorie coal can easily be passed as better quality as long as inspections are so limited. It is surmised that low calorie coal was the only fuel dealers can deliver and compensate for the low bid as the weights shipped are accurate, unless the figure estimated by the government is inaccurate.

### (2) Staple Food Processing Investigation:

(a) Miyagi Prefecture. An investigation was conducted at the flour mill in Kakuda Town operated by the Prefectural Federation of the Agricultural Sales Cooperative. 900 bales of wheat were uncovered as excess and 300 of these were claimed to have been in the possession of the former agricultural association prior to the war but no proof could be presented. The balance of 600 bales are claimed to be surplus wheat of the farmers' consigned goods after processing is accomplished, retained since 1945. The official price of 600 bales is estimated at ¥1,600,000. The goods will be routed into legal channels for distribution. Another case reported at Shinoishi City was 1,958 bales of spoiled flour discovered in a noodle processing plant. The plant owner claimed that the flour had deteriorated when received. The case is still under investigation. It is considered that the Food Kodan must take more care in the surveillance of wheat delivered. The reason for spoilage was attributed to long, poor-storage conditions.

(b) Iwate Prefecture. Shortage of 72 bales of government consigned barley was reported at Endo Parley Processing Plant at Iwayada Town which was caused by deterioration. 62 bales of similarly consigned grain were short at Sasaki Mill, Anetai Village.

(c) Akita Prefecture. An excess of 50 bales of flour and 38 bales of oats were reported at Aiba Mill, Akita City. The case is under investigation for possible violation of the Food Control Law.

(d) Remarks. It is apparent that the food office is concentrating on the supervision of processing practices, quality of goods produced, and maintenance of standard loss rate. But it is considered that supervision for proper



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storage of raw materials and finished products is also highly necessary. It has been noted by the EIA that, prior to delivery of indigenous rice, wheat and barley, supervision of the quality is neglected by the food office. Weights should also be checked.

(3) Oil Kodan Investigation. The investigation disclosed that the oil dealer's sub-branch of the Kodan does not receive payments for storing the petroleum for the kodan. No records have been kept by which to apply for payment. It is believed that the money appropriated for this purpose is being diverted into other channels and it is also possible that the payment of storage is transacted by petroleum goods. Reports from all prefectures have not been received and will be consolidated at a later date.

(4) Restaurant Control. An almost negative violation report was submitted by the autonomous police of each city for the past ten months, which was recorded by the food section of the prefectures. In view of this situation, police chiefs of all cities in each prefecture of Tohoku were summoned to an EIA coordinating meeting. The consumption of rice in restaurants in the respective prefectures was related to the police departments and the necessity of maintaining maximum surveillance to prevent consumption of unrationed staple foods was emphasized. The following are the hearing sessions and sentences made:

	<u>Suspension</u>	<u>Revocation</u>
Miyagi	10	
Fukushima	19	
Iwate	5	
Aomori	32	3
Akita	7	
Yamagata	0	
Niigata	0	
TOTAL	<u>73</u>	<u>3</u>

(5) Sugar Investigation. The prevailing blackmarket price of sugar in Tohoku is from ¥800 to ¥1,200 per kan (official price ¥249). It is understood that the blackmarket price in the metropolitan areas is considerably higher and therefore little blackmarket sugar is received here. Eleven cases of blackmarketing have been reported from 21 August to date with a total of 4,154 kan involved. The largest case reported, exposed by the EIA in Akita City, was a 2,400 kan sugar ration for children turned over to the confectionary association for production of biscuits and cake. Only 5% of the sugar was used and the remainder diverted into blackmarket channels. Cases found in Aomori, Fukushima and Miyagi Prefectures have been traced to Tokyo dealers. The cases exposed were relayed to the Central EIA headquarters for further investigation. In general, it is believed that the origin of the blackmarket sugar is unused rations allocated to various industries.

### (6) Domestic Feed Distribution Kodan:

(a) Investigation of the Kodan exposed unpaid debts amounting to ¥11,619,115 as of 30 June 1950. The following amounts were collected with the assistance of EIA; July - ¥8,507,819.67; August - ¥148,179.45; September -



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¥679,512.75; a total of ¥9,335,511.87. The balance of ¥22,283,603.12 has been received in promissory notes.

### (7) Staple Foods - Blackmarketing:

(a) It has been reported that there is a tendency toward speculation on rice. It is surmised that blackmarket operators are speculating because of the possibility of suspension of U.S. aid to Japan and the stoppage of the yearly import of 200,000 tons of rice from Korea. The NRP in Iwate reports that shipping of rice and red beans by rail to the Kansai area has been increasing. During March 4.5 tons; May, 5 tons and June, 6 tons were confiscated. It is evident that closer surveillance to control these items is necessary. In Niigata, glutinous rice mixed with non-glutinous rice is being processed into flour and sold as "Shirata-mako" to Tokyo and Hokkaido. The case was exposed in Hokkaido, as sale of controlled foods on the free market, and referred to the AF/M. The case was considered a minor one and overlooked by the AF/M when it was reported by the Niigata Food Section. Approximately 200 koku have been processed in Niigata.

### (8) Investigation of Caustic Soda:

(a) The EIA conducted an overall investigation of the firms in Toboku producing caustic soda. The following exaggerated production had been reported by firms obtaining government subsidies:

	Tonnage reported exceeding actual output	Yen value
<u>Caustic Soda (solid)</u>		
Ohama Factory, Tekko Company	109,118	¥ 865,714.67
Sakata Factory, Missin Denka Company	832,158	5,589,615.36
Koriyama Factory, Hodagaya Chemistry Co.	22,374	128,212.82
Hirota Factory, Showa Denko Co.	269,339	1,690,830.96
Nishiki Factory, Kureka Chemical Co.	482,394	2,569,844.44
<u>Caustic Soda (liquid)</u>		
Ohama Factory, Tekko Co.	92,492	440,787.04
Sakata Factory, Nisshin Denka Co.	3,210	14,313.38
Koriyama Factory, Hodogaya Chemical Co.	7,704	4,236.35
Nishiki Factory, Kureka Chemical Co.	493,497	483,606.78

The tonnage/yen value figures vary due to differential in subsidies granted.

### Coal:

Ohama Factory, Tekko Co.	102,865	236,589.50
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Application for the above coal was for use in the production of caustic soda, but the coal was never used for this purpose.



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### 7. Industry:

a. Visits were made to 18 different type and size enterprises during the month of September. Field trips were made to Aomori, Iwate, Niigata and Fukushima Prefectures. Conferences were held with plant officials, city and prefectural trade and industry and public works officials on current problems.

### b. Production:

(1) The general level of production throughout the region continues to be low. In Niigata Prefecture there has been some improvement in heavy industries. The most active and steady production is among textile manufacturers who are producing for export markets. The processing of tuna and bonito for foreign markets, especially in Aomori Prefecture, has increased. The domestic sales market still continues sluggish. This has caused many enterprisers to either start or continue to taper-off production.

(2) Production of metallic and non-metallic minerals during September in this region was on the whole promising. Production of eleven of the 24 minerals, exceeded the previous month's figure. None of the others showed any pronounced reduced production.

(3) Production of crude oil reached a new high at 23,640 kiloliters this month. This is the third successive month that new high production records have been made.

(4) Lignite production continues low at 30,938 tons but, with winter approaching, it is expected that the domestic sales will improve. The production of lignite in the region is restricted because most of it is of a low quality and the domestic market prefers higher-quality Hokkaido fuel.

(5) Two products from Aomori Prefecture have been exported this summer for the first time. One of these is "dried shell meat". 55,900 pounds were shipped to Hongkong with an estimated value of ¥8,458,000. The other product is beech lumber. 349,600 koku, valued at ¥1,222,600, was purchased by an American buyer. This is lumber from national forests sold to the Mitsui Lumber Industry Company by the Forestry Ministry.

### c. Materials:

(1) Recent increases in the cost of some materials is causing many enterprisers great difficulty in producing for the domestic markets at current prices. The domestic market is so inactive that it is feared any increase in prices will result in further loss. The Kamaishi Iron Works is using 35 percent imported coal.

### d. Medium and Small-size Enterprisers:

(1) The main problems of these enterprisers continue to be finances and inactive market. There have been no indications of a shortage of materials, though in some instances the cost of materials has made it difficult to meet the selling-price profitably. A notable fact is that there have been no labor problems brought up for discussion by management.



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(2) The problem of finances is paramount. It involves almost every enterprise in one way or another. For most of them it is a question of obtaining sufficient operating capital. Since many of the wholesalers, dealers or producers of materials are, themselves, short of operating funds there is a tendency to require that purchases of materials by the enterpriser be paid in cash.

(3) For those who find it necessary to reduce the number of their employees, the required payment of retirement allowances is a further drain on their operating capital. Some enterprisers attempted to maintain a certain level of production by putting their products in retailers' hands on a consignment basis, hoping the domestic market would improve. Since sales in the domestic market remained slow, these producers have important parts of their operating funds tied up in dead stock, and in the event they borrowed money to produce this stock they are having difficulty in repaying the loan.

(4) The prefectural credit security associations are attempting to provide some financial assistance but the type and amount of assistance they are able to render is insufficient. In most cases the usual loan is for a period of 60-90 days. Many feel the period should be for at least six to nine months. Most prefectures are limited in the amount of funds which can be made available for this association, which in turn, limits the maximum amount which can be granted on each loan application.

(5) The inactive domestic market has caused collections to be very slow -- in many cases 90 days or more. Some banks have refused to rediscount notes given to producer by retailer for goods purchased.

(6) There has been considerable discussion on the taxes paid by the enterpriser. Many businessmen feel that the fixed assets tax should be based on the fixed assets they are actually using. There should also be some allowance made for the depreciation of fixed assets. An official of the Tohoku Mining Industry Association claimed that the mining-right tax discourages the development of underground resources in Tohoku Region. He stated that 1,375 mining rights were forfeited in 1949 because the tax is based on the estimated amount and value -- not on quantity and quality being produced.

(7) The newly organized Tohoku Bank in Iwate Prefecture is now selling ¥30 million of stock at ¥50 per share and expects all stock to be sold by 1 October 1950.

(8) Due to difficulty in obtaining bank loans, various organizations are attempting to obtain prefectural subsidies. In Iwate the Tale Mining Co-operatives, Fishing Boat Engine Manufacturers' Association and the Unjo Mine operators are requesting prefectural assistance in order to continue operations.

(9) The mayor of Miyago City stated that the washout of the Yamada Railroad has caused the cost of living to increase for persons living in that area. Businessmen claim the higher prices are due to freight charges which are about three times higher now than when the Yamada Line could be used. The lack of railroad freight facilities has caused a loss in employment and revenue due to the inactivity of fishing, mining and forest interests in this area. No



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matter how desirable the rebuilding of the railroad line is, such a project will probably wait upon flood control work to prevent future washouts.

*FTR* (10) Niigata Prefecture is providing ¥32 million to be given as outright subsidies to 16 cooperatives for the purchase of equipment (11 textile and 5 metal cooperatives). An equal amount is to be raised by the area in which the cooperative is located; the cooperative in turn raises 50 percent of the original subsidy. The prefecture plans to employ two technical advisors for these cooperatives. In 1949, ¥1,200,000 was used to stimulate the production of new or improved products. It is believed that at least ¥1 million in new business has already resulted on such items as iron post for mines, water-traps and powder sprayers. This year they expect to use ¥2 million for the same purpose and are now trying to select the plants which will receive the experimental subsidies.

e. Fertilizer:

(1) Visit was made to the Miyako Plant of the Rasa Industrial Co., Ltd. This is the only plant producing superphosphate in the Tohoku Region. It has capacity to supply the entire area and also export to Hokkaido. The president estimates that, after decontrol, there will be some increase in price and that sales will be lower by 20 percent. It is claimed that the freight rates are too high on phosphate ore; the company pays a pooled freight rate of ¥1,300 per ton while the usual rate is from ¥600 to ¥700 per ton.

*FTR* f. Chambers of Commerce:

(1) Many chamber of commerce officials are advocating the passing of a measure by the Diet creating a national credit security organization with offices in the prefectures. This would replace the present prefectural credit security associations.

*WJ* (2) Aomori and Morioka City officials are concerned about the fixed assets tax on their buildings. The chambers of commerce in these cities, like many, do not have any surplus funds to pay such a tax and thought they would have to sell their building. They were advised that, if the property was owned by a non-profit association, they would not have to pay such a tax.

(3) The Mayor of Sanjo City, Niigata Prefecture, stated that enterprisers are paying an average of 70 percent of their net income for taxes. Many object to the assessment of the 1950 income tax being based on their 1949 income, since the 1950 business level has been much lower.

g. Public Works:

(1) The unemployment situation has not improved. Most prefectures report that it will increase during the winter season. The prefectures have been allocating funds for unemployment relief but are unable to continue voting large sums for this purpose. The opinion is often expressed that the Central Government should grant more subsidies for this type of work.

(2) Sanjo City, Niigata Prefecture, has a good public works project which is using 150 unemployed in the construction of a city sewer line. Other



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projects in this area are employing 320 per day out of a total of 2,316 unemployed. The mayor mentioned that the prefectural local-autonomy committee thought the city tax rate should be 18 percent, but the city assembly voted to make this tax 16 percent by cutting the tax on bicycles and carts, thereby providing some financial relief for the people. It appears that the local-autonomy committee wishes to disapprove the bond issue which the mayor must obtain to pay for the sewer projects; rather, they wish to raise taxes. This city has purchased a ten-ton rock-crusher and is considering the purchase of a six-ton roller to use on the repair of roads and streets. Request was made for assistance in obtaining the 12 litres of light necessary for each day's operation.

(3) In Aomori Prefecture the unemployed total 7,900 daily workers and 3,300 who wish regular employment. Relief projects are providing only 6,000 man-days of work per month and public works projects, an additional 8,000 man-days of work per month. The rate of pay is from ¥168 to ¥196 per day and the average period of work is 22 days a month. The public works projects include the Iwaki and Mabuchi River projects which will cost an estimated ¥120 million. These are sponsored by the Central Government with the prefecture paying one-third of the cost. The prefecture is spending ¥74 million on other river projects with 40 percent of the cost being paid by the Central Government. The Central Government is expending ¥34 million on the Hachinohe and Aomori harbors with the prefecture paying one-half. Various sand-removal projects are in progress which will cost ¥15 million, with the prefecture paying one-third. Work is also being done on three other harbors at a cost of ¥26 million, with a 50 percent subsidy. Repairs on the No. 5 national highway from Hiresaki to Akita are being made at a cost of ¥10 million. ¥146 million is being spent in 1950 on the repair of roads and bridges. The Central Government has give a 50 percent subsidy and prefecture, towns and villages pay the balance. Rehabilitation work of 1950 totals ¥125 million entirely subsidized by the Central Government.

(4) The Taikai bridge project in Niigata Prefecture has been approved and work started. This wooden bridge, on a national highway, has washed out every year and is now being replaced with a concrete structure at a cost of ¥335 million.

(5) The dredging of the Niigata Harbor has been completed. As industries in this area have to ship export orders to the Kobe or Yokohama ports by rail, necessitating additional expense, several petitions have been forwarded requesting that this port be declared an open port. The city also loses the additional revenue it would receive needed to repair the port facilities. The prefecture is spending ¥17 million on this port in 1950 and the Central Government is allocating a similar amount.

(6) There is a need for public works projects which will reclaim land and put in the necessary improvements to provide an area for city planning. Persons desiring to build new houses are having difficulty in obtaining construction sites. In Niigata Prefecture, as of 15 August 1950, 409 applications were received for building permits under the new housing law and 377 were approved. Nagasaki City has reclaimed a large area by leveling a hill with a ¥3 million public works project. Sixty houses have been built and more are planned. One of the citizens of this city is obtaining signatures to an application for an 80 family apartment project. The plan is that he will provide the necessary



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25 percent deposit for each applicant which will be repaid by a higher than usual rental charge. After the 25 percent deposit has been refunded, the title to the apartment is supposed to revert to the occupant.

(7) The Tohoku Regional Governors' Conference held at Yuze Hot Springs, Akita Prefecture, on 18 and 19 September, endorsed the following regional programs to the All-Japan Governors' Conference:

(a) Financial aid and subsidies for immediate use in agricultural land improvement and development programs.

(b) The need for public works funds from national sources stressing the additional load on prefectural authorities due to decreasing incomes from taxes.

(c) Better coordination of conferences and field trips to reduce prefectural expenses.

(d) Power problems and reorganization by:

1. Selling power on basis of cost of production.

a. Remove thermal penalty rates from hydrogenerating area.

b. Give hydrogenerating area credit for cost of conservation work in catchment areas.

2. Generating and transmission equipment should be operated by individual companies rather than government controlled monopoly.

3. The Tadami River Hydro-Electric Project should be developed and operated by an independent company and should be designated by law as a public power district. (Approved by All Governors with the suggestion that as power users, all of Tohoku Region be included even though generating area lies wholly within two prefectures.)

4. Power management for Japan be vested in the Public Utility Committee with such substructures for management as the committee might see fit to set up in the prefectures for local management.

(e) Immediate favorable action by the Central Government for the development of the Kitakami River Flood Control Program. We were advised that these subjects would be discussed in detail by committees in the morning session of the second day. However, late Monday evening these committee meetings were cancelled and further discussion of these important issues in Tohoku, with the Governors, was not possible.

(8) Work is progressing rapidly on 3rd stage Senji Project on the Shinano River. The head tank is 75 percent completed and work started on near-by holding reservoir. Power house is nearing completion. Syphons, tailrace and spillway tunnel and canal are under construction. Pressure tunnel driving and shoring are 80 percent complete and concrete lining is 30 percent completed.



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Arch type aqueduct abutment footings and pier footings are either formed or poured.

(9) Severe bank cutting by the Nakatsu River near Akinri Village, Niigata Prefecture, has broken the irrigation water tunnel furnishing water for 503 cho of land in the village area. The break is 200 meters long. Nippatsu Company has spent ¥2 million constructing a wooden conduit and installing a pumping plant to furnish the water they are responsible for furnishing the farming area. The river improvement and tunnel repair is a public responsibility and should be cared for at once. Power company is not responsible for maintaining carrying system for water.

(10) The Toyosawa River Improvement Project has been poorly planned. The structures are not heavy enough to stand up under normal flood loads. A part of the completed work was destroyed by 5 August storm. Such poorly planned projects are too great a waste of public funds.

(11) Maintenance funds being used on the national highway north from Morioka are being completely wasted. There is no planning or supervision by engineering staff; hence, completed work has been entirely lost during the first rainy period. The ¥9,600,000 could be used to obtain real maintenance with permanent results with proper planning and supervision.

### h. Reparations:

(1) Mr. P. H. Sumida, CPC, GHQ, visited the region inspecting reparations equipment in Aomori and Iwate Prefectures. All reparations installations in the region were visited and checked by a representative of either CPC, GHQ, or TCAR during the past quarter.

(2) During the inspection at First Naval Technical Laboratory at Kuri-sawa, Fukushima, it was noted that, in stormy weather, the equipment, which was not covered with paper, had some moisture remaining on it. This equipment was used till March, 1950 and when the business failed, the grease on the equipment was not applied evenly due to cold weather. This is being corrected.

(3) The Fukushima plant of the Nitto Spinning Co. plans to resume manufacturing of rayon and plans to move the equipment in dead storage in the Suginone building to another building at their own expense.

(4) Equipment which had been approved for scrap was inspected at the Nippei Sangyo K.K., the Tonkogyo K.K., and the Fuji Kogyo Company, Ltd. in Fukushima Prefecture.

(5) Deficiencies as listed in inspection report, file number 387.6 (August 1950) CAS-EM have been corrected.

### i. Power:

(1) During the period 11 to 25 September inclusive 27 hydro-electric power plants were visited in Aomori, Fukushima, Iwate and Niigata Prefectures. It was noted that Inawashiro Plants No. 1, 2, 3 and 4, which need considerable



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overhaul and maintenance to be placed in good operating condition, or carrying a heavy generating load. The nearby Onagawa, Akimoto and Numanokura Plants that are in good operating condition are used as standby, or peak-load, units. The latter three plants could carry more of the generating load while the Inawashiro plants are being maintained. Generating units in good operating condition in Inawashiro plants could carry the peak load. A number of plants have been built to house additional generating units but provisions for an adequate water supply to operate the units has neither been provided or, in some instances, planned.

(2) In many cases water supplies and power plants were constructed, knowing the water storage was not or would not be adequate for steady power production, but, in many instances, it would have been possible to provide the additional storage required to carry the plants through low water periods.

(3) Two plants in Aomori Prefecture are using an extremely acid water supply, pH3.2, which is responsible for unprofitably high maintenance costs on penstocks, intakes and turbines. However, two additional plants are planned for this same stream.

(4) The plants in eastern Iwate Prefecture that were flooded during the typhoon season in 1948 are in excellent operating condition.

(5) The wooden switchboard in the Numanokura Plant is hazardous and should be replaced. The tailrace canal should be extended 100 meters to eliminate backwater and sedimentation during flash floods in Nagase River. The plant needs one more transformer.

(6) The water gate at the Akimoto plant is too light to close completely during flood periods.

(7) The Shingo Plant has equipment all set for No. 4 unit except the generator. Approval for the generator is being held in abeyance. Plant needs three men in turbine room.

(8) Equipment for No. 5 generating unit at Senju Plant has been installed except the generator. Approval has not been given for the generator.

(9) Nakatsu Plant No. 3 was completely flooded on 5 August but again generating power as of 14 September. This plant was 10 feet above highest flood water level known when established in 1921.

(10) The Shinanogawa Plant will need to replace intake gates in 1951.

(11) Kaseshinai Plant needs to install a reserve or second penstock so the plant can generate power during periods when penstock is maintained. Frequent maintenance due to using very acid water is necessary.

(12) The office of the Asanai Plant should be moved from the temporary frame building into the plant. This is a very cold, windy area.

(13) A part of the equipment for the 150,000 volt transmission line has been installed at the Akimoto Plant.



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(14) Some of the plants are receiving poor oil which forms considerable sludge when it gets hot.

#### 8. Labor Trends:

a. Federations of Zenroren-affiliated unions at the prefectural level are in the process of disintegration. Oddly enough, the financial mainstay of the remnants in some prefectures is the public employees' unions, such as the teachers' union, the government monopoly workers' unions, and local government office workers' unions. Meetings are manipulated by the most radical elements (usually full-time union officials who cannot be said to be civil servants themselves) and conducted on a platform of communist party catchwords and slogans. Such manipulation by communist outsiders apparently succeeds because they are able to convince the rank and file that the old-line bureaucrats in the higher brackets are hostile to their interests. No doubt the attitude of some higher government officials does little to hamper such persuasion. On the other hand, some of the more articulate among the well-meaning young employees fail to understand their bargaining limitations as civil servants. Nevertheless, the communist grip on these unions is slipping. For example, in Fukushima the usual attempt to conduct an all government workers' union convention under communistic banners met with the public rejection by the assembled delegates of such items as "no military bases" and "overall peace treaty" from the pre-arranged platform. In Yamagata, opposition of some delegates to the stereotyped slogans was not strong enough to prevail, and these mistakenly submitted to the convention under such auspices, rather than to bolt. It may be expected that, as these prefectural "congresses" of anti-democratic unions fall apart, they will seek to protect their existence under the left wing of the Socialist group.

b. The discharge of communists from national industries has progressed to date in a very orderly manner. In general, the employers have been sure of their ground and have encountered scarcely any objection from their respective unions on individual dismissals. In those single cases where the dismissal appears unjustified, all concerned have been advised to see that these cases are heard to a conclusion. The discharge of 150 Nippon Express Company employees in this region in late September was carried out without outward show of resistance. Constantly the Labor Officer is being consulted, chiefly by management groups, on specific problems arising from the general policy. Questions concerning criteria are most numerous.

c. Since communist pressure on the unemployed groups can be expected to increase, the Labor Officer is availing himself of every opportunity to advise the responsible officials as to how to cope with demonstrations before they develop into disorders. These efforts were encouraged by the prompt action of the Sendai police in stopping an invasion of the mayor's office by the daily workers' group and the arrest of the two top communist ringleaders and five others.

#### 9. Labor Relations:

a. A regional conference of labor relations committee chiefs and secretariat chiefs in Iwate Prefecture was attended. Principal discussion centered around the handling of appeals arising from the "red purge". In cases of apparent injustice, such as the case of one Mr. Ueda discharged from the "Shin

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Iwate" newspaper of Morioka, the local committees were advised to furnish full evidence to the Central Labor Relations Committee to facilitate a prompt and proper decision. (This case resulted in reinstatement).

b. (1) The mass discharge by the Nippon Express Company of those who engaged in or were responsible for the communist-instigated July strike continued to engage the major attention of the Akita, Niigata and Yamagata Labor Relations Committees. Akita took the lead in upholding the company action by rejecting the discharges' appeal for reinstatement on the ground that they violated Article 37 of the Labor Relations Adjustment Law applying to public welfare enterprises. This ruling was followed by an Akita Court decision denying the workers' appeal for an injunction of reinstatement. Although suffering a complete legal defeat, the discharges still succeeded in getting a price for a peacefully withdrawal from the company garage as the company agreed to pay 900,000 yen in discharge and consolation allowances. Some of the non-communist discharges have been rehired, and the Labor Relations Committee as well as the Labor Policy people are making further efforts to find jobs, preferably those they formerly held, for others among the discharges who are felt to be untainted. Although surplus to the company's needs, these discharges are backed by strong public opinion strangely intolerant of the loss of a job in such a big and solvent company. Since this public opinion embraces the newspaper editors as well as members of the labor relations committee itself, the company is probably yielding more than it would like. In Niigata and Yamagata the Labor Relations Committee upheld the discharge by the negative process of dropping the appeal on the technicality of the union's being uncertified. At Kashiwazaki, the company garage was vacated by the discharges without benefit of consolation money.

(2) There still remains one unsolved problem resulting from this case. It concerns the regional branch office union in Niigata, where the union officials who were discharged still claim to hold membership in the union (on the basis of an article in the union constitution) and refuse to vacate union offices, both within and outside the company premises. The newly reconstructed union which was recognized at the national Nittsu convention is reluctant to have the ex-employees ousted, because expulsion procedure is not clearly defined in the by-laws and the new leaders fear they may not be on safe legal ground in forcibly evicting them. Advice given them by Mr. Burati of the Labor Division, GHQ, SCAP, who met with management and union representatives in Niigata, was aimed at dispelling such scruples. This former communist stronghold is dying hard but surely, and its present existence as a mere nuisance will not last much longer.

10. Labor Education

a. A regional bloc conference of Labor Policy Section chiefs was held in Iwate on 19 September. Educational approaches appropriate to current developments in the labor movement were a principal matter for discussion. Miyagi Prefectural Labor Department was officially commended by the Labor Ministry for its reports dealing with subversive designs on labor organizations. Guidance by the prefectural policy sections which takes such information into consideration is having its effect on labor's shifting affiliations and educational programs.

b. Even after the complete dissociation from communist leadership shall have been accomplished, there still will remain the greatest need for education



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in the fundamentals of democratic action and in the fundamental provisions of labor laws. Neither the humane legislation which they enjoy nor the riddance of pernicious communism from their midst was obtained by an effort of the rank and file in any way proportionate to their numbers. The average trade union membership still exhibits the same unquestioning spirit and willingness to follow the way the wind blows which once made them the prey of communism and will, in the future, lead to management domination or to ill-advised strikes and rash disputes provoked by the vociferous minority. Only the repeated hammering of democratic rudiments into the heads of the rank and file will produce a general condition where the good sense of the whole will best serve the advantage of the individual worker. This is not true of Japan alone, of course, but is a part of the world need for mass enlightenment which is democracy's hope of survival.

c. The labor policy section chiefs feel the need for continuing and improving the program already begun in Tohoku of incorporating appropriate labor education in the social science courses of the public schools. The Labor Officer discussed with them various means of doing this in cooperation with their respective Boards of Education.

d. The campaign to accelerate the conclusion of labor-management agreements is making some headway, both in consummating contracts and in inducing more consciousness of the desirability thereof. About three-quarters of the total of no-contract unions have memberships of less than 100. National unions, where contracts are negotiated at the central level, are exempt from local educational influence.

e. In regard to the peace clause which should be indispensable to the signed agreement, the labor policy officials merely recommend it and employers, almost without exception, find it impossible to secure in the draft of labor contracts. The reason advanced is that Japanese financial conditions are so unstable and subject to fluctuation that the workers should be free at any time to negotiate for a fair return on improvements in the general economic welfare. The Labor Officer has not been too successful in selling the concept that where no peace clause exists, no true agreement exists, and that a short-term contract with a "no-strike, no lockout" clause is far better than a long-term contract without it. It is a case, they say, where a true theory cannot be carried out in actual practice, but Civil Affairs will continue singly to sow its seed. A case in point is the Joban Coal Mine in Fukushima. After signing a comprehensive labor-management agreement in April of this year, the union carried on collective bargaining activities nine times, using the strike threat, and was finally successful this month in negotiating an upward adjustment in the efficiency wage system. Though such labor-management relations fall far short of the ideal, the best-versed Japanese, at least in Tohoku Region, regard them as the best that can be achieved at present.

f. Branch managers of the electrical industry, in a conference with Mr. Euratei at Niigata, declared that the main obstacle to a national contract with Densan now is the familiar one, personnel rights. As in the matter of the peace pledge in contracts, Civil Affairs advice to abandon "kyogi" and "hanasu" in favor of objective criteria backed by grievance machinery and arbitration is another case of a lone voice in a wilderness of tradition.



11. Labor Standards:

a. A regional bloc conference of prefectural labor standards bureau chiefs was held in Akita Prefecture. These officials, generally very conscientious, are prone to complain of the administrative difficulties caused by budgetary inadequacies. For example, for 1,300 places of business to be inspected in Miyagi Prefecture, there are only 15 inspectors for this work; therefore they cannot cover the entire field in two years, whereas ILO minimum standards call for one visit per year. Besides, there is a 15 percent illness rate, as compared to an average of 6 percent for other government workers. The geographical distances in Tohoku prefectures overstrain the travel allowance budget. Lack of equipment hinders the accuracy of inspections. Women's and Minors' Bureau field representatives are only two in number. Considering these handicaps, to expect the enforcement of a high degree of compliance with the numerous provisions of the law would be truly optimistic.

b. The Labor Ministry's avowed program to establish a rationalized wage system and eventually a minimum wage seems to lack positive guidance by the Ministry itself. Prefectural Labor Standards officials are eager to do the necessary research, but have reason to doubt the sincerity of the government's intentions to go ahead at this time with plans to replace the old "life security" wage scheme with a production efficiency system.

c. On 3 September a railroad tunnel in Niigata Prefecture collapsed, killing 44 workers engaged on the job. The prefectural and national labor standards offices jointly launched a discreet investigation. Violations involving underage employees, midnight work, holiday and overtime wages, accident compensation and many others were disclosed. As a result the Niigata Labor Standards Office is preparing evidence for the prosecution of six responsible contractors on 111 counts. It is hoped that the investigation of this disaster will serve as a warning to others who would disregard the Labor Standards Law.

d. The anniversary of the promulgation of the Labor Standards Law was observed in the prefectures with appropriate educational activities. A message from the Labor Officer on this occasion received widespread circulation.

12. Workmen's Compensation Insurance:

a. The financial soundness of the accident insurance system has deteriorated somewhat in recent months. As of 10 September, actual collections by prefectures in ratio to outlay varied from a low 63 percent in Yamagata to a high of 81 percent in Akita. In ratio to the prefectural goal fixed by the Labor Ministry only Iwate achieved 100 percent, and Yamagata was only about 40 percent. With the assignment of additional personnel, the Labor Division of this Civil Affairs Region is making extra efforts to stimulate and encourage more efficient operation of insurance machinery.

13. Employment:

a. The unemployment situation shows no appreciable change. Agitation by the communists of that element of the public lacking regular employment is intense. Among the laborers on relief projects there is a steady circulation of anonymous propaganda leaflets and distorted news bulletins inciting fear and distrust of the United Nations. Although here and there day laborers' groups



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have rejected the communist line and set up a separate union, it is not the belief of this labor officer that a general expulsion of communist leadership from the unemployed can be accomplished, the latter have nothing to lose by following such boisterous spokesmen. This can be called the last foothold of the communists in Japan. To remove it would require drastic government measures. Nevertheless, the smooth coordination between the police and the government office (such as the PESO, mayor's office, tax office) which is likely to be the object of attack should be in the utmost state of readiness to forestall any transgression of civil order. The Labor Officer has been bending every effort to promote this preparedness throughout Tohoku. The failure of many Japanese in positions of responsibility to distinguish between proper trade union activity and mob violence is surprising.

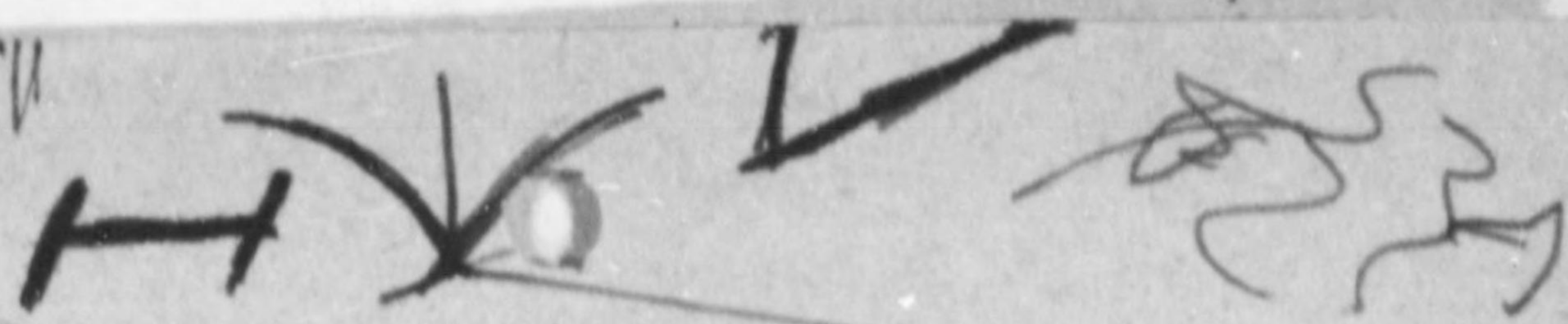
b. During the month there were no demonstrations which got out of hand. A march on the Sendai City Hall in protest against a decrease in public works jobs (the Labor Ministry reallocated 100 jobs, much to the disgust of the Miyagi PESO who resented the action as a penalty for efficiency) resulted in the arrest of seven ringleaders. Two of them are the top communist agents for Sendai. They will be prosecuted.

c. At the invitation of the Fukushima government, the Labor Officer attended a round-table conference with mayors, police chiefs, public safety commissioners, and labor officials of Taira City and surrounding towns. The purpose was to discuss counter-measures to communist agitation, since this area has the highest concentration of communists and Koreans among the unemployed. It is believed that a better understanding of mutual responsibilities emerged from this meeting. The Uchigo Town assembly had voted a Pon festival bonus of ¥300 per member of the day laborers' union. At this meeting it transpired that there might have been intimidation of town assembly members. The matter was referred to Legal and Government Section.

d. The Miyagi-ken government makes available a building to be used as a nursery for the children of day laborers engaged on public works jobs. Inasmuch as the union installed a nurse who is a member of the Communist Party and many parents complained that the nursery was being used for indoctrination of their children, the Labor Department chief was advised to make the disposal of the building contingent upon the engagement of a supervisor with the chief's approval.



Kantw



ETB —

Burma Police reluctant to over  
carriers because of housing problem  
in jails —

Edible oil & Fat Kadan stocks  
in Yamashi & Nagano —

no supervision over stocks —  
careless book keeping

Payment of storage fees for  
non stored products —

Dissolution of Kadan causing  
officials to resign —

Nagano ETB recommends  
review of sugar allocation system  
which is causing large B.M. —  
allocations to non-existent processors —  
caused by C. G. lack of knowledge  
of local conditions — sugar rationing  
Tokyo reports discrepancy of sugar rationing  
Saitama claims allocations should  
never have been made to Agri. to Agri. Ind



Kanto

EIA -

Fertilizers - Kodan Stocks -  
Uncovered Shortage - 29,113 tons

EIB collecting Fertilizers  
Kodan digests - 7890 -  
83 billion difficult to collect -

where ↗

Round Ammon. Nitrate spoiling  
Tochigi recommends release of fert -  
stocks - R

EIB recommends release to prevent spoiling



EZA

~~Kanto~~

INDUSTRY ~~RB~~

1/2

10 cases of illegal receipts of subsidies by Caustic Soda Manuf., amounting to 36.7 million yen --

Tokyo - Saitama recovered buying of cotton textiles from Central or Centrally Waste cutter -

SPB

Stones

{ in eligible firms allowed to bid - costs = contracts

POL for Fishy boats Kanagawa EIB - Have Fishy Coops besides all ships prior to sailing.



Kanta

Staple Food —

Requisitions increase since May.

Summa 5,000 tons of unpolished  
rice held by local office of  
NYAF — can't dispose

Distributors organizing coops —  
conflict with Trade Assoc. Law.

Retreat. Distributors

MITI abol. of advance del. of PSL  
to fishing.

Prices —

rice. B.M. 150¢ also high 130/low



Kiota

Fertilizer

Price on Ammonia Sulphate increase -  
1000  $\frac{4}{10}$  / 10 -

RR. cars - short - 10 to cars -

shipment of Ammonium Sulphate  
halted to Siam by MITI.

MR. ALLEY -



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HEADQUARTERS  
KANTO CIVIL AFFAIRS REGION  
APO 500

*Yokota* *W. H. G.*  
*Q*

Report for September 1950

Economics Summary  
Mr. Paul S. Kemske

1. Agriculture:

a. Field Trips and Conferences: Natural Resources personnel spent 469 man hours in direct contact with Japanese concerned during September and 35% of this was in support of the wheat and barley quota collection program. Emphasis was also placed on forest extension and management, agricultural extension, and analysis of fishery rights utilization by fishery co-operatives.

b. Crop Collection:

(1) As opposition to the 1950 wheat and barley quotas increased surveillance at the farmer level became necessary. Practically all farmers in the Kanto Region claimed that delivery of subsistence and seed retentions was necessary to fulfill quotas. Farmers were promised return rations and seed requirements by prefectural officials. Communist agitation, through the medium of leaflets and posters was in evidence in all prefectures. A synopsis of collection surveillance in the ten Kanto prefectures during September follows:

(a) Tokyo-To: In addition to the three guns and principal agricultural wards, 18 rural communities were visited during the period. Meetings were arranged with farmers, agricultural co-operative leaders and local officials. Local officials reluctantly participated in the collection drive and, in general, criticized the revised quotas more severely than the farmers. As of 30 September, however, delivery reached 99.6% of quota.

(b) Kanagawa Ken: Prefectural and local officials strenuously resisted the collection pressure in the early stages despite having received the only post-revision reduction in the Kanto Region. Of ¥3.5 million of prefectural funds earmarked for crop collection expenditures, 150 Agricultural Adjustment Committees were to receive ¥18,000 each and ¥800,000 was to be used by prefectural officials. Prefectural expenditures included ¥302,000 for meals. Local governments were expected to finance local collection programs. Surveillance in 39 agricultural areas disclosed a variety of reasons for delay in farmer deliveries. Communist agitation was strong in several communities in which leaflets protesting compulsory collection were found to have been distributed to all farmers. Communist propaganda referred to the Korean war as responsible for the increased quotas and called upon farmers to resist collection and upon officials to abandon their ties with "foreign imperialists" and to join the Communist struggle. Acceptance of below fifth grade magi was advocated but when permitted, farmers were said to have disposed of these grains to livestock.

ANNEX D

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KANTO



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Hq K.GAR, Annex D, Monthly Activities Report for September 1950

(c) Shizuoka Ken: The only Kanto prefecture to receive a net reduction from its proplanting quota experienced but minor difficulties in completing 100% collection as of 18 September. All guns were visited in the collection drive in addition to six agricultural areas with low delivery records.

(d) Chiba Ken: Final conference with officials of guns not visited during August proceeded surveillance in 37 rural communities. Collection was discussed with local officials, agricultural adjustment committee members, and farmers. Retention mugi and seed for the next crop were reportedly surrendered to fulfill quotas and prefectural officials assured farmers that return rations were to be available and necessary seeds provided after completion of the collection. Farmers in Katori and Imba guns, where August flood damage was extensive, hesitated to deliver mugi because in doing so they would have no staple food other than normal rations until the 1951 mugi crop. They preferred total mugi retention plus normal rations!

(e) Gunma Ken: 22 surveillance visits to guns and local communities indicated possession of substantial quantities of below fifth grade mugi by many farmers. However, opposition to the increased quotas was noted on examination of mugi stocks in farmer godowns. A check of several delinquent farm households revealed sufficient quantities of mugi to fulfill quotas.

(f) Ibaraki Ken: Mugi collection surveillance was effected in ten guns and 33 local communities during the period. Of all Kanto prefectures, farmers in Ibaraki displayed most resistance, with the least valid reasons. Inspection of over 50 farm households in strongly delinquent areas indicated ample stocks of fifth grade or better wheat, over and above revised quotas. In many cases quotas had been reduced despite excess stocks held by farmers concerned. Four Agricultural Adjustment Committee members whose stocks were checked and who had not completed delivery were found to have an aggregate surplus of 13.7 koku. One of the members had a larger retention than his delivery quota, which, had been reduced! Local officials in most communities were the spokesmen, in opposition, for the farmers.

(g) Nagano Ken: Slowest of all Kanto Prefectures, complaints voiced by farmers and officials in the 49 guns and local communities visited ranged from anticipated de-control to crop destruction by wild bears. Primary complaints were pre-occupation with sericulture, low over-quota bonus, shortage of bags, late revision assignments, too high quota, poor crop, and inadequate transportation facilities in mountainous regions. As of 30 September deliveries totaled 82.0% of the quota and delivery completion appeared uncertain to Nagano officials. Concentrated surveillance is anticipated for the first half of October by this headquarters.

(h) Saitama Ken: Saitama with the largest quota completed delivery on 30<sup>th</sup> September, second in the Kanto Region. All guns were visited in addition to 12 local communities. Farmers in areas bordering Tokyo-To



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Hq KaCAR, Annex D, Monthly Activities Report for September 1950

complained of inability to meet adjusted quotas due to poor crop, etc, but opinion of this headquarters indicated sales in the black market. Discussion with numerous farmers verified belief that yield was sufficient to meet quotas.

(i) Tochigi Ken: Although collection progress in Tochigi was steady, reaching 97.2% as of 30 September, opposition in some areas was of an extremely rebellious nature. At a meeting of farmers in one village a prominent Communist attempted to engage the KaCAR official in a haranguing debate. Surveillance in 39 communities was effected during the period and farmers complained about excessive quotas and surrender of retention supplies. The governor of Tochigi condemned the MAF crop reporting system as unrealistic and arbitrary. He said that crop reporting officials make calculations at office desks and rarely or never by field observations.

(j) Yamanashi Ken: After getting underway slowly in August, Yamanashi reached 91.8% and 3rd place on 20 September but dropped to ninth place on 30 September. All guns in the Ken were visited and numerous communities where progress lagged. As in Nagano, this headquarter will continue concentrated surveillance in October.

(2) In general the wheat and barley collection program presented a stronger challenge to Occupation authority, in this field, than any previous crop. Although conditions during growth affected the crop adversely it is debatable if this alone was the basis for resistance by farmers. Many factors indicate that farmers, anticipating a reduction rather than an increase, disposed of excess-to-preplanting-quota supplies during the interim between harvest time and quota revision. The strong position taken by the Occupation viz a viz wheat and barley collection may alienate some farmers, especially since Japanese officials pointed out to them that the revised quotas and total collection had been ordered by Occupation authorities.

(3) Further estimates of the 1950 rice crop, based on field surveys, indicate that early and late production of paddy fields will be approximately 2.25 to 2.50 koku per tan for the Kanto Region including adjustments for flood losses. Upland yields are estimated to average 1.5 koku per tan for the Region. In Chiba Prefecture certain areas sampled showed approximately 3.3 koku per tan for paddy on the basis of 140 grains per head X 40 heads per plant X 70 plants per tsubo. During the period, large areas of paddy land plants weakened and lay prostrate due to excessive use of nitrogenous fertilizer. Close examination of these plants revealed smaller grains but as of 10 October no serious damage, such as sprouting or plant rot. Most fields had been drained although in low areas plants were seen lying in water.

c. Agricultural Co-operatives:

(1) Surveillance of Agricultural Co-operatives was effected in Gunma, Nagano, and Shizuoka Prefectures. Prefectural officials were engaged in a discussion of co-operative activities in Gunma Ken. Auditors had, as of

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31 August 1950, examined accounts of 50 of the 299 co-operatives in the prefecture and anticipated completion of the balance during October. 78 units are in serious financial condition with 21 operating at a deficit in excess of ¥500,000. Only 16% of the directors in all co-operatives were reported as qualified for those positions. The average co-operative's monthly transactions are: purchases, sales and services - ¥11,000,000; deposits - ¥9,000,000; 60-80% of transactions by checking account; payment of salaries in cash and cash on hand - ¥200,000. This headquarters recommended that "miscellaneous expenditures" be itemized, petty cash funds not exceed actual fund requirements, maintenance of adequate payroll records to include employee attendance records, more frequent membership meetings, and membership orientation with regard to financial statements. Officials were advised to establish a definite criteria in rating co-operatives for effective guidance. Training conferences for local co-operative directors and managers were scheduled during September and attended by two representatives from each unit. In October a Co-operative School will be opened in Gumma, offering a six month co-operative operations course to employees and interested high school graduates.

(2) Local co-operatives were examined in Gumma and Nagano Prefectures. In the former, operations during FY 1949-1950 netted ¥2,500 and in the latter ¥55,000. Children's savings are encouraged in both and women's club units exist but are not actively associated with co-operative operations. The amalgamation of co-operative federations was examined in Shizuoka Prefecture. The three federations now employ 400 persons as compared to 1,000 employed by federations before amalgamation. Aggregate savings of children's co-operative savings units is ¥5,200,000,000 of which about 25% is on deposit with the Prefectural Credit Federation, ¥180,000,000 with banking institutions and the balance with local co-operatives. Other amalgamations were effected within two villages in Tokyo-To where more than one co-operative had been in operation. Preliminary steps have been taken to join the Purchase and Sales Federations in Tokyo-To.

(3) Tokyo, Saitama, and Yamanashi reported extensive guidance programs in effect or in the planning stage. Information media include radio programs and use of both co-operative and public newspaper. Co-operative losses reported by prefectures include 94 in Tokyo-To with an average loss of ¥347,303, 113 co-operatives and 11 federations in Saitama with average loss of ¥342,037, 124 co-operatives and eight special co-operatives in Yamanashi with average losses of ¥168,404 and ¥94,664, respectively.

d. Land Reform:

(1) Attention to other programs during September limited land reform surveillance to conferences with officials at prefectural levels. All prefectural governments were visited. Registration of pasture land and properties associated with farmland are now subject to concerted effort by local agricultural land commission personnel. Prior to September clerical workers were engaged in assisting registry offices in completing their work



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and therefore little time could be devoted to the registration of land other than agricultural. No prefecture reported completion, but Nagano indicated registration of all land will be completed in the near future.

(2) With the exception of Shizuoka and Ibaraki, all prefectures of Kanto Region have begun work on effecting land tenure agreements. As of 30 September, Saitama with 93.7%, Gunma with 90%, Nagano with 75.2% and Chiba with 66.1%, had the most satisfactory records. Shizuoka recently passed a prefectural regulation on tenancy contracts and ordered all local land commissions to complete the writing up of land tenure agreements by 31 March 1951.

(3) The land consolidation and exchange program is still in the planning stage in all prefectures. As of 1 November 1950 actual consolidation and exchange is expected to begin. 60 days notice required prior to effecting consolidation has been given in Hara-machi of Gunma Kon.

(4) During the 1949 FY due to shortage of labor, high crop quotas, high taxes, poor land, or transfer of households, 15,617 cho of farmland in the Kanto Region, operated by 9,299 families, were given up and consequently resold to other farm households. Another 20,812 cho of farmland cultivated by 4,189 families was abandoned entirely. Since the beginning of this fiscal year, renunciation of cultivation rights are reported to be on an upward trend in some prefectures but no accurate statistics are available at the present time. Following is the breakdown of renunciation for FY 1949:

ABANDONED LAND NOT BEING USED

	<u>No of Families</u>	<u>Area - (cho)</u>
Tokyo	34	307
Kanagawa	158	287
Saitama	357	3,652
Gunma	50	313
Chiba	2,510	7,699
Ibaraki	378	3,377
Tochigi	114	1,248
Shizuoka	232	1,361
Yamanashi	110	724
Nagano	246	1,844
Total	4,189	20,812 cho

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ABANDONED LAND BEING USED BY OTHER FAMILIES

<u>Prefecture</u>	<u>No of Families Abandoning Their Farms</u>	<u>Areas Abandoned Which Were Transferred to Other Families (cho)</u>
Tokyo	224	226
Kanagawa	170	132
Saitama	2,745	3,174
Guama	174	277
Chiba	3,607	4,614
Ibaraki	1,762	2,649
Tochigi*	560	1,047
Shizuoka	1,173	1,109
Yamanashi	514	665
Nagano	1,370	1,684
Total	9,299	15,617 cho

\*Annex D, monthly report for August 1950 failed to indicate that 63 cho of the 292.9 cho of land abandoned by the farmers of Tochigi-Ken is not being used while the remainder of the land was resold or transferred to other farm households.

e. Extension Reorganization:

(1) Surveillance activities in the Kanto Prefectures (except Ibaraki and Tochigi) included participation in induction training courses for both farm and home advisers and in 4-II leadership training courses as well as conferences with supervisors and specialists on the prefectural level and with local farm and home advisers and agricultural improvement committee members.

(2) Persons contacted during visits expressed negative views on the proposed consolidations of committees responsible for agricultural affairs. Reasons for opposition were that the proposed agricultural committee will have too much to handle, the extension program is educational in nature while land reform and agricultural adjustment functions are regulatory, and consolidation will reduce expenses at the sacrifice of minimizing the effectiveness of the extension program which is just now getting started in the right direction. During conferences with local agricultural improvement committees, advancement could be noted in the interest and understanding of the members. There were evidences of committees originating plans and evaluating results rather than merely serving as rubber stamps. The inclusion of women members, continually stressed by this headquarters, has enhanced interest in the home-improvement program.

(3) Follow-up is being made on the improvement of the pre-note service education of advisers as reported previously. In service training activities of advisers were numerous throughout the region and included study

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of farm machineries (motor spray, hulling machine), sugi planting and cultivation, and use of draft animals. Prefectural Agricultural Improvement Sections, however, have not developed firm policies on an in-service program based on the needs of extension workers and on short and long range objectives. For training farm advisors in subject matters in which they seriously lack a working knowledge, (such as farm management, animal husbandry, and horticulture) a longer training period than a one or two day course is desirable. Subject matter specialists are awakening to the important function of training farm advisors and the study of the strength and weaknesses of the advisors in the subject matter fields, program building, and extension methods. As prefectures complete the processing of new advisors, induction training programs are being held. Such training has been in effect in this region since summer and will continue to the end of November. The longest of these training meetings held so far was four days and covered general orientation and subject matter information. The weaknesses of these meetings have been the lack of participation by experienced local advisors, and a stilted program.

(4) Conferences with subject matter specialists of Shizuoka and Kanagawa revealed that they were seeking information in respect to the scope of functions and methods of work. Lack of adequate guidance has limited their jobs essentially to preparing bulletins, attending training meetings sporadically, and participating to some extent in program planning. Heretofore, specialists have had practically no instructional material from the MAF. Training (either through meetings or printed materials) is needed in extension philosophy, program planning, evaluation, extension methods, in-service education principles and methods, and teaching-aids.

(5) Youth club leaders' meetings were held in three prefectures, two (Saitama and Nagano) of which were attended by a member of this headquarters. Progress could be seen in club management abilities, including recreation, among those present. Weaknesses were in individual project work and demonstrations. Club members, to some degree, have begun experimental projects. Production projects based on sound financial planning and record keeping under skilled guidance are rare. In Nagano, where previous training meetings have been held, it is expected that some clubs may attempt genuine 4-H type project work. Shizuoka Prefecture is preparing project record sheets including financial records adapted to farm management methods of the prefecture, and to the psychology of young people. The most significant progress made by Kanagawa Prefecture, heretofore retarded in youth work, is in the appointment of a youth specialist.

(6) The semiannual Kanto Bloc Home Advisors' meeting was held at Hakone, Kanagawa Prefecture, and attended by representatives of all prefectures but Shizuoka and Nagano. The purpose of the meeting was to study new techniques in giving demonstrations, to compare programs and problems of the home advisors throughout Kanto Region, and to enjoy the scenery and the mineral spring hot baths. There were poster displays and an exhibit of practical home items which were made by various home advisors.

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(7) All prefectures in Kanto Region are planning training courses for home advisors to be held during the first part of October. The representative from each prefecture who attended to All-Japan-Work-Shop in Tokyo will participate in these training courses.

2. Fisheries:

a. Co-operatives:

(1) During the period, the governors of Ibaraki, Kanagawa and Chiba prefectures appointed three members to the Sea Area Adjustment Committees. Full committees are yet to be established in Tokyo-To and Shizuoka Prefecture. Preliminary activities were confined to election of chairmen, determination of number of clerks and advisors, and location of committee headquarters. Inland waters adjustment committees have not been established.

(2) Establishment of eight co-operatives during September raises the total to 660 for the Kanto Region. 26 fishery groups are in process of establishing co-operatives. All prefectures received the policy statement from the MAF Fisheries Agency as regarding expediting transfer of fishery association assets to newly established co-operatives. Co-operatives, however, have not been notified formally of this policy nor about various taxes which have been revised or abolished. Kanagawa fishery officials assisted by printing and distributing necessary tax forms.

(3) Examined the Manazuru-machi Fisheries Co-operative Association in Kanagawa Prefecture. Its membership has increased from 262 to 282. Financial affairs of the association are not satisfactory nor has the deposit or loan program been initiated, apparently due to the indifferent attitude of the directors. The only source of revenue, through sale of fishery supplies to members, does not offset expenditures. Capitalization is being used to liquidate losses. Although Manazuru has one of the most suitable harbors in the Kanto Region, little progress has been made to improve fishing conditions. The number of fishery vessels has increased by only 10% since 1946, and the method of fishing is confined to off-shore fixed-net and pole and line fishing. With the exception of one 12 M/T vessel, all others are less than 5 M/T. Of 282 members in the co-operative, 268 are concurrently members of the local Sagami Bay Fisheries Enterprise Association which operates three fixed rights owned by Manazuru Fishery Co-operative. The market and landing piers are owned by the municipality which levies a commission on sale of marine products. The complete domination of the working fishermen by special interests is further noted by the fact that only one of the seven fixed rights owned by the Manazuru Fishery Association is operated by the co-operative, and not one of the four fixed rights owned by the municipality is operated by the co-operative. Fishery right fees paid to Manazuru town during 1948 and 1949 were ¥5,125,000 and ¥2,625,000 respectively. Transfer of fishery rights will strengthen the co-operative considerably and prefectural fishery officials have been instructed to render appropriate advice and guidance to effect a merger of the Sagami Bay Fisheries Enterprise Association with the co-operative, lease the market area from the municipality, assess commissions from sale of fish catch to provide co-operative income, establish a deposit and loan program, and to improve methods of fishing, if possible.

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(4) Membership in the Isohama Fisheries Co-operative Association in Ibaraki Prefecture decreased from 227 to 165 in a switch to a rival co-operative by small boat owners. Capitalization of the Isohama Association is ¥134,500 and deposits ¥103,000. Six purse-seine fishermen members have borrowed ¥8,400,000 from a private bank and have not liquidated the loan as scheduled. Nearly all co-operative members are in debt and the association, as such, is in debt to the municipality. Membership in the Isohama Processors' Fisheries Co-operative Association in Ibaraki Prefecture decreased from 144 to 97. Processors are finding it difficult to maintain membership due to decreased production.

b. Marine Products and Supplies:

(1) The Manazuru FCA reported production of 237,000 kan during 1949, a post-war low, however, indications are that approximately 400,000 kan will be produced during the current year, approaching the production high of 405,000 kan recorded in 1945. Unreported catch is estimated to be 35% - 40% of the reported catch. Fish catch recorded by the Isohama FCA was 237,000 kan, a decrease of 33,500 kan and 185,000 kan as compared to 1948 and 1947, respectively. Production during January - June 1950, however, is showing a favorable trend with 333,000 kan reported, of which sardines accounted for 115,000 kan. A post-war high of 600,000 kan is expected for 1950. Although all fish landed are sold through the co-operative, unreported self-consumption accounts for approximately 50% of the reported catch on the basis of consumption of 50 momae per family member per day.

(2) Fishermen in Isohama complained that fuel oil allocations were only 60% of requirements. This, however, was not substantiated by checks made of ships' logs in the co-operative office. Purse-seiners and trawlers have been limited, due not to lack of fuel, but lack of fish. Although purse-seiners have not gone to sea during August and September, fuel oil totalling 90,885 liters has been received. During July the 12 purse-seine teams (approximately 50 powered ships) made 90 sea trips of which 56 resulted in no catch. The fish catch for 34 sea trips was 20,587 kan. The fuel oil expended was 64,004 liters. A total of 154,889 liters of fuel oil were allocated for purse-seine fisheries during the July - August - September period. Trawlers received 12,360 liters of fuel during September, but no trips were made due to lack of fish. Fuel was not allocated during the drag-net restricted months of July and August. Fishermen in the Manazuru FCA are receiving an average of 60 liters of gasoline monthly for 47 powered vessels. This was considered to be 35% of requirements due to numerous changes in fishing grounds immediately off-shore. Although the claims could not be substantiated, production remained unaffected as small powered vessels are able to cover relative short distances by sailboats and man-powered boats.

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3. Forestry and Conservation Program:

a. Reforestation:

(1) Conferences were held with the prefectural officials of Tokyo, Gunma, Shizuoka, and Tochigi, and members of this headquarters attended the Fourth National Forest Rehabilitation Rally held at Tochigi Prefecture during 20 - 22 September.

(2) No reforestation work was entered into by any of the prefectures during September. A check into the seedling situation discloses that there are sufficient seedlings for the current fall and 1951 spring planting. Ibaraki reports 30% more yield this fiscal year than last year.

b. Conservation:

(1) Investigations of newly organized management guidance units of Saitama, Yamanashi, Tochigi, and Tokyo, show that final appointments of guidance officers have not been completed in Yamanashi and Tochigi while selections of 15 guidance officers in Saitama and seven officers in Tokyo have been effected. Budget limitations have prevented Tokyo from increasing the management units from four to seven and Saitama from 12 to 24 units. To date, no work has been done on revising obsolete forest management plans although work is expected to get under way in October.

(2) Forestry specialists and agents of Kanagawa, Saitama and Tochigi were able to present actual demonstrations on forestry techniques to forest owners during September. Tochigi held 16 demonstrations throughout the prefecture. Demonstrations included selective cutting, thinning, grass cutting, pine bark beetle control, and forest products improvement.

(3) A survey was started during the period to determine the extent of dissemination made of the letter (1950 Forestry Extension No 178) from Chief, Guidance Division, Forestry Agency, MAF. Tochigi, Tokyo, Saitama, and Yamanashi report they have passed the information down to the lowest level. Other prefectures will be checked during October.

(4) Brush clearance to encourage tree growth and prevent forest fires was continued in Saitama and Chiba. Ichihara office of Chiba has instructed forest owners to periodically cut undergrowth for three years in areas of newly planted trees.

(5) The National Forest Rehabilitation Rally held in Tochigi Prefecture on 20 - 22 September 1950 was attended by approximately 3,000 various forestry association representatives. Discussions centered on requesting government subsidies for all forestry operations. Ministers and Diet members provided the political atmosphere at this conference adjoining the famous Nikko Shrine.

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4. Mining:

a. Only one serious accident resulting in a fatality occurred in Kanto Region Mines during September. The overall frequency rate continued the annual downward trend after the predicted sharp seasonal rise in August. Data on September is incomplete for all mines, but the eight largest which account for 80% of the total accidents, show a total of 101. An approximate average total for the month would then be 125, or 111 less than August. Mine Safety Bureau Officials and mine operators attribute the high August rate to general carelessness caused by exhaustive humidities and the general careless holiday spirit of the O-Bon Festival season.

b. To combat the seasonal accident rise, the Tokyo Mine Safety Division intensified their work during July and August. What part this intensified program contributed is hard to determine but the August rate was 142 less than the same period in 1949. In addition to their routine inspections the Tokyo Mine Safety Division gave special three hour safety lectures at Kanto lignite mines, distributed to all mines a study of accidents caused by flying materials, and partially completed a comparative study of the cause of accidents that occur during shrinkage and cut and fill mining methods. Cut and fill data is being collected at Hitachi Copper Mine and the shrinkage method is being studied at Sado Mine on Sado Island. Special safety lecture programs initiated in July and continued during August and September will be carried on throughout the year. On 26 August several important amendments to the Mine Safety Laws were passed. These amendments will be the main discussion topic at the All Japan Mine Safety Division Conference to be held in Tokyo on 6 - 7 October. One amendment clears up the ambiguous question of responsibility in handling explosives (previously reported). Several other changes broaden the powers of Division Safety Chiefs. Penalty provisions added to the laws are expected to make them more effective. Another change requires that safety suggestions made to management by mine safety supervisors must be recorded for checking by mine safety inspectors. Most important change affecting coal mines is the power granted to Mine Safety Divisions in classifying mines as to safety requirements.

c. Use of detachable or "throw-away" type bits are proving very effective and economical at several mines visited. Miners' previous reluctance to use the new bits at Ashio Copper Mine is now completely reversed. Miners now express appreciation over the reduced handling required. In actual practice, most miners now carry one or two detachable bits to and from the working faces and to the grinding shop. Cost studies so far show that tungsten-carbide bits are generally too expensive. Ashio reports Japanese-made tungsten-carbide bits are far inferior to American bits and that cost prohibits their use except for the hardest rock. Furukawa Electric Company is now in production on drifters, jumbo stands and other newly designed equipment suitable for Japanese mines. Little or no mechanization progress can be reported for the smaller mines. Management of these companies still claim financial inability to effect improvement regardless of how low the costs may be. Three mines were inspected during September.

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5. Price and Distribution:

a. The ten prefectures of Kanto Region were visited during the month on routine surveillance. Conferences were held with all governmental agencies concerned with this phase of the economics program and spot checks conducted among consumers. Of 372 man hours devoted to Price and Distribution during September, 181 were in the field.

b. Economic Investigation Bureau: Two conferences were held with the Regional Economic Bureau and National Rural Police, in addition to joint enforcement-distribution conferences with each prefectural bureau during September. Continued emphasis on reducing the amount of illegally transported staple foods resulted in the uncovering of 14,784 violations, involving 308.3 tons of food. Although the number of violations detected during September was 2,718 more than the previous month, confiscations decreased by nine tons. Economic Police devoted the major part of their activity to curbing juvenile delinquency, conducting background investigations of ENPR candidates and maintaining order at bicycle races. This left commodity control without adequate personnel. Peak carrier activity in Saitama occurred during mid-August and has since declined as a result of the assignment of additional police to this work, according to a report from the local EIB. Police in Gumma expressed a reluctance to arrest carriers, claiming that this results in a housing problem for prisoners, and adding that they fear retaliation in the form of burglaries and other crimes. Over 98% of these violations were referred to procurators during September. Procurators' reports, however, indicate that of the 11,437 cases received by them, indictments were issued in only 2,734 instances, while 5,565 cases were dropped and 3,469 transferred or otherwise disposed of. Local EIBs uncovered a total of 317 violations during the report period, of which 249 involved staple foods. Tochigi EIB was especially active, reporting 111 food and ten materials malfunctions. Yamanashi recommends a standardization of procedures for issuing seasonal railway passes in an effort to reduce the number of professional carriers. An investigation of the Edible Oil and Fat Kodan in Yamanashi and Nagano revealed generally poor business conditions. Observed in Nagano were: no supervision over stocks; careless bookkeeping; payment of storage fees for nonstored products; nonreceipt of products despite cash and allocation certificate payment to wholesalers in January. The impending dissolution of the Kodan has caused the resignation of a large part of the experienced personnel and low morale among those remaining. Nagano EIB recommends a review of the sugar allocation system, claiming that the present system has given rise in a large measure to the current black market situation. Instances were cited whereby over-allocations were made to processors as well as allocations to nonexistent processors, arising out of the Central Government's scanty knowledge of local conditions. Saitama reports that a large part of the sugar allocations to agricultural industries should never have been made, since processing equipment is far below standard. Tokyo reports poor handling of sugar on all levels and widespread disregard of applicable laws and regulations. EIB inspections of Fertilizer Kodan stocks uncovered a shortage of 29,113 tons. EIB was instrumental in the collection of 78% of outstanding Fertilizer Kodan debts, but indicates that about nine million of the 33 million balance will be difficult to collect.

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Tochigi found the rate of spoilage of ammonium nitrate high and other fertilizers in poor condition. The Regional Economic Bureau recommends the early release of all Kodan stocks in order to forestall further spoilage or deterioration. The initial investigation of incentive goods reports made to the Central Government was found to be about 30% in error. Corrected reports were submitted. To date, ten cases of illegal receipts of subsidies by caustic soda manufacturers, amounting to 36.7 million yen, have been uncovered by EIB. Kanagawa reports that the caustic soda picture was complicated by a sudden increase in demand, giving rise to cash payments or advanced payments for purchases, much to the disadvantage of the small consumer. Allocation certificates for the first quarter were only one-half of requirements, while none were received for the second quarter. Tokyo and Shizuoka claim responsibility for lowering the black market/open market price of cotton textiles as a result of their vigorous action. Tokyo and Saitama recommend the freeing of cotton textiles from control or again controlling waste cotton, staple fiber and artificial silk, since it is difficult to tell the difference between these materials, hence difficult to control. An administrative inspection of the SPB conducted by the Kanagawa EIB revealed the following major defects: ineligible firms permitted to bid for construction contracts; advance payments complicating final audit; unfitness of SPB personnel to examine and inspect; unreasonable methods of making estimates; poor internal structure of SPB. At a conference attended by Kanagawa EIB and the Prefectural Government, it was decided that the best method handling POL requirements for fishing boats would be to have the fishing co-operatives bunker all ships prior to sailing, providing them with their full requirements. The prefectural government will study this matter closely, in addition to how repayment may be made for POL given fishermen in advance of their allocations. Saitama reports a brisk business in reprocessed aluminum ingots, the price of which advanced from ¥60,000 per ton in May to ¥100,000 per ton in September. Deliveries are made directly to foreign buyers in Tokyo, so that their destination is unknown. It is suspected, however, that these goods are consigned to Communist China and Siam via Hong Kong. Reports indicate that price increases reached their peak during mid-July and August and have since shown a tendency to level off or come down. Of the consumer goods surveyed in Yamanashi during September, the prices of 13 increased, while 15 decreased and four remained unchanged. Of 30 production materials surveyed, all but nails, galvanized zinc and rayon were steady or on their way down. EIB priorities during October are reported as follows: Special - Sugar, Restaurants, SPB Construction; Routine - staple food, staple food processing, cotton textiles, distribution of imported "livelihood" goods.

c. Restaurant Control: Restaurant licenses were issued to 3,932 new establishments during September. Public Hearing Committees met in all prefectures except Nagano for a total of 17 times and heard 171 cases. Three licenses were revoked, 66 suspended and 51 unlicensed establishments sealed. Restaurant control continues to be virtually non-existent throughout the region. Despite an admission by the Chiba EIB that hotels and meal coupon restaurants rarely insist upon coupons, only six cases, (half of which were unlicensed light restaurants), were referred to the PHC during September. Light restaurant operators who plead that they are "coerced" into serving staples by their customers, are usually rewarded with no more than a reprimand. Police in Saitama claim that their regulations prohibit the checking of restaurants at night.

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d. Staple Food Distribution: Consumer rejections of staples, especially wheat products which had shown a steady increase since the harvest of the new mugl crop, began to taper off during September due to the high price of black market flour. However, the general feeling throughout the Region was that rejections will begin to rise again in view of the availability of newly harvested rice and a gradual decrease in the black market price. In prefectures where imported rice is rationed, this item runs a close second in rate of rejection. In Gumma over 5,000 tons of imported rice (Burmese, African, Siamese) are held by the local office of the MAF as they are unable to sell it to the Kodan or dispose of it otherwise. White potato deliveries have been practically nil due to severe government standards (25 monmo) and low purchase price (¥20 per kan). Although two days ration of sweet potatoes have been planned for September and October, no government announcement on deliveries has been made and the consensus of opinion in the various prefectures was that sweet potato deliveries will go the same as white potatoes, and will remain in unrationed channels. Acceptance of rejected rations by hotels, restaurants, etc, continued to be low and in some instances have shown a considerable drop from the previous month. High prices, bad quality in comparison with black market flour, and fear of paying taxes equally contributed to the unpopularity of these goods. Throughout the period, preparations were being made for the transfer of Kodan ration points to private management which takes place 1 October. Those on the Kodan's office staff with intentions of operating their own shops were being released so far as it did not seriously affect the Kodan's work. Advance distribution of rations were completed before 20 September to give time for inventory prior to the switch-over. Meanwhile, approximately 50% of the former "Eidan" facilities were being sold to newly organized companies and individuals. Bids were open solely to persons presently engaged in the distribution of staple foods. Rice dealers expressed anxiety over the outcome of the new set-up in view of the low marginal profits. A recent announcement from the MAF of the establishment of a ¥105 average marginal profit gave the dealers some relief. The financial condition of most Kodan employees are such that they are unable to operate without outside assistance even with the use of their retirement allowances. In order to raise the necessary funds, rice dealer co-operatives are endeavoring to borrow money from the co-operative banking services. There seems to be a move among district and prefectural Kodans to establish a district, prefectural and possibly a national co-operative federation to handle the distribution of staples after the Kodan is abolished in March 1951. This move may result in conflicts with the Trade Association Law and other legislation to prevent unfair competition and restrictive practices. During the next few months this movement will be closely observed. The present change-over plan and its timing technically gives "outsiders" entree, but in practice, practically prohibits the participation of other than Kodan personnel in the "private" staple business. It is anticipated that controls will prove difficult after 1 March 1951. Another problem is the distribution of the undesirable rations which will meet heavy refusal after change-over to the cash purchase plan on 1 March. Kodan personnel apparently will lack cash resources at all levels, (distributor, wholesaler-district Kodan officials, and Federation - Ken'isvol Kodan officials) to swing ten day ration purchases as required, without Government or other financial assistance.

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Concerned circles are also worried about the transportation problem. They wish the government to establish a transportation "pool" and include cost of transportation as a level addition to the price of rice uniformly throughout Japan, and to reimburse transportation organizations at actual cost. Kodan properties so far disposed of have (according to the Economic Bureau) gone 99% to Kodan officials and employees; funds for purchase have been advanced by "Shokuryo Hambai Kaisha" (foodstuff dealers company) which will result in close "co-operation" between authorized wholesalers and brokers.

e. Incentive Goods: Since the price of textiles increased considerably after the Korean incident, farmers have been unable to purchase necessary textile items and recent demands have been strong for the release of jikatabi, tonugui, working gloves, plain or navy-blue cotton materials and other consumer commodities as incentives at 50% reduction of current market prices. Information is lacking as to whether or not an incentive goods program is contemplated for the 1950 rice crop. Despite the difficulties arising from past programs, farmers are very receptive to being offered daily necessities at "half-price". Co-operatives in many instances are bitter about having gotten out from under their 1949 textiles before the war started in Korea to the advantage of others who benefited by the "scare buying" in July and August.

f. Fertilizer Requirements: Fertilizer prices during the period dropped slightly, mainly because of increased competition. At current prices, between 10% - 50% of the farmers in each prefecture may be unable to purchase their full fertilizer requirements. Officials claimed that farmers usually sit aside part of their income for fertilizer but wait until the last moment before beginning purchases. Officials expressed grave concern over the present shortage of freight cars and resultant delays in fertilizer receipts. This shortage is expected to be felt more severely when the new rice crop is harvested. Prefectural officials are considering submitting requests to the MAF for release of Kodan stocks if fertilizer receipts do not improve. Phosphate and potassic fertilizers are reported to be in shortest supply.

g. Perishable Foods and Commodity Prices: Supplies of fresh marine products continued to be low and prices still increased due to seasonal shortages. Effects of the MITI announcement abolishing advance distribution of petroleum products to fishermen were not certain but may be cleared in succeeding months when the tuna and bonito fishing season opens. Rice on the black market still maintained a high of ¥150 per she and a low of ¥130 in metropolitan areas. There has been indications of price decreases especially in the producing prefectures presumably due to the new rice harvest. Black market flour dropped slightly while meat, eggs and milk products showed slight increases. Textile prices continued to increase and some items in short supply were not even purchasable with allocation coupons. Charcoal prices averaged ¥290 per bale in Tokyo and Kanagawa and ¥250 in producing prefectures. It is anticipated that prices will increase considerably in the next few weeks. Indications are that average grades will sell at last year's black market levels.

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h. Petroleum: A special trip was made to Misaki in Kanagawa Prefecture and to Shizuoka Prefecture to check on the results of the cancellation of "advance" petroleum allocation and its effect on fisheries. Fishing boat operators and fishing co-operative officials in Misaki (deep sea and mackerel), Shizuura (off-shore), Shimizu (off-shore, deep sea, net, federation), Yaizu (deep sea, line) were interviewed. The matter was further discussed with Shizuoka prefectural EIA, Tokai Maritime Bureau, the Land Transportation Office, and the Material Adjustment Section of the prefectural government. "Advance" petroleum allocation, as far as the fishing industry is concerned, is a misnomer carried over from the days of the link system of distribution. This is known as "maeguri" of the fishermen, meaning to borrow ahead of allocation, and "maewatashi" by the petroleum distributors, meaning to hand over ahead of time. Under the link system, this borrowing could be compensated for by giving dealers tickets secured as a result of turn-in of catch. However, with the return of oil distribution to private hands and decentralization of fish and allocation of petroleum on a horsepower basis, there is no means of compensating dealers for this "advance" supply of petroleum, and it is strictly a free hand-out of petroleum products above the amounts officially allocated. It is estimated that in Japan, fisheries consume 720,000 tons of oil compared with official allocation of 480,000 tons. In Shizuoka Prefecture, this free distribution amounts to approximately 100% of the official allocation due to the large number of deep sea fishing craft working out of this area. Although the "advance" allocation was halted as of 1 August, the effect on the fishing industry is not yet determinable due to the fact that second quarter allocations were received partially late in July and the balance in September. The third quarter's allocation has been received in the prefecture, and will be distributed at once. It is estimated that the entire third quarter allocation will be exhausted by the end of October, and the effect of reduced petroleum supplies on fish landings will become apparent in November. The co-operatives do not appear to have made definite plans as to how to cope with this 50% decrease in amount of petroleum available for operations. The Yaizu co-operative is considering a plan whereby one-half of the fishing craft will be beached, and the co-operative's allocation pooled to operate one-half of the boats. Due to the large number of people in this area dependent upon the fishing industry for livelihood it is felt that this sudden reduction in petroleum will not be taken "lying down," and that every means possible will be resorted to circumvent these restrictions by increased petroleum black market activities by securing petroleum from other industries or by bribery of distributors. Inasmuch as the amounts actually required for operations of industry at past levels is actually 200% of official allocations from distributor's records, landings will, without question be decreased if the industry is unable to get around the recent restrictions on "advance" distribution. An official of the Federation of Fisheries Co-operatives stated that actual landings are much higher than officially reported. Boat operators conceal the actual amount of their catch in order to evade taxes. Every possible consideration should be given to increasing the official allocations of petroleum to fishing industries to the maximum extent. Other means of livelihood are unavailable to many of the people so engaged. Although crews of boats of 30 tons and over are covered by unemployment insurance, such benefits will be very unequal due to the fact that some co-operatives began participation in this

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program only as of September and October. Incidental effects of curtailment of "advance" petroleum allocations will be felt by areas dependent on bus transportation and isolated areas served only by maritime transportation as official allocations of gas and oil for buses and cargo boats are only 60% and 40% of consumption.

6. Industry:

a. 115 reparations plants, 23 shipyards, three petroleum refineries, two explosive manufacturers, three mines, and five fertilizer producers were covered by routine surveillance inspections during the month. Total time expended in all Kanto prefectures was 637 hours of which 232 hours were in direct contact in the field.

b. All prefectures report substantial product demands because of the Korean war. As a result, considerable speculation in raw materials occurred and the price index saw an immediate rise. Unprecedented demands on paper and paper products made pulp, salt and caustic soda almost unobtainable. Demand for paper cement sacks increased rapidly due to the short supply of hemp bags required for shipments of food cereals. Mining of nonferrous metals also saw increased activity and fabricators have exhausted stockpiles of metals and are now dependent upon current refinery output. Small and medium industries in many lines have received boosts but the Korean boom will have little curative or permanent value. The general poor financial structure of the smaller firms mostly caused by old uncollected debts, remain the number one problem. The quick rise in prices, increased wages and usual taxes have, in most cases, offset the expected calculated profits. Prefectural officials feel encouraged, however, as the number of inquiries for products have more than doubled. During September, the Yamanashi Prefectural Government inaugurated a promotion subsidy system whereby the Ken loans funds to develop new inventions. Several other prefectures have established special fund accounts for Ken purchase of display models for shipment abroad or for display in Tokyo. Cottage industries for novelty goods report increased sales in September and handmade paper stocks have been completely exhausted. Export orders for crystal-ware amounted to approximately 30 tons and the industry reports only 30 tons of rock crystal available for future orders. Jewelry manufacturers state price of crystal is so far out of line with finished goods prices that import is not feasible. Switch-over to glass is contemplated. Possibility of purchaser supplying own crystal for processing is under discussion. Seasonal domestic demand and demands for export of textiles have given the industry a much-needed boost. Tochigi Prefecture reported that the financial collapse of the Mitaka Sangyo Textile Company had a very adverse effect on the industry in that area. Credit collectable by this firm amounts to ¥70,000,000! All prefectures report general accounts payable reduced from 90 to 60 or 30 days on current business indicating a definite improvement over the past several months. The "Maison" silk industry in Saitama Prefecture is rapidly folding due to the exorbitant price increases of raw silk and the refusal of the domestic market to accept comparable increase in price for finished goods.

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c. Pacific Coast Refineries: All Kanto refineries except Mitsubishi Sakiyu slightly exceeded their monthly authorized production quotas. Excess quantities for Nippon Sakiyu, Yokohama, Showa Sakiyu, Kawasaki and Toa Nonryo Kogyo in Shimizu were 138 KL, 67 KL and 70 KL respectively. Three refineries were inspected during September.

d. Imported Critical Materials: Nippon Kokan, Kawasaki Plant, coked 25,135 tons of imported and 40,363 tons of domestic coking coal (ratio: 35% to 65%) to produce 33,736 tons of pig iron. Low production (4,553 tons less than August) was due to suspended operations on No 4 and No 5 blast furnaces to effect refractory repairs. Total shutdown time amounted to 63 hours. Open hearths and Thomas converters produced 25,046 tons and 14,307 tons, respectively, for the same period.

e. Tea Export of 1950 Crop: Exports as of end of September total 7,138,027 pounds as compared to 13,282,033 pounds at the same time last year. African business has amounted to only 1,633,313 pounds compared to 8,992,414 pounds at this time last year. With a 20% increase in crop this year (7,300,000 kan; 1949 crop was 6,000,000 kan) there is no shortage of tea on the market.

f. Reparations:

(1) 115 reparations plants covering all ten of the Kanto Region Prefectures were visited during the month on routine custody and maintenance surveillance. Custody and maintenance were generally satisfactory. During surveillance of the Kashima Oil Storage Depot, Code No 14-18, Ibaraki Prefecture, it was discovered that thieves had forced the rear entrance to the installation and stolen the copper accessories, (valves, gauges, tubes) from six tanks inventoried for reparations, Code Nos 14-18-1 through 6. During a check at the Mizuho Industrial Company (39-34), confirming the scrapping down of items released on scrap by CPC, it was discovered that the company had set aside the accessory motors to the items being scrapped with intentions of selling them. Check made against the evaluation work sheets of this company revealed that 68 of the items released for scrap had accessory motors, and the company could only account for 35 of them at the time of the inspection. Tokyo-To was requested to make a thorough investigation. Instructions had been given the Kanto Liaison and Coordination Office, previously, to instruct all reparations plants that accessories salvaged from items released as melt-down scrap should carry their original code numbers and reported as being salvaged to CPC together with the required report on the disposition of the items released and broken down. To the best knowledge of this headquarters, no reparations funds are being made available for the movement of equipment within the Jujo Plant, 1st Tokyo Military Arsenal (39-51), for clearing the area within this arsenal procured by the G-4 Section, Japan Logistical Command.

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(2) Follow-up inspections of discrepancies noted by CPC inspectors and corrective action taken, are listed below with references:

(a) C/S CPC/EX, inclosure to letter, "Discrepancies in Gunma, Maebashi Area" 11 September 1950: Transfer of equipment at 10-16, is temporarily delayed due to lack of plant funds. Camp Draw (10-09, Fuji Sangyo, Kazumi Plant) is presently being cleared of all idle reparations equipment to make available storage space for the Quartermaster Section, Japan Logistical Command. Inspection of plant 10-40 on 20 September 1950 revealed that the maintenance of equipment was corrected and found satisfactory.

(b) C/S CPC/EX-RSU, inclosure to letter, "Discrepancies in Tokyo, Chiba, Kanagawa and Saitama Prefectures," 11 September 1950: Inspection made of pertinent documents pertaining to the "EX" items located in the substation at plant 04-04, revealed that all were in order and no discrepancies noted. All items recently authorized for use at plant 04-01 were noted to be properly marked "U" since the CPC inspection. All items at plant 19-48 recently returned to dead storage were noted to have their "U" markings erased at a subsequent inspection. Instructions were issued to plant 34-22 to centralize the five items in question to the reparations area for storage since these items were not in use. Inspection made of plant 39-179 and 180 on 22 September revealed that all fire hazards had been previously removed.

(c) C/S CPC/EX-RSU, inclosure to letter, "Discrepancies in Tokyo and Kanagawa Prefecture," 11 September 1950: Inspection of plant 39-01 on 22 September 1950, revealed that maintenance condition of equipment has been corrected and the transfer of equipment from Building No 8 to Building No 6 was being delayed due to the lack of funds. A subsequent inspection of plant 19-53 revealed that maintenance condition of equipment have been corrected. Plant 39-146 has submitted a request for the release of the reparations equipment in question as melt-down scrap and will clear the warehouse when approval is granted.

(d) C/S CPC/EX-RSU, inclosure to letter, "Discrepancies in Kanto Region," 16 September 1950: Subsequent to the CPC inspection plant 04-14 has submitted an application for the authorized use of the reparations equipment from plant 39-132, making this transfer a problem for the plant to solve. The guard at plant 19-93 has been replaced since the CPC inspection.

g. Shipbuilding: Five major and 18 minor shipyards were inspected during September and no violations were observed. Construction of a 6,300 G/T cargo vessel for export (Yokohama Shipyard, East Japan Heavy Industry, SCAPIN 6843-A); one 180 G/T Training ship (Kanazashi Zosen, file 561.4, 20 April 1950); and a 45 G/T pump dredger (Watanabe Seikoso, file 561.4, 12 May 1950) were completed during the period. Conversion of a 6,700 G/T "A" type wartime standard cargo vessel to American Bureau of Shipping Standards was also completed during the month (Ishikawajima Shipyard, file 564, 13 December 1949). As of 30 September 25 various steel vessels totaling 78,665 G/T were under construction in Kanto Region yards. Discussions

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with Kanto Maritime Bureau officials, major shipyard staffs and members of the Wooden Vessel Builders Associations indicated that the industry has received no general boost from the Korean war. Repair work on steel vessels has slightly increased at the major docks and marine engine works have reported increased activity. Major shipbuilding companies expect 70% of the funds in the Sixth Shipbuilding Program to be loaned from the Countpart Fund. Business in the medium and minor yards remains poor although several applications to start shipbuilding concerns have been submitted to the Japanese Government. Greatest difficulty faced by smaller yards is inability of shipowners to complete payments prior to six months after delivery of vessels. Association officials have petitioned the government to set up a Fund Loan Body for the Shipping Industry. All materials are reported available but at 30% to 40% increased prices, particularly in nonferrous metals since the Korean outbreak. Over 70% of all shipyards reported a shortage of electric power.

h. Explosives Production: Kanto Donki, Hodogaya Plant produced 236 tons of cordit during September making their accumulative total 89% of the authorized yearly quota. Request of company to SCAP for an increased quota has not been answered. Plant must severely reduce number of employees if increase is not authorized. Production of black powder at the Iwahama Factory, Nippon Kayaku increased three tons over the August figures (32 tons). Two small explosive factories were inspected during the month and reported a 40% rise in production on fireworks due to holiday season demands.

i. Fertilizer Production:

(1) Manufacturer's selling price of ammonium sulphate at time of Kodans' dissolution was ¥17,812 (including packaging costs) per ton. Current selling price is ¥18,500 per ton (¥715 per ton kan bag) including transportation costs of approximately ¥500 per ton or a net rise of approximately 1.2%. Current factory price of calcium cyanamide is ¥17,300 per ton including ¥500 transportation costs. Co-operative or dealer purchase price is approximately ¥390 per 22.5 Kg sack. Previous controlled retail price was ¥17,272 per ton but manufacturers price was ¥20,500 per ton including the government subsidy. After removal of the subsidy manufacturer's (except companies with private power supplies) report operating at a loss.

(2) All manufacturers report that the shortage of ten-ton railroad boxcars is making fertilizer deliveries very difficult. Manufacture of ten-ton cars was suspended during the war and present Occupation Force demands absorb the greater part of the meager supply. This situation could be alleviated if shipments were made in open flat cars. Shortage of tarpaulins, according to company officials, prevent use of the open shipments method. Transportation problem is aggravated by early rice crop shipment requirements and the normal short delivery time on fertilizers. Prefectural officials report that lack of co-operation among dealers prevent dual or triple shipments in larger (15 and 20 ton) boxcars. Both company and prefectural officials ask that dealers and co-operatives be granted low interest government loans so fertilizer could be stocked during periods of low transportation demands.

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(3) One manufacturer reported an export shipment of ammonium sulphate to Siam had been halted by the Ministry of International Trade and Industry because of objections voiced by officials of the Ministry of Agriculture and Forestry. Spokesmen for the industry are insistent that fertilizer costs cannot be appreciably reduced unless production is increased and export permitted. Decentral has apparently had no effect on production. Electric power and pyrite supply are still limiting factors. Producers using phosphate rock object to quality of rock received and desire to export so rock purchases can be more selective. Calcium superphosphate production costs have increased, due in part, to change in farmer demands on sack size. Kodan purchases were made in 90 Kg. sizes while farmers choice is for the ten kan (37.5 Kg) size. Nippon Kokan exceeded their calcium superphosphate production plan for September by 32% while calcium cyanamide, produced at Showa Denko's Shiojiri Plant exceeded the plan by 16%. Other fertilizer productions were down 1% to 10% due to low power supply. Five fertilizer plants were visited during the report period.

j. Public Works:

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(1) Kanto officials report that rising cost of materials and current irregular railway transportation is retarding progress of all public works projects. Return of price controls is favored by many officials as price increases have same effect as reduced budgets. Emergency repair work on flood control projects were reported as progressing in a satisfactory manner. Although all projects of all types are behind schedule, officials feel confident that planned work will be completed by the end of the fiscal year. Little justification for this optimistic attitude can be seen, however, as in no case has the Finance Ministry approved 100% of the prefectural public works bond issues. Since Central Government appropriation depends upon amount of prefectural funds raised, it is doubtful if all projects will see 100% completion. Most serious problem in Kanto Region is the slow progress on general flood control projects. Emergency repairs appear to receive prompt attention but the long range projects progress so slowly that new damage from typhoons often occurs before completion. All prefectures desire that time on proposed projects be reduced from five to three and three to one year. Officials justly claim that projects costs could be greatly reduced if time for completion were shortened.

G-4  
(2) Roads: All road programs are behind schedule due to low appropriations. One prefecture estimated that original five year road plan would now require 300% of the original budget. Lack of fuel oil still hampers road work but several prefectures reported receiving increased allocations for September. Kanagawa officials claim Occupation Force traffic since the Korean war is causing considerable damage to certain prefectural roads and indicated seven locations where damage was accelerated far beyond that foreseen in the five year program. They are looking to the Occupation Forces to repair this damage!

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(3) Rivers and Harbors: Damage to Kanto Region harbors in recent typhoons was not extensive. Progress has been slow on all projects and officials express concern over low budget appropriations. The Harbor Section of Shizuoka reported probable delay on the Counterpart Fund - Yaizu Harbor project due to shortage of cement. Officials of Kanagawa state Misaki Harbor delay is due to lack of transportation facilities to haul cement and other supplies to the site. The Kanagawa Office also stated that the indiscriminate removal of rock and gravel from river beds by Occupation Forces and their contractors is endangering flood control projects. Prefectural authorities ask to coordinate this work with the various engineer units and specify areas where gravel can be removed without harm. They believe that Occupation Force contractors should pay for gravel since procurement demands are written for gravel as well as hauling. The over-all budget for Tokyo-To harbor projects (¥617,487,000) was approved 5 September by the Prefectural Assembly. Plans call for an expenditure of ¥399,865,000 to improve the port of Tokyo, ¥20,000,000 for Kaminate Harbor, Hachijo Island and the balance for miscellaneous projects. A 6,000 ton ship berth is scheduled for completion this year and another for 1951. Aim of the bureau is berthing space for 1,000,000 tons of shipping. Tokyo officials stated most urgent requirement was additional dredging equipment and fuel oil to operate their equipment.

(4) Housing and Construction: A survey of all Kanto prefectures during September shows that the number of private housing loans approved as opposed to the probable number allowable and applications received is very low. Prefectural figures are given below:

<u>Prefecture</u>	<u>Allowable Loans</u>	<u>Applications Received</u>	<u>Applications Approved</u>
Kanagawa	4,100	4,908	542
Tokyo	16,000	23,805	2,300
Chiba	900	130	50
Saitama	650	520	143
Nagano	690	673	263
Shizuoka	1,500	1,739	147
Ibaraki	Unknown	257	170
Tochigi	500	454	75
Yamanashi	728	422	176
Gunma	Unknown	599	85

Inability of prospective builders to provide the required 25% of costs and find suitable building sites remain the main deterrents to the housing program. Several prefectures report plans now under consideration to render assistance in land purchases and loans for initial construction. Housing officials in some prefectures expected some cancellations in applications approved due to increased building costs. One prefecture reported reluctance of contractors to build their houses because of rising prices and doubtful profits. Violations of Urban Building Laws continued but are not serious as over 80% of the violations are due to builders exceeding space area on approved building plans.

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(5) City Planning: No particular difficulties, aside from financial, were reported by city planning officials. Continuing, however, are the constant disagreements between these officials and the agriculture land section over use of land. A field trip to the Agomatsu (fire disaster) rehabilitation project revealed that to date 55% of the burned area has been rebuilt. All construction is within the provisions of the Urban Building Law. Prefectural authorities are now considering a relaxation of the regulations due to high cost of materials and allow use of wood where non-inflammable materials should be used. Officials were cautioned that such practice would set a precedent difficult to correct.

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7. Labor:

a. Field Trips and Conferences: 32 man-days were spent in the field in September covering conferences with Labor Department Chiefs in Yamanashi, Gumma, Saitama, Nagano, Tochigi, and Shizuoka; with LPS personnel in Yamanashi, Saitama, Gumma, Nagano, Tochigi, and Kanagawa; with LRC members in Tochigi, and Nagano; with LSP officials in Gumma, Saitama, Tochigi, Nagano, and Kanagawa; with Employment Security Section personnel in Ibaraki, Nagano, Tochigi, Yamanashi, and Gumma; with W&B representatives in Tochigi, Nagano, and Gumma and with PESO officials in Nagano, Ibaraki, and Tochigi. A vocational training center was visited in Tochigi. Other field trips included participation in discussions at the Kanto Bloc LRC Member's Conference at Yamanashi; the Kanto Bloc LRC Secretariat Chiefs' Conference in Saitama; the Kanto Bloc LPS Chiefs Conference in Chiba; and the Kanto Bloc W&MB Conference at Hakone. Investigation and/or advisory trips were made to the Mitaka Works, the Big Five Ordnance Depot, and the Akabane Ordnance Depot, all three of Tokyo; the Ikegai Automobile Company, Kanagawa; and the Toyo Watch Company, Saitama. The foregoing is in addition to approximately 17 office conferences with labor, 25 with management, one with both labor and management, and five with prefectural officials.

b. Labor Relations:

(1) "Sohyogikai:" Information received over a period of time and from various sources indicates a growing dissatisfaction with the leadership and policies of Sohyogikai. There is general agreement that the structural aims and ideas conceived by the founders represent the best solution to the problems besetting Japanese trade unionism but labor leaders feel that the five delegates who attended the ICFTU convention in London were, upon their return, so eager to realize their ambitions for a unified anti-Communist labor front, that they, in their haste, placed undue emphasis on a mere formal start and a large membership, to the neglect of the formation of sound and effective organizational and educational policies. The leaders have been so absorbed in top level affairs that they have not been able to give sufficient attention to the rank and file worker. Many workers are suspicious of the organization because they feel it has been formed from the top down, that it has been imposed from outside, and that it does not have its roots in the rank and file and the local union. There is considerable criticism of the leadership. It has been found that many of the rank and file workers are only vaguely, if at all, aware of this huge organization. Sohyogikai needs to make a greater effort to reach the worker, and to attempt to understand the needs at the local level, if it is to earn the respect and loyalty of Japanese labor.

(2) Donsan Discharges: The Vice chief of the Nagano Prefectural Donsan Chapter was recently discharged by the company and expelled by the union. He filed appeals with the local court for reinstatement to his former union position and for restoration of his former status with the company. Labor officials believe that the question of reinstatement in the union will be transferred to Tokyo court, since the Donsan Headquarters is

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located there. His appeal for reinstatement in the company will probably be transferred to Nagoya, since the Chubu Haiden head office, of which Nagano is a part, is located in that city. Approximately 15 separate appeals by Densan discharges have thus far been received by the Nagano court, and officials anticipate that all will be referred to Nagoya. In Tochigi, the Mando faction has taken exception to the discharge of one man, an admitted former Communist who complied with Directive Zero and has since refrained from participation in Communist activities. His case will soon be negotiated by top level union and management representatives, and the Labor Ministry reportedly expressed confidence that the man will be reinstated. In Ibaraki one man was found to be innocent of the accusation of sympathizer, and was reinstated by the company. Another has appealed to the court claiming an unfair labor practice. There have been no court actions or reinstatements in Yamanashi. Densan Central Headquarters is negotiating with management regarding two questionable cases in Saitama. All prefectures have been notified to collect and submit pertinent data to the Labor Ministry in all cases of indiscriminate discharge.

(3) Last spring, union members of the Shoun Works, Ofuna, demanded a spring holiday on 21 March but were refused by management. The union held a general meeting and decided to take the day off, although no strike announcement was made. There was no trade agreement in effect at that time. Management discharged the nine union leaders whom it held responsible for instigating the movement, on the ground that they had violated the rules of employment. The discharges appealed simultaneously to the LRC and the Kanagawa District Court. In June, the court issued an injunction reinstating the discharges. On 22 September, the LRC announced its decision that the discharge did not constitute an unfair labor practice. The court maintained that the union's action in taking the holiday constituted a strike; the LRC decided it did not. Management, having reinstated the workers in accordance with the court injunction, now finds itself confronted with a dilemma. At the time the unauthorized holiday was taken, the union was Communist-dominated. But in May a second union was formed. This union agrees that the discharges were justified. The nine discharges have remained in the first union, which now has only 33 members, whereas the second union has 124. This episode shows conclusively the need for LRCs to have the original and exclusive jurisdiction in unfair labor practice cases with perhaps right of appeal to the CLRC, then to the higher court, and finally to the Supreme Court of Japan.

(4) Communist Purge Program: Several unions in Yamanashi Prefecture have recently revised their constitutions on their own initiative either to prohibit Communist members from holding union office, or to prohibit Communists from obtaining membership. In Nagano only one company has thus far approached the Labor Department regarding the advisability of purging itself of the Communist element. In that case the desire was manifested but not executed, since management was fearful that such action might precipitate a work stoppage at a time when the company has many orders to fill. Management, generally, with regard to the purge of Communist

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elements, intends to maintain a wait-and-see attitude, preferring to first observe the results of the present purges before taking action. In the meantime, reports indicate that in some cases enlightened management is extending fuller co-operation to the Mindo faction; while in other instances, management is attempting to take advantage of the current scare to discharge union members from becoming too active.

(5) Court Ruling on Unfair Labor Practice: (Reference Monthly Activities Report, Annex D, August 1950, Kato Mfg Co, Chiba Prefecture). The court order which reinstated the 38 discharged workers during August is being only technically complied with; the workers have been placed on the payroll but have not been allowed to resume their work in the factory. The company is paying them 60% of their former monthly wages instead of allowing them to return to work. Insistence of the 38 workers that they receive 100% remuneration during the "layoff period" has resulted in several disturbances. Realizing that its decision of 8 August did not solve the problem, the Chiba court proposed a mediation plan on 28 September calling for the voluntary resignation of the workers upon receipt of an average retirement allowance of ¥135,000. This plan proved acceptable to the union but was rejected by the company on the contention that the allowance was too high. (Members of the second union stated that under normal circumstances the 38 workers would, in accordance with their seniority, receive slightly less than ¥50,000 each.) A second plan, which would grant each worker ¥108,000, was reluctantly accepted by the company and rejected by the union. The court announced that a decisive decision would be rendered on 19 October, in the event the two disputing parties could not arrive at an amicable settlement prior to that date.

(6) Production Control at Toyo Watch Company:

(a) The Toyo Tokai K K Ageo Factory, Saitama, employing 572 workers, is engaged in the manufacture of clocks and 80% of all automobile speedometers, gasoline gauges, etc, used in the Japanese automobile industry. Business at this plant was profitable and relatively unaffected by the stringent money situation. However, an unpaid wage situation developed as a consequence of an effort of the parent headquarters to revive two of its unprofitable subsidiaries by using income from the profitable Ageo Plant.

(b) The union officials of the Ageo Plant several times negotiated with local management, claiming that profit from the workers' production should be used for paying wages there, rather than being sent to the Tokyo head office. The union was unsuccessful in pressing its claim. Wages became 2½ months in arrears by February 1950. It was at this time that the union decided to begin production control. Management adopted the attitude of tacit approval. A company official stated that management did not verbally consent to this but the workers had been very loyal, had worked well, and had never threatened to strike, and in addition to these reasons, the company "appreciated" the workers' point of view. Management also stated that they did not want to risk any loss of production, especially of automobile meters, for fear of losing their national market.

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(c) The union made an agreement with the company to take raw materials in lieu of back wages and to rent the company's facilities. The same management was invited to remain in the plant, to continue management functions under the supervision of the union, and to act as liaison between the Ageo Plant and the Tokyo head office. Production continued uninterrupted, with the union "managing" the plant.

(d) The parent company, however, was in arrears in paying its taxes, and the National Taxation Bureau, to enforce payment, confiscated a sizeable amount of finished products of the company. The seized products happened to be the Motors produced by the Ageo Plant while under production control. The company apparently did not engineer this move, as its main concern seemed to be for its markets. The union asked the assistance of the parent company in explaining to tax officials their contention that the Ageo Plant production control products should not be considered assets of the parent company, and management agreed. The matter was not settled for some time, however. Due to this circumstance, the union was no more successful in paying wages to the workers than the company had been. About 80% of the wages were paid during the production control period. During this period, the parent company had been locating investment capital, and making plans for reorganization. On 4 September 1950, the company showed the union a reorganization plan which would make the Ageo Plant a new company, with a new president and new capitalization. The union supported the plan, and as one of the first steps in carrying it out, stopped the production control on 6 September. Both union and management are confident of settling all their problems through collective bargaining, as agreement has been reached on all major problems accompanying the change-over.

(7) Trade Agreements:

(a) An obstacle to the conclusion of trade agreements is presented in instances where local unions decline to negotiate agreements with management because contractual negotiations are being conducted on the so-called federation level with the top officials of the company. In the event that such negotiations are prolonged for inordinate lengths of time, this headquarters advises local unions to demand that local management negotiate a collective agreement, and on refusal by local management to negotiate, the union is advised to file an unfair labor practice charge, vis, refusal to negotiate, with the LRC.

(b) Discussions with prefectural labor officials relative to the failure of management and labor to consummate new agreements upon termination of the old agreement revealed that the following are some of the major points of disagreement: extent of managerial rights, particularly in personnel matters; distinction between those employees who belong to management and those who belong to the union; the extent of the union's authority in the conduct of the enterprise.

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(c) Another obstacle to the conclusion of trade agreements is the problem of KYOGI (co-operative discussion); the meanings and implications of this term cause considerable disagreement, especially in connection with layoff and discharge of personnel.

(8) Procurement Demand Problems: Disputes at establishments with P/D commitments to the Occupation Forces presented less of a problem than during August. The only development in this respect was at the Meidensha Works, Tokyo, where airstrip metal mats and transformers are manufactured for Korea, in addition to electric ranges for Okinawa. The 2,000 employees elected to resort to an indefinite strike on 28 September because wages were three days in arrears and payment was not promised for another four days. Union officials who reported the strike appeared to be willing to co-operate. They reportedly requested management to furnish a list of all products designated for the war effort so that work on such items could be continued without interruption. The company complied immediately but the list which was submitted contained many items which had no bearing on the war effort. The issue appeared to be primarily one of union resentment of management's failure to bargain in good faith rather than a brief delay in payment of wages. Both disputing parties were requested to visit this headquarters the following day with a view to discussing a prompt resumption of P/D production. During the interim they negotiated once again and agreed to an immediate partial payment to each worker of ¥1,000 and settlement of the remainder on 2 October as initially promised. Work was resumed the following morning.

c. Labor Education:

(1) A lecture on Women's participation in trade union activities was presented to approximately 70 union representatives at the W&MB sponsored meeting in Gumma.

(2) In Nagano, prefectural labor department sponsored two meetings, one in Okaya and one in Iida; approximately 300 and 400 workers, respectively, were in attendance. Main subject discussed was the trade agreement, with special emphasis being placed on grievance machinery, seniority system, union shop clause and union membership.

(3) Approximately 400 workers at Fuji Sangyo Company, Shizuoka, attended a lecture covering essentials of a sound trade agreement. This was also presented to approximately 700 workers of the two unions of Suzuki Loom Company, Shizuoka, where the functions of the management council were also presented since a conference with union and management officials indicated a need for such.

(4) At five other factories visited during the month, management and union officials were advised regarding functions of management-union councils, essentials of a sound trade agreement, collective bargaining procedures, and the many other issues which arose during the question and answer periods.

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d. Labor Standards Bureau:

(1) Unpaid wages:

(a) Some improvement can be noted in the unpaid wage problems, due largely to the boost given industry by factors resulting from the Korean outbreak. Many prefectures note overall improvement, though the improvement is largely confined to large enterprises, with little or no change in unpaid wages in small and medium enterprises.

(b) There are indications that all delayed payments are not caused by financial difficulties, but that management, in some cases, has deliberately delayed payments so as to delude the union into believing that the company was in financial straits to discourage the union from making new demands.

(c) The tendency persists for delinquent employers to continue employment of surplus workers, even in cases where an economy move is necessary to prevent the problem of unpaid wages from becoming progressively more serious. Reasons for this are mainly fear of union pressure, inability to pay discharge allowances, and in the hope of eventually coming upon better days. LSIO inspectors have been advised to point out the following to delinquent employers: Management has the right to effect personnel reduction as an economy measure, since it is both the right and the responsibility of the employer to operate his business at a profit. It is better for a fraction of the workers to be laid off than for the company to go into bankruptcy and leave all the workers jobless. Delinquency in wage payments only adds fuel to the Communist fire.

(2) Violations of the LSL have increased in those industries affected by the Korean outbreak. Urgent delivery schedules and large orders have tempted management to violate the law in such matters as working hours, holidays, night work for women and minors, etc.

(3) In some industries where the number of employees has been increased, new employees are classified as "temporary workers," they do not have the same rights as other employees, and may be affected by discriminatory treatment. In such cases, it is explained to unions how a union shop clause will prevent such dangerous conditions, and why a union should be seriously concerned over such a situation. To management, the point is stressed that following a policy other than of equal remuneration for temporary and permanent workers for work of equal value, is not showing good faith, and cannot be justly defended.

(4) Tokyo-To and Nagano Prefecture have conducted investigations at installations of the Japan Monopoly Public Corporation (government-operated tobacco, salt, and camphor businesses) and have found widespread open violations of the LSL. Violations included such matters as failure to prepare rosters and wage ledgers, and forcing employees to work overtime and on rest days without compensation. Nagano noted 133 violations.

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Hq KaCAR, Annex D, Monthly Activities Report for September 1950

e. Women's and Minors' Bureau:

(1) Field representatives conducted prefecture-wide meetings on the problems of women in the trade unions. Members of the Labor Ministry and of this headquarters participated in some of these meetings. Emphasis was on finding the causes of the inactivity of women in the trade union movement, and the remedies needed.

(2) W&MB Kanto Conference:

(a) A two-day conference for W&MB Field Representatives of the (Japanese) Kanto Region was attended. It was evident that the proposal by the cabinet's Administrative Management Board to abolish the W&MB has resulted in low morale and an anxiety over the future of this work by the Field Representatives. They feel their work is much appreciated and is receiving recognition and support from the general public. Those present felt that the activities of this agency should be expanded and the budget increased. At present the W&MB budget is less than 1% of the total labor Ministry budget.

(b) A suggestion was made concerning the advantages of encouraging the employment of women as labor education assistants in prefectural labor policy sections. At this time, Tokyo LPS is the only one in the Kanto Region to utilize such a plan. In Tokyo, each LSIO also has a women assistant who specializes in women's labor education. This plan offers one solution to the problem of insufficient staff and budget in the prefectural W&MBs, as the LPS women's education specialists closely coordinate their work with W&MB representatives. It is felt that this effort to encourage the employment of women's education specialists deserves full support.

(c) The success of the women consultants in PESOs was pointed out, along with the need to encourage the greater use of women as consultants. Experience has shown that women applicants prefer to discuss their employment problems with women consultants, and that middle aged women make the best consultants. Each prefecture is preparing a report on the utilization of women in such capacities.

(d) The Field Representatives, in evaluating the summer schools, felt that the curriculum offered did not meet the needs of rank and file members, much less the women unionists, and suggested that a simplification of the curriculum would enable the ordinary worker to gain a greater profit from attendance.

f. Employment:

(1) Day Laborers' Demonstrations in Tokyo Area:

(..) During the past few months, the supplying of work relief jobs in excess of budgetary appropriations allowed the Tokyo officials to administer their program with a minimum of opposition from the day laborers.

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Hq KaCAR, Annex D, Monthly Activities Report for September 1950

This plan, however, resulted in the depletion of funds more rapidly than was anticipated in the original timetable, and necessitated a curtailment of 3,000 job openings effective 1 September. The Communists took full advantage of this predicament as was evidenced by frequent riotous demonstrations in all of the major PESOs in the metropolitan area. Local newspapers tended to discredit the rotation system, perhaps inadvertently, by reporting that strict enforcement of that system was the cause of such demonstrations. Some circles expressed the belief that the Labor Bureau favored the demonstrations because they served to advertise the critical need for additional appropriations as the only solution to the problem. In any event, a supplementary allocation received by the Tokyo Bureau on 20 September allowed an increase of 1,000 job openings on 25 September and a restoration of the original 3,000 openings effective 1 October, and demonstrations became less frequent at the month's end.

(b) Tokyo Labor Bureau officials very freely expressed the opinion that, academically, the rotation system is desirable, especially when the budget is sufficient to absorb the majority of the jobless. But in the case of a limited appropriation a less stringent application of the rotation procedure is preferable, especially one that will allow first priority to the most needy.

(2) An interesting illustration of appeasement of day laborers is the case of three agitators on a work relief project in Tochigi who were notified by the PESO chief that they were undesirables and would not be granted further employment. Whereupon these workers immediately filed an appeal with the LRC, charging that such action constituted a violation of Article 7, paragraph 1, TUL. The LRC admitted being perplexed regarding its authority to handle legally an appeal from a day laborers' union. They stated that the question was broached at the conference of LRC neutral members at Hakone last month, but no decision could be reached. Moreover the commission could not agree whether Article 11 of the Emergency Unemployment Counter-measures Law was applicable. So by "informal" conciliation the chairman recommended that the workers be reinstated on condition that they co-operate with officials in the future. The matter was settled amicably, the workers withdrew their complaint, and the question of their authority to appeal to the LRC under such circumstances was successfully evaded. However, the need for concrete decisions on such matters is daily becoming more acute.

(3) Nagano reports that all outrageous demands by day laborers are promptly refused by prefectural officials. However, city and town officials sometimes compromise with day laborers. Most recent example of this nature is the case where Matsumoto City officials paid "O-Bon" festival allowances of ¥100 to single men and ¥300 to those who were married. Such payments are generally made from the local welfare fund and are not too widely advertised by those granting them. Day laborers throughout the prefecture averaged but nine days of work in August. Only 10% of the workers were eligible for unemployment insurance.

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a. Summary:

(1) Densen discharges in many prefectures have appealed to the courts for reinstatement, but no cases have thus far been tried.

(2) There is considerable criticism of the leadership and policies of "Sohyogikai." Labor leaders believe that firmer roots are needed for the top-heavy organization, and that a greater effort should be made to reach the rank and file worker.

(3) Private industry, generally, with regard to the purge of Communist elements, maintains a wait-and-see attitude, preferring first to observe the results of the present purges before taking action.

(4) Chiba court, acting as mediator in the case of the Kato Manufacturing Company, recommended a retirement allowance of ¥108,000. Under the ordinary discharge procedure, each worker would receive about ¥50,000.

(5) Seven months of nominal production control was concluded when the Toyo Watch Company Union agreed to management's reorganization plan.

(6) Conclusion of trade agreements is being hampered in some instances because of federation level negotiations.

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Tabbari

Fertilizer -

Seasonal Incr. Demands -

EIA -

Action to controlling profiteering  
in textiles was pursued  
with surprising vigor - & good  
results -

What is action taken by EIA  
against unreasonable profit taking -

P. D. Memo's 45846

Nolan says M. P. should accompany  
them on raids involving 3rd National's

Staple Food Rationing -

Staple Food Rations 4090 -

Worry food for school lunch Program  
referred to EIB.



Tokhai

Industry

Jap. survey among 91  
medium & small export Prod. factories

50	desired expansion & imp.
14	.. expansion
17	improvement
10	nothing

Length of Time MITI takes  
to disseminate info on foreign  
markets

Reparations —  
Reported on Approval of  
bonds —

Restricted Industry —

Explosives —  
Nippon Yusen KK slight  
reduction of planned Prod.



Tokkai

Fertilizers —  
Management attempting to  
operate at maximum cap.  
(hope of reducing cost +  
" of report)

One more unit — ammonium  
sulphate plant authorized by  
GHA —

Prices —  
Bldg. Materials up 30% —

Construction:  
Bldg. Costs — steel & concrete  
48 - 52 000 / Tsubu  
E.A. Suggestions reduce cost  
20% on projects



Date 13 OCT 1950

Economics Division  
Routing Slip  
(Not to leave Division)

From		To	
Papen			
Link	X		
Johann			
Fansworth			
Tom			
Heineman			
Johnson	X		
Fryman	X		
Woodward			
Deherly			
James			
Chief Clerk			
Action		File	
Information		Sac Me	
Policy File			

*John*  
*1620*

OCT. 14 1950 - 0900 Hr. Reported  
no objection to Mr LINK,  
*J*



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

ANNEX D

To Civil Affairs Activities Report  
Period Ending 30 September 1950

ECONOMICS SUMMARY

Author: C. M. GEORGE, Economics Officer

FIELD TRIPS

DAC personnel spent 131 man/days in field work during September. This time was apportioned among the six prefectures of this region as follows: Aichi, 37; Gifu, 15; Mie, 16; Fukui, 28; Ishikawa, 14; Toyama, 21.

CONFERENCES

In addition to required surveillance, Natural Resources personnel attended 2 land reform conferences, one regional home improvement workshop, one agricultural extension conference, one semi-regional rice pre-collection conference, one semi-regional fisheries conference, 6 forestry conferences, 7 mine and mine safety conferences.

Commerce and Industry personnel attended 3 prefectural EIA conferences, and 3 weekly conferences with the Regional Economic Bureau. One weekly meeting was cancelled owing to a national conference in Tokyo. One labor-management conference was attended in conjunction with the Labor officer.

The Labor officer held four labor-management conferences for the purpose of discussing problems in connection with the current purge of Communists from industry.

AGRICULTURE

1. Fertilizer Requirements:

Although seasonal demands resulted in a sharp increase in fertilizer requirements, no particular problems in production or distribution were reported.

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ANNEX D

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BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 30 September 1950.

2. Agricultural Reform.

a. Land Reform.

(1) Officials in charge of land reform affairs in Aichi, Gifu, and Mie reported that the Finance Ministry was proposing drastic cuts for the program in the process of drafting the 1951 national budget. The slash proposed originally, they reported, would have resulted in an 80% reduction in personnel of prefectural land sections. The officials later reported that the Ministry had conceded to a proposed allocation which would allow them to retain approximately one-half their present staffs, each of which numbers about 50 persons at present. They presented detailed plans for the projects to be carried out in the next fiscal year, which they claimed could not be executed if any drastic cut were effected. Officials believed that some ill-feeling was borne by the Finance Ministry toward the Farmland Bureau of the Ministry and Agriculture and Forestry because Bureau officials had asked SCAP to intercede for more funds, and that this situation precluded just consideration.

(2) Investigation of prefectural land consolidation plans for 1950 revealed that out of the total acreage included in consolidation projects, only about one-third of the paddies were expected to require transfer of ownership. By prefectures, estimated portions of consolidation projects to undergo transfer were: Aichi, one-half, Mie and Toyama, one-third; Ishikawa, one-fourth; Gifu and Fukui, one-fifth. The largest single project, at Anjo town, Aichi, included 1,000 cho, of which 200 cho and 1,000 paddies were to be exchanged. The project involving the most transfers was Aioi village, Gifu, requiring exchange of 4,146 paddies with a combined area of 90 cho. The smallest project was Tsuboe village in Fukui, where 6 out of 30 cho, consisting of 150 paddies, were to be exchanged.

b. Cooperatives.

(1) Agricultural cooperatives officials of all prefectures reported that no resentment existed among cooperative associations against mandatory audits of their accounts by prefectural governments, and that such visits were generally welcomed.

(2) Liquidation of Nogyokai showed rapid progress between the national target date of 15 August (See "Cooperatives", activities report for August, 1950) and the close of the reporting period. Liquidation of the prefectural Nogyokai in Mie was completed. The final general meeting was held by Toyama Prefectural Nogyokai. Besides Toyama, Aichi, where registration of the transfer of assets was still in progress, and Gifu, which expected to accomplish liquidation by 30 October, remained to be completed. Progress in transferring of assets and registration of

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BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 30 September 1950.

Transfers of local Nogyokai assets is shown by the following table:

Prefecture	Not Completed <u>15 August</u>		Not Completed <u>30 September</u>	
	Transfer	Registration	Transfer	Registration
Aichi	0	19	0	18 (18)
Gifu	5	103	4	21
Mie	0	6	0	6
Isuikawa	5	72	5	55
Toyama	1	13	1 (1)	1 (1)
Fukui	5	31	3 (2)	25 (2)
Totals:	16	244	13	126

Note: Figures in parentheses ( ) indicate numbers involved in unsettled court actions.

(3) A special report giving details of a large embezzlement of funds from the National Sales Federation of Agricultural Cooperatives as well as from the Fukui Prefectural Sales Federation was forwarded to Civil Affairs Section. The chairman of the prefectural federation and concurrent director of the national federation is alleged to have utilized a total of more than ¥17 million in association funds for his own private company.

(4) Agricultural cooperatives were emphasizing the formation of women's departments under separate constitutions as a means of having women participate, rather than encouraging them to join as shareholding regular members enjoying equal privileges with men. A special report concerning this matter was submitted to Civil Affairs Section.

### 3. Staple Food Crop Collection.

#### a. Summer Crop Situation.

(1) ~~Complete fulfillment of the 1950 wheat and barley collection quota was realized for the region on 25 September.~~

(2) Cumulative quantity of wheat collected has reached 100.4% as of 30 September. Accomplishment percentages by prefectures and date of quota completion are as follows:

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BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 30 September 1950.

<u>Prefecture</u>	<u>Quota (1000 koku)</u>	<u>Cumulative Amt. Collected *</u>	<u>Percent of Quota Fulfilled</u>	<u>Date Quota Completed</u>
Aichi	316.8	317.6	100.2	18 September
Gifu	104.2	104.6	100.2	20
Mie	135.7	136.2	100.3	20
Toyama	33.5	33.6	100.3	22
Ishikawa	35.2	35.4	100.8	25
Fukui	16.2	16.8	101.3	15

\* Includes 701 koku of confiscated mugi.

Ishikawa prefecture with a 193% overquota delivery had to deliver 6,000 koku of rice as substitute in order to complete delivery. Similar action was required in both Fukui and Toyama prefectures.

(3) Damage from typhoon "Jane" as estimated by prefectural officials and reported to the Ministry ranged from a high of 370,000 koku for Aichi to 150,000 for Mie. Prefectural estimates, however, are believed to be considerably exaggerated.

(4) A semi-regional rice pre-collection conference for the Hokuriku prefectures was held in Fukui on 26 September to outline an effective crop collection plan for fall rice delivery. A similar conference for the Tokai prefectures is scheduled on 16 October.

(5) The rice pre-planting quota breakdown still has not been completed in Nagoya City. (See par. 4b (3) August Monthly Activities Report).

#### 4. Extension Reorganization.

a. A Ministry-sponsored home improvement workshop was held at Kajiura near Awara in Fukui prefecture from 26 to 28 September. Workshop evaluation of this region's progress revealed the following principal remaining needs: (1) five of the six prefectures at this time should qualify, hire, and assign home specialists as home improvement sub-section heads and (2) training institutes should be established to develop present inexperienced adviser personnel.

b. Although Aichi's extension section was the only one which distributed pamphlets to farm advisers and farmers in preparation for the typhoon season, the other prefectures after the typhoon instructed all farm advisers in areas where damage was most serious to expedite drying crops and to provide measures to prevent the spread of insects and diseases.

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BASIC: ANNEX D to Civil Affairs Activities Report, Tokai-Hokuriku Civil Affairs Region for period ending 30 September 1950.

c. In Toyama, where the drive to increase 4-H membership between ages of 10 and 20 has been slow, the extension section sent letters to all principals of junior and senior high schools requesting their cooperation in promoting 4-H club activities. Gifu, which has been the last prefecture to provide voluntary leaders for training courses, has carried out 13 promotion conferences to create interest in each gun among a wide representation of community leaders and teachers. In Aichi prefecture 10 farm advisers attended an Education-sponsored leadership training course for the development of their skills in democratic organization of 4-H. In Fukui, a 3-day 4-H training course attracted 25 farm advisers and 32 potential leaders for the purpose of satisfying leadership requirements in a prefecture where the number of club members far exceeds the number of leaders to take care of them.

#### FISHERIES

##### 1. Supplies.

a. The ban on advance petroleum allocations enforced since August resulted in considerable curtailment of fishing, according to interviews with fishing boat owners in the Hokuriku district. Similar reports have been heard from Mie prefecture, but have not yet been verified.

b. All prefectures suffered loss of fixed nets due to the typhoon and have requested the Fishery Agency for a special allocation of cotton thread for replacements. The fishermen are faced with the prospect of having to buy the nets on a "cash and carry" basis which they cannot afford. A special emergency loan from the government is being asked by all the prefectures to relieve this situation.

c. The extent of other typhoon damage to fishing boats, nets, and facilities (ports, breakwaters, warehouses, etc.) were reported to be as follows: Fukui, ¥200 million; Ishikawa, ¥150 million, Toyama, ¥29 million; Aichi, ¥17 million, and Mie, ¥99 million. Prefectural reports, however, are believed to be greatly exaggerated.

##### 2. Fishery Cooperatives.

a. Liquidation of fishery association assets is not progressing satisfactorily. Fukui prefecture, however has only one association remaining with assets unliquidated. The progress rates of other prefectures are: Toyama, 35%; Ishikawa, 40%; Mie, 40%; and Aichi, 35%. To expedite the completion of the above program Toyama and Ishikawa prefectures during October will send their representatives to all fishery associations. The Gifu, Mie, and Fukui federations of FCAs were visited by CAR personnel. Inasmuch as the federations are still

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