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munitions production by separation from the present enterprise and moving out of the designated zone. Of course, the new establishment and expansion of industry are not allowed when they injure the security of air defence.

In order to carry out most efficiently the increase of production, it is planned to expand the already existing industrial zone first. To expand the already existing equipment is the short cut to the increase of production for tomorrow when there will be insufficient building material and a want of technicians. However, this is rather dangerous for air defence. Such exceptional permits are given only with a view to increasing munitions production, while to meet the demands of air defence the over crowded cities must be dispersed.

The swelling productive power in the four big industrial zones should, on principle, be suspended though the expansion of productive power will be made hereafter more and more swiftly, because of the demands of the State. Hence some new place must be designated for the sake of increasing productive power in the future. If the government fails to state positive geographical conditions for the region of new industrial construction, rapid dispersal of industry cannot be done. The installations, ports, transportation facilities, motive power, labor, water supply, and so forth cannot by any means be constructed with the resources of the businessmen alone. Even if they could be the question would remain whether it would be a wise plan from the point of view of the State as a whole, or from the standpoint of national defence. Therefore it is up to the State to choose and improve the regions indispensable for new expansion. And if measures cannot be taken to introduce various industries that must expand at present into these places, the national plan to be made hereafter will meet with a great hindrance.

To meet these requirements, on the one hand, the industrial designation is to be decided geographically, so as to choose the particular enterprise indispensable to the expansion of productive power, and on the other hand, the construction region is to be determined. A logical arrangement of industries and a comprehensive plan of industrial sites for this region are expected.

(3) The Development of Controlled Industrial Regions

The temporary arrangement for the designated industrial zone and constructive zone is a regional system of decid

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the direction of industrial expansion. From the standpoint of the construction of a national defense country, our key industries that are growing with high speed are controlled to a certain extent, but such control has not yet been carried into practice. The Ministry of Commerce and Industry started to study the regional system of long ago. Early in 1939, a Provincial Industrialization Committee was formed, and it adopted officially the resolution made in September in that year "concerning the plan of dispersing industries to provinces", and came to incorporate "the plan concerning the plan of enforcement of redistribution of industries" decided in December, 1940. Then the Ministry of Commerce and Industry established a council of Industry and Mining for the national plan and published in October, 1941, "the fundamental program of industrial construction" and "the industrial construction region", and it was required to establish definitely the system of industrial regions. In these, it was resolved by the Council of Industry and Mining for the national plan, as a development of the Provincial Industrialization Committee, that a practical means regarding the industrial constructive zone was to be studied.

The essential points of comparison with the temporary arrangement are shown as follows:

1. The establishment of the unit regions for industrial construction is divided into nine sections (whole country) according to the provincial system of the Provincial Relations Council, as in the following table:

- a. HOKKAIDO Region -- HOKKAIDO (北海道)
- b. TOHOKU Region (東北地方) -- AOMORI (青森), IWATE (岩手), MIYAGO (宮城), AKITA (秋田), YAMAGATA (山形), FUKUJIMA (福島).
- c. KANTO Region (關東地方) -- IBORAKI (茨城), GUNMA (群馬), TOFUGI (栃木), SAITAMA (埼玉), CHIBA (千葉), TOKYO, KANAGAWA (神奈川), YAMANASHI (山梨).
- d. TOKAI Region (東海地方) -- Gifu (岐阜), SHIZUOKA (静岡), AICHI (愛知), MIE (三重).

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- e. HOKURIKU Region (北陸地方) -- NIIGATA (新潟), TOMIYAMA (富山), ISHIKAWA (石川), FUKUI (福井), NAGANO (長野).
- f. CHINKI Region (近畿地方) -- SHIGA (滋賀), KYOTO (京都), OSAYA (大阪), HYOGO (兵庫), NARA (奈良), WAKAYAMA (和歌山).
- g. CHUGOKU Region (中國地方) -- TOYOTRI (鳥取), SHIMANE (島根), OKAYAMA (岡山), HIROSHIMA (廣島), YAMAGUCHI (山口).
- h. SHIROKU Region (四國地方) -- TORUSHIMA (徳島), KAGAWA (香川), KOCHI (高知), EHIME (愛媛).
- i. KYUSHU Region (九州地方) -- FUKUOKA (福岡), SAGA (佐賀), NAGASAKI (長崎), KUMAMOTO (熊本), OBUKI (大分), MIYAZAKI (宮崎), KAGOSHIMA (鹿児島), OKINAWA (沖縄).

2. The regions chosen as industrial constructive zones should be modernized in every way as much as possible to let factories develop easily.

3. An industrial construction zone, should be chosen under the present circumstances to be easily self-sufficient with a small amount of material and labor, just enough to create the industrial conditions.

4. Industrial construction zones are differentiated into first class regions and second class regions. The former are mainly places for concentrations of machine tool industries, where it is hoped to construct industrial centers and the latter are considered as satellite industrial construction zones for industrial centers in existence or to be built in the future.

The scheme is divided into general and local standards; the former is for industrial construction in the whole country, and the latter is based on the general standard but is readjusted with regard to local special conditions. The local standards for these 9 special regions are made according to the conditions of the respective places. Given types of industry should be placed in given regions.

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(4) The Fundamental Problem to be Solved.

The temporary arrangement of suspending the expansion of our four big industrial zones and simultaneously planning to build new industrial zones is only a partial arrangement in the whole national plan.

It will certainly be included in the national plan when it is complete. In making the national plan, we have Greater East Asia in mind. The plan for Greater East Asia, including its industries, culture, communications, population, and so forth, needs considerable time for completion. We must start with a national plan on a small scale.

The development of the new industrial zone depends on the assistance of the local people. The condition claiming prior consideration is the readjustment of the administrative section and the definite establishment of the regional system. First, the whole country must be divided several sections in which to place industrial centers with satellite cities outside so as maintain the security of national defence.

As material and labor are running short, no waste must be allowed. It is not easy to keep up the production rate when the dispersion of factories is enforced. The appearance of a sound industrial zone requires perfection in every piece or equipment and favorable geographical conditions. The acquisition of raw materials and the market for the products, motive power, fuel, labor, and water supply should all be taken into consideration. At any rate, we must have a comprehensive plan for the dispersion of industrial zones and, at the same time, for keeping all our areas of industrial production in safety. The establishment of a comprehensive plan, in other words, a national plan, is a burning question.

Typist: Szeta, Cheh

For C.T.C.

T.H.B.

(Enclosure no. 6 to despatch no. 259, March 27,)
 (1945 from the American Embassy, Chungking, China)

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TRANSLATION: F.E.A./JEAN WANG

ACTION: O.W.I.
 INFO: Embassy -
 OSS, Major STEVENS
 - file

FROM: TOYO KEIZAI (The Oriental Economy)
 Published in TOKYO, 29 July 1944

WHAT IS EXPECTED OF THE NEW CABINET (a symposium)

Present:

ROYAMA MASAMICHI (蠟山政道)
 KOMIGIWA RITOKU (小訂利得)
 TSUKUI TATSUO (津久井龍雄)
 NAKAJIMA YADANJI (中島彌團次)
 KONO MITSU (河野密)
 KIYOSE ICHIRO (清瀬一郎)
 SUGIMORI KOJIRO (杉森孝一郎)

Representative of our agency:

ISHIBASHI TANZAN (石橋湛山)

ISHIBASHI: Let me say a few words. It seems that the Cabinet will undergo some changes, and I think there must be various problems in regard to the changes. There won't be any objection to the necessity of powerful politics for the sake of passing through this crisis. The subject assigned to the change of cabinet is the materialization of powerful politics. I would like to have your frank opinions about this. As an M.P. NAKAJIMA is in a hurry, let him say something first.

Rushed up Increase of Production First of All

NAKAJIMA: As we have to win this war at all events, my earnest hope of the new cabinet is an urgent policy for increasing the production of arms especially aircraft. We must give up the annual plan and concentrate our efforts at a speeded-up increase of production. First, to take up the problem of resources, I think we must carry out a speeded-up transportation of bauxite, the raw material of aluminum, and of other raw materials from the Southern Regions. Second, as we depend upon MANCHURIA and CHINA for many things, we should revise the Plan for the Mobilization of Resources, carry out an ahead-of-schedule transportation, and secure resources, raw materials, and materiel. This is my greatest hope of the new cabi

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Renewal of Different Measures

NAKAJIMA: Next thing is the Plan for the Mobilization of Labor. Since the execution of the adjustment of industries, there has still been much unused labor in the cities. These men are so-called by-standers in war time, and I wish the government would exert its efforts to wipe out this aspect. As to schools, only the primary schools (國民學校) should be maintained; the students of other schools can all be used as laborers. Besides, I think we must make a plan for introducing large numbers of Koreans and Chinese.

The Plan for the Mobilization of Resources is divided into three parts. I think we should simplify it and make it adaptable, uniform, and moreover, flexible. This should be done for the utilization of resources; otherwise, our fighting power will not be well developed.

Moreover, there are many secret matters concerning our supreme command. I think there are two reasons for this. One is the prevention of spies, in other words, for strategical purposes, and the other, scientific technique, or manufacturing industries. One is spiritual, and the other, material. Thus, the secret matters concerning our supreme command are numerous. If the government would reduce secret matters, and cooperate more with the people, our fighting power would be increased a good deal. I also hope the government will take some measures concerning the release of war news. I have held symposiums almost every night with the people of the electoral districts and asked them about many things, but they were all afraid to speak. Freedom of speech has been denied. This is certainly not a proper way to stimulate their will to fight. The people are so badly restricted by the so-called Special Penal Law of War Time and the National Security Law that they have become as timid as the people in the feudalistic period. Therefore, the fighting power which could have been developed remains undeveloped now. I don't think we can attain a sure victory unless the government will reduce the secret matters of our supreme command, let the people know more, share its worry with them, and cooperate with them.

The Necessity of a People's Organization

NAKAJIMA: Another thing is that we have no organization of the people to cope with the great war. There are the Imperial Rule Assistance Society and the Youth Corps for the Assistance of the Imperial Rule, but they were not formed by the people of their own will. Even the Administrative Council (行政會) is not well united. It consists of people of various circles including members of Parliament, but they do not cooperate. This is because the organization has no limbs. There is no subsidiary association to the Council. The

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Imperial Rule Assistance Society has limbs, that is to say, it has subsidiary associations, and its work is carried out thoroughly by the prefectural governors, but it has no body and no head. The head has vanished in the realm of the government officials, and is separated from the limbs. I was a member of one of the old political parties. I am not advocating the revival of political parties, but I don't think we can get along in the present situation if we have no union of comrades. For this reason, I hope the government will give more freedom and be more generous in acknowledging political associations. The people organize political associations for the sake of winning the war but never for the purpose of losing the war. Therefore, it is necessary for the government to acknowledge political associations and let the people express their frank opinions. The more political associations are formed, the more will the people's organizations be developed and strengthened, I think. Many organizations were adjusted and have been united into the Imperial Rule Assistance Society. Seventy years have elapsed since JAPAN got rid of feudalism, but wherever you go, you still find strong provincial feeling. This is the time when we must concentrate the total power of the people in fighting the war, but the organization of the Administration Council and the Imperial Rule Assistance Society is merely a formal one; it does not permeate to the lower levels. Therefore, it is necessary to investigate all over again the people's organizations in both the central district and the provinces; but first of all, the government must acknowledge political associations.

Next, I hope the government will establish a system of sure victory by allowing the Diet to manage things. The Japanese Diet has died since the outbreak of the CHINA Incident. Recently, it has revived a little, but even in a session of the Diet, we don't have a report on the war situation in detail. The people's will to fight will never be stimulated under such conditions. These must be thoroughly reformed. The government must guide the people through the Diet, and the members of Parliament should be good patriotic fighters and should also move in the direction of bettering the government.

A Suggestion for Prevention of Inflation

NAKAJIMA: The last thing I want to mention is the policy for a thorough prevention of malignant inflation. What is the fundamental reason for the rampancy of black market where prices are 10 or 20 times higher than the present official prices? It is the weakness of political power. We must strengthen our political power. As to the drawing up of the budget, the special war expenses, which are about 80% of the total budget, and the budget for the demands of the people are all drawn up with secret figures. We must break the secrecy of the budget and remove the cause of malignant inflation which is virtually the budget itself. We are spending a huge amount of money in seven-years' plans and five-years' plans, but this is

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not the time for such plans. Even in GERMANY and ENGLAND, work which takes more than two years to accomplish is being carried out ahead of schedule. Besides, much of the principle of a peace-time balanced budget, the principle of participation, (分取主義) and the principle of local distribution still exist. I think we ought to change them to war time principles and try not to spend money to no purpose. Moreover, we must think over matters like the simplification of issuing orders, the adjustment of the industrial system, and the like.

To take a further step, we should adopt the policy of currency absorption. For this purpose, the system of taxation must be fundamentally reconstructed. At present, the income of the people is flowing into the so-called newly rich class. Laborers, especially laborers in military plants, farmers who live in the neighborhood of cities, repair men, those who have smuggled money from SHANGHAI, and particularly the day laborers, are making 30 to 40 Yen a day. The system of taxation on these people has not been established yet, and we hope it will be established in one way or other. We can't collect taxes from them with the present loose system of taxation. I am thinking of a system of taxation according to professions in regard to this. I don't want to tell you the details, but I think the system of property taxation should also be put into practice. Now, income has been mobilized, but not property. If you were not clear about property, you would not know how the property of the nation could become the property and income of the people, so I hope this will be carried out at any rate.

Here is another thing which also has something to do with my own principle. We have a lot of government property, which is only next to that of SOVIET RUSSIA in abundance. There must be 30,000,000,000 Yen to 50,000,000,000 Yen. This can be shifted from the shoulders of the government to those of the people. I think this is also a method of absorbing currency.

Establishing a Thorough-going System

KIYOSE: As the TOJO cabinet resigned for the sake of awakening the people from langor, I don't think it is enough to let KOISO take the place of TOJO. It will make no sense if JAPAN does not establish a final and thorough-going system of taxation, both at home and abroad. It is a regrettable matter that we have no more elder statesmen of the MEIJI era who were popular among the people, but we can still have an all-star cast consisting of the whole group of our senior statesmen.

Another thing is that we should freely make those closely connected with the people members of the cabinet. We may well resume the old system of assigning executive officers. Particularly in the Army and the Navy, we must assign executive officers, for we can see the reflection of the secrets thoughts of the people in the mirror of the executive officers. I think they are necessary for a long-term war. .

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Another point is that modern war is very much a war of thought and stratagem. Therefore, the matter-of-fact Bureau of Intelligence can never cope with the war. Even the principal of a middle school can understand what has been written above. The government should assign a General Staff of thought or a minister of propaganda to take up the responsibility of direct assistance.

Nothing but Great Increase of Production

KIYOSE: I have only one hope of the new cabinet. That is what Mr. NAKAJIMA has just said, a definite increase of the arms and munitions on which we must stake everything. By increase of production, I don't mean an increase of 10% or 20%. That's useless. To consider aircraft alone, we won't be able to win the war unless we can increase the present production by (blank) times. If the government can only succeed in this, I won't blame it, no matter what failures it may make. That is the only way to save our country. Fortunately, we have enough raw materials to serve our purpose. There are limitations in iron ore resources, and we cannot get as much as we wish to, but we have more bauxite and bauxite shale, the raw material for aluminum, than AMERICA. In spite of this fact, our production is only (blank)% of that of AMERICA. I doubt whether this should happen in war time or not. The matters of finance and thought which Mr. NAKAJIMA has mentioned are measures for promoting the increase of production, but high morale is necessary for this. Therefore, the best way is to let the people know the real war situation and make them feel the absolute necessity of increasing production. Now, as the competition in production between JAPAN and AMERICA is a war, I think those people who obstruct the increase of production should be considered guilty of hindering production and should even be shot. If the government could greatly increase the production of munitions, especially of aircraft, all other failures would be excusable. It won't matter even if there is an inflation or shortage of food, or the loss of the chance for children to go to schools.

Wishing for a Convincing Politics

TSUKUI: I have a hope not only of the new cabinet but of all cabinets.

In short, I hope the government will carry out a kind of politics which can convince us. Politics which are not convincing can never strengthen our feeling of sacrifice and service even if marvelous slogans are made public and strong power exercised. By convincing politics, I mean administration with thought as its foundation. You may take thought as a very abstract thing, but it is linked with many realistic spheres. Especially, it is closely connected with politics. It seems that there has been an inclination to guide the people's thought by a narrow and prejudiced concept. If we go to extremes with such a concept, we may come to a conclusion that a greater part of our people are unworthy people. When such a thought is linked with realistic politics, the political tone will become low, and it will arouse a very dark feeling among the people.

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Therefore, I hope the government will guide the people with a more far-reaching, ORAKU(?) (オホラカ) deep, and bright thought. It is the same with the peoples of GREATER EAST ASIA. Furthermore, I wonder if probably SOVIET RUSSIA is not a country on whom there is still room left for us to employ diplomatic processes for the sake of winning the war; and in such a case, communism will necessarily become a problem. If JAPAN has the right idea, she will never follow communism blindly, nor will she oppose it simply by impulse. She will be able to handle communism or, to take a further step, assimilate it with Japanese thought. In this sense, thought is necessary for a realistic and active diplomacy. A few days ago, the government made a statement concerning the continental operations. It seemed that nothing was mentioned about the problem of the communist party in CHINA. Nevertheless, we had an impression that some active measures might be taken with regard to this problem. Therefore, we can see that even in the case of CHINA, there is the problem of communism.

In short, we need convincing politics or politics closely connected with the people; and in their foundation, a deep and ORAKU(?) (オホラカ) thought is necessary, I think.

Rich Thought Please

SUGIMORI; I listened gratefully to what Mr. NAKAJIMA has just said. I think he has mentioned the chief points of our expectations of Japanese politics as well as of the government. Mr. TSUKUI spoke on thought especially. I also think thought is necessary for us to fight the war, to win it, in other words, to form the GREAT EAST ASIA CO-PROSPERITY SPHERE, and to establish the NEW WORLD ORDER. I have always believed that it is too bad to have the thought remain so incomplete. Mr. TSUKUI also talked about diplomacy. It makes no difference whether our object is RUSSIA or not. As a matter of principle, thought in politics must be fully developed when we deal with all foreign countries. This is necessary for the substance and quality of our diplomacy rather than for propaganda and stratagem.

As subjects of JAPAN, we must consider seriously whether or not our country has a way of thought to be thoroughly advocated both at home and abroad. From this standpoint, we can find an example in what is usually called modern thought which all the peoples of GREATER EAST ASIA and other foreign countries can manage to understand. This is the fundamental thought which can be immediately materialized in the best way. In the first place, it is the principle of science. We draw other peoples toward us by science. We will have, as our objects, not only material things but also spiritual and social things. It is absolutely necessary for us to understand our enemy AMERICA, to handle RUSSIA from our standpoint, and to deal with the different peoples of GREATER EAST ASIA. I think such a thought must occupy a remarkable position in the inventive power and motive power of our people.

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Observation of the Total War Politics

ROYAMA Now, as the TOJO cabinet has resigned, ~~ROYAMA~~ I think it is necessary for us to observe seriously the problem of politics in total war.

In order to get materials for studying this problem, I am reading books written by statesmen of different countries during the First WORLD WAR. In the records of the Great War written by CHURCHILL, it is mentioned that at the end of the last WORLD WAR, the British people hardly thought of victory or defeat but advanced straight toward the prosecution of War. Therefore, when the trumpet of the armistice was sounded; they did not even know which side had won the War.

In the middle of the war, there was a lot of argument about the politics of total war in BRITAIN, and there were also various changes in political circles. However, as the result of inventive devices, political activities were centralized and political maneuvers and strategy were also harmonized in the latter part of the war. I imagine by then, the British people paid no more attention to such problems but were in a frame of mind to advance in the war with every effort. Here, we can see the general direction of politics in total war. However, as we Japanese are inexperienced in the politics of total war we must study the way of harmonizing and adapting certain points to the circumstances of our country. After all, I think the principle of the fundamental policy lies in the statements JAPAN has made since the outbreak of the GREATER EAST ASIA WAR. We may call it the idea of "HAKKOICHIU", (八紘一宇 - the universal control) in other words, letting all peoples have their right spheres of action, and allowing them to live in peace. I think this idea is probably the chief point of our politics in total war. We have already applied this principle in the GREATER EAST ASIA CO-PROSPERITY SPHERE. I think we can also apply it in our own country.

The Necessity of Encouraging the People to Take up Their Responsibilities

ROYAMA: However, according to our experience since the CHINA Incident especially the experience of the two and a half years since the outbreak of the GREATER EAST ASIA WAR, politics in total war has ended controlled economy and controlled politics. It is narrow-minded to consider the politics of total war in such a way. For under such conditions, the government cannot let the people take charge of what the government itself is not able to manage. The people will not trust a government which fails to take up its responsibilities, and their life will also become uneasy for that reason.

For instance, there are limitations in the power of the government even in the food problem. It is necessary to let the people take charge to some extent of matters concerning the production, distribution, and consumption of food. To let the people do the job by

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themselves means liberalism, which is only a different expression of my idea. It is obvious enough that liberalism alone will not do, but this principle is also a national discipline. Isn't it true that we can only develop our total power by supplementing the power of the government with liberalism?

General Headquarters and Cabinet in Total War Politics

What about specific measures? I have not studied this question long enough, but I think after all, it depends upon the system of the cabinet in the politics of total war and on the relation of the cabinet with the supreme command, namely, the General Headquarters. Here are two specific questions about organization. One is the construction of the cabinet itself, and the other is the connection between the cabinet and the General Headquarters.

In order to apply the above mentioned principle in the present critical situation, we must achieve two purposes: getting all men of talent in the cabinet, and maintaining connections between the cabinet and the Headquarters.

There are two ways of getting all men of talent. One is to ask all the senior statesmen who can be considered as elders of the Meiji era to enter the cabinet. However, we cannot have all the senior statesmen serve concurrently in all ministries. We should do better to choose worthy young men who are really linked with the people or hold a position in the Diet. Besides, there are other systems, like the system of executive officers, and I think we can apply them properly on the same principle.

What is specially important is the second question I mentioned above, the connection between the war time cabinet and the General Headquarters. We will not only have a joint committee of the cabinet and the General Headquarters; we should have a council and make it the supreme organ. In none of the belligerent countries can we find such a vague and divergent system as ours. In order to take a further step, I think it is absolutely necessary to have a consulting organ, an organ to make decisions.

Let Public Opinion be Active

KONO: The statement about "for the sake of awakening the people from languor" is the best explanation of the significance of the recent political change. I think there are various aims in awakening the people from languor, but the most important one is freedom of speech. In these few years, the people have not been able to say frankly what they think. They have been afraid that they might be blamed if they spoke about certain matters. They hesitated, and tried to patch up the surface, so the public mind has really become timid. We can never develop the total power of the people in this way. I think the government has also noticed this point and has been convinced

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that it must awaken the people from languor now. That is why there happens to be this political change. The important thing that the coming cabinet must consider is letting the people say what they wish to and asking for their cooperation. The new cabinet must make their way with such a presumption. Mr. KIYOSE said a little while ago that the fundamental problem is the increase of the production of munitions. I fully agree with him. However, when we go around the aircraft factories and the ship yards, we can see that everything is all right superficially, but that there is no soul. What is the matter? In such a case, I think it is important to make the people feel that each of them is responsible for fighting this war. There are different methods for this, but if we don't make the point clear, discussions and changing the cabinet will make no sense at all. Therefore, the duty of the new cabinet is to take drastic measures for this problem.

Another thing we ought to think about is the question of responsibility. Who is going to be responsible? I am very sorry that this has not been made clear yet; that is to say, the allocation of responsibility is unclear. The next cabinet should at least make the allocation of responsibility clear. If it should ever make a mistake in guidance, and do anything against our purpose, it should take the blame itself. Otherwise, the people cannot follow it with confidence.

Specific Measures for Increase of Ration

KOMIGIWA: I don't think it is necessary to add anything more, but I will say a few words about economics.

Though it is said that we are fighting a total war, the actual condition is not so desirable. It is the same with economic affairs as with the political organ and the employment of politics about which you have been talking for some time.

Let me mention a few ordinary facts which everyone sees and experiences daily. In and around TOKYO, the distribution of vegetables for one person is one carrot every other day. It would be all right to give this much to a horse as extra food, but it will not do for a man. Next, this is the problem of the prefectural bloc. So long as this kind of foolish thing is going on, our total power can never be developed, not to mention other matters. If we could think it over without any prejudice, the matter would become very simple, and if everyone could think it over, the system of total war would be perfectly set up tomorrow. I will give a few specific measures for improvement in simple words. Let us take the example of vegetables. Distribution is not well done, not because we are short of food, but because the method is bad. I will not mention anything about the prefectural bloc and the purchases in the country because everybody knows about them. The most serious bottleneck is considered to be the lack of transportation, but this was taken for

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granted from the beginning. There is nothing to make a fuss about even if there should be difficulties in light transportation facilities in the city after food has already been conveyed to SHIOTAME, (汐留) SHINJIKU, (新宿) or IIDABASHI, (飯田橋) not to mention transportation by railway. It is useless now to plan for anything like the control of trucks. Then, what shall we do? We must think of some entirely different method. I can tell you one of the methods, that is, stage transportation by carrying goods from one stop to another just as in the old 53-stop-system on the TOKAIDO (東海道) line. By adopting this method, goods will flow from the places of production to places of consumption. When your mind is full of the thought of control and is confused by it, you can never have any good idea.

Fundamental Measures for Labor

KOMIGIWA: Next, we have the labor problem. I have written several times about the abolishment of conscription, urging the government to think the matter over. As a matter of fact, we can improve it instead of abolishing it. But, because there have been obstacles, we must perform a rough operation by abolishing it. Otherwise, we cannot set up a labor system to lead us to victory. Therefore, I advocate the abolishment of conscription. We must think of a way of raising the efficiency of each laborer rather than getting large numbers of them. The method we have been adopting can only shake society, and make the people uneasy. For instance, laborers who could have done a great deal for the country in their original fields of work were transferred to fields of lower efficiency only to reduce the national production. Moreover, this is causing disorder in trains and busses. In one place, houses remain vacant, while in others new houses and rooms are needed.

What is worse is that two laborers are sent to a job where one is enough, and three are sent to another job where two can suffice. Therefore, the laborers tend to be lazy. When they go to the factories to work, some of them can get rations, but some cannot. They work quite diligently in the factories where they can get ration, but in the factories where ration is not given, they will become lazy, and will go to the country for purchasing whenever they are free. Some of them are of bad character, but some do so because they have children or are in difficulty because some of their family members are sick. This problem can be solved by improving the method of distribution. I would like to bring forward a specific measure now. The method of distributing articles by the government to laborers as their rights should be abolished, and the government should give the articles to factory directors, managing directors, or company managers. Anyway, it should give the articles to the factories. The companies should hand the articles to laborers of high efficiency, who are diligent and hard-working men. Nothing should be given to the lazy ones. If this method could be put into practice, the laborers would certainly work hard. When there is no necessity for the honest workers to go to the country for purchasing, efficiency will rise also.

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Key Point of Problem

KOMIGIWA: Here is another thing which has something to do with the problem of thought and with other problems. Recently, they have been reducing the amount of wine made. They are going to reduce it this year too. They are also going to cut down tobacco manufacture. But it makes me furious because those who advocate the cutting down of wine making and tobacco manufacture are drinking and smoking. I don't want to boast, but neither do I drink nor smoke because I think wine and tobacco are harmful. If drinking and smoking could ever be prohibited, I would be no less enthusiastic than others for abstinence. However, at the present time, there is no room for us to carry out such things as the prohibition of tobacco or wine. We are in the midst of a great war which is to decide our destiny. Now, we ought to concentrate our attention on producing one more weapon or one more shell, in raising efficiency, and in making the people fight more ORAKA(?) (オホラカ). It is no time to think of the cutting down of wine making and tobacco manufacture alone. If we could make 1,000,000 koku (石 - 39,7033 gallons) more of wine, there would certainly be a great difference in the efficiency of Japanese industry. It is impracticable to say that food in JAPAN will become scarce if much wine is made. I think the government must not be so stingy as to permit only a certain number of persons to buy wine, and limit the distribution of wine for each family to (blank) go (合 - 0.318 pint) per month. It must tell the people not to worry, and that enough wine will be supplied to them. Then, no man will leave his work at three o'clock to go to a bar.

Working from Economic Ideas

Some people say that tobacco fields should be reduced some 40,000 cho, (町 - 2.45 acres) but the length of time needed for growing tobacco exclusively is 80 days at most, sometimes only 20 days will be enough. Therefore, it is an impracticable view of those who don't understand economic matters to say that growing tobacco will reduce the production of food. If we express it in an exaggerated way, some fields are free from insects because of growing tobacco. It really helps to increase the production of food as an insecticide. Recently, some unreasonable persons have been inclined to interfere with other people's fields while overlooking their own fields. I think we must correct these points with the clever judgment of a man of the world.

I can tell you another example of the waste of extremely important war resources of the nation. For instance, there was a "safety week" some time ago. It was not a bad thing but a good one. When we rode on a train car, we used to see around 10 men wearing around their arms a piece of cloth,

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With the characters "Committee for safety". I did not know what these men were supposed to do, but I felt regret that textile products, which must be saved as war material, and which could have increased our fighting power if sent to the Southern Regions or CHINA, were used in such a way. I was much more surprised when I got off at the TOKYO Station. Big flags with blue crosses which were supposed to stand for the "safety week" were put up everywhere. They were using important materials in doing such things. Those who were doing such things did not intend maliciously to weaken JAPAN but wanted to decorate for an observance like "safety week" without any economic idea. But, if we put it exaggeratedly, this may be a death-blow to JAPAN.

Reinvestigation of the Problem of Prices

KOMIGIWA: Another point is the problem of commodity prices on which I said a few words a little while ago. I am responsible for it also because I am more or less connected with it. At present, prices of 700,000 articles are officially fixed, but nobody knows what the price of a certain article is. This must not go on. As it is useless to make a lecture on commodity prices here, I will put it simply. The official prices of fresh and raw food stuffs should be abandoned now as I have mentioned in the committee the other day. For instance, it (the abandonment of official prices) has been put into practice in a certain prefecture with successful results. If it were carried out in TOKYO, prices might rise temporarily, but the market would not be so unreasonable as it is now, and the prices would also become fair soon. In short, if we took a new turn and think the matters over, our fighting power will become stronger at once.

The resources of JAPAN are poor, but they are not so poor as to make the war situation as unfavorable as it is now. Neither our production nor our labor is so weak as to make the war situation as bad as it is now. I believe things will become better if we go on in the right way.

I hope the new cabinet will boldly put into practice the above mentioned points, and it is unnecessary to add that the cabinet must have a strong political power and be able to beat any force which might obstruct the national policy in the course of its execution.

ISHIBASHI: Let us stop now. Thank you all.

Typist: Yang Chang-tsun

For C. T. C.

T.H.B.

(Enclosure no. 7 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.)

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TRANSLATION: OSS/CHANG-WANG T'U, LIN CHI ACTION: F.E.A.
INFO: Embassy-
G-2
File

FROM: TOA (東亞 EAST ASIA),
Published in TOKYO, August 1944.

RE-EVALUATION OF THE NATURAL RESOURCES OF NORTH CHINA

NORTH CHINA is a very important war base and has played a vital role in the present Great Eastern Asiatic War. The present war is heading rapidly toward a decisive battle, hence it is not only essential to convert all strategic resources into ammunition and to increase the rate and capacity of transportation, but it is also necessary to co-ordinate the transportation of various natural resources in such a manner that they will arrive at the destination at the most opportune time. This is equivalent to saying that the strategic materials must be very near to the industries of JAPAN so that losses in transportation will be a minimum and that the resources should be very near to the net work of communications. The natural resources of the SOUTH SEA ISLANDS are very rich but they are not easily accessible during wartime. Owing to its proximity, the resources of CHINA, especially those of NORTH CHINA can be brought to JAPAN easily. NORTH CHINA has a coal reserve which is comparable with that of the LOWER RHINE and besides, it has valuable deposits of iron, alumina-shale, salt and cotton. The amount and rate of transportation are larger and faster respectively than those transported from the SOUTH SEA ISLANDS. As the war is getting more desperate day by day it would be even more difficult to get strategic materials from the SOUTH, hence NORTH CHINA will play a more important role as a war base in the future.

NORTH CHINA is not only more important than CENTRAL and SOUTH CHINA economically but also politically and historically. The foremost policy of the NANKING Government after joining the war against AMERICA and GREAT BRITAIN is to increase production, a policy which was correctly stated by Chairman WANG (汪主席) in January 1944. The implication of this policy in NORTH CHINA differs from CENTRAL and SOUTH CHINA. The war economic policy of the National Government (NANKING) has two directions: Firstly, the object of the development of strategic materials is for the benefit of the Coprosperity Sphere and the maintenance of the Japanese garrison; the second object is to strengthen the Government economically, that is to say, to increase production so as to stop prices from soaring and to ease the life of the people.

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In NORTH CHINA it is more important to carry out the first objective. The economic policy of increasing the standard of living of the people is naturally important, but this can only be regarded as a necessary condition to the development of strategic materials. But in CENTRAL CHINA the economic policy of easing people's life is not necessarily a pre-requisite to the exploitation of strategic materials. Politically speaking, the policy ends in itself. In NORTH CHINA the second object of the war economic policy is included in the first, while in CENTRAL CHINA they are parallel. On the other hand, in SOUTH CHINA the war economic policy should aim at the maintenance of the JAPANESE garrison, this is necessary because our garrison there is practically surrounded by the CHUNGKING Army. We shall discuss the differences in object between NORTH and CENTRAL CHINA in a latter paragraph, but these can be understood by considering the titles, regulations, and locations of the two companies: HWA PEI KAI FU CO. (华北開發公司) (NORTH CHINA DEVELOPMENT CO) and HWA CHUNG CH'ENG HSING CO. (华中振興公司) (CENTRAL CHINA PROMOTION CO.).

In NORTH CHINA the policy of stabilizing people's life is included in the policy of supplying war materials to JAPAN, but this is certainly not Japanese Imperialism as stated by our enemy. The proclamation issued by the National Government (NANKING) at the time of entering the Great Eastern Asiatic War has the following to say:

"In order to achieve the objectives of our 'Common War' it is necessary for us to co-operate fully in the military, political and economical fields." This is different from those alliances which are based purely on self-interest. The spirit of Sino-Japanese Alliance was originated in KONOE's declaration, and Chairman WANG has said "since KONOE's declaration JAPAN has discarded imperialism". And since JAPAN has discarded imperialism we have therefore chosen to embark on a peace movement. KONOE's statement in December 1938: "JAPAN will not only respect CHINA's sovereignty but will also consider the abolishment of extra-territoriality and Japanese concessions in CHINA" was realized in January 1942 when the National Government entered the war. Hence the following are closely related: KONOE's declaration, peace-movement, the establishment of the Capital in NANKING, the National Government's entry into war, new policy toward CHINA (occupied) and JAPAN's moral obligation toward CHINA.

The revised five-year plan for the development of NORTH CHINA announced in 1942 was the first written document which has specified NORTH CHINA as a war base. The object of the plan is to concentrate all efforts in the increase of production of coal, iron, alumina-shale, salt and cotton. Besides, it proposes to

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establish within one or two years the necessary factories for converting the above mentioned raw materials into finished commodities. TSUSHIMA (津島) the director of the HOKUSHI DEVELOPMENT CO. (北支開發會社) when interviewed by the press reporters in June 1944 said: "From the beginning of this year the development of NORTH CHINA is assuming the character of an industrial enterprise and we have signed contracts with the Government". This indicates that local industrialization of NORTH CHINA is gradually taking shape.

The big increase of production of resources in NORTH CHINA and its local industrialization are the products of the war, but at the same time it has answered the question "Can CHINA be industrialized?" Formerly, the answer was in the negative. For example, G. B. CRESSY has stated in his book - CHINA's geographical foundations - "The question of whether CHINA can become prosperous is mainly determined by the factor of whether or not the raw materials are near to the labor market. If there is a shortage of coal and oil, the sources of power and iron and copper, cement and limestone and sulphur for making sulphuric acid then it will not be easy for a nation to survive in modern times. The general public believe blindly that CHINA has large reserves of the above mentioned resources; hence they are surprised to hear that she possesses very limited amounts of oil, iron, copper and sulphur. The coal reserve is large and limestone plentiful, but if there is no iron then it would be very difficult to become an industrialized nation . . . CHINA, in the future, can hardly match the industrialized regions of EASTERN NORTH AMERICA or of WESTERN EUROPE."

Vice-President WALLACE, after visiting CHUNGKING in June 1944, declared in AMERICA that it is preferable for CHINA to stay an agricultural country rather than become an industrial country. This kind of talk has a political tinge, but even in JAPAN in 1936 and 1937 they regarded the development of NORTH CHINA as similar to having T.B. guests at your house and the then expanding heavy industry of JAPAN did not pay much attention to the resources of NORTH CHINA. The present development of the natural resources of NORTH CHINA has demonstrated our determination to wage war against such misconceptions. Our achievements have shown clearly that the industrialization of NORTH CHINA is only a question of time, but it is needless to add that Japanese capital, technology and machinery are essential for its realization. Moreover, if the industries of NORTH CHINA were not closely linked together with the highly developed industries of JAPAN and MANCHUKUO then it would be very difficult to achieve industrialization in NORTH CHINA.

On the other hand, from the political point of view the

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policy of economic co-operation between JAPAN, CHINA and MANCHUKUO is of paramount importance in the building up of a NEW CHINA. This is because the political re-construction of a NEW CHINA is based upon the principle of KONOE's declaration.

As we have said before, the reason that the national resources of NORTH CHINA have received our close attention is because, firstly, the economic and geographical value of NORTH CHINA is far superior to that of CENTRAL and SOUTH CHINA and secondly, the political, economical and historical environments of NORTH CHINA have a special status which differs from other parts of CHINA. Hence, we are going to discuss the economic value of NORTH CHINA in section two, the political, economical and historical environments of NORTH CHINA in section three and the present condition of development of NORTH CHINA in section four.

II. According to G. B. CRESSEY, there are two CHINAS existing side by side. They were known by MARCO POLO as CATHAY, that is NORTH CHINA, and MANJI or SOUTH CHINA. The reason CRESSEY had divided CHINA into two instead of three regions is because CENTRAL and SOUTH CHINA have many similar and common features. The following table of contrast is made by CRESSEY:

TABLE OF CONTRAST

<u>NORTH CHINA</u>	<u>SOUTH CHINA</u>
1. Rainfall: Scanty and uncertain 400-600 mm	1. Rainfall: Abundant 800-1600 mm
2. Floods and droughts	2. Canals: Irrigation channels
3. Hot summer, severe winter, small amount of snow	3. Wet summer, cold winter, seldom snow
4. Growing season 4-6 months, one or two crops a year	4. Growing season 9-12 months, two or three crops a year
5. Semi-arid climate influenced by Mongolian deserts	5. Subtropical climate summer monsoon and cyclonic rainfall
6. Agriculture uncertain, crop failure is common	6. Intensive farming rainfall, crop failure very seldom
7. Dry plateau	7. Irrigated terrace
8. Impervious calcareous soil	8. Pervious non-calcareous soil
9. Land of famine	9. Land of plenty, if not too densely populated
10. Kaoliang, wheat, soyabean, and millet	10. Rice and tea
11. No grass and no trees	11. Bamboo and dense woods
12. Yellow landscape, winter dust	12. Green landscape all year round
13. Road, cart, horse, mule and donkey	13. Paved road, sedan chair coolie and buffalo

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| 14. Mud hut, straw roof, brick k'ong | 14. Bamboo hut, tile roof, brick wall |
| 15. Wide street | 15. Narrow street and densely populated |
| 16. Smooth sea-coast, few good harbors, fishery unimportant | 16. Indented coast line, many good harbors, fishery important |
| 17. Land communication with foreign countries | 17. Ocean communication with foreign countries |
| 18. Homogeneous Mongolian race | 18. Many races |
| 19. Mandarin | 19. Different dialects |
| 20. Conservative scholar | 20. Impatient and progressive merchants and adventurers |

Based on this table CRESSEY concluded that you cannot understand the present day problems of CHINA if you do not keep in mind the vivid contrasts between NORTH and SOUTH CHINA. He has made further elucidation of his point in the following paragraph:

The most interesting problem in CHINA's geography is the contrast in the development of civilization in NORTH and SOUTH CHINA. NORTH CHINA is the site of ancient civilization, culture and history of the Chinese people. It is also the place of origin of many historic legends and folklores. In ancient times the provinces in the distant South were regarded as the homes of aborigines and savages, nevertheless, the Chinese people themselves migrated southwards when they were invaded by Mongolian nomads from the North. But in modern times SOUTH CHINA is more prosperous and progressive than NORTH CHINA. In other countries lands in the temperate zones are, on the whole, more progressive than lands in the tropic zones. But in CHINA the opposite has been true, at least as far as the present movement of ideas is concerned. Although in the historical past Chinese civilization had spread from the temperate regions of N.W. CHINA into the tropical regions of SOUTH CHINA in the present new ideas and progressive movements have always originated in the tropical South and spread slowly northwards. Owing to the striking contrast of culture, ideas and habits between North and SOUTH CHINA, political unification of CHINA is very difficult, if not impossible. In order to understand the current problems of CHINA intelligently one has to keep in mind these fundamental geographical differences.

On the whole, CHINA is a hilly country with plains scattered here and there. The NORTH CHINA plain is the largest and known as the delta plain of HWANGHO, HWAIHO and YUNHO. The population on this plain totals 80,000,000 and farmers constitute more than 80% of the total population. These farmers are called by F. H. KING "Farmers of 400 centuries". They use primitive tools and practice primitive farming. The so-called 'Asiatic stagnation'

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or 'Asiatic Methods of Production' characterizes the mood and means of production of these farmers of 400 centuries. Furthermore, the scanty and uncertain rainfall of NORTH CHINA has been responsible for the repeated and recurrent floods and droughts which have been known as 'the tragedies of CHINA'. The soils are impervious and calcareous, devoid of grass and trees. These farmers of 400 centuries, constituting more than 80% of the total population of the plain, exist like stones, and herein lies the reason why NORTH CHINA differs so radically from SOUTH CHINA. This results although contrary to common sense, in a more rapid development of tropical regions of SOUTH CHINA than temperate regions of NORTH CHINA.

One cannot expect to achieve good results in the industrialization of NORTH CHINA if one does not design means to push these farmers of 400 centuries forward and to eliminate the 'tragedies of CHINA'. In order to attain our goal the energy and efforts needed are colossal. Let us discuss the natural resources of NORTH CHINA first and leave this problem to a later section.

COAL: In MARCO POLO's travels he mentioned that coal was found everywhere in CATHAY and it was easier to burn than wood. Before the discovery of coal in EUROPE it was used in many family stoves in CHINA. F. V. RICHTHOFEN, after travelling in CHINA for three years, had made a report to the effect that he had discovered many coal fields in CHINA and that the coal field of SHANSI Province was the biggest in the world, so far as the reserve was concerned. According to his estimate, the coal reserve of SHANSI coal field totaled 1,250,000 million tons. But later surveys have proved that his estimate was much too large. In the 12th International Geological Conference held in 1913 in CANADA the coal reserve of CHINA (MANCHURIA not included) was estimated to be 995,500,008,700 tons, a reserve which is only next to those of the U.S.A. and CANADA. According to the official report issued by the geological survey of CHINA in 1921 the total reserve was 23,435,000,000 tons. This sum is too small but according to the same report the coal reserve of HONAN, HOPEI, SHANSI and SHANTUNG was 10,650,000,000 tons, which constituted nearly one half of CHINA's total reserve. The figure given by the Imperial Geological Survey of JAPAN in 1912 was 279,974 million tons, and for NORTH CHINA the figure was 261,930 million tons. According to DRAKE the total reserve of CHINA was 996,613 million tons and for NORTH CHINA the figure given was 834,091 million tons. From the above figures we know that the coal reserve of NORTH CHINA constitutes from 50% to 90% of CHINA's total reserve.

The biggest coal field of NORTH CHINA is in SHANSI a place which is very far from good communication, remote from labor supply

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away from other mineral deposits and lacking timber which is essential for mining; hence the exploitation of this coal field will face many difficulties.

IRON: The total iron reserve of CHINA given by F. R. TORGRIN in his book "The Iron Ore Deposits and Iron Industry of CHINA" was 950,000,000 tons. He was very doubtful about the future iron industry of CHINA. He says "Although CHINA has a total iron reserve of 950,000,000 tons the amount is not enough if we consider the size of CHINA's population. Even though this figure is doubled or trebled by future surveys, which I think improbable, it will not alter the general situation. One thing is certain and that is that CHINA has a very rich iron deposit. On the contrary CHINA's iron reserve will not play a vital role in future world industries."

To give a concrete example the total iron reserve of CHINA can supply the iron industry of the UNITED STATES for 9 years only.

According to W. W. WONG's estimate the total reserve of CHINA's iron is 1,000,000,000 tons and this is a quite large reserve when compared with JAPAN's reserve of 150,000,000 tons. NORTH CHINA has 90% of the total reserve. The distribution of the iron reserve is as follows:

LIAONING	752,000,000 tons
CHAHAR	91,645,000 "
HOPEI	32,424,000 "
SHANTUNG	13,700,000 "
JEHOL	11,340,000 "

Total: 901,109,000 tons

ALUMINA-SHALE: The discovery of alumina-shale in NORTH CHINA is of vital importance to the aeroplane industry of JAPAN. The distribution of the alumina-shales is associated with the coal strata of NORTH CHINA and hence very wide-spread. These deposits were found in KAILAN (開灤), SHI-MEN-CHAI (石門寨), I-YUAN-KOU (義院口), CH'ING-CHIN (井陘), LIN-TIEN (臨田) and coal fields of HOPEI; LU-HO-KOU (六河溝), HAI-YANG (海陽) coal fields of HONAN; CHANG-CHIU (章邱), TZE-PO (淄川), TA-WEN-KOW (大汶口) and I-HSIEN (嶧縣) coal fields of SHANTUNG. It is expected that other rich alumina-deposits will be found by future geological surveys.

The alumina-shale of SHANTUNG known as "SHANTUNG Bauxite" is the most important deposit because it contains a higher percentage of alumina and iron than the alumina-shales of

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MANCHURIA and HOPEI. The latter deposits contains 40% alumina while the alumina-shale of SHANTUNG contains 50% to 80% alumina; besides this the silicic acid content is high.

Bauxite deposits are also found in CHOSAN (長山), SEIKI-KIN (生紀嶺), TO-EI (統營), OJOHO (五女峰) and KORYOTO (高嶺土) of KOREA but they have not been exploited commercially.

The bauxite deposit of MANCHURIA is estimated to be 150,000,000 tons and the deposits found in PU-CHOW (復州), KIN-CHOW (金州) and YEN-TAI (鹽台) can be used for extracting aluminium; the average alumina contents are 40%.

IRRIGATION: A canal between SHIH-MEN (石門) and TIENTSIN of HU T'UO (滸沱河) was constructed, the objects of its construction being two-fold: to increase the capacity of water transportation of the HU-TU-RIVER and to irrigate the neighboring lands for increasing cotton production. The irrigation project intends to irrigate 11,900 hectares of land in KOA-CHENG (藁城), CHIN-HSIEW (晉縣) and 41,000 hectares in TUNG-LU (東鹿), SHEN HSIEN (深縣) and WU-CH'ANG (武強) and 8,500 hectares in LIN-SU-HSIEW (靈壽縣).

Typist: James Law

For C. T. C.
T. B.

(Enclosure no. 8 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.)

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CHUNGKING

TRANSLATION: F.E.A./JEAN WANG

ACTION: F.E.A.
INFO: O.W.I.
Embassy -
- file

FROM: NIHON HYORON (The JAPAN Critic)
Published in TOKYO, 1 September 1944.

A GENERAL SURVEY OF ECONOMIC. (Extracts)

. . . The KOISO Cabinet has rapidly begun to put into practice various measures based upon the new concept of exerting every effort toward defeating our enemies, AMERICA and ENGLAND, in one stroke.

One of the measures which has materialized was the establishment of the Supreme Advisory War Committee on August 5; by taking this measure, the government intended to adjust and harmonize the supreme guidance and command for the prosecution of the war with state affairs.

Thus, the measures for a decisive war based upon the new concept are to be planned and carried out by the Supreme Advisory War Committee; as to the practical appearance of these decisive measures -- this will naturally depend upon the practical execution and drawing together of the urgent demands of war of operations and the basic economic conditions at home and on the continent which must satisfy these demands.

. . . Firstly, we must carry out a decisive readjustment and rearrangement of the present elements of production. Secondly, we must exploit and make use of the resources in MANCHURIA and CHINA.

Now, a large scale concentrated adjustment is going on in every field of the important industries and the adjustment is developing with the aim of turning the aircraft industry into a super-important industry. In accordance with this, there has been a powerful mobilization and redistribution of labor. . . . As to the people's life, which is the basis of enriching our fighting strength, there is an insufficient distribution of fresh food, which is one of the great food problems. This is an important problem from the various stand points of supplementing the staple food, from that of maintaining and increasing heavy labor,

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and from that of maintaining the health of the populace at large.

As one of the steps taken toward the solution of this problem, the government has taken special measures in order to adjust the price of fresh food according to the decisions made in the cabinet meeting of August 29. This is worth noticing in connection with the change of prices at such a time when people earnestly wish for some measures to be taken to prevent inflation.

The establishment of a credit of Yen 400,000,000 to the Central Reserve Bank on August 25 is evidence of our having an intention to exploit and make use of the resources on the continent. However, only a small part of the policy of the KOISO Cabinet has been shown to the people. It's administrative measures must be made clear in the coming 85th extraordinary session of the diet which is to be held on September 6. It has been decided that the special war expenditure will be increased Yen 25,000,000,000. The financial problems and the problem of prices in the future both deserve a great amount of attention.

The Heavy Chemical Industry.

The urgent measures of the KOISO Cabinet are concentrated on the increase of aircraft production. The ordinance for female volunteer service and the ordinance for service of the students which had been pending issues, were set up and enforced on August 23. On the same day, the ordinance for mobilization of technicians in government offices was set up and enforced. This was a resolute step taken by the government for mobilizing technicians of government offices, national and municipal schools, and national and municipal experimental stations on leave from their original employment to work for an increase in aircraft production and the production of other important munitions. It is probably necessary to carry out such a mobilization among civilian technicians as well as among the official technicians in order to effect the redistribution and the concentrated utilization of scientific technicians for the primary purpose of increasing aircraft production.

As to the mobilization of machine power for the rapid increase of aircraft production, the factories manufacturing

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machine tools were reshuffled twice, and following that, a schedule was made to mobilize the controlling companies for machines used in industries and the factories of the controlling companies for electrical machines. . . . The concentration and mobilization of machine power is a good way to improve the manufacture of spare parts and machine work which is said to be the difficult part of aircraft production. However, it is necessary to carry out a thorough mobilization of material first in order to get real effects from the mobilization of machine power. It is said that there are a lot of half finished products in the factories all over the country. This means a relative lack of material, but if people can cooperate more actively, a large part of the half finished products can be turned to fighting strength as finished products.

A thorough investigation of the storehouses in factories with the cooperation of the Army, the government, and the people, and the wiping out of resources which have not been turned to fighting strength are urgent measures to be put into ^{practice} now at any cost.

With regard to transportation, measures have been taken to simplify and quicken the procedure for transporting aircraft spare parts. As to scientific technique, three reports were made at the meeting of the Aircraft Department of the Scientific Technique Association on the utilization of molds and smelted articles. These reports were about the "Saving of Aircraft Spare Parts and Methods For Large Scale Production", "A Rapid Increase in the Production of Special Aircraft Spare Parts and the Adoption of Techniques used on Malleable Cast Iron" and "The Utilization of Synthetic Resin for Airplane Bearings". Malleable cast iron is far more simple than wrought material when used in manufacturing special spare parts which are few in number but many in kinds. Moreover, it can be used widely as a material which needs less labor on cutting and finishing.

The increase of the production of "wings" by the combined power of our 100,000,000 people is under way now as mentioned above, but increase of air strength does not simply mean an increase of quantity. The increase of production in quantity will be wasted effort if the improvement of quality does not go along with it, and if most of the airplanes we send to the front needs repairing. Of

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course when it is difficult for us to get the appropriate materials and the raw materials of the right size, and when most of the laborers are unskilled, we are hard pressed to satisfy this demand. However, our present task is to improve the techniques used in the field of materials, to adopt a finishing method suitable for the materials used in the field of aircraft production, to make research on heating management, to make plans suitable for unskilled workers, to improve the work, and to adjust and better the equipment, machines, and smelting tools.

Expectation of an Increase in Coal Production.

The coal production of the first quarter this year was somewhat under the level of the planned goal. Having been affected by various elements of production especially by the insufficient supply of labor, it was impossible to obtain good results in July and August, but now, the urgent measures for the supply of labor decided upon by temporary headquarters for labor policy of coal mines are being gradually carried out, and, at the same time, policies for material and equipment are being made. These are brightening the prospect for an increase in coal production.

In regard to the policy for labor in coal mines, measures have been taken to recruit the experienced workers of SAKIYAMA (光 山) (?), to introduce Korean workers, to supply special laborers, and to use the volunteer corps of all the organizations and companies concerned with coal production, the volunteer corps concerned with engineering work and that of the prefectures, municipalities, cho, and villages, and the volunteer army consisting of the members of the Catholic Church. An adjustment of the matter regarding skilled miners of SAKIYAMA (?) and military mobilization seems to be under consideration also, so the future of this labor problem, which has caused a lot of trouble, is becoming brighter. The active cooperation and the earnestness of the Youth Corps for an Increase of Coal Production in the KUSHU Work Shop of the NITTETSU Co. makes us feel secure.

On the other hand, as regards machinery, non-official experts have been assigned to the Fuel Bureau in TOKIWA (常 盤) KYUSHU, HOKKAIDO, and YAMAGUCHI in order to

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plan for a practical use of machines, steel, and lumber. Besides, conspicuous improvement has been made in pooling resources among the coal mines. The securing of materials for the use of the laborers, and the work of assistance and protection have also been started. Following the designation of the first grade mines as munitions companies, the ordinance for the management of factories and work shops has been applied to mines recently for the first time, and a great part of the important mines have been included. This will be very effective for preventing the laborers from leaving their work and also for providing a sufficient supply of workers.

However, it is said that it will take about half a year to make preparations for the increase of coal production, and a real increase will be possible only after September, but in consideration of transportation and other things, the increase of production will be focused on the KYUSHU coal, TOKIWA coal, and YAMAGUCHI coal.

Problems in Increasing the Production of Iron and Steel.

Increasing iron and steel production which depends on the continent for raw materials has become very difficult as the war situation develops. The only way to overcome the difficulties ~~is~~ is to maintain as long as possible the transportation of iron ore in the continent, and the NORTH CHINA coal used as raw material, to plan for the increase of iron ore production and the production of coking coal (粘結炭) at home, and to use most effectively the raw materials we can get. As to our iron and steel production, the principle of "super importance" (重點) has been adopted with respect to the consumers by limiting the kinds of iron and steel products, but it is our urgent duty to go a step farther and carry out the same principle with respect to the manufacturers (メーカー).

At present, it seems that generally the iron and steel industries are not operating with 100% efficiency because of the limitations in raw materials, and this is a regrettable matter. In order to make a "high priority" distribution of the limited raw materials to efficient factories, and in order to raise efficiency by a concentrated production, it would be wise to stop temporarily the operation of the factories of low efficiency throughout

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the fields of blast furnaces, open hearths, forged or casted steel, and special steel. The equipment of the closed factories will be preserved for urgent use in time of air raid or for shifting production and will be kept in such a way so that it can be moved whenever there may be a supply of raw materials.

At the same time, it is also our urgent duty to improve the quality of our home produced ore as well as increasing its quantity, and to increase production both qualitatively and quantitatively by giving priority to the most promising mines from the standpoint of supply of labor, material, and equipment.

Meanwhile, desperate efforts have been made in KOREA to study ways of increasing the production of small sized blast furnaces, and as a result, their prospects have recently become bright. The small sized Korean furnaces started to operate with the ore produced in KOREA and anthracite, but there were many difficulties technically, and they changed the production by using coke for some time. However, as the use of coke is counter to the object of the small sized Korean furnace, research upon research was made, and finally, good results were obtained in using anthracite as the main raw material, and mixing it with 50% of briquette. Thus, the fuel problem of the small sized furnaces has gradually been solved, so an increase of production in the future can be expected. It is intended to raise the mixed amount of briquette to 80% against 20% of coke in the future.

The Aim of the Production Group for the Decisive War.

As measures to be taken against war damage and to maintain the required amount of munitions production in time of air raid, policies in finance, management of industries, labor, and transportation have been decided respectively, and it is of great significance that the controlling company for industrial machines has reorganized the factories under its control to form a production group for the decisive war as a measure against air raids in the field of production.

In time of air raid, proper and quick measures are necessary to move the production of the bombed factories

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to other places, to shift and make use of the equipment and labor in other factories, and to decide the order of the restoration of the bombed factories and the form of their restoration. (Reconstruct them, close them, or give them up). It is absolutely necessary to make a complete plan before hand, based upon a sound recognition of reality, and it is also necessary for the Administrative Department of Munitions and the local government offices to take active measures to suit the real circumstances. However, this can hardly be done unless there is a co-operative organization or a spirit of cooperation among the factories which have a close connection in locality and work. It would be hard to expect a quick and successful shifting of production should there be a great difference in the equipment, technique, and standard of capacity among the factories.

The Production Group for the Decisive War organized its member factories in different units classifying them according to the kinds of their machines, the mutual relation of their machines, and the directive form of the Administrative Department of Munitions; in other words, it organized the factories of closer connection in view of two elements; namely, the element of locality and that of work. One group consists of about 20-30 factories and it is responsible for sizing up the situation, for making concrete plans for productive equipment, for pooling material and labor and for restoration and shifting of production in time of air raid under the control of the group chief, and it is responsible also for the prompt execution of the plans. 18 groups were organized consisting of factories for forging machinery, productive machines, transportation machines, blowers and hydraulic machinery, and cast type rollers in the districts of KANTO and KINKI where 60% to 70% of the member factories are situated.

Transportation.

In order to provide against air raid and other attacks by the enemy, and in order to take complete measures for emergencies by concentrating and making use of the transportation facilities on land, like railways, and sea transportation facilities, centering about ports and harbours, "A Summary of Transportation Measures for Emergencies" was ~~up~~ proposed and passed in the special session of the diet held on August 16. The chief points of the summary are

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as follows:

1. A general headquarters of transportation for emergencies is to be established in the Ministry of Communication and Transportation in the central government as an organization for control of transportation in emergencies. The Minister of Communication and transportation is to be the chief of the general headquarters, and the Vice Minister of Communication and transportation will be the assistant chief of the general headquarters. However, the staff of the Army and the Navy and other government offices concerned are to be allowed to have a voice in important affairs. As to local district, a local headquarters of transportation for emergencies will be established in such important districts as KEIHIN, (京 濱 TOKYO and YOKOHAMA district) NAGOYA, HANSHIN (阪 神 OSAKA and KOBE) KITA KYUSHU, (北 九州 North KYUSHU) and KURE (呉). The President of the local administrative council is to be the head of the local headquarters, and the headquarters will consist of the chief of the Bureau of Railways, the assistant chief of sea transportation and the local high officials in each district. However, the staff of the Army and the Navy and other government offices concerned will be allowed to have a voice in important business. Besides, a to, fu or ken (都, 府, 県) headquarters of transportation for emergencies will be established in each to, fu, or ken of a district.

2. The chief of the local headquarters of transportation for emergencies plans for emergency transportation according to the policy indicated by the chief of the general headquarters, and the chief of the to, fu, or ken headquarters plans according to the policy indicated by the chief of the local headquarters. Each headquarters is to be responsible for the carrying out of the plans.

3. The headquarters of transportation for emergencies plans and carries out transportation affairs necessary for relief, prevention of epidemics, supply of water, shifting of labor in emergencies, urgent restoration, distribution of materials for emergency use, such as refuge, excavation, and protective measures, and at the same time, it is expected to endeavour to maintain military transportation and the scheduled transportation based upon the plan of general mobilization in time of air raid and other kinds of enemy attack.

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4. As an executive organ for transportation affairs in emergencies, a military formation of automobiles, light transportation facilities, and barges is to be set-up in every transportation organization, and the system is to be adjusted so that strong orders can be thoroughly executed.

Whether transportation in emergencies can attain its object or not will ultimately depend upon the militarization in the realm of the actual instruments of execution like the insignificant automobiles and light transportation facilities. Even under the present management of transportation, the control in the field of minor facilities is extremely difficult, so it will be more difficult in time of air raids. Quick militarization of these facilities is urgently desired.

The Record of the Increase in Summer Transportation.

The period for increasing production and improvement of transportation by the state railways in order to meet the urgent increase of production for the decisive war began on July 1, and the result of the first half period was made public. According to that, the general average of the results of transportation on the resources specified for increase (up to 10 August, this year) is 86% of the planned goal. As to the important resources, coal is 87% (98%) iron and steel is 95% (134%) important ores is 80% (122%) rice is 79% (108%); the results are all unsatisfactory. (Figures in parentheses are the results for the same period last year). The reasons are as follows:

1. The accidental blocking in TOHOKU (東北) OKUU (奥羽), and HOKURIKU districts (北陸地方) during the latter half of July because of heavy rain.
2. The decrease in capacity of light transportation because of the lack of labor in big cities.
3. The exporters are not enthusiastic about exporting goods.

Priority of Aircraft Transporting.

Starting from 15 May, certain cars were set aside to be used exclusively for priority transportation of materials used in the production of aircraft and aircraft spare

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part, but only about 37% of the cars were utilized and the intent was not carried out thoroughly. The state railways have made improvement by handling goods related to aircraft in the same way as military goods. As to luggage and parcels, the presenting of a certificate for luggage related to aircraft will be omitted, and it will be sufficient merely to attach a tag on the luggage with the character (机) (= aircraft) thereon.

As to sea transportation, the Managing Co. of War Ships and Merchantmen put into practice on 1 July a subsidy system for special loading in order to increase the loading capacity of war ships and merchantmen. This will be continued to October 10.

Labor Policy in Time of Air Raid.

As to the labor policy for factories and work shops in time of air raid, 8 fundamental measures were established on July 29 by a joint statement of the chief of the Bureau of General Mobilization in the Ministry of Munitions and the Chief of the Labor Bureau in the Ministry of Public Welfare.

1. To obey strictly the service regulations.
2. To report condition of security.
3. To restore damage.
4. To dispatch laborers and change positions.
5. Adequate maintenance of supplies.
6. To maintain refugee centers.
7. To maintain food supplies.
8. To make preliminary training.

The Metropolitan Police Board prepared a "Summary of Labor Policies in Time of Air Raid" based upon these points, and tried to carry out the principles quickly during the later half of August by supervising and encouraging the police stations and stations of labor mobilization which were under its control. The chief points of the summary

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of policies by the Metropolitan Police Board are as follows:

1. As to the strict obedience of service regulations, it is demanded that the laborers should act with decision to protect until death their realm of work under the direction of the factory owner. At the same time, the neighbourhood organization of workers can be utilized, absence without notice should be prevented, and the principle of a just punishment and a just reward must be applied to the performance of duty in time of air raid.

2. The report on safety to homes can be done in connection with the police or organizations concerned.

3. As regards restoration, that which needs to be done quickly can be reported to the chief of the police station who controls the district, and the help of the Labor Service Corps is available (勞報勞士隊). If the restoration will take a longer time, they can ask for key laborers from the chief of the Mobilization Station.

4. To those who work during an air raid alarm, a "recompense for working during an air raid" which is about half of the daily pay will probably be given, and besides, the expenses needed for a temporary lodging is to be paid by the owner of the factory as a principle.

5. In case something happens, and it becomes impossible to engage in work, an amount of money more than the standard daily wage will be paid to the workers. Assistance, protection, and relief work fixed by rules and regulations will be carried out quickly and simply, and the fee for insurance of war casualties is to be paid by the owner of the factory.

6. As to refugee centers, schools, abbeys, and churches will be utilized, and a plan will also be made to share the use of the houses in the neighbourhood.

7. As to the supply of food, a cooperative system of urgent supply should be made with the powerful factories as a center.

Urgent and Special Measures for Food in Big Cities.

With the intention of improving the condition of food

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supply in big consuming cities, and to raise the morale of the people, the government decided upon "the urgent and special measures regarding the maintenance of food in big cities of consumption," in the cabinet meeting of August 16. Stress was placed on TOKYO and OSAKA. As a policy to handle the lack of fresh food in these two big cities, potatoes used as staple food, which are being collected now, will be distributed as vegetables; besides, during August and September, 20 momme (~~g~~ = 0.1325 ounces) of frozen vegetables, bean curd, steamed beans, bean malt, and frozen bean curd were specially distributed to each person daily. As to fish, 15 momme was distributed to each person daily during August and September by encouraging the transportation of goods remained undelivered and from the supply of marine products in stock, and from a special distribution of canned food totalling 410,000 boxes. (four half-pound-cans for each person). As to the staple foods, five days' ration of potatoes and wheat flour will be specially distributed without cutting down the rice ration. Moreover, in order to be ready to face an air raid, the people are asked to preserve staple food at home. Measures are to be taken to distribute beforehand five days' ration of staple food in air defense cities like TOKYO, YOKOHAMA, KYOTO, OSAKA, and KOBE, and three days' ration of staple food will be distributed in air defense cities like NAGOYA and those in North KYUSHU.

The above mentioned measures emphasized TOKYO and OSAKA. However, the food condition in the middle cities is as serious as that in the big cities, and there are many fundamental problems to be solved quickly.

Typist: Szetu, Chen

For C.T.C.

T.K.B.

(Enclosure no. 9 to despatch no. 259, March 27,)
 (1945 from the American Embassy, Chungking, China.)

ACT; CHB

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FROM: SHUHO "Weekly Report"

Published TOKYO, 6 September, 1944.

THE STRENGTHENING OF LABOR MOBILIZATION.Efforts of Labor Mobilization Intensified.

Introduction:

History teaches us that those who can exert their total strength to the utmost and to the last will certainly win the final victory. In the present war of gamble, a gamble which may cost our national existence, we must produce the necessary weapons for modern warfare. Labor is the very thing which can produce weapons, hence to work diligently and cooperatively is the only guarantee to victory.

In order to muster enough labor force of good quality the government has taken steps to intensify the efforts of mobilization. Thus on August 23, 1944, the government decreed the formation of the women's labor force, the students' labor force and the civil servants' labor force. The following is a description of the mobilization of the various labor forces:

THE WOMEN'S LABOR FORCE.The Objects of the Women's Labor Force.

Question: Why is the mobilization of women intensified?

Answer: We need to understand that the Great Eastern Asiatic War is a total war. For every soldier fighting in the front we need ten people working to keep him supplied with ammunition and other necessary supplies. Since we have 10,000,000 soldiers we need 100,000,000 workers. But who are these workers? Naturally, the role is at first filled by men. As the majority of the male population is on the battle field then the remaining male population is far from sufficient to meet the urgent demand. That is why our enemies AMERICA and GREAT BRITAIN, as well as our friends GERMANY and SOVIET RUSSIA, have mobilized the women population to form the nucleus of a labor force a long time ago. Similarly,

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in order to win the great Asiatic War we must demand woman labor.

Although a volunteer woman labor force has appeared on various battle fronts and the number of volunteers has reached several hundred thousands, it is still insufficient. Therefore, in order to give every woman a chance in our country to show her loyalty to the Emperor the Government has taken steps to improve the measures of control of woman labor and to make clear the methods of selection to everybody.

Question: Is there any change in the work of the volunteers of the past?

Answer: The volunteer workers of the past was organized under the guidance of the government. It arose out of the great demand for labor. The present decree only attempts to put woman labor on a legal basis and aims at enlarging the scope of women labor. Generally speaking, there is not much change. The contents of the decree can be summarized as follows:

1. To formulate regulations for selecting woman labor.
2. To perfect the various laws of control.
3. To give to those who are not willing to work special orders.
4. To give to those volunteer working groups similar legal protection.

INFORMATION TO NEW MEMBERS:

Question: Is the procedure for application different now from the past?

Answer: Just as stated above there is no fundamental change in the procedure. The only difference is that the present procedure is more definite and cautious.

Briefly speaking, at first the local authorities issue orders to the following groups: the chiefs of towns, districts, villages and women corps; the managers of companies, banks and other similar enterprises; the heads of universities, colleges and schools. Then these responsible persons, acting upon the instructions of the government, make a survey of the available labor force under their respective controls; personal interviews and physical examinations are conducted, if necessary. They are required to make detailed reports to the local authorities and the latter will

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Issue orders to those who are qualified for work, based on the reports of the aforesaid persons.

TO THOSE WHO ARE MOBILIZED.

Questions: What kind of women are to be mobilized?

Answer: In principle, unmarried women aging from 12 to 40 years of age are to be mobilized first. Most of these women are working now but we can put them into more useful work by mobilizing them.

Question: From this regulation it means that the government has enlarged the field of mobilization. But are there any exemptions?

Answer: Those who work in military organizations, in ammunition plants, in plants which are controlled by military authorities and those who have been selected to work in the fields to produce food are exempted.

Beside, those who are working in the metallurgical plants and mechanical shops which are mobilized by the government; those working for the promotion of the welfare of the people; those who are working in the 50 different kinds of enterprises as listed by the government; those who are incapable of work and those who have volunteered for a special purpose are exempted.

Question: What is meant by "the root of the family living" as stated in the decree?

Answer: It means those who have to support their family or their relatives. The following are also included in this category: Those who have lost their mothers, or have sick and old mothers; those who have too many children to support or have sick people to look after; and those who cannot be removed from the family for financial reasons.

JUSTICE IN SELECTION.

Question: Although this is a totally different question, in the past we have heard a lot about the unfairness in the matter of selection.

Answer: The authorities have done their utmost to attain fairness in the manner of selection. Hereafter the selection will be based on the methods stated; that is the responsible

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persons of the various localities and enterprises will make a detailed survey and the authorities will make the final decision based on this survey. At the same time, when the selection is made on the various villages and countries the elders and leaders of the respective villages and countries are invited to help. Selection is also extended to those who have only light manual duties to perform in the various organizations, offices, plants etc. In this manner there will be no unfairness in the matter of labor conscription.

As a matter of fact fairness in labor mobilization is reflected most by those who are going to be mobilized. In short, in this critical moment all those who can perform manual duty ought to join.

Question: Now I understand. But I think, there will be many changes in the family when the war lasts a few years; then how can the members of the labor force be released?

Answer: All those conditions of exemptions for recruiting new members are also applicable to those who have reasons to be relieved. For example, those who married after they have become members of the labor force, or those who became disabled, fallen sick, or become the indispensable person of the family, economically or physically shall be released from the labor force by a simple procedure.

Question: The period of labor service is fixed at one year, but do you think there is any reason for its extension?

Answer: The extension of the service period will apply to those who agree to do so. But in the present war of life and death production in the war factories is essential, and if you cannot find any one to replace you and you have no strong reasons to be relieved, then it is better for you to remain in service voluntarily until the final victory is won. As a matter of fact, nobody will leave the service at the end of one year.

THOSE WHO ARE NOT WILLING TO JOIN.

Question: What steps are you going to take when somebody has received the orders to join the labor force but refuses to turn up?

Answer: Those who have received the orders to join the labor force ought to perform the duties as recorded in the regulations of National Mobilization. This is similar to men

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who refuse to join the Army. To these people our law will force them to join.

Question: Are there any regulations for punishing those who refuse to join?

Answer: Those who refuse to act as ordered will be imprisoned for one year, or fined a sum of 1,000 yen or less. I think there is no woman in Imperial NIPPON who will tolerate such shame!

WELCOME AS WARRIORS.

Question: Are there any difficulties for the employers?

Answer: Regarding this point the government has taken steps at the very beginning. In order to make this operate as smoothly as possible to all those concerned, the government has enlisted the help of local authorities to draft a series of orders, based on the spirit of the National Mobilization Act, to govern the relationship between the employers and the members of the labor force. The government will withdraw the labor force from those plants who fail to comply with the orders and laws of the government.

Members of the labor force are not guests of the plants, and the plants have not the leisure nor the money to treat them as such. As the plants are very busy with the battle of production, I think, it is essential for the laborers to realize this point. The various plants should welcome the members of the labor force as warriors and the duty of the warriors is to join the war of production at once.

Question: It is needless to mention this point, but . . .

Answer: In the matter of accommodations the government has taken steps to build separate lavatories, toilets, rest-lounges, changing rooms and play grounds for women workers. The government has also done many other things for the welfare of the members of the labor force.

Question: How about questions of discipline and morale?

Answer: Certainly, there often occur some problems related with discipline and morale. But we have paid great attention to this matter. But actually nothing concrete and serious could happen, because as soon as the employers get rumors along this line they request the government to take drastic measures.

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In order to prevent the occurrence of uncooperative acts the women workers are, therefore, organized as a volunteer labor force and expected to work together.

In this matter if the person involved takes a firm attitude as an Imperial lady, then nothing untoward could happen. Besides, we have taken all the necessary precautions on this matter as just stated.

EQUAL TREATMENT.

Question: How about treatment?

Answer: In principle, the treatment is the same as other women operators or workers in the factory. Beside, the laws for Health Insurance, Welfare annuity, factory laws etc. are also applicable to members of women's labor force. The government has also taken steps to maintain and heal the diseased and wounded, and other measures for the welfare of the members.

Question: Since the government has considered all these points then we members ought to work very hard for the government, not forgetting the great enthusiasm displayed by us at the time of joining the service.

Answer: You are quite right. The object of women mobilization is not only to have women mobilized, the most important thing is to mobilize them to work hard and efficiently for the government. In this way, the members won't get disheartened as soon as they enter the factory. In this matter the government has asked the authorities of the factories to promote those who work hard and exhibit talents.

Others have made inquiry about those who are disheartened because they have nothing to do in the factory. Naturally, the government is doing its best not to let this kind of thing happen again. In short, this is a total war; we have mobilized everything for this war, this include all kinds of transportation. Owing to the high efficiency of our transportation, the stoppage of work arising out of the lack of raw materials etc. will not happen again. We hope that everybody shall understand this fully.

We have also heard that the enthusiasm of the members died out as soon as they entered the factory because they found the people in the factory very dull and uninteresting. The government and the authorities of the factory have also

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taken up this matter conscientiously and seriously. There may be a few rascals around but we hope the members will show a pleasant mood and a positive attitude instead of being disheartened.

THE WORK OF THE WOMEN'S LABOR FORCE.

Question: In what fields shall we be distributed?

Answer: At the present time the members of the labor force will be distributed in the following factories: aeroplane, ammunition, important mechanical, tools, chemical and many other factories. In the past our factories have depended only upon male laborers for production, but at the present moment we have tried to replace men with women and found that women can take over nearly all the jobs and duties that were performed formerly by men.

Of course, you have learned this from the newspapers a long time ago. Their achievement is surprising to the employers and their honest attitude toward work is touching to many. Hence our faith in the greatness of Japanese women is further strengthened, and from this alone we are sure of the final victory!

Question: From now on what fields shall our most important work lie?

Answer: There is not much difference from the past arrangements. What we need to emphasize now is labor and not the distribution of labor. Hereafter we have to mobilize all the labor and place them in the most important factories and plants of the country.

Question: Lastly, there is the cry of "women conscription" in the country; has the government considered this matter?

Answer: Naturally, the government has considered this matter. The legal preparations are ready, and, if circumstances demand, women conscription would start soon. But, we believe the women of Imperial NIPPON will not wait until conscription, they will volunteer their service willingly to the country as so many of them have joined the labor force already.

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THE MOBILIZATION OF STUDENTS AND PUPILS.Labor is the Essence of Education:

Question: What are the reasons behind the "Student Labor decree"?

Answer: The procedure of mobilization and the employment of student labor is based upon the Act of National Labor Mobilization. In the very beginning, the Act of National Labor Mobilization was formulated on the principles of National Mobilization. It aims to mobilize the whole population to utilize their leisure time for war production and other important military purposes. In essence this is different from the present student mobilization.

This does not mean that the students have to sacrifice their learning temporarily and devote their time for labor service, but on the contrary, the students have to achieve the aims of education through working. That is to say, the students get to offer their services to the country in the form "Labor is education" (勞動即是教育) hence this is not a temporary affair, but year around plan. Therefore, the procedures and regulations had to be drafted in this spirit.

In order to meet the specific requirements of the ammunition factories and at the same time to enable the carrying out of mobilization smoothly it is necessary to separate student labor mobilization from the general labor mobilization hence the "Student Labor Mobilization decree" was issued.

Question: "Labor is education" is very important, but . . .

Answer: The phrase "Labor is education" is often misunderstood to mean teaching the laborers in their leisure hours; this would naturally lead the students to think that they are treated as apprentices. This is certainly not the right interpretation. It means to the teacher that education of the student is possible only through labor, and to the student it means self-training, learning and self-discipline through work.

The employers must treat them as students and they must welcome them with a warm heart and honest enthusiasm. They have to look after their health and hygienic conditions, and

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to guide their thinking so as to make the student work diligently in a friendly atmosphere. This kind of cooperation is compatible with "Labor is education" and will greatly stimulate the efficiency of production.

The worst possible arrangement is to treat the students as ordinary laborers and try to exploit them as much as possible. The other extreme is to take as many students as possible and give them unimportant jobs or even no work to do and let them loaf around.

If on the one hand the employers respect the personality of the students and take pains to explain to them their difficulties, and on the other hand praise them for their good work, when there is an increase in production, then through this attitude of sharing bitterness and happiness together the emotional and grateful students can be moved to work very hard for the factory, regardless of personal sacrifices. We therefore, hope the employers will understand the psychology of the students and guide them to creative and productive work.

THE STRENGTHENING MOBILIZATION.

Question: What are the essential points of the present decree?

Answer: The following points are stressed in the decree:

1. The period of labor service is extended from 60 days, as stated in the National Labor Mobilization Act, to within one year.
2. Previously, students higher than the 3rd year of the middle school are the objects of mobilization but the present decree has extended the limit to include all the students in the middle school, in the senior primary school as well as all the head masters and the teaching staffs.
3. The Minister of Education and the local authorities responsible for education have the responsibility to order the students to work, but at the same time have to duty to order them ^{to} stop working, if circumstances deem it necessary.
4. The Minister of Public Welfare and the Minister of Education have the power to issue orders to the employers regarding the manner in which the students should be employed,

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the working conditions of the factory, and the responsibilities of the employers to look after the welfare of the students and their dependents.

5. The supervisory powers of the Minister of Education and local authorities responsible for education over the headmasters, the mobilized students and the employers are clearly stated.

SIMPLIFICATION OF PROCEDURE:

Question: Please explain shortly the simplified procedure of mobilization.

Answer: 1. Formerly the application for student labor service was sent directly to the Ministries of Education and Public Welfare. But at the present the applications of College and University students are still handled by the Ministries of Education and Public Welfare, while the primary and middle school students can apply directly to the local authorities. Besides, it is not necessary for the applications to pass through the head of the National Mobilization Bureau. 2. The mobilization plan is carefully worked out, if applications are made within the definite spheres of the plan, they can be passed easily without wasting time in deliberation. 3. The mobilization order is not jointly signed by the Minister of Education and Minister of Public Welfare as previously, but signed either by the Minister of Education or by the local authorities. 4. After receiving the mobilization order the principals and head masters will notify the students concerned verbally and it is unnecessary to inform them in written form as they did previously. 5. Applications for emergency works which will last within a period of 20 days are sent to the principals or headmasters directly by the students. In this manner it has opened the door to mobilization by the headmasters and principals of schools.

THE RELATION BETWEEN STUDENTS AND ORDINARY WORKERS.

Question: Regarding the student mobilization: are there any differences arising between the students and the ordinary workers?

Answer: On the good side, the quality and habits of the ordinary working men have greatly improved owing to the good influence of the student workers. There are many such concrete examples. Firstly, in the matter of attendance: the students have established a good record; late comers are few; consequently the rate of production is increased.

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Besides, owing to the good influences of the students the manners, behavior and conduct of the ordinary workers have all changed for the good. The students have not only influenced the qualities of the workers but also influenced their working efficiency.

The bad influence exerted by the students is not too rare to be mentioned. For example, the ordinary workers are conscious of the fact that the employers are taking more interest in the student and think that they are not so well treated as the students. At the same time the snobbish manners of the students are not welcome by the workers. But the employers are responsible for all these; they ought to act as go between and arbitrate the differences between the students and the workers.

THOSE WHO ARE UNABLE TO JOIN.

Question: There must be many students who are not able to join the students' Labor Corps.

Answer: Those who are too ill to join and those who are wounded after entering a factory or became ill are exempted from mobilization. These students are required to receive medical attention and as soon as they have recovered they are guided to selected light work to suit their physical conditions. The mobilized students are insured for health and life. Besides, we have opened other channels for their safe guarding, such as, laws for working conditions, laws for accidents, laws for working in the mines and many other laws for their protection and welfare.

Those ill and sick who are not likely to be exempted from labor service and yet can not meet the vigorous requirements of the factories are either put into research laboratories to help the research work (College students) or asked to remain in the schools to help the mobilization work (School boys). Some prefectures and counties have made plans to group all those weak and sick students together to make them perform light duties on the farm and at the same time to allow them to recuperate. The government is also drafting plans for looking after and helping the mobilized students as a whole.

THE MOBILIZATION OF NIGHT SCHOOL STUDENTS.

Question: Why are the Night School students not mobilized?

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Answer: Night schools are designed for those who have occupations in the day time. At the present time practically all the night school students have occupations in the daytime and those who have no regular work are not admitted. There might be some loafers mixed in the night school, but once they are discovered they will be mobilized as well. Here lies the responsibility of the Night school authorities; they have to investigate all the students and turn in all those who have no regular work in the daytime; failing this, the careless school will be closed.

THE MOBILIZATION OF SCHOOL TEACHERS AND STAFFS.

Question: We have often heard that those teachers and staff members who are acting as group leaders are not very popular with the students. Is that so?

Answer: There are instances to show that the group leaders are sometimes not sincere in their attitude towards the students, nor are they on intimate terms with them. But some of these arise from the character of the work or from working conditions in the factories, and this phenomenon is not very wide spread. On the other hand there are many enthusiastic leaders who have set good examples for the students by hard work. Consequently, many students were moved to tears and the production was increased. As it is impossible for the government to take up every detailed problem and incognizance of the fact that the duties performed by the group leaders may not very satisfactory, the government has recently issued a series of orders to the teachers concerning the principles of guiding the students. These principles should be the guiding posts for future training.

In short, the mobilization of teachers and staff members is definitely stated and their relation to the students clearly specified in the present "Student Mobilization Decree". Hence the procedure of mobilization can be correlated closely with other forms of mobilization.

COMPENSATION AND REWARDS.

Question: There are many complaints about rewards, for example, in some schools no reward or pay is given to the student laborer, and the excuse for this is that this is the policy of the Ministry of Education.

Answer: The rewards are not on the same basis in the various factories and plants, but this is inevitable. In

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the matter of rewards the Ministry of Education has set a definite standard and scale, distinguishing between ordinary rewards and special rewards. Furthermore, the managers of the plants are asked to cooperate and to follow government regulations in the matter of giving rewards and payments. The detailed articles regarding this matter which were left out in the previous regulations issued by the Ministry of Education are stated definitely in the present regulations just issued. The complaints may either arise from misunderstanding, or from total ignorance of the new regulation. Certainly the Ministry of Education has not stated anything in the regulations which prohibits the giving of proper rewards to the student workers. Although the rewards given are meagre, they are paid to the hands of every individual student. If there are some schools which do not follow the regulations of the Ministry of Education then we have to take drastic steps to see that the regulations are followed strictly.

MOBILIZATION OF CIVIL SERVANTS.

Question: Why are the civil servants of the government mobilized too?

Answer: Owing to the emergency of the present war, the urgent demand for strengthening the fighting force, especially the fighting force of the Air Arm, the great demand of labor and the pressure of transportation, we must mobilize the civil servants. It is laughable if our war effort is to be handicapped by the shortage of labor. Furthermore, in the present year (1944), as the main body of the age groups from 19 to 20 has entered the barracks it is necessary to mobilize citizens of every stratum as a counter measure. That is, in addition to the various policies of the past, the mobilization of civil servants is put on an equal basis with the mobilization of students and the mobilization of women.

THE NATURE OF THE MOBILIZATION.

Question: This is necessary, but how about the scope of mobilization?

Answer: That will depend on the demands of the war. Owing to the repeated administrative readjustments in the past, the civil servants still remaining all have important affairs of state to perform; consequently they cannot be mobilized for a long time. The present arrangement is to let them perform their own duties, but from time to time they are mobilized to help farming.

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Question: When you permit them to have their own status in the government and at the same time mobilize them, then how about the discipline in the new environment?

Answer: Although permitting them to retain their former position, in the place where they are mobilized to work they have to obey the orders of the bosses of the new environments under whom they are working as regards to the matter of working hours and holidays, which is stated definitely in the decree. Besides, they are requested to work harder than the rest so as to set a good example for the others. Therefore, the mobilized civil servants have actually become staff members of the plants or factories and such places where they are mobilized to work.

TECHNICIANS ARE SENT TO AEROPLANE FACTORIES.

Question: Where are you going to send the various groups of civil servants to work?

Answer: Technicians of the government services form the main object of the present mobilization. In general, they should be graduates of industrial schools and technical colleges and have the technical knowledge of mechanical, electrical, metallurgical and chemical engineering which can be used in the aeroplane factories. At present, the required technicians are selected from the general administrative offices of the government and from the teaching staffs of the middle schools. They are sent to the aeroplane factories to be trained as the backbone of the aeroplane industry.

Question: What about the procedure of mobilization?

Answer: Firstly, the number of technicians required is fixed by a conference between the Ministries of Public Welfare, Munition and the Bureau of Aeronautics. Then the numbers to be supplied by the various governmental departments are discussed in a meeting, participated in by the delegates of the various departments in question. Lastly, the Ministry of Public Welfare issues orders to the respective local authorities of the districts and prefectures where the technicians are working. On the other hand, the various departments are requested to send in the names of the technicians to the local authorities of the places where the mobilized technicians are sent to work.

Acting upon the instructions issued by the Ministry of Public Welfare and based on the list of names handed in, the

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local authorities will confer with the general administrative department of the Ministry of Munitions deciding the places and occupation to which each individual technician shall be assigned. The result of the decision is sent to the various departments and Ministries in question.

THE PROBLEM OF STATUS AND REWARDS.

Question: Lastly how about the question of position and rewards?

Answer: As stated before the mobilized civil servants will still retain their former positions in the government; consequently they are entitled to receive the former pay, the various war subsidies and other special allowances from their respective departments or offices. Besides, they are allowed to receive a subsidy for dangerous work in the chemical warfare factories, but they are not supposed to receive other subsidies such as food subsidies and travelling subsidies from the factories. Moreover, travelling expenses and other expenses related with official business are allowed if they are within the limit of the regulations of the government. As to other money rewards, unless permitted by the authorities, the mobilized civil servants are not allowed to receive them.

In the end of the working period it is customary for the employers to give some money present to the mobilized technician as a sign of gratitude; they are not allowed to receive the money unless it is permitted by the authorities.

Typist: Szetu, Cheh

For C.T.C.

T.H.B.

(Enclosure no. 10 to despatch no. 259, March 27,)
(1945 from the American Embassy, Chungking, China.)

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27 FEB 1945

TRANSLATION: N.A./JOHN YANG

ACTION: F.E.A.
INFO: OSS R & A
EMBASSY —
- File

FROM: TAIRIKU TOYO KAIZAI (Continental Oriental Economy)
published in KEIJO (SEOUL), 25 September 1944

THE CO-OPERATION BETWEEN THE MANCHURIAN HEAVY INDUSTRY CO. AND THE
FINANCIAL CLIQUES (This is a summary.)

Takasaki (高崎), the Director of the Manchurian Heavy Industry Co. has attempted to achieve co-operation between the Manchurian Heavy Industry Co. and the financial cliques of Japan; and starting from last autumn this plan has been gradually realized.

The development of the industries of Manchuria has been planned by the Manchurian Heavy Industry Co. since the end of 1937, when this Company was established. Although Japanese capital had been invested in Manchuria long before through the South Manchurian Railway Co., the capitalists of Japan had had no concern with the undertakings of the Manchurian Heavy Industry Co.

Of course, Japanese capitals had ^{been} invested already in some of the other special companies, but they had not invested in any enterprises co-operating directly with the Manchurian Heavy Industry Co. Consequently, the new tendency toward close co-operation between Mangyo (滿業 Manchurian Heavy Industry Co.) and plutocrats of Japan should be regarded as a notable event. The cooperation with the three financial cliques of Japan -- Mitsui, Mitsubishi, Sumitomo -- is specially notable.

This kind of cooperation was realized in two industrial spheres; chemicals and light metals. More, we can count four enterprise companies, data on which are tabulated below;

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Name of Company	Nominal Capital (Paid up capital)	Investor	Chairman of Board of Directors	Manag
South Manchurian Chemical Products Co. (南滿化成工業) (Established in Dec. 1943)	Yen 10,000,000 (Yen 2,500,000)	Japan Chemical Products Co. (日本化成) Yen 5,000,000 Mangyo Yen 2,500,000 Manchurian Iron Products (滿洲製鐵) Yen 2,500,000	TAKASAKI Tatsunosuke (高崎達三助)	IKEDA (池田)
Continental Chemical Industry (大陸化學工業) (Established in Mar. 1944)	Yen 10,000,000 (Yen 2,500,000)	Mitsui Chemical (三井化學) Yen 5,000,000 Mangyo Yen 2,500,000 Manchurian Iron Products Yen 2,500,000	-----	IMAI T (今井)
Antung Light Metal (安東輕金屬) (Established in Apr. 1944)	Yen 200,000,000 (Yen 50,000,000)	Sumitomo (住友本社) Yen 100,000,000 Mangyo Yen 50,000,000 Manchurian Light Metal (滿洲輕金屬) Yen 50,000,000	-----	ARAKAWA (荒川)
Manchurian Light Alloy Industry (滿洲輕合金工業) (Established in May 1944)	Yen 50,000,000 (Yen 12,500,000)	Mangyo Yen 25,000,000 Sumitomo Yen 25,000,000	-----	KASUGA (春日)

Company	Nominal Capital (Paid up capital)	Investor	Chairman of Board of Directors	Manager
Manchurian Chemical (日本化成工業) In Dec. 1943)	Yen 10,000,000 (Yen 2,500,000)	Japan Chemical Products Co. (日本化成) Yen 5,000,000 Mangyo Yen 2,500,000 Manchurian Iron Products (滿洲製鐵) Yen 2,500,000	TAKASAKI Tatsunosuke (高崎達三助)	IKEDA Kanesaburo (池田龜三郎)
Chemical (大陸化學工業) In Mar. 1944)	Yen 10,000,000 (Yen 2,500,000)	Mitsui Chemical (三井化學) Yen 5,000,000 Mangyo Yen 2,500,000 Manchurian Iron Products Yen 2,500,000	-----	IMAI Tomioouke (今井富之助)
Light Metal (輕金屬) In Apr. 1944)	Yen 200,000,000 (Yen 50,000,000)	Sumitomo (住友本社) Yen 100,000,000 Mangyo Yen 50,000,000 Manchurian Light Metal (滿洲輕金屬) Yen 50,000,000	-----	ARAKAWA Eiji (荒川英三)
Light Alloy (輕合金工業) In May 1944)	Yen 50,000,000 (Yen 12,500,000)	Mangyo Yen 25,000,000 Sumitomo Yen 25,000,000	-----	KASUGA Hiroshi (春日弘)

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The South Manchuria Chemical Products Industry was established last year; and as the investor, Japan Chemical Products Industry (日本化成), belongs to Mitsubishi and was combined with Asahi Glass (旭硝子) this spring to form one of the biggest of the synthetic chemical industries, the development of this Company will meet our expectations. The aim of this enterprise is to handle chemical products, including materials, derivatives, and by-products.

The Continental Chemical Industry (大陸化學工業) was established in March this year. The Mitsui Chemical Co. subscribed half of its capital. Since the Mitsui Chemical Co. was separated from the Mitsui Mining Co. and was established on the foundation of the Fukui Prefecture Factory (福岡縣工場) of Mitsui Mining, it has a better history than Mitsubishi Chemical Products. The fact that the two Companies, the South Manchurian Chemical Products and the Continental Chemical Industry, have capital from the Manchurian Iron Manufacture Co. shows the close relation between the iron and chemical industries.

Antung Light Metal (安東輕金屬) was established in April this year. Connecting the electric power of western Korea and the alumina of the continent, the light metal field of the continent will increase its production. Of course, the Manchurian Light Metal Co. used to produce fairly good products, but this co-operation with Sumitomo will improve its technique.

The Manchurian Light Alloy Industrial Co. was established in May this year. As we know already this Company produces and processes non-ferrous metals or alloys. Its position is intermediate between the production of raw materials and that of finished products. As this is the weak point of the mechanical industry of Manchuria, one expectations will be met.

Not only in the sphere of capitals, but also in that of technique. The cooperation with the Japanese financial cliques will strengthen the weak points of Manryo and will raise the industrial level of Manchuria.

Typist, N. Y. CHENFor C. T. C.
T.H.B.

(Enclosure no. 11 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.))

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27 JAN. 1945

TRANSLATION: O.W.I./M.L. CHIEN

ACTION: O.W.I.
INFO: Embassy
OSS, Major
Stevens.
FileFROM: THE Magazine JIKYOKU JOHO (Current Information)
Published in TOKYO, 25 September 1944.PRESENT CONDITIONS IN PHILIPPINE ISLANDS -- AS SEEN FROM
CABINET RESHUFFLE. (By MORISHITA Haruichi 森下春一)Confidence in President LAUREL.

The PHILIPPINE REPUBLIC, which attained its independence on Oct. 14, 1943 has made great strides towards the placing of the PHILIPPINE ISLANDS on a war footing under the leadership of President LAUREL. With the growing seriousness in the Pacific War situation, the picture of the PHILIPPINE ISLANDS suddenly becomes exceptionally colorful. MACARTHUR, (formerly C-in-C of American forces in PHILIPPINE ISLANDS.) Commander-in-Chief of the Allied forces in Southeastern ASIA, who fled from BATAAN PENINSULA in March of 1942, is greedily looking forward to the recapture of the PHILIPPINES. During the military conference held in July in HAWAII last July, it is said that he objected to the plan of attacking JAPAN directly and prevailed upon ROOSEVELT with the idea of raiding the PHILIPPINES first. As a matter of fact, the U.S. forces have recently begun the air attacks on DAVAO in the MINDANAO ISLANDS as a herald to their landing operations. However, it is difficult to predict which direction the NIMITZ offensive is pointing. Evidently, the enemy is seeking some midway base from which they hope to spring their attack on JAPAN PROPER.

Under such war conditions, the faith of President LAUREL is not in the least shaken as shown by his outcry that the permanent independence of the PHILIPPINES would be impossible without JAPAN's victory. On the memorial day of the first year of the PHILIPPINES's independence last August the President broadcasted as follows:

"From the inception of her independence, BURMA has been engaged in a gigantic war. The fact that the entire Burmese race is devoting themselves today to their most courageous war against the enemy commands the respect of the Filipino race. If Burma stands as the back-door of

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the Sphere of Co-prosperity, then the PHILIPPINES may be considered as its Southeastern portal. The two countries are sharing the burden of shaping the destiny of EAST ASIA."

Thus he expedited the self-awakening and spiritual revival of the entire people who are burning with the determination to share their destiny with JAPAN. The most happy phenomenon in the eyes of the Philippine people is the positive cooperation that the entire cabinet is extending to President LAUREL.

In the era of the Commonwealth with QUEZON as the head, it is true that LAUREL did not possess any higher position than his other cabinet colleagues. BENIGNO S. AQUINO (?) (ベニグノ・エス・アキノ), the present chairman of the Parliament and vice-director and business manager of KARIBAPI (?) (カリバピ), (the new Service League of the PHILIPPINES) was elected a Parliament member to the Lower House thirty-five years ago at the age of twenty-five and served as the Minister of Agriculture and Commerce under the QUEZON Government. MANUEL ROAS (?) (マヌエル・ロアス), the present director of the economic planning board served as chairman of the lower parliament at the year of 30 and was prominent as an anti-Quezonist. He later became the Minister of Finance and was nominated as a candidate for President at one time. Besides, there are CARLO M. REKUTO (?) (クラロ・エム・レクト), the Foreign Minister, KINDEN PAREDES (?) (キンデン・パレデス), the new Minister of Justice, RAFAEL R. ARUNAN (?) (ラファエル・アラン), the Minister of Agricultural resources and JOSE YULO (ホセ・エーロー), chairman of the Supreme Court, all of whom were famous statesman in the prewar days. It is a fact that they were not on good terms with LAUREL before, but now after one year of Independence, all previous misunderstanding have been dispelled and they have become members of the "LAUREL Family", so to speak. Under LAUREL's leadership they are now setting an example in the reconstruction of the war-time PHILIPPINES.

Cabinet Reshuffle and Strengthening of War-time Structure.

President LAUREL avoided an abrupt change in organization and personnel from the military government to the

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civil government, and made the change by gradual transition. The six Departments of the Central Administrative Office under the Military Government became the six Ministries after the Independence and their chiefs were promoted to the position of Ministers of the new Government.

President LAURAL, former chief of internal affairs, became con-currently the Minister of the Interior. With the establishment of the Foreign Ministry, REKUTO (?) (レクト) was made the first Foreign Minister and VARGAS (?) (バルカス), former Executive Chief, was appointed as the Ambassador to JAPAN. Furthermore, in January this year, the Ministry of Agriculture and Commerce was changed into the Ministry of Agricultural Resources and the Ministry of Economics; and the Ministry of Education and Public Welfare was divided up into the Ministry of Education and the Ministry of Labor & Public welfare. Thus, nine Ministries were completed out of the former seven Ministries. At the same time ARUNAN (?) (アルナン) was appointed as the Minister of Agricultural Resources and EMIQUANO TEIRONA (?) (エイクアノ・エイロナ), head of the vocational bureau was appointed as the Minister of Labor and Public Welfare. Thus, the President is serving today as Minister of Interior, Education and Economics con-currently.

However, the Cabinet reorganization which took place on 24th August was centered upon the Ministry of Interior which is responsible for the maintenance of peace. The empty chair of the Interior Minister was filled by SHISON (?) (シソン) formerly Commissioner of National Defense and Minister of Justice. Simultaneously, PAREDES (?) (パルデス), the Minister of Civil Construction and Communications was made the Minister of Justice and JOSE VAYES (?) (バエス), chief of civil defense corps, was appointed as his successor. PEDRO SABIDO (サビド), the chief secretary, was appointed Minister of Economics. As early as May, CAMILIO OCIAS (?) (カシオ・オシアス) had given up his post as vice-director of the party to AQINO (アキノ) the chairman of the Parliament, to become the Minister of Education. In this way the different Ministries were substantiated by having responsible persons placed at their top.

As it is well known, the PHILIPPINE Government does not possess any national defense Army, and accordingly

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there will be no need for a Ministry of National Defense. In order to back up the Ministry of Interior which is responsible for the maintenance of peace and the function of economic policing the President has appointed General GUILLERMO (ギレルモ) FRANCISCO to be responsible for peace maintenance to assist SHISON (?) (シソン), in addition to vice-minister ARUCENTO BONIFACIO, (?) (アルセニオ ボニファシオ). The former was chief of the National Defense Ministry under Ex-President QUEZON in October 1939 and since then has become the authority on national defense and peace maintenance together with LEON GINTO (?) (レオン・ギント) his former assistant and the present mayor of MANILA. PAREDESU (パレダス), the new Minister of Justice formerly served as Attorney General, Minister of Justice, and Chairman of the Lower House and has been quite influential in the political field. His return to the post of Minister of Justice from the Minister of Civil and Communications, which he recently held, is really colorful and gratifying. HOSE VAYES (?) (ホセ ヴェイス), who joined the Cabinet as Civil and Communications Minister for the first time, was head of Civil Construction Bureau in pre-war days and was manager of the MANILA Railway Corporation just before the outbreak of the Pacific War. He is considered as an authority on civil construction and communications in the PHILIPPINES and it is expected that through his energetic activities, all civil construction and transportation questions will be satisfactorily solved in the future. PEDRO SABIDO (?) (サビド), the new Economic Minister plays an important role in the PHILIPPINE industrial circles and was instrumental in alleviating the crisis of the MANILA hemp industry in 1940 as chairman of the Hemp and Fiber Association. After the war he served as chairman of the PHILIPPINE Hemp Association and contributed much to its planting work and indeed is a very brilliant industrialist in the PHILIPPINE ISLANDS. Furthermore, ROHASU (?) (ロハス) director of the Economic Planning Board entered the new Cabinet as a Minister of State. He is determined to stake everything with President LAURAL and his participation in the new Government adds much to its weight.

At the KARIBAPI (?) (カリバピ) plenary session of the entire PHILIPPINES held in the metropolitan theatre in MANILA last June, ROHASU (?) (ロハス) was nominated as a member of the committee for the preparation of independence and he was cheered by the gathering unaminously.

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From this we can see how popular he is among his countrymen. Unfortunately, his poor health forbids him to work too hard but he is doing his best to help carry out the policies of President LAURAL. During the meeting of rice producers which took place in MANILA city hall on July 21 of this year, he made the following scathing remarks to 500 absentee landowners who participated.

"The foremost problem of our country today is rice. I believe that you all wish to join the ranks and march forward to the front line of rice production. You have no stocks of rice on hand and yet there is not one day that passes without 2,000 byo (bale) being transported into MANILA. Where does this rice come from anyway? The rice is supposed to remain intact in your hands in TARLAC (タララック), NUBRA (?) (ヌブラ), and ECIJA (エシヤ) (in Central LUZON). I would like to have your pledges of the amount of rice that you will contribute." He showed in no uncertain terms his attitude toward the absentee landowners who have delayed in making contributions of their products. Thus the PHILIPPINE Government as a war Cabinet has developed its powers and has completed its preparations for a fight to the finish against the MACARTHUR and NIMITZ offensive.

Transformation From a Supply Base to a Front Line.

However, what are the actual war conditions recently in the PHILIPPINE ISLANDS? When we think of the Filipinos, we cannot help but bring to mind the picture of dancing and music. However, starting from 1st of August, night clubs and cabarets which used to go mad over peculiar dances were closed down. This is the way it should be, as the healthy spirit of the Filipinos was impaired and a hot-bed for evil was bred as a consequence. Even dance maniacs such as the French have prohibited this sort of thing long ago in FRENCH INDO CHINA. Incidentally from the 10th, the business hours for restaurants, bars, and eating houses have been restricted to 8 p.m. The "one soup and one dish" menu is strictly enforced. Soup may be either of meat (beef, pork, chicken, etc.) or fish or fish spawn or noodles and a choice of either 200 grams of rice or 70 grams of bread can be made. In the PHILIPPINE ISLANDS which used to puzzle over what to do with the sugar produced, people must now wait for the ration day in order to get their supply. Although the home of copra, soap is now being

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rationed. The same thing is true with tobacco for the production of which the PHILIPPINES is famous.

The PHILIPPINE ISLANDS which used to be the supply base has become the front-line. Blackouts are now enforced and air precaution drills are practiced. Everywhere in MANILA, air raid dugouts are constructed. Defense and protection corps are organized in all prefectures, towns and villages. The formation of first aid squads, fire squads and demolition squads are under way. Furthermore, the Committee for the evacuation of residents in MANILA was formed on July 28. On that occasion ARUCENIA RUSU (?) (ア ルセニ ア・ルス), head of the Information Bureau, made the following announcement: "The PHILIPPINE ISLANDS has now come within the radius of possible enemy air attack. However, the city is handicapped with a surplus of population caused by local residents and migrants. For the purpose of minimizing the damage in the case of air raids, this surplus population must be adjusted right away as far as possible. In the meantime, the difficulties with regard to food-stuffs, housing and transportation are being aggravated. For this reason it is urgent for the Government to take fast and drastic action on evacuation measures." And on August 18, compulsory evacuation was ordered. As a result of this order, those who did not reside in MANILA, prior to December 8th 1941, with the exception of the Japanese forces, employees of Japanese companies and officials of the PHILIPPINE Government, were strictly prohibited. It is expected to bring down the present population of 120,000 to something below 75,000 of pre-war days by this means. Then again on the 19th of August, the MANILA Central Residence Committee made an announcement to the following effect: "Out of obligations arising from the Japanese-Philippine Alliance, in which close cooperation for the territorial integrity and independence of the PHILIPPINE ISLANDS was pledged by both sides, the PHILIPPINE Government has now the responsibility of furnishing barrack facilities within the limits of MANILA for the stationing of Japanese troops in the PHILIPPINE ISLANDS."

Furthermore, GINTO (?) (ギント) the Mayor of MANILA has designated the Peace Boulevard facing MANILA Bay for military use having closed the district to general public since August 21; he has also prohibited the use of all frontal residences facing the coast. From these evidences

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we can get some idea of the emergency conditions in the PHILIPPINES at the present time.

Cleaning Up the Remnants of American Influence.

However, among a certain section of the Filipinos, there is still left a yearning for AMERICA which gives ground for enemy espionage and designs. The spy net recently unearthed by our gendarmes was spread under the shadow of a Catholic altar. It was found that CHARLES PARSON (?) the secret emissary of Colonel EVANS who was chief of the American Special Service Section(?) stationed in the PHILIPPINES before the war had slipped into the PHILIPPINES and was using the Church of the Immaculate Conception as his underground headquarters where he planned the organization of the espionage system. He had established contact with acting General FUERUTEIKKU (?) (フエルトイクク), Commander of the guerilla forces of the entire PHILIPPINES and schemed for the unified control of various guerilla groups with the hope of expanding their activities by gradually enlisting the services of all anti-Japanese elements. In the meantime, Lieutenant Commander PHILIP, who was with the American forces in ATTU ISLAND, had established a radio station at a corner of MINDORO ISLAND which commands a full view of MANILA Bay at a glance. From there secret intelligence is actively maintained with enemy bases in AUSTRALIA and the SOUTH WEST PACIFIC. Furthermore, "Commander CIO, the Intelligence chief of the Guerilla unit of the U.S. Far Eastern forces, alias the Filipino named FRANCO BERA REIES (?) (フランコベラレイズ), edited and published strange anti-Japanese literature and distributed it among various groups. Finally, there are now present many subversive elements who are making frantic efforts in collecting money or furnish liason quaters for the sake of the Guerillas. It goes without saying that the most urgent task in the PHILIPPINE ISLANDS today is to do away with all possibilities for the organization of such an espionage net.

Although some of these malcontents are trying to turn the PHILIPPINES into a battleground, the trend of the general public is to shun the reoccurrence of the tragedies of war. Although MANILA was declared an open city the last time, she was made to suffer from the

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ravages of war and consequently has grown tired of fighting. And herein lies the key policy of the LAUREL Government toward the people. Last June President LAUREL placed the Municipality of MANILA, which used to be under the control of the Ministry of Interior, directly under the President, thus hoping to deal with urgent matters more efficiently. Furthermore, for the purpose of attaining smoothness and strength in local government, he divided the entire PHILIPPINE ISLANDS into seven control districts in the later part of August. At the head of each of these districts a local executive Commissioner was placed and by thus directly supervising the administration and finance of local governments, it is expected that political power will penetrate through the administrative structure. What attracts our attention especially is the development of the people's movement of KARIBAPI (?) (カリバピ) as a revival of the political party. The KARIBAPI movement, which as an ideological body has found itself in a stagnant state, now sees a way out through the turning of the organization into political channels. AKINO (アキノ), on his return as a special Envoy to JAPAN for the exchange of courtesies on the occasion of Philippine Independence, made his first public speech in a tour around the country before tens of thousands of people at TARLAC (タルラック) in TARLAC (タルラック) state on June 17 as follows:

"I believe that not a few among my compatriots are viewing the reality of the Independence which we now enjoy with skepticism and distrust. The background of their apprehensions is the difficulty of economic livelihood and the garrison of Japanese troops. As a result of the present war, the PHILIPPINE ISLANDS has severed herself entirely from the parasitic life depending upon AMERICA. Whether we obtain independence or not, it is to be expected that economic difficulties will be experienced and we must consider the discomforts in our economic life as being entirely separate from the question of independence. But the garrison of Japanese troops reflects nothing except JAPAN's sincerity in loving the PHILIPPINE ISLANDS. It should be easy to recognize that at the present juncture, the order of the PHILIPPINES cannot be maintained by our hands alone. We ought to know the limits of our capabilities at the present stage. Are we not depending upon the Japanese Army to repulse the attack single-handed, should there be air raids or landings here on the part of AMERICA? The return of the Americans will mean the ruin of the PHILIPPINES. Under these grave circumstances, the

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greatest part that you can contribute is to cooperate implicitly with the Government. Only by this means can the government succeed to develop its functions to the full extent and enhance the happiness of the people." In this way AKINO (アキノ) has captivated the hearts of the Filipinos and his way of thinking is indeed a guiding example of KARIBAPI (カリバピ) ideology.

Now AKINO (アキノ) has placed under his direct control the Department of Propaganda and Campaigning as well as the Department of Political Affairs, thus opening up a powerful popular movement. Its objective is not only to defend the PHILIPPINE ISLANDS as specified in the Japanese-Philippine Alliance but also to heighten the spiritual consciousness of the people to such an extent as to even declare war on AMERICA and ENGLAND. The PHILIPPINE ISLANDS as a nation is now marching on the unison toward the goal of a war-time structure.

Typist: Szetu, Cheh

For C.T.C.

T.H.B.

(Enclosure no. 12 to despatch no. 259, March 27,)
(1945 from American Embassy, Chungking, China.)

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TRANSLATION: O.W.I./M.L. CHIEN

ACTION: O.W.I.
INFO: OSS STEPHENS
Embassy —
G-2
- file

FROM: JIKYOKU JOHO (Current Information)
Published in TOKYO, 25 September 1944

PRESENT CONDITIONS IN FIGHTING FORMOSA
(By ITO KINJIRO 伊藤金次郎)

Enforcement of Conscription system

On the 2nd of September, all newspapers in the Capital published an account of the ceremonial services conducted by the Formosan residents in TOKYO, together with representatives of the Formosan League and other patriots, in front of the NIJU (二重) Bridge in expressing their profound gratitude to the Emperor for the great and limitless kindness in extending the conscription system to the subjects of FORMOSA.

The entire people of FORMOSA, numbering 6,600,000 are now ready to enforce the conscription system as from the 1st of September, in obedience to the Imperial wish of "putting JAPAN and FORMOSA on the same footing" which has been the fundamental policy even since FORMOSA was taken into the folds of the Japanese Empire.

This step, of course, is in consequence of the Cabinet decision made on 23 September last year to the following effect:

"The conscription system is to be applied to the compatriots of FORMOSA and steps shall be taken so that enlistment shall be possible beginning from the fiscal year of 1945."

On the occasion of the fiftieth anniversary of the Formosan Administration in 1945 when the re-orientation of policies is to be expected, such an epoch-making gift to the people of FORMOSA not only fills the heart of every Formosan with gratitude but satisfies the ambitions of all those concerned with FORMOSA through the knowledge of the fact that all Formosans are in a position to train themselves thoroughly to be suitable as subjects of the Japanese Empire.

As a matter of fact, the 6,600,000 islanders in FORMOSA, bearing fruit from the traditional administration under a long string of Governors which has for its basis the placing of FORMOSA on an equal footing with JAPAN, are now thoroughly familiar with the ideology of the Imperial subject and, spurred by pure patriotism under the great war, have contributed funds toward national defense or volunteered for work on the preparation of lands for public use. Especially, the young men are receiving the same kind of war-time training in the schools and factories as those in JAPAN and their red blood is seething with the fighting spirit of destroying the enemy.

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As they have entered the preparatory period for the enforcement of the conscription system, the young men are now keeping both their body and mind in pure and healthy condition in anticipation of the arrival of tomorrow's glory.

If we should turn the pages of the Colonial history of the world, where else could we find such a nation united both internally and externally and in which homogeneous fusion of new territories is accomplished in such a short time? Indeed it might be said that our Formosan Administration is one of the things that we may well be proud of.

In the past the special volunteer system for both the Army and Navy has been instituted and already many young men have bravely left their barracks in military equipment and have shed blood in numerous battlefields. Now many other young men who have been enlisted through conscription will set out from here to fight for the victory of the Motherland.

It is not surprising that the facial expression of the Formosans living in TOKYO who took part in the worship in front of NIJU bridge before dawn on the 1st of September showed invincible gallantry in the atmosphere of reverence.

FORMOSA, the Fortress

HASEGAWA, (長谷川), the Governor-General of FORMOSA took office in December 1940 as an active General. In the year that followed, the GREATER EAST ASIA war broke out and the brave and determined Japanese Imperial forces suddenly swept over and occupied the various districts in the SOUTH-EAST.

The geographical position of FORMOSA is said to be equivalent to "the hub of the fan" in our Southward advance. Consequently its political and strategical value is now greatly enhanced. At that time, HASEGAWA voiced his opinion as follows:

"FORMOSA serves as a midway supply base and commands a key position in transportation. The consolidation of the military, government and civil groups of the entire island will transform it into an unsinkable aircraft carrier. In this way her unique characteristics will be fully developed so as to enable her to contribute her part to the great war effort."

It is a well-known fact that the suitability of FORMOSA as pointed out by the Governor-General is being transformed into a battlefield characteristic with the change of the war situation. Therefore, the characteristics remarked upon by the Governor-General are proceeding to "make FORMOSA a fortress."

In other words, the NIMITZ offensive, which invaded the Inner South Seas, the MACARTHUR offensive, which points toward the

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PHILIPPINES from NEW GUINEA, and the activities of the CHINA-based American air forces --- the objective of operations of any of these cannot fail to have an important bearing on FORMOSA.

Whether or not FORMOSA will prove to be an unconquerable fortress will have a direct and essential effect on the defense of the Imperial homeland.

It is conceivable that in their strategical designs the enemy will try to cut through OKINAWA Islands (冲繩列島) and to establish contact with the American air forces in SOUTH CHINA. That is to say one would naturally suspect that they will aim at intercepting the STRAITS OF FORMOSA and thus isolate the Southern districts of war resources from our Imperial homeland. In order to pulverize the arrogant operations of the enemy, we must rely on the "fortress of FORMOSA" to hold back the tide permanently.

On (blank) day in (blank) month, ANTO (安藤), the Commanding Officer of the Formosan forces, having received an Imperial order, took over the responsibility for this foremost battle zone -- FORMOSA. FUKUDA (福田) was made the Commander-in-Chief of the (blank) Naval Defense district and proceeded to consolidate the iron-ring defenses. These measures served to inject strength into the hearts of the entire people of FORMOSA. In coordination with this, the Government-General decided on adjustment of the outline of the battlefield structure of FORMOSA and on 5 August with great resolution, he executed the complete transformation of its administrative phase in the face of the enemy.

In connection with my duties and responsibilities I happen to be familiar with the details surrounding the formation of the above outlines. Under scorching heat and stifling sand storms, General Administrative Officer SAITO (齋藤) was made chairman of the Commission and together with Chief Secretary KOZAWA (小澤) and other related Department heads and Bureau chiefs met in the official residence of the Chief Administrative Officer and racked their brains in the construction of the administrative side of "Fortified FORMOSA". If the islanders could have witnessed the scene with their own eyes, their hearts would certainly be filled with gratitude and respect.

On that occasion Chief Administrative Officer SAITO made the following remarks:

"In time of war it is a matter of course that the Government should offer everything in their power and place everything at the disposal of military requirements. Especially in the case of FORMOSA where great magnitude in battlefield transformation is called for, it is not out of place that a sort of military flavour should permeate into all phases of the civil administration. In other words, the adjustment outlines of the battlefield structure

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as proclaimed by the Government-General recently, has as its consistent characteristic the exclusive service to war operations and nothing else."

In any case, the great transformation of the administrative structure in the face of the enemy has enabled the islanders to re-recognize the importance of FORMOSA on a battlefield footing. It is needless to say that it will also serve to foster and fortify the fighting spirit as well as to boost up the morale of the people as a whole.

Wartime Administration

The essence of this adjustment outline is the complete unison and coordination of the three supreme heads of FORMOSA, viz., the Governor-General, of FORMOSA, the Commander-in-Chief of the Forces in FORMOSA, and the Commanding Officer of the (blank) (Naval) defense district. The essential point is that the personnel and materials required for the defense work of the Army and Navy as well as for the prosecution of war shall have first priority in mobilization. The objective shall be concentrated on the two points of "strengthening the defensive power" and "the economic adjustment and preparation of industries on battlefield footing." For the purpose of attaining these aims, all government offices and other organizations on national policy shall be so directed as to make the Army, government and populace into one body. And a battlefield administration possessing the characteristics of strength, simplicity and mobility is contemplated.

As to the method of procedure, two parallel administrations consisting of the Defense Headquarters of the Government-General of FORMOSA and the Economic Mobilization Headquarters of the Government-General of FORMOSA shall be instituted. The entire work of the Government-General is to be converted into, or absorbed by, these two organizations. Any other work of the Government-General or of its subordinate offices is to be suspended or stopped altogether. The surplus personnel caused by these measures is to be transferred to the first line offices of outside districts or distributed among the productive areas. The composition of the above mentioned organizations is as follows:

(1) Defense Headquarters

The Chief General Administrative Officer shall be made the Chief of Defense Headquarters and the Police Commissioner its deputy-Chief. Three Departments Garrison, Air Defense and Rescue Work shall be established to take care of the planning as well as the enforcement of all matters concerning air defense, garrison and civil defense work in coordination with the operations of the Army and Navy. All business of the former Commissioners of Police and Education are to be incorporated into the Defense Headquarters.

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Besides, the Public Service Association of the Imperial subjects (corresponding to the Imperial Rule Assistance Association in JAPAN), the Medical Department of the Imperial University in NORTH FORMOSA, the Medical College in NORTH FORMOSA, the Research Bureau on Tropical Diseases, the Food-stuffs Association, the Housing Association and the Association of Doctors shall all participate. For the efficient operation of the great family, representatives of the Army and Navy, together with influential members of the society shall be appointed as its directors or staff members.

(2) Economic Mobilization Headquarters

The Chief Administrative Officer shall serve concurrently as Chief of this Headquarters and is charged with the responsibility of formulating and executing the essential schemes for turning all human and material power in FORMOSA into the total war effort in collaboration with the operations of the Army and Navy. The work shall be divided into six departments, viz., Materials and Supplies, Technical Skills, General Mobilization, Finance, Transportation and Supply of commodities. All other commissions, departments and subsidiary offices of the Government-General which are not controlled by the Defense Headquarters, come under the umbrella of this organization. Besides, the controlling association of business groups, Corporations under the national policy, and research bureaus are also made to participate. Like the Defense Headquarters, Army and Navy representatives and prominent members of the different classes of the society are appointed as directors and staff members of this Headquarters.

To sum up, the consolidation of the total power of the Army, Government and the populace is literally contributing toward "fortified FORMOSA" through the construction of front-line positions. Therefore, the administration of "fortified FORMOSA" based upon manpower and resources is taking concrete shape.

Defend the Island in any Circumstance

FORMOSA has become what she is today through our assiduous support with blood, tears, and love over a span of 50 long years. Here the amiable and simple TAKASUNA (高砂) race also lives and the natives of FORMOSA who understand the true essence of the Imperial subjects are earnestly praying for the growth and prosperity of the Japanese Empire.

We are determined to hold FORMOSA intact. Even if there shall be raids of several thousands of enemy planes or threats of fierce bombardments from battleships off the ocean, the entire island, through the internal unification of our spirit, shall become an "iron ring" fortress and a dugout against air raids. We shall not be afraid in the least, and at the bottom of my heart I strongly believe that the enemy task force on the ocean near FORMOSA will be smashed to bits one day by our high-spirited United Fleet.

(Written on 8 Sept. 1944 while unexpectedly returning to JAPAN)

Typist: Yang Chang-tsun

For C. T. C. J. H. B.

(Enclosure no. 13 to despatch no. 259, March 27,
(1945 from American Embassy at Chungking, China))

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CHUNGKING

10 MAR 1945

TRANSLATION: N.A./JOHN YANG

ACTION: O.W.I.
INFO: F.A.A.
Embassy
FileFROM: SHIN TOA KEIZAI (New East ASIA Economy),
Published in TOKYO, October 1944.

THE FOOD PROBLEM OF NORTH CHINA. STRENGTHEN THE WAR TIME CONTROL
 OF ECONOMY.

1. The rice production of JAPAN PROPER this year is not very good. JAPAN PROPER is expected to produce barely a normal rice harvest, and it will be a little worse in KOREA. Thus, the rice production of JAPAN PROPER this year will probably be 62,000,000 koku, and KOREA will easily be able to export 4,000,000 koku to JAPAN because KOREA will be able to import a larger quantity of cereals and pulses as the result of the good harvest in MANCHURIA.

As regards wheat and sweet potatoes, we expect the production of wheat will amount to more than 26,000,000 koku as the result of the good harvest in JAPAN PROPER. The increase of production will be several million koku over last year. And the production of sweet potatoes is expected to be 720,000,000 kan. The increase of production will be 180,000,000 kan.

Turning to the situation on the continent, an unusually good harvest is expected. NORTH CHINA, where the shortage of food was very serious, was assured of an abnormally good harvest of wheat this year. The total will be 5,290,000 metric tons, in the four provinces of HOPEI, HONAN, SHANTUNG and SHANSI. The increase of production will be 10,300,000 metric tons, i.e., 24%. Thus we can recover at once from the poor crops of the past years. Besides, such famous wheat areas as LOYANG (洛陽), CHENGCHOW (鄭州) and HSUCHANG (許昌) were added as the war results of the HONAN strategy.

But the problem is how much can actually be collected from the good harvest. Consequently, the officials and people in NORTH CHINA are doing their best in collection and distribution.

2. As we know already, NORTH CHINA has a large agricultural zone 80% of the inhabitants are farmers, and its agricultural products are an important support for the wartime economic system of JAPAN.

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The total area of the five provinces of the NORTH CHINA is 1,658,000,000 mou (畝), and the cultivated area is 344,610,000 mou (20.78%). Among those five provinces, the cultivated areas of HOPEI and SHANTUNG occupy almost half of their own total areas, being 46% in HOPEI and 45% in SHANTUNG of the total areas, and reaching the highest limit of the agricultural technique of the farmers of NORTH CHINA. But SHANSI has only 21% of its area cultivated, and CHAHAR (察哈爾) and SUIYUEN (綏遠) have only 9.5% of their area cultivated. This is because of the existence of steep mountains and limitless deserts.

There are 12,570,000 farm families among a total of 14,620,000 families in the five provinces in the NORTH CHINA, an average ~~of~~ 85.97%. Let us draw a table showing farmers in the total population of the five provinces of NORTH CHINA.

	Total Population (thousands)	Agricultural Population (thousands)	Percentage
HOPEI	28,488	20,963	63.64 %
SHANTUNG	37,214	30,775	82.70 "
SHANSI	11,610	9,745	83.93 "
CHAHAR	1,876	1,607	85.66 "
SUIYUAN	1,946	1,298	66.71 "
TOTAL:	81,114	64,389	79.38 "

The farmers who make up this 80% are almost all small farmers under feudal relations. The average cultivated area of one farm family is 27.4 mou. The average area per person in the total populations is 4.25 mou; and among the agricultural population it is 5.35 mou.

As we have stated above, the cultivated areas are very narrow. Furthermore, the yields are very low in comparison with those of the rest of the world. Thus NORTH CHINA was destined to be inefficient in the problem of self-sufficiency in foodstuffs. According to the statistics before the Sino-Japanese hostilities, it imported about 1,000,000 metric tons of foodstuffs every year, of which 500,000 tons were wheat and flour from AUSTRALIA and CANADA; 350,000 tons, cereals and pulses from MANCHURIA and MONGOLIA; and 150,000 tons, rice from Central and South CHINA or FRENCH INDO-CHINA and THAILAND.

If five people can live on one ton of food, 20,000,000 tons are necessary for the one hundred million inhabitants of

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NORTH CHINA. Thus, the million tons imported represented 5% of the total quantity needed. This means that the one hundred million people of NORTH CHINA would be self-sufficient if they could eat 19 cups of rice a day, saving one cup a day. To describe NORTH CHINA as non-self-sufficient in foodstuffs is very inaccurate.

As we have stated above, the agriculture of NORTH CHINA is the lowest in the world in area and yield; but we know of many cases in which yields have been tripled after improving irrigation and fertilization, so to increase production by 5% is a very simple matter, if we can make slight reforms in agricultural technique. The problem of self-sufficiency in foodstuffs in NORTH CHINA is one that can be solved with no trouble.

Nevertheless, the shortage of foodstuffs is very serious in the cities and towns. This phenomenon is due to the fact that the custom of using imported rice for the consumption of the town still prevails, that the farmers have concealed foodstuffs in their houses, or that the dealers speculate in foodstuffs. Especially, the heavy dealings of the foodstuff merchants in the black market are impossible to imagine, and we can safely say that those who are exploiting the one hundred million people of NORTH CHINA are the foodstuff merchants.

The political committee of NORTH CHINA is planning how to handle them decisively; but mild treatment has no more effect now, and the most urgent thing is to strengthen fully the war-time control of the economy. Without this we can never solve the foodstuff problem of NORTH CHINA. Thus, NORTH CHINA, as a partner in accomplishing the Greater Asia War, and as a bearer of the duty of producing part of the war resources, should try its best to solve the foodstuff problem now.

Typist: Szetu, Cheh

For C.T.C.

T.H.B.

(Enclosure no. 14 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.))

TR 280 CO-ORDINATED TRANSLATION CENTER 2 FEB. 1945
CHUNGKING

TRANSLATION: F.E.A./JEAN WANG

ACTION: OWI.
INFO: N.A.
Embassy -
- file

FROM: TAIRIKU SHIMPO (The Continental Newspaper)
Published in SHANGHAI, 11 November 1944.

ARRIVAL AND ASSUMPTION OF OFFICE OF REAR-ADMIRAL MINATO
KEIJO (秦慶讓), NAVAL ATTACHE IN SHANGHAI.

After Vice Admiral KONDO Taiichiro (近藤 泰一郎) was ordered to duty in the General Staff, Rear Admiral MINATO Keijo (秦慶讓) was named to be his successor as the Naval Attache in SHANGHAI. Rear Admiral MINATO arrived here on the 10th and assumed his post. As we will see in his brief personal history, Rear Admiral MINATO has served in several important local positions like staff officer of the Fleet in CHINA zone and is well experienced. He has a wide range of knowledge about the real condition of CHINA and is one of the distinguished authorities on Chinese affairs in the Navy Department. Great hopes are entertained of him in his future work on his new duty in the decisive war.

A Brief Personal History of Rear Admiral MINATO.

He is a native of Kagoshima Prefecture (鹿児島) and after graduating from the Naval Academy in the 5th year of Taisho (1916), he served for several times in CHINA. In 1932 he became the staff officer of the Fleet in the CHINA zone. Afterwards, he was on duty as the Naval Attache in SHANGHAI, FUCHOW, and AMOY. At the beginning of the Greater East Asiatic War, he played an active part on the Southern Front as the captain of an aircraft carrier. He served as the Chief of No.2 Section of the Bureau of Military Stores and the director of studies of the Naval Academy before he took up the present post. He is 49 years old.

Typist: Szetu, Cheh

For C.T.C.

T.H.B.

(Enclosure no. 15 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.)

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24 FEB 1945

TRANSLATION: OSS/EMI TCU and T*U CHANG-HANG

ACTION: P.E.A.

INFO: H.A.

G-2

O.N.I.

OSS, Major Stephens

EMBASSY --

File

FROM: TOSU KEISAI (東洋經濟)
11 November 1944

GENERAL ECONOMIC OUTLOOKThe Future of the War

The battle of Leyte has become increasingly important and it is possible for us to forecast the three possible outcomes of the battle now. Firstly, the defeat of the U. S. Army; Secondly, we give in once more and look for a main battle field ~~in~~ some where else and thirdly, a deadly struggle on this island. Let us, at first, examine the designs of the enemy: the air raids on Formosa started on 12 October and although the enemy suffered heavy losses, the raids persisted in the neighboring seas of Formosa until 14 October. The motive was to divert the attention of and to destroy our air force stationed in Formosa so as to render successful a landing on Leyte on the 17th. Even though suffering heavy losses in Formosa, their landing on Leyte was a great success with a small number of casualties; this was just what the enemy desired. Admiral King declared on the 25th that "in the battle of Philippines, we have employed almost our entire Pacific Fleet". This shows the determination of the enemy to defeat us and retake the Philippines.

The fact that we have employed our combined fleet and the suicidal "Divine Wind Squadron" (KAMIKAZE 神風隊) in the battle of Philippines shows clearly that our object is to achieve the first outcome mentioned above, that is, to defeat the enemy. In view of the great strategic importance of the Philippines and the preparations made for the decisive battle in Autumn (1944), it is natural for us to expect to defeat the enemy. Premier Koiso declared on 29 October in Osaka, "We must mobilize the total fighting strength of our Nation in order to deal a heavy blow to the enemy right now, so that they cannot make an effective counter-offence later on!" Accordingly, judging by the progress of the battle on Leyte, there is a strong possibility for the realization of the third alternative, that is, deadly struggle to the end.

Up till now, in continuation of his losses on Formosa, the enemy's losses in the battle of the Philippine Sea, from 24 to 26 Oct. were, 5 carriers sunk, 9 carriers damaged, and 18 other warships sunk or damaged, making a total of 35 ships; from 25 to 30 Oct., our "Divine Wind Squadron" has sunk 3 more enemy carriers, damaged another 5, sunk or damaged 5 other warships, making a total of 19. When this is combined with other achievements by our Army, navy and

CO-ORDINATED TRANSLATION CENTER
CHUNGKING

24 FEB 1945

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Air forces, we may say our battle success is very great. But, from the efforts demonstrated by the enemy so far it indicates that the enemy has made surprising preparations, both in man power and in fire power. Therefore, in order to defeat the enemy we have to inflict heavy losses to the enemy continuously for a long time. Naturally, we must realize that in this process we will have to suffer losses as well.

The Establishment of A Combined Planning Bureau

Hence, the urgent problem facing us today is how to replace this kind of heavy losses? Since the battle of the Philippines cannot be regarded as the final battle, many difficulties lie ahead for the Government. Now, the Premier warns us, "This battle is only one on the road to final victory". (Address delivered on the 30th in Osaka). That is say, the battles must be fought in the perspective of a prolonged war. Herein lies the reason for our demands for a highly consolidated and flexible political warfare strategy.

At recently, on the 28th, the new Cabinet decreed the formation of an Advisory Council and on the same date nominated 12 new advisers. The function of this advisory organization is not limited to the sphere of wartime economics as was that of the Tojo Cabinet, but has wider powers.

Besides the Combined Planning Bureau was organized and opened its office on the 1st of November. This Bureau deals with important national policies and acts in an advisory capacity to the Cabinet. The chief function of this Bureau is to consider the unification and readjustment of the various governmental offices; secondly, to make a systematic survey of the activities of these offices. The three departmental heads of this Bureau are nominated by the Ministries of Finance, Interior and Munitions. The success or failure of this new Bureau depends upon its relation with the Army and Navy, but we sincerely hope that it can function smoothly.

Military Success and Commodity Prices in China (Occupied)

The military successes of the battle of the Philippines and the battle of Formosa have greatly stiffened the morale of the people in the Co-prosperity Sphere. In Shanghai, a public meeting for increasing production in Central China was held under the auspices of 30 different Japanese and Chinese organizations; similarly, in Hanking a mass meeting was staged to celebrate the victory over the conceited enemies. People everywhere have demonstrated their determination to win the war and this attitude is also

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CO-ORDINATED TRANSLATION CENTER
CHUNG KING

24 FEB 1945

reflected by the price tendencies in the commercial world. The once steadily rising prices demonstrated a downwards trend as soon as the victims were made known. Prices have started dropping since 20 October. As shown by the following table:

<u>Items</u>	<u>Unit</u>	<u>19 Oct.</u> Dollars	<u>20 Oct.</u> Dollars	<u>24 Oct.</u> Dollars	<u>1 Nov.</u> Dollars
Artificial silk (Tenkyo)	Box	245,000	238,000	206,000	226,000
Rice (best quality)	Tan	18,500	17,500	18,000	19,000
Gold bar	10 ounces	652,000	642,000	588,000	603,000

But is the steadiness of prices going to last in the future? The present reporter is very doubtful about this point. The notion that the rapid rises in prices in China is the result of our setbacks in war is ill founded, but nevertheless quite prevalent. The present war condition may be one of the factors stimulating the soaring of prices, but the deciding influence is the economic factor. If we connect the rising of prices with the present conditions of the war then how would you explain the rapid rise of prices one or two years ago when the Axis Powers were defeating the enemy everywhere? Therefore, the problem of prices in China, no matter how serious the war situation is, can only be solved by taking proper economic counter-measures.

The strengthening of the Control of Circulation of Money

Naturally, the National Government (Nanking) took a serious attitude and have continuously taken counter-measures to cope with the present inflation. At first, on 20 October it announced the "outline for strengthening the business of financial organizations in Shanghai Municipality", and on the 31st of the same month announced the methods of its execution. The object is to strengthen the foundation of financial organizations by limiting borrowing so as to stop speculation and hoarding. Its contents are as follows:

1. The financial organizations whose deposits are less than the amounts specified below must increase their capital or combine with other organizations two months after the promulgation of the stated announcement.

Banks;	Dollars 30,000,000
Native Banks (錢莊):	Dollars 15,000,000
Trustee Companies;	Dollars 10,000,000

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CHONGKING

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24 FEB 1945

2. Based on article (1) the necessary minimum increase of capital is specified as below,

Banks,	Dollars 15,000,000
Native banks,	Dollars 8,000,000
Trustee Companies,	Dollars 10,000,000

3. The financial organization must retain 30 percent of their total deposits as reserve payment fund for deposits which are not fixed with any definite date.

Falling short of this amount, they should make it up within 5 days. If the time limit is exceeded, either the responsible persons will be punished or the banks closed.

4. The financial organizations should conform to the laws limiting borrowing, issued in March 1943, and at the same time should send the contracts for repayment and goods guarantee to the office of financial inspection for approval when the limits specified below are passed:

(a). Personal borrowings cannot be for more than Dollars 500,000.

(b). The borrowings of companies, firms and factories cannot surpass the Dollars 3,000,000 limit.

5. The buying and selling of negotiable bonds and shares are limited to those which are permitted by the Government. Those which are not permitted by the Government and were bought before this announcement must be settled within a period of two months.

The rise of financial pressure in Shanghai started from the time of the Middle Autumn Festival. The measures just stated will put checks on this pressure. Financial pressure was caused by heavy investment in raw products and others, consequently, very little capital is flowing into the banks. The situation cannot be ameliorated, because unlike in Japan, savings and the increasing consumption of goods are not to be expected. Therefore, capital is still in the hands of the masses and is used mainly for hoarding and speculations. Consequently, the financial organizations of Shanghai are very short of capital while the market is flooded with money, an abnormal phenomena. In this respect the restrictive steps taken by the Government are welcome, but it is not enough. The fundamental policy should restrict the issuing of paper money and to endeavour absorb this money back again. Based on this principle, it is necessary to push the barter system and at the same time to revive the light industries.

CO-ORDINATED TRANSLATION CENTER
CHUNGKING

TR 313/P. 5

24 FEB 1945

Chungking Hostile to America

The recall of General Stilwell has caused some ripples in the world. Everybody knows that Stilwell was concurrently acting as the Chief Commander of the India-Burma-China expeditionary forces, Deputy Commander of the forces of Southeastern Asia and the Chief of Staff of Chungking Forces, but suddenly he was deprived of all his posts and recalled to America. His successors are Major General Albert Wedemeyer, the deputy Chief of Staff of the Forces of Southeastern Asia and Lt. General Daniel Suitsen. With regard to this change, there is no detailed explanation except the president's remark "Stilwell conflicts with Chiang Kai-shek". But Gauss' remark "the dismissal of Stilwell will greatly weaken the position of America in Chungking", and the fact that he resigned show that this is an affair of some importance.

In order to start offensive against Japan and to dominate Asia after the war, the United States has penetrated deeply into the military and Home Affairs of Chungking. In view of our rapid advances in Honan, Hunan and Kwangsi the Americans are greatly worried and have made strong demands to the Chungking Government in the matter of political as well as military reorganization. The resolutions passed by the 12th Kuomintang Assembly regarding the preparation of a constitutional government is the realization of their demands along the political side, but on the military side, it is not so simple. To dismiss Ho Ying-chin from the posts of the Minister of War and the Chief of Staff of The Army and make Stilwell the Supreme Commander of the Chungking Army, as rumored in foreign circles is after all a thing that could not be accomplished by Chiang Kai-shek. As if this were not enough, there are other indications in the Chungking Government circles showing their attitude of resistance against the further penetration of Americans. This is further complicated by the attack made by the Communists regarding the Neo-Compradore structure of the Chungking Government. Chiang has not been degraded to such an extent yet as to serve the Americans willingly as a puppet, therefore, he had had to express his own attitude towards the war of resistance, politically. The background of Stilwell's dismissal is such, therefore, that we shall very expect similar things to happen again.

Typist, H. Y. CHEN

Per C. T. C.
T.A.B.

(Enclosure no. 16 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.))

CO-ORDINATED TRANSLATION CENTER
CHUNGKING

TR 268

26 JAN. 1945

TRANSLATION: P.E.A./HUGH CHEN

ACTION: O.W.I.

INFO: P.S.A.

OSS Major Stevens

Embassy -

File

FROM: NIKON SEIJI NENPO (Japan Political Year Book)
Published in TOKYO-TO, 20 November 1943.

CONSCRIPTION OF WORKERS (徴用工).

Under the law on Conscription of Workers, prisoners and prisoners of war may be conscripted. For instance, at the . . . Corporation, . . . number of prisoners from the TOKYO Jail were conscripted for work in the . . . Spare Parts Plant. On the 1st of February 1943 a law entitled "Regulation on the despatch of war prisoners" (俘虜派遣規則) was promulgated. Under this regulation, any firm which wishes to employ prisoners of war may apply for a certain number of men. The firm must present a plan in which the details of lodging, discipline, pay, and medical care for the war prisoners are given. The plan will be studied by the commanding officer or the garrison commander of the district in which there is a concentration camp for war prisoners. Lodging and other arrangements must be more or less the same as those of the concentration camp. The commander of the concentration camp will send over an official to direct the guards and maintain discipline over the war prisoners.

Typist: James Law

For C. T. C.

T.H.B.

(Enclosure no. 17 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.))

TR 353 CO-ORDINATED TRANSLATION CENTER
CHUNGKING 14 MAR 1945

TRANSLATION: F.B.A./HUGH CHEN

ACTION: P.K.A.

INFO: O.W.I.

Embassy

G-2

File

FROM: TOYO KEIZAI (Oriental Economy),
Published in TOKYO, 16 December 1944.
(T.N. This is a special January issue, 1945)

NATIONAL FINANCIAL STATEMENT.

(T.N. The following table is given on page 14)

	<u>Fiscal Year</u>	<u>Total Amount of paper Money (Million Yen)</u>	<u>Amount of Increase (Million Yen)</u>	<u>Rate of Increase</u>
	(1937)	1,767	382	18.9 %
	(1938)	2,149	382	21.5 "
Circulation of	(1939)	3,024	875	40.7 "
Bank of JAPAN	(1940)	3,943	919	30.3 "
Notes . . .	(1941)	5,241	1,298	32.9 "
	(1942)	6,568	1,327	25.3 "
	(1943)	10,527	3,959	60.2 "
	(1944)	13,727	3,200	42.0 "

NOTE: For the 1942 and 1943 fiscal year the figure represent the final accounting at the end of the last week in March. The 1944 figure is for the 1st half period only.

<u>Fiscal Year</u>	<u>Accomplishment in National Savings (1)</u>	<u>People's Expenditure of Capital (消費資金)</u>
1938	91.7 %	128 Million Yen
1939	102.0 "	152 "
1940	106.8 "	157 "
1941	94.2 "	148 "
1942	102.0 "	140 "
1943	114.8 "	130 "
1944 (1st half period)	52.4 "	115 "

(1) The percentage means that the total amount of savings was equal to so many percent of the goal set for that year.

Typist: Szetu, Chen

For C.T.C.

T.H.B.

(Enclosure no. 18 to despatch no. 259, March 27,)
 (1945 from the American Embassy, Chungking, China)

CO-ORDINATED TRANSLATION CENTER
 CHUNGKING

TR: 332

2 MAR. 1945.

TRANSLATION: F.E.A. / HUGH CHEN

ACTION: F.E.A.
INFO: Embassy -
File

FROM: MAINICHI SHIMBUN (MAINICHI Newspaper)
 Published in MOJI, 27 December 1944.

MANCHURIAN BUDGET FOR 1945.

On the 26th ~~the~~ "MANCHUKUO" made public the state budget for the year 1945. Both the general and the special budgets have been approved by the State Councillors (参議院) which met in the presence of the "Emperor".

The total general budget is Yen 1,785,000,000. This is an increase of Yen 470,000,000 (35%) over the first budget of 1944-1945 fiscal year. The respective special budget is income Yen 3,832,000,000 and expenditure Yen 3,677,000,000. This is an increase of Yen 1,161,000,000 for the income and Yen 1,121,000,000 for the expenditure as compared with the present fiscal year.

The net amount (純計額) of the general and special budgets for the next fiscal year is as follows:-

Income	Yen 4,202,000,000
Expenditure	4,174,000,000

(TN: The word Yen may mean "MANCHUKUO" Yen)

Typist: James Law

For C. T. C.

F.H.B.

(Enclosure no. 19 to despatch no. 259, March 27,
(1945 from American Embassy, Chungking, China.)

CMB

TR 371

CO-ORDINATED TRANSLATION CENTER
CHUNGKING

23 MAR 1945

TRANSLATION: F.B.A./JEAN WANG

ACTION: N.A.
INFO: Embassy
N.A.
G-2
File

FROM: HONG KONG NIPPO (The HONG KONG Daily News)
Published in HONG KONG, 1 January 1945.

MILITARY PERSONNEL CHANGE.

(DOMEI, January 1, TOKYO) In view of the important position of FORMOSA in the decisive war, and taking into consideration the special position of the governor-general of FORMOSA, the government has decided recently to appoint General ANDO (安藤), the commanding officer of Formosan forces, to the position of governor-general, and, with the approval of the Emperor at 1 p.m. of the thirtieth, the following announcement was issued at 5 p.m. of the same day.

Announcement issued by the Information Bureau, 30 December, General ANDO Toshikichi (安藤利吉) Appointed--Governor-general of FORMOSA.

HASAGAWA Kiyoshi (長谷川清) Governor-general of FORMOSA, resigned.

A SHORT PERSONAL HISTORY OF GOVERNOR-GENERAL ANDO.

General ANDO is a native of MIYAGI (宮城) Prefecture. After serving in the posts of military attache of the Japanese Embassy in ENGLAND, the president of the TOYAMA (山形) School, and the chief of the Department of General Affairs (本部長) of the Inspector General's Department, he became the acting Inspector General in February 1938. When the offensive operation against KWANGTUNG and the landing on BIAO BAY were started at the same time of the offensive operation against HANKOW in the autumn of 1938, he was appointed the Supreme Commander of the expeditionary forces in South CHINA, exchanging posts with the late General FURUSHO Mikiro (古庄幹郎). During the three years of his service, he accomplished distinguished military feats in the landing of IABROU (北海) and the offensive operation against NANNING (南寧). In September 1940, he conducted the epoch making advance to northern INDO-CHINA. He was appointed the commanding officer of FORMOSA forces in April 1942 after the

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CO-ORDINATED TRANSLATION CENTER
CHUNGKING

23 MAR 1945

outbreak of the Greater East Asia War, and was promoted to general this January. General OKAMURA Yasuji (岡村 寧次), the Commander in Chief of the expeditionary forces in CHINA, General ITAGAKI Seishiro (板垣 征四郎), the commanding officer of the Korean forces, and General DONIHARA Kenji (土肥 原 賢二) were the classmates of General ANDO.

Gazette of the Ministry of Navy, 30 December 1944.

Admiral HASEGAWA Kiyoshi (長谷川 清), Appointed
--Member of the Supreme War Council.

Typist: Szetu, Cheh

For C.T.C.

T.H.B.

Enclosure
 20 to despatch no. 259, Mr. American Embassy, Chungking, CHINA.
 1945
 COORDINATED TRANSLATION CENTER
 CHUNGKING

TR 308

20 Feb. 1945.

TRANSLATION: F.B.A./RUGH CHEN

ACTION: O.W.I.
 INFO: Embassy —
 OSS Major Stevens
 G-2
 File

FROM: ASAHI SHIMBUN (Asahi Newspaper)
 Published in OKURA CITY (小倉市) 7 January 1945.

PERSONNEL, GAZETTE OF MINISTRY OF INTERIOR

I. Governor of HYOGO KEN (兵庫縣知事) NARIDA ICHIRO (成田一郎) appointed Chief of the General Affairs Department (總務長官 TN: Generally called Commissioner-General or Secretary-General), FORMOSA. Mr. NARIDA is a fellow townsman (同郷) of FORMOSA's new Governor-General ANDO (安藤). He is a native of MIYAGI-KEN (宮城縣), age 52, graduate of the KYOTO IMPERIAL UNIVERSITY, 1920. One time Governor of IHIKAWA-KEN (石川縣). One time Chief of the Bureau of Kokuda (國土 TN: Government land?) and of the Bureau of Local Administration (地方局). Appointed Governor of HYOGO-KEN, June 1942. Expert in labor administration.

II. Chief of the Bureau of Communication (or Transportation 交通局), TOKYO-TO, FUJIOKA NAGATOSHI (藤岡長敏), appointed Governor of HYOGO-KEN. Mr. FUJIOKA is a native of NARA-KEN (奈良縣), age 52, graduate of KYOTO IMPERIAL UNIVERSITY, 1920. Classmate of Mr. NARIDA. One time Governor of KAGAWA-KEN (香川縣). First man to head the Bureau of Air Defense (防空局長). One time Governor of SHIZUOKA-KEN (靜岡縣). Appointed Chief of the Bureau of Communication (or Transportation), July 1943.

III. Chief of the General Affairs Department, FORMOSA SAITO TATERU (齋藤樹), retired. *resigned.*

Typist: James Iaw

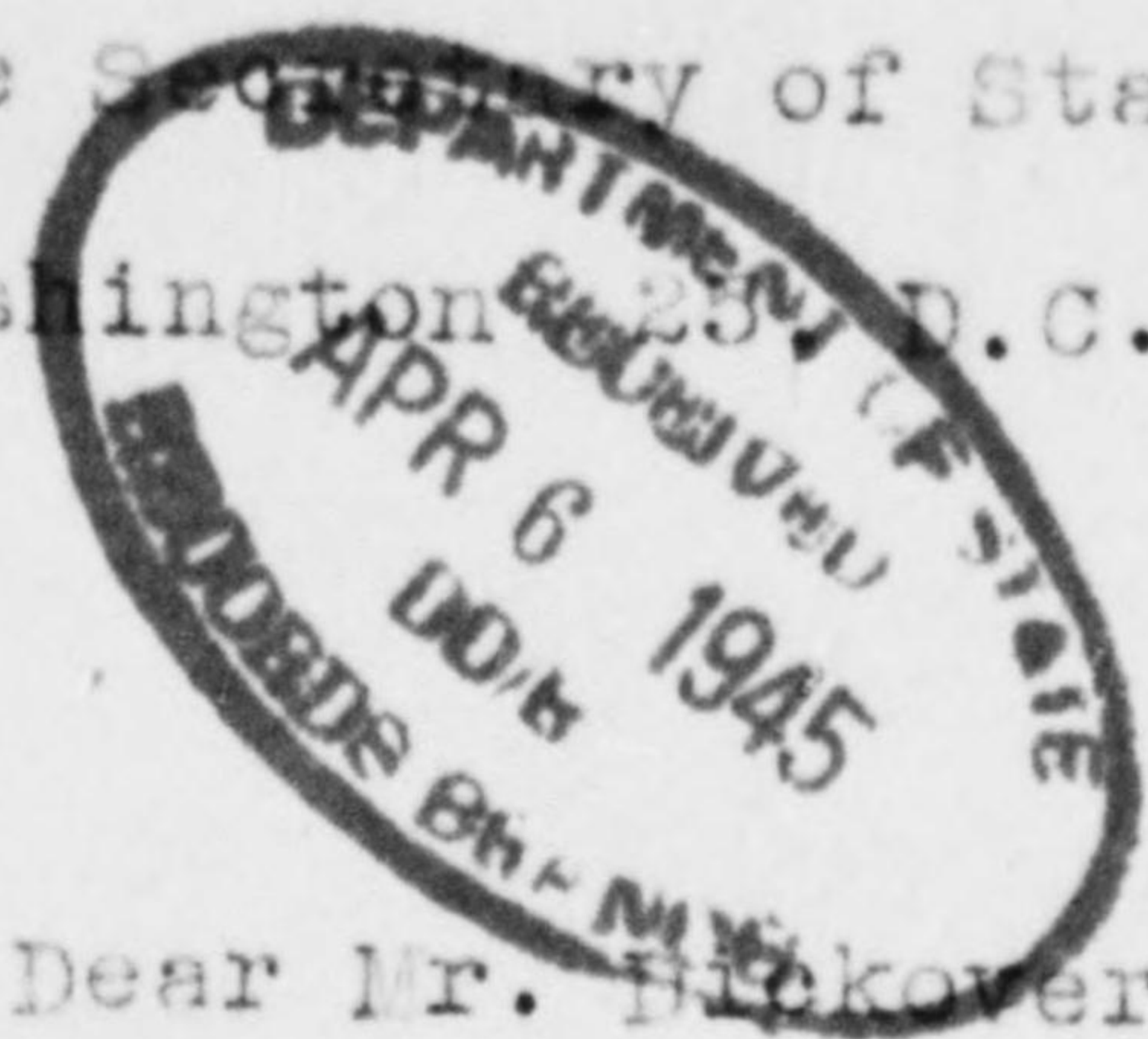
For C. T. C.

T.H.B.



Bowling Green, Mo.
March 30, 1945.

The Secretary of State,
Washington, D.C.



Atten: Mr. ^{April 5, 1945} R. Dickover
Chief
Divn. of Japanese Affairs.

Refer to: JA 894.50/2-1245

My Dear Mr. Dickover:-

I have your letter of the Feb. 27th and wish to thank you for the detailed explanation relating to the point I brought up in my letter- the English language in Japan.

I recognize the futility of attempting a program of this kind in a spirit of utter compulsion and would not advocate it on this basis. I do not wish to appear controversial nor be a bore, but I would like to offer a few additional remarks in support of my viewpoint.

You mentioned some examples where attempts to substitute language had failed, as Korea and the Philippines. Others come to my mind, as the German attempt in Alsace-Lorraine. There was, however, one big difference in these cases from the case I present. In former cases, the people considered their captors as taking them over politically "for keeps" against their will- besides losing their language they were losing their desired political affiliation.

The Japanese would recognize that we don't want them (their home islands) to hold politically forever but only want to set them straight in the world. They must be shown why aggression does not pay. As stated before, the Japs have a peculiar mental state, due to training and hereditary influences and institutions. If soundly defeated, they will "lose face". They expect to do something as a penance to retribute themselves with rest of world. We will make a mistake if we do not take advantage of this. Precedents do not show us a way to handle the situation to guarantee the results we want-- a chastened Japanese people with desire to cooperate with rest of world without violating the Tenth Commandment. If any measure of success is attained, it will be due to some measure of ingenuity by those of the United Nations who are called on to handle it. I am sure you appreciate the merits of my suggestion ~~if-they~~ on the long-term basis. I do sincerely hope for lasting beneficial results from our present struggle, whatever plans are used.

Sincerely yours,

P. K. Meek
P. K. Meek.

894.50/3-3045 CS/EG

cc: A
DOR NE Unit
[Handwritten initials]

APR 6 1945
FILED

April 5, 1945

In reply refer to
JA-894.50/2-1245

My dear Mr. Meek:

I am glad to acknowledge the receipt of your letter of March 30, 1945 in which you propose additional interesting arguments in favor of substituting English for Japanese as the national language of Japan.

We shall keep in mind the points you have raised in your two constructive letters and you may be sure that we are always glad to have full expositions of the thoughts of those who take a serious interest in matters of this nature. We give very careful study to all thoughtful suggestions received as we work toward solutions of post-war problems regarding Japan.

Sincerely yours,

Erle R. Dickover
Chief
Division of Japanese Affairs

Mr. P. K. Meek,
Bowling Green, Missouri.

JA:HLory:KMB
4/4/45
DOR - NE Unit
ECA
WJG

APR 5 1945

Routing slip with fields for 'To', 'By', 'Date', and 'Initials'. Includes a large circular stamp and handwritten notations.

FW 894.50/3-2045

894.50/3-2045

894.50/3-3145

CROSS-REFERENCE FILE

NOTE

SUBJECT

Translations of articles from Chinese Communist Publications on
Political and Economic developments in Japan and occupied areas.

mja

For the original paper from which reference is taken

See #264

(Despatch, telegram, instruction, letter, etc.)

Dated Mar. 31, 1945

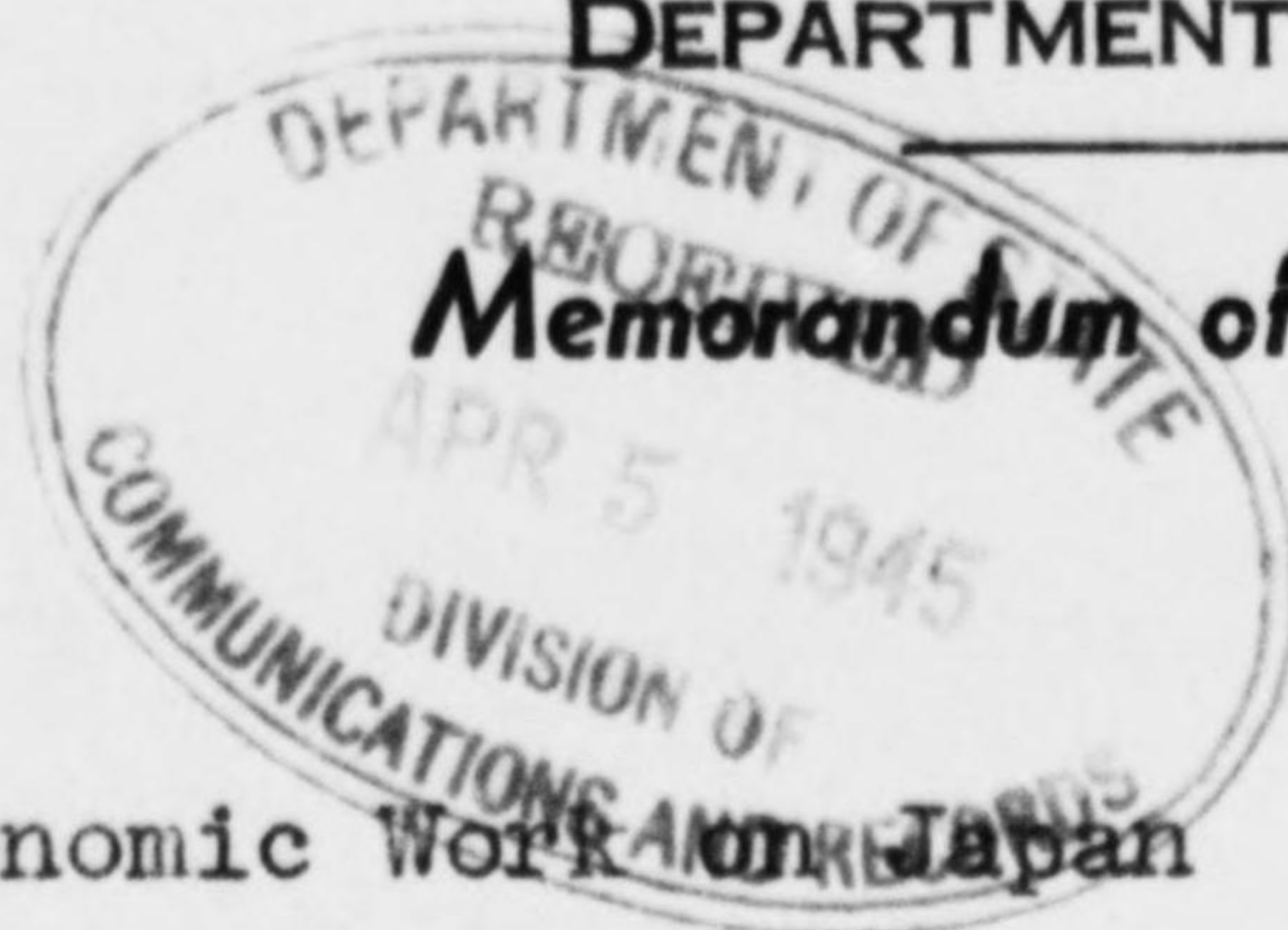
From }
TPI } Chungking

File No. 894.00/3-3145

894.50/3-3145

*CU/Mrs. Bowles
Def. file*

DEPARTMENT OF STATE



Memorandum of Conversation

DATE: March 31, 1945

SUBJECT: Economic Work on Japan

PARTICIPANTS: Mr. Paul H. Johnstone, in charge of Japanese work, Enemy Branch, FEA
Mr. Gordon Bowles, CU *9.13*
Mr. Willoughby, CP

COPIES TO: ITP/Mr. Haley
A-C/Mr. Orchard; Mr. Mason; Lt. Gordon
OFD/Mr. Lockhart; Mrs. Gulick
CD/ Mr. Rudolph
ILH/Mr. Plank

1-1493

At Mr. Johnstone's suggestion I had lunch with him and discussed economic work which is being done in FEA looking to the post-hostilities treatment of Japan. He explained that he has a division of eighty-odd employes working on Japan and that, among other things, they are studying the iron and steel industry and population trends. He went on to say that they were experiencing some difficulties in making policy assumptions upon which to base their work and, therefore, had undertaken to draft a memorandum on basic assumptions which they would like to discuss with interested officers of this Department at some future date.

I told Mr. Johnstone about the Interdivisional Economic Committee on Japan and our hopes of appointing a coordinator for economic work on Japan. I said that we would be glad to discuss with him problems of mutual interest and that the Interdivisional Committee has under consideration an agenda of background economic studies which members of the Committee will probably want to discuss with him in the near future.

DCR - ECA Unit
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CP:WWilloughby:mb

894.50/3-3145

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APR 5 - 1945

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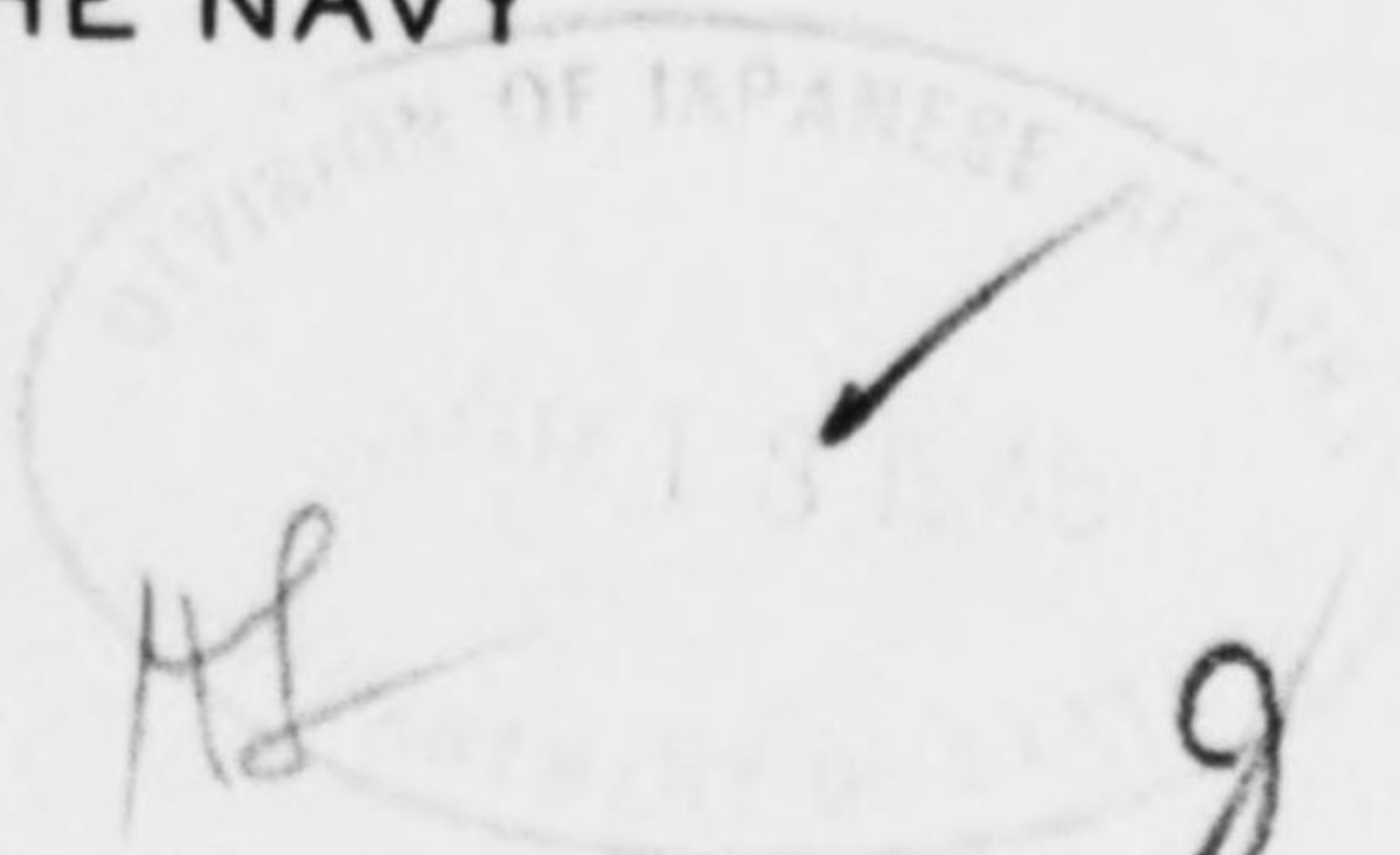
Serial No. 128813
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THE SECRETARY OF THE NAVY
DIVISION OF
CENTRAL SERVICES WASHINGTON

1945 APR 13 PM 1 57

DC/R
RECORDS BRANCH



12 APR 1945

~~JA~~

~~FE~~

~~[Signature]~~

file

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894 50/2-545
on file

Sir:

Your letter of 27 March enclosing a copy of a letter from Mr. Horace B. English containing biographic data on a Japanese subject is acknowledged with thanks.

Copies of Mr. English's letter have been forwarded to the Military Government Section of the Navy Department, the Civil Affairs Division of the War Department, and the Director of Naval Intelligence.

Sincerely yours,

James Forrestal

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

894.50/4-1245

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OS/D 894 50/4-1245

894.50/4-1945

CROSS-REFERENCE FILE

NOTE

SUBJECT

Information obtained from the press in regard to economic conditions in Germany and Japan.

894.50/4-1945-5661-7/05'468

For the original paper from which reference is taken

See #11,520, 1945
(Despatch, telegram, instruction, letter, etc.)

Dated Apr. 19, 1945 From Bern
//To

File No. 862.50/4-1945

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : OFD: - Mr. Collado ✓
A-C: - Mr. Orchard

DATE: April 24, 1945

FROM : ED: - Mr. Lockhart *al*

SUBJECT: Comments of Secretary's Staff Committee on SC-101:
Economic Policy toward Japan

*File
DC/R:hw
6-16-48*

As reported in the minutes of yesterday's meeting, Mr. Grew's views appear to be generally in line with the position taken in the paper. However, he would require Japanese labor to do reconstruction work, especially in China. The reasons for doubting the wisdom of this proposal are stated in the middle paragraph of page 13 of the Coordinating Committee's draft (CC-45).

Mr. Acheson commented that the paper was very poor and full of both meaningless and dangerous platitudes. It is difficult to know precisely what matters Mr. Acheson had in mind but it would seem that he is not fully aware of the fact that the paper was prepared at the request of and along the lines indicated by the Executive Committee on Economic Foreign Policy. That Committee desired an outline of the longer range overall economic policy toward Japan within the framework of the general objective of enduring peace. It is probably true that any statement of general foreign policy is in danger of sounding platitudinous, but as Mr. Grew pointed out, and as indicated on page 2 of the paper, there are too many imponderables to spell out recommendations in detail. That cannot safely be done until we have ascertained actual conditions in Japan at the time of surrender. Consequently, the paper does not attempt to draw a detailed blueprint of the postwar economy of Japan or to list specific industries and plants for destruction or retention. It is believed that this general and provisional statement of economic policy in the Far East, particularly toward Japan, provides a better basis for the development of a common economic policy in that area among the United Nations than a more detailed statement could provide. It should be noted, moreover, that more detailed studies are now being undertaken within the framework of these general policy recommendations under the supervision of the Adviser on Far Eastern Economic Affairs by the Interdivisional Committee on Japanese Studies.

Mr. Acheson also remarked that it was absurd to recommend that Japan should have a vigorous international trade so that she could pay reparations. This remark represents a

CS
misconception

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894.50/4-2445

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misconception. The paper points out on page 6 that Japanese livelihood is dependent upon a considerable foreign trade, but it nowhere recommends that trade be fostered either to obtain reparations or for other purposes. Rather, foreign trade would be allowed within the limits of security as required by the necessities of the Japanese people.

ED:OCLockhart:ec

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: April 25, 1945

TO :

FROM :

SUBJECT: SC-101 Economic Policy Toward Japan
Abstract of Minutes of Staff Committee
Meeting, April 23, 1945

The Under Secretary would have a few suggestions for changes, for example, he would require Japanese labor to do reconstruction work, especially in China. (See paper p.2 and note relative labor force in the two countries).

Mr. Acheson thought the paper very poor and full of meaningless platitudes up to pp,5, 6 & 7, where it was full of dangerous platitudes. He thought it absurd to recommend that we should see that Japan has a vigorous international trade so that it can pay reparations. (A complete misconception of the paper).

The Under Secretary stated that the idea was that Japan should have a minimum economic activity to keep from starving and becoming a festering sore. Trade was necessary. The document probably represents many compromises.

Mr. Acheson thought the drafters should analyze Japanese industry and trade using FEA and OSS studies and make specific recommendations on the elements Japan might retain or give up. It was not unlike the document on Germany which had got the Department into trouble. The Treasury and Army would think it recommended a soft peace. (FEA and OSS studies are not based on very recent information and of course not at all on conditions at the war's end. The Area Committee generally thought the paper advocated a harsh peace. Only Mr. Blaisdell had suggested that the term "soft" could be applied).

General Holmes agreed that the presentation seemed superficial and that our objectives should be stated and an indication given so far as possible of specific means of accomplishing objectives. (The objectives are stated early in the paper and, as is pointed out on page 2, it is not practical at this time to be too specific as to means nor is detailed specification consistent with the purpose of the paper).

The Under Secretary remarked that there were too many imponderables which would make it difficult to spell out recommendations in advance.

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Mr. Acheson thought that if that were true it might be better to have no paper at this time. He stated that the conclusions in the document were fundamentally inconsistent with one another and that the effect was to give a false sense of security. (The minutes give no specification of inconsistency but Mr. Dickover had told me that Mr. Benninghoff had stated that in one place destruction was advocated and in another productive facilities were to be left for the Japanese. This view can only result from overlooking the respective contexts of such statements.)

The Committee agreed that Mr. Clayton should be informed of the consensus of opinion (sic) that the recommendations were too general and detailed studies of Japanese industry and trade should be utilized to make concrete suggestions and recommendations.

ED:OCLockhart:ec

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-C - Mr. Clayton
FROM : OFD - Mr. Collado
SUBJECT: Japanese Economic Policy Document

DATE: April 28, 1945

I have carefully compared the document on economic policy toward Japan which is before the Staff Committee with the various German directives and would like to emphasize the following points:

A. The three points which I mentioned to you yesterday:

1. The document assumes that a decision has been taken that our military forces will occupy Japan. I am informed that this decision has already been taken. I think this decision may be questionable, but I do not believe it is within our scope to go behind it.
2. There should be a definite statement that reparations from current production is of subordinate importance and of a residual nature, that if the maintenance of living standards no higher than in neighboring countries permits some excess production within the scope of the demilitarization and de-industrialization objectives, this should be made available as reparations.
3. Similarly, import and export trade, which is more necessary to Japan than Germany, should be defined as the minimum trade necessary for the maintenance of such living standards within the scope of the broader objectives.

B. Other points perhaps not adequately brought out in the Japanese memorandum include:

1. The fact that living standards should be no higher than in neighboring countries.
2. The desirability of using local officials and administrative mechanisms to proclaim and administer controls.
3. That economic controls should be imposed by the occupying forces only to the extent necessary to accomplish basic objectives.

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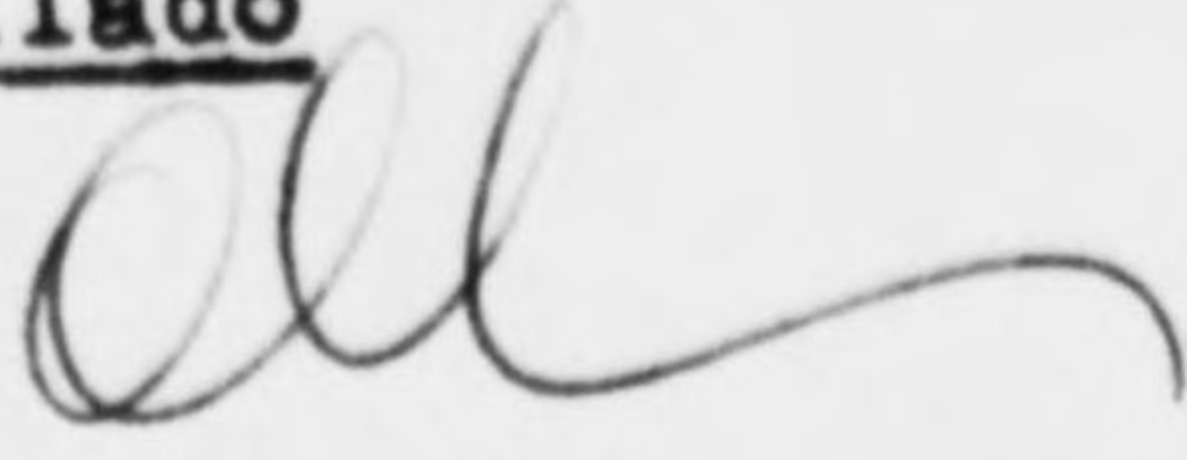
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I am quite sure that the whole document could be redrafted into much shorter compass and into much more easily followed outline form. The present form is the result of eight months of wrangling, and I believe it important that we not lose any of the many really important decisions incorporated in the present document. These include fairly definite concepts of reparations, definite recommendations about the prevention of the redevelopment of the Zaibatsu, definite determinations with respect to the availability for reparations of overseas private and public assets, and decisions paralleling the German decisions with respect to elimination of certain industries and restriction of the total production of others, such restrictions to be regulated in part by controls on the import of the essential raw materials.

I believe that it would be desirable for you to ask the Staff Committee to approve this document in principle subject only to the minor points made on the first page of this memorandum. You should then consider whether you wish this document to go to the Executive Committee on Economic Foreign Policy which originally requested it months ago. I have checked with Mr. Carr who indicates that there have been no recent inquiries in the Executive Committee regarding this matter but who feels that if we progressively eliminate more and more subjects from the scope of discussion of the Executive Committee that we will destroy that body.

OFD:EGC:ja

April 29, 1945.

Memorandum to Mr. ColladoFrom: O. C. Lockhart Re: SC-101: Economic Policy toward Japan

Our discussion yesterday helped, I think, to clarify Mr. Acheson's approach to the paper and consequently to explain the basis of his strictures on it. Since it appears that the Staff Committee does not expect the drafting officer to explain his paper in person, I suggest that a statement such as that appended should help to obviate Mr. Acheson's objections.

In considering this paper, it is necessary first of all to have in mind the differences and the relationships existing between a statement of long-run policy and a directive.

A statement of policy is a broad outline or plan of action for the attainment of certain objectives; it is directed toward ultimate ends, such as "enduring peace." A directive, on the other hand, is an instruction or a series of instructions relating to specific actions to be taken or omitted; it is concerned with immediate and limited objectives which are, nevertheless, believed to be essential to the creation of conditions that will permit the attainment of the ultimate objectives of policy. A statement of policy thus provides the foundation or frame of reference for a directive. The difference between the two is somewhat analogous to that between strategy and tactics.

The paper on Economic Policy toward Japan is such a statement on longer-run policy. As such it does not and should not attempt to provide a detailed blue print of Japan's postwar economy. It concerns itself primarily with ultimate objectives rather than with the specific means of achieving them; since those means will be clearer when conditions in post-surrender Japan are definitely known. The paper is to be distinguished, for example, from such a paper as the directive to the commander in the European theater, which concerns itself with immediate objectives centering largely in the security of the occupying forces in the initial post-defeat period. The directive emphasizes the fact that it is not an ultimate statement of policies concerning treatment in the postwar, and accordingly provides for constant surveys of conditions as a basis for supplemental directives.

What the paper on longer-run Economic Policy toward Japan attempts to do, then, is to provide a framework of general policy objectives within which may be fitted papers that may be required on more specific aspects of the postwar treatment of Japan, including directives to the theater commander. In the course of its drafting and passage up to the Secretary's Staff Committee, it has had the benefit of comment by a considerable number of officers of the Department and a gratifying degree of unanimity of opinion has emerged. Its statements of policy have been followed, so far as applicable, in the preparation of a memorandum for the President which, if approved, will be the basis for the directive for military government in Japan; and it is expected that it will also guide in appropriate measure the work of the Adviser on Japanese Economic Affairs and the Committee on Economic Studies on Japan.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Pl speak to me

TO : OFD: - Mr. Collado

DATE: April 30, 1945

FROM : ED: - Mr. Lockhart

ED

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SUBJECT:

The task assigned in Mr. Clayton's memorandum of yesterday's date to you is one which I believe should be referred to Mr. Martin, who for the past three weeks, together with the Committee on Japan, has been at work on a brief paper paralleling the economic portions of the March 23 document. At a meeting of the Committee last week Mr. Martin's draft and one prepared by Mrs. Gulick and myself were brought into complete harmony as to subject matter. Mr. Martin had arranged his draft more nearly in the order of the political section and after conference with the political people was to decide which draft to use. I have been unable to get in touch with him this afternoon to know which is the accepted draft, and I attach copy of our draft.

The March 23 German document is of course a memorandum submitted to and approved by the President, on which the military directive on Germany was based. The document on which Mr. Martin and the Committee have been working is of the same nature. As such it differs from a directive proper and both documents differ from the paper to which Mr. Acheson and Mr. Clayton now object in the fact that they are short-run directives rather than a paper on policy. This difference was pointed out at some length in my memorandum to you under yesterday's date.

Perhaps I should add that it was originally intended that Mr. Martin's paper when joined with that from the political officers would go to the SWNCC group informally and without commitment by the Department. In its progress, however, it has become clear that the paper will be submitted to the President, after approval by the Department, when it will become the authoritative basis for a military directive. Presumably, this paper will go to the Secretary's Staff Committee; hence the absurdity of now redrafting the paper on longer-run policy after the model of the German document of March 23.

Please let me know whether you are referring the problem to Mr. Martin.

Approved	_____
ED	_____

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In reply refer to
CP

MAY 2, 1945

My dear Mrs. Lee:

I would appreciate it if you could make the following documents available to the officers of this Division.

FE-128	Japanese Inner Zone Capability to Produce Petroleum and Petroleum Products from Coal and Shale
FE-220	Food and Other Problems Relating to Population Changes in Major Cities of the Far East
FE-108	The Production of Heavy Electrical Equipment in Japan
FE-109	Japanese Possibilities for Producing Synthetic Lubricating Oils
FE-126	The Use of Pyritic Residues by The Iron and Steel Industry in Japan Proper
FE-204	Recent Changes in The Japanese Taxation System
FE-218	Prewar and Wartime Fuel and Lighting Consumption in Japan Proper
FE-119.1	Iron Ore: Manchuria

EIS-27.1 Control

Mrs. C. P. Lee,
Project Control Officer,
Foreign Economic Administration,
Washington, D.C.

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EIS-27.1 Control, Ownership and International Relationships of Leading German Combines

E-17 Present Controls of Germany War Economy

EIS-22.1 Property of the Nazi Party, Its Affiliates, Members, and Supporters in Germany

EIS-26 Foreign Property in Germany

EP-301 Major Aspects of the Danish Economy

Let me thank you now for your attention to this request.

Sincerely yours,

Carl D. Corse
Assistant Chief
Division of Commercial Policy

CP
APR 30 1945

E.A.J.
CP:EFunge:jer
4/26/45

A true copy of
the signed original.