THE NATIONAL ARCHIVES OF THE UNITED STATES

GHQ/SCAP Records(RG 331)
Description of contents

(1) Box no. 2310

(2) Folder title/number: (13) (end)
Monthly Activities Reports Annex D-1 (Industry) and Annex D-3 (Reparations) from Individual Prefectural Teams for July-September 1948

(3) Date: ?

(4) Subject:

Classification	Type of record
9230, 9620	e

(5) Item description and comment:

(6) Reproduction: (Yes) No

(7) Film no. Sheet no.

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FILE

G 3/C Intel 46

Robert F. Goldsmith
Major, FA
Chief of Section

HEADQUARTERS
YAMANASHI MILITARY GOVERNMENT TEAM
APO 201

Report Control
Symbol MG-11(R1)

ANNEX D-1

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF JULY 1948

ECONOMICS SUMMARY - INDUSTRIAL ACTIVITIES

- -

1. Industry

a. Wooden-ware: An increase of 10% over last month's production was noted, although some manufactures are having difficulty obtaining raw materials and funds.

Textile: Although there was a decrease in the domestic demand for textiles, production increased about 18% over the previous month. Emphasis is still placed on the production of textiles for export.

Crystal: An increase in production and especially in the quantity of items for export.

Paper Mills: Plans are being made for the construction of more paper mills, providing the mills now being constructed prove successful.

c. The new Yen conversion rate had little effect on retail prices during the past month.

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YAMAGUCHI MILITARY GOVERNMENT TEAM

Month of July 1948

SUBJECT: Economics Summary (RCS: MG-11) (RI)
(Annex D-1, Industry)

PREPARED BY: Major Frederick C. Wiggins
RC&I Officer

1. Significant Industrial Activities

a. Fertilizer Production. For the month of June 1948, the output of Ammonium Sulphate by the Ube Chisso KK, Ube City, Yamaguchi Prefecture, was only 89% of the production quota (10,800 tons) due to restrictions in the use of electric power. Although these restrictions were removed on 7 July 1948, and the company is now receiving their full allocation of electric power, production for the month of July 1948, will fall below the quota. This is due to variations in the rate of supply of electric power, such as reductions in voltage, which cause temporary stoppages of equipment and loss of production.

b. Soda Production. June 1948 output by Ube Soda Industry Company, Ube City, was 4,500 tons of Soda Ash and 1,500 tons of Caustic Soda which was approximately 30% of the entire production in Japan for the month of June. This is used for domestic consumption with the exception of 250 tons of Caustic Soda per month which is exported. This company operates their own electric power generating plant, producing 320,000 KW per month which is their approximate power requirements for one month.

2. Surveillance of Shipbuilding

a. Reference SCAPIN 5673-A, "Approval of Change in Construction Program of a Fishing Vessel". This vessel is scheduled to leave Osaka on 30 July 1948, and will arrive in Shimonoseki, Yamaguchi Prefecture, approximately 2 August 1948. Completion of this ship will require approximately four months.

3. Other Economic Matters

a. Electric Power Supply. Heavy rains during the month of July have improved the power supply position at all Hydro Plants in Yamaguchi Prefecture. Thermal plants have been idle for the greater part of July, thus conserving coal which will assist the electric power supply problem during the coming dry season. There has been a general complaint from industry that the power supply is not maintaining a steady flow, sudden

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drops in voltage or rate of supply causing interruptions to production. The local branch of the Power Supply Company are at present negotiating with their headquarters in an effort to eliminate this situation. This has been the subject of special report (See letter 26 July, Serial No. 1046-B)

b. Critical Idle Materials. No discrepancies have been found in inventories and transfer of idle material is progressing smoothly. Stress is being placed on publicity of items that are ready for transfer.

HEADQUARTERS
YAMAGATA MIL GOVT TEAM
APO 468 UNIT 2

Reports Control
Symbol MG-11

Prepared by:
B.J. SULLIVAN
DAC CAF-12
Chief, RC&I SEC

Annex D-1

to

Monthly Military Government Activities Report for the month of July 1948.

INDUSTRY

1. Sakata Harbor was formally reopened 24 July 1948. The rehabilitation of this harbor, which consisted of removing eleven wooden hulls and dredging the harbor entrance, was started two years ago. This reopening gives Yamagata Prefecture a harbor that is capable of docking ships up to 2500 tons, and will implement transportation from the textile centers of Sakata, Tsuruoka, and Yonezawa.

2. Export item shipments from Yamagata Prefecture amounted to approximately ¥42,000,000 during the month of July, an increase of ¥12,000,000 over the previous month. Textiles were the predominant product.

3. This Prefecture has received several contracts for export items that were to have been filled by Fukui Prefecture.

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Reports Control Symbol
MG 11 (R1)

HEADQUARTERS
TOYAMA MILITARY GOVERNMENT TEAM
APO 301

ANNEX D - 1

To Monthly Military Government Activities Report
Period Ending 31 July 1948

Prepared By John J. Lewis, DAC

(Economics Summary) INDUSTRY

1. Electric Power:

During the month of July 352,877,921 KWH of electricity were produced by hydro electric plants. On 25 July an extremely heavy rainfall, which averaged 82.6mm throughout the Prefecture, resulted in filling all hydro-electric dams. All generating plants have been producing at full capacity since.

2. Fertilizer:

a. During July 6,014 tons of Ammonium Sulfate, 4,468 tons of Calcium Cyanimide, and 2,107 tons of Superphosphate, or a total of 12,689 tons of chemical fertilizer, was produced by the five (5) fertilizer plants in this Prefecture.

b. The Nissan Chemical Co., Toyama Plant, producing Ammonium Sulfate, suffered damage in the 25 July flood. This damage included the loss of approximately 3,000 tons of Ammonium Sulfate stored in the warehouse, and damage to 200 electric motors. At the height of the flood there was 5 ft of water in the company area. It is estimated that one (1) month will be required to place the plant in minimum operations again.

c. The distribution of fertilizer to farmers is proceeding smoothly. Upon investigating local warehouses, where small amounts of fertilizer were on hand, the officials in charge of the warehouse stated this fertilizer was available to the farmers when they came to receive their allocation, but that some of the farmers had not come to receive it. When the farmers in question were interviewed on this problem they stated that shortage of money was the reason that they did not go after the allocation. No discrepancies in the price of fertilizer to the farmers were found.

3. Control Associations:

Spot checks of Control Associations continue by personnel of this headquarters. Investigations of many of these associations reveal that while they may violate parts of the directives governing control associations, they do not completely violate any one directive, therefore, it is felt that Personnel of this Team are unable to judge the complete legality of these associations until more specific instructions are received.

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MG 11 (R1)

Annex D-1 to Monthly Military Government Activities Report, Toyama Mil Govt Team, period ending 31 July 1948, cont'd.

4. Critical Materials:

a. Local government agencies have organized a number of inspection teams to speed the progress of this program. Meetings have been held throughout the Prefecture with various teams to enable them to have a better understanding of this program. Representatives from the interested sections of the Kencho were present at these meetings. 989 leaflets regarding the program were distributed to thirty-three (33) different districts within the Prefecture.

b. Thus far seventy-two (72) inventories were revised or corrected, and fifty-four (54) new inventories were submitted prior to 31 July as a result of the deadline extension. Two (2) closed institutions reported their inventory. Total inventories submitted were one hundred twenty-six (126). Six hundred thousand yen (¥600,000.00) has been paid in revenue stamps. There has been no confiscations of materials, or prosecutions this month.

5. Transportations Control:

Police check points continue to operate successfully. Four (4) raids on trains were made by the police with assistance of personnel of this headquarters. These raids resulted in the confiscation of 425.5 kgs of rice, various amounts of other small grains, fish, textiles, and shoes. Ninety-six (96) arrests were made, and a total of ¥3,900.00 was collected in fines.

6. Industry, General:

a. A fire at the Towa Sangyo Co., Kureha Plant, a producer of carbide, believed to have been started by the electric furnace, destroyed the plant in which two (2) electric furnaces and eight (8) large transformers were located. Estimated damage is placed at ¥27,000,000.00.

b. The Sulfamarazine Test Plant of Nippon Soda, Co., Takaoka Plant was destroyed by fire caused by a careless workman. The loss of the building, equipment and material is estimated at ¥12,000,000.00.

c. Due to damage of railroads by the earthquake in Fukui on 28 June and the flood in Toyama on 25 July, 67,000 tons of freight is awaiting shipment at Fushiki Harber. Efforts have been made by this headquarters to obtain freight cars to haul this material to its destination.

d. The Steel Scrap Survey inventoried approximately 80% of the scrap steel in this Prefecture.

R E S T R I C T E D

Reports Control
Symbol MG-11(R1)

ANNEX D-1

ECONOMICS - INDUSTRY

Tottori Military Government Team
For Period Ending 31 July 1948

By Capt Kenneth P. Noxley

1. a. Industry - The slow but definite progress of industry toward recovery was verified in a survey completed this month by the Prefecture Statistical Section. Acting on instructions from the Ministry of Commerce and Industry, information from some 4,263 installations was gathered. The majority of these is very small as every one who changed the nature of the end product was included. However the survey did show some 20,322 people are employed. This being a 19% gain over 1946. The yen value of production was 832,381, 551 which represents a gain of 229%. In general the survey was in line with and tended to verify observations of this headquarters.

b. Electric Power - Generation recovered to 10,626,860 KWH, for this month, which is normal production for the fifteen power plants in this prefecture. Distribution and consumption was above average at 6,156,490 KWH with further increases contemplated.

c. Critical Materials - Some progress has been made on this program under urging from this headquarters. Each of the government agencies concerned placed a team in the field to check inventories and make inspections. However the efforts of the teams have not been properly coordinated because no local agency has sufficient authority over all the government offices concerned to assume this function. The teams are also poorly trained and lack the drive necessary to make this type of program a success. In conclusion: the results obtained within this prefecture should have little effect on the program as a whole since this is a relatively small and poor prefecture with little to report.

d. Scrap Iron Survey - Results of the scrap iron survey were reported and forwarded in a letter dated 23 July. A resurvey by the local office of the Hiroshima Commerce and Industry Bureau and the Prefecture Commerce and Industry Section is proceeding as outlined in this letter. This survey will be complete in the next few days and will then be forwarded.

2. a. Lumber - Production of finished lumber remained at 34,923 koku while unfinished production declined from 107,733 to 84,531 koku. This decline was due to shipping difficulties (see transportation).

ANNEX D-1-ECONOMICS-INDUSTRY-TOTTORI MIL GOVT TEAM-31 July 1948-
By Capt Kenneth P. Moxley

b. Charcoal - Production nearly doubled to 1276 tons as firewood remained steady. This relatively high production for this time of year is due to the recent price increases. Plywood production returned to normal at 295,316 sq. shaku. (These figures are based mostly on shipping and consumption since it is difficult to get into the mountains to obtain actual production figures. Thus, abnormal fluctuations result in the figures.)

c. Reforestation - Was made the subject of a letter to all village headmen. Pertinent facts concerning this subject were pointed out and headmen were asked to lend help to the reforestation program.

d. Transportation - Local authorities were unable to solve the truck and bus transportation difficulties in Hino Gun as reported last month. This situation was made the subject of a special report, dated 30 July, subject: Special Report on Transportation in Hino Gun.

Large quantities of lumber and lumber products are waiting at the rail stations throughoutthe prefecture. Investigation disclosed the present back log to be 184,120 koku which requires 5,088 cars to move. This is five times as many cars as are now being received. This was also made the subject of a special report to Region Headquarters, dated 8 July, subject: Lumber Shipments.

e. Water Works - System in Tottori City was reviewed and made the subject of a special report, dated 13 July, subject: Special Report on Water System in Tottori City. In common with most of the cities in Japan the water system in Tottori City is antiquated and inadequate. This necessitates a rationing of water during the slightest drought period. This is accomplished by shutting off the entire supply during certain hours each day. The layout of the system is such that occupation force installations must also be cut off.

4. Shipbuilding

No unauthorized construction of shipbuilding was noted for July.

5. Construction

Construction inspectors of Ito, Naga, Arita, Hidaka, Nishimuro, and Higashimuro guns were visited during the month. The farming areas seem to have the most number of violations. Likely this is due to farmers being more accessible to the supply of nearby lumber. The area in Wakayama City commonly known as "Blackmarket Street" has no construction permits and these shack type business buildings will be dismantled soon. City officials are giving the occupants plenty of time to resettle. Complete resettlement should be realized by March of next year.

6. Imports and Exports

Mr. J. H. Compton, Assistant President of Westinghouse Electric Company and Mr. J. P. Boyer of same company, inspected the Mitsubishi Denki Plant in Wakayama City on 18 July 1948. Purpose--to negotiate trade agreements. The 115 textile factories in this prefecture producing textiles for export state that the lack of raw materials is seriously hindering the operation of their mills. Conferred with the President of the Daiwa Spinning and he stated that his mill was receiving only 55 per cent of the raw materials needed to operate the spinning machinery. The Maruse Textile K.K. in Kimiidera was visited. 70 per cent of his products are going to the export channels. One thousand kans of textiles are now being produced. His plant is capable of producing thirty thousand kans. Many textile plants complain they can't even get allocations of materials sufficient to make samples for export.

7. Contraband

Reference is made to Circular No. 23, GHQ, dated 7 July 1948. This circular has been long awaited for by MG personnel of this team. This circular is the dream of MG. Trusting that this team will be allowed to apply the provisions of this circular as written within Wakayama Prefecture.

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ANNEX D-1
INDUSTRY
(Prepared by Capt Harry C. Miley)

1. Redistribution of Critical Materials

Kawazoe?

Reference is made to Japanese Cabinet Order No. 65 which was amended to allow extension of inventory date from 31 March to 31 July 1948. Several persons and firms, contacted by personnel of this team, feel that now if they can show allocation certificates for critical materials in their possession dated subsequent to the 31 of March that no inventory need be submitted. This condition is causing inventory teams some difficulty. Mr. Kanae Ishihara, Public Procurator of Osaka Higher Public Procurator's Office, was contacted on the 27 July 48 with purpose to obtain a clearer understanding between the Procurator's Office and the Ministries concerning confiscation procedure. Result of conference was that procurator stated he would expedite confiscation time. Heretofore, the procurator has insisted on long investigations prior to confiscation thus practically defeating this program. On the 31 July a raid uncovered about ¥20,000,000 of textiles. The Procurator's Office confiscated this material on 2 August 1948. If this type of action can be had in the future this will eliminate the most serious bottleneck to this program.

Kawazoe?

Of the ten cases on violations of critical materials investigated by the Procurator's Office during July, the procurator decided that no violation or charge existed. However, the Commerce & Industry and MG personnel concurring observed that according to SCAPIN 1863 violations did exist. Likely there appears different interpretations between the Japanese legal laws and instructions issued to Commerce & Industry and this Military Government Team. Another major problem encountered during July was that several textile plants, it was found, receive their goods from textile associations, thus they possess no legal Ministry allocation certificate. The Chief of Commerce & Industry was consulted on this. He stated that effective 31 July this condition would be eliminated and that the manufacturers would receive materials direct. Mr. Yukawa, President of one of these associations, states that nearly all the textile factories in the Osaka area have dealings with the Kojo Kyokai and that this organization, which is plainly illegal, is condoned by government officials. This organization furnishes clothing and other items for sale to the employees at prices higher than legal price, but lower than the prices on the open market. The extension date of inventory

Control Area follow up.

Extract 2/9 Extracted for action 7/11

of critical materials was given excellent publicity by the Governor and the Central Government agencies in this prefecture. All out efforts are being taken by the city, economic, and rural police, the Ministries concerned, the ESB inspectors, and five MG teams starting the 1 August to check inventories and discover unreported and hoarded goods. As of 31 July the Japanese Government iron and steel scrap survey team has not arrived in this prefecture.

2. Mining

Inspection trips by MG personnel were made to the Arakawa Lignite Mine, Iimori and Myoho Copper Mines, Funato Asbestos Mine, Shirhama Silex Mine and the Kumano, Matsuzawa, and Miyai Coal Mines. The object of inspections was to encourage increased production and assist operators in their problems. The Iimori Copper Mine is applying to the Central Government for additional gasoline to operate motors to facilitate the more rapid removal of ore from the pits. This will increase copper production. The Arakawa lignite mine has resumed production. This mine now has the land on which to build workers' houses. Increased lignite production with additional workers now should be realized. The anthracite coal production dropped 167 tons over the previous month's production. This decrease was due to a more careful selection of high grade coal. This month's anthracite coal production was 3,150 tons. Asbestos is being mined at the rate of 220 tons per month at the Funato Mine in Naga-gun. The mine has four pits, however, only two pits are operating due to labor shortages. Allocations of carbide, coke, and rubber soled shoes are urgently needed here. The Commerce and Industry was informed of their needs. The Shirakawa Mine near Kainan is producing 1,730 tons of silex per month. This silex is shipped to Osaka Yoko Cement K. K. and is processed into cement for Occupation Force use and for export. Electricity allocation of "C" seriously hampers the operation of the conveyors of this mine and limits production. In general, the mining picture appears favorable. Increased production likely will be evident this month.

3. Coal Imports

Prefecture received 5,833 tons of coal for month of June. The June allocation was 5,869 tons. Shortage over allocated and that received was 36 tons. This with May's stock of 1,419 tons made 7,252 tons available for distribution. Of this 5,227 tons were distributed leaving stockpile of coal at end of June of 2,025 tons. Coal offices at Gobo, Yuasa and Kainan were visited.

Annex D-1 to MG-4, Hq Tokushima MG Team, July 1948 (cont'd)

Item	Unit	Allocation	Received
Bicycle tires	piece	1,050	1,050
Inner tubes	piece	1,050	1,050
Tobacco	piece	3,026	3,026
Sake	koku	605	100

Of the above textile allocation, the 700 received were surplus stocks from rice delivery and none of the current allocation has arrived. 20,000 tan of textiles have been promised for delivery in August.

Working gloves are over-quota delivery only and there are ample stocks in the prefecture to cover any requirements.

3. Fish and Vegetable Control

a. The control of fish and vegetables appears to be constantly improveing and at the present time consumers are receiving more rations than at any time since the control period commenced. This increase in rations can be attributed to the intensive surveillance over fishing associations and blackmarket operations at sea by both the surveillance team and the Japanese police. During the latter part of July, the police boat and Military Government boat worked in conjunction and a total of 10 blackmarket operators were apprehended at sea.

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Annex D-1 to MG-4, Report Control Symbol MG-11, Headquarters Tokushima Military Government Team, APO 1050, July 1948

RUSSELL E. SIGWELL, Captain, Infantry, Economics Officer

Industry

1. Industrial Activity

a. Industrial production remained fairly constant compared with the previous month and a comparatively smooth supply of electric power was available throughout the month.

2. Critical Materials

a. Six survey teams were organized by Japanese officials during July to search out and report stockpiles of critical materials. These teams were composed of three men each and were representative of the following agencies:

2 teams	Tokushima Branch, Shikoku Region Commerce and Industry Bureau
2 teams	Tokushima Prefecture Commerce and Industry Section
2 teams	Tokushima Branch, Agriculture Ministry Material Adjustment Office

b. Above mentioned teams visited over 200 industrial concerns in the prefecture and their effectiveness was greatly augmented by an extensive publicity program regarding the reporting of critical materials. Tabulation of results of the team's work shows that 60 violations were discovered of which approximately half had under reported in March and the other half has failed to render a report.

c. Surplus critical materials reported in March had not been turned over to the respective Kodans as of the end of the month. Conference with Japanese officials disclosed that this action would take place during the first part of August for the less-cumbersome items and the balance would be stored where they are until suitable purchasers are found.

3. Scrap Metal

a. The second drive for the inventorying of scrap metal was completed during July with an additional quanity amounting to 250 tons being located in the prefecture.

Commerce and Trade

1. Staple Food Collection

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a. Staple food collection of grain, progressed favorably during the past month and the goal of 154,000 koku to be collected by the end of July was nearly attained. Collections and purchases as of 31 July were as follows:

Item	Purchased	Percent	Collected	Percent
Cereals	141,903.1 koku	76.7	149,657 koku	80.9
W. Potatoes	1,564,143 kan	94.1	1,699,603 kan	102.2

b. Prefectural officials are depressed about the low reduction allowed for this prefecture in comparison with other prefectures. This prefecture was granted a 3.9 percent reduction which is low compared with the average for Japan of 11 percent and the Shikoku average of 6 percent. Farmers and officials in this prefecture have the attitude that they are shouldering an undue burden this year in comparison with other prefectures. To further illustrate, the following shows the spring cereals quotas for Shikoku Region for the period 44 - 48.

1944	Tokushima	Kagawa	Ehime	Kochi
1944	180,900	517,500	288,000	115,930
1945	234,000	545,500	322,800	117,000
1946	127,400	172,000	142,300	62,800
1947	122,500	242,400	158,400	43,900
1948	185,000	308,000	193,000	41,200

Prefectural officials are of the opinion that politics is deciding the reductions for the different areas of Japan instead of actual crop conditions. They claim that the Kanto region is anti-Ashida and also that the Central Food Committee is made up of representives from that area which has much to do with the large reductions of that area compared to the rest of Japan.

c. It is the opinion of this headquarters that the prefectural quota for this year is not too high and a 100 percent collection will be realized by the latter part of August or the first part of September.

2. Incentive Goods

a. The following is the status of incentive goods in this prefecture for the spring crops collection.

Item	Unit	Allocation	Received
Textiles	tan	42,200	700
Working Gloves	pair	10,500	0

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HEADQUARTERS
TOKYO MILITARY GOVERNMENT TEAM
APO 181

Annex D-1
Monthly Military
Government Activities Report

Period 1 - 31 July 1948

ECONOMIC SUMMARY MG-11 (R-1)
Manufacturing and Industry (R.G. Stradley, DAC)

1. Shipbuilding: Eight shipyards were inspected during the month and no unauthorized construction was noted.

2. Stockpiled Material: 169 inventories of critical material were checked by Japanese Government inspectors accompanied by Military Government representatives during the month and 42 cases of hoarded material were reported to the procurators office for confiscation and prosecution. Japanese Government inspectors, checked independently, 172 inventories and referred 13 cases to the procurators office. It appears that the governmental agencies are not fully complying with Article 13, ESB, Instruction No. 6, "Regulations Concerning the Procedure of Utilization of Idle Materials". Responsible officials have been so advised and directed to comply. Tokyo-To received 216 new inventories and 257 revised inventories during the extended filing period, prior to 31 July 1948.

3. Railway Rolling Stock: Eighty-one freight cars were repaired by 3 Tokyo plants during July as compared to seventy-six repaired in June 1948. Thirteen new 35 ton gondolas and 6 new refrigeration cars were constructed. Production and repair schedules are being met.

4. Housing and Construction

a. The Building Section, Public Works Bureau, Tokyo-To, granted permits for construction of 10,518 dwelling houses and 680 commercial buildings during the period. Construction was initiated on 5,843 dwelling houses and 266 commercial buildings. A total of 3,562 buildings were completed during July, including 3,394 dwelling houses. 3440 fewer permits were issued than the previous period, however, construction was started on 93 more buildings and 416 more were completed. The Housing Section reported 320 community housing units completed and 1,395 under construction. In addition, repair of damaged buildings made 45 dwelling units available and 59 more were under repair.

b. The Inspection Section of the Public Works Bureau uncovered 977 violations of construction regulations. All were building without permits and only 9 were referred to the procurators. Previous cases under investigation and disposed of during the period totaled 129. All were disposed of administratively.

R-E-S-T-R-I-C-T-E-D

c. As a result of legislation passed in Diet sessions during June and July, the Prefectural Assembly, on 27 July 1948, made possible the reorganization of the present Public Works Bureau. By gubernatorial decree there will be, effective 1 September 1948, a Construction Bureau and a Building Bureau. The latter will consolidate the activities of the present Building and Housing Sections. The Construction Bureau will administer all other public works projects.

5. Black-market Activities

a. The Metropolitan Police, Autonomous Police and National Rural Police apprehended 7,497 persons for violation of Economic Control Regulations during the period. The decrease of 219 cases from the previous month was in the Metropolitan wards. The Director of the Metropolitan Police Board, Mr. E. Tanaka, has inspected all police districts and has instructed local police to exercise surveillance in Economic Control Regulations. In spite of this, police lethargy is still evident. Administrative action was taken in 3,127 cases and 4,370 cases were referred to the procurators for judicial disposition. During the period, 74,919 kgs. of staple and 62,942 kgs. of non-staple food was confiscated by police. This reflects an increase of 16,749 kgs., and 21,021 kgs. respectively, as compared to the previous period. In addition to 2,038 bundles of firewood and charcoal, large stocks of textiles and other materials were confiscated. The Metropolitan and National Rural Police checked 4,955 vehicles at scattered highway points for possible economic violations. Forty-one violations were discovered. Metropolitan Police apprehended 73 restaurant operators for violating Food Control Regulations. Twenty-three were disposed of administratively and 50 referred to the procurators, 36 establishments were closed. Judicial disposition of 4,577 economic cases was as follows: prison sentences, 94 persons; fines imposed, 894 persons; cases suspended, or dropped for lack of evidence etc., 2,555; cases pending, 1,034. A negligible number of sentences are imposed and procurators consistently suspend or drop approximately 50% of all cases up for review.

Report Control Symbol MG-11 (R-1)

HEADQUARTERS
SHIZUOKA MILITARY GOVERNMENT TEAM
APO 1007

ANNEX D-1: Industry Activities
To Military Government Activities Report
Period Ending 31 July 1948

Prepared by Mr. J. Warren Jones, CAF 11

1. INDUSTRIAL ACTIVITIES:

a. Industrial Production for Month of June:

(1) Industrial production (data from plants employing over 25 persons) for June showed some improvement over May. In 124 categories of production, 48 registered decreases, whereas 76 registered increases over May production.

(2) In general June production remained well above the average production for 1947. Exceptions, where production reported was below the 1947 average were: machinery (machine tools, woodworking and industrial machines), electrical equipment (industrial equipment and tools, refrigeration, lighting, and communication equipment), acids, paints, plastics, bicycle tires and tubes, rubber products, industrial papers, tex board, lacquer wares, clothing, and fish nets. Heavy gains were noted in the production of the following: trucks, semi-diesel engines, machine and engine parts, industrial chemicals, fertilizer, canned and preserved marine products, and musical instruments.

b. Fires affecting Production:

(1) A fire occured on 24 July at Toa Bosuifu KK, Yaizu. This plant has been manufacturing glass-substitute on procurement demand, as well as oiled-silk products for the CPO. No PD goods were lost in the fire, but certain raw materials were lost and 30 days will be required to resume production of glass-substitute.

(2) A fire occured on 25 July at Tokyo Asaito KK, Numazu (Ramie, flax, hemp) which reduced production by 25%. Recovery will require 45 days. Most of the equipment destroyed will be replaced with equipment available from storage.

c. Foreign Trade:

(1) Tea:

Exports amounted to 752,348 pounds during June; contracts were made for the export of 561,025 pounds during July.

(2) Foreign Buyers:

Only two foreign buyers (other than two resident tea buyers) were reported to have visited this prefecture during July.

(3) Export Contracts:

Contracts were reported concluded for the following: fire works 2,400 boxes, wooden clogs 2,400 pair, brass swivels for fishing lures 2 cases, veneer chests 30,000, finger bowls 72,000, cooking utensils 12,000, girls clothing 398 dozens, table cloths 100 sets, bicycle tires and tubes 1,800 sets, rice paper 80,000 pounds, sewing machine tables 800, raw silk 456 kan, Saru yarn 3,325 pounds, canned tuna 4,734 cases.

d. Mining Machinery Production:

July production at the designated plant at Shimizu of Hitachi Ltd. (C-4002) amounted to ¥ 5,289,222 which was somewhat below June and May production. New orders received during July amounted to ¥ 8,077,872. Orders outstanding as of 31 July were ¥ 9,715,892. Monthly shortages restricting production are pig iron 50 tons, moulding oil 330 kg., iron wire 100 kg., nails 180 kg., machine oil 180 liters. Current orders require 60 tons of coal, 13 tons of coke, 35 tons of steel, 35 tons of pig iron, 500 kg. of copper, 400 kg. of copper wire. Mining machinery was 58% of the plant's production during July.

2. SURVEILLANCE OF SHIPBUILDING:

a. All shipyards in the Izu area were inspected in June. During July 19 yards in the Shimizu, Yaizu, and Hamamatsu areas were inspected.

b. There are 7 steel vessels of from 120 G/T to 1,990 G/T under construction. Total tonnage is 2,785 G/T. All are building under permit.

c. There are 27 wooden vessels under 100 G/T being built; total tonnage is 644 G/T. In addition, two 15 G/T tugs building for USSR are due for completion during August.

d. Employment in these yards varies from 12 to 744 employees. Average wage (all yards) is ¥ 4,288 per month.

3. OTHER ECONOMIC MATTERS:

a. Pacific Coast Oil Refinery (SCAPIN 1404):

(1) Toa Nenryo KK, Shimizu Plant, was inspected 14 July (OD 11, 20 June 1947). No violations of SCAPIN 1404 were observed.

(2) There are 60,000 kilo tons of storage facilities at this installation, 18,000 of which are underground. One 3,000 ton tank is under authorized use by the Petroleum Distribution Kodan. Idle tankage is 57,000 kilo tons.

b. Surveillance of Building Construction OD 55, 13 August 1947:

(1) During the month the Kensetsu-In approved 2,525 applications. Of these permits issued 850 required rationed materials and 1,675 had recognized on hand materials.

(2) Of the 2,525 permits 51% were for new construction, 31% for expansions, and 18% for remodeling.

(3) Public Project residences completed this month totaled 13; 167 others are under construction; construction is pending on another 340 units.

(4) There were 96 violations reported during the month, of which 7 cases were prosecuted.

(5) Several instances of improper building discovered during inspections were called to the attention of the Kensetsu-In by this Headquarters. In all instances building plans had been diverted after issuance of permit. Strict enforcement of Cabinet Ordinance #6 is reported by Kensetsu-In officials to be hampered by lack of sufficient personnel as compared to the amount of construction in this prefecture, and to the non-cooperative attitude of the procuractors when violations are reported for prosecution.

(6) As to personnel the local Kensetsu-In reports they have 129 employees to service this prefecture, whereas Tokyo-to has 916. From January to June 1948 this prefecture received 34,636 applications and issued 29,120 permits while during the same period Tokyo-to received 89,490 applications and issued 74,843 permits. It is claimed that with present transportation difficulties the limited number of inspectors can not keep close enough check on construction to prevent occasional deviation during construction from authorized plan.

(7) As to the attitude of the procurators regarding violations, the fines customarily imposed by the court are insufficient to discourage violations. It is also reported that the procurators see no reason why construction should not be encouraged instead of hampered due to the comparative abundance of building materials.

(8) Due to the failure of the central government to impose adequate quotas on lumber producing prefectures this Headquarters anticipates great difficulty in enforcement of the present construction ordinance in lumber producing prefectures such as Shizuoka, due to the large amount of building materials in the prefecture in excess of that required to fill the national government quota. The former practice of recognizing "on-hand" materials permitted the utilization of these materials with official construction permit. With the restriction of this privilege as of 10 June (though the restriction may not prove as stringent as anticipated) it will be illegal to make use of the greater part of this excess, which to all purposes will confine construction to the limited allocation of materials officially assigned to the prefecture by the central government.

(9) The following figures clarify the situation expressed in paragraph (8) above:

ANNEX D-1 (Cont'd)

Quota, Allocation, and Production of Construction Lumbers: Koku

	1947		1948	
	3rd quar.	4th quar.	1st quar.	2nd quar.
National quota demanded from Shizuoka Prefecture	315,000	315,000	310,000	310,000
Total Allocation given to Prefecture	94,054	82,540	64,317	41,630
(for residence)	(30,322)	(35,800)	(36,000)	(38,880)
(for special building)	(63,732)	(46,740)	(28,317)	(2,750)
Actual Production	510,166	738,589	678,488	(estimated*) 450,000

*(Estimates for previous quarters were equally low compared to actual production; 2nd quarter's actual production will probably compare with 1st quarter's. Quota figures reported by Konsetsu-In and production figures secured by Konsetsu-In from Agriculture and Forestry Department.)

Extract Glaum

follow up

(10) On July 27 a conference was held with Konsetsu-In and the governor. When the prefectural activity of the Konsetsu-In is placed under authority of the governor as of 1 September, it is believed that efforts will be made to eliminate any incompetent personnel charged with surveillance of the construction program and to take stronger steps to endeavor to confine construction to the limits of the official allocations. Meanwhile it is recommended, assuming that cabinet ordinance #6 is not to be changed, that the central government be instructed to set quotas on lumber producing prefectures commensurate with the actual production which would result in increases in official allocations, or that the previous practice of circumvention through recognition of "on-hand" materials be reinstituted.

c. Coal Allocation (OD 39, 3 May 1947):

(1) During the month the Coal Distribution Kodan delivered 20,186 tons or 32.8% of the 2nd quarters allocation of 61,287.5 tons.

(2) The distribution plan follows Economic Stabilization Board instructions.

(3) It was noted that there were many cases (mainly small users) where no delivery had been made against allocation. Kodan officials advised that this was due to (a) Economic Stabilization Board allocating to users (largely institutional) not consuming coal in warm weather and lack of authority to change distribution plan at the local level, and (b) inability of some users to pay the increased official prices for coal.

(4) It is the opinion of the local Kodan and of this Headquarters that the increased prices will lead to the refusal, in many instances, of consumers to purchase atan as a coal substitute.

(5) Twenty-four consumers were spot checked during the month. Deliveries averaged 82% of the months allocation as of time checked, and most consumers had coal on hand.

d. Electric Power (CD 2, 7 June 1948):

(1) Consumer:

During July "A", "B", and "C" line industrial users consumed 10,095,221 KWH which was 4,394,174 KWH above their official allocation (5,517,578 KWH). Penalty payments are still demanded for consumption of power in excess of the extra quota set by the electric companies. Weekly electric holidays are still enforced by the electric companies.

(2) Repair of Electric Power Facilities:

During the 1st quarter it was reported that 275 tons of cement were allocated for repair of hydro plants in this prefecture: Chubu Haiden received 75 tons, Kanto Haiden 50 tons, and Nippon Hassoden 200 tons. It is ironically reported by Nippon Hassoden that the repairs to be made to their plants will not result in any increase in output (KW).

Chubu Hiden KK requires 123 tons of cement to make repairs to the penstocks of 8 hydro-plants. The repairs will increase the total output by 501 KW.

Kanto Haiden KK requires the following for repairs to 11 hydro plants: cement 119.1 tons, lumber 637.5 koku, iron 1.4 tons, steel 1.1 tons, nails 1.9 tons, wire 1.35 tons, copper 300 kg, carbide 10.55 tons, turbine oil 200 liters. Repairs would increase output by 307 KW.

e. Preservation and Protection of United Nations' Nationals' Property (CD 48, 9 June 1947):

(1) Inspections were made during the month of Rising Sun Oil Co. and Standard Oil Co. properties by representatives acting in behalf of the respective companies.

(2) Further maintenance is in abeyance until materials required are received. Allocation tickets for the major portion of the requirements were issued in June. Materials have not yet been received. This Headquarters has instructed Kensetsu-In to acquire the allocated materials at once and to secure allocations for any additional materials required without delay.

f. Extra Rations for Workers: "Ghost" and Non-Qualified:

(1) Rumor has it that many "ghost" workers draw extra rations. This Headquarters has observed a case where nonqualified workers draw extra rations for hard labor, and also an instance where the extra ration is drawn for a portion of the employees and then shared by all.

(2) The present system of distribution provides ample opportunity for "padding" especially for employers of temporary workers. The employer submits lists to the district labor control office. The lists are forwarded thru the prefectural labor control office to the governor and when approved, the employer receives the allocation tickets and draws and distributes the ration.

(3) This Headquarters is of the opinion that the system should be changed so that the worker entitled to extra rations would draw same from his regular ration point along with his basic ration. As an estimated 160,000 workers are drawing extra ration, this small percentage could probably be absorbed at the regular distribution points without appreciable effect on the basic ration distribution. It is felt this system would be more dignified for the worker, more convenient and fair to honest employer, and remove from the control of the dishonest employer control over appreciable amounts of commodities readily disposed of for personal favor or private gain.

(4) Two conferences were held with officials of the labor control office. No denial was made that the situation may exist although it was insisted that the distribution was managed to the best of their ability. A change in system of distribution has previously been discussed for possible execution in November. Encouragement was given to consider a change as early as possible. The matter will be discussed at a 4-prefecture conference in Gifu (Japanese-regional-conference) early in August.

(5) Discussion also indicated the necessity of improving investigative procedures of the control office prior to approval of employers' lists. At present 71 categories of workers are entitled to extra ration in 9 different amounts varying from 70 grams to 350 grams. It is believed this classification could be greatly simplified and the number of classes of extra rations also reduced.

g. Inventory and Redistribution of Critical Materials. (CD 27, 13 April 1948):

(1) Weekly conferences with concerned officials since the inception of the critical material program failed in getting any appreciable amount of material distributed locally (prior to 24 July) but did succeed in that local officials have been persuaded to follow in most instances the procedures established by Cabinet Order #65, often in the face of contrary instructions from regional Economic Stabilization Board in Nagoya. Weekly conferences secured the following results that otherwise would not have been carried out.

(a) All excess materials were publicized locally (Region had withdrawn inventories of large plants serviced by Region),

(b) Plants filing false reports are to be subject to prosecution (otherwise would have been white-washed and corrected inventories filed),

(c) Excess materials subject to confiscation will be distributed prior to trial by procurator (otherwise would have been purchased after trial of case by procurator),

(d) Delivery demand will be made for excess reported on original inventory (otherwise new inventories would have been called for prior to ordering turn-over to Sangyo Fukko Kodan).

(2) During the month 12 factories have been found subject to prosecution and materials confiscated. Documents have been forwarded to regional Economic Stabilization Board on 5 additional plants which will probably be found subject to prosecution. Confiscated materials from the 12 mentioned factories will be subject to sale as soon as check is completed by Procurator and local branch of Nagoya Commerce and Industry Bureau.

(3) Three firms received small amounts of materials through local redistribution.

(4) Spot-checks were made on 117 companies by investigating teams from the local branch of the Nagoya Commerce and Industry Bureau, the Agriculture and Forestry Bureau, and Kansotsu-Sho and the Transportation Administration office.

(5) New or corrected inventories filed prior to midnight 31 July numbered 93.

(6) Serving of delivery notices to plants holding excess materials is awaiting instructions of Nagoya Economic Stablization Board.

R-E-S-T-R-I-C-T-E-D

RCS-MG-11

HEADQUARTERS
SHIMANE MILITARY GOVERNMENT TEAM
APO 317

Matsue, Honshu
7 August 1948

ANNEX D-1.

ECONOMIC SUMMARY - INDUSTRY
(Reports Control Symbol MG-11 (R-1))

Report for July prepared by: Stephen H. Condict, Captain, CMP

1. Industry

a. Abundant rainfall in July eased the power shortage, resulting in a substantial increase in most industrial channels in this Prefecture. Ceramics production increased by approximately 10%; Slate Tile by 8%; The Machine Industry increased by ¥2,000,000 worth while the Agricultural Implement Manufacturing Industry dropped approximately ¥2,000,000.

b. Raw Silk Spinning increased from 24,999 pounds to 30,985 pounds : while Chemicals, Dying and Textiles, Skins and Leather, and Food Processing was practically unchanged.

c. Surveillance of imported foods was exercised. Government Warehouses were inspected, with special attention being given to rotation of stocks. Conditions were satisfactory.

d. (1) There was no unauthorized construction of steel or wooden vessels of 100-ton or over, in the Prefecture. One 600 ton steel vessel is under construction; one 75 ton was completed during July. Of the wooden vessels under construction, the following information is submitted:

Description	Number	Work Suspended	Under Construction	Completed
300 Ton	4	4	-----	-----
250 Ton	1	-----	1	-----
200 Ton	1	-----	1	-----
180 Ton	1	-----	1	-----
150,Ton	2	-----	2	-----

(2) Of the 44 wooden vessels under 100 ton under construction, 16 were completed and work progresses satisfactorily on the remaining 28.

2. Other Economic Matters

The surveillance control of pricing and distribution of fish and fresh vegatables continues to be satisfactory with special emphasis towards the education of the police towards planning and accomplishing the control without surveillance of Military Government Teams.

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Report Control Symbol MG-11
Annex D Monthly MG Act Rpt
1 - 31 July 1948

GCD (J)
Shiga Mil Govt Team
APO 25, Unit 3
13 August 1948

ECONOMIC SUMMARY
(Prepared by Capt Charles Wenner)

Annex D-1 Industries

1. Manufacturing and Industry

a. A ten per cent increase in production over the June level was reported by the Commerce and Industry Section. This was attributed to increased availability of power.

b. (1) In a conference held with Mr. H. Reese, Commerce and Industry Section, SCAP, the matter of manufacturers not being able to move their finished products was brought up. Mr. Reese stated that he would check on this problem.

(2) The condition referred to above is quite general in this Prefecture and was the subject of a special report to Headquarters, I Corps on 28 June 1948. The special report was referred to the Osaka Military Government Team so that the Regional Bureau of the Commerce and Industry in Osaka could be contacted. A reply has been received from the Osaka Military Government Team stating that their investigations disclosed that the lack of railroad cars, the low priority of the materials concerned and the fact that many of the normal buyers do not have the funds at this time to purchase the materials contribute to the present situation. Typical commodities affected are:

Hemp Yarn	202,448	lbs
Cotton Yarn	363,000	lbs
Staple Fibre Yarn	1,250,000	lbs
Cotton & Rayon Cloth	1,337,000	Sq yds
Rope & Twine	29,889	lbs
Copper Wire	13	Ton
Linen Fabrics	178,538	Sq yds
Silk Fabrics	419,829	Sq yds

c. (1) A pronounced tendency has been noted of manufacturers "delaying payment" for coal and other raw materials received. Electric power producers are included in this group. This practice may produce a serious loss of production if permitted to continue unabated.

(2) Ken Commerce and Industry Officials state they are aware of the "delayed payment" problems and say it is due to the unwillingness of banks to make loans at the present time.

2. Export

The Chief of the Boeki-cho of Kyoto disclosed that the Tokyo office is the only office that has authority to approve Yen exchange and set prices of export items and that Tokyo also controls the allotment of raw materials for manufacturing for export. It is the belief of local Board of Trade officials that this seriously hampers the local export trade and that if this authority could be delegated to the Osaka regional office of the Japanese Board of Trade it would eliminate needless travel and expedite export industry by approximately 60% in this area.

Restricted

restricted

3. Critical Materials

a. The Japanese officials are continuing their checks of factories and homes suspected of hoarding.

vague

b. Emphasis has been placed on the re-distribution of the materials now listed as surplus.

4. Control Associations

During the period of this report, a check of approximately 25 control associations has been made. Japanese officials have submitted reports on five additional associations bringing the total reported for this Ken to 773.

restricted

(d) Distribution outside the designated consuming area of a large percentage of the fish received.

(2) Fish imports for the month were 57.9% of the allocation. A total of 50,990 Kg., of fish were received unfit for human consumption and were disposed of as fertilizer. Spoilage was due to lack of refrigeration in transit.

(3) For the reporting period there were 5,921 cases of food control violations of which 927 were sent to court for further action. Included in these violations are five cases involving 'ghost' population. This 'ghost' population of 2,496, received 416.6 Koku of food.

d. Transportation Control

(1) Transportation Control measures remained the same for the month. The municipal police at Toda Check Point were replaced with National Rural police resulting in more efficient functioning. A 'special control' was exercised simultaneously over the entire Prefecture during the period 26-28 July with gratifying results.

e. Civil Property

(1) Three gasoline service stations and two oil warehouses were inspected during the month of July. With the exception of a service station at Kumagaya, all of the property is in use by the Japanese. Mr. Williams, United Nations Branch, CPC, G. H. Q., advised that the Japanese be allowed to continue the use of the areas; and in those cases where application had not been made to use the property, that applications for use be initiated immediately. Detailed plans for bringing this property up to the proper state of maintenance have been made and will be put into effect during August.

BASIC: ANNEX D-1 to Monthly Military Government Activities Report for the month of July 1948

received during the month of July. Shortages were in petroleum products, steel, coal, copper, pig iron, lead, zinc, tin, electric wire, cement and industrial chemicals.

(2) Twenty-five critical material inventories were checked during the month and no major discrepancies were found. Seven inventories were resubmitted and a 5,000 yen assesment for erroneous submission was paid on each.

2. Other Economics Matters.

a. Rolling stock

(1) Due to the fact that Nihon Sharyo, Kawaguchi plant, was not receiving an adequate supply of electric power during the peak requirement periods of operation, a conference was held by this section with representatives of Nihon Sharyo, the Central Government Commerce and Industry Bureau, and Kanto Haiden. An adequate distribution plan was evolved and put into effect. Nihon Sharyo manufactured forty special gondola and ten refrigerator cars during July which is 25% over planned production. Thirty five freight cars were repaired which is 16% in excess of schedule. Tetsudo Sharyo, Omiya Plant, repaired twenty freight cars during the month.

b. Construction permits.

(1) Construction permits were issued for 533 dwelling houses, 70 conbined dwelling and business houses and 141 non-dwelling houses for the month of June. Three hundred and sixty seven extension, reconstruction, and removal permits were issued. Eighty three violations of the building construction law were found during the month.

c. Price Control and Rationing

(1) The fish and vegetable control program was carried on with gratifying results during the month of July. However the control of fish distribution continues to be the major problem. The most violations were found to be in the following categories:

Follow up

(a) The registration system of retail shops with regard to processed fish.

(b) Receiving of fish from producing areas by agencies other than receiving unions.

(c) Posted notices of prices and amounts of fish received.

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HEADQUARTERS
SAITAMA MILITARY GOVERNMENT TEAM
APO 201

Reports Control
Symbol MG-11 (R-1)

ANNEX D-1

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT
FOR THE MONTH OF JULY 1948

Industry - Capt. Clyde E. Wertz

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1. Summary of Industrial Activities.

a. Fuel and Power Allocation and Receipts.

(1) One hundred percent of the coke allocations were received during the month of June. The cast iron industry has had difficulty in procuring a suitable grade coke for their needs. The allocation of coal for June was 13,109 tons of which 69% or 9,152 tons were received with shortages mostly confined to mining and refining industries, light machine tool industry and the tobacco industry. The amount of petroleum products received during the month of June constituted 96% of materials allocated.

(2) Rain fall in July provided enough water to produce 72,000 KW of electricity. This amount is in excess of the allocation requirements. The surplus was distributed to small textile industries, metallic industries, machine and tool industries and paper and food stuff industries. Electric power distributed to public bath houses was also increased. Production for first half of August is expected to be the same as for the like period in July.

b. Production.

(1) Production increased to 90.9% of the 1930 production index. Industries showing increased production are: rolling stock, 35.3%; rubber, 192.2%; flour milling, 5.8%; and silk, 37.3%, an increase of 4.9% over the production of silk in May. These increases are due to increased power and raw material allocations. The cement industry, cotton weaving industry and paper industry showed small decreases due to material and labor shortages.

c. Allocation and Receipts of Critical Materials.

(1) Ninety one percent of allocated critical materials were

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(Reports Control Symbol MG-11)(RI)

HEADQUARTERS
SAGA MILITARY GOVERNMENT TEAM
Saga, Kyushu, Japan
APO 929

5 August 1948

Monthly Military Government Activities Report
for Period 1 - 31 July 1948

ECONOMICS SUMMARY

(Capt. Harry D. Gilpin)

ANNEX D - 1: Industry

A. Coal production amounted to 100.5% of the assigned quota of 128,000 tons or 128,695 tons. Heavy rains during the latter part of June and early part of July caused flooding in some pits thus hindering production in those mines.

B. Mining timber. Six mines within the prefecture have less than thirty days supply of mine timbers. Improvement of stock levels in all mines has been steady, but until financial assistance and special allocations are available, conditions are expected to remain the same as at present.

C. Control associations. Prefectural reports are beginning to fulfill the requirements of directives from higher headquarters. Investigations have proved to be helpful in correcting all omissions and mistakes. Emphasis has been given to proper coverage.

D. Critical materials. Of 13,376 inventories submitted thus far, 648 are positive and 12,728 are negative. Spot checks and inspections are being made constantly to verify reports submitted.

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Reports Control Symbol MG II (RI)

HEADQUARTERS
OSAKA MILITARY GOVERNMENT TEAM
APO 25

ANNEX "D-1"

To Monthly Military Government Activities Report
Period ending 31 July 1948

INDUSTRY - Prepared by Major HERBERT H HARMON, TC

1. Shipbuilding

a. Owners of Osaka shipyards have become alarmed over the large amount of ships allocated to other prefectures. They are taking aggressive steps for a strong representation in Tokyo for the purpose of attempting to draw more business to Osaka yards. Ship owners are of the opinion that the Japanese Government is unduly favoring yards in the Tokyo area.

b. Not enough orders are received by shipyards in order to keep their facilities busy. Large periods of time expire between the completion of one ship and the start of construction of the next. This condition is very costly to the owners as they must either pa workers for doing nothing or lay them off and take the chance of losing such skilled help to other industries.

2. Control Associations

Interviews have been held with officials of the prefectural economic and agricultural sections for the purpose of determing the number of control associations that are existent in Osaka Prefecture. Of particular interest are those control agencies that are associated with industry. Preliminary steps have been taken to acquaint the Japanese of the advantages of eliminating these monopolistic organizations in favor of an economy based upon free enterprise and private initiative.

3. Inventory and Redistribution of Critical Items.

a. A recently initiated undertaking which has great potentialities in helping to rehabilitate industry is the inventory and redistribution of critical items program. Over the past month, a considerable amount of advertising has been devoted to directing the attention of the Japanese people, and particularly the industrialist, to the program.

b. Several meetings were held with prefectural agencies during July both to correct deficiencies in operational procedure and to make plans for

the future. One of the main reasons why the program is not proceeding as rapidly as possible is that so much of the materials uncovered are of undesirable types and sizes. Consequently, it is often more profitable for the Japanese to buy the desired materials in the blackmarket rather than make a time consuming investigation of storage sites to find the proper materials.

c. Government agencies are extremely slow in distributing goods under their custody. Intensive pressure has been placed on the Kodans and other organizations to force them to disgorge their stocks of supplies. The next few months should show an improvement.

d. With the guidance of personnel of this team, yards and warehouses are being prepared to accommodate confiscated materials. It is necessary to establish centralized storage areas so that factory owners may inspect materials with a minimum of effort. Through experience, the average plant owner has not the time to inspect small storage areas in out of the way places.

4. Railroad Rolling Stock

a. In an attempt to expedite the production of railroad rolling stock a survey lasting one week was completed during July. Findings of this survey have already been forwarded to higher headquarters together with suitable recommendations.

b. In the main, insufficient allocation of materials by the Japanese Government and delay in payment of debts by the Japanese Government are the chief reasons for low production.

c. Aggressive action by team members has been instrumental in diverting materials from government agencies to rolling stock manufacturers. Plant output should increase in August.

5. Production of Non-Essential Items

In frequent discussions with men of business, team members have discouraged the production of items which are non-essential to the economy. It is impossible to assess the value of such persuasive talk. In the opinion of this headquarters, however, a large profit on the sale of non-essential commodities is a stronger argument to a Japanese manufacturer than is the recommendation of Military Government to produce goods which are needed in the home economy.

6. Foreign Trade

a. Two additional hotels have been opened in Osaka for the

convenience of foreign traders. In addition, a new seamen's club has been opened; this club is furnished with all of the latest equipment possible. Team members visited all three installations in July; such facilities will contribute much toward making the visit of both traders and seamen alike very enjoyable.

b. In an effort to enhance export production, the prefectural government has been directed to furnish a list of all those plants producing commodities for sale overseas. Newly acquired team personnel have been assigned the task of expediting export production in a manner similar to that used in expediting rolling stock manufacture.

7. Transportation

a. During July, there was a decrease in the total operating mileage and the total number of busses in operation. Officials of the Osaka Municipal Transportation Bureau reported that this condition was caused by the action of Communist workers who have repeatedly refused to allow busses to leave the garage unless they were in perfect mechanical condition. Under this subterfuge, they have taken over actual control of the number of busses to be used.

b. At present, there are 528 busses in Osaka City, including five new trailer busses added during July. Of this figure, only 199 busses were utilized on an average during the period.

c. During July, less street cars were utilized due to failure of electric motors and employees taking summer vacations.

d. Friction between government agencies has been noticed. The police have constantly brought to the attention of Transportation Officials, the fact that safety regulations have repeatedly been violated and that the accident rate is increasing. In conjunction with this headquarters, the police have advocated the use of express systems to speed bus and trolley operations, but until recently, have met with strong opposition from the city officials. However, a plan is now in operation whereby the Number Four line is using the express system as a test to determine the feasabilitity of its adoption throughout the city.

e. On 27 July, Mr. HANAMOTO, Chief of Service Division, Osaka Municipal Transportation Bureau, reported that in his opinion the Communist workers in the garages would continue to disrupt the transportation system because of their dislike for the occupation forces.

f. Continued pressure from this team is expected to relieve the present transportation problems.

Annex D-1, OMG Activities Rpt, Pd ending 31 Jul 48

8. Power

a. During July, there was an increase in power consumption over the month of June of 4.7%. In addition, there was a 4% increase over July 1947, and an increase of 7% over a 6 year average of the same period. This increase is due to ample rainfall in the vicinity of generating sites.

b. Unannounced interruptions in the supply of power have caused monetary and material losses to factory owners during the past month.

9. Coal

a. There were 7 arrests of persons dealing illegally in waste coal in July. Ten tons of coal and one ton of coke were confiscated by the police and turned over to the Coal Kodan. The 7 persons arrested are to be prosecuted for violating coal regulations.

b. During the past month, the delivery of coal has increased considerably; it is expected that sufficient coal will be available for industrial consumers this winter.

(Annex D-1)
end

HEADQUARTERS
OKAYAMA MILITARY GOVERNMENT TEAM
APO 317

ANNEX D-1

Economics Summary: Industry
(Reports Control Symbol MG-11) (R-1)

Prepared by: VICTOR E. RAWLINS, Jr., 1st Lieutenant, Ordnance Department

1. Significant Industrial Activities

a. This section has observed that, as a whole, the Japanese system of allocating raw materials, fuels, power and transportation is well balanced and apparently nicely co-ordinated as the quantities of fuel and power are generally adequate to process the amount of raw material that is made available.

However, there are a few cases where the opposite is true.

During the month of July this office learned from three different firms, which manufacture hemp and sisal rope products, that they are receiving adequate quantities of raw materials but do not receive sufficient power and oil to process the materials, with the result that their raw material stocks are building up each month.

One manufacturer seems to be receiving enough hemp and sisal to operate at 100% capacity and yet is receiving only enough power to operate at about 60% of capacity. The oil is sufficient for about 10% of capacity.

This problem has been referred to the Hiroshima Branch of the Commerce and Industry Bureau to try to balance the allocations.

In the meantime, an effort is being made to increase the allocation of electric power until the backlog of raw material is processed.

b. An official of this section visited the Locomotive Manufacturing Company (Kisha Seizo Kabushiki Kaisha, Okayama Seisaky Sho) to inspect the new railway cars being constructed. This company has an order for one hundred fifty (150) cars of the

Monthly Activities Report, Okayama Mil Govt Team, APO 317, for period 1-31 July 1948. Annex D-1 cont'd.

"TOKI 15000" type, of which ten (10) cars have been transferred to Tokyo to be constructed. The remaining one hundred forty (140) are scheduled to be completed by February, 1949. Ten cars were completed in the month of July, the first month of production.

The company is receiving in sufficient quantities all items needed in the construction, but asked for help in arranging for cars to transport lumber for the bodies. This was accomplished through the superintendent of the Okayama Division of the Railway.

2. Surveillance of Shipbuilding. (Reference O/D 79, Hq 8 Army, 21 Sept 1946)

a. Two Economics Officers attended the official starting of a 5400 H.P. Diesel engine on 21 July 1948 at Mitsui Shipyard, Tamano City. This is the first large diesel engine constructed since the cessation of hostilities and was built for the 11,000 ton whale factory ship, "Nisshin-maru".

The Danish Minister and his party also attended and announced that a Danish firm had placed orders with the Mitsui Shipyard for three (3) large steel ships to be powered with the same type of engine.

b. Mitsui Shipyard received authorization from SCAP to change construction of a Cargo-Passenger, 2,000 gross tons, Diesel Ship, under construction for Saikai Kisen K.K., to a Cargo, 2,040 gross tons, Diesel ship.

3. Other Economic Matters.

a. Three villages (Nakawa, Yatsuka and Kawakami-sons in Maniwa-gun) are attempting to effect a transfer from Okayama Prefecture to Tottori Prefecture for economic reasons. The reasons given are that the freight rates, rationing and convenience of Tottori are better for them and that the delivery quotas would be lighter. This Team is watching with interest the outcome of this problem.

b. This section visited the Gunze Silk Mill, Kuze-cho, Maniwa-gun, which reels silk for export. Its production is 330

pounds of silk per day, for use in the manufacture of draperies and materials. The product is being exported to the United States and France.

c. A conference was attended in Tsuyama City with reference to a bus line to run from that city to Agei-cho of Tottori, a distance of 77 kilometers. If this route is established it is estimated that it would save at least a day for those who would do business at both terminals. The purpose of the bus route is to serve more equitably approximately 125,000 people living in the northern part of Okayama Prefecture. This Team is making a special report on this matter.

d. While in Tsuyama City, the West Japan Paper Manufacturing Company was visited by the Industry Officer. This company is manufacturing paper threads that are made into shirts, panama type hats and silk paper obi cloth. It also makes tissue paper, heavy paper, etc. At present, it is producing 80% of its peak capacity of 1940. Plans call for 192% of peak production in 1949 and for some exporting of the products.

e. The program for recall of Surplus U.S. Army coats for demilitarization seems to be as complete as is possible and has been made the subject of a special report advising of the progress made and requesting advice if further action is to be taken on this matter.

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Reports Control Symbol MG-11 (R1.)

OITA MILITARY GOVERNMENT TEAM
APO 24 UNIT 2

ANNEX D-1

to
Monthly Military Government Activities Report
Period Ending 31 July 1948

Report prepared by: Jasper D. Frazee, CAF-10

INDUSTRY

INDUSTRIAL ACTIVITIES

1. The electric power allocation for Oita Prefecture has been favorable due to continuous rainfall during July. Plan No. 3 of the Kyushu Electric Supply Company has been in effect throughout the month.

2. The Nisshin Chemical Company reports that they will have an important part in the government's plan to increase dyestuff production during the next five years. In July ground was broken for construction of some new buildings at the company's Tsurusaki plant in Oita Prefecture. The buildings will be completed in October, and cost is estimated as 45 million yen.

A land reform dispute of many months' duration was settled very favorably to the company in late June. Although some land owned by the company is being purchased, none of the area necessary for present expansion plans was taken.

3. A fire on 27 July destroyed a small waste cotton and hemp spinning plant at Itoguchi-mura. This plant had just been allotted a quantity of waste hemp and cotton by the Fukuoka Commerce and Industry Bureau, but had not yet received the actual waste. This plant was located within the Itoguchiyama Factory, Kokura Military Arsenal, 30-4. However, the land and buildings had been released to the Japanese Government, and there was no damage to reparations equipment nor facilities necessary for maintenance.

4. The Oita plant, Fuji Spinning Company, received the first shipment of 707 looms to come from the Oyama plant, Shizuoka Prefecture, of the same company. The plant expects to have 132 looms in production by the end of September, and the balance early in 1949.

5. Heavy rains have once again cut down sulphur production at the Kuju Sulphur Mine. Roads were washed out during July, and no shipments of sulphur can be made for about one month.

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6. Items for export shipped during July included wall lamps for the Netherlands East Indies, and bamboo to Korea.

7. The third of four 15 ton, 50 H.P. wooden tug boats being built for Russia was completed, inspected, and accepted.

SURVEILLANCE OF SHIPBUILDING

Three wooden ships over 100 tons being built with SCAP permission were inspected. Work has been stopped on two, since demand is greater for small fishing boats.

OTHER ECONOMIC MATTERS

1. The scrapping of four small naval vessels has been completed by the Teikoku Salvage Company of Tsukumi-machi. Scrapping was ordered by the Commander Naval Activities Far East.

2. Shipment of tatami for the fourth quarter was completed on 16 July, when a supplementary allotment of 50,000 sheets of tatami was sent to Fukuoka for miners' housing.

3. The wildcat strike of railroad firemen from 19 - 25 July delayed shipment of an estimated 11,500 tons of freight, including cement, rice, barley, firewood, lumber, and mine timbers. Coal and petroleum deliveries were good for the month, and were not affected by the strike.

4. Although final reports have not been received, it appears that less than 20 additional or corrected inventories of excess critical materials were submitted in July. There have been only five sales of excess materials to date, since holders of ration tickets are able to get goods through normal channels, and transportation is more easily arranged.

5. The investigation of reports on control associations takes considerable time, but is being done as thoroughly as possible, since this headquarters must certify that reports are accurate. The prefectural government believes that they will soon have reports in on all control associations known to them at the present time.

6. One hundred six cases of violation of Cabinet Ordinance No. 6 of 1947, on construction, were discovered during July and fourteen cases of violation were carried over to this month without disposition. Of these numbers, 62 were considered to be minor, and were disposed of administratively, 39 cases have been turned over to the Procurator, and the disposition of 19 cases has not yet been decided.

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HEADQUARTERS
NIIGATA MILITARY GOVERNMENT TEAM
APO 547

Report Control
Symbol MG-11

Prepared by:
Herbert E. George
Major, Infantry
Economic Section Chief

ANNEX D-1

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF JULY 1948

ECONOMICS SUMMARY

Annex D-1, Industry

a. (1) Industrial metal and machinery production during this period, amounted to 178,615,750 yen, an increase of 16 per cent over previous reporting period.

(2) Aggregate production figures of the chemical industries in eleven (11) categories contrasting June with mid-May remain unchanged in comparison with preceeding reporting period.

	Previous Production	Present Production	% of Increase or Decrease
Acetic Acid	186 MT.	453 MT.	143.5 increase
Asphalt	349 MT.	729 MT.	108.9 increase
Volatile Oil	13,949,232 Gal.	21,795,675 Gal.	56.3 increase
Paraffin	29 MT.	34 MT.	17.2 increase
Sulphuric Acid	1,213 MT.	1,154 MT.	4.9 decrease
Light Oil	14,847,478 Gal.	7,925,700 Gal.	46.6 decrease
Nitro Lime	13,272 MT.	11,219 MT.	15.5 decrease
Ammonium Sulphate	538 MT.	501 MT.	6.9 decrease

(3) Unavailability of industrial raw materials such as carbon and solid fuel are causing current production recessions within the chemical industry.

(4) The textile industry in the silk and rayon categories (production 163,237 square yards) shows a gain of 14.2 per cent. Domestic production in the silk, rayon and cotton staple fibre categories (production 1,043,529 square yards) shows a noticeably gain of 24.7 per cent.

(5) The electrical power supply, for period beginning 25 June and ending 20 July amounted to 66,368,395 K.W.H., a loss of 11.8 per cent over previous reporting period.

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Reports Control Symbol
MG-11

NARA MILITARY GOVERNMENT TEAM
APO 25, Unit 4

ANNEX D-1 to Monthly Military Government Activities Report for July 1948

ECONOMICS SUMMARY

I N D U S T R Y

Prepared by Mr. THURMAN G. RIDGE

1. Continued spot checks on critical material inventories have disclosed some under reporting, and two cases have been referred to the police for action. No instructions have been received for distribution of any of the material reported. Officials of ESB, Bureau of Commerce and Industry, Industrial Recovery Corporation, and the prefectural government have been interviewed, and none of them has made any specific plan, received any specific orders or received any funds for publicizing availability of the materials or distributing them.

2. A special campaign is being conducted by Kansai Power Company to get street lights turned out in the daytime. Specific consumers are made responsible for turning out certain lights, and their power contracts are canceled if they fail. It is estimated that enough power to supply 5,000 houses is wasted in this way in Nara.

3. Export contracts totaling ¥5,000,000 were signed during the month. This record is especially splendid when it is observed that Nara enterprises did no direct import business at any time until 1947.

Report Control Symbol MG-11

HEADQUARTERS
NAGASAKI MILITARY GOVERNMENT TEAM
Nagasaki, Kyushu, Japan
APO 929

ANNEX D-1

MANUFACTURING & INDUSTRY

Period Ending 31 July 1948

(Prepared by: Joe C. Goldsby, CAF-12)

1. SIGNIFICANT INDUSTRY ACTIVITIES

Heavy rains during this period increased the supply of hydro-generated electricity. Production of critical goods and export items increased as the supply of electricity increased. A production drop is expected for the following two months with the lowest point being reached in September. This is due to the expected decrease in rain fall. A recent survey revealed there was no appreciable loss of available electricity allocated to Nagasaki Prefecture for this period. The heavy industries used the electricity normally lost by load drops, by operating electrical equipment during "off peak" hours.

2. SHIPBUILDING

a. Reference is made to letter AG 561 (MG-EM), Headquarters Eighth Army, dated 6 January 1948, subject: "Construction of D type Cargo Vessels". The two (2) 1,990 gross ton D type cargo vessels were constructed at Kawaminami Koyagi-shima Shipyard. One was completed and turned over to the owners on 18 July, and the other is now eighty seven (87%) percent complete.

b. Reference is made to letter AG 561 (ESS-IN) SCAP, dated 8 June 1948, subject: "Application for Permission to Construct Steel Cargo Vessels". The one (1) 4,500 gross ton B type cargo vessel is now eight (8%) percent complete and the two (2) 2,000 gross ton D type cargo vessels are approximately twelve (12%) percent complete. The above three (3) cargo vessels are being constructed by the Mitsubishi Dockyard.

3. BUILDING POLICIES OF THE JAPANESE GOVERNMENT.

a. During this period, ninety five (95) violations of construction laws were uncovered by Japanese officials. Of these, fifty four (54%) percent had no building permits. Four cases were considered major violations and have been brought to court. The remaining forty six (46%) percent were considered minor violations concerned with area regulations.

4. OTHER ECONOMIC MATTERS

a. Extension of the dead line date for filing inventories of critical materials resulted in a sharp increase of the number of "negative" inventories. The number now submitted being approximately eight thousand. Five inspection teams are in the field checking inventories. None of the materials have been moved, as the Japanese report there are no outstanding allocation certificates. However, the Japanese report that should the allocation quota be increased for Nagasaki by the Central Government the materials would start moving. The local procurators are now working on concealed and hoarded materials cases involving approximately 66,733,800 yen. A small percentage of the goods uncovered will be found to be "looted" property. The remainder are mostly materials illegally transferred from former Japanese Army and Navy stocks at the close of the war, and connected with the Sasebo Naval Arsenal.

b. A full report on the iron and steel scrap survey has been submitted to higher headquarters. Estimate of scrap, as shown by the survey, is considered far less than the actual amount. Apparently, there was no effort made by the Japanese officials to submit an accurate estimate.

c. Detailed inspections of the rationing points, records and food storage facilities in the larger cities of the prefecture are continuing. Isahaya and Shimabara have been completed. The City of Nagasaki should be completed by 10 August.

5. INSPECTION OF JAPANESE MERCHANT VESSELS

Trained members of this team conducted inspections of vessels listed below in Nagasaki Harbor during the month of July 1948.

Chidori Maru (CØØ2)	Type, Cargo	874 tons	Reg.No. 0031
Konan Maru (KØ71)	Type, Cargo	994 tons	Reg.No. 0256

E N D

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HEADQUARTERS
Nagano Mil Govt Team
APO 181

Report Control
Symbol MG-11

ANNEX D-1

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF JULY 1948

ECONOMICS SUMMARY - INDUSTRY

Submitted by: H. W. Murray, 1st Lt, Inf

1. Conferred with the Higashizawa Fibre Manufacturing Company concerning rope production, and was informed that raw materials are being received in sufficient quantities to maintain their production standards. However, their power allocation is not sufficient. This headquarters conferred with Commerce and Industry Section and suggested an investigation be conducted to determine the power requirement for this plant. Was informed by the Commerce and Industry Section that since this plant was producing rope to be used in the fishing industry and was essential to the National Economy, steps would be taken to furnish additional power. This additional allocation should greatly facilitate the production of this plant.

2. Sixteen plants were inspected in an effort to become more familiar with current industrial problems and to determine raw material shortages. The following plants were inspected:

7 Heavy Industrial Plants
4 Textile Mills
2 Wood-working Plants
3 Hydro Electric Plants

a. At present, Hydro Electric Power Plants are producing 82.33 percent of maximum capacity which is an increase of 3.30 percent over the previous month. This increase may be attributed to increased rainfall and full allocation of materials.

b. Due to shortages of cocoons, waste silk and cotton, textile mills are producing only sixty-one percent of their capacity. Textile manufacturers complain that the farmers retention of the best silkworm cocoons for domestic use reduces the quality of the finished mill product causing a large quantity of their production for export to be rejected. This places a serious financial burden on manufacturers.

c. Allocation of supplies and materials for woodworking plants is about fifty percent of requirement. Current shortages are: paint, lacquers, paint thinner, glue, nails and belt drives.

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Report Control Symbol
MG - 11 (R-1)

HEADQUARTERS
ISHIKAWA MILITARY GOVERNMENT TEAM
APO 301 (Kanazawa, Honshu)

JOSEPH D. GILMORE, Major, FA

ANNEX D-1

To Monthly Military Government Activities Report
Period Ending 31 July 1948

INDUSTRY

1. The textile factories in the earthquake area of Enuma gun are rapidly being restored to a operational basis. Of 2266 looms, 1410 were damaged. Of the 1410 damaged 693 were repaired within a week, and an additional 197 was repaired within a month. It is estimated 200 more will be repaired by the end of September. The remaining 320 were so badly damaged that six months will be required to repair them.

2. The Teikoku Seni KK, the largest textile plant in the area, will not resume making silk and rayon thread for about a year. However, it will turn its full capacity to the processing of hemp.

3. Production of the various major industries continued to increase throughout the prefecture, despite the damage caused by the earthquake. The following table shows in yen value the production of the various industries as compared to the previous month.

	JUNE	JULY
Textile	¥ 184,387,520	¥ 308,093,500
Fishing gear	17,334,500	16,973,000
Textile Machines and Farm Equipment	143,102,000	154,515,000
Ceramics	6,194,400	10,082,000
Cast Metal	34,450,000	45,000,000
Other Metals	15,962,000	
Metal Foils	No data	11,391,000
Lacquerware	13,825,500	14,213,000
Diatom Clay	12,949,000	12,949,000 ?
Cement	No data	4,161,000
Wood Working	"	10,936,000
Paper	"	5,081,500
Dyeing	"	34,150,000

4. Export orders continue to be received in increasing volume. Most of the orders are for chinaware and pottery. Well over 90% of the orders so far received are for shipment to China and Siam.

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HEADQUARTERS
IWATE MILITARY GOVERNMENT TEAM

REPORTS CONTROL
SYMBOL MG-11 (R1)

ANNEX "D-1"

to

Monthly Military Government Activities Report, Iwate Military Government Team for the month of July 1948.

INDUSTRY

Prepared by: Major Jay C Rayner, Economics Officer

1. The Kamaishi Branch of the Nippon Iron and Steel Company continues to show a marked increase in production. The following figures of production in tons for the months of June and July give a clear picture of the increase.

Product	June	July	Increase
Pig iron	5,510	12,249	6,739
Iron ingot	3,995	5,817	1,822
Sheet Steel	3,735	4,030	297
Steel Bar	674	1,039	365

This Branch received two shiploads of coking coal amounting to 17,854 tons during the month. This coal is imported from America.

2. Cement production continues to improve with an 8% increase in the production of Portland cement over the month of June.

3. The production of chemical fertiliser remained approximately the same except for the production of superphosphate of lime which was up 48% with a total of 2,952 tons produced.

4. Charcoal production was 85% of the production of the previous month. This should not be viewed with alarm in that most of the producers in this prefecture are farmers who do not produce charcoal until after their crops have been harvested.

5. Although the plywood manufacturers continue to complain that there is a lack of funds and cohesive agents, the production of plywood for the month showed a 37% increase. The delivery of lumber to the consumer was 64% above last month's delivery.

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HEADQUARTERS
KAGAWA MILITARY GOVERNMENT TEAM
APO 1050

Annex D Economic Summary (RCS MG-11 (RI) period 1 July to 31 July 1948.
Author: Capt. Robert J. Charbonnel

1. Annex D-1 Industry

a. Power conservation was favored by 220 investigations of cases involving improper use of electricity, by loud speaker propaganda, and posters resulting in the following figures:

Electricity allocated	17,708,631 K.W.H.
Electricity consumed	15,230,346 K.W.H.
Electricity conserved	2,338,285 K.W.H.

Sufficient rainfall during the month permitted favorable allocations to all high priority industries and even low priority industries such as the salt industry received power within the limits of hours and quantities authorized by the Central Focernment.

The textile industry is entertaining considerable fear for future power load decreases which they believe will develop as a result of enlargement for the manufacture of aluminium of the Nisshin Chemical Industry Company in Niihama, Ehime Prefecture.

Mr. Minoru Toda, Chief of the Shikoku Textile Cooperative Union presented the problem as follows:

(1) The Nisshin Chemical Company is now using a power load of about 5,000 K.W. New requirements of the plant will be about double that figure.

(2) Peak out-put of power for Shikoku is about 190,000 K.W. during rainy seasons and 40,000 K.W. during dry season with an average of 135,000 K.W.

(3) Textile requirements at present are about 10,000 K.W.

Power distributing officials support the statistics presented by Mr. Toda, and agree that during dry seasons the situation may become critical for textile producers, should the Nisshin Chemical Company be granted higher priority for aluminium production.

Textile production was maintained at approximately the same level as last month with an out-put of 1,716,175 lbs. of cotton yarn and 383,253 sq. yds. of cotton cloth.

Some tentative orders were received by Prefectural manufacturers for electric Christmas tree lights and bases. Efforts to secure allocations for necessary raw materials were successful.

Straw braid for export hat manufacture was formerly an important item of manufacture in this prefecture. Considerable effort is now being exerted by local officials to revive this industry.

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Annex D Economic Summary (D-1) (cont'd)

b. Shipbuilding:

A total of 12 small craft totaling 76 tons were completed. Thirty three wooden vessels all under 100 tons but totaling 780 tons are presently under construction.

c. Other Economic Matters:

Critical Materials Inventory:

An effective publicity campaign for this program was developed during the period 22 June to 1 July, using the following methods:

Newspapers
Radio
Theater announcements
Town and village conferences

Spot checks would indicate that person holding critical materials were thoroughly informed with the requirements of and principles or methods of compiling reports. At the inauguration of this scheme, a conference was held in Tokyo for the orientation of Prefectural Officials. At this conference, held on 24 March, all critical materials were designated, the minimum amounts required to be reported and the joint system of reporting textiles was promulgated. At that time textile goods (clothing and textile goods for domestic use) were established at 1 point per 1 tan. On 8 April, instructions were received by mail that this had been changed from 1 tan equalling 1 point to 1 tan equalling 3 points. Approximately one week was required to get this change distributed to organizations concerned.

By that time, practically all textile reports had been lodged at town and city offices, since 15 April was the end of that reporting period. Therefore, all reports lodged were incorrect. In the extended period for reporting and correcting of reports, these reports will have to be changed, and it is understood a fine of ¥ 5,000 paid. These organizations submitted reports as directed at the time; therefore they contend that the error is on the part of the central government and not that of the textile companies. The companies concerned should not be held responsible for the error nor should they be made to pay the ¥ 5,000 change of report fee.

A similiar case occured at the Toyo Spinning Co. A report was submitted at the town office and brought to the Prefectural office. This report included two items, which quantities were below the limit for reporting. The town official returned with this report and by mistake directed that these items be scratched out, the two mentioned above and a third (nails) which is a critical item. This report will have to be corrected, and, again, the officials of Toyo Spinning Company can not be held responsible for the error.

On 1 July, it was disclosed that the Kagawa Prefectural Textile Association and the Kagawa Agricultural Association had failed to report in their inventories a quantity of textile goods totaling 25,820 pieces consisting of clothing, socks, stockings, putties, and cotton gloves, plus 246 tan of textile cloth. As soon as the Procurator's Office has processed this case the goods will be redistributed through legal channels.

Facilities of the following organizations in Takamatsu are under investigation:

Annex D Economic Summary (D-1) (cont'd)

(1) National Tokushima Hospital at Kuramoto-cho Tokushima City. (failed to report 8,000 pieces of clothing and 21.3 tons of coal.)

(2) Government agencies of Ehime Railway Division

(a) Uwajima Coal Distribution point Takamatsu Materials warehouse - 397 tons of coal.

(b) Uwajima Engineering Division - 34 tons of coal.

(c) Yahatahama branch of Matsuyama Electric Communication - Engineering Division - 650 Kg of electric wire and other miscellaneous items.

(d) Matsuyama Engineering Division - 600 tons of coal.

(e) Takamatsu warehouses.

1 Ehime Prefectural Arable Land Section - 70 pairs of rubber soled shoes.

2 Ehime Prefectural Maintenance and Repair Section - 6 Kegs of Nails.

3 Japan Red Cross - 100 pairs of shoes.

Remarks:

E.S.B. has been mainly employed on publicizing this program up to the end of July. From the start of August, they will be concentrating on checking critical material inventories against stock piles.

Hotel and Restaurant Control:

Restaurants and tea stalls at the beginning of this month were displaying much illegal pastry and bread. Increased police surveillance of bakeries has decreased quantities now available. Legal cakes made from sweet potato flour are available in quantity.

Building Construction:

Present system of building construction control is weak and ineffectual. Prefectural Reconstruction Board sometimes does not use sound judgement in issuance of certificates, but the greatest weakness appears to stem from the fact that with only 15 inspectors available, these inspectors concern themselves only with visits to facilities which are being built with authorized certificates. No surveillance is being exercised over construction being done without certificate. This headquarters is in conference with construction officials in an effort to secure some type of area surveillance, perhaps with police and E.S.B. assistance.

Annex D Economic Summary (D-1) (cont'd)

Violations are being dealt with in a vague and unsatisfactory manner. No cases have been referred to the Procurator's Office within the last three months, and of those previously sent to the Procurator's Office, no information of action taken was in the possession of construction officials.

Food Collection:

Pre-planting quotas have now reached 100% at all levels. Status of purchase and collection by the end of July are as follows:

Crop	Collected	Quota	Percent
Barley	255,046 koku	326,800 koku	78 %
White Potatoes	309,028 kan	452,000 kan	68.3 %

Storage Facilities:

Storage of imported foods may now be termed excellent, and other food warehouses are constantly being improved. Twenty-four warehouses were inspected by Ken inspection teams and spot checked by this headquarters. The long educational program on food storage conducted by this headquarters is reflecting gratifying results

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Reports Control Symbol MG-11 (R1)

HEADQUARTERS
KAGOSHIMA MILITARY GOVERNMENT TEAM
KAGOSHIMA, KYUSHU, JAPAN

APO 970
31 July 1948

ECONOMICS SUMMARY

ANNEX D-1, INDUSTRY

RICHARD T. CANN
1st Lt INF
Asst Econ Officer

1. Significant Industrial Activities.

   a. Seasonal rainfall during June and July should have increased hydro-electric production. Unfortunately the rains were so heavy that some producing stations, particularly in Aira gun, were damaged. The resultant decrease in power was partly compensated for by transmission into Kagoshima from other prefectures. Control measures are still in the 3rd stage.

2. Shipbuilding. A Russian inspection team surveyed two shipyards building four 50-ton barges for Russia. Construction will be completed by 20 November 1948.

   No violations of shipbuilding instructions have been observed.

3. Other Economic Matters.

   a. Business leaders and government officials here report that the newly inaugurated system of advancing loans secured by the future deliveries of agricultural and commercial products is of relatively little aid to the farmers and business men of this prefecture. Kagoshima is a "consumer-prefecture" characterized by tenraku farmers and very few manufacturers but many small shops. These people are not producers within the definition of this credit system; therefore, cannot obtain loans under the system.

   b. Control Associations---This headquarters has nearly completed a thorough check of the lists of control associations reported by prefectural authorities. Emphasis is now being placed on uncovering associations which have not been reported but which do exercise control functions.

c. Critical Items and Hoarded Goods--The Industrial Recovery Corporation has located and turned over for legal redistribution some illegal stockpiles of goods, notably 101 tons of unreported mica and 4,580 liters petroleum products found in three separate locations in the Ken.

d. Because of washouts in various places, rail service was undependable throughout the entire prefecture from 10 July to 25 July. From 14 July to 20 July the main line from Kagoshima City to Miyazaki City was impassable. Resulting tie-ups of freights and inconveniences to passengers were considerable. Freight shipments were approximately 30% lower than anticipated by Kagoshima Branch Office of the Railroad. Firemen's strikes in Northern Kyushu further tied up some shipments from Kagoshima--particularly mining timbers.

HEADQUARTERS
KANAGAWA MILITARY GOVERNMENT TEAM
APO 503

Kanagawa-Ken
Monthly Military Government
Activities Report

Period 1 to 31 July 1948

ECONOMICS SUMMARY MG 11 (R1)

(P. S. Kemske, D.A.C.)

Annex D-1. Industry.

1. Imports: Reference is made to letter, Headquarters Eighth Army, subject: "Petroleum Products from Aleutian Islands", dated 4 August 194[illegible]. SCAJAP vessels S.S. Daniel Reed and S.S. Mary Kinney arrived in Yokohama and completed discharge of petroleum products on 29 July 1948. Discharge operations were coordinated with interested sections of Headquarters, Eighth Army, All Japanese personnel and equipment have been returned to Japan as directed.

2. Investigation (under Operational Directive #27) of paper stocks held by the Boonjudo Printing Works, Yokohama, revealed many irregularities. Paper labelled as belonging to publishing houses had not been reported by either Boonjudo or the publisher. Unreported paper set aside as scrap was of high quality and useable. Considerable quantities were labelled for "the Occupation Forces" but all U.S. Army stocks are stored separately and issued as needed by the officer in charge. Because of these, and other illicit activities on the part of Boonjudo, use of all paper was prohibited. These stocks, totalling almost two million pounds, have been consolidated in warehouses on Boonjudo property and are under Japanese Government guard. Prompt steps are being taken through the Bureau of Commerce and Industry and the Economic Stabilization Board to equitably reallocate this paper.

3. Housing: Kanagawa Prefectural 1948 housing construction, based on the three year net requirement program, was established at 14,884 urban and 2,032 rural units. During the first half of 1948, 7,558 urban and 1,225 rural homes were completed.

4. Textile Distribution: Only 52.9% of the 1947 fiscal year (ending September 1948) textiles' allocation was distributed by the end of June, showing a 22.1% delay against the distribution target of 75%. This delay and decrease is attributed primarily to low production, retailers lack of funds, decreased general purchasing power, and the tendency for wholesale dealers to hold back with the revision of the price system in sight. The month's results, however, were satisfactory with distribution of 11.2% (monthly standard is 8.3%).

5. Blackmarket Control:

a. Analysis of cases handled by the economic police indicates that 4,315 persons were apprehended for illegal activities during June (a 17% decrease from the previous month). However, over a hundred more cases were forwarded to the Procurator's Office than in the previous month, confirming a four months' trend toward a more discriminating arrest policy, with attention centered on cases worthy of court prosecution. Consistent with the record of economic crime control since the early days of the Occupation, the majority of the cases were concerned with only the Price Control Ordinance, and three basic food control regulations. Cases processed by the Procurator's Office and indictments more than doubled in comparison to the previous month. Court convictions were slightly fewer, however. Fines in both the lowest and highest categories decreased, although fines in the intermediate category (from one to ten thousand Yen) increased slightly. Nine cases (same as previous month) received prison sentence over one year (three in previous month). Confiscations continued to increase with somewhat larger quantities of all food items returned to ration channels. 24 m/t of imported sugar and 42 tons of ice were recovered from illegal dealers.

b. Transportation check points, particularly vehicular inspection stations, continued to provide the most effective means of controlling illegal transaction in controlled commodities. More than half the violators arrested were referred for prosecution, a considerably better record than the proportion of prosecutions obtained for cases initiated by other methods. Unscheduled road check points accounted for about one-fifth of the total number of vehicles inspected. Nevertheless, twice as many violators were apprehended at these temporary check points as at the continuously operated permanent check points.

RESTRICTED

DAVID E. LAMB, JR.
Captain, Inf.
Chief Economic Sec.

HEADQUARTERS
KOCHI MILITARY GOVERNMENT TEAM
APO 1050

Reports Control
Symbol MG 11 (R1)

ECONOMIC SUMMARY

ANNEX D-1

TO

Monthly Military Government Activities Report (Reports Control Symbol MG-4) for the Month of July 1948.

INDUSTRY

1. Summary of significant industrial activities:

a. Electric Power:

Despite damage to two generating plants in the Prefecture the heavy rains in early July caused the electric power production to soar to its highest output in 1948. The comparative production and consumption of electric power for the past three months is shown in the table below.

	May	June	July
Total Produced Prefecture	62,645,086	52,912,281	62,811,285
Amount Supplied to Prefecture	15,334,032	12,912,237	14,088,564
Amount Consumed by Prefecture	13,015,140	11,399,910	12,671,540
Loss in Transmission	2,318,892	1,513,417	1,417,024
Transmitted out of Prefecture	47,311,054	39,999,854	48,722,721

The allocation of electric power to industry was 97.25% of the quota and for domestic use 125.38% of the q uota.

The Niyodogawa Power Plant (capacity 10,500 KW) was inoperatable during the month due to the destruction of its temporary reservoir by the flood on 6 July. It is believed repair work will be completed within the first week of this month. Also the coils of one power generator at the Kaeda Power Plant (capacity 9,500 KW) were burnt out slowing power production for one week.

RESTRICTED

The Kochi Prefectural Electric Power Council organized last month received a set back this month when an opinion poll of the 180 Commerce and Industry chambers of the prefecture showed only 13.9 per cent were for Prefectural management of power supply and only 5.6 per cent were for Prefectural management of power generating and supplying industries. The majority voted for power generation and supply operation by district.

b. Critical Material Inventory:

During the month 32 firms of Kochi City were inspected for stock piles of Scrap Iron and Steel as well as other critical materials. Few discrepancies were found between the reports of the owners, the CIB, and the inspector from this office. There were few stock piles of any exceptional size located.

2. Food storage and Distribution

Inspection of food distribution shows a big improvement in many cases, but there are still instances of neglect and ignorance of the principals of good storage. These cases are reported to the Food Kodan for action. During this month two warehousesmen were transferred to smaller stores as they were not capable of handling the large establishments.

Instances occur where the variety in ration issue shows lack of planning. As an example, Onogo-mura, two miles from Susaki had a ration of pressed barley and Cuban sugar, and had their last issue of rice 32 days previous to inspection. At the same time Susaki was issuing polished rice, pressed barley, sweet potato flour, sweet potato starch, white potatoes, red beans, dried potatoes, unshelled rice and Cuban sugar. This unfair distribution was brought to the attention of the Food Kodan for improvement.

3. Fish and Vegetable Control Program

a. The Prefectural Fish Shipment plan for July called for:

Inside Prefecture	89,200 kan
Outside Prefecture	34,000 kan

Shipments up to July 26th were as follows:

Inside Prefecture	28,640.5 kan
Outside Prefecture	16,397.0 kan

In addition 92,730.2 kan was processed.

The total amount of FRESH fish distributed to retailers in Kochi City during the month was 7,099.36 kan. This is a drop of 42.9% compared with June figures. According to informed circles this is usual for the time of the year, July, August and September being a bad period for catches.

b. A report from the Foodstuff section of the Prefectural Office concerning the recently adopted Vegetable Ration Plan was received. The plan of collection and the subsequent distribution to consumers has been altered slightly. It is now almost identical with the control plan for fish which has proved so successful. The system is based on the allotment of quotas to individual "Gun" Associations who are then responsible for the collection and shipment of these quotas to three (3) designated receiving organizations within the city.

A possible weakness lies in the fact that shipments may be made to anyone of the three (3) receiving organizations, which results in a fluctuation of distribution responsibilities, and a consequent drop in efficiency.

The receiving organizations reship the vegeta bles to the Retailers Union, who distribute them to fourteen (14) consuming areas each containing a number of licensed retail shops, totalling 115. Thus far the system is apparently working well and vegetables at legal prices are readily available. A comparative analysis is being made of quantities available before and after the institution of the rationing program. A close check is being made on the three (3) receiving organizations for possible complications of the system whereby three (3) separate organizations are responsible for receipt of shipments from individual "guns".

A seasonal difficulty is being experienced in that prefectural production of vegetables is insufficient to meet local demands, deficits having to be imported from other prefectures. A special difficulty lies in the fact that local prices are below other prefectures with the result that importation from other areas will necessitate raising of local prices.

Recent surveillance by this team has shown a certain lack of activity on the part of local police officials with regard to vegetable control. Accordingly a conference was held with the Chief of the Economic Crime Prevention Statistic Section of the National Rural Police who decided to impress upon police officials throughout the prefecture the necessity for strict administration of this aspect of the control program.

4. Tax Collection Surveillance

Tax collection work in this Prefecture has been progressing very satisfactorily. Efforts during the month of July were concentrated on the estimated income tax returns and the collection of the first installment of the non-withheld income, due 31 July 1948.

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During the past month, officials of the local tax offices have been working in the various towns and villages of the Prefecture on an extensive tax publicity program to teach the public how to file the tax returns and explaining the present tax system. Posters from the Ministry of Finance and press releases were also used for this program.

5. Shipbuilding

Work has begun on the conversion of three tugs to cargo boats at the Yamamoto ship yards.

Complete destruction of the 8 Ex-naval torpedo boats ordered to be scrapped by 3rd July 1948 was accomplished this month.

Inspection was made of the 6 ton steel patrol boat being built by the Tani Gumi. The building of this boat was begun on 20 June and has now been completed and delivered to the Kochi Maritime Bureau.

Representatives of the U.S.S.R. visited Kochi on an inspection tour to check materials to be used in the construction of 6 wooden boats of 60 tons each. 50% of the lumber was on hand and construction is expected to commence in August.

6. Manufacturing and Industry

a. Accompanied by Mr. Armand Borrou, technical advisor to ESS on Bauxite and Aluminum, inspection was made of the Ujinden Chemical Company. This plant produces 30 tons of aluminum and 40 tons of emery powder per month, valued at 1,500,000 yen.

The bauxite used in this plant is from Indo-China. With the 1300 tons of ore on hand they have sufficient supply for one year.

Carbon electrodes are one of the main concerns of this company as they use 50 tons per annum which now cost 96,000 yen per ton. Electric power is another drawback to production as the present allocation of 600,000 KWH is only half of the current demanded.

b. Mr. Nomura of the Seiko Rope & Twine Works reported that Lt. Col. Montgomery of GHQ instructed them to produce 9,000 lbs of 7 mm twine per month as it is No. 1 priority, but the allocation of power for June was 6,500 KWH, whereas they need 13,000 KWH to operate the plant to produce this required amount. They were recently advanced to an "A2" cla ss from "C" class plant but the plant needs to be classed as an "A1" plant.

Follow up

When the Kochi Prefectural office obtained information from the Seiko Rope Co., they omitted to add the words "net makers" to their activities. They are therefore omitted from the allocations of abbacca fibre for net making, although this plant has been making nets for 14 years. As this has a detrimental affect on net production in this prefecture this factory is attempting to get a quota.

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c. The Matsushita Electric Industry Company at Susaki was inspected. This plant was constructed under Government subsidy in 1941 and produced a maximum of 467 metric tons of Electrolytic Manganese which has a 99.75% purity. In 1945 the Plant was closed and a great percentage of it was removed and used in the war effort. It is anticipated that the factory will be in operation at the end of this year. The Plant has an order of 20 Metric Tons per month from Phillip Brothers of New York at ¥0.24 per pound F.O.B. Japan. They anticipate a 50 Metric Ton production per month.

Graphite used at present is being imported from Korea but to avoid importing this material they are experimenting in producing graphite from first quality antracite coal and coke fused by carbon electrodes.

At the present time one Department is operating producing about 2 metric tons of Manganese di-oxide per month and manufacturing approximately 200,000 dry cell batteries with a market value of ¥7.41 each.

C+I HHP

GLD (3)

Reports Control
Symbol MG-11 (R1) BAP

BASIC: Kumamoto MGT Activities Report, Period Ending 31 July 1948.

ANNEX D-1: Industry
(Prepared by 1st Lt Omer D. Carroum)

1. SIGNIFICANT INDUSTRIAL ACTIVITIES:

a. Electric power supply in this prefecture was the highest this month of any month for this year. The 3rd degree restriction has been in effect for the month but consumers have been receiving more electricity than they are allowed by this restriction; the extra electricity generated was due to the heavy rains that fell the first 20 days of July. Industries have been able to operate more hours this month and produce more products due to the abundance of electricity.

b. An exhibition of items for export manufactured in Kyushu was held at the newly completed Kumamoto Industrial Hall from 25 July through 31 July. An estimated 5,600 Japanese saw the exhibition. In the future the industrial hall is to be used in the promotion and guidance of industrial activities and foreign trade in Kumamoto Ken.

2. SHIPBUILDING:

a. Mr. Leonid A. Popov and Mr. Innokenti S. Markov, Russian delegates, and four Japanese Nationals arrived in Kumamoto Ken 30 July to inspect the construction of wooden tugs and barges at shipyards located on Amakusa Island.

b. Inspection of wooden shipyards located in Kumamoto Prefecture revealed no unauthorized construction of wooden vessels over 100 tons.

3. OTHER ECONOMIC MATTERS:

a. During the past month two ships loaded with bamboo sailed from the port of Minamata to Korea. Information on the ship's cargo is as follows:

Name of Ship	Amount of Bamboo In Bundles	Destination
1. Izumi Maru	2430	Yosu, Korea
2. Daikoku Maru	3000	Inchon, Korea

b. Many of the reports of control association submitted to this headquarters were found to have numerous errors; these reports were sent back to the prefectural government for correction. Two associations that were unreported were found by members of this team while spot checking other associations during this reporting period.

c. Thirty-four owners of critical materials were fined 5,000 yen for submitting a corrected or new report of critical materials since the fine went into effect. Seven hundred forty-one inventories of critical materials have been turned in to this headquarters. An intensive spot check by the Economic police is to commence early in August to locate critical materials that have not been reported.

1. No checks

END

Reports Control Symbol - M 11 (RI)

KYOTO MILITARY GOVERNMENT TEAM
APO 301, U. S. Army

Monthly Military Government Activities Report
For period ending - 31 July 1948

Annex D-1 Industry
Prepared by: Captain E.L. Commons, Jr.

1. Industry

a. The two companies in Kyoto Prefecture designated under OD #15 for 1948 both exceeded their quotas on repair or construction of rolling stock. Daitetsu Sharyo, with a quota of 15 cars, completed 25. Production in this factory could be increased even more with an increased allocation of axles and springs. Daitetsu Sharyo is not equipped to repair these items and depends upon supply furnished from the Government Railway Shops. This problem is being taken up with the appropriate railway officials.

b. In discussing factory production and operation with many companies this office has frequently been told that the biggest drawback to increased production was as much lack of finances as it was shortage of raw materials. A more comprehensive study is being made of this problem and will be submitted as a special report.

2. Shipbuilding

a. In compliance with SCAPIN 1184 a thorough inspection of shipyards revealed no illegal construction.

b. Two fishing vessels totaling 12.6 tons were completed during the month of July.

c. Salvage of DE Okinawa was completed 20 July 1948.

3. Other Economic Matters

a. Investigations by this office and reports received from Prefectural officials indicate that critical materials reported as excess and published as available for reallocation are not moving. Companies holding excess critical materials are not disposing of them within the required period of time. Also, those materials not disposed of by the owners are not being either checked or purchased by Sangyo Fukko Kodan.

b. A meeting with Prefectural Economics Officials was held on 15 July 1948 relative to reports on Control Associations. At that time all Control Association Reports which had been submitted (942) to this team were returned with instructions for more definite and complete reports. To date none of these reports have be re-submitted.

R-E-S-T-R-I-C-T-E-D

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Reports Control Symbol MG-11 (R1)

HEADQUARTERS
MIE MILITARY GOVERNMENT TEAM
APO 710 (Tsu, Honshu)

ANNEX D-1

To Military Government Activities Report
Period Ending 31 July 1948

Wendell L. Thompson, DAC, CAF-11
(Sub-Section Chief: S/Sgt. Donald J. Stogsdill)

ECONOMICS SUMMARY

MANUFACTURING AND INDUSTRY

1. Spinning Factories

A recently completed survey of Mie Prefecture's ten largest spinning mills (their end products are listed high on the export list) showed that 39% of their machinery is idle because of material shortages, principally wool and cotton.

2. Aid to Small Factories

A committee has recently been organized in this prefecture for aiding medium and small manufacturers in obtaining information, materials, finance and labor. Said committee is composed of Mie Prefecture's Governor, Chiefs of Prefectural Sections, Chief of Mie Branch of Nagoya Commerce and Industry Bureau, Presidents of Chambers of Commerce, Presidents of Banks and 350 other persons of high positions.

3. Critical Item Inventory

a. As of 31 July, the prefectural officials had inspected 336 factories for critical items. Of said inspected factories, 41 had discrepancies, as compared with their formerly submitted Inventory Sheet. The principal problem has been caused by companies classifying ordinary steel as special steel. This error and others of similar characteristic have been discovered and corrected.

b. The critical item inventory now seems to be partially accomplishing its objective. Persons having allocation certificates are now directed by Sangyo Fukko Kodan to the factory that contains the desired excess material. Said factory sells the desired materials in accordance with orders from Sangyo Fukko Kodan.

4. Production of Critical Materials

Following is a comparison of critical material production in July 1948 with June 1948 and with July 1947:

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Reports Control Symbol MG-11 (R1)

Annex D-1 to Mie Mil GovtTeam Activities Report, July 1948.

Name of Material	July compared to June production		July '48 compared to production of July '47	
Towels	- 39	%	≠ 29	%
Woolen textiles	- 20	"	- 4	"
Rayon textiles	≠ 8	"	- 24	"
Cotton & staple fibre	≠ 2	"	≠ 50	"
Berlin wool spinning	≠ 10	"	- 53	"
Fishing nets	≠ 10	"	≠ 33	"
Twisted yarn	≠ 11	"	----	
Ammonium sulphate	- 18	"	≠ 5	"
Superphosphate of lime	----		≠ 53	"
Sulpheric acid	- 9	"	≠ 57	"
Bicycles	≠ 10	"	≠ 118	"
Coal (anthracite)	- 35	"	- 2.4	"
Lignite	≠ 0.3	"	≠ 32	"
Cement	≠ 29	"	≠ 212	"
Soap	≠ 123	"	≠ 61	"
Glass	- 19	"	≠ 100	"

(Decreases in production was attributed to the shortage of raw materials and electricity)

5. Electricity

a. Mie Prefecture's July electric power consumption totalled 32,338,486 K.W.H., a decrease of 12% under June's consumption and a decrease of 18% under July 1947's consumption.

b. Mie Prefecture's July electric power generation totalled 3,086,027 K.W.H., a decrease of 23% under June's generation and a decrease of 7% under July 1947's generation.

c. The electricity conservation program is continuing through use of the radio stations, newspapers and posters.

6. Production of Export Items

During the period, 25 June to 25 July, production of export items, Mie Prefecture, totalled ¥ 35,137,426. This was an increase of 41.7% as compared to the previous period. A breakdown of the items are as follows:

Item	Quantity		Value in yen	% as compared to June	
Towel	5,018	doz.	¥ 1,023,672	- 37	%
Woolen textile	14,569	sq.yd.	1,063,031	≠ 40	"
Fishing net	1,823	lbs.	71,723	≠ 6	"
Cotton cloth	3,430,102	sq. yd.	10,290,306	≠ 65	"
Tug boat	1	boat	1,000,000	----	
Woodworking machine	11	machines	3,555,504	≠ 58	"
Bamboo clothes pin	14,400	pins	250,000	-----	
Ceramics	21,533	pcs.	3,528,762	≠ 37	"
Superphosphate of Lime	980	tons	3,225,180	same as June	

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Reports Control Symbol MG-11 (R1)

Annex D-1 to Mie Mil Govt Team Activities Report, July 1948.

Item	Quantity	Value in yen	% as compared to June
Enamel containers	43,404 pcs.	¥ 4,364,073	- 18 %
Iron (charcoal, for pressing)	681 doz.	2,744,073	≠ 16 %
Rayon textile	26,064 sq.yd.	521,280	≠ 34 "
Undershirts, cotton	455 doz.	206,733	production started in July.
Sheet glass	1,000 c/s	3,029,000	≠ 100 %
Rice bowl	400 sets	263,532	≠ 100 "

(The principal reason for increased export items is due to 41.7% additional domestic products being allocated to fill July's additional export orders.)

Should be listed under "Const."

7. Public Works

During the month of July, the Housing Construction Bureau of Mie Prefecture granted permits for the construction of 879 buildings including 607 houses. Construction was started on 668 houses and 473 other buildings, during this period, with the completion of 548 houses and 429 other buildings.

8. Shipping

a. A British, a Dutch, and an Australian Ship, having cargoes of imported raw wool, were handled at the Port of Yokkaichi during the month. One Japanese ship, exporting super-phosphate fertilizer to Korea was also handled. Only routine problems were encountered.

b. 53 Japanese ships were inspected during July, as compared with 59 for June. No violations were discovered.

9. Incentive Goods

a. Incentive Goods (clothing) for coal miners have arrived at Mie Coal Mine Purchasing Guild Association and distribution of the items has gegun.

b. Since May, 2,946 packages of American cigarettes have been distributed to employees of two chemical fertilizer plants of Mie Prefecture. To date, the allocated caramels have not arrived in Mie Prefecture.

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H-E-A-D-Q-U-A-R-T-E-R-S
Miyagi Military Government Team
APO 547

Report Control
Symbol MG-11(R1)

ANNEX D-1

to

Monthly Military Government Activities Report for the Month of July 1948.

INDUSTRY

Prepared by William O. Adams, Capt., QMC

1. On 9 July, the third anniversary of the air raid on Sendai, local estimates set recovery figures varying from 50 to 90 percent, with individual housing in the top bracket. However, as fire following the raid consumed mainly the financial center of the city, it will take several years to replace the loss. A city layout plan which grew from the leveled city is still mainly on the drawing board, but building permits are issued containing a city condemnation clause for future work.

2. Two steel working plants were inspected by Mr. Arthur Spanjian, ESS/SCAP. Tohoku Special Steel Co., manufacturing railway equipment parts, was recommended for an increased allocation of electricity.

3. Inventory and redistribution of critical materials is proceeding without difficulty. Economic Stabilization Board has reported five installations suspected of submitting false reports. Of a total of 964 installations to be reported, 882 inventories have been received by this headquarters.

4. The Japanese Iron and Steel Scrap Survey was completed and reports of the survey teams were forwarded. Spot checks by this headquarters of the inventory indicates that it is reasonably correct. Estimates made by the survey teams were greater than local estimates.

5. 4,500 tons of SCAP rice stored in this prefecture has been released for shipment to Tokyo, Saitama, and Iwate prefectures for general distribution. Shipment is anticipated to be completed by 15 August.

6. The Tactical Surveillance Teams for the fish and vegetable control program returned to their organizations. As a result of the excellent work accomplished by these teams, vigilance committees are being formed in fishing ports and other cities to keep products in control channels and to eliminate the blackmarket by self-surveillance. Fish and vegetable allocations are being met without difficulty and supplementary allocations are

partially being met. Due to recent price raises on fresh fish, officials report total catches are turned into official channels. Fresh vegetables are being sold on the open market lower than the official price due to the temporary abundance.

7. Anticipated demands for ice during August will deplete the entire stored stock plus current production. To alleviate any shortage a transportation request was issued to ship 900 tons of natural ice from Iwate Prefecture.

8. Eight carloads of fish shipped during July were reported to have been received in spoiled or decayed condition. This is partly due to a shortage of refrigerator cars which caused one port to use four freight cars. It is believed the other shipments were delayed enroute without re-icing as the fish were reported to be in good condition when shipped.

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Prepared by:
Royce L Eaves
1st Lt, Inf
Economics Officer

Reports Control
Symbol MG-11(R1)

HEADQUARTERS
MIYAZAKI MILITARY GOVERNMENT TEAM
APO 24, UNIT 2

Period 1 - 31 July 1948

ECONOMICS SUMMARY

ANNEX D-1

I. Commerce and Industry

A. Generation of electricity totaled 160,780,328 kilowatt hours this month. This is 172% of last mont's output and exceeds the 10-year average for July by 13%. An information campaign is underway in the prefecturd to make the public aware of the importance of saving electricity during the lean months.

B. Mr. Markoff and Mr. Popoff, USSR Representatives, visited two shipbuilding concerns this month to inspect progress on construction of four 50-ton barges for the USSR. Both companies complained of lack of electricity for their sawmills, and claimed they couldn't meet the deadline unless greater allocations were received in the near future.

C. The Asahi Kasei Company, Ltd., produced 1,488 tons of nitrogen fertilizer against a quota of 1,000 tons. Production was high in all products except plastics which suffered from a fire in the early part of the month. The company produces rayon, dynamite, blasting caps, and imitation leather in addition to plastics and nitrogenous fertilizer.

II. Survey of critical materials

From April to 31 July the Commerce and Industry Section of the prefectural government has investigated 580 companies and individuals suspected of not reporting complete inventories, and found 64 late or falsified reports.

III. Control Associations

Reports have been returned for further information in columns one and seven. These will be resubmitted early this month.

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R E S T R I C T E D

HEADQUARTERS
IBARAKI MILITARY GOVERNMENT TEAM
APO 181

Report Control
Symbol MG-11

Prepared by:
SAMUEL GIBANICA
Capt., Cav.
Economics Officer

ANNEX D-1

to

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF JULY 1948

ECONOMICS SUMMARY

1. Industry.

a. Manufacturing.--(1) Major manufacturers of the prefecture are continuing the high level of production of essential products, however, increases in production are not anticipated due to the scarcity and control placed on many of the raw materials and financial accounts.

(2) Medium and minor industries producing items such as farm implements, household utensils, etc., are encountering the problem of overproduction and flooded markets. As a consequence, financial organs are a bit reluctant toward backing "wildcat by-products," particularly when the majority of the by-products selected for manufacture require materials of a critical nature and are not available to the plant at the present time.

b. The Hitachi Seisakusho, Mito Works, completed test manufacture of five (5) "TOKI" type 1500 freight cars, with a capacity of 35 tons. These are the first of 100 freight cars designated to the plant for manufacture between July and December 1948.

The test manufactured cars are of a very high type of quality and workmanship.

c. Coal mining machinery.--Orders completed during this month amounted to 25,278,052 yen; an increase of approximately 8,100,000 yen over the previous month.

Outstanding orders at the end of the period amounted to 85,544,823 yen.

Correction of previous months report : outstanding orders were 60,000,000 yen instead of 6,000,000 yen.

R E S T R I C T E D

MG-11 ANNEX D-1
July 1948, IMGT
Incl No. 6

BASIC: ANNEX D-1 to Monthly Military Government Activities Report for the Month of July 1948

Goo Hitachi Seisakusho Mino Works, Optical Instruments plant, is planning to petition for permit to export small hand refractors. The hand refractors would be time saving and indispensable to cannery and alcoholic plant inspectors for purpose of obtaining general test readings.

The hand refractor can be manufactured and sold for approximately 2,700 yen.

e. Shipbuilding.--The Banjukai Maru No. 5, 120 ton wooden class ship is 95% completed; launching date unknown.

Other ships under construction:

Type	Number under construction
95 ton	2
75 "	1
65 "	1
49 "	1
40 "	2
35 "	4
32 "	6
30 "	5
25 "	4
24 "	1

too much detail

Completed during the month:

Type	Number
35 ton	1
25 "	1
19.5 "	1
4 "	1
3 "	2
2.5 "	3
1.5 "	6
1 "	13

The No. 3 Banjukai Maru has been renamed the Umi Maru No. 3, as on investigation it was proven to be a 95.13 ton wooden ship instead of 120 tons as specified and authorized by SCAPIN 1120 dated 10 1946. In view of this fact, it is considered that the Banjukai Maru No. 3 has not been laid; construction will start at a later date.

BASIC: ANNEX D-1 to Monthly Military Government Activities Report for the Month of July 1948

2. Commerce and trade.--a. Export.--The Isohama and Nakaminato cold storage plants shipped the first consignment of albacore (15,999 kan) to Yokohama for export to the United States on the 27, 29 and 31 July 1948.

b. Price Control and Rationing.--By the end of the coming period, there will be a minimum of one (1) volunteer housewife appointed to each price control and rationing committee in the prefecture. Committees are charged with insuring that current official prices are posted plainly in each retail store, that equitable rationing is insured for all and that fair weights and measurements are assured the purchaser.

c. Fish and Vegetable Control.--The specially appointed surveillance team was officially relieved by VOCG, IX Corps during this period. Surveillance of this program in the future will be continued by personnel of the Economics Section of this team.

d. Staple food Collection.--Summer crop collection up to the end of the period was as follows:

Wheat and Barley	45.1%	(198,996 koku)
White potatoes	73.6%	(6,571,965 kan)

e. Textiles.--Textile production by the 139 textile manufacturers of the prefecture is as follows: (in sq yds)

Type	Local consumption	Export	Total
Cotton cloth wide	5,303	12,380	17,683
Cotton cloth narrow	39,840		39,840
Staple fibre	4,842		4,842
Gara Bo	23,192		23,192
Total	73,177	12,380	85,557

G-11 ANNEX D-1
July 1948, IIMGT
Incl No. 6

BASIC: ANNEX D-1 to Monthly Military Government Activities Report for the Month of July 1948

3. Other Economic Matters.--a. The Commerce and Industry Section sponsored a meeting of bamboo products manufacturers. Matters were discussed as to the possibility of manufacturing cheap bamboo products for export. A promotion committee was elected with mission of research and reporting findings within 60 days.

b. An inquiry committee was formed by the Commerce and Industry Section to investigate the registration of reed products manufacturers.

c. An inquiry committee was formed by the Commerce and Industry Section to investigate the registration of clothing retailers.

Labor

d. The employment security section sponsored a conference attended by various section chiefs of the prefectural government concerning the housing, job guidance and placement of repatriates returning from Russia.

Ltr, Hq Hokkaido Mil Govt District, subj: "Annex D-1 to Monthly Mil Govt Act Rpt for Month of July 48," contd.

Report Control Symbol MG-11

(17) Loud speakers will be in railroad stations and other public places.

(18) A show company will tour the mines.

(19) Round table conferences will be scheduled.

(20) Labor education at mines will be intensified.

(21) Coal miners diet posters will be distributed.

(22) Plays bearing on coal production will be presented by radio.

(23) Each labor union has been called on to pass and publish a resolution for increased production.

(24) A championship flag will be awarded to the best mine. Points for competition include: current production, 5 month average production, safety record, new shaft driving, new working faces, and other production factors effecting a continuing program.

Report prepared by:

ROBERT H. SHAW
Major, QMC
Economics Officer

Reports Control
Symbol MG-11 (RI)

HYOGO MILITARY GOVERNMENT TEAM
APO 317

ANNEX D-1

To Monthly Military Government Activities Report
period ending 31 July 1948

INDUSTRIES
(Prepared by N. A. Thompson, DAC)

INDUSTRIAL ACTIVITIES

1. The sulphuric acid plant, located in the Hirohata Works of Japan Iron & Steel Company, was put into operation during July with the approval of ESS, SCAP. The planned production of 700 tons per month should materially augment the critically short supply of sulphuric acid for fertilizer manufacture.

2. The power generating capacity of Hyogo Prefecture will be increased considerably for the coming dry season by the repair and rehabilitation of several thermal electric plants.

3. Two factory whaling ships are being overhauled at the Mitsubishi and Harima Shipyards in preparation for the 1948-49 whaling expedition.

4. The first all-welded merchant ship constructed in Japan since the war has been completed at Harima Shipyard and is at present undergoing test trials.

5. Hoarded critical materials consisting of textiles, rubber and chemicals, and amounting to more than one-hundred and fifty-million yen have been confiscated by Economic Stabilization Board officials during July in compliance with SCAPIN-1863. Legal action is being instituted against offenders with appropriate publicity in local newspapers.

6. The keel has been laid for a 3,500 ton refrigerator ship at Kawasaki Shipyard under SCAPIN-5786-A, with all materials on hand and completion date set for December 1948.

7. The railway rolling stock construction and repair program is progressing satisfactorily with no significant bottlenecks existing at present. During July, 57 freight cars, 5 refrigerator cars, 11 electric tram cars and 1 electric locomotive were constructed and 56 freight cars repaired by the two designated plants in Hyogo Prefecture.

8. The checking of reports on Control Associations as required by Operational Directive No.31, was continued during the month. Reports will be submitted upon completion of the check.

SHIPBUILDING

No unauthorized construction of steel or wooden vessels was observed during the inspection of four shipyards in this prefecture.

OTHER ECONOMIC MATTERS

1. Public Utilities

a. The very heavy rainfall that occurred in the Takarazuka and Nigawa areas in July caused considerable damage to transportation facilities. Repair work has progressed rapidly with the aid of engineering equipment furnished by the 25th Infantry Division.

b. A total of fifty miles of roads have been graded in this prefecture during July through the operation of two motorized graders. The prefectural road section was instructed to return all equipment to I Corps Engineers at the end of July.

COMMERCE & TRADE
(Prepared by Walter P. Czapran, 1st Lt. Inf.)

2. Import & Export

a. During the month 49 vessels discharged 125,040 kilo tons of cargo and 43 vessels loaded 14,868 long tons at the Port of Kobe.

b. Imports consisted chiefly of sago flour, peanuts, cotton linter pulp, rubber and other items essential to the economic recovery of Japan, highlighted by the first postwar shipment of Egyptian rice. Exports were chiefly superphosphate, cotton piece goods, porcelain ware and rayon piece goods.

3. Rationing

During the month a total of 101 tons of staple foods were confiscated and turned over to the Haikyu Kodan.

4. Fish & Vegetable Control

A total of 4,397.905 kan of fish and 1,635.72 kan of vegetables were confiscated and diverted to official distribution channels during July.

Restricted

HEADQUARTERS
HIROSHIMA MILITARY GOVERNMENT TEAM
APO 317

SUBJECT: Monthly Military Government Activities (Annex D-1 - Industry)
(Reports Control Symbol MG-11)(R1)

PERIOD COVERED: 1 July through 31 July 1948

PREPARED BY : Elliott M. Norton, Major, QMC, O-374886

The Sanyo Senko K. K., Fukuyama, which has been under investigation by the procurators office for alleged illegally-held goods and whose production has been hampered by the impounding of "fore-runners" and "under-cloths", has now been notified of the release of this impounded material.

This release will enable this factory to reach 100% production by September. Company was operating at 30% production.

The Mitsubishi Sharyo K. K., Mihara completed the first five (5) "toki" 35-ton freight gondolas on 28 July. Production will be increased during the next two (2) months to produce twenty (20) "toki" each month. Their order from the Transportation Ministry for two hundred (200) of these "toki" will be completed by March 1949.

Six shipbuilding companies were inspected. No unauthorized shipbuilding was in progress during the month.

The Mizuno Shipbuilding Company, Ono Mura, which was alloted the repair of one hundred (100) Freight Cars for the 1st Quarter 1948 by by Transportation Ministry, completed their schedule and has started on an additional two hundred (200) cars to be completed during the next two quarters.

Inadequate
Follow up

Annex D-1 - Military Activities Report, Hiroshima Military Government Team for the month of July 1948.

Restricted

Ltr, Hq Hokkaido Mil Govt District, subj: "Annex D-1 to Monthly Mil Govt Act Rpt for Month of July 48," contd.

Report Control Symbol MG-11

d. The Committee on Coal Production whose formation was reported last month has begun an island wide campaign for increased production. The plan has the concurrance and cooperation of more than 50 member agencies. Points of the plan are:

(1) Use of the radio by important and influencial industry and government leaders.

(2) Citizens meetings in all cities and towns.

(3) Chamber of Commerce meetings in cities.

(4) A resolution to be passed by the Assembly.

(5) Teams composed of coal consumers (domestic and industrial) will tour coal areas.

(6) Statistics and posters covering national, area, and local information will be circulated to all mines.

(7) Mine bulletin boards will show production efficiency and attendance and per capita efficiency on local area and national average.

(8) Stimulate and poster system now being carried out by the central ESB.

(9) A local poster program will be emphasized.

(10) A citizens drawing and writing contest on coal production will be carried out.

(11) The importance of coal will be stressed in schools.

(12) Schools will take excursion trips to coal mines.

(13) A comics and slogan contest will be conducted.

(14) A coal production prediction contest will be featured.

(15) The Coal Bureau and ESB will conduct an "advertisement" tour" to propagandize coal importance.

(16) News reels and slides will be used for street shows.

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HEADQUARTERS
HOKKAIDO MILITARY GOVERNMENT DISTRICT
APO 468

Report Control Symbol MG-11

ANNEX D-1

TO

Monthly Military Government Activities Report for Month of July 1948

ECONOMICS -- INDUSTRY

1. The Japanese Iron and Steel Scrap Survey has been completed. The amount of scrap available is less than at first thought, but nevertheless is a real factor in economic recovery.

2. The amount of freight carried by the railroad reached a new post-war record for the second consecutive month. Total was 1,614,956 metric tons.

3. Officials of the Asbestos Producers Association, having supervision of Nozawa, Nunobe and Yanabe asbestos mines, were asked to prepare grid maps of their mine areas as recommended in the staff report of Mr P. C. Merrill, M&G Div, NRS, GHQ. The officials favorably received the suggestion and assured this Headquarters that they would begin such work immediately.

4. Coal Production:

   a. Active surveillance of coal production was conducted by both SCAP and MG teams throughout July. Japanese teams working in conjunction with the Local Coal Board authorities also exercised almost continuous field investigations.

   b. Coal production for the month of July was 772,458 tons, which was 96.5% of the 800,000 tons quota. Production for the 1st 12 days remained at almost 100% level of quota. During the latter half of the month the production fell off partially due to the cessation of overtime work. An estimate of the consequent loss in production, caused by the failure to reach a settlement of wages for overtime, is about 15,000 metric tons.

   c. A definite upward trend of willingness on the part of both management and labor to increase production was noted by all teams and it is felt that the further removal of labor unrest and the settlement of a wage scale will effect increased production during August and the balance of 1948. The new coal price is believed to be a factor in management incentive.

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2. Fish and Vegetable Control

a. Fish rationing at the present time is better than at any time for the past two years. This can be attributed to (1) strict controls, (2) some species of fish being on free sale, (3) more abundant supply of fishing materials. The following is a comparison of fish collections for August 1947 and August 1948.

	August 1947	August 1948
Rationed	5,836 kan	50,078 kan
Free Sale	-	5,297 kan

b. Representatives of all fishing guilds in the prefecture held a conference during the past month. It was resolved at this conference that they would encourage fishermen to turn in to legal channels all of their catch; reasons being that otherwise they could not get materials except on the blackmarket and now that materials are becoming available it would pay them to deal only through official channels.

3. Food Distribution

a. Surveillance discloses that there are 800 cases of grapefruit juice in the prefecture which was not sold to consumers last April due to consumers not desiring to purchase it. Food Office officials stated that they would like to put it on free sale but doubt even then if it would sell due to the dislike of this juice by the Japanese. Food Office officials were advised to contact the Central Government regarding ultimate disposition of this material.

Other Economic Matters

1. Economic Investigation Board

The Tokushima Branch is being organized at the present time and as of the end of the month 8 inspectors have been appointed. Number 1 section chief, onloan from the Economic Stabilization Board at Takamatsu, has organized a training school during September which will be of two weeks duration. This headquarters is keeping in close contact with this agency and giving them every aid possible.

Annex D-1 to MG-4, Reports Control Symbol MG-11, Headquarters Tokushima Military Government Team, APO 1050, August 1948

RUSSELL E. SIGMELL, Captain, Infantry, Economics Officer

Industry

1. Industrial Activity

a. The electric power supply for essential industries remained fairly good during the past month. Production was good for all industries; especially the textile industries. The following is tabulation of production in cotton cloth for the past two months:

	Production (yds) Export	Domestic Use	Number of Operating Looms	Electric Power Consumed (K'WH)
July	1,928,414	101,644	2,610	522,766
August	2,532,191	26,066	2,622	570,529

2. Critical Materials

a. It appears that Japanese agencies are unduly slow in effecting the transfer of surplus critical materials to the Kodans. According to the local representative of the Commerce and Industry Bureau, it will be late October or November before the necessary paper work will be completed to effect the transfer. This is contradictory to a statement made by the local Economic Stabilization Board representative last month that the first transfers would take place in August.

3. Scrap Metal

a. Final tabulation of the scrap metal drives shows a total of 4,208 tons in this prefecture of which local industries desire to retain 1,466 tons for their own use. Spot checking will be carried out by both Military Government personnel and Japanese officials during the ensuing month.

Commerce and Trade

1. Staple Food Collection

a. The goal of a hundred percent collection by the end of August was not attained despite an intensive collection program by Military Government. However, a full collection will be realized by the 10th of September. Collections and purchases as of 31 August were as follows:

Item	Purchased	Percent	Collected	Percent
Cereals	165,264.4 koku	89.3	181,037 koku	97.9
W. Potatoes	1,731,582 kan	104.1	1,780,728 kan	107.1

Reports Control
Symbol MG-11(R1)

ANNEX D-1

ECONOMICS - INDUSTRY

Tottori Military Government Team
For Period Ending 31 August 1948

By Capt Kenneth P. Moxley

1. a. Industry - Continued steady, limited by available raw materials.

b. Allocation of Materials - Was investigated during this month. The allocation books of the local offices of Hiroshima Commerce and Industry Bureau and the Materials Adjustment Division of the Agriculture and Forestry Ministry were checked and found in reasonably good order. Manufacturers checked had received allocation tickets as shown by the books of these two agencies. They also testified that they had no difficulty in obtaining materials once they had the allocation tickets. It was concluded that the allocation system is working well, industry is receiving the materials allocated to this prefecture, the allocation system is somewhat cumbersome and entirely controlled by central government agencies.

c. Critical Materials - Program continues to progress slowly. All the inventories collected have been forwarded to allocating agencies who in turn have notified the Hiroshima Commerce and Industry Bureau what materials are available for purchase. As yet no Kodans have received notices to proceed. Notification of this deficiency has been forwarded through channels.

d. Scrap Iron Survey - As reported in last month's report the local office of the Hiroshima Commerce and Industry Bureau and the prefecture Commerce and Industry Section undertook a resurvey of scrap iron in this prefecture. This report was completed and forwarded by letter, this headquarters, dated 3 August 1948, file no 54, subject: Japanese Iron and Steel Scrap Survey. The following is a comparison of the results of the two surveys.

	Central Government Surveying Team	Tottori Surveying Team
Installations Inspected	10	155
Installations Containing Scrap	10	123
Installations with over 10 tons	10	41
Total Scrap Reported	3,626 tons	31,298 tons

ANNEX D-1-ECONOMICS-INDUSTRY-TOTTORI MIL GOVT TEAM-31 August 1948-
By Capt Kenneth P. Moxley

e. Electric Power - Generation declined with the dry weather from 10,626,860 KWH to 7,397,040 KWH but consumption remained steady at 6,164,102 KWH for this month.

2. a. Lumber Production - Remained steady at 38,694 koku of finished lumber and 105,738 koku of unfinished timber.

b. Charcoal - Production again doubled from 1276 tons to 2,290 tons. Firewood production also increased to 61,481 koku as plywood production remained steady at 291,045 shaku. The increase in firewood and charcoal production were due to the government campaign for increased firewood and charcoal production in the summer time and recent increases in price of these commodities.

c. Transportation Control - Of railroads continues in good order. Checks of freight yards during the month disclosed no violations. Railroad police have now placed three permanent guards at Tottori City and Yonago City stations to inspect passengers boarding trains at these two metropolitan centers. These guards have the coopepation of station masters and when passengers board with black market commodities, station masters call ahead and have the train searched.

Considerable stress was placed on the efficiency of the prefectural road check system and a definite improvement has been noted in the curtailment of blackmarketing.

A large back log of lumber products continues to wait shipment at stations throughout the prefecture as previously reported, though some progress was made toward its movement during this month. There will be a continued effort to effect its movement before the rice harvest.

d. Mining Timber - A report from Masao Fujiwara, expediter from the Ube Coal Board, showed that this prefecture had produced 130% of its mining timber allocation during the April to July period and that during June, production had hit the unprecedented high of 211%. The Shibta Timber Co, Takashima Timber Industry Co, and Sanko Mine Timber Co, were cited by the Ube Coal Board on August 7th for this excellent job.

f. Sericulture - Reports were received from Gunze Spinning Co at Kurayoshi and Nippon Rayon Co at Yonago that the silk industry in this area will be forced to curtail operations 33% in this area because there is a shortage of cocoons. This prefecture is now producing only 100,000 kan of the 150,000 kan of cocoons which is needed

ANNEX D-1-ECONOMICS-INDUSTRY-TOTTORI MIL GOVT TEAM-31 August 1948-
By Capt Kenneth P. Moxley

for normal operation. This 150,000 kan is divided; 60,000 to Yonago, 55,000 to Kurayoshi, 10,000 for research and 25,000 is shipped to Okayama. The shortage is believed due to the present concentration on increased production of staple food and failure to make cocoon raising attractive to the farmers.

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Reports Control Symbol
MG 11 (R1)

HEADQUARTERS
TOYAMA MILITARY GOVERNMENT TEAM
APO 301

ANNEX D-1

To Monthly Military Government Activities Report
Period Ending 31 August 1948

Prepared By John J. Lewis, DAC

(Economics Summary) INDUSTRY

1. Electric Power:

During the month of August 317,687,610 KWH of electricity were produced by hydro electric plants. This is approximately 58% of maximum capacity. The electric holidays for the month totaled 6 hours and 26 minutes.

2. Fertilizer:

a. During August 1,951 tons of Ammonium Sulfate, 4,741 tons of Calcium Cyanimide, and 3,130 tons of Super Phosphate or a total of 9,822 tons of chemical fertilizer was produced by the five (5) fertilizer plants in this Prefecture. The Nissan Chemical Co., Toyama Plant is up to 50% production after the damage sustained by the flood of 25 July.

b. There were 20,567.5 Kgs of Ammonium Nitrate, 1,040,986 kgs of Ammonium sulfate, 238,095 kgs of Calcium Cyanimide, and 690,807.5 kgs of Super Phosphate or a total of 1,990,456 kgs of chemical fertilizer distributed to the Agriculture Cooperative Associations throughout the Prefecture. As a rule distribution to the farmers is very efficient, but some farmers prefer to leave their allocation of fertilizer in the local warehouses, instead of keeping it in their own godowns. Effort is being made to discourage this practice.

3. Control Associations:

Spot checks of control associations continue. The list of possible control associations in this prefecture received from higher headquarters have been checked and of the 102 associations listed 32 have been dissolved, 61 are now operating under a different name, and the names of 9 of the associations operating have not been changed. Investigations of these associations now operating are being carried out and will continue during the coming months.

4. Critical Materials:

a. Spot check on inventories of critical materials during the month of August was continued by the four (4) Local Government Agencies and will continue until the Economic Investigation Board is completely established, which will be approximately 10 September. The total spot checks on inventories of critical

RESTRICTED

materials are as follows:

Total inventories spot checked	155
Number of inventories submitted	80
Books incorrect	8
*Violations	1
Prosecutions	0
Number of men spot checking	476

*Violation under further investigation at present time

b. The Economic Investigation Board has been established as of 16 August, the EIB consists of forty-six (46) members. Operations will start approximately 10 September. All members are from different Prefectures, and are experienced and trained for the positions they hold.

c. Thus far this office has spot checked ten (10) of the largest industries for the ten most needed raw materials being imported from the United States. Interviews with the head officials of these factories reveal that the most needed materials are coal and textiles.

5. Transportation Control:

a. Police check points and road blocks continue to operate successfully. Spot checks of railroad freight stations and express offices reveal that the personnel of those offices are using reasonable precaution in checking transportation certificates and other regulations pertaining to transportation control of critical materials.

b. Through road blocks and other transportation control action, the Japanese police confiscated 2,609 kgs of rice, 486 kgs of beans, 71 kan of white potatoes, 157 kgs of wheat and 39 kgs of sugar. The rice, wheat and potatoes were placed on the Prefectural quota for staple food collection and the other materials were released through legal channels.

c. It is expected that beginning with rice harvesting in the month of September, that increased activity in blackmarketing of rice will be noticeable. The Economic Crime Section of the National Rural Police have plans to increase surveillance on trains leaving the Prefecture. This will include searching of passengers on trains destined for Osaka, Tokyo and Nagoya. The largest violation encountered during August was the hauling of 400 bales of charcoal without a transportation certificate. The majority of the other violations encountered concerned relatively small amounts of staple foods being hauled with other cargo and commodities. A common practice is to have proper certificates for one commodity and have other commodities, generally staple foods and fish, hidden among the legal materials. Inspection of loads as well as inspection of transportation certificates are therefore necessary.

6. Ship Building:

a. The Saga Shipyard, authorized to convert a former 70 ton Japanese Navy boat into a fishing vessel has completed approximately 30% of the project.

b. The Nippon Kai Dockyard has repaired 17 vessels in their yard during the month of August.

c. Both shipyards mentioned above state that their allocation of carbide is not sufficient to carry out their work and they are forced to buy carbide on the black market.

7. Imports and Exports:

Shipments of semi-coke are being received regularly from Russian held territory at the ports of Fushiki and Toyama. The greatest difficulty in handling the coke is that there are not sufficient freight cars to haul it away from the docks. This results in large quantities being stored on the docks thus causing limited space to unload future shipments. A special report concerning this situation has been submitted.

M+I notes

8. Textiles:

a. The two (2) manila rope factories in this Prefecture produced 50,395 lbs of rope and 23,275 lbs of twine during the month of August.

b. Other textiles produced in the Prefecture during the month of August are as follows:

Cotton thread	2,135,369	lbs
Cotton cloth	3,439,817	yards
Rayon cloth	2,996,796	yards
Silk yarn	41,990	lbs
Silk cloth	2,358,081	yards
Linen thread	204,912	lbs
Linen yarn	20,866	lbs
Linen cloth	36,300	yards

9. Industry, General:

a. All but one of the factories producing railway equipment are running smoothly. The Tateyama Jukogyo, KK, Toyama Plant, a designated plant for the production of rail cars as well as mining machinery, is having labor trouble. This trouble is not a strike but a general slow-down in production by the workers. This slow-down is instigated by agitators, who under the disguise of the labor union do their utmost to keep trouble between labor and management boiling at all times.

b. Industries throughout the Prefecture producing farming machinery, ball bearings, chemicals, etc, are producing at approximately the same rate as for the previous month.

R E S T R I C T E D

Activities Report, Wakayama Mil Govt Team,
APO 25, 10 Sep 48 (Period 1 to 31 Aug 48)

Reports Control
Symbol MG-11(RI)

ANNEX D-1
INDUSTRIES
(Prepared by Capt. Harry C. Miley)

1. Redistribution of Critical Materials

The Japanese officials handling the critical materials program now appear to have a smooth operating machine. Most of the problems that troubled them at the outset of the program have been eliminated. Textiles, mostly in small quantities, accounts for the major share of the illegally held or hoarded goods. This program is falling far short of the expected goal. It is believed that large stocks of items previously held have been dissipated to small factories and warehouses prior to the 31 July inventory deadline. 127 inventories were taken by Japanese officials during the month of August.

2. Mining

Conferred with Kumano River mine operators. Owners reported that allocations for needed equipment is not being made. They receive the approved allocation but have to wait unusually long periods to get the materials. MG asked the Osaka Coal Bureau to visit these mines in order to obtain first hand information on the most urgently needed materials. The majority of the mines are having financial difficulties. Their loans are approved by the central government but the channel paper work holds up the receipt of the actual money. The coal stockpiles at all coal mines have been eliminated through allocation of additional transportation.

3. Electric Power Generation and Distribution

The Central Government is making plans for a hydro-electric project in the Kumano River area. Present plans call for construction of seven dams in an area ten miles square to develop one million KWH. At present the area is being surveyed. In this prefecture the cities, towns, and villages are constructing new street lights; new homes constructed are being wired for lights; new and expanding plants are requiring new and increased allocations of electricity. It appears from new drains being placed on existing power generating plants that already it is estimated that electric power demands for this winter and spring will exceed same periods of last year by 50%. This prefecture has about 300 ice candy machines. Their allocation of electricity per machiner per horsepower per month is 75 KWH. During summer their electricity drain is not felt, however, during winter months these motors will be engaged in operating various types of machines. Certain control by central government should be placed on the operation of these motors.

4. Shipbuilding

No unauthorized construction of shipbuilding noted for August.

5. Public Works and Construction

The prefecture Reconstruction Office has submitted a copy to MG of the schedule of reconstruction for the four major cities and one town which suffered war damages. The plan is an eight year program calling for development of streets, water supply, drainage, railroads, gas works, etc. The percentage of total plan complete as of end 1947 shows Wakayama City 67%, Kainan City 37%, Shingu City 12%, Tanabe City 19%, and Katsuura town 61%. Several violations of construction laws have been noticed and brought to the attention of the police and building inspectors this month. A good amount of evidence points to the building inspector's accepting bribes to allow or overlook building violations. It was noted that certain large firms obtain a legal construction permit. These firms then contact a contractor who agrees to furnish building materials for the immediate construction of the building. These contractors have a control on the building material manufacturers and buy these materials from them at the blackmarket price. Therefore, the small home or business builder even possessing a valid allocation certificate cannot buy materials from the manufacturer or retailer because of control existing by contractor for these materials. Then, subsequent to construction of building contractor receives from these firms the legal allocation certificates for materials for construction of building now completed. The allocated materials usually amount to 30 or 40% of the building requirements. In these cases the government inspectors in this prefecture have overlooked the illegally securing and monopolistic control existing over building materials.

6. Imports and Exports

Many plants producing items for export were visited during August. The Nippon Senko K. K., a large dyeing plant, was inspected. This plant dyes cloth for export at the rate of 700,000 yards monthly. A total of 2,800,000 yards could be dyed. This company needs new copper plates for drying machines. C and I was informed of this. The Mitsubishi Sewing Machine Company was checked. During August 610 machines were produced. Estimated for September 750, October 850, and 1,000 monthly thereafter. This plant also produces transformers. The sewing machines are being exported to India, South America, and China. Manager complained of shortages of paint, pig iron, steel, silicon steel, and oil. All plants visited complained of shortages in raw materials and electricity.

7. Transportation Control

The Maritime Safety Section established a sub-station at Yura. Mr. Okada Shigehide, Chief of Maritime Safety Section, Kobe Headquarters,

stated that he also had requested a sub-station at Katsuura. The problem the Chief has is that at present he has eleven boats for his complete area. Most of these boats are slow and are not adapted for coastal patrol work. Also his boats are not armed. Therefore, the boat crews are at the mercy of the smuggling and illegal entry and exodus vessel crews. This prefecture has roughly 290 miles coastline. The chief can only allocate one slow unarmed patrol boat, part time, to survey the waters off shore for immigration, smuggling, narcotics, and blackmarket operations. Numerous conferences and inspections on transportation control were held during the month. The police are well grounded in their duties and appear to be doing a good job.

kf

R-E-S-T-R-I-C-T-E-D

HEADQUARTERS
Y.M.G.T. MIL GOVT TEAM
APO 468 UNIT 2

Reports Control
Symbol MG-11

Prepared by:
B. J. SULLIVAN
DAC CAF-12
Chief, RC&I Sec

Annex D-1

to

Monthly Military Government Activities Report for the month of August 1948

INDUSTRY

1. Three Industrial Exhibitions were held during the month of August featuring Export Items and special prefectural products. These exhibitions are handled by the Prefectural Commerce and Industry Section to stimulate competition between producers of the same items.

2. It is estimated that the silk and rayon production of this Prefecture could be increased 100% with the present buildings and labor reserve. Every possible attempt is being made to secure a larger and more equitable allocation of silk and rayon power looms and twisting machines.

3. Export Item production slumped during the month of August. The primary reason for this was the new allocation system for material allocations. This situation is expected to correct itself during this month.

R-E-S-T-R-I-C-T-E-D

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YAMAGUCHI MILITARY GOVERNMENT TEAM

Month of August 1948

SUBJECT: Economics Summary (RCS: MG-11) (R1)
(Annex D-1, Industry)

PREPARED BY: Major Frederick C. Wiggins
RC & I Officer, [illegible] II Wm. J. Gibson

1. Significant Industrial Activities

a. Fertilizer production. For the month of July 1948, the output of Ammonium Sulphate by Ube Chisso KK, Ube City, Yamaguchi Prefecture, was only 82.1% of the production quota (11,000 tons), and the output for the month of August 1948, will be approximately 1,200 tons below the quota. Decreased output has been caused by variations in electic power supply and sudden reduction of voltage. A special report is being prepared and will be forwarded in approximately ten days.

c. Cement production. August 1948 output by Ube Cement KK, Ube City, Yamaguchi Prefecture will be approximately 10,000 tons, which is about 65% of the plant capacity. This cement is used for domestic purposes and for export to Okinawa and the Philippines.

2. Surveillance of Shipbuilding

a. Reference SCAPIN 5673-A, "Approval of Change in Construction Program of a Fishing Vessel", this vessel is now located at Mitsubishi Shipyards, Shimonoseki City, Yamaguchi Prefecture, and should be completed by the end of November 1948.

b. Reference SCAPIN 5841-A, "Permission to Convert Ex-Naval Vessels into Breakwater in Ube Port". The three subject vessels have been sunk in position as a portion of the Breakwater.

3. Other Economic Matters

a. Electric Power Supply. The Onoda Power Plant of Nippon Hassoden KK, could increase their generating capacity from 30,000 KW to 45,000 KW if permission was granted to complete the installation of an additional boiler, turbine and generator. Installation is at present 30 - 40% completed and all necessary parts are on hand to complete the assembly. This matter has been reported to representatives of the Gas and Electricity

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Section of GHQ who visited this Prefecture approximately six (6) months ago.

b. Railway Rolling Stock. Repair of freight cars and construction of new coal freight cars by Hitachi Ltd, Kudamatsu City, Yamaguchi Prefecture, is progressing to schedule.

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Robert F. Goldsmith
Major, FA
Chief of Section

HEADQUARTERS
YAMANASHI MILITARY GOVERNMENT TEAM
APO 201

Report Control
Symbol MG-11(R1)

ANNEX D-1

TO

MONTHLY MILITARY GOVERNMENT ACTIVITIES REPORT FOR THE MONTH OF AUGUST 1948

ECONOMICS SUMMARY - INDUSTRIAL ACTIVITIES

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1. Industry

a. Textile Industry: The production of general textiles for domestic consumption has been slow, showing a decrease of 14%. Efforts are continuing toward production of proper type of materials for export.

Crystal: Domestic sales of crystal were falling off with a corresponding increase on export sales.

Wooden Wares: Lack of funds and decrease of purchasing power has effected this industry adversely.

Col Watts

HEADQUARTERS EIGHTH ARMY
Military Government Section
APO 343

Summary of Annex D-1
Industry
from M.G. Activities Reports for July 1948

1. General Industrial Situation:

Industry in general appeared to gain ground during July. The electric power situation was decidedly better than during June. The raw materials picture appeared slightly improved. Typical comments from teams were as follows:

a. Gumma

"Industrial production increased slightly over the June level. This is believed to be due mainly to an increase in the amount of electricity available to industry during the month."

b. Gifu

"A five percent increase was noted over June for all ceramics items."

c. Aomori

"During the month of July industry showed a slight increase over the previous month."

d. Ishikawa

"Production of the various major industries continued to increase throughout the prefecture despite the damage caused by the earthquake."

e. Iwate

"The Kamaishi Branch of the Nippon Iron and Steel Company continues to show a marked increase in production." "Cement production continues to improve with an eight percent increase in the production of Portland cement over the month of June."

f. Kumamoto

"Industries have been able to operate more hours this month and produce more products due to the abundance of electricity."

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D-1

g. Nagasaki

"Production of critical goods and export items increased as the supply of electricity increased."

h. Niigata

"Industry, metal and machinery production, during this period, amounted to 178,615,750 yen, an increase of sixteen (16) per-cent over previous reporting period."

i. Saitama

"Production increased to 90.9% of the 1930 production index."

j. Shizuoka

"In 124 categories of production, 76 registered increases and 48 registered decreases. Heavy gains were noted in the production of trucks, semi-diesel engines, machine and engine parts, industrial chemicals, fertilizer, and canned marine products."

k. Shiga

"A ten percent increase in production over the June level was reported by the Commerce and Industry Section."

l. Shimane

"Abundant rainfall in July eased the power shortage, resulting in a substantial increase in most industrial channels in this prefecture."

m. Tottori

"The slow but definite progress of industry toward recovery was verified in a survey completed this month by the Prefectural Statistical Section."

2. Some comments regarding generally adverse industrial production were noted but these were in the minority. Typical statements were as follows:

a. Chiba

"Industrial production in July dropped sharply below June volume. Normally expected seasonal shortage of electric

power was minimized by unusually heavy rainfalls, but industry could not withstand shortages of essential raw materials."

b. Fukui

"Within the earthquake area were concentrated the major industries of the Ken, including mills producing over 25% of Japan's silk, a large percentage of the exportable habutae, etc. Preliminary estimates of the damages amounted to over 4½ billions of yen which will probably reach six billion when final tabulations are completed. This amount will not go much higher because of the recent flood which damaged considerable finished goods and raw materials."

c. Mie

"A recently completed survey of Mie Prefecture's ten largest spinning mills showed that 39% of their machinery is idle because of material shortages, principally wool and cotton."

3. Shipbuilding

Observation of shipbuilding activity continues. No unauthorized construction is noted. Normal construction and repair work appear steady. Akita reports continued progress on a breakwater which is being made by sinking Japanese ex-Navy vessels across the mouth of Akita harbor. In Miyazaki, Kochi, Kagoshima, Kumamota, Fukuoka, and Shizuoka construction of small tugs for the USSR is proceeding. Oita states that authorized construction of two wooden vessels over 100 tons has stopped since demand for small fishing boats is greater. A 5,400 H.P. diesel engine (the first large diesel since the end of the war) for the 11,000 ton whale factory ship "Nisshin Maru", was completed at an Okayama shipyard. Osaka ship owners are lobbying in Tokyo to attract more shipbuilding contracts to Osaka. Hyogo has completed the first all-welded merchant ship since the war. In Ibaraki a 120-ton vessel authorized by SCAP was found after completion to weigh only 95 tons. So it was launched and rechristened as an ordinary ship for which no SCAP approval of construction is needed -- and plans for again starting to build the 120-ton vessel were made.

4. Electric Power

As directly the opposite of the poor electric power supply noted for June, practically all teams report improved power conditions. Inadequate or lowered power for July is mentioned by only Fukuoka, Fukui (because of earthquake damage), Mie, Niigata, Gumma, and Kagoshima. Increased rainfall was responsible for the generally good power picture, although in Kagoshima the rainfall was so heavy that it damaged hydroelectric facilities. Thermal plants generally were inoperative and stockpiling coal.

5. Transportation

Many teams were non-committal about transportation problems, hence it is presumed that the general shortage of transportation is continuing. However, two favorable comments were made. Akita said, "Brisk movements of freight continue with subsequent reduction of freight at railroad stations." Hokkaido said, "The amount of freight carried by the railroad reached a new post-war record for the second consecutive month." Osaka reports a decrease in bus transportation, believed caused deliberately by communists. A Japanese official in Osaka said that in his opinion the communists "Would continue to disrupt the transportation system because of their dislike for the occupation forces." Toyama states that 67,000 tons of freight are piled up awaiting shipment at Fushiki Harbor. Kagoshima reports freight shipments 30% lower than anticipated. Tottori says "Large quantities of lumber and lumber products are waiting at the railroad stations throughout the prefecture." About 1,000 cars are allocated for lumber transportation in Tottori while 5,000 cars are needed.

6. Redistribution of Critical Materials

a. As the extension of time for filing critical materials inventories drew to a close, teams found only a relatively few additional inventories submitted. Those which reported included:

Team	Additional New Inventory
Ehime	24
Kumamoto	34
Miyazaki	64
Oita	20
Saitama	7
Shizuoka	93 (new and revised together)
Tokyo	216
Toyama	54

b. Teams generally are not enthusiastic about the results achieved in actual redistribution of materials. Kyoto says, "Investigation by this office------ indicates that critical materials reported as excess and available are not moving." Nagasaki reports that "none of the materials have been moved as the Japanese report there are no outstanding allocation certificates." From Nara: "No instructions have been received for distribution of any of the material reported.

Osaka: "One of the main reasons why the program is not proceeding as rapidly as possible is that so much of the materials uncovered are of undesirable types and sizes." And also from Osaka: "Government agencies are extremely slow in distributing goods under their custody."

c. Saga has received 13,376 inventories, 12,728 of which have been negative. (Negative reports are not required,) Kanagawa details the case of almost two million pounds of illegal paper at Boonjudo. Shizuoka is continuing to push the critical materials program aggressively, and though discovered materials are not being redistributed yet, hope is held out that some actual redistribution will take place in the future. Yamaguchi alone of all the teams states: "No discrepancies have been found in inventories and transfer of idle material is progressing smoothly." Oita says that allocation ticket holders can get materials through regular channels without going to the bother of getting them from excess critical materials holders."

7. Construction

Teams continue to report violations of building laws but state that practically all of these are of a minor nature.

a. With regard to the availability of lumber, Shizuoka shows that during the last twelve months nearly twice as much lumber has been produced in the prefecture as has been officially allocated for use by the government. The amount over and above the allocation has gone into blackmarket construction. But if it had not gone into blackmarket construction it would have been stored in idleness in Shizuoka since government quotas are set at a level well below the actual ability of production.

b. Fukui quotes Kencho figures stating that 47,761 homes were destroyed in the recent earthquake and that 14,327 have been temporarily or permanently rebuilt during the first month following the disaster. Lack of certain construction materials is mentioned.

c. In Kanagawa, housing construction is about on schedule as established by a Ken 3-year plan. During the first six months of 1948, 7,558 urban and 1,225 rural homes were completed.

d. Manufacture of plywood in Iwate showed a 37% increase over June in spite of a shortage of glue. Delivery of lumber to the user was 64% ahead of last month.

e. Kagawa complains that the present system of building construction control is "weak and ineffectual". Ken officials seem to confine their surveillance to legal construction, deliberately ignoring possible illegal construction.

f. Tottori notes a decline in lumber production caused by shortage of railroad cars to haul away the finished lumber.

8. Public Works

Estimates of damage in Fukui caused by the 28 June earthquake (and subsequent flood) are now being completed. The electrical industry in Fukui will require 350 million yen for rebuilding. Work on the municipal water supply system for Fukui City has been started. Part of the city now has electricity. Work on some bridges is progressing beyond expectations under adverse conditions. (It is reported that 298 bridges were destroyed by the quake and an additional 32 washed away by the flood.) Sixty-four breaks in river dykes occurred during the flood. The condition of certain railroad bridges, tunnels, and roads is still uncertain -- it is feared they are blocked and will be out of service for some time to come. "But", the report goes on, "the morale of the general population is particularly high."

9. Restricted Industrial Operations

a. Shizuoka mentions surveillance of pacific coast oil refineries and says: "No violations."

b. Fukushima states that fertilizer production was below quota due to a break in a water line to one large plant. Yamaguchi also reports that fertilizer production is under quota. Fukuoka reports that a series of accidents at fertilizer plants have kept them from meeting quotas. In Ehime fertilizer production is also not up to quota. However, both Akita and Miyazaki report fertilizer production over quota. Toyama farmers state that shortage of money keeps them from buying fertilizer which already is warehoused and ready for them.

c. Miyazaki mentions surveillance of industrial explosive production at the Asahi Kasei Company.

10. Miscellaneous

a. Eight teams mention shortage of capital as hindering the economy.

(1) Kyoto -- "The biggest drawback to increased production was as much lack of finances as it was shortage of raw materials."

(2) Iwate -- Plywood manufacturers complain of lack of funds.

(3) Fukushima -- "Other industry continues in a slump due to shortage of capital."