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GHQ, SCAP
CIVIL INFORMATION AND EDUCATION SECTION

INTRASECTION MEMORANDUM

6 December 1949

FROM: OIC, Policy and Programs Branch

TO: All Media Branches
Information Officers, Policy and Programs Branch

THRU: Chief, Information Division

SUBJECT: Fact Sheet No. 18

1. Herewith Fact Sheet No. 18 on economic stabilization, libel, communism, and repatriation.

Item One

JAPANESE LIVING STANDARD STEADILY IMPROVING--IKEDA. (Source: Jiji Press, Evening Edition, 24 November). The living standard of the Japanese people is steadily becoming stabilized as a result of a series of strong measures taken so far by the Government to restore the nation's self-supporting status, Finance Minister Hayato Ikeda told the Lower House Budget Committee 24 November. The strong self-supporting policy now undertaken by the Government is improving the living standard in general, he said. Mr. Ikeda promised that during the coming year from January to March the burdens now upon the public will be certainly mitigated as a result of the reductions of taxes embodied in the revised budget.

Item Two

ESB DRAFTS REPORT ON JAPAN'S ECONOMY TO SUBMIT TO DODGE. (Source: Kyodo, Evening Edition, 5 November). According to Kyodo, the Economic Stabilization Board presented to Minister Joseph Dodge a special report petitioning "proper measures to enforce the stabilization program." The report is said to have admitted that the chief objective of the Dodge line—a return to a stabilized economy—has been achieved. It is reported to add that rehabilitation efforts have been hampered by sluggish exports and a production slowdown resulting from the falling effective demand. Some points in the ESB report: (1) Under the balanced budget for the current fiscal year, the Government income was 28.4 billion yen more than Government expenditures in the first half of the fiscal year; (2) deposits and savings have increased by 213.5 billion yen in the six months, reaching 85 percent of the annual savings goal; (3) Bank of Japan note issue has decreased from 312.5 billion yen to 298.2 billion yen; (4) prices have tended to stabilize under these financial and monetary conditions—blackmarket prices for consumers' goods have dropped 19 percent from the February 1949 peak, and seven percent from April to September, while the effective price index (weighted) for consumers has risen only one point in the half year, from 245 in March to 246 in September (1947 average equals 100); (5) rationalization of enterprise has progressed with the easing of economic controls, adjustment of domestic price levels to international levels and widening of fields of free competition; (6) average caloric value of coal has risen from 5,685 calories for

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1948 to 5,869 in July, and quality of lime of nitrate and aluminum also have improved; (7) average amount of coal used for production of a ton of cement has been reduced from 427 kilograms in 1948 to 380-410 kilograms in July 1949; (8) production of a case of sheet glass, requiring 107 kilograms of coal in July 1948, was possible with only 80 kilograms one year later; (9) average amount of coal output per miner per month rose from 5.8 tons in April 1948 to 7.8 tons in July 1949; (10) cement production has risen from an average of 13 tons per employe in 1948 to 20 tons in July 1949; (11) the percentage of pit workers in coal mines has increased from 55.3 percent to 58.6 percent; (12) portion of total salary which Tokyo families spent on food showed a slight decline, from 66 percent in 1947 to 63 percent in August 1949.

Item Three

PRICES OF CONSUMER GOODS DROP IN NOVEMBER. (Source: Kyodo, Morning Edition, 2 December). Prices of consumer goods during November registered a decline of 3.7 percent from October, according to a checkup by the Bank of Japan. The Bank of Japan survey is based on the September 1945 average. Staple foods dropped 2.8 percent, side dishes dropped 5.1 percent, seasonings 2.7, non-essential edibles 7.9 percent; textiles 1.6 percent; daily necessities 2.2 percent; and fuel 1.6 percent.

Item Four

NUTRITION SURVEY SHOWS JAPANESE CALORIC INTAKE INCREASING. (Sources: Kyodo, Morning Edition, 25 November and Jiji Press, Afternoon Edition, 25 November). The nutrition situation of the Japanese people is gradually improving, according to a survey by the Ministry of Welfare among 175,000 city and rural inhabitants. Caloric intake of city dwellers rose 4.7 percent from May 1948 to May 1949, and that of rural inhabitants rose 5.9 percent. Average daily caloric intake per person in May 1949 was 2,004 in the cities and 2,174 in rural areas. The improvement in diet was said to have resulted in appreciable increases in both stature and weight of children.

Item Five

OCTOBER PRICE INDEX DROPS 2.4 PERCENT. (Source: Kyodo, Morning Edition, 1 December). Consumer prices for October dropped 2.4 percent from September in the nation's major cities, according to a survey by the Statistics Bureau of the Prime Minister's Board. The average consumer price index in the nation's cities in October was 136.8, on the basis of last year's average of 100. The decrease was largely due to the 2.1 percent decline in the prices of staple foods. Dwelling and miscellaneous expenses went down 0.4 percent each.

Item Six

CANDY, DESSERT POWDER, JUICE POWDER, FLAVORING, SEASONING BEING RELEASED. (Source: Kyodo, 30 November). The International Trade and Industry Ministry announced it was receiving bids on 1,500 tons of imported canned goods from private merchants and large scale consumers. Included were 180 tons of flavoring, 100 tons of seasoning, 130 tons of dessert powder, 150 tons of juice powder, 130 tons of baking powder, 25 tons of candy, 55 tons of meats, 55 tons of sweet potatoes, and 515 tons of miscellaneous foods.

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Item Seven

1.89 BILLION YEN BLACK MARKET CASE IN COTTON YARN. (Source: Jiji Shimpō, 29 November). The Metropolitan Police Board, in an interim report 28 November, stated that 80 companies and 269 directors or other employees were involved in blackmarketing of 1.89 billion yen worth of cotton yarn designed for making fish nets. One hundred twenty persons have been detained by the authorities for examination. Among firms involved are the Toyo Fishnet Manufacturing Company, Toyo Spinning, Fuji Spinning, Nitto Spinning, Marunaga K.K., Maruzan Fiber, and others covering the Kanto, Kansai, Tokai and Shikoku districts. Investigations, which started last June, are being continued.

Item Eight

NEW EXPORT SYSTEM FREES 85 PERCENT OF ALL EXPORT TRANSACTIONS FROM ALL JAPANESE GOVERNMENT CONTROL EXCEPT CUSTOMS INSPECTION. (Source: PIO, GHQ, FEC Press Release, 1 December). Exporters were allowed to handle their own transactions directly with authorized banks in accordance with normal commercial practice from 1 December, the day of passage by the Japanese Diet of the "Foreign Exchange and Trade Control Law." SCAP officials estimated that the new system would permit approximately 85 percent of all export transactions to be completed directly between the exporters, buyers and banks without reference to any government agency prior to customs inspection. Speed in completing transactions was expected to be increased materially.

Item Nine

MINING EFFICIENCY INCREASES. (Source: Jiji Press, Morning Edition, 6 October). While the number of coal miners employed dropped from 450,000 at the beginning of the year to 400,000 at the end of September, individual miners' production per month has increased to reach 8.7 or 8.8 tons in recent weeks, according to a report by the Board of Natural Resources. (Cf. Item Two) The Board predicted that employment would fall to 360,000 or 370,000 by the end of the year, and that efficiency would increase correspondingly.

Item Ten

CHEAP TOFU AND NATTO TO BE RATIONED FOR NEW YEAR. (Source: Jiji Shimpō, 26 November). The Food Board is planning to distribute cheap "tofu" (bean curd) and "natto" (fermented soya beans) to households in nine prefectures, including Tokyo, for the New Year's holidays. Four thousand tons of soya beans will be allotted for this purpose.

Item Eleven

NATURAL GAS LOCOMOTIVES TO APPEAR IN CHIBA PREFECTURE. (Source: Kyodo, Noon Edition, 1 December). National Railway Corporation authorities are making preparations to use natural gas in all lines in that area. Taxis and buses have already started using the cheap fuel. Gas-driven trains are reported to be much more economical than coal or gasoline-driven trains. Plans are being drafted for converting locomotives to the use of gas, and for laying special lines to haul the gas cylinders.

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SUE AKAHATA EDITOR FOR LIBEL. (Source: Nippon Times, 2 December). Editor-Publisher Tatsuo Harada of the Akahata was sued 30 November for libel by Postal Service Minister Saeki Ozawa and Eiichi Nishimura, Democratic Liberal member of the Lower House. The suit was filed in connection with an Akahata article alleging that the two men received bribes totaling 20,000,000 yen from Hitachi Electric Works, Ltd., for placing an order for construction of a generating motor.

Item Thirteen

PROSECUTION MAY FILE LIBEL SUIT AGAINST DEFENSE CLAIMS OF THIRD DEGREE METHODS. (Source: Kyodo, Noon Edition, 25 November). Prosecutor Kotaro Kawaguchi said at the fourth hearing of the Mitaka runaway train case trial 25 November that the prosecution might file a libel suit "at a suitable time" against those accusing the prosecution of third-degree methods. "The defendants claim that they were subjected to unlawful methods of questioning," he said, "but the fact that they have not given a single concrete example of this illegal questioning shows that no such methods were used." He added that such "fabrications and exaggerations and the holding of propaganda speeches against procurators, judges and penitentiary personnel" were "crimes of contempt, slander and intimidation." He said the prosecution "would at a suitable time in the future take strong action against these propagandists."

Item Fourteen

COMMUNIST PARTY STRENGTH DECLINES FURTHER. (Source: PIO, GHQ, FEC Press Release, 1 December 1949, 1330). Communist party strength in Kobe was revealed to have dropped sharply in the recent mayoralty election there, according to a statement by Brig. Gen. Courtney Whitney, Chief of SCAP's Government Section, 1 December. Kobe voters in last January's general election cast 14.2 percent of their ballots for Communist candidates, while the Communist support in the recent mayoralty contest dropped to six percent. The decline is even more decisive when it is considered that only 40 percent of the qualified voters turned out for the Kobe mayoralty race, whereas January's turnout was 55 percent. The Communist Party has a long standing reputation for mustering all possible votes, particularly at times when the general voting interest is low.

Item Fifteen

COMMUNIST PARTY LEADER ADMITS DISAPPOINTMENTS IN LABOR STRUGGLE. (Source: Akahata, 2 November). In discussing "a serious problem" which "has arisen to face labor movements recently," Kyuichi Tokuda, secretary-general of the Japanese Communist Party, said: "The reason we have suffered a considerably hard blow and have been obliged to make a conversion is that leftist trade union leaders, and even our party members who must be responsible, have turned bureaucratic. Our party members, after assuming leading posts of trade unions, gradually became bureaucratic as they felt too comfortable in their new positions. They tried to take the lead over union members under dogmatic policies they forced on them. Although their policies might have been well-intended and partially right, they did not conform with the demands of the masses. As the result, the confidence of union members at large in these leaders declined day by day."

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Item Sixteen

EIHO MARU REPATRIATES ASK FOR 'RISING SUN' BADGES. (Source: Kyodo, Morning Edition, 2 December). Officials of the repatriation center in Maizuru reported 2 December that some of the repatriates aboard the Eiho Maru, which arrived 1 December, had requested the ship's captain to allow them to debark wearing small "rising sun" badges.

2. Suggestions for treatment of the above items:

General. Four basic ideas should be stressed in the next two months in information programs dealing with the economic recovery of Japan: (1) economic stabilization, to a large degree, is a reality and the problem now is to "hold the line"; (2) textiles and staple foods other than rice, two daily necessities accounting for a major part of family expenses, are expected to be supplied in greater quantities at official prices; (3) wages in yen if increased may start the inflation spiral all over again but an effort is being made to increase "real wages", that is, the purchasing power of the yen, through release of more daily necessities at low official prices; (4) dealers and patrons of the black market, besides being unpatriotic, drain off goods otherwise legally available; they also risk fines and prison terms under terms of an intensified campaign by law enforcement bodies to stamp out the black market.

Exhibits. Items One through Five: Collect all of the favorable results of the economic stabilization program in a single poster or some other single exhibit to permit Japanese to take stock of how far they have come in their recovery program. Items Six and Ten: Encourage consumers to anticipate more and cheaper non-essential food on the market in the pre-holiday and holiday season. Items Twelve and Thirteen: Use these examples to point out what average citizens can expect in the way of respect of their human rights, pointing out that unbridled, unfounded criticism of any individual or body can be punished. Items Fourteen and Fifteen: Seize opportunities to inject references to the demise of Communist influence into kamishibai and other current visual materials.

Press and Publications. Items One through Five: Encourage newspapers and magazines to do roundup features on the progress made to date in the economic stabilization program. Items Six and Ten: Encourage newspapers to stress increases in food rations and other materials in the holiday season and later, emphasizing the effect such releases should have on black market sales. Item Seven: Encourage newspapers to follow black market cases closely, reporting penalties served on violators. Encourage editorials in newspapers and periodicals reaching fishermen to inform them how black market activities are depriving them of fish nets at reasonable prices. Item Eight: Encourage newspapers and periodicals, including prefectural press and magazines, to seek out local examples of the easing of export restrictions and its effects in shortening number of days to complete transactions and in increasing export activity. Item Nine: Encourage coal mining trade journals, newspapers in mining areas, and other periodicals to do features on the increasing efficiency of coal miners and on improvements in coal mining machinery which can result in more output. Item Eleven: Encourage features on the new gas-driven locomotives. Items Fourteen and Fifteen: If the Tokuda statement was for the most part overlooked, as it seems to have been, it still could bear scrutiny in newspaper feature articles and magazine articles. Item Sixteen: Encourage newspapers to seek out repatriates who wanted to wear the "rising sun badges" and find out why they did not approve of the Communist line.

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Radio. Items One through five: Plan a roundup program, or a series of programs, taking stock of progress to date in the economic stabilization program; it might be possible to "ring in" some of the apprehensive statements issued at the time of announcement of the Nine-Point Program and the Dodge Line, comparing them with current apprehension over holding the Dodge Line. Items Six and Ten: Encourage use of information about increased rations of non-essentials, as well as anticipated increases in textiles and staple foods other than rice which will be available soon, on women's programs, and others aimed at consumers. Item Seven: Encourage full radio coverage of blackmarket cases, including some instances of apprehension of "small time" offenders; encourage follow-up of this cotton yarn case, with special attention to how fishermen have suffered through such black market operations as this. Item Eight: Interview prominent exporters on the advantages of the new system; tie in references to the speeding up of procedures in programs on exports, smuggling, customs inspection, and other allied subjects. Items Nine and Eleven: Use these items as examples of "rationalization of industry." Items Twelve and Thirteen: Interview Ozawa, Nishimura and Kawaguchi about the libel suits they have filed; encourage close news coverage of developments in both libel suits with full explanations of individual citizens' human rights under the new Constitution; encourage commentators to discuss the libel suits and the healthy signs of people's awareness of their new rights. Items Fourteen and Fifteen: Encourage commentators to analyze the decline in popularity of the Japanese Communist Party and some of the reasons for it, as presented in the statement by Tokuda and in comments by other political figures.

Motion Pictures. Items One through Five: Newsreel interview of Ikeda on progress to date of economic stabilization program; short on progress in rationalization of industries and other stabilization factors (see also Items Nine and Eleven). Items Six and Ten: Encourage news shots of deliveries of candy and other pre-holiday rations to retailers, and shots of consumers buying these goods at low official prices. Item Eleven: Feature newsreel shot of gas-driven locomotive. Items Twelve and Thirteen: Encourage newsreel companies to cover the arraignment of the Akahata editor; encourage newsreel interview of Kawaguchi on his plans for filing a libel suit against defendants in the Mitaka case.

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Mr. [unclear]

KYUSHU CIVIL AFFAIRS REGION
HEADQUARTERS AND HEADQUARTERS DETACHMENT
Fukuoka, Kyushu, Japan

ERM/msw

APO 24 Unit 5
8 July 1949

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ECONOMIC SITUATION IN KYUSHUCROP PRODUCTION:

1. This has been a year of unprecedented heavy rains. Grain crop was much smaller than usual due to unusual weather conditions, and crop was as much as 30% below normal in some prefectures. White potatoes suffered heavily from ring rot due to constant rainfall, and were unusually small. In addition, heavy rains of flood proportions at harvest time made it necessary to get all potatoes out of the ground hurriedly to prevent further rotting, and potatoes harvested were in such condition that they could not be stored. It was therefore necessary for the government to authorize unrationed distribution of potatoes in the same manner as ordinary vegetables, and to allow unlimited use of potatoes in making starch. Because of damage mentioned above, Kyushu prefectures were given reduction in grain quotas ranging from 9% in the case of Saga to 30% in the case of Kagoshima; and white potato quota reductions ranging from 11% in the case of Fukuoka to 35% in the case of Kagoshima.

2. A typhoon followed by continued heavy rains have caused considerable damage to vegetable crops and to rice seed beds and newly transferred rice seedlings. While farmers plant more seedlings than needed each year, it is doubtful if continued losses

of such seedlings through flood rains can be made up. Vegetable and fruits and tobacco losses were very high during the typhoon in Miyazaki and Oita prefectures which are on the east coast, and claims of damage ran as high as 80% in these prefectures.

COAL:

1. As you are well aware, Kyushu has been allotted 52% of the quota of 42,000,000 tons production for the current coal year. It will, therefore, be readily realized that the comparative success or failure of the coal industry is very closely related to economic, social, political and other conditions in Kyushu.
2. The coal industry has recently been subjected to three closely related deflationary programs. These are:
 - a. The three point program affecting prices, subsidies and wages in the coal industry.
 - b. The nine point economic stabilization program.
 - c. The Dodge program for tightening of credit and curtailing of government subsidies.
3. Since, prior to the initiation of these three deflationary programs, the coal industry had been operating upon almost diametrically opposite policies, this industry is now undergoing a period of radical transition and crisis much greater than other businesses. These changes have in turn given rise to difficult social and economic problems including:
 - a. The worsening of labor management relations as a result of failure of mines to meet wages fully and promptly, and inability of mines to grant higher wages.
 - b. Inability of mines to pay outstanding debts to supply agencies.

- c. Increase in coal stockpiles due to effects of deflation upon coal consuming industries who are unable to purchase coal in quantities anticipated or to promptly pay for coal which is delivered.

These facts have given rise to a feeling of uneasiness among the coal mine management and workers and are having a psychologically adverse effect upon their zeal for the attainment of the 42,000,000 ton quota.

LABOR SITUATION:

1. Despite the fact that in the general election in January of this year, only one communist was elected from among the 11 million people in Kyushu, the Communist party has nevertheless been clamoring for a united labor front and has gradually succeeded in bringing over neutral factions to its side. This was done in the following ways:

- a. By taking advantage of the psychological influences upon the people of Kyushu of developments in nearby China and Korea.
- b. By cleverly making use of the worsening economic situations of labor resulting from enforcement of deflationary economic and financial policies including increased taxation, industrial rationalization, revision of labor laws, and administrative readjustment.

During this campaign, the Communists were able to bring neutral factions to its side, including the Yahata Steel Workers Union, Kyushu Regional Chapter of All Japan Transportation Company Workers Union, and Kyushu Federation of All Communication Ministry Workers Union. This extended the strength of the All Kyushu Labor Council

to include 26 affiliated unions with a total membership of 500,000 workers and broke the ranks and strength of right wing labor elements. Presently, the communists are trying to strengthen their position by coming to the defence of small and medium sized industries, which have been crippled by the credit restriction program, and by carrying on a campaign against administrative readjustment using the National Railroads Kokura Branch with 19,000 employees and the Shima Branch with 6,000 employees as its rallying points.

2. Opposing this vigorous unification and strengthening of the battle front along Communist or leftwing lines by the All Kyushu Labor Council, rightwing elements or democratization league groups are holding the initiative in such powerful unions as the Western League (Seibu Domei Kai) with 120,000 members which is affiliated with the Japan Federation of Labor; the Kyushu Regional Headquarters of All Electric Industry Workers Union with 12,000 member; and the Kyushu Council of National Railroad Workers Union of 45,000 members, and others of smaller size. This group is struggling hard to form a unified labor front with unions of small and medium sized enterprises. However, even the rightwing elements cannot help being swayed by the general trend in labor circles to demand protection of working places threatened with extinction under the curtailed credit program, and opposition of administrative readjustment and rationalization of employment. These tendencies combined with the general trend toward depression in economic circles, and the lack of tangible unemployment relief measures, are facilitating the activities of extreme leftwing elements.

Recently, menacing attempts of sabotage against the state-owned railroads have occurred, and we consider that the leftwing of the State-owned Railroad Workers Union under leadership of the Communist Party is trying to demonstrate its firm determination to resort to destructive action if necessary.

3. In the struggle between the right and left wing labor camps, with the Communist-influenced All Kyushu Labor Council with its 500,000 workers on the one side, and a democratization league group numbering 200,000 on the other, the trend of coal mine workers union is worthy of attention as they represent nearly one third of the total organized labor in Kyushu. Since 20 March of this year the coal mine workers' labor front has been united through the unconditional absorption of all unions affiliated with the leftwing "Zensekitan" (All Japan Coal Mine Workers Union) into the more conservative "Tanro" (Japan Mine Workers Federation) with the lone exception of the Kaho Mine Worker. But the antagonism between the right and left wings within this amalgamated union is growing severer due to the growing labor and social unrest.

4. As a result of the financial independence required by the 3 point wage-subsidy - price principles, and the 9 point economic stabilization program, management had been confronted with the necessity of rectifying, in many respects, the pay clauses and other terms previously generously granted to the unions: - for example, the temporary 20% cut in wage payments made in April thru June, collection of additional dues for the maintenance of welfare facilities, changes in the ratio of underground to surface workers, and discharge of surplus personnel, etc. The unions at first were on the defensive, but gradually began to take the offensive since last

May, the most spectacular example of which was the 3-weeks strike involving 38,000 workers belonging to 23 unions in 11 mines owned by the Mitsubishi Mining Company on Kyushu. Thus, during the period from January 1 to 28 June this year, 1,952,000 mandays were lost, resulting in a decrease of coal production estimated at 538,000 tons. The objective of these strikes, in addition to protest against the 20% reduction in wages, was the demand for participation, on an equal footing with management, in the right of dismissal and transfer of workers, a right now held entirely by management. Such a demand is made in anticipation of future rationalization of industry and reduction of personnel. Up to the present moment, management has been successful in retaining its rights in this regard, but it is expected that this will be a source of dispute whenever management attempts dismissal of employees. What attracts more of our attention, at the present time, are the frequent occurrences of underground sabotage activities, carried on by extremist elements in labor unions.

FINANCIAL SITUATION:

1. The financial situation in Kyushu as a result of the 3-point and 9-point economic programs, has become critical in many respects. The problem has been greatest for those agencies supplying coal mines. The outstanding bills of coal mines for lumber, mining machines, electric power, taxes and part of wages etc., amount to 8,100,000,000 yen. Due to the heavy arrearage of payments by coal mines, those industries supplying materials to the mines have been driven almost to bankruptcy, and their ability to continue to produce and supply the mines has, of course, been likewise seriously affected.

STOCKPILING OF CRITICAL MATERIALS:

1. Due to the rationalization and credit curtailment programs, there has been a decrease in demand for coal and other basic materials. In May the demand for coal decreased from a monthly average of 3,000,000 to 2,420,000 tons. This decrease is partly due to the enforcement of the "cash upon delivery" system, and industries have therefore been forced to curtail coal purchases. At present reduced rate of purchasing, coal stockpiles at mines, dockside, and markets and in private hands will amount to 5,000,000 tons in Kyushu by the end of July. Temporary cessation of coal shipments to Korea due to non-payment by Korea have added to accumulation of coal in Kyushu. There is already considerable talk of reducing the production goal of 42,000,000 tons in view of the growing unbalance of demand and supply, and it is believed necessary for the government to reconfirm a goal of 42,000,000 tons to prevent mine owners and workers from curbing their efforts. The problem of financing coal production is of course increased when coal goes into stockpiles rather than into hands of consumers.

PUBLIC WORK PROJECTS TO USE EXCESS COAL:

1. It is believed that public works projects designed to use the excess coal available in Kyushu, and provide jobs for those who become unemployed as a result of rationalization program, should be instituted. First priority should be given to hydro-electric projects. These projects will help build up the fundamental conditions for the economic recovery of Kyushu. In particular, construction of hydro-electric plants is most urgently needed in Kyushu which is suffering from electric power shortage as compared

with other areas of Japan. And the need of an effective flood prevention scheme cannot be too much emphasized in Kyushu if we consider what a great loss to human life and property was caused by the recent heavy storms here, as is the case almost every year. (Number of dead and missing 157; damages done to bridges, roads, rivers etc. ¥ 7,050,000,000; houses destroyed and swept away 1,798; damages done to farm land 32,753 cho; loss of agricultural products ¥ 4,963,000,000)