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PREFECTURAL LABOR EDUCATION ADVISORY COMMITTEE

No.	Date	From	Subject
1.	15 Apr. 49	Ministry	Anaylsis of Labor Economy in the Postwar Japan.
2.	16 June 49	Lab.Div.	Report on the Status of Labor in Japan
3.	Unknown		Digest of the CED Report on the Problems of Small Business
4.	Unknown		Japan Looks to the Future--Lecture
5.	31 Sep 49	Lab. Pol. Bur.	On Enforcement of Labor Education Program for 4th Term

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File

From: Director of Labor Policy Bureau
To: Each Prefectural Governor
Subject: On Enforcement of Labor Education Program for 4th Term.

Since the labor education program for the last quarter (Oct. - Dec.) which is being executed with the cooperation of each prefectural Government and various agencies concerned since January last according to the Outline of Enforcement of Labor Education(instructed in "On Strengthening of Labor Education Activities," Labor Note No. 538" dated Dec. 8, 1948) has been decided as in attached sheets, your sepecial endeveur is desired for the enforcement of more vigorous education activities than the previous term at the present when the importance of labor education is being more and more emphasized.

The thorough information on the items enumerated in "On the Enforcement of Cooperation and Advice on Organization and Structure of Trade Unions" which was instructed beforehand as well as information of the purpose of Labor Laws continued from the previous term shall be the objective of the enforcement outline of this term.

So I will remind you by the way that the most proper measures shall be adopted for the information on the purpose of the mentioned instruction, placing the emphasis on the rank and file of local unions.

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Points for Enforcing Labor Education from October to December, 1949.

(1) Enforcement Policy

Labor Education succeding to the former term shall be executed in detail and by district with the same space throughout the country in order to promote the healthy development of trade unions according to the purposes of revised labor laws. The objective of education program in this term shall be concentrated on the thorough information of the items enumerated in the instruction of "On Enforcement of the Cooperation and Advice concerning organization of Trade Unions" (Labor Note No. 275) which was communicated beforehand, carrying on the positive enlightenment and publicity as well as the individual cooperation and advice to-ward trade unions.

(II) Education Themes

1. "Thorough information on the purposes of labor laws" shall be the education theme which will be common for three months.

2. Placing the emphasis on the thorough information of the items enumerated in the instruction of "On Enforcement of Cooperation and Advice concerning Organization and Structure of trade unions", education program shall be carried on with one item as a theme for each month.

October——Authority in Rank and File

November——Responsibilities and Activities of Trade Unions Clarified

December——Activities of Departments.

(III) Enforcement Methods

1. Points of theme Education program, which has a common theme for three months, shall be executed according to the points mentioned after wards.

2. Objectives of activity

Although education program will be mainly directed to trade unions, it will be also developed to employers throughout the nation.

3. Methods of activities

Emphasis shall be placed this time upon the teaching of basic knowledge to rank and file beside the indevidual guidance for union being now executed. according to the present methods (Press,

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3. Methods of activity

Emphasis shall be placed this time upon the teaching of basic knowledge to rank and file beside the individual guidance for union being now executed, according to the present methods (Press, radio, meeting, publication, etc.)

4. Production of Materials

Although some materials necessary for execution of this education program will be distributed from the ministry of Labor, each prefectural Government shall produce appropriate materials, considering local conditions.

(VI) Points of Education

(Cotover-Authority in Rank and File.

I. rights and duties of rank and file membership shall be clarified

1. Necessity for specification of the rights and duties of rank and file in Union constitution shall be emphasized.

2. Specification of the following items in union constitution shall be emphasized.

A. rights of Union Members:

a. To participate in all union affairs;
b. To receive equal treatment;
c. To elect union officials or to be elected to a union official;
d. To participate in all union activities and to have share of the advantages of union;
e. To speak and vote on all union affairs;
f. Not to be expelled from union or punished by the stoppage of rights or other means without proper procedures.

B. Duties of union members:

a. To respect [illegible]
b. To coopera[illegible]
c. To obey th[illegible]
d. To fulfil[illegible]
e. No to refr[illegible]

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a. To respect union constitution;
b. To cooperate in fair union activities;
c. To obey the resolution of union;
d. To fulfill labor agreement;
d. No to refuse an appointment as union officials when they are elected;
f. To pay union due and other levies;
g. To attend union meetings and take votes.

3. The base of trade union is vested to the rank and file of local unions, by whom all union affairs shall be decided.

4. For the purpose, it is necessary that the will of rank and file are reflected sufficiently and they have much opportunities to participate in union affairs. It is, accordingly, desired to open the regular to union members every month.

II Union members' qualification & equal treatment.

1. Any one shall be disqualified for union membership because of race, religion, sex, social status or family origin.

2. Anyone corresponding to these provided for in Clause 1 of Article 2 shall be excluded from uniommmembership.

3. No labor organization including the above mentioned person in union membership shall be regarded as a trade union.

4. If employers have the management officials join a trade union, they may come under unfair labor practices because they control over or interfare withit.

5. Any of union members shall not be treated with distiction having the right of equal treatment according to Paragraph 2, Article 5 of the Trade Union Law.

6. Youth Dept., therefore, can not admitted to;

a. Make policies of the whole union
b. Separate representation on executive committees or think of as natural that chief of the Dept. becomes an executive committee;
c. Carry on separate collective bargaining;
d. Collect special dues;
e. Act as a Youth Front Corps.

7. Women's Department to train and educate women workers to take their rightful place as equal members with men shall be encouraged, but not be admitted to

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appointed as an executive committee;
c. Carry on separate collective bargaining;
d. Collect special due.

III Direct secret ballot system.

1. Direct secret ballot system in necessary is order to manage democratically trade unions and to eliminate autocracy therein.

2. The following points shall be clarified, emphasizing that union officials must be directly elected by secret ballot.

a. The officials of local union shall be elected by secret ballot directly by members;
b. The officials of a national union shall be elected by secret ballot directly by the members of local unionor by their delegates;
c. The above-mentioned delegates shall be elected by secret ballot;
d. Union officials mean the members of executive or inspection organ.

3. Dispute acts shall not be lightly started in view of industrial peace and establishment of the cooperative system between labor and management. When they are decided to start, prudent and democratic procedures shall be demanded.

4. Any strike action shall be decided by secret ballot either directly by union members or by delegates and the decision shall require a majority of available votes.

5. The following points shall be clarified, emphasizing that no union constitution shall be revised except by direct secret ballot.

a. No constitution of Local union shall be revised except by a majority vote by direct secret ballot of the members.

b. No consitution of national union shall be revised except by a majority vote by direct secret ballot of the members of local union or of the delegates.

c. The above-mentioned delegates shall be elected by secret ballot directly by members of local union.

6. The significance that the law provides especially for the direct secret ballot in the three cases mentioned above shall be emphasized.

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1. Every union member shall understand the principle of a majority vote and be responsible for the decision by a majority vote which is based upon each one's will freely expressed.

2. It will result in lossing the unions solidarity not to obey the decision which was once decided by a majority vote.

3. The rights shall be fairly exercised and the provision in law must be respected.

November-Responsibilities and Activities of Trade Union Clarified.

I. Executive organ and its responsibilities.

1. Since executive organ is to serve the whole trade union, it shall eliminate and employer's control or interference with trade union and avoid the acts which will incur the suspicious. If employers conduct such acts, they may come under unfair labor practices.

2. Executive organ shall carry faithfully an the power rendered by policy making machinary and not be admitted to act autocratically.

3. But when collective bargaining is carried on, it is inevitable in view of the nature of negotiation that executive organ requires the considerably wide power to negotiate from policy-making machinary.

4. Trade Unions are desired to establish a separate bargaining committee for collective bargaining and to survey and study always the matters to negotiate.

II. National Union and Local Union

1. Local union is the foundation of the trade union movement. But it has necessity that local unions should be organized into the national union. Accordingly it shall be encouraged to organize the national union.

2. The National union is founded finally on rank and file of the local union.

3. Accordingly, the national union should exercise only these powers which have been delegated to him by the local union, and dictatorial action by the national union shall not be admitted.

4. The national union should serve for the local union

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5. When the national union exercises the power deligated by the local union, ~~he~~ local should obey the control by the national union.

6. Respective rights, power, responsibilities and duties of the national union and the local union should be clearly stipulated in the union constitution .

7. Union Constitution of the national union and the local union should not conflict each other.

III Simplified Structure

1. The local union and the national union should be directly conected each other.

2. There are various intermediary bodies between the local union and the national union in Japan, it is urged that the union shall abolish such bodies where they are found to be superfluous because such abuses have taken place as follows.

a. Independency of the Local union is retarded.
b. The local union will be confused when each upper body will issue respectively defferent leading policy.
c. Opinions of the local union is not fully reflected upon the national union.
d. If the local union will affiliate with too many upper organizations amount of fees to pay them becomes large so the local union falls into difficulty and cannot make activities by himself.

3. If it were necessary to continue such intermediary bodies, it is desirable not to empower them to make policy.

IV Responsibilities clarified and sanctions.

1. The trade union does not exercise full functions if it has not solidarity. So it is necessary to seek after the responbibilities and to restrain those efficials or members who do not carry on affairs decided by majority vote.

2. Necessary conditions on sanctions should be clarified in the union consitution.

3. Cases to call responsiblities and to charge sanctions are as follows.

a. Who violates the union constitution or decision of the union.

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c. Person who injures the honor of the union.
d. Person who neglects his duties as union member.
e. Person who fails to pay his union dues
f. Person who conducts actions which are not proper as union member.

4. Kinds of sanctions are follows:

1. Warning
2. fines
3. Suspension of theright (to elect, to be elected or to vote)
4. discharge
5. expulsion.

5. Sanctions should be charged according to formal procedures provided by the union constitution or decision by the general meeting.

6.

6. Dictatorial decision by the executive board should be prevented.

7. It is desirable that such important sunctions as expulsion or discharge shall be decided at the general meeting.

8. In order to survey and clarify the facts, hearing committee, with its detailed provisions, should be set up.

9. Besides above-mentioned sanctions, as way to call responsibilities union officials, impeachment procedures such as recall system shall be provided separately.

10. To provide the impeachment procedures for the union officials is one method to exclude the dectatiorial action by them.

December: Activities of the Departments.

I. Political Action.

1. Limitation of unions political activities shall be clearly distinguished. They should not go on political striks a rule.

2. Parliamentalism should be thoroughly understood.

3. That the union is controlled or influenced by the political party means the being of the union to lose his independency.

4. There are two ways of political activities, that is, political education for union members and activities against. Diet.

5. Political activities of Japanese union have been lacking in part of fair political education, and such abuse should be improved.

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to our political activities.

II Grievance Committee.

1. The grievance committee prevents from accurring the disputes between labor and management and secure the industrial peace.

2. As to the individual complaints concerning application and interpretation of the labor agreement, it is necessary to provide the procedures to settle to such complaints in the labor agreements

3. Grievance should not be treated by the production committee with other problems concerning production as it has been formerlly done.

4. As such grievance is required to be settled as soon as and fairly as possible, the grievance committee, which always study and survey the problems of grievance and hold conditions how provisions of the Labor agreement are fulfiled, should be established in the union.

5. Grievance committee is composed of members who take charge of settling grievances.

6. First step of the procedures is to settle the grievance by shop steward and manager of the working shop, and if it were not settled here, it should be finally settled at the conference of as members of grievance committee and the employer.

7. It is also necessary for the employer to be providing for attitude to receive such grievance procedures.

III. Join Production Committee.

1. Production Committee which has been hitherto established has interfared in managerial rights and personal rights of the management, but such action was mistake.

2. Therefore, final decision one management is vested on the employer who has responsibilities on management of the enterprise.

3. But it should be encouraged the employer listens to the opinion of the woker on methods of enterprise management, production technics, safty, sanitation and other necessary devises for the productivity increase.

4. Production Committee as we have had formerly should regarded as committee having above character and it is desirable to start advisory machinary of the company.

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5. The production committee to express workers' opinion is desirable to be provided in the labor agreement.

6. Consequently, the committee will take a part of constructive rule to increase the productivity.

7. In order to provide for attitude to respond to the question of the employer and to be able to express its constructive opinion, union should have the production committee and always study and survey such affairs.

8. Members of the productions committee is desirable to be composed of warkers and technicians who have skill and experience.

IV. Activities of the Financial Dept.

1. To establish the order in finance and to plan the officient management are foundation of the sound development of the union.

2. As the union dues are paid among income of the union members, it should be careful to make good use of the so that they may be most useful for the advantages of the union members and not waste them.

3. Accounts of union dues should be clarified.

4. If too much large percentage of union dues would be sent to the upper organization, it prevent the local union from independent activities, so union dues should be reasonably divided.

5. If the union wants to have full-time officials number of them should be limited to the minimum, considering on the financial condition of the union.

6. It shall be provided that the account of the union shall be audited by prefessional auditer by the will of all members of the union in the labor agreement. appointed

7. Also it shall be provided in ~~the labor agreement~~ CONSTITUTION that the financial report shall be made public at least once a year. In the local union it is desirable to do it once a month. to take such measures will rise member's belief in union finance.

(V) Report on enforcement of this points shall be submitted as it has been formerlly done.

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Materials of Labor Education Programme for Coming
Three Months (From October to December 1949)

L. Spot announcement:

October

(1) Workers! Is not your union being operated toward the opposite direction of the will of rank and file membership? If you leave entirely union problems to union leaders, your union may come to such a result. It must be always remembered that a trade union shall be operated by the rank and file. Let's exercise, thoroughly the authority which is rendered workers, but fulfil the duties also.

(2) Women union members! Do you attend every union meeting? Any distinct treatment between men and women is prohibited in the Trade Union Law. Let's attend every meeting and speak vigorously.

(3) Workers! All union problems shall be decided democratic procedures. The revision of union constitution, election of union officials and start of strike action must be decided by secret ballot directly by members.

(4) Democratic Policy is nothing but the policy based on a majority vote. The principle of a majority vote must be respected by union members so that their union may become strong.

November

(1) Workers! It is union officials' duty to be faithful to carrying on the members' will. Union officials can not be admitted to act what they like.

(2) Workers! Is there established a bargaining committee in your union? It is necessary that various problems shall be researched and studied in advance by a bargaining committee in order to carry on a satisfactory collective bargaining.

(3) Workers! Local unions shall be directly affiliated with a national union. The existence of intermediary bodies between local and national level prevents trade unions in many respects from carrying on vigorous activities.

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[illegible] Trade Unions. The [illegible] of membership or stoppage of rights shall be [illegible] through the procedures which are previously provided for in a union constitution.

December

(1) Members! Trade Unions are free to carry on political activities. But they should not go on strike with political objective or be controlled by a certain political party.

(2) Members of trade unions and employers! Let's set a grievance machinery. The shop having a grievance machinery is bright and increases the production.

(3) Workers of Trade Unions and employers! Is there established a production committee in your factory? It is an advantageous machinery for employers as well as for workers, expressing the opinions of a trade union on management.

(4) Workers! How much is your union due? Are the union accounts reported to you by union officials? The Trade Union Law provides for that the financial report shall be made public at least once every year, after being inspected by a public accountant or authorized auditor.

II Publication

(1)	Labor Ministry	Name of (or title of Report) Union constitution and Labor Agreement under the Revised Labor Trade Union Law and The Labor Relations Law.
	Koroku Kurokawa	Writing the Trade Union Constitution.
	Central Labor College	Structure and Operation of the Trade Union.
	Labor Ministry	Collective Bargaining and Grievance Machinery.
	"	How the structure of the Trade Union should be.
	Shichiro Matsui	American Trade Union.
	Labor Ministry	Constitution and regulations of the Main Trade Unions
	"	Collective of Recent Union Constitutions.

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Welfare Ministry	Union Constitution in America and Democratic Trade Unionism
Labor Ministry	Explanation on Education Programme on Organizational Structure and Operation of the Trade Union.
Japan Employers Association	Interpretation of the Trade Union Law and to Operation.

(2) [illegible] and Responsibilities.

[illegible]	Organization and Structure of the Upper Organization of the Trade Union.
[illegible]	Structure and Operation of the Local Union.
Tokyo metropolitan Office	Relations between the Local Union and the National Union.
Labor Ministry	The Local Union and the National union.

(3) Activities of Departments.

(a) Political Activities:

CIE	Political Activities of the American Trade Union.
Labor Ministry	Trade Union Political Activities.

(Magazine)

Labor Review (Rodo-Hyoron) (Dec.,1948)	Political Struggle of the Trade Union in United States and Great Britain.
Labor Review (May, 1949)	Trade Union and Political Struggle.
Industiral Labor Monthly (Sanro Geppo) (Jan., 1949)	Economic Struggle and Political Struggle.

(b) Grievance Machinery:

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	Labor Ministry	Collective Bargaining and Grievance Machinery.
	"	Arbitration of Grievance.
	Kiyoshi Yoneda	Settlement of Disputes by Labor and Management in United States and Their Duty for Peace.
	R.L.G. Deveral	Grievance Machinery and Shop Steward System.
	Central Labor College	Guidance for the Shop Stewards.
	CIE	Duties of the Shop Stewards.
	Kanto Employers Association	Guidance on Labor Relations for the Foreman.
	Labor Ministry	Grievance Machinery.
	(Magazine)	
	Labor Review (Aug., 1948)	Table-Talk on Grievance Machinery
	Study on Labor (Romu Kenkyu) (March, 1949)	Reexamination of Foremen Problems
	Study on Labor (~~Aug.~~, 1948) Jul.,	Trade Union and the Foremen.
	Study on Labor Problems (Rodo Mondai Kenkyu) (Oct., 1948)	Reality of the grievance Machinery
(c)	Shin Takamiya	Joint management Concil Principles
	Bumpei Ota	Theory and Practice of the Joint Manhgement Council.
	Goro Mori	Joint Management Council Principle
	Toru Arizumi	Workers' Participation with Enterprise
	Law Culture (Horitsu Bunka No. 3- Vol. 1	Fundamental Idea on Joint management Council System. Problems Management Participation.

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(Magazine)

Economist (Aug., 1949) Labor Administration (Romu Gosei) (May, 1949)	Nature of Joint Management Council. Three machineries around the Joint management council.

(I) Activities of the Financial Department.

Central Labor College Labor Ministry Sambetsu	Story of Union Finance Handbook on Union Finance Financial Activities of the Union from the practical Point of view.

(Magazine) Study on Labor Problems (July, 1948)	Various Problems concerning Union Finance.

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LECTURE

(Translation)

"Japan Looks to the Future"

A lecture prepared by the Kagawa Military Government Team, Shikoku Military Government Region.

Note to Japanese lecturer:

This lecture has been carefully edited and tested before various types of audiences. It has been proved to be very effective in its present form. No change, addition, or deletion may be made without prior approval of the Information Officer of the local Military Government Team.

Requests to make any changes or deletions should be made in writing, setting forth the reasons changes are deemed necessary, and indicating the exact substitutions or omissions requested.

I

Lecture commences with showing of title chart marked in upper left hand corner #1. Lecturer speaks as follows:

"In order to enable Japan to regain her position and prestige among the family of nations, it is most important, I believe, that each and every Japanese should detach himself from the post-war confusion, and in the quiet of his own thinking consider the problems of his country's future. To do this, he must be fully aware of where and how the nation stands and what is projected for the future.

"With this in mind, I wish to explain the present economic position by showing you this series of charts entitled 'Japan Looks to the Future'.

"I well understand that the subject I am attempting is very ambitious, and that I cannot possibly cover even a small part of the topic in the time allotted to me; but I believe I can, with the help of these visual aids, touch briefly on the most important points.

"These aids were prepared with pains-taking care, and the information contained in them was compiled from the latest, best, and most accurate statistics available to the Central Japanese Government and to SCAP."

II

Change to chart marked #2 in upper left hand corner. Lecturer continues:

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"This is a graph showing the industrial curve beginning with the year 1930 and ending with the year 1948.

"The numbers 5, 6, 7, etc. across the top represent the years of Showa, and the numbers 0, 20, 40, etc. on the left reading up, stand for ratio of production.

"Now will you look at the blue line that runs horizontally across the center of the chart. You will notice that this line crosses the red line which indicates the curve of industrial production, half way between the years 1930 and 1934. In other words, this blue line represents an economic level and is the average production level from the years 1930 to 1934. This 1930 to 1934 level has received much publicity recently from the Economic Stabilization Board. It is called the 1930 - 1934 index, and on the chart it is shown as 100.

"Just what does this economic standard mean? It means that after a careful study of the requirements of Japan, Japanese and American economic experts agreed that this is the minimum level of production necessary to support the people and permit them to live as citizens of an independent nation. All agreed that we can hope for the establishment of a democratic society only when this level of production is achieved.

"In order to raise production to this level, the people of Japan must put forth their utmost effort. If they fail to achieve this level, the following things will occur:

a. A continuing spiral of inflation.

b. Disease, undernourishment, and unrest among a large proportion of the less fortunate of the people.

c. Confusion and the resultant sense of insecurity and inefficiency.

d. Increased black market and the resultant wide-spread lack of respect for law and order.

e. Increased crime rates and increased political corruption by governmental officials whose expenses continue to increase faster than their salaries.

"These are actual dangers. These are the dangers which have overtaken China and plunged her into her present situation. These are the dangers which overtook Germany after World War I and created the situation that destroyed their democracy and opened the way for a totalitarian rise to power in that country.

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"The reason for the increase from 1931 to 1941 was largely due to the government's efforts to produce in preparation for war.

"In order to accomplish the government's aim, most factories normally adapted to peaceful industries were converted to war materials production such as guns, planes, tanks, warships, etc.

"Now let us consider what was happening to our living standard during this period. Daily necessities were declining. In contrast to the red curve, our standard went in quite the opposite direction. As the chart shows, and as you all well know, clothes, shoes, and the quality and variety of our diet declined.

"Now look at the red line again. After the beginning of war with America, the curve fell year by year. This was the result of loss of raw materials and sources of supply. Submarine and air attack, confusion, and exhaustion brought the curve almost to zero by the end of the war.

"Compare the figure of the average Japanese gentleman of 1932 with the pitiful figure 12 years later. You can plainly see what happened to him. After the end of the war, and during the early part of the occupation, through the assistance and stimulation of American aid and by their own efforts, the Japanese people were able to make the curve rise gradually so that at the end of 1948 the average was a little less than 55% of the index.

"Now I want to show you more details of this production."

III

Charge to chart marked #3 in upper left hand corner. Lecturer continues:

"This is a detailed explanation of the 55% of industrial production in 1948. First of all, the horizontal red line which crosses the chart a little above the center represents again the 1930 - 1934 index.

"Now look at the colored columns from left to right.

"On the left you see a vertical red column representing industry. This reaches a point not quite 55% of the index as you saw in the previous chart. The red column represents industry in general and includes all of the items indicated to the right except the two columns on the extreme right which represent export items.

"The next columns are as follows:

Mining	100.8%
Coal (included in mining)	108.2%
Manufacturing (this includes all of the columns to the cement column)	47.7%
Textile manufacture	23 %

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Cotton yarn	23.7%
Raw silk	18.8%
Metal production (pig iron - lead, copper)	67.6%
Machinery (bicycles, trucks etc)	72.4%
Chemicals (caustic soda, sulphuric acid, etc)	71.8%
Food processing, beverages, and tobacco	54.8%
Construction materials	117.59%

"While this item is higher than the index, it will be necessary to maintain it at a high level for a long time in order to rebuild war-destroyed homes and buildings.

"Next you see cement 49.8%.

"The next two lines do not concern production but represent export. They provide good information as to where we stand.

Export cotton yarn	30.9%
Export raw silk	13.69%

"This clearly shows why there is a shortage in the clothing supply. Even though few textiles are being manufactured, much of it is being exported.

"Now let us examine the short horizontal lines with arrows on each end and the short red lines that are additional indicators on each column. The black lines with the arrows indicate the average rate for the year 1947 and the red line, the average rate for December, 1948. You see that the average for 1948 is higher in each column than the average for 1947, and the average for December 1948 is higher than the average for 1948. This means manufacturing is increasing day by day, but it is also very far below the index line.

"Now I want you to think of the 1930 - 1934 index as a paved highway, and make a mental picture of the Japanese economy as a truck which has crashed off from the pavement and is down in the ditch."

IV

Change to chart marked #4 in upper left hand corner. Lecturer continues:

"This chart shows the highway, the 1930 - 1934 index. It shows the Japanese economy as a truck in the ditch.

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"This is the situation between the years 1946 to the end of 1948 during the first years of the occupation. You can see the Japanese people working hard to remove various obstacles on one hand while on the other, they are trying to put timbers under the truck's wheels. Others are bringing more timbers and tools.

"On the left side of the chart, there is a tall man who is assisting them. His name is Uncle Sam: all over the world he is recognized as the symbol for the United States of America. He is called 'Sam-Ojisan' in Japanese which means Uncle Sam in English. He got his name from the initials U.S., so when we speak of America we often say Uncle Sam instead of the United States.

"I'll explain more about his assistance later, but for the moment, I want to say that his assistance is divided into three parts: technical advise being given to the Japanese Government by experts dispatched from America and working in G.H.Q., advise and assistance being given at local level by local military government teams, and imports from America.

"You see here the people working hard to clear away the obstacles. It seems very difficult for them. Let us examine these obstacles more closely."

V

Change to chart marked #5 in upper left hand corner. Lecturer continues:

"Here you see great hulking rocks standing in the way of the truck. You see the terrible obstacle of 'fear' and 'disunity'. In the confusion of defeat, we were torn apart and stricken with panic. Increased crime and disturbance resulted. You see the problem of rebuilding damaged factories and replacing worn out equipment. You see the problem of reconverting factories from the manufacture of munitions to peaceful industries. You see black marketing; every one knows that the black market impedes economic reconstruction.

"The black market stems from selfishness. You see 'weariness'. You see 'lack of technical knowledge': the Japanese had been producing for war for such a long time, that they had fallen behind in 'know how' when the time came for peace time production. You see 'lack of leadership'. You see 'corruption and bribery' by government officials, such as the Showa Donko scandal. This corruption and bribery developed from old customs such as 'Zoto' and 'Sharoi' and have impeded reconstruction a great deal. It is most necessary that tax money be used as effectively as possible.

"You see 'inflation', and you know its evils. It is also essential to avoid 'strikes' in order to stabilize the economy. All of you realize how strikes and lockouts destroy production.

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"You see 'loss of foreign markets', a terrible obstacle. Some of these obstacles have been removed - others still remain.

"Thus, I believe you realize that these are great obstacles, and needless to say that proper tools are necessary to remove them.

"Let's look at them."

VI

Change to chart marked #6 in the upper left hand corner. Lecturer continues:

"At the top of the chart, you see a square box. It represents the four main changes in government as embodied in the four great new documents of Japanese history: The New Constitution, the New Civil Code, the New Criminal Code, and the Local Autonomy Law. Every Japanese should study these laws, understand them, know what they mean to the future of Japan. They are the very foundation of our civilization of tomorrow.

"Let us look at the other tools from left to right. We see 'land reform', by which tenants have been released from long years of oppression by land owners. Farmers have also been given the opportunity to improve their daily life and increase production through the 'Agricultural Cooperative Law', I believe all of you realize that 'production of coal' is the foundation of all other production.

"To bring about economic recovery, there was an Economic Stabilization Board and Economic Inspection Board established in the Central Government. These agencies also are represented locally. In coordination with the local government, the local ESB is checking production, distribution, and transportation according to plans projected by the Central ESB.

"The local Economic Inspection Board' was established to make sure these plans are carried out effectively in each local area.

"The more rice collected, the more that can be distributed to laborers; furthermore, increased 'rice collection' can save the quantity of food necessary to be imported. This permits the import of greater amounts of necessary raw materials to increase other production.

"Tax is essential to permit the government to function, and labor education is essential to build intelligent functioning unions and promote a good relationship between management and labor.

"Next is aid from America. First is technical advice from authorities in G.H.Q. At the end of war, General MacArthur recruited from America and other nations many hundreds of highly educated specialists to supplement the staff of experts from the Japanese Government and work

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with them in the necessary surveys and inspections to create a substantial basis for economic and governmental recovery along the lines of a democratic nation. These experts were guided in their thinking to a large measure by the Potsdam Declaration, a line from which I now quote: "We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation.....the Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion, and of thought, as well as respect for the fundamental human rights, shall be established.

"No defeated nation, in the history of man, was ever occupied along the lines of such lofty ideals. No victor nation before has spent such great quantities of money nor hired an army of such professionally qualified personnel to aid a defeated nation. Few persons in Japan realize or know the service these experts are rendering the Japanese people, or the advances being made toward a better civilization.

"Second is Military Government guidance. Most of you know about the efforts of the local M.G. to assist, advise, and encourage the local officials in meeting the local problems. They are the eyes and ears of the G.H.Q. experts in the field. Officers and civilians of Military Government were selected because they are specialists in their particular field.

"Third is the import-export program. We'll look into it in the next chart."

VII

Change to chart marked #7 in the upper left hand corner. Lecturer continues:

"The main imports have been food, raw cotton, iron ore, gasoline, and fertilizer as shown below in the yellow side of the chart.

"More than 936,140,000 kan of food, 84,540,000 kan of raw cotton, 146,890,000 kan of iron ore, 430,000 kilolitres of gasoline have been imported.

"Regarding fertilizer, more than 133,000,000 kan of ammonium nitrate, 37,030,000 kan of potassium, and 467,000,000 kan of phosphate rock have been received. These are only some of the materials necessary for rehabilitation of the Japanese industry which have been sent since the beginning of the occupation.

"Now let us look at the main exported items: raw silk, various kinds of yarn, cloth, and coal: more than 2,540,000 kan of raw silk, 6,080,000 kan of yarn, 600,540,000 square meters of cloth, more than 1,940,000 ~~kan~~ metric tons of coal have been exported.

"On the chart, both the imports and exports represent about 75% of the total of each program from the end of the war until November 1948.

"Let us compare the quantities of the imports and exports. Suppose all of those goods were loaded on standard railroad cars. The imported goods would make four trains long enough to reach all the way from Tokyo to Shimonoseki, while a similar train made from the export items would reach from Tokyo to a point between Nagoya and Osaka. I believe you can realize how much greater imports were than exports from this example.

"You have now heard about American aid. You have heard about the high ambitions and objectives of America in connection with the occupation. Perhaps it might be well to examine the American foreign policy a bit to attempt to understand why they have made this generous gesture. Perhaps some of the questions we might ask were answered by President Truman in his inaugural address made 20 January 1949. Let me quote some of them.

'We believe that all men have the right to freedom of thought and expression.

'Since the end of hostilities, the United States has invested its substance and energy in a great constructive effort to restore peace, stability, and freedom to the world.'

"Mr. Truman went on to say:

'We will continue our programs for world economic recovery.

'We will strengthen freedom-loving nations against the dangers of aggression.'

"Next I want to show you another obstacle to the recovery of Japan. We will call this obstacle 'adverse propaganda'."

VIII

Change to chart marked #8 in the upper left hand corner. Lecturer continues:

"Here you see a puppet suspended from two hands. This puppet is repeating propaganda over and over again. He says 'Don't pay your taxes! Resist rice collection! Go on strike! Follow our leadership!

"Below the puppet, you see the Japanese people working to pull the truck from the ditch.

"Will those voices interrupt the people? Will they pay attention? If they do the truck will be delayed.

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"Of course, the things propagated are favorable to some people. But it is not favorable to our country. It is very dangerous for Japan.

"It was this sort of an idea that created the Chinese Civil War, the Berlin blockade! This sort of an idea has impeded the evacuation of 460,000 Japanese soldiers.

"Of course, there still remain defects in the method of tax collection. Furthermore, unjust officials have not yet been eliminated from among those engaged in tax and rice collection.

"But if we stop turning in our rice or paying our taxes with the intention of avenging the bad collectors, the truck will slide further down.

"Tax and rice are essential to the reconstruction of Japan. Cooperation is imperative.

"Let's cooperate as much as possible and not oppose. At the same time, let us improve the defects. The right to improve is authorized to all of us.

"We can recall the elected members of assemblies. We can take our grievances to the procurator's office, or to the police. We can write our representatives in the Diet.

"We can and should repair the evils of our systems, but we must not destroy our freedom at the same time.

"I have told you about a new obstacle in the form of adverse propaganda. Now I want to tell you about a new tool. It is the 9 point economic recovery program sent to General MacArthur on the 17th of December 1948."

IX

Change to chart marked #9 in the upper left hand corner. Lecturer continues:

"In a directive issued simultaneously in Tokyo and Washington, the United States directed General MacArthur to carry out a program to achieve fiscal, monetary, price, and wage stability in Japan as rapidly as possible.

"I will read the nine points of the program.

1. Achieving a true balance in the consolidated budget at the earliest possible date by stringent curtailing of expenditures and maximum measures as may be necessary and appropriate.

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2. Accelerating and strengthening the program of tax collection and insuring prompt, wide spread, and vigorous criminal prosecution of tax evaders.

3. Assuring that credit extension is vigorously limited to those projects contributing to economic recovery of Japan.

4. Establishing an effective program to achieve wage stability.

5. Strengthening and, if necessary, expanding the coverage of existing price control programs.

6. Improving the operation of foreign trade controls and tightening existing foreign exchange controls to the extent that such measures can appropriately be directed to the Japanese agencies.

7. Improving the effectiveness of the present allocations and rationing system, particularly to the end of maximizing exports.

8. Increasing production of all essential indigenous raw materials and manufactured products.

9. Improving efficiency of the food collection program.

"As all of you realize from the previous charts, our country has been receiving a great deal of aid from America, and we can never hope to reconstruct Japan without a continuation of this aid in the future.

"Another thing, this aid is being given by individual American taxpayers. Accordingly if the American people become disgusted with the Japanese people they will stop their aid, then what will happen?

"America is a democratic country, as you all know, so no matter how much General MacArthur wants to help Japan, he cannot betray the American people.

"If we lose American aid, our hope will be gone.

"The direct purpose of these basic points is the acceleration of the establishment of a sound economy. It is to get the truck out of the ditch and on to the highway.

"We Japanese must regard these points as the conditions offered by those who are to give to those who are to receive.

"It would be very selfish if we ask only to receive and refuse to do our best to help ourselves.

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"Before America and the world, we must show our sincerity. We must work if we are to receive benefits. We must perform in accordance with the 9 basic points.

"During 1949, every policy of G.H.Q. and the Japanese Government will point along the lines of the 9 basic points. The next chart will show us as we are today."

X

Change to chart marked #10 in the upper left hand corner. Lecturer continues:

"It may be said that we are just breaking into a new situation in our history. 1949 is a most crucial year; it is the most crucial year of our life time. The rise or failure of Japan will be decided in this year.

"Success in this year can be brought about by one more long hard pull.

"Uncle Sam is still helping us; so if we, the officials, the scholars, the plant owners, the laborers, the farmers, the fishermen, everybody, pull hard on the rope offered by the 9 basic points, and we pull together we can bring the truck to the highway.

"In December we had reached 64% of the goal.

"Deploring the present situation and being worried about Japan's future, one earnest young man wrote recently:

'At present, there are very many defects and evils, constituting at times a situation in which only the honest seem to suffer.

'Fishermen prefer to sell their products to the black market and farmers to divert their crops into illegal channels in order to obtain greater profit. Even consumers, desiring unneeded luxury, cater to illegal trade.

'Trade unions are recklessly resorting to short-sighted strikes; managers are only concerned with covetous profits and the evasion of taxes, or diverting their products into illegal channels.

'Public officials, sticking fast to the feudalistic bureaucracy, only know how to win big titles and emolument. They are ever eager to assume prestige but are ever devoid of sincerity.

'Politicians, so absorbed in political feuds, never find time to contemplate matters of state. To some of them, also, bribery is regarded as a tradition of the nation.'

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"It is true, there are social evils and inconsistancies. As a matter of fact, is it not we ourselves, being reluctant to resist ourselves who have failed to stop the black market?

"Is it not we ourselves, who have rendered our trade unions in many cases into the hands of irresponsible aspirants?

"Is it not we ourselves who have been conniving with delinquent public officials and permitting them to continue at liberty?

"Again, is it not we ourselves who elected these very public officials?

"Thus we cannot blame anyone else for these inconsistancies, nor can we ask anyone else to correct them.

"Granting that there are evils, we cannot reform an entire structure by destroying it, even if the evils are conspicuous. No poor man would destroy his house only because it leaks. If he once destroyed it, he could never afford to build another.

"Thus, it is simple, let us repair the house where it leaks.

"This does not, however, lead to the conclusion that laborers should not strike for justecause, nor persons protest against unfair imposition to taxes.

"The very point is, 'resistance for the sake of resistance' or 'destruction for destruction's sake' not only makes us stumble in our stride, but renders us to the service of evil forces designed to destroy our liberty forever.

"We are in the early part of 1949 - the year of our destiny. Work - work - work - together.

"Keep up our persistancy, adjust our defects - put the truck on the highway."

"Once we could put the truck on the highway we will be able to reach the goal. Then what and where is the goal?"

XI

Change to chart marked #11. Lecturer continues:

"Here you see the highway passing under the arch of Democracy. Beyond is the city of the 'New Japan'. It is our Japan! It is a city of great beauty - a city of liberty and justice - purity and good health. It is a city of high culture and civilization. It is a city of great promise to all freedom loving people of the world. It is an ideal of great security and peace. Let us go forward with brilliant hope!

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Digest of the

CED Report on the Problems of Small Business

The following are highlight points in the Report on the Special Problems of Small Business, just issued by the Research and Policy Committee of the Committee for Economic Development. It was released on June 12.

(1) The overwhelming importance of small business in our economy. 98 per cent of all businesses are small firms. Big business could not exist without small business and vice versa. Each is a customer of the other. Production would break down without big business and distribution would break down without small business. (Pages 9-12)

(2) Small business is the best example of free enterprise. Political democracy cannot live without economic democracy. Freedom to start a business or to discontinue one or to succeed or even to fail -- that's a healthy economy. Our 3½ million business concerns are centers of initiative. They are economic laboratories where economic ideas are constantly being put to practical test. (Pages 9-12)

(3) Small enterprise develops men. Trains them in all departments of business. Makes them well rounded executives. Develops leaders. All business enterprise, including the very largest, and local, state and national governments are continually drawing on successful business men to recruit its important executive positions. (Pages 10-12)

(4) Small business furnishes big business with its most virile competition. Forces competition in price, design, efficiency. New ideas in distribution and production usually start in small businesses. (Pages 10-12)

3

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(5) Small local businesses the mainstay of community developments, new projects, local progress. (Page 12)

(6) Small business has more flexibility. Can get going faster. Can try out new things easier. Can afford to take a chance. Can risk failure. (Page 12)

(7) On pages 12 to 18, there is a definition of what a small business is. Also an outline of the standards by which it can be measured. Managers of small business are usually its owners. Vast majority of these businesses have less than 50 employees.

(8) Small business has surprising durability. Percentage of bankruptcies are insignificant. The number of small enterprises on a population basis remains fairly constant. However, in the last two or three decades there has been a large relative decline in small manufacturing establishments and at the same time a great increase in the number of small retailing and service units. (Pages 15-20)

(9) The growth of big business has hurt intermediate size business the most. At present a disturbing trend is the tendency of big business to absorb intermediate business. This trend is deplorable where it eliminates competition in fields where competition is desirable and where small business is deprived of needed sources of supply. (Pages 20-21)

(10) On the other hand, the growth of mass production businesses, as in the case of the automobile industry, has opened up opportunities for thousands of small retailing and service businesses. (Page 20)

(11) More small businesses were started in 1946 than in any previous year -- about 650,000 is the estimate. Special conditions brought this about. It is likely that when business activity levels off there will be a high rate of discontinuances among these postwar-born enterprises. (Page 21)

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(12) The report takes the long-range view of small business and deals with its problems in a forthright and vigorous fashion. These problems are of three general types:

(a) Management

(b) Financing and taxation

(c) Competitive opportunity

(Pages 22-24)

(13) Management is the number one problem of small business. Lack of skill in running the business causes more failures and discontinuances than any single cause. At the same time more things can be done to remedy this problem or to minimize its consequences than any other problem that harasses small enterprises. It is the one problem that the small business man does not have to tolerate. Many avenues of assistance are available for the small business man to help improve his management. 101 agencies and sources are open for the enterpriser who wants help. Also the report recommends other ways that could be adopted to help small business men better their lot. (Pages 24-32)

(14) Financing and taxation is the number two problem of small business. It needs more adequate financing. It needs more long-term credit. It needs ownership funds more than borrowed funds. It needs more dependable sources of financing, especially in depressions. From the long-run standpoint the financing of small business has become progressively more difficult. Even with this problem a lot of things can be done. The report makes specific recommendations as to just what can be done. (Pages 32-46)

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(15) For instance, it is shown that it is to the selfish interest of big business that it extend even-handed credit treatment to all customers, whether they be big or small. It is stated that the indiscriminate withdrawal of credit from any sound concern during a depression is ill-advised. It is recommended that bankers prepare a manual specifying a standard of eligibility for borrowers and that prospective applicants be shown what they must do to qualify for loans. It is suggested that bankers conduct annual educational clinics to help borrowers. It is explained that the banks should do this because small businesses are the banks' best customers. Banks should offer more counselling services to the little fellow. Practical ideas are advanced for handling financing during depressions. (Pages 34-37)

(16) A particularly grievous problem is providing ownership funds for small business. Private investment, which was once a principal source of such funds, is drying up, the tax structure being the main reason. Also the tax situation has vastly reduced the practice of plowing back earnings into the business. The report recommends these other sources of ownership funds:

- That investment companies be interested in providing funds for smaller businesses, and that financial companies be organized especially for this purpose.
- That the insurance companies get into this field.
- That communities set up special funds to provide equity capital for local small business, as has been done in some places.
- That new capital banks be organized, as an extension of the present banking system.
- That direct government aid be avoided except in grave emergencies.
- That the Federal Reserve System be empowered to assist in providing small business with ownership funds.

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Address by Chester W. Hepler, Chief, Labor Division, Economic and Scientific Section, General Headquarters, Supreme Commander for the Allied Powers, delivered at Thirty-Second Session, International Labor Conference, Geneva, Switzerland, 16 June 1949.

REPORT ON THE STATUS OF LABOR IN JAPAN

It is a genuine privilege to bring to this assembly of nations a report on the status of labor in Japan.

This is a subject in which the nations of the world have evidenced great interest. This is the first time since Japan was occupied that such a report has been rendered to an international body.

Workers, employers and governments of the world have a right to know whether the Japanese nation, under the leadership and guidance of the Supreme Commander for the Allied Powers, has established and will maintain fair and decent standards which will place the Japanese worker on an approximate level with workers in other industrial nations.

On the basis of the facts presented in this report, this body is invited to draw conclusions as to the progress which has been made under the Occupation in elevating labor standards and in improving the lot of the Japanese worker.

Pre-war Japan and ILO

Most of this audience will know and many will remember that from 1922 to 1938 Japan was a member of ILO and during those years was frequently represented on the governing body. I have no personal knowledge of the situation which existed during that period, but my Japanese friends who were engaged in ILO activities then, tell an interesting story of Japan's participation in this body.

They admit that Japan's purposes, as a member nation, were not always to improve labor standards but were often directed toward diplomatic and political ends. Japan dispatched large delegations to ILO conferences for two purposes, it is said; first, to justify before other nations their relatively low labor standards on the basis of special conditions and, secondly, to provide young, intelligent Japanese with an opportunity for educational travel by assigning them as advisors or secretaries to the delegates.

During the 16-year period Japan, as a member nation, ratified 14 ILO Conventions. This affirmative action loses some of its significance, however, in the light of several important facts. First, the Conventions ratified were of minor importance compared to those Japan failed to ratify. Then, implementing steps were often ineffective and even when adequate laws

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were passed, measures were not taken to enforce the laws. And finally, the record shows many instances where the Japanese Government, after ratifying a Convention, decided that implementing steps were not required.

Of especial interest in this regard are Conventions No. 29 concerning forced or compulsory labor ratified in 1932 and No. 50, pertaining to undesirable recruiting practices, ratified in 1938. These Conventions might well have been directly aimed at Japan but the Japanese Cabinet, after ratifying the Conventions, explained that the conditions described therein did not exist in their country and, therefore, no implementing legislation was required.

Pre-war and Wartime Labor Policies and Practices

It is obvious to those who know the facts that pre-war Japan would have difficulty in squaring their ILO relationships with the policies and practices which kept their industrial workers at a bare subsistence level and enabled them to offer unfair competition to other nations in the markets of the world.

True, they had a Factory Act, a Shop Act and a Minimum Age for Industrial Employment Act. The standards provided by these laws were extremely low, and coverage was limited. For instance, the Factory Act, in general, covered only manufacturing establishments employing ten or more workers and excluded from coverage such major industries as construction and transportation as well as all commercial establishments. There was no limitation on hours of work for adult males, and an 11-hour day with only two days of rest per month was permissible for women and minors under 16 years of age. There was no provision for overtime pay for any workers. Enforcement of these laws was vested in the Welfare Ministry and was negligible. A similar situation existed with respect to the Mining Act which was administered by the Commerce and Industry Ministry.

In the field of Workmen's Compensation, Japan had an embryonic system. Workmen's Compensation insurance coverage was limited to construction and forestry industries. In manufacturing, mining and other large-scale enterprises, workers received limited and very inadequate protection from health and pension insurance.

There was a broad and vague enabling Employment Exchange Act, passed in 1938. At the beginning of the Occupation there were 450 employment exchange offices throughout Japan under the control of the national police force. During the war these exchanges were used both in recruiting for the armed services and for industrial workers. Workers were involuntarily directed to the places where, in the opinion of the officials, they could best contribute to the war effort.

Pre-war Japan did not have a law guaranteeing workers the right to organize and bargain collectively. On the contrary, a Public Peace Preservation Act was so severe and restrictive as to stultify union organization and completely handicap workers in time of strike.

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Despite these restrictions, however, there were attempts to organize a trade union movement, beginning with a "Friendly Love Society," founded in 1912. This was followed by a printers' union known as the "Faithful Friend Society." During World War I and subsequently, Japanese industry and trade union membership continued to grow. However, compared with the total number of industrial workers, the percentage of organized workers was strikingly small. The largest number of trade union members was recorded in 1936 with 420,589 workers organized, out of a total industrial work force of 18 million.

Pre-war and wartime recruiting, hiring and employment practices were abominable. Coal mines were partially staffed by bankrupt farm workers, foreign labor and other depressed groups driven by economic necessity to this hazardous and grueling labor. During the war, Chinese, Korean, Formosan and prisoner-of-war labor was used on a virtual slave basis.

In the textile industry the traditional pattern was for agents and companies to recruit young daughters of farmers through their parents who received advance loans from the employers in exchange for the girls' services. The young workers were then kept in bondage until the loans were fully satisfied.

Large segments of the Japanese labor force were under the control of labor contractors, commonly known as "labor bosses." The "bosses" contracted for the services of workers under their control, assumed responsibility for their welfare, controlled most aspects of their lives and retained a large percentage of their wages.

At the outbreak of war all labor legislation was suspended and the workers lost even the meager protection enjoyed to that time. The numerically weak but free trade unions were amalgamated into two government-sponsored labor control organizations, the Patriotic Industrial Association and the Patriotic Labor Association. Militant trade union leaders who opposed the abolition of free trade unions were imprisoned and many of them were not released until after the war.

The Trade Union Movement

Thus, as the Occupation began, there was virgin soil for the seeds of a constructive labor program, and no time was lost in planting the seeds. Instructions from the Supreme Commander to the then Japanese Prime Minister Baron Shidehara on 11 October 1945, provided for:

> "The encouragement of the unionization of labor . . . that it may be clothed with such dignity as will permit it an influential voice in safeguarding the working man from exploitation and abuse and raising his living standard to a higher level . . ."

This action by the Supreme Commander preceded by more than one year the issuance of a policy statement by the Far Eastern Commission titled

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"Principles for Japanese Trade Unions." This statement furnished 16 specific principles designed to place Japanese unions on a par with other free nations of the world.

On 21 December 1945, when a Trade Union Law was passed, Japanese labor received for the first time in history a charter for trade union organization and the right to bargain collectively. Less than a year later, on 13 October 1946, a Labor Relations Adjustment Law was enacted. This law set up machinery for conciliation, mediation and arbitration of labor disputes, consisting of a tripartite Central Labor Relations Committee and 46 tripartite prefectural Labor Relations Committees. These Committees also have quasi-judicial functions in cases involving discriminatory discharge and other unfair labor practices. Both laws were amended by action of the Japanese Diet in May of this year to clarify obscure provisions and to revise sections of the laws which experience had proved to be unworkable.

The postwar organization of Japanese trade unions progressed at a truly remarkable rate. In October 1945, at the time the Supreme Commander issued his instructions to the Japanese Prime Minister, there were five unions in Japan with a total of 5,500 members.

From 1,479 unions with a membership slightly under 800,000 in January 1946, trade union organization progressed at an astounding rate with marked increases each succeeding month, with the result that as of March this year there were 6,910,000 workers organized into 36,500 trade unions. This latest figure represents 38% of the industrial work force of Japan. It is further significant that women, the pre-war completely suppressed labor group, now have as union members 1½ million workers.

It does not necessarily follow that a numerically strong trade union movement results in sound, healthy, responsible organizations. It has required many years for trade unions in other countries to develop to the point where they skillfully represent the best interests of the workers and at the same time safeguard the rights of the general public. The weight of Japanese tradition, confusion and disillusionment of the Japanese people as a result of the collapse of their empire and the intellectual fetters of an age-old feudalism have made the process of education slow and difficult.

Among the problems which have been faced during the 3½ years since the trade union movement was reborn in Japan are a failure of rank-and-file unionists to fully participate in the affairs of their organizations and a tendency blindly to follow leaders often more interested in their own selfish advancement than in the welfare of the workers; and secondly, a greatly exaggerated feeling of futility on the part of employers, arising from their changed status, which has caused them to relinquish to the unions many essential managerial functions under pressure from aggressive and assertive trade union leaders.

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A program of education has been carried forward by the Japanese Labor Ministry to enable both management and the trade unions to acquire knowledge that will enable them to wipe out the labor abuses of the past and at the same time to behave capably and responsibly in order that the whole society may benefit from their activities. This program is bearing fruit. The Japanese trade union movement is a healthy child, rapidly growing to maturity, and its present shortcomings can be overcome by time and the exercise of patience.

Labor Legislation

By the end of the third Occupation year, Japan had fully effectuated a system of modern labor legislation consisting of ten laws meeting standards set by the International Labor Organization. These laws provide for minimum labor standards, trade union organization, machinery for mediation, conciliation and arbitration of labor disputes, unemployment compensation, workmen's compensation, a new and improved nationwide network of employment exchanges, the elimination of involuntary recruiting and hiring practices, and the abolishment of the vicious labor boss system. New governmental bureaus and agencies were established to enforce the labor laws and to impose legal penalties on those who violate them. The staffs of these agencies were trained not only in their duties and responsibilities under the law but also in a new concept, namely, that government agencies are the servants and not the masters of the people.

Labor Ministry

In order to more effectively administer this labor legislation and to protect the rights of workers, the Labor Ministry, the first in Japan, was established 1½ years ago. The Ministry consists of five bureaus. The Labor Policy Bureau functions in the fields of labor relations and education and administers the Trade Union Law and the Labor Relations Adjustment Law. The Labor Standards Bureau, as the name implies, is responsible for the administration of minimum labor standards legislation, including workmen's compensation insurance. The Women's and Minors' Bureau is responsible for interpreting provisions of the Labor Standards Law relating to women and minors and conducts research and educational programs with respect to these two hitherto neglected groups in Japan's labor force. The Employment Security Bureau, which operates the public employment exchanges and administers the Unemployment Insurance Law, also enforces the law with respect to recruiting and hiring of workers and the provisions aimed at eliminating "labor bosses." And, finally, the Ministry has the first Japanese Bureau of Labor Statistics and Research which now compiles and publishes vital data no necessary in planning and operating programs in the field of labor.

An interesting and significant feature of the new Labor Ministry is found in the fact that for the first time in Japanese governmental history, women have been appointed to senior posts in several of the Bureaus.

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Labor Standards

The Labor Standards Law, an omnibus act comprising some 130 articles, goes far beyond any previous Japanese legislation. The Law covers almost all workers in Japan except government administrative employees who are covered by the National Public Service Law and seamen who are covered by the Mariners Law. Some of the key provisions in the Law are designed to eliminate abuses rooted deep in the Japanese feudal system. These provisions deal with the elimination of involuntary servitude, personal liberty in factory dormitories and labor contracts which deprive workers of freedom to leave their jobs or which permit parents to sign away the freedom of their children. Also included are provisions to eliminate sweat-shop labor by establishing standards for hours of work, rest periods, vacations with pay, safety and sanitation and apprenticeship, and to provide special protection for the employment of women and minor workers. It should be noted that, in general, standards are consistent with the present status of the Japanese economy and in certain aspects, Japanese workers do not as yet enjoy the level of working conditions prevailing in more prosperous nations.

The Law authorizes direct control by the central government of regional, prefectural and local labor standards inspection offices to insure uniform administration of the Law. Under this authority 46 prefectural labor standards administrative offices and 336 local inspection offices have been established. Approximately 2,000 inspectors, including 55 women inspectors, work out of these offices to insure that employers are aware of and comply with their legal responsibilities. Extensive educational programs to inform employers and workers of the provisions of the Law have been held throughout the nation. These programs included lecture meetings and publicity through radio, newspapers, pamphlets and posters. From February 1948 through January 1949, 217,630 inspections were made in establishments employing approximately 9 million workers. At the present time inspections average more than 25,000 per month and cover approximately one million workers.

The inspection program has resulted in correcting conditions which were in violation of the Law in thousands of establishments throughout the nation. The violations included those relating to hours of work, rest days, vacations, overtime payments, failure to pay wages in full by a definite date, child labor and safety and sanitation. Most of the violations were voluntarily corrected by the employers, but approximately 400 cases have been referred to legal authorities for prosecution of the offenders and have resulted in a number of fines and some prison sentences.

Most encouraging has been the response of the workers to the Labor Standards Law. The inspection offices are constantly being advised by trade unions of employers who do not maintain standards prescribed by the Law. Trade unions have vociferously opposed suggestions that the Law be revised to relax the standards. When the Japanese Cabinet recently proposed a personnel cut, the unions were ready to protest an unreasonable reduction in labor standards inspector personnel on the grounds that their interests

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would be jeopardized if there were not sufficient inspectors to fully enforce the Law. After centuries of control and repression, it is no small gain when workers not only become familiar with laws set up for their protection but without fear also demand the rights guaranteed them by the laws.

The struggle to achieve decent working conditions for Japanese labor has resulted in magnificent accomplishment. However, in this field, as in other labor matters, much remains to be done. While strides have been made in effecting compliance with the Law, particularly in large establishments, many small and medium-sized employers are known to be evading its provisions. Lack of materials and finances have made it difficult for many employers to improve safety and sanitation conditions in their plants. Difficulties have been encountered in enforcing standards on behalf of industrial homeworkers, and Japan has yet to initiate a dynamic apprenticeship program.

Each succeeding month new goals are reached in making the Labor Standards Law effective. The Japanese people are increasingly "labor standard conscious." The past 3½ years have seen an improvement in working conditions in Japan which no one familiar with the pre-war standards would have believed it possible to achieve.

Wages

With respect to wages, the Labor Standards Law provides for the establishment of tripartite wage boards to make recommendations for a minimum wage, but the relatively unstable economic condition of postwar Japan and the complexity of the Japanese wage structure have combined to prevent action in this field. As the stabilization of the economy is gradually realized, the Japanese Government plans to establish the boards and to proceed with setting a minimum wage.

The present complicated wage structure consists of a base wage and numerous allowances, such as family allowances, area allowances, attendance allowances, efficiency allowances, cost-of-living allowances, marriage, birth and death allowances and many others too numerous to mention. In most instances the base wage represents less than one-half the total wage paid, the balance consisting of special allowances.

This wage structure resulted from the rigid wage controls instituted in Japan during the war period. In order to circumvent these controls, employers granted special allowances, and this pattern still constitutes the Japanese wage structure. In the case of government employees, the structure was simplified in July 1946 and now consists, of only three major components, namely, base wage, dependent or family allowance and an area allowance to equalize earnings between rural and urban areas where a cost-of-living differential exists.

Due to the wartime change in wage structure and the inadequacy of

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reliable pre-war data, it is practically impossible to compare wages now being paid with those received by workers before the war.

Everyone realizes that wages are not as high as they should be in order to provide all the workers with a decent standard of living. They are adequate to furnish subsistence which at this stage is probably as much as can be expected in a nation which squandered its resources by waging an unsuccessful war, and there has been constant improvement during the 3½-year post-war period. In this connection, it is significant to note that from the surrender to January 1949, the daily wage of male laborers in manufacturing industries increased 65 times while consumer prices rose approximately 22½ times.

Workmen's Compensation Insurance

Closely connected with the Labor Standards Law is the post-war Workmen's Compensation Insurance Law which provides monetary benefits in case of industrial accident or occupational disease for all workers in construction and forestry industries and for all employed in manufacturing, mining and transportation where the establishment employs five or more workers. There are now 200,000 employers and six million workers covered by the Law. The system provides full medical care plus 60% of wages during disability for a maximum period of three years. In case of death the survivors receive a cash payment approximating three years' wages.

This law is being centrally administered through 336 local offices throughout Japan. At the outset, large sums in premiums were lost through understatements by employers and unfair claims by workers, and for a time the financial soundness of the system was in jeopardy. Trained supervisors and auditors are now tightening up the lax financial controls, the administration has improved, premium collections are on an approximately current basis, and the system is secure.

Unemployment Insurance

Near the end of 1947, the Japanese Diet passed an unemployment insurance law and thus for the first time in the history of the nation, society assumed responsibility for the hazard of unemployment. Previously the burden was divided between employer and worker on the basis of feudal custom with the worker assuming a heavy share.

The law was amended this year to extend coverage to large groups of casual workers. As it now stands, nearly all workers engaged by employers with five or more employees are covered by the law.

The cost of insurance is shared by employers, employees and the government. Administration is by the Labor Ministry and benefits are paid through the local public employment exchanges. Benefits are paid for a maximum period of six months and on the basis of 60% of total wages.

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The most difficult administrative problem has been the collection of premiums. There is steady improvement in collections as employers and workers become familiar with the law and as the Labor Ministry increases its effectiveness in enforcing the provisions. Claims for benefits have been light, reflecting a low level of unemployment and a continuation of Japanese paternalistic protections which are often preferred by the worker to benefits guaranteed by the law.

In this, as in other fields, the concepts are taking hold, the new is slowly replacing the old, and more and more workers each month are bridging the gap between unemployment and new employment through unemployment insurance benefits.

Employment Exchanges

Manpower is the most substantial resource in Japan. National programs directed toward the efficient utilization of this vast resource with full and adequate respect for the human dignity of the individuals who comprise that resource has been considered a corner stone of Occupation policy. Here, as in other fields, legislation to implement a manpower program was based on the Conventions and Recommendations of the International Labor Organization.

One of the early steps toward meeting the employment objectives was to take the Japanese police out of the employment exchange business. Today there are 415 free public employment offices in Japan, administered by the Labor Ministry, which locate jobs for approximately 150,000 workers each month—jobs which they are free to accept or reject as they see fit.

The Employment Security Law, passed by the Japanese Diet in November 1947 and amended in June 1948 and again in May of this year, defines the responsibilities of the government in the employment field. Most important of these responsibilities are: (1) to provide a system of free and voluntary public employment exchanges designed to give prompt and effective service to employers seeking workers and workers seeking jobs; (2) to provide national supervision and control of private recruiting, labor contracting and private employment exchanges; (3) to offer vocational guidance, vocational training and special selective placement service to school graduates, handicapped and any other workers who might need such service; (4) to supply national government subsidy and supervision to prefectures for vocational training activities based upon the needs of the labor market; and (5) to collect and disseminate labor market information and to use this information to adjust the demand and supply of labor throughout the nation.

It must be stated that many of the concepts in the Law were foreign and strange to the traditional cultural patterns of the country—foreign and strange not only to the public which would use the employment exchange offices but also to the government officials who were responsible for administering the programs through these offices. The idea of clean and

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orderly premises which would enable the officials to handle job applicants expeditiously and with regard for the applicants' comfort was new to Japan. The concept of inviting workers to consider job openings rather than directing them to employment openings was new and strange, as was the concept that a worker should be fitted into a job that suited his capabilities rather than directed to one which best served the employer's immediate need.

For the first time in the history of Japan a complete manual of instructions properly codified and covering all important segments of the manpower program was developed and made available to Employment Security officials. This step, along with a program of national supervision and intensive staff training, has combined to improve the operations of the public employment exchanges throughout Japan. The task is far from complete, but progress has been rapid in this field and it is safe to say that if it continues at the present rate, Japan will, within the next five years, be able to boast of an employment exchange system and a manpower program that will compare favorably with any in the world.

Elimination of Labor Bosses

At the beginning of the Occupation of Japan approximately 2½ million workers out of an industrial labor force of 14 million were under the control of "labor bosses," an employment arrangement generally referred to throughout Asia as the "coolie system."

In principle, the death knell of this vicious form of exploitation was rung with the adoption of the new Japanese Constitution which specifically asserted the right of every citizen to choose and change employment at will. The Labor Standards Law contains a provision prohibiting intermediate exploitation, and in November 1947, the Diet further implemented the Constitutional provision by passages in the Employment Security Law which banned the operation of labor under contract by any person, organization or agency, governmental or private.

The "labor bosses" who stand to gain so much from the perpetuation of the system are not giving up without a struggle but the Labor Ministry, which has responsibility for enforcement of the Law, has attacked the problem with vigor. The system is not only unfair and inhumane to workers but archaic and inefficient in the modern industrial world. In Japan it is doomed to an early end.

By March of this year 800,000 of the estimated 2½ million workers had been freed from the control of the "bosses," with additional releases continuing at the rate of 40,000 workers per month.

The Elimination of Involuntary Recruiting and Hiring Practices

Great strides have also been made in freeing young girls and boys residing in rural areas from the pre-war practice of involuntary servitude

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which existed principally in the textile industry. Recruitment practices are now under regulation of the Labor Ministry, and an ever increasing proportion of the textile workers are being supplied through the public employment exchanges.

It is strictly illegal for an employer to make an advance loan to parents in exchange for the services of a daughter or son. Dormitory restrictions have been modified so that the workers may now come and go as free and independent individuals rather than being subject to virtual prison regulations during their off-work hours. Most important, the young people in textile factories may now resign and return to their homes if they are not satisfied with working conditions or for any personal reason. They are also free to join a trade union which may bargain collectively with the employer for wages and working conditions favorable to the workers.

Protection of Women and Minors

At the end of the war outstanding Japanese women realized that the traditional lowly status of Japanese women made it essential that there be an agency in the Japanese Government which would devote its entire attention and energies to elevating the social, economic and legal status of women, and prevent the exploitation of children. Out of this realization the Women's and Minors' Bureau of the Labor Ministry was born.

This Bureau has responsibility for the establishment, revision and interpretation of the Labor Standards Law provisions relating to women and minors and for advising the Labor Standards Bureau on enforcement of these provisions. The Bureau is also responsible for liaison and coordination of programs with other Japanese agencies to promote the advancement of all women and to safeguard the health and welfare of children.

This Bureau has accomplished much in the field of its activities. By its devoted service to the cause of women and children, the Bureau has gained the respect and support of Japanese women in all walks of life. This was amply demonstrated by the manner in which they recently rallied to the support of the Bureau when its existence was threatened by administrative reorganization.

The most depressed segment of the Japanese work force now has a champion, and the women and children of the nation are on the way to achieving a status more nearly comparable to that of male adult workers. For Japan, this is indeed a notable development.

Special Measures on Behalf of Seamen

A revised Seamen's Law, raising protective legislation for seamen at least as high as standards prescribed by ILO in 1936, was passed by the Diet in March 1947. In addition, a Seamen's Employment Exchange Law, modernizing employment exchanges for seamen, was passed by the Diet in June 1948. There is also a Seamen's Insurance Law, a comprehensive measure

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providing protection against occupational and non-occupational diseases and accidents, unemployment, death, old age and disability.

An effective administrative program is being developed to back up the legislation and during the eight-month period ending February 1949, nearly 9,000 inspections were made and thousands of standards violations were corrected. The seamen are very strongly organized and the union is constantly vigilant to protect the interests of the workers.

The Future

The workers of Japan now have a favorable body of laws and the administrative machinery to make these laws effective.

However, it should be noted that there are forces and influences both within and outside Japan which, for their own selfish purposes, would hamper and obstruct the continued development of a sound labor program by weakening the standards and taking away labor's post-war gains.

These forces will not prevail as long as the Occupation continues. General MacArthur's broadminded and liberal labor policies will be maintained, but we cannot be so rash as to predict the course Japan may take when her right to complete self-determination has been restored.

The most encouraging tendencies in Japan today are found in the numerous democratic and representative organizations which have replaced the old institutions expressive of feudalism, militarism and aggression. Among these new organizations none, in our opinion, is more virile or holds more promise for the future than the Japanese trade union movement. This movement can and may furnish the impetus for a strong public urge to make secure for all time the revolutionary labor reforms accomplished during the past 3½ years.

We report progress and achievement in the past, an increasingly healthy current situation, and hope for the years to come. Strong foundations have been laid, a sturdy framework erected, and we are optimistic that the Japanese people will continue to build both wisely and well.

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Chief Labor Relations Sect.

April 15, 1949

Analysis of Labor Economy in the Postwar Japan

Prepared by

the Statistics and Research Bureau,

Ministry of Labor.

Japanese Division Sect.,
GHQ SCAP.

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confusion and inflation in the post-war period added to the difficulty in balancing the household budgets of workers.

Rapid rise in nominal wages served only to foster the blackmarket economy and the improvement of real wages was not easy. In such social and economic environment it might have been unavoidable that the post-war labour movement, which had developed with an unprecedented speed as a hope of the democratic Japan, laid too much stress on struggle rather than making a constructive cooperation.

In these circumstances the productivity of labour declined sharply. This, together with the existence of surplus population in agricultural villages which have absorbed the people in the drastically reduced commerce, manufacturing and mining industries, serves as an ominous sympton of a large scale unemployment in the future.

(3) After the first two worst years in the post-war period, we saw in 1948 a turning point.

It is a sign of economic stabilization evidenced by the improvement in food condition, noticeable recovery of distribution order and increase in mining and manufacturing productions.

Consumers' prices have greatly reduced their rising momentum, real wages improved and household budgets begun restoring their balance.

(4) The three principles of enterprise in November and the economic nine objectives in December 1948 are designed at this propitious moment to realize economic stabilization at one stroke through the setting up of a single exchange rate. The realization of the above policy which is based on the balance of budgets and self-support of enterprises cannot be attained without the voluntary efforts of our people as is set forth in the General Mac-

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Preface

1. In this report the analysis is made on the actual state of labor economy in the post war Japan both in comparison with that in pre-war times and in its various stages in the post war period for the purpose of indicating somehow the general trend thereof to be followed in commensuration with the basix requirement of making Japan's economy self-supporting along the lines of the Nine Economic Points.

2. In making the above comparison with the pre-war times, 1935 is made the base year because the conditions prevailing in that year are considered comparatively normal.

2. In making the above comparison with the pre-war times, 1935 is made the base year because the conditions prevailing in that year are considered comparatively normal.

3. It is noted that labor economy is a new field of study developed in the post war period, and that the collection of basix statistical data therefor nothing to say of the theoretical systematization is not yet sufficient.

In preparing this report efforts were concentrated mostly on the collection of basix statistical data and the summarized study thereby on each division of labor economy, and almost no clarification could be made on the correlation with the national economy and the relationships among various divisions of labor economy. However, further study will be made in this connection and in due time a separate report will be made.

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The Analysis on Labor Economy in the Post War Japan

1. Summary

1. Comparison with labor economy in pre-war times.

A. Labor economy was dragtically changed in its entire field as compared with that in pre-war times.

This is mainly due to the change of Japan's economic structure after the war, promotion of various democratization policies in labor field by the Occupation, etc. and the main feature of labor economy in post-war Japan is summarized in the following general trends.

(1) Remarkable development of labor movement.

(2) Extensive improvement of working conditions.

(3) Low standard of living for laborers.

B. The remarkable development of labor movement is shown in the extraordinary expansion of labor union movement, the extensive and large-scale labor disputes, etc.

More concertely, the union membership at the end of 1948 was 6,700,000 persons, the rate of membership against the total labor force of 12 million persons being over 50% while the number of workers participating in labor disputes during 1948 was 5,720,000 persons, 85% of the total number of organized workers.

C. The improvement of working conditions is shown in the reduction of working hours, americlation of working conditions for women and youth, etc.

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As regards working hours, the pre-war average of 9.8 hours was reduced by approximately 520% to 7.8 hours in 1948 and the working conditions for women and youth were improved by the prohibition of mid-night works, grant of menstrual holidays, etc. and their earned income was also improved in comparison with that of male adult workers.

The present workers' standard of living, in spite of the fact that it was raised considerable after the war by the improvement of working conditions stated above, is still considerable low as compared with that in pre-war times. That is to say, the real wages and the real living expenses at the end of 1948 (November) are respectively 47% and 42% as compared with those in pre-war times. Fundamentally this is due to the delayed recovery of our national economy after the war. More directly this is due to the high rate of employment as compared with the recovery of production. This is clearly shown by the fact that the employment in industrial procuction is increased up to 133% of the base year while the recovery of industrial production is no more than 60% of the base year with the result that labor productivity is decreased to approximately 45% of the base year.

Table 1. Labor Economy Indices (pre-war Base)

	1935	1948 (November)
Production	100	60
Employment	100	133
Labor Productivity	100	45
Working Hours	100	80
Real Wages	100	47
Real Living Expenses	100	42
Number of Union Members	100	1,634
Number of Participants in Labor Disputes	100	3,354

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Note:

(1) Industrial production index (1933-35 base). prepared by ESB is used for production.

(2) As for employment a series of indices of the pre-war base was prepared with the number of workers (exclusive of gas, electricity and water-works) shown in the Factory Statistics. (The Ministry of Commerce and Industry) Another series of indices in the post war period was formulated with the number of industrial workers shown in the Monthly Labor Survey. These two series of indices were connected in the October-December period, 1947 (1933-1935 base).

(3) The labor productivity index was formulated by the said indices for production and employment (1933-35 base).

(4) The index for working hours was made by the real working hours per month per capita shown in the Monthly La-bor Survey.

(5) The real wage index was prepared by dividing the cash wage (per month per capita) index with the Consumers' Price Index.

(6) The index for real living expenses was made by dividing the index for living expenses of 5 person family in Tokyo with the Consumers' Price Index in Tokyo.

(7) The index for the number of union members was prepared by comparing the number thereof at the end of 1935 with that at the end of November, 1948.

(8) The index for the number of participants in labor disputes was made by comparing the number thereof in 1935 with that in 1948.

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2. Trend in Labor Economy after the War.

$. The development of labor movement and the improvement of working conditions were promoted through the following process in the past two years.

(1) The union membership increased at a very quick time after the war continued to increase but it hit the peak around June, 1948 and after that the rate of increase thereof is somewhat in stagnation.

(2) The scale of labor disputes developed very actively immediately after the war was enlarged year by year. However, various extremities in demands and means prevailing immediately after the war was also gradually rectified.

(3) The working hours gradually reduced after the war was stablized by the enforcement of the Labor Standard Law for the moment and any extension thereof was not required even for the remarkable expansion of production in 1948.

E. More concretely, the union membership increased by more than 30% in two years but the rate of increase thereof was only 2% in the second half year of 1948.

The percentage of the number of participants in labor disputes as against the total organized labor was increased from 70% in 1947 to 85% in 1948.

While this shows the expansion of scale of disputes, the fact that slow-downs increased gradually while production-controls decreased show a gradual change of the nature of disputes.

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As for working hours, a substantial reduction thereof was brought about after the war by such factors as the decrease of operational rates of factories, development of labor unions, bad housing, transportation and food conditions, etc.

It is estimated that in the year of 1946 the working hours were reduced approximately by 60 minites and by 30 minutes respectively for male workers and female workers and by the time when the Labor Standard Law was put into force the average real working hours were reduced approximately down to 8 hours. Since then the working hours are stabilized approximately at the above level as they are placed under legal regulation in consequence of the enforcement of the Labor Standard Law.

F. The workers' standard of living was substantially improved in two years although even the improved standard is still by far lower than that in pre-war times.

(1) The real wages were raised considerably year by year and especially in and after the second half year of 1948 they were increased substantially in commensuration with a remarkable improvement in labor productivity.

(2) Some improvement of the living standard followed the above, but it was relatively insignificant as the increased wages were mostly used to cover the deficits in family budgets.

G. The real wages increased in the past two years approximately by 87% in commensuration with 86% increase in labor productivity in the same period. Such increase as this in labor productivity was brought about mainly by a remarkable expansion, of production and a comparative stagnation in employment. The workers' living

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standard was raised by no more than 48%. This is comparatively small as indicated above.

The aforementioned is the summarized outline of " labor economy in operation" in the past two years.

Table 2.

Labor Economy Indices (Post war Base, Jan. Mar. 1947 - 100)

(Continued to next page)

	Production	Employment	Labor Prouductivity	Working Hours	Real Wages	Real Living Expenses
Jan., 1947	91	100	91	--	102	103
Mar. "	114	100	114	100	101	104
Jun. "	119	102	117	100	104	101
Sept. "	124	101	123	96	114	105
Dec. "	135	100	135	98	146	156
Mar., 1948	148	99	149	98	122	131
Jun. "	164	102	161	98	150	134
Sept. "	193	104	186	96	167	137
Nov. "	193	104	186	96	187	148

Note:

(1) The production index made by ESB is adjusted in accordance with the change of the base period.

(2) The employment index is made with the number of industrial workers shown in the Monthly Labor Survey.

(3) The productivity index is made by dividing the production index with the employment index.

(4) The working hour index is made with the real working hours per capita calculated by the Monthly Labor Survey.

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(Continued from previous page)

Number of Participants in Labor Disputes	Union Members.
138	97
13	103
5	106
81	115
132	124
177	125
34	129
2 3	131
87	132

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(5) The index for real wages is made by dividing the index for the total monthly wages per capita with the Consumers' Price Index.

(6) The index for real living expenses is made by dividing the index for living expenses of a five person family in Tokyo with the Consumers' Price Index in Tokyo.

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1. Labor Productivity

(A) Labor Productivity in Post War Period

(1) The Labor Productivity (monthly output per worker) in mining and manufacturing was recovered approximately up to 40% -50% of that in the pre-war times by the end of 1948. This recovery tempo was very quick at first in mining. For instance, in the case of the coal mining, the labor productivity was recovered up to 31% of that in pre-war times as early as January 1947 when the labor productivity in manufacturing was no more than 22% of that in pre-war times, Since then the tempo of increase of labor productivity in the coal mining was somewhat slowed down while that in manufacturing continued to be improved with the result that the latter exceeded the former very recently.

Table 3.

Labor Productivity (Pre-War Base, 1933-1935 - 100)

	Manufacturing	Mining (Coal)
Jan., 1947	22	31
Jun.,	29	29
Dec.,	33	36
Jan., 1948	40	32
Dec.,	50	39

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Note:

(1) The index shows the monthly output per worker.

(2) Reference is made to the note for the Table No. 1 with regard to manufacturing.

(3) The indices for coal mining are based on the data of the Japan Coal Association.

2 . Although immediately after the war the recovery of labor productivity was conspicuous in light manufacturing industries such as foodstuff processing, lumbering and wood manufacturing, spinning and weaving, etc. that in heavy (machinery) and chemical industries made a gradual upward progress and in 1948 it became the highest. This tendency is exactly commensurate with the gradual shift of importance from the production of consumers' goods to heavy and chemical industries in the post war period.

Table 4.

Labor Productivity (Monthly Output Per Worker) by Industry (1933-1935= 100)

	Manufacturing	Metal	Machinery	Chemical	Ceramics & quarrying	Spinning & weaving	Lumbering & wood Manufacturing	Foodstuff processing
Jan. 1947	22	15	19	18	15	29	22	31
Jun.	29	17	28	25	20	34	29	31
Dec.	33	18	46	24	25	24	26	40

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Jun., 1948	40	24	54	31	24	33	35	28
Dec.	50	35	63	33	33	43	35	50

Note: Ref. note for the Table No.1.

(3) The discrepancy between employment and prodection is most noteworthy in the process of recovery of labor productivity. While the total employment in manufacturing is increased only by 4% by the end of 1948 as against that in the January March period, 1947 the production is increased more than twice (~~80%~~ 204) in the same period, As shown above, there exists a conspicuous discrepancy between employment and production. However, it is noteworthy that the improvement of labor productivity in manufacturing after the war is not of an intrinsic one based on the improvement of equipments or technique but a mere product produced in the process of gradual normalization of Japan's economy in the post war period.

(4) The unbalance among various production factors such as labor force, raw materials, fuel and power, etc. was gradua-lly rectified by the improved fuel and power conditions, increased importation of raw materials, increase of by-products brought about by general production increase, etc. The improvement of labor productivity in the post-war period is nothing but the result of the above tendency

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In the case of the coal mining industry, the discrepancy between employment and production is not so conspicuous as in the case of the manufacturing as the number of workers are gradually increasing as the production increases. Generally speaking, however, the same thing can be said with regard to coal mining.

(B) Causes for Law Labor Productivity

(5) The main reasons why the recovery of labor productivity after the war is in stagnation are (a) the reduction of working hours, (b) the shortage of raw materials, fuels and power, (c) the discouraged will to work, etc.

(6) The working hours and the working days are respectively reduced to approximately 80% and 90% of those in pre-war times. Thus the total working hours per month are reduced to approximately 75%, and it is expected that this reduction will be perpetuated under the Labor Standard Law. In terms of the output per one hour per worker to show labor productivity not affcted by the reduction of working hours as stated above, the index for manufacturing in general is recovered to more than 65% in the pre-war base by the end of 1948. Especially the index for maghinery is recovered up to 70%-80% while the index for other industries and mining is recovered to 40% - 50%.

Table 5. The Index for Output per One Hour per Worker

	Manufacturing Metal	Machinery	Chemical	Ceramics & quarrying	Spinning & Weaving	Lumbering & Manufacturing	Food stuff Processing	Mining (Coal)
Jan,,1947	32	20	29	24	19	48	34	47	40
Jun..	36	21	36	33	24	41	34	40	39
Dec.,	45	25	61	33	32	32	34	65	46
Jun., 1948	50	31	70	42	31	43	49	41	42
Dec.,	66	45	84	46	42	55	48	70	51

Note: The indices for monthly output are adjusted with the real working days and hours based on the Monthly labor Survey.

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(7) As stated above the output per one hour per worker is recovered to more than 65% of that in pre-war times. The reasons why it is still low as much as 35% as compared with that in pre-war times are, in the management field, (a) the deterioration of equipments, (b) the maintenance of surplus employment for the maintenance of equipments and the future expansion thereof, (c) the shortage of raw materials, fuels and power, etc., and, in the labor field, (a) the discouraged will to work, (b) various difficulties in daily life including transportation, (c) lowered skilfulness, etc.

(8) In manufacturing in 1947 the reason (c) stated above was most serious with the reason (b) coming next in the field of management and the reason (a) was not comparatively so serious. In the field of labor there were the reasons (a), (b) and (c) as stated above in the order of seriousness.

(9) From the beginning of 1948 various factors in the field of management such as the shortage of raw materials, fuels and power, maintenance of equipments, expansion of production in future, etc. are favourably affected by the increased importation of raw materials, etc. At the same time factors in the field of labor were gradually improved by the improved food situation, increased real wages, increased number of settled workers.

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etc. Thus it is surmised that at the end of 1949 the comparative importance of labor factors as against management factors is considera-bly increased.

Table 6. Causes for Low Labor Productivity

Agencies	Date of Investigation	Management Factors Sub-Total	A	B	C	Labor Factors Sub-Total	A	B	C	Others
National Economy Research Association	Jan.-Feb. 1947	56%	-%	-%	-%	34%	1%	7%	26%	10%
Labor Section, General affairs Bureau, M.C.I.	Aug-Dec. 1947	58	9	23	26	42	12	17	13	-
Labor Bureau, E.S.B.	Jun.-Aug. 1948	51	5	42	4	43	19	11	13	6

Note: (1) Management factors;

A-Deteriolation of equipments

B-Raw Materials

C-Maintenance of equipments, expansion of production

Labor factors;

A-Lowered will to work

B-Difficulties in daily life inducting transportation

C-Lowered skillfulness

(2) The chemical industry was investigated by the National Economy Researdh Association.

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(3) The metal, machinery, chemical, textile and foodstuff processing industries were investigated by M.C.I.

(4) The machinery industry was investigated by E.S.B.

(5) In "others" is included the rate of attendance, etc. in the case of the investigation made by the National Economy Research Association and union meeting etc. in the case of the investigation made by E.S.B.

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(10) In the case of the coal mining industry the dilapidated pits, deteriorated drills, coal cars and drainers, etc. are indicated as management factors. However, in the case of the coal mining industry, not like in manufacturing, greater causes for low labor productivity are found in the field of labor; i.e., (a) the reversed ratio of undergorund workers against surface workers (74;26 in 1936 and 53: 47 in 1948) (b) increase of unskilled labor (unskilled labor under 2 full years' experience is increased from 15% in 1930 to approximately 60% in 1947) (c) decrease of standard labor (the standard labor between 30-40 years of age is decreased from 31% in 1930 to 24% in 1947).

At the present time when food and housing conditions in coal mining industry are being improved with various priority measures in comparison with other industries and such management factors as pits and equipments dilapidated during the war are gradually improved by the allocation of materials in priority, the improvement of labor productivity in coal mining industry is dependent greatly on the improvement of labor factors. This is all the more true if we consider the basix characteristics of coal mining industry.

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(c) Limit of Improvement of Labor Productivity.

(11) As regards prospect for the improvement of labor productivity, a substantial improvement thereof over and above the existing level will be prossible even with the existing equipments and at the current technical level only if both management and labor factors continue to be improved in future. In order to make this possible, the enforcement of a concentrative production system and repair of deteriorated equipments with the accumulation of capital are required in the field of management and particularly more attention is required to be called to the improvement of labor factors because the increase of labor productivity is considered to be more dependent on it presently. For the improvement of labor factors is required in turn the improvement of working efficiency through the raise of real wages, improvement of working conditions corresponding to the increase of labor productivity.

(12) Even if labor producitivity is thus recovered in future, the fact that the working hours and days are reduced to approximately 75% will become a substantial deterring factor under the present conditions of equipments, Therefore, working efficiency is required to be improved hereafter to cover this gap.

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However, it is absolutely necessary to acquire new equipments and to adva nce technical level if labor productivity is to be improved up to or over and above the pre-war level. In this sense the accumulation of capital is strongly called for. But if the improvement of workers' living and working conditions were disregarded by putting too much improtance on the above, the increase of labor productivity through the improvement of labor factors as stated above would become impossible.

Therefore, it will be more advisable for the moment to advance labor productitity through the improvement of workers' living and working conditions and ~~to~~ try to intensify the accumulation of capital in the mean time.

2. Employment and unemployment.

A. Changes in production age population

(1) The production age population (total male and female population over 15 years and under 59 years of age) which is basix constituent of labor force has rapidly been increased in the post-war period. As compared with the pre-war period (1935), it was increased by 4% in 1940, 8% in 1946 and 16% in 1947. Such increase is caused mainly by repatriation and demobilization and lowering in the death rate of the production age population.

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The rate of increase of female production age population is relatively higher than that of male, which tendency has culminated in 1945. The two rates have tended to be equalized after the war due to demobilization, etc.

The lowering in the death rate of the production age population is caused by the lowering in the death rate of tuberculosis. The rate of increase of the production age population is considerable higher than that of the total population, which fact, together with relative increase of female production age population, is of significance for the future labor force situation.

Table 7. Changes in Production Age Population

Year	Population	Production age population
1935	100.0%	100.0
1940	103.6	104.4
1944	108.6	104.7
1945	104.0	102.1
1946	105.5	107.6
1947	113.5	116.9

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Note: 1. Over 15 and under 59 years of age.

2. The Na-tional Census for 1935, 1940 and 1947, the Population Census for 1944, 1945 and 1946.

3. As to the Population Census, the ages in the Japanese system are converted into the western system.

Table 8. Sex Structure of Production Age Population

Year	Male	Female
1935	50.7%	49.3
1940	50.2	49.8
1944	45.8	54.2
1945	45.2	45.8
1946	46.5	53.8
1947	48.4	51.6

Ref. Note for the Table.

(2) The employment rate of production age population has been lowering while the production age population itself has been increasing. The pre-war (1930) rate of 81% rose to 85% in 1940, but the rate went down to 75% in 1947. The employment rate has since been on the increase but in very meagre degree.

As to changes by various branches of production, the industrial employment had been increased while the agricultural and trade employment decreased from 1930 to 1944, reflecting the progress of the war economy, and the potential agricultural unemployment had disappeared during this period.

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After the end of the war, however, employment structure has greatly been changed, the industrial employment decreased and the agricultural and trade employment increased. The agricultural employment, in particular, has greatly been increased, surpassing the pre-war level, which fact is of significance for future unemployment problems.

Table 9. Employment Structure

	1930	1940	1947
Agriculture & fishery	50%	44	53
Manufacturing branches	21	27	24
Basic materials branch	10	19	17
Consumption goods branch	11	8	7
Trade, finance, etc.	26	25	18
Transportation & communication	3	4	5

Note: 1. The National Census.

2. Manufacturing includes mining, manufacturing, gas, electric and water works.
Basic materials branch includes mining, gas, electric and water works as well as metal refining and basix, machinery, and tool mfg. chemicals, etc. in manufacturing.
Consumption goods branch includes textiles, food processing, etc. in manufacturing.

(3) Characteristic tendencies of the changes in post-war employment are as follows:

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a. While the production age population is increasing, the employment rate thereof is lowering.

b. More than half of the post-war employment is in agriculture.

c. Unpaid family workers occupy a considerably large percentage in the total employment (~~3.8%~~ 38.9), especially in a griculture (85.7% of the total unpaid family workers in 1947.).

These phenomena show that the post-war employment which involves various unsound elements has barely managed to maintain its balance, being supported by special characteristics of the Japanese economy.

B. Changes in employment

(4) The employment (changes in the employed labor force population) has shown remarkable changes in the pre-war and post-war periods. The employed labor force population excluding unpaid family workers has been decreased from 14,510,000 in 1940 to 12,140,000 in 1947, the two years for which over-all data are available, or by 16%. More than half of this decrease is in the manufacturing. The trade and service employment has also been decressed. Major increase was seen in agriculture and fishery, followed by construction and Government and organization. Such changes generally conform to the changes in the entire employment structure.

(5) The decrease, however, is only 1.4% if the unpaid family workers are included in employment. Which

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means that the post-war employment is maintained by the large scale increase of family workers in agriculture.

(6) As to the relative changes in male and female employments (including unpaid family workers), male employment has been decreased by 3.2% while female employment increased by 0.9%. As to changes in various branches of production, employment has been decreased in manufacturing (textiles), service (household works) and trade while increased in agriculture and forestry, construction, gas, electric and water works, mining, finance and Government and organization. As to the branches in which employment has been increased, the rate of increase of new employment excluding unpaid family workers is high except for agriculture.

The aforementioned phenomena show that female employment has been relatively increased as compared with the prewar period: (1) female employment tends to increase in relation to male employment, and (2) female employment has been increased in such modern branches of industry as mining, heavy and chemical industry, gas, electric and water works, transportation, etc., except for large scale reduction in textiles.

Table 10. Changes in Employment (including unpaid family workers) by Branches of Production in Indices, 1940 Being 100.

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	Total		Male		Female	
	1930	1947	1930	1947	1920	1947
Mining	49.2	105.5	47.3	100.7	64.3	143.3
Manufacturing	69.7	76.2	66.0	75.6	79.4	77.7
Heavy, chemical industry	34.2	66.6	36.2	63.0	21.0	90.5
Light industry	119.1	89.4	137.2	105.5	100.6	72.9
(Textiles)	116.9	60.9	131.2	61.7	110.2	60.5
Gas, electric & water works	79.1	124.4	82.2	119.2	37.1	196.0
Transportation	63.6	103.7	68.4	102.0	24.9	117.8
Trade	86.7	58.2	104.0	54.1	56.5	67.4
Total	71.7	78.2	72.6	78.0	68.9	78.5
All industries	86.4	98.6	87.8	96.8	84.8	100.9

Note:

1. National Census.
2. Employed plus family workers in the National Census. "Employed" includes "officers of companies and organizations" and the like as defined in the 1947 National Census.
3. Manufacturing is divided into heavy chemical industry (metal refining & basic, machinery and tool manufacturing, chemicals and ceramics & masonery) and light industry (other manufacturing), textile being a part of light industry; trade includes finance.

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Table 11. Employment Index for 1947 by Branches of Production, 1940 Being 100

	Total	Male	Female
Mining	104.7	100.1	141.6
Manufacturing	74.2	73.4	76.6
Heavy, chemical industry	60.1	57.6	77.5
Light industry	96.7	115.3	76.2
(Textiles)	59.5	60.4	59.1
Gas, electric & water works	124.4	119.2	196.2
Transportation	103.5	101.7	119.2
Trade	59.4	51.6	96.5
Total	178.8	77.1	85.2
All industries	83.7	86.4	76.2

Note: Employed only, provided that "officers of companie and orga-nization" are included.

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Table 12 Ratio of Employed and Family Workers by Branches of Production

	1940		1947	
	Employed	Family worker	Employed	Family Worker
Agriculture & Fishery	7.3	92.7	7.4	92.6
Mining	99.5	0.5	98.8	1.2
Manufa-cturing	91.4	8.6	89.1	10.9
Transportation	97.8	2.2	97.6	2.4
Trade	63.6	36.4	64.1	35.9
Total	48.4	51.6	39.1	60.9
All industries	57.0	43.0	48.3	51.7

Note: Same as above.

C. "Watered" employment

(7) One of the remarkable situations in the post-war employment is the unbalance between production and employment. The production activities have become much lower as compared with the pre-war period, but the post-war employment in mining and manufacturing industries has nevertheless maintained levels higher than the pre-war level. Balance has not yet fully restored in spite of the gradual recovery of production activities. This is the problem of socalled "watered" employment.

(8) The post-war emoloyment, however, is not in fact as excessive as it is said to be. The high level of post-war employment is due to the following circumstances: namely, (1) shortening of working hours, (2) deterioration of production equipment which require more human force, (3) retention of employees for the purpose of maintenance and expansion

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of equipment, (4) qualitative deterioration of raw materials, fuels and power, and (5) lowering of will to work. Employment has not thus been decreased in spite of lowering of operation rate.

The reduction of real wages and improvement of nominal management capacity of enterprises resulting from the progress of inflation have rendered such retention of employment possible.

Such tendency is all the more appreciated in view of substantial increase in employment in the metal refining & basic, ceramics, chemicals and textiles industries.

(9) Potential unemployment has, however, gradually come to be actualized in the course of 1948 in mining and manufacturing industries in general as the production has come to relatively excessive, inflation slowed down and the distribution order normalized. This is because the Japanese economy has come out of the abnormal post-war situation, the principles of price economy come to be restored and the increase of nominal management capacity of enterprises come to be ceased. The employment relationship has come to bear entirely different nature and problems from those in the early post-war period.

D. Changes in unemployed labor force.

(10) Unemployment has greatly been increased in the immediate post-war period due to cessation and suspension of mining and manufacturing activities plus large scale repatriation and demobilzation. According to the National Registration, unemployment in

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1945 is estimated to have been 2,500,000, of which unemployment with employment experience constitute the major part. Actual unemployment has subsequently come to be decreased due to recovery of production activities and increase in the agricultural and trade employment on account of the progress of inflation. Potential unemployment has, however, come to be much increased, According to the 1947 National Census, actual unemployment was estimated to be 670,000 and potential employment 3,970,000. W hich shows that the decrease in unemployment was caused by the increase in potential unemployment, rendering the employment unsound.

(11) The employment situation has come to be deteriorated in the course of 1948 in spite of the production increase in mining and manufacturing industries. Both unemployment and partial employment have been increased.

The reasons therefore are (1) actualization of unemployment in trade due to the slowing down of inflation and restoration of distribution order, (2) retardation of agricultural boom due to the strengthening of the collection system and improvement in the food situation and the resultant actualization of excessive labor in agriculture, and (3) development of enterprise readjustment due to relative over-production in some industries and stringent financial situation.

(12) Degradation of labor market, development of enterprise readjustment and increase in the numbers of unemployed in unemployment insurance show the recent tendency of increase of unemployment in concrete terms.

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Degradation in labor market is seen in the decrease in the number of openings and placements handled by the Public Employment Security Offices. The numbers have come to be decreased since June-July 1948.

Table 13 Changes in Openings and Placements (1945: 100)

	Opening	Placement
Average 1946	100.0	100.0
Average 1947	93.1	91.7
Jan. 1948	149.8	61.4
Feb. "	166.6	61.8
Mar. "	190.3	97.7
Apr. "	186.1	107.8
May "	168.1	87.0
June "	151.3	78.8
July "	143.1	88.8
Aug. "	126.9	68.9
Sept. "	129.6	73.4
Oct. "	122.9	64.2
Nov. "	121.3	58.2

Note: Quick Report on Activities of the Public Employment Security Offices.

According to the report on the progress of enterprise readjustment made by the Regional Economic Stabilization Bureau, the numbers of closure of enterprises and factories in the 6 large cities during 1948 were 158, which largely occurred in the machinery and tool

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manufacturing, chemicals and metal refining and basix industries, and the numbers of fired employees were 18,000, the ratio of firing to the employment being 36%.

Table 14 Closure and Readjustment of Enterprises by Branches of Production (1948)

	Number of plants			Number of fired			Ratio of firing	
	Closrue	Readjustment	Total	Clousure	Readjustment	Total	Readjustment %	Average %
Machinery & tool mfg.	24	45	69	7,768	5,311	13,079	37.1	59.2
Metal refining & Basic	5	11	16	169	1,155	1,324	21.5	23.9
Rapair service	--	2	2	--	961	961	77.0	77.0
Construction	4	5	9	178	470	648	30.6	37.8
Mining	3	2	5	147	393	540		
Chemicals	6	15	21	139	354	493	9.6	12.9
Others	19	17	36	809	837	1,646	375.3	469.1
Total	61	97	158	9,210	9,481	18,691	22.2	36.0

Note: Investiga-tioh conducted by the Ecnomic Board.
Stabilization

The numbers of separation notices filed, first compensible claims as well as the weeks of compensible claims in unemployment insurance have been increased progressively.

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Table 15 Changes in Unemployment as seen from Unemployment Insurance

	Saparation notices filed	First compensible claims	Total compensible Claims
Aug. 1948	100.0	100.0	100.0
Sept.	124.4	126.3	141.2
Oct.	119.8	133.4	186.9
Nov.	120.6	141.9	223.8
Dec.	145.1	169.7	264.9

Note: Investigation conducted by the Employment Security Bureau, labor Ministry.

E. Scale of post-war unemployment.

(13) According to the 1947 National Census, unemployment is 1.9% and partial employment 11.5% of the total labor force of 34,550,000. The ratio by industries of partial employment is 44.5% for agricultural and fishery, 28.5% for gas. electric and water work and construction, and 26.9% for trade, finance and others. The ratio of partial employment to employment is 13.6%, which is considerably high.

(14) As compared with the unemployment in the pre-war depression period, the unemployment rate in 1930 was 1.1% as compared with 1.9% in 1947. In the light of the reduction in the scale of economy, increase in potential unemployment, lowering of the standard of living, etc., the scale and nature of the current unemployment is deemed to be inviting serious crisis.

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Table 16 Unemployment in 1930 and 1947

	1930	1947
Total labor force	29,619, 640 (100.0%)	34,552,798 (100.0%)
Employment	29.299,827 (98.9%)	33,881,018 (98.1%)
Unemployment	319,813 (1.1%)	671.780 (1.9%)
Unemployed with employment experience	319,813 (1.1%)	564,803 (1.6%)

Note: National Census.

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3. Wage living standard of wage-earners

A. Trend of wage

(1) The general trand of wage is that the real wage in November, 1948 was only 47% of the pre-war (1935), level whereas the Nominal wage rose from 32 times in 1947 to 90 times in 1948 of the pre-war level.

Note: The above figures are computed at the consumers' effective prices and on the basis of pre-war living standard. When eomputed at consumers' effective prices and on the basis of the post-war living standard, the real wage has risen to 80% of the pre-war level.

Table 17. Trend of post war standard real wage compared with the pre-war.

	Norminal wage	Norminal wage index	Real wage index		Consumers' effective price	
			A	B	A	B
	¥					
1935 Average	47.06	100	100	100	100	100
1947 "	2,153.00	4,575	24	58	18,865	7,893
1948 "	4,574,00	9.664	38	67	25,148	14,346
1947 July	1,624.00	3,451	19	89	18.055	7,113
Oct.	2,077.00	4.414	24	57	18,715	7,767
1948 Ja n.	2,639,00	5.608	27	55	21,196	10.267
Apr.	3.361.00	7.142	31	59	22.892	12.033
Julv.	4.418.00	9.388	36	60	26.440	15.635
Oct.	6,003.00	12,756	47	79	27,049	16.210
Dec.	8.280.00	17.596	59	94	28.624	18.824

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Note:

(1) Nominal wage indicates monthly average wage in manufacturing workers based on the Monthly Labour Surbey and total payment excluding pay in kind.

(2) Consumer effective prices A are based on the pre-war weight of consumer goods and effective consumer price B is based on the post-war weight of consumer goods.

(3) The 1947 average is the average for July-December.

(2) When the real wage is taken, the wage level has been rising only very slowly after the war, but it continued to improve in a relatively satisfactory manner in the past two years. The rise has been remarkably accelerated in 1948. It has risen by 87% during the past two years. The wage level has drastically been raised.

(3) The remarkable rise of real wage last year is due to a relatively slow rise of effective consumers prices compared with a sharp rise of nominal wage.

The rise of nominal wage in its turn, resulted from increase of labour productivity due to the improvement of raw materials.

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and power situation and from increased profits of enterprises enabled by the raise of official prices in June and July.

Unsound wage payment widely practived with recourse to deficit financing and subsidies by the Government, and internal capital has been slowed down as a result of the standstill of black-market prices due to production increase of consumer goods, strengthening of control over black-market, increased rationing of clothings, decline in purchasing power of farmers and non-wage-earners. This has sharply raised the real wage.

Note:

Computation based on data prepared by the National Income Research Group, ESB, the percentage of the earned income in the National income was 26.9% in 1946, 32.1% in 1947 and 36.1% in 1948, showing gradual increase. The percentage is still low compared with 41%, the pre-war average (1930-34).

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(4) On the other hand, the annual rate of wage rise has been slowed down; i.e. 314% in 1946, 209% in 1947 and 185% in 1948. It is noted that this tendency is being further accentuated by the general trend towards contraction of credit and rationalization of enterprises.

Table 18. Trend of rate of nominal wage rise

period	Rate of rise (%)
Jan. 1946-Jan. 1947	314
Jan. 1947-Jan., 1948	209
Jan. 1948-Jan. 1949	185
Mar., 1948	7.4
Apr., "	15.6
May, "	2.1
June, "	16.8
July, "	10.3
Aug., "	13.1
Sept., "	9.7
Oct., "	9.5
Nov., "	5.7
Dec., "	30.5

Note:

(1) The above figures are computed on the basis of average monthly cash wages of industrial labourers given in the Monthly Labour Survey.

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(2) "Regular payment" are used for Jan. 1948-Jan. 1947 and "total payments" for the other periods.

B. Wage-disparity

(5) Next we turn to wage disparity (difference between the average wages in various industries).

Analysis of the pre-war and post-war wage disparity reveals that wage-disparity industry is taken as a whole, whereas a remarkable change is taking place in the wage-disparity among industries.

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(6) Wage Disparity in industry as a whole.

Difference between the highest and lowest wages in categories of industry before the war was 31% but rose to 44% in July, 1947. It was rapidly reduced in the latter half of 1948 and fell to 22%, i.e. 30% reduction compared with the pre-war.

Temporary widening of wage-disparity in the immediate post-war period was due to one-sided rise of wages in mining industry. The following 4 dimination is due to curbing of wage-rise in the same industry through the execution of credit restriction policy by the Government.

(7) Inter-industrial wage-disparity.

The wage in mining industry which was the lowest before the war has become the highest. A whole-sale change has taken place in the ranking of wage scale of gas, electric, water-works, transportation and manufacturing industries.

This is a result of post-war change of inductrial structure, government subsidization of basic industries under priority system etc.

Table 19. Trend of inter-industrial wage disparity.

	Manufacturing manufacturing	Gas, electric, water-works.	Mining & quarries	Transport-ation
Average 1935	100	131	89	101
Jul. 1947	100	137	144	126
Jul. 1948	100	117	145	129
Nov. 1948	100	117	122	113

Note: The above figures are indices computed on the basis of daily total payments per worker taken from Monthly Labour Statistics Bulletin.

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(8) If we take manufacturing alone, margin between the highest and lowest wages has been reduced by 30% as compared with the pre-war as a result of wabe-rise in high-eage industries having been brought to standsill.

Little change, however, is noticed in the ranking of various industries. Metal industry and machinery manufacturing which were at the top before the war still retain their position.

It is clear that, in manufacturing industry, the pre-war pattern of wage-disparity is kept unchanged.

Table 20 Trend of wage-disperity in manufacturing.

	Mfg.	Metal Industry	Machine Mfg.	Chemical Industry.	Ceramics, Earthen & Stone Ind.	Textile.
1935 Average	100	162	131	96	91	41
Jul.1947	100	129	114	96	112	45
Jul.1948	100	126	111	104	111	53
Nov.1948	100	128	114	106	115	42

	Lumbering, Wooden Products Mfg.	Foodstuff Mfg.	Printing, Book-binding.	Other Ind.
1935	73	83	97	85
Jul.1947	87	111	119	75
Jul.1948	76	101	107	69
Nov.1948	65	97	105	66

Note: The above indices are computed on the basis of daily total payments taken from Monthly Labour Statistics Bulletin.

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(9) Wage-disparity between male and female workers is 16% smaller after the war (1948) than before the war (1935) in Grand total of all industries. This is fundamentally due to the fact that the post-war wage has acquired the nature of sub-sistence wage while the principle of equal pay for male and female workers under the Labour Standards Law has is partly responsible for it. This indicates the relative improvement of wage-level of female labourers after the war.

(10) A study of inter-sexual wage-disparity by industry shows that it has been reduced by 28% in transportation, gas, electric, water works, 15% in manufacturing and only 2% in mining and quarries.

Within manufacturing, this tendency of diminishing inter-sexual wage-disparity is marked in metal industry, foodstuff manufacturing, machine manufacturing and printing, book-binding and not so visible in ceramics, textile and chemical industries.

(11) A tendency of deminishing inter-sexual wage disparity depends on the nature of labour in which male and female labourers engage in each industry. The fact that this tendency is more conspicuours in industries with highly organized labour unions indicate the rise of status of women.

Analysis by age-group shows that improvement is greatest in 20-40 age groups. This indicates the effect of subsistence wage system including age allowance etc.

Table 21. Trend of inter-sexual wage disparity.

	Manufacturing.	Gas, electric, Water-works.	Transportation.	Mining & quarries.	Average of grand total
1936	67	56	51	57	57
1948	57	46	37	56	49
Rate of diminution.	14.9%	17.6%	27.5%	1.8%	16.1%

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Note: (1) Figures for 1936 are taken from labour Statistics, Cabinet Statistics Bureau and those for 1948 from Monthly Labour Statistics Bulletin.

(2) The above figurea are arrived at by dividing the wage disparity between sexse by wage of male labourers. The rate of diminution is arrived at by dividing difference between 1936 and 1948 by 1936 figures.

(12). Inter-regional wage-disparity.

The wage of male labourers in 7 major prefectures (Tokyo, Osaka, Kyoto, Kanagawa, Hyogo, Aichi and Fukuoka) for 1947 was 9% higher than the national average. Regional analysis reveals that it is 12% higher than that in Chugoku, Shikoku and Kyushu and 24% higher than that in Hokkaido and Tohoku. This is due to concentration of relatively modern large scale industries in the 7 major prefectures and, secondly, to higher effective consumer prices in these areas. This tendency continued in 1948 but diminution of areal disparity, though slight, is noticed compared with 1949.

Table 22. Later-regional wage-disparity.

	7 major pref.		Chugoku, Shikoku, Kyushu.		Kanto, Chubu, Kinki.		Hokkaido, Tohoku.		All Japan Average	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1947	100.0	100.0	88.4	73.2	78.0	74.2	73.6	68.5	90.8	82.4
1948	100.0	100.0	89.2	77.8	75.5	78.0	75.4	71.8	91.1	85.7

Note: The above figures are computed on the basis of the annual average of average daily total payments taken from Monthly Labour Statistics Bulletin.

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C. Change of wage structure.

(13) The most characteristic post-war trend of form of wage is that, compared with the pre-war, efficiency wage based on work quota has decreased while subsistence wage under time-wage system has become general after the war.

This is needless to say due to the demand of work-people for guarantee of minimum subsistence in order to resist the lowering of their living standard resulting from inflation.

(14) Along with a charge in the farm of wage, the wage structure has undergone manifold charges i.e. (1) decrease of basic allowance, (2) diminution of over-time pay, piece-wages, wage based on work quota, premiums etc. and (3) general adoption of family allowance, price allowance, transportation allowance etc.

(15) According to a survey by Labour Ministry, the largest in the wage structure of grand total is basic allowance occupying 38.5% and subsistence allowances such as price allowance occupy 77% of the total. The percentage of premiums is relatively high.

Among industries, gas, electric works show the highest percentage of subsistence pay (86%), followed by manufacturing with 75%. On the other hand, in mining and quarries, efficiency pay occupies relatively high percentage, 32% of the total indicating the special nature of the industry after the war.