DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

GHQ/SCAP Records (RG 331, National Archives and Records Service)

Description of contents

(1) Box no. 3008

(2) Folder title/number: (7)
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(3) Date: Nov. 1947 - Apr. 1951

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Chugoku

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DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

DATE	SUBJECT	ISSUING HEADQUARTERS & INDORSEMENTS
5 Nov 1947	City - Planning	CMGT
25 Feb. 49	Japanese Economic Recovery	CMGT
14 Oct. 49	Summary of the 8th Chugoku Regional Economic Recovery Committee Meeting	
11 Nov. 49	Petition for Reduction of Car Lot Rate of Anthracite.	CLCO
26 Nov. 49	Summary Report on Transportation Coordination Committee.	CLCO
2 Dec. 49	Minutes	CLCO
2 Dec. 49	Report on Economic Rehabilitation Committee Conference	CLCO
7 Dec. 49	Summary Report on Economic Rehabilitation Conference.	CLCO
23 Jan. 50	Minutes of the Conference-Chugoku Regional Economics Recovery Commission	CLCO
15 Feb. 50	Report on Monthly Conference of Chugoku Regional Economic Recovery Committee	CLCO
15 Mar. 50	Report on 12th Chugoku Regional Economic Recovery Committee Conference	CLCO
14 April 50	Regional Economic Recovery Committee Meeting	CLCO
22 May 1950	Report on the 14th Meeting of Chugoku Economic Recovery Committee	CLCO
9 June 1950	Regional Economic Recovery Committee	CLCO
22 June 1950	Report on the 15th Chugoku Economic Recovery Committee Conference	CLCO
24 August 50	The 17th Conference of Chugoku Regional Economic Recovery Committee	CLCO
15 Sept. 50	The 18th Chugoku Regional Economic Recovery Committee.	CLCO
11 Aug. 50	Field Trip Report - To attend the 17th Chugoku Regional Recovery Committee	CCAR - Basic
2 Aug. 50	The 16th Meeting of Chugoku Regional Economic Recovery Committee	C.L.C.O.
14 Oct. 50	Field Trip Report Economic Coordination Conference	CCAR
16 Oct. 50	Field Trip Report - To attend the Regional Economic Recovery Committee.	CCAR
24 Oct. 50	The 19th Session of Chugoku Regional Economic Recovery Committee	CLCO
24 Oct. 50	The 20th Meeting of Chugoku Regional Economic Recovery Committee	CLCO
11 Dec. 50	To attend the 21st Conference of Chugoku Regional Economic Recovery Committees.	CCAR - Basic

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

DATE	SUBJECT	ISSUING HEADQUARTERS & INDORSEMENT
24 July 50	Petition for Measures on Securities Market	C.L.C.O. - Basic
24 Oct. 50	The 19th Session of Chugoku Regional Economic Recovery Committee	C.L.C.O. * Basic
22 Dec. 50	The 21st Session of Chugoku Regional Economic Recovery Committee	C.L.C.O. - Basic
28 Feb. 51	The 23rd Session of Chugoku Regional Economic Recovery Committee	C,L.C.O. - Basic
23 March 51	The 24th Session of Chugoku Regional Economic Recovery Committee	C.L.C.O. - Basic
28 Feb. 51	Report on Gubernat orial Conference	C.L.C.O. - Basic
26 April 51	The 25th Session of Chugoku Regional Recovery Committee	C.L.C.O. - Basic

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS NO.

ECONOMICS
CHIEF
D.&I.
N.R.
LABOR
FILE ✓

CHUGOKU LIAISON AND COORDINATION OFFICE
KURE, HONSHU

CHL No. 42 (TK) 26 April 1951

SUBJECT: The 25th Session of Chugoku Regional Economic Recovery Committee.

TO : Chief, Chugoku Civil Affairs Region
(Attn: Chief, Economics Section)

Enclosed herein submitted for your information is a report on the subject committee which was held on April 13 at Hiroshima Regional Economic Bureau with the special attendance of Mr. Tokuno, Chief of the Natural Resources Division, CCAR.

Osamu Itagaki
OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above.

MANUFACTURES AND INDUSTRY
FILE I-42

DATE RECEIVED APR 28 1951 ECON FILE LOG NO 607

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Summary Minutes of the 25th Session of
Chugoku Regional Economic Recovery Committee

1. Drain of Forestry resources

Before entering the agenda of conference, Mr. Tokuno, Chief of the Natural Resources Div., CCAR, introduced himself and suggested that drain of forestry resources, which is becoming an acute problem not only in Chugoku Region but this country as a whole, be taken up and discussed in this session. To this suggestion, following opinions were expressed by Chuhai, Chamber of Commerce & Industry and IT & I Bureau respectively. However, the problem, is too closely connected with various industrial fields to work out an early and conclusive counter-measure, so, further discussion was dropped. Mr. Tokuno expressed the desire that the counter-measure be set up as soon as possible.

a. Chuhai's opinion

In view of securing power generation, it is necessary to exhort reforestation and forestry protection. At present in Chugoku Region, thermal generation is primary and hydrolic generation is secondary. New five year plan aims at making hydrolic generation primary.

b. Opinion of Chugoku Federation of Chambers of Commerce & Industry

In view of wood shortage, import of lumber for construction should be expedited. He introduced the fact that a resolution was adopted by Apr. 7's meeting of Japan Federation of Commerce and Industry Chambers which requested the government to allow duty free import of American lumber for construction purpose.

c. Hiroshima IT & I Bureau opinion

Saving of firewood whose consumption accounts about half part of wood production of our country is essentially necessary, especially, maintenance of red pine resources is requested for the sake of ensuring pulp resources. The saving of firewood will be accomplished through more use of gas and electricity. When Mr. Tokuno inquired how the attendants feel about the purchase of pulp woods by the pulp makers, some of the business representative stated it would have little effect since the use for pulp accounts only 6% of the total wood consumption.

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2. Power demand & supply in Chugoku Region

Following statement was made by a rep. of PUC Secureteriat, Hiroshima Br. on subject above.

a. Densan Strike

Operation strike at Kaminose & Ube power generating plants on April 3 and Sanban, Saka and Onoda generating plants on April 6 and resultant relay of suspension of power supply in some part of the region respectively, has produced little effect on power consumers. However, the strike carried out on April 9 at Saka, Ube & Onoda plants has made some restriction to impose over big consumers though the general public felt no adverse effect at all.

b. Power demand & supply for the month of April

In spite of the series of strikes mentioned above the situation can be rated "fairly well" as per attached appendix "A".

3. Railway Transportation under the jurisdiction of Hiroshima Railway Control Bureau (Statement made by a rep. of Hiroshima Railway Control Bureau)

a. Transportation for the month of March

The total volume handled reached 501,257 tons as against the planned tonnage of 498,800 tons and operational efficiency proved 57.5%, which is almost the mixiumum limit to be reached, with 1,050 freight-cars operated as against 1,825 freight-cars available.

Looking into the transportation by type of merchandise, good results have been attained for staple foods, lumber, coal and steel haulage with the actual transit in excess of the program, while haulage has failed to reach the goal in the commodities of salt, tobacco leaf and chemicals whose transportation ratios against programs were 56%, 55% & 62% respectively.

b. Transportation for JFY 1950

The total tonnage of 5,041,344 tons has been hauled as against the program of 5,016,900 tons for the Japanese fiscal year of 1950.

This is the all time high in haulage in the Hiroshima Bureau jurisdiction.

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Transportation ratio by month after May based on that of last April (base: 100) is shown as follows:

April	100
May	104
June	90
July	90
August	100
September	95
October	111
November	113
December	127
January	122
February	118
March	130

c. Construction of freight-cars

In spite of scheduled construction of 2,600 rolling stocks for 1951 FY, much will not be expected to dispose of the actual freight congestion thereby, due to the anticipated discard of 2,000 freight cars for the same fiscal year. Therefore, a plan to construct private freight cars by consigners was submitted to the Hqs. of the National Railway for consideration as a measure to cope with the present haulage situation.

d. Connection with increased cutting of woods

Mr. Tokuno initiated the discussion about this matter. Hiroshima N.R. Bureau officer reported that formerly, mine woods used to be the major item of wood hauled. However, since last October, pulp woods are on the increase. He is not informed of the volume to be handled, but is requested by the business to strengthen the transportation for woods.

e. Possibility of release of OF. cars.

Concerning availability of cars, Mr. Yokoyama of Chamber of Commerce and Industry, complained that N.R. bureau did not make full use of all cars on hand, instead, the bureau keeps a certain number of cars in reserve for occupation forces. The bureau official answered that the bureau wants more cars released by OF if possible.

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4. Demand and Supply in Materials for Chemical-Textile Industry
(Statement made by a rep. of Hiroshima IT & I Bureau)

Chemical fibre industry such as rayon, staple fibre and synthetic fibre tends to increase production capacity with increasing demand at home and abroad, and its yearly progress program made by the Self-Support Economics Council is shown as follows:

Chemical fibre production for FY '50 and
Production plan for & after FY '51

Unit: 1,000 lb.

Year	Whole country			Chugoku Region		
	rayon	Staple fbr.	total	rayon	Staple fbr.	total
'50	103,222	149,678	252,900	31,024	59,792	90,816
'51	125,000	225,000	350,000	37,500	87,000	114,500
'52	135,000	245,000	380,000	40,500	94,500	135,000
'53	145,000	275,000	420,000	50,800	115,000	165,800

Remarks: Figures on production program after 1951 in Chugoku Region were computed based upon ratio of production in Chugoku as against the whole country for 1950.

However, it is a problem to secure raw materials required for the progress of production capacity of this industry, which totally depends on whether or not to be able to aquire quantities mentioned below, and stocks of major raw materials in Chugoku Region, are scanty at present as shown in the ensuing list.

Demand & Supply program of essential raw materials
required for Chemical fibre industry

Unit: 1,000 ton

raw material	Year	Quant. of supply			Quant. required for chemical-fibre prod.	
		import	domestic prod.	total	whole country	Chugoku Region
rayon pulp	'51	60	115	175	175	62
	'52	60	130	190	190	67
	'53	60	150	210	210	74
caustic soda	'51	-	250	250	145	51
	'52	-	270	270	156	55
	'53	-	290	290	171	60
sulphuric acid	'51	-	3,755	3,750	320	112
	'52	-	4,025	4,025	345	119
	'53	-	4,240	4,240	380	148
carbon bisulphide	'51	-	76	76	67	23.5

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Stock condition of raw materials for chemical fibre production in Chugoku Region for the month of February, 1951.

Unit: ton

Material	stock beginning of month	Quant. Rec'vd for the month	consumption for the month	stock end of month
rayon pulp	1,998	5,811	5,743	2,066
caustic soda	5,684	4,291	4,290	5,685
sulphuric acid	2,419	8,930	9,481	1,868
carbon bisulphide	601	1,783	1,815	569

It is presumed that the shortage of raw materials, which could be attributed to the anticipated high price of these materials after removal of price control and also to unsmoothness in maritime transportation, will show a favorable turn hereafter. It is added also that removal of price control on these materials put in effect on April 1 caused drastic high prices for these materials, while manufactured synthetic fibers are in a tendency to decrease in price by the effect of fall in price of raw cotton and cotton fabrics.

5. Petition for Continued Car Lot Rate of Yamaguchi Anthracite Coal.

Subject petition whose submittal to the authorities concerned was decided on the last session (reference: CHL No. 31 dated 23 March 1951) was approved by the National Railway Headquarters on March 31, though difficulty had been anticipated in getting approval because the N.R. authorities had been observed reluctant to grant the approval in view of the projected raise of freight rates.

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THE ACTUAL AND PROSPECT SUPPLY AND DEMAND OF ELECTRIC POWER IN CHUGOKU REGION IN MAR. AND APR. 1951 AND 1950

DATE: APR 11th 1951

HEROSHIMA BRANCH OFFICE OF PUBLIC UTILITY COMMISSION BUREAU

APPENDIX "A"

	1951				1950			
	MAR (ACTUAL)		APR (PROSPECT)		MAR (ACTUAL)		APR (ACTUAL)	
	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH
Possible out-put of water power by natural flow.	263,000	194,550	259,000	185,550	262,000	193,497	234,000	167,536
Electric power generated by the use of dam and out-put incapable of generation due to non operation at power plants.	20,000	- 9,459	3,000	-13,100	19,000	- 5,783	37,000	3,517
Total out-put by water power	283,000	185,091	262,000	172,450	281,000	187,714	271,000	171,053
Supply by steam power	110,000	48,097	90,000	38,850	44,000	14,205	35,000	12,850
Receiving from KANSAI DISTRICT	- 9,000	1,709	15,000	7,000	- 2,000	250	16,000	7,564
Sending to KYUSHU DISTRICT	- 7,000	- 4,977	- 7,000	- 7,000	- 6,000	- 8,649	- 6,000	- 7,392
Total of demand power (A)	377,000	229,920	360,000	211,300	317,000	193,520	316,000	184,075
Plan by E.S.B. (B)		198,600		190,700		-		-
Ratio of Supply % (A/B)		115.8		110.8		-		-
Coal consumption (in T)		59,183		42,800		17,737		16,776
Private power generation (C)		40,182		-		26,475		25,882
(A - C)		270,102		-		219,995		209,957
REMARKS	Supply of coal. 69,423 T Reserve of coal at the end of month. 51,026 T Reserved water in reservoir at the end of month. 47,133,000 KWH							

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ECON

Cannot agree with attached covenant

ECONOMICS	
CHIEF	X
D.&I.	2
N.R.	3
LABOR	4
FILE	5

CHUGOKU LIAISON AND COORDINATION OFFICE

CHL No. 18 (MU) 28 February 1951

SUBJECT: Report on Gubernatorial Conference.

TO : Chief, Chugoku Civil Affairs Region

1. Submitted enclosed herein is the outline report covering Feb 12 and Feb 13 sessions of Chugoku Region Gubernatorial Conference.

2. In view of the fact that the Chugoku Region Autonomous Council has been reorganized into the Chugoku Governors' Association at the subject conference, new covenant thereof and the list of newly commissioned councillors are attached to the report.

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: Indicated as above.

Copy : Senior Tax Spec. Internal Revenue Division.

PUBLIC FILE 1-42 G

MAR2 1951

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Report on Governors Conference

1. Summary.

a) On Feb 12 and 13, 1951 regular session of Chugoku Region Gubernatorial Conference was held at Prefectural Government building of Hiroshima Ken.

b) Governors of Hiroshima, Okayama and Yamaguchi; Acting Governor of Tottori, representing Mr. Nishio who is abroad; and General Affairs Division Chief of Shimane, representing Mr. Hara, were present at the session of Feb. 12.

c) The prefectural representatives mentioned in b) and fourteen government agency chiefs commissioned as councillors attended Feb 13 session.

d) As Mr. Ohara, recently elected Governor of Hiroshima, attended this conference for the first time, Mr. Nishioka, Okayama Governor presided the meeting.

e) The problems of local finance were the most holty debated in the Feb 12 session. Ken assembly session to discuss fiscal 1951 ken budget bill is at hand. Governors who intend to run election for the second term do not like their opponents take advantage of the opportunity to find fault with governors at ken assembly. Therefore the governors wanted to formulate and introduce "skelton budget bill" which is free from details subject to criticism. Governors justified their policy of introducing skelton budget because of insufficent allocation of equalization funds which the central government could not afford to appropriate to full extent of recommendation made by Local Finance Commission.

2. First day session.

a) Reorganization of Chugoku Region Autonomous Council.

(1) On Nov 1 1950 National Federation of Local Autonomy Confering associations was reorganized into National Gubernatorial Association. Chugoku Region Local Autonomy Confering Association, in consequence, was in this session, decided to be abolished; new Chugoku Region Gubernatorial Association took its place. The covenant plan of the new organization was introduced and approved by the members.

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(2) In accordance with stipulations of the new covenent just approved, the conference elected Hiroshima Governor as chairmen of the new organization; Okayama Governor as its vice chairman. Also the conference, as stipulated in the covenent, selected among 29 central government branch chiefs within region, 14 conference councillows.

b) Local Finance Problems.

(1) Report of Yamaguchi Governor.

Yamaguchi Governor represented Chugoku Region and attended Representative Governors Conference on Feb 9 held in Tokyo. He submitted outline report of the latter conference. Among other items, he most earnestly explained that in fiscal 1950's adjusted budget bill and also in fiscal 1951's bill the central government failed to appropriate equalization funds as much as recommended by Local Finance Commission; and that, as a consequence, estimated combined settlement of fiscal 1950 budget of all prefectures is ¥8-billion in red; and that prefectures cannot formulate fiscal 1951 budget bills by normal procedure.

(2) Handling of fiscal 1951 budget.

A. Governors agreed that; since governors and assemblies, or either one of them, will be reelected soon, as a principle it was appropriate for present governors to plan skelton budget bill, and make the newly elected governors to have opportunity to formulate detailed budget bills. As a matter of fact, available revenue will barely cover routine expenses, the governors asserted. They also agreed that it was advantageous for them to evade chances of attack by their opponents in Ken assemblies.

B. The governors agreed to follow the following standards;

Expenses.

Only personnel expenses, obligatory items and public works project subsidized with national budget will be taken care of. In all prefectures, personnel expenses account more than 50% of total expenses. Prefectures will not be able to follow

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recommendation of central authorities towards betterment of school teachers treatment.

Obligatory expenses are such funds as used to withdraw bonds, or for contegious disease prevention etc.

Revenue.

New type of tax will not be collected. Revenue shortage will be covered by new bonds(whether or not there is possibility of securing central government's consent for floating new bond). For some items, use of bonds are not permitted. For those items equalization funds will be padded and increased to keep budget in balance.

c) Plan for Chugoku Region Combined Development Deliberate Council.

(1) Hiroshima Prefecture representative explained that central authorities applicated performance of present Chugoku Region Combined Development Commission; as a result central government enacted, last year, National Combined Development Law. In Kanto, Shikoku, and other areas of the country, their is a movement to set up regional committees in accordance with the said law. Hiroshima Prefectural representative suggested to dissolve present voluntary CRCDC, and to set up new organization in accordance with the national law.

(2) Some representatives of other prefectures did not like the local development plan, like Daisen Combined Development plan for example, to be mixed up with regional ones or connected with central authorities. Moreover, it was found out that, ESB and Construction Ministry, were not in accord as to how to handle local development plans now in progress, in view of execusion of new law.

(3) In conclusion, it was decided that the proposed plan to be killed; and that Chugoku Region Combined Development Commission will continue its function for the time being.

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d) Others.

(1) Application to national government for increase of subsidies covering routine expenses concerning agriculture and fishery. (various prefectures) 6 cases.

(2) Application for increase of public works funds (Tottori) 2 cases.

(3) Suggested enactment of Medium and Minor Enterprise Law (Hiroshima).

(4) Suggested policy of betterment of live stock through registration of brood stocks (Hiroshima).

(5) Assistance and Control of fishery business (Yamaguchi) 2 cases. (See report on 2nd day session)

(6) Application for commencement of land sinking counter-measure program at fiscal 1951.

3. Second day session.

a) Reorganization of Chugoku Region Autonomous Council.

The reorganization plan which had been approved at preveous days session was reported.

b) Overall plan of countermeasure for land sinking and soil maintenance.

A. Okayama Land Office chief reported:

(1) Since the year 1946 land sinking has been in progress, first in Shikoku area; autumn of 1948 on, sinking has been recorded in Chugoku area too; recently, the tendency has been extended to Yamaguchi prefecture. At first the Land office, in coorperation with Chugoku-Shikoku Construction Bureau, carried scientific investigation. Recently prefectures concerned requested countermeasure funds to Agriculture-Forestry Ministry which totaled ¥570-million.

(2) Soil erosion attracted attention since 1948. Ehime (Shikoku) and Hiroshima prefectures started to execute countermeasure plans backed by national subsidies.

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(3) Since last year, overall investigation through the use of scientific knowledge of marine and forestry is in progress in prefectures along Inland Sea. Outline report will be completed before long. After that, Land office will consult governors of prefectures concerned and formulate a fundamental plan.

B. Chugoku-Shikoku Construction Bureau Chief.

(1) Land sinking attracted great concern since end of 1948. Result of investigation so far made, tells that since Nankai earthquake, gradual sinking is in progress in Western part of Honshu. Whether the land is sinking or the sea level is rising is not determined yet.

(2) The prefectures concerned request ¥20-billion countermeasure funds.

(3) In Chugoku area, Land Office sponsored two conferences in the past among prefectures and government agencies concerned. As a result, it was decided to organize a special sub-committee in Chugoku Combined Development Commission. The Land Office chief is expected to become the sub-committee chairman.

c) Control of fishing business.

A. Yamaguchi Prefectural Governor.

(1) Recently, illegal fishing is flagrant especially in Inland Sea area. As a result, many fish nests are damaged. Coorporation among prefectural authorities, NRP. and Meritime Safety agencies for control of fishing through the use of TNT is desired.

(2) Dealing of explosives has to be looked out. Purchase of explosives by consumer from dealer can be clearly traced. The dealing between manufacturer and dealer is overlooked. Also, dealing between individual consumer and another consumer is hard to check up. The matter is important also from point of view of public safety.

(3) The national government has in mind to enact a law to prohibit operation of fishing boats with tonnage and horse power bigger than stipulated in the proposed bill. Numbers of fishermen are expected to be forced out of business, in consequence with the execution of the new law. Compensation by national

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government is wanted in order to provide funds for the fishermen who loose business to convert to other occupation.

B. Sixth Regional Maritime Safety Office chief.

(1) Object of the control of this office is about 10,000 pieces of fishing boats. The office has in command 8 big patrol ships which can be operated days at a strech; 17 auxiliary patrol boats which stand a day's operation.

(2) At requests of Yamaguchi prefecture, MS office manoeuvered special control several times.

(3) The office recommends prefectures to have their own patrol boats.

C. NRP Representative.

Ehime's (Shikoku) fishermen are flagrant. Hiroshima Regional NRP headquarters warned Ehime NRP. Ehime prefecture put in operation 3 new patrol boats.

D. Yamaguchi prefectural governor.

Yamaguchi prefecture already has one patrol boat in operation.

d) Allocation of critical materials.

Governor of Tottori prefecture stated as follows in connection with allocation business of critical materials used for agriculture purposes.

(1) Last year, business of Agriculture-Forestry Ministry's local Materials Control office was transfered to prefecture. The prefecture set up a new section, which chiefly handles allocation of oil. For fiscal 1951 the central government cut subsidy for that business 44%, while since Korean conflict, materials control has become more important.

(2) Want local government representatives included in the allocation conference of the central government.

e) Electricity business.

A. Hiroshima IT and I Bureau chief explained:

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Lest year end, Public Utility Commission was set up. In Hiroshima city, the branch office of secretariat of PUC was opened for operation. Over 50% of personnel of Power Division of Hiroshima IT and I Bureau were transfered to the new office. The new office will be responsible for supply and demand adjustment, along with development of power sources. The chief of Hiroshima branch office of PUC secretariat has not yet been appointed.

B. General Affairs Section chief of Hiroshima PUC secretariat branch.

(1) President and other higher level officials of new power company under reorganization plan will be selected and nominated by the central PUC office.

(2) PUC issued instructions concerning power use restriction effective Feb 12 through Feb 28. The notice was received by Hiroshima office late Feb 12. Hiroshima office decided to put it into effect after Feb 14.

(3) The restriction plan formulated by central PUC was introduced.

C. Governor of Yamaguchi prefecture suggested to stimulate operation of domestic generation plants of industrial factories. He also wanted adjustment of allocation for the interest of Yamaguchi coal mines. PUC office answered Nippatsu was buying surplus from Teijin's Iwakuni and Mihara steam generation plants. The promise was made to make adjustment plant by plant.

f) Unemployment.

Hiroshima prefecture wanted central government agencies concerned to maintain "employment ratio" as stipulated in Emergency Unemployment Countermeasure law, in carrying out public works projects under jurisdiction of respective agencies.

g) Chugoku Region Combined Development Commission.

Chugoku-Shikoku Construction Bureau reported performance of the said commission as follows:

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(1) Investigation of hinter lands of Hamada, Hagi, Hiroshima, Kure, Mihara, and Fukuyama cities; and of Geihoku (North Hiroshima) area.

(2) Investigation of industries of Ube and Fukuyama cities.

(3) Development plans in the three river valleys of Asahi (Okayama), Hii (Shimane), and Nishiki (Yamaguchi).

(4) Publications.

Weekly report (published up to No. 81 issue).
Monthly report (published up to No. 20 issue).
Chugoku Region Census. Atlas; consisting of color printed 50 maps. Highly praised, it was reported, by GHQ and Japanese central authorities.
Industrial Series. (2 volumes published out of intended 9 volumes).

h) Highways.

(1) Chugoku-Shikoku Construction Bureau explained:

local authorities concerned in other regions are planning to improve No. 1 national highway of Tokyo-Osaka within next 3 years, through the use of ¥1.8-billion of Counter Aid Funds. Use of Counter Aid Funds for the amount of total ¥5-billion is planned. (After fiscal 1951 allocation from CAF for highways will not be made. But they want rearrangement for that use be made. In case the above is absolutely hopeless, they want public works projects be concentrated for highways). Other route of national highway connecting Nagoya with Osaka is under contemplation. National Land Division intends to move the people in Chugoku area towards betterment of Sanyo national highway in coordination with the movement in other regions.

(2) Hiroshima Land Transportation office chief explained:

In recent years, motor vehicles in Chugoku region increased at the yearly rate of 30% for buses; 60% for taxis, and 20% for trucks. Number of all motor vehicles at end of 1948, was 19,460, which increased to 27,719 at end of 1950. The land transportation chief suggested governors to consider road betterment plans; and wanted governors to allocate revenues of

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automobile tax as stipulated in Local Finance Law and road damage charge as stipulated in Highway Law, chiefly to take care of highway system.

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Covenant of Chugoku Region Gubernatorial Association
(Translation)

(Name and Purpose)

Art. 1 This organization is named Chugoku Region Gubernatorial Association. The purpose is to make close coorporation of Chugoku region prefectures and expects smooth operation and development of local autonomy.

(Project)

Art. 2 In order to achieve the above purpose, this association will engage in the following projects:

I. Matters concerning liaison and coordination of business of Chugoku prefectures.

II. Matters concerning investigation, deliberation and planning, which are necessary for smooth operation and development of local autonomy.

III. Matters concerning liaison with National Gubernatorial Association.

IV. Other projects which are necessary for attainment of purpose of Gubernatorial Association.

(Organization)

Art. 3 This association consists of Chugoku Region governors (hereunder referred to as "concerned governors").

(Officials)

Art. 4 This association will have the following officials:

Chairman	one.
Vice chairman	one.
Secretary General	one.

Art. 5 Chairman and vice chairman will be selected from among the concerned governors. Secretary general will be nominated by the chairman with consent of concerned governors.

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Art. 6 The chairmen will supervise the business of this association; and will represent this association.

2. The vice chairmen will assist the chairmen, and will act as chairmen when the chairmen is other wise engaged.

3. In case both chairmen and vice chairmen are otherwise engaged, the person whom the chairmen pre-designates will act as chairman.

4. Secretary general will assist the chairmen and the vice chairmen; and will dispose slight matters, and the matters which the Gubernatorial Association committs to his duty.

Art. 7 The terms of the chairmen and the vice chairmen will correspond to the gubernatorial terms of the concerned governors.

(Councillors)

Art. 8 This association may have councillors.

2. The councillors will be selected from among chiefs of connected government agencies or persons with suitable knowledge and experience; and commissioned by the chairmen with consent of the concerned governors.

3. The councillors participate to the meetings of the Gubernatorial Association (hereunder referred to as "Gubernatorial Conference").

(Conference)

Art. 9 The Gubernatorial Conference will be convened by the chairmen every three months.

2. The concerned governors, in case they consider it necessary, indicate items they want to be discussed, and may request the chairmen to convene the Gubernatorial Conference.

3. In case the chairman considers the above request adequate, he has to convene the Gubernatorial Conference.

4. The chairmen, in case he considers it especially necessary, may convene temporary Gubernatorial Conference.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNBS NO:

Art. 10 The chairmen, when he intends to convene the Gubernatorial Conference, have to notify the concerned governors, preveous to the meeting, the date, place, and agends.

2. The above stipulation will be applied to make the councillors to participate the meeting.

Art. 11 The discussions of the Gubernatorial Conference will be opened with the attendance of concerned governors. However, in case the governor is otherwise engaged, official who assists him, can be made to attend the meeting.

Art. 12 The proceedings of the Gubernatorial Conference will be presided over by the chairmen.

(Secretariat)

Art. 13 In order to dispose the business of this association, Secretariat will be set up within the prefectural government building of the prefecture wherein the chairmen assumes the duty as governor.

Art. 14 The secretariat will have the following staffs, whom the chairmen appoints and dismiss.

Secretariat chief	one.
Deputy chief	one.
Clerks	a certain number.

2. The secretariat chief, under the instructions of the chairmen puts in order the business of this association.

3. The deputy chief will assist the secretariat chief; and will act as secretariat chief in case he is in trouble.

4. The clerks, under instructions of his superiors, will be engaged in the business of this association.

5. The chairmen, in case he considers it necessary, may employ other staffs other than those mentioned in Item I.

(Secretaries)

Art. 15 Prefectures and government agencies will have secretaries.

2. Secretaries are recommended by the concerned governors and government agency chiefs and will be commissioned by the chairmen.

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3. The secreteries will be engaged in the liaison and coordination among this association, prefectures, and connected government agencies.

(Accounting)

Art. 16 The expenses of this conference will be covered by the contributions portioned by prefectures, and other revenues.

Art. 17 The budget and the settlement of this association have to be passed by the resolution of the Gubernatorial Conference.

Art. 18 The fiscal year of this association will commence Apr 1 of a calender year and terminate Mar 31 of the proceeding year.

(Other regulations)

Art. 19 Other matters than stipulated in this covenant and which are necessary for operation of this association, will be determined by the chairman with the approval of the Gubernatorial Conference.

Appendix.

1. This covenant will be put into effect on and after Feb 12, 1951.

2. Chugoku Region Local Autonomy Confering Association's Covenant will be abrogated.

3. The accounting and others of the CRLAC will be taken over by this new association.

4. The chairman of this association will be made the representative as stipulated in Art. 7 of National Gubernatorial Association.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

List of Councillors of Chugoku Region Gubernatorial Association

(Feb 1951)

Affiliation	Organization	Name
Premier's Office	NRP Hiroshima Regional HQ	Kisso Yamaguchi
Attorney General's Office	Hiroshima Higher Procurators Office	Yoshihiro Kishimoto
"	Chugoku Branch, Special Examining B.	Shunkichi Kajikawa
Foreign Ministry	Chugoku Liaison and Coordination Office	Osamu Itagaki
Finance Ministry	Chugoku Finance B.	Kinichiro Morioka
"	Hiroshima National Tax B.	Bunzo Matsuda
Agriculture-Forestry Ministry	Okayama Farm Land C.	Yasunori Shigemasa
IT and I Ministry	Hiroshima IT and I B.	Yukio Hara
Transportation M.	Chugoku Marine Transp. B.	Sanae Abe
"	Hiroshima Land Transp. B.	Yoshihiko Gondo
"	Hiroshima 6th Maritime Safety HQ	Hideo Yoshida
Construction Ministry	Chugoku-Shikoku Regional Construction B.	Reiji Ito
ESB	Hiroshima Reg. EB	Hiroshi Omori
Nippon Nat'l RR Corp.	Hiroshima Railway Control B.	Hisamasa Shioe

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

CHUGOKU LIAISON AND COORDINATION OFFICE

CHL No. 33 (TK) 23 March 1951

SUBJECT: The 24th Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(attn: Chief, Economic Section)

Submitted herewith for your information is a report on the subject conference, held on March 9 at Hiroshima Regional Economic Bureau.

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above

MANUSCRIPT AND FILE 1-4 24

MAR 26 1951

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DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

Summary Minutes of the 24th Chugoku
Regional Economic Recovery Committee

1. Trend of power demand and supply in Chugoku Region.

After the introduction of Mr. Haruo Itami, Director of PUC Secretariat Hiroshima Br. made by the Chairman of the Committee, a rep. of the PUC Secretariat outlined the power situation during February as follows:

Weekday average output at peak time decreased to 370,000 KW after the issuance of power emergency restriction order against 383,000 KW maintained preveous to the order, and the daily average power supply also decreased to 7,100,000 KWH against 7,500,000 KWH kept up to that time, while Sunday and holiday average output at peak time and average power supply have been maintained up to 374,000 KW and 7,320,000 KWH respectively against 349,000 KW and 6,505,000 KWH before the issuance of restriction order.

As for the power situation after March 1, it will take a favorable turn with usually abundant rainfall since the latter part of February. (see attached appendix "A")

2. Railway transportation (Statement by Hiroshima Railway Control Bureau)

Nationwide freight congestion at stations which had reached 1,900,000 tons at last year's end increased at the rate of one ton a day since then to reach 2,200,000 tons by the end of January and 2,700,000 tons by the 1st of March, while freight cars condition is getting worse with increasing number of old cars, out of which 300 cars will be discarded after March. In Western Japan another bad factor will be added by the fact that the freight cars sent from Hokkaido and Tohoku Regions to Western Japan in winter have to be sent back to those Regions in spring. Such being the circumstances there is no other way than to construct new freight cars and to elevate operating efficiency in order to cope with the situation.

As to the former, construction of 2,600-2,700 new freight cars, scheduled to be built during next fiscal year, will contribute to a certain extent to alleviate the actual pinched railway transportation. However, operating efficiency which has risen month by month up to 56.3% by February has almost reached the maximum limit. Therefore, hope cannot be entertained for higher operating efficiency.

In conclusion, a rapid favorable turn cannot be expected for railway transportation as far as the actual economic trend continues.

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The effort made by Hiroshima Railway Control Bureau during February in order to promote transportation capacity will be shown as follows.

Ratio of actually transported tonnage against program	107%
Ratio of actually operated freight cars number against program	103%
Ratio of actual income against prospect	119%

	program	result
Operating efficiency	49.5%	56.3%

3. Recent financial situation (statement by a rep. of the Bank of Japan)

Generally speaking, the balance of Government funds to be dealt with the people during Jan. - Mar. period every year shows overwithdrawal on the part of Government. The over-withdrawal for the same period last year amounted to 92.6 billion yen, while the withdrawal from Jan. to date this year is reduced barely to reach 11 billion yen. Looking into the financial situation from the point of view of bank notes circulation, it can be said also that inflationary trend in currency has increased by the fact that bank notes in circulation have reduced only by 24.3 billion yen during Jan. this year and in February they showed an increase of 2 billion yen against the decrease of 35 billion yen during January and 8.5 billion yen during February last year. Within the Bank of Japan Hiroshima Br. area over-issuance of bank notes (difference of amounts of bank notes issued & withdrawn) amounted to 4.4 billion yen by the end of 3rd quarter JFY 1950 against that of 1.3 billion yen by the same period last fiscal year.

What attracts attention as a conspicuous trend in finance since the Korean Conflict, is an animated cash transaction, which will be shown by the following cash transaction ratio based on last July (base:100) for the period from last August to January.

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Pay in	122%	116%	119%	121%	169%	129%
Pay out	121%	115%	119%	120%	169%	126%

In order to intensify financial control from the angle of quality of transactions, an amendment will be made as from coming 20 March to the higher interest rate application system in banking loan: the gist of it is to reduce amount of the first high rate to be applied from present 10% to 8% for the standard amount to be loaned (last three month deposit average) and to raise the

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second high interest rate. What is aimed by the amendment is to increase bank deposit and curb loaning. It will also probably result as a secondary effect in adjusting unbalance of profit existing between big city banks and local ones.

4. Induction of enterprises to Chugoku Regional five Prefectures.

In order to expedite industrization, efforts are being made by the respective prefectural gov'ts in Chugoku Region which are relatively backward in industry. Major plants induced or decided to be introduced in Chugoku Region are as follows:

Hiroshima Prefecture

Name of plant	Location	Industry	Scale	Production
Nichia Seiko	Kure	Metallic	land area 100,000 tsubo. fund required ¥500,000,000	steel band. planned yearly production 800,000 tons
Toyo Pulp	Hiro	Chemical	land area 100,000 tsubo. fund required ¥200,000,000	craft pulp. planned yearly production in the 1st period program. 10,000 tons
Yodogawa Seiko	Kure	Metallic	land area 100,000 tsubo. fund required ¥600,000,000	galvanized iron sheet. planned yearly production 50,000 tons

Okayama Prefecture

Name of plant	Location	Scale
Dainihon Boseki	Tokiwa Mura Tsukubo gun	land area 100,000 tsubo, fund required ¥150,000,000. employees 1,500.
Kokusaku Pulp	Tsurajima Cho Asakuchi gun (Still pending owing to the objection on the part of fishermen)	

Yamaguchi Prefecture

Location	Name of plant	Product
former Army Fuel Dept at Iwakuni City	Nippon Nenryo K.K.	Mametan(coagulated coal) for the use of railway transportation.

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former Army Fuel Dept at Iwakuni City	Koa Sekiyu	Petrolium refinery
former Hikari Navy Dept	Takeda Yakuhin Kogyo K.K.	vaccine, metapolin
"	Asahi Engyo K.K.	Salt
former the 3rd Navy Fuel Depot	Japan Monopoly corporation	Cigarette
"	Shinko Kogyo K.K.	Talc
"	Idemitsu Kosan K.K.	Crude oil storage

Plants which are under deliberation

Location	Name of plant	Product	monthly production plan
former Hikari Navy Depot	Tokuyama Teppan	Steel	13,000 tons
"	Nihon Kogyo K.K.	Anmonium sulphate	4,000 tons

Tottori Prefecture

Name of plant	Location	Scale	Anual production plan
Nihon pulp	Yonago	land area 150,000 tsubo anual log consumption 400,000 koku	20,000 tons
Shikishima Boseki	Kurayoshi Cho	land area 60,000 tsubo	

Shimane Prefecture

Name of plant	Location	Industry
Daiwa Boseki Iwami plant	Masuda Cho	Textile
Shimane Kagaku	Gotsu Cho	Pulp

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5. Rice delivery

All of Chugoku Five prefectures have already accomplished rice delivery quotas. Representatives of five prefectural gov't s outlined development of rice delivery and stated their opinions concerning future rice delivery, which will be summarized as follows.

(1) Early rice delivery bounty is not only small in allocation limit, but also slow in providing notice to the local authorities.

(2) It is late to make public the decision on rice price. It should be done by the end of October at the latest.

(3) Inspection in rice classification is too severe.

(4) Equitable rice price

It is necessary to decide equitable rice price so as to make farmers able to continue reproduction and maintain to a certain extent cultural life. It is desireble that independent price policy will be established based on the above point of view.

6. Petition for continued reduced car lot rate for Yamaguchi Anthracite Coal.

Yamaguchi ken's coal business proposed that this committee will submit subject petition for the interest of Chugoku's economy. The proposition was adopted. They decided to send a request to Director General, ESB; Minister of IT and I; Minister of Transportation; Director General of National Railway; and Chief of Chugoku Civil Affairs Region.

The translated copy of petition will be submitted to CCAR by this liaison office under seperate cover.

Out-Line of Limitation in FEB. 1951

Due to national stringency of electric power supply since early part of Feb. the following restricition came in force from Feb. 14th and repeated on Mar. 1st.

a. Use of the followings was prohibited electrical heaters, to warm up rooms or for cooking (excluding those bàllow 1.2 K.W.) heater for bath (exclusive of those being used in public bath-house), electric boiler, salt manufacturing by electrical heater, electric light for advertisement, neon-sign (excluding those for public service), outdoor lights (excepting transportation purpose or for working outdoors).

b. Use of electric Light during daytime (from 7.00 a.m. to 4.30 p.m.) and use of electric heaters (from 430 p.m to 8.00 p.m.) prohibited.

c. Small consomers as well as Large consomers had to fix a day on which no electric power should be used including sunday.

d. Special Large consomers were acquainted their daily or week maximum Limitation.

DECLASSIFIED E.O. 12065 SECTION 3 NND

DECLASSIFIED E.O. 12065 SECTION 3 NND

THE ACTUAL AND PROSPECT SUPPLY AND DEMAND OF ELECTRIC POWER IN CHUGOKU REGION IN FEB AND MAR. 1951 & 1950

Date: MAR 7th 1951

Appendix A

HIROSHIMA BRANCH OFFICE OF PUBLIC UTILITY INDUSTRY COMMISSION BUREAU

	1951				1950			
	FEB (ACTUAL)		MAR (PROSPECT)		FEB (ACTUAL)		MAR (ACTUAL)	
	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH	Out-put at peak time average in KW	Supply of power in 1000 KWH
Possible out-put of water power by natural flow.	213,000	138,738	255,000	189,100	251,000	168,230	262,000	193,497
Electric power generated by the use of dam and out-put incapable of generation due to non-operation at power plants	54,000	12,995	22,000	- 3,700	26,000	2,924	19,000	- 5,783
Total out-put by water power	267,000	151,733	277,000	185,400	277,000	171,154	281,000	187,714
Supply by steam power	167,000	89,650	134,000	61,200	48,000	14,579	44,000	14,205
Receiving from KINKI DISTRICT	-77,000	-46,092	-45,000	-17,000	- 1,000	623	- 2,000	250
Sending to KYUSHU DISTRICT	+17,000	+ 7,529	+17,000	+ 3,100	- 1,000	- 5,168	- 6,000	- 8,649
Total of demand power (A)	374,000	202,820	383,000	232,700	323,000	181,188	317,000	193,520
Plan by E. S. B. (B)		175,932		198,600		-		-
Ratio of Supply % (A/B)		115.2		117.3		-		-
Coal comsumption (in ton)		93,534		65,000		23,924		17,737
Private power generation (C)		42,727		-		26,679		26,475
(A + C)		245,567		-		207,867		219,995
Remarks	Supply of coal 81,965 ㌧ Reserve of coal at the end of month 41,412 ㌧ Reserved water in reservoir at the end of month 26,768,000 KWH Out-Line of Limitation Refer to the enclosed sheets.				Out-Line of Limitation. (i) The use of electric heaters in 2nd and 3rd category during 17.00 - 20.00 hours. prohibited from JAN 1st to FEB. 15th.			

Note: Consigned electric power generated by private power plants is included in the column of steam power FEB. 1951, but is not included in the column of coal comsumption.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNBS No.

ECONOMICS
CHIEF X
2 RBS 2110
FILE 3

CHUGOKU LIAISON AND COORDINATION OFFICE
KURE, HONSHU

CHL No. 19 (TK) 28 February 1951

SUBJECT: The 23rd Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Attn: Chief, Economics Section)

Submitted enclosed herein is a report on the subject session held on 16 inst. at Hiroshima Regional Economic Bureau.

Osamu Itagaki

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above

MAR2 1951 9573

MILITARY GOVERNMENT
ADMINISTRATIVE
FILE
I-X-6

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS No:

Summary Minutes of the 23rd Session
of Chugoku Regional Economic Recovery Committee

1. Highlight of the Conference

At this session discussions were highlighted on both power emergency restriction put in force since Feb 14 and transportation problems. In particular, attention was invited to the report made by a rep. of Hiroshima Economic Bureau to the effect that supply of freight cars to Yamaguchi coal mines was suspended at the biginning of Feb. due to uncooperation with efficiency improvement movement of the Railway Control Bureau, on the part of Yamaguchi coal mine operators.

2. Report on Financial Sub-Committee

Subject Sub-Committee was convened to discuss credit for medium & minor enterprises down at Tokuyama & Shimonoseki cities during the period of Jan. 18 thru 19 with attendance of representatives of the local financial organs.

Characteristic feature of Yamaguchi medium & minor enterprisers is not only frazil in its economic basis, but also weak in business relation with major enterprises except in Ube area. In other words, they have not so strong organizations as file and needle makers' coops in Hiroshima Prefecture. They are in need of long term funds for equipments contrary to Fukuyama's medium and minor enterprisers, whose requirement is rather to get short term funds for tax payment.

3. Power Demand & Supply

a. A rep. of the Secretariat of Public Utilities Commission Hiroshima Br. stated that power emergency restriction order was lately issued in accordance with instructions from central PUC, due to the bad condition of demand and supply in Kinki Region despite the fairly well balanced status in this region. For the question made by a Ube coal mine operator why emergency restriction order was lifted down in Kyushu, he replied that this was probably due to the fact that Kyushu Region has either less relation with Kinki Region or they lack in faithfulness to law. He also added that electric power for security of coal mines is kept out of limitation.

b. For Nippatsu Co's responsibility called by a civil Committee-member why such a critical situation was caused, the rep. of the Commission explained that 200,000 KW has been generated in Chugoku Region at present inspite of the fact that safe operating limit is 180,000 KW; and that Nippatsu buys 10,000 KW from both Teijin Mihara and Iwakuni plants which have power generating facilities.

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c. The question was also taken up from another angle by a civil committee-member to the effect that the present power allocation system, in which the power consumption of corresponding period of last year is considered as a main factor to decide allocation for the same period this year, is unjustifiable in view of the big change in industrial circles since Korean Hosilities.

He also suggested to decide allocation, based on recent three months average.

For the above question lodged, the rep. of the Commission replied that present allocation plan is based on idea that power generation is no more than that of the basic month last year; and that power supply, made available in excess of basic month's generation, was furnished through burning more coal, therefore excess part of supply should be covered by the thermal charge. He added also that adjustment has been made for the application made so far by individual enterprisers, taking the recent factor into consideration. Against the above statement, a Committee member pointed out the partiality incurred by the present allocation system, saying that some cooporations are obliged to pay thermal charge of 60% out of the total charge and others pay no thermal charge at all. The rep. of the Commission replied that adjustment would be made to take care of such unusual cases upon submission of application.

4. Railway trasportation in Chugoku Region

Following report on subject above was made by the Chief of Hiroshima Railway Control Bureau.

a. Power

Though discussions have been highlighted how to secure coal for national railway which has been in high price of coal since the out-break of Korean Hostilities and which is scarce due to the coal mine strike in Kyushu, the situation has not been so imminent as to induce decrease of transportation. There is reserved a certain quantity of coal stock-pile down in Kyushu.

b. Facilities

Some railway lines need improvement of facilities. Generally speaking, however, there are not so big requirements for improvement.

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c. Personnel

It is presumed that man power for national railway has been becoming short due to the railway's suspension policy of new employment to fill up vacancies. The shortage is covered by casual laborers at present.

d. Rolling-stock

1) No shortage has been felt on lecomotives due to favarable progress of repairs, which had been, however, insufficient right after the termination of war.

2) Bottle neck for railway transportation is shortage of both freight-cars and passenger-cars.

Referring to freight-cars, there were 987 freight-cars available during the month of last January for the total requirement of 1920 cars in Chugoku Region. Hence, the utmost effort has been made by the Bureau to accelerate circulation of rolling stocks (stagnate hour of freight-cars in last January averages 17:00 for 23:00 hours in last in August)

5. Maritime transportation

Following statement was made on subject matter by the Chief of Chugoku Maritime Bureau.

In consequence of the Western Japan Transportation Conference which will be referred to in the following para. 6, necessity has been revealed to haul more coal, especially the coal for thermal generation. However, there is no other way than to depend on engined sailing ships in order to transport more coal due to the shortage of bottoms of ordinary vessels. As the result of the above conference, Japanese side requested to GHQ additional allocation of fuel oil for engined sailing ships to haul coal to Osaka area. They were granted to use during Feb. 1,000 KL of fuel oil, which would be carried back from March allocation, and out of which allocation of 150 KL was granted to Chugoku Maritime Bureau area.

6. Report on Western Japan Transportation Conference

Following statement was on subject matter by a rep. of Hiroshima Economic Bureau.

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Subject conference, whose major object was to discuss on coal hauling, was convened on last Jan. 25-26 with special attendance of representatives of both ESB and Transportation Ministry.

a. Purport of the conference.

Kinki Regional Economic Bureau wanted to discuss with Hiroshima & Fukuoka EB's on coal supply for Kinki Region due to the coal shortage which has become critical since the middle of Dec.

b. Situation.

In view of the difficulty of sending freight-cars to the Western part from Kinki Region and the Eastern part, freight-cars are concentrated in Kinki & Keihin area. In order to increase coal hauling, there is no other way than to depend upon engined sailing ships. However, the use of engined sailing ships are restricted for coal hauling due to GHQ letter which indicates that fuel for coal hauling should be done by means of coal.

c. Conclusion.

As the result of contact with the Central Gov't after the conference, they were granted to use during Feb. 1,000 KL of fuel oil, which would be carried back from March allocation, as fuel oil for engined sailing ships in order to transport staple materials.

d. Uncooperation with railway transportation program on the part of Yamaguchi coal mines operators.

Representatives of both Transportation Ministry and National Railway blamed Yamaguchi coal mine operators for failure to cooperate with the transportation program of the railways during the first ten days of January.

Referring to the above subject, Chief of Hiroshima Railway Control Bureau stated that it was suspended to send freight-cars to Yamaguchi mines for a period of one week by way of warning and that the cars released from coal hauling were used to haul mine timbers. A rep. of Hiroshima IT & I Bureau requested understanding of all attendants, stating that such a situation was incurred for the reason that female laborers were reluctant to work in holidays; however, shift system was taken over to remedy the situation at present.

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CHUGOKU LIAISON AND COORDINATION OFFICE

CML No. 280 (TK)

22 December 1950

SUBJECT: The 21th Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Chief, Economics Section)

Submitted herewith for your information is a report on subject meeting held on Dec. 8 at Hiroshima Regional Economic Bureau.

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure; as indicated above

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DEC 23 1950

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS No.

Summary report on the 21th session of Chugoku Regional Economic Recovery Committee

1. Change of commission

The Secretariat of the Committee made a proposal to appoint as a Committee member the Chief of Chugoku Regional Agriculture & Forestry Ministry Liaison Council which consists of 18 Government agencies under the jurisdiction of MAF in Chugoku Region in lieu of the chief of Okayama Agricultural Land Office. The reason for the proposal was that in view of representing various government agencies pertaining to MAF, the former would workbetter than the latter. The proposal obtained the Committee's consent. A representative of Okayama Agricultural Land Office stated that the council, whose function is to do liaison and coordination of the business concerning agriculture, forestry and fishery, has its secretariat in Okayama and Liaison Section thereof in Hiroshima.

2. Trend of power demand & supply

See attached appendix "A".

3. Situation of railway transportation in the area under the jurisdiction of Hiroshima Railway Control Bureau.

Following statement was made by a rep. of Hiroshima Railway Control Bureau on subject above. There are not a few complaints against delay of railway transport originated from the outbreak of the Korean Conflict on the part of enterprisers. In fact, the freighte held up at stations under the jurisdiction of Hiroshima Railway Control Bureau totaled as follows:

Month	congestion of railway traffic	percentaged increase (base Aug. 100)
the end of Aug. 50	22,000 tons	100%
the end of Sept. 50	25,500 "	115%
the end of Oct. 50	40,900 "	184%
the end of Nov. 50	38,000 "	174%

The followinge can be considered as major reasons for the congestion mentioned above.

(1) increase of the "special transport"
(2) increase of the transport created by "Tokuju" as well as by the related industries
(3) Fluctuation of commodity movement initiated by reinstated free economy.
(4) increase of seasonal drift in commodities movement

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(5) switch-over to railway from other type of transportation

In order to cope with the increasing demand for railway transport, Hiroshima Railway Control Bureau are exerting the utmost efforts, the fruits of which have been borne as follows:

Month	quantity of freight forwarded for the month
Aug. 1950	388,000 tons
Sept. "	370,000 "
Oct. "	427,000 "
Nov. "	435,000 "
Dec. "	470,000 " (estimate)

Referring to the reculiarity of freight-cars condition under the jurisdiction, number of freight-cars being forwarded to other areas averages 900 per day, while the cars being sent in range from 600 to 700. Hence, the Bureau encounters the technical difficulty in collecting those cars back to this area. In order to alleviate the pinched transport condition, an effort to improve the operational efficincy (expediting loading & unloading) is being made by the Bureau. Forwarding agencies are also coorperating to improvement in such a way as engaging in night time works. However, the night time operation of the letter can not be made more extensive than at present, because the amount of the fund made available to them does not justify their night time operation which calls for payment of over time wages. In the future so long as uncollected credits can be settled, night time operation will be made more intensive than at present. It is requested all the industrial leaders being present cooperate with forwarding agencies in settling this matter, aid for which will naturally make them raise operational efficiency, thus resulting in contributing to alleviate the actual pinched transport condition.

There are not a few cases where car operation programme cannot be smoothly carried out due to the fact that information on shipping movement and its quantity are not available in advance, and which is attributable to the change of economic system from control economy to free economy now under way.

It is, therefore, requested to consigners that advance notice be given so as to be able to smoothly execute the programme. It is requested also to the tactical unit concerned thru the representative of CCAF being present at this meeting that, from the view-point of operational efficiency, experienced forwarding agencies be permitted to take care of the freights pertaining to Army in BCOF Iwakuni area which are now being handled by laborers requisitioned directly by the Army. The railway representative expected to improve performance of freight handling in this way which will considerably contribute to alleviate railway transportation congestion.

Note
Date of Transfer
Maj. Bonham
Bureau of State
and is
handling
the
interviews
for
GSS

Would have to be investigated —

HLK

22163

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

4. Rehabilitation of tele-communication service both in Hiroshima & Okayama Cities.

A. Rehabilitation

(1) Telegraph

Both Hiroshima and Okayama Cities, which suffered the total damage in telegraphic system by the war, have not only rehabilitated it to 100%, but increased new circuits to such an extent that no of circuits in Hiroshima and Okayama Offices surpasses pre-war level by 12% and 31% respectively.

exchange office	No. of circuits before war damage	No. of circuits damaged	percent of damage	circuits No. rehabilttd	circuits No. at present	proportion of present circuit No. to before wardamage
Hiroshima	68	68	100%	68	76	112%
Okayama	38	38	100%	38	50	131%

(2) Telephone

(a) city call

Hiroshima Central & West Exchange Offices, whose subscriptions held up to 8,510 before war damage were totally destroyed by the war, have recovered 58.3% to date. It is presumed, however, that, among the 3,546 old subscriptions not yet rehabilitated, there is a considerable number of subscriptions which need not rehabilitation any more. Okayama Office, where 4,222 subscriptions were destroyed out of 5,691 held up during the war, have been rehabilitated to have 3,957 subscriptions reinstalled. This indicates 93.7% of rehabilitation ratio.

exchange office	subscrp'ns No. before war damage	No. of subscrp'ns war damaged	No. of subscrp'ns war damaged but rehab'lttd	No. of subscrp'ns war damaged & not yet rehab'lttd	reh'blttn ratio	No. of subscrp'ns at present	proportion of subscr'pns before war damage to the present
Hiroshima Central	6,410	6,410	4,964	3,546	58.3%	3,868	60%
Hiroshima West	2,100	2,100				1,942	92%

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

Okayama	5,691	4,222	3,957		93.7%	5,150

(b) trunk call

Hiroshima Exchange Office has already rehabilitated 80% of its trunk call circuits damaged by the war. The materials for the remaining 20% were assigned for other lines due to the decrease of trunk calls, suspending the operation thereof.

Name of Office	circuits before war damage	circuits No. war damaged	damage ratio	circuits No. rehab'ltd	rehab'ttn ratio	circuits No. at present	proportion of circuits No. before war damage to the present
Hiroshima	237	237	100%	187	80%	187	80%
Okayama	220	122	55%	122	100%	231	105%

B. Service

(1) Telegraph

Telegraphic service, which has already recuperated to the prewar level, will shorten transmission and delivery time with the adoption of mechanization in telegraphic system.

Transmission & delivery time between main offices

(survey for the period of3 days of Aug. 2, 3 & 4, 1950)

rec'ing office	in the district sender	ordinary Hr. Mt.	urgent Hr. Mt.	out of the district sender	ordinary Hr. Mt.	urgent Hr. Mt.
	Okayama	1:16	45	Tokyo	1:29	1:12
Hiroshima	Shimonoseki	1:09	-	Osaka	1:16	1:03
	Tottori	1:04	1:15	Fukuoka	1:13	1:05
	Matsue	1:15	39			
	Hiroshima	1:16	31	Tokyo	1:28	58
	Shimonoseki	1:08	30	Osaka	1:11	52
Okayama	Tottori	55	26	Fukuoka	1:47	-
	Matsue	52	-			

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

(2) Telephone

(a) Hiroshima Exchange Office

Completion percentage of telephone calls indicates a decreasing tendency as shown in the lists below. This is attributed to the increase of call frequency, for which there is no other way to improve than to install more telephone aparatus on the part of subscribers whose use rate is high.

(b) Okayama Exchange Office

Completion percentage of telephone calls in Okayama Office is far below than that in Hiroshima, the reason for which is also attributed to the same as in Hiroshima.

City Call Connection

Exchange Office	Month of survey	Way of exchange	No. of observations	Completions of phone calls
Hiroshima Central	July	automatic	1,348	66.1%
	Oct	"	1,650	65.0%
Hiroshima West	July	"	770	74.5%
	Oct	"	774	78.2%
Okayama	July	"	1,004	55.0%
	Oct	"	1,030	56.6%

Trunk Call Connection

Exchange office	telephone		No. of observations	Completion % of telephone calls
Okayama	Calling	(June)	308	88.3%
		(Sept)	90	83.3%
	Called	(June)	333	66.4%
		(Sept)	145	68.3%
Hiroshima	Calling	(June)	298	80.9%
		(Sept)	352	77.2%
	Called	(June)	259	61.8%
		(Sept)	392	56.5%

C. Execution program for FY 1950

(1) Hiroshima Exchange Office

Hiroshima Telephone Exchange Office, which completed on Sept. the work of increasing 1,000 terminals with carried over account from FY 1949, is carrying on new works in order to install 1,000 terminals in Central & West Office respectively. This work is scheduled to be completed by next March.

DECLASSIFIED E.O. 12065 SECTION 3 402/NNDS NO.

In conformity with the increase of trunk call frequency, the office will also install new 10 trunk circuits during this fiscal year, together with the adoption of quasi instant call system between Hiroshima and Kure, which is expected to be completed by the end of this fiscal year, too.

(2) Okayama Exchange Office

Besides 1,200 terminals increased with carried-over account, a program for installing 400 more terminals has been submitted to the Ministry of Tele-Communication for approval. As for trunk circuits, the work for increasing 5 more circuits is under way and it is scheduled to be completed by the end of March.

Quasi instant call system between Okayama & Kurashiki put in operation as from Nov. 1 has remarkably improved the telegraphic service which used to take more than one hour at the maximum for "special urgent call" in order to get the party on the other end of the line.

5. The year end financial situation and the counter-measure therefor.

Following statement was made by a rep. of the Bank of Japan, Hiroshima Br. Financial and industrial circles were distressed last year by so-called "short of money" derived from the supra-balance budget executed in line with the last year's financial policy based on disinflation, while trend of money flux this year is getting better with the expansion of export and with the progress of "Tokuju" created by the out-break of Korean Hostilities, showing 353.5 billion yen of currency in circulation as of the end of November ultime which indicates 80 billion yen increase comparing with the same period last year.

Economic stabilization and rehabilitation are two basic lines of Japan's Economy shown by Mr. Dodge, who consented both increased investment to private enterprises out of American Aid Counter-part Fund and undertaking financial bond by the Deposit Bureau Fund as requested by the Japanese Gov't.

As for currency in circulation, it is estimated to reach approximately 410 billion yen at its peak time even though issue limit of bank notes at the year end is decided 390 billion yen by the Currency Circulation Council.

Referring to the funds to be fluxed out of bankers for the 3rd quarter of FY 1950, it is anticipated to get to 250 billion yen in total which consists of 100 billion yen of the government overpayment and 150 billion yen of banking fund flux and out of which 170 billion yen will be refluxed to bankers as deposits, resulting in 80 billion yen of inflation in currency.

What is decided in Tokyo as measures to cope with the financial situation of the year end under the condition mentioned above, can be resumed as follows:

DECLASSIFIED E.O. 12065 SECTION 3 402/NNDS NO.

(1) suspension of withdrawing loans at the year end
(2) flux of funds required for necessary debentures
(3) flux of necessary loans for such enterprises as electric power and shipbuilding

It is concluded, therefore, that the financial condition of this year end is far better than that of last year end.

Speaking of the financial situation in Hiroshima Prefecture, the government outlay pertaining to rice delivery is estimated to amount to 2 billion yen, out of which 800 million yen will be refluxed to banking organs as deposits. It is added, furthermore, that decision has been made by the Hiroshima Prefectural Government to loan 30 million yen thru credit associations to medium and minor enterprisers who are now at the year end confronting with financial difficulties.

(12 Feb) 5,

DECLASSIFIED E.O. 12065 SECTION 3 402/NND

THE ACTUAL AND PROSPECT SUPPLY AND DEMAND OF ELECTRIC POWER IN CHUGOKU REGION IN NOV. AND DEC. 1950 & 1949.

Appendix "A"

Date: Dec.7th 1950
Electric Power Division
HIROSHIMA INTERNATIONAL TRADE AND INDUSTRY BUREAU

	1950				1949			
	Nov.(Actual)		Dec(Prospect)		Nov.(Actual)		Dec(Actual)	
	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH
Possible out-put of water power by natural flow	233,000	164,840	171,000	122,800	132,000	91,093	183,000	133,562
Electric Power generated by the use of dam. & out-put encapable of generation due to non operation at power plants.	43,000	-2,634	60,000	19,000	18,000	607	13,000	-12,833
Total out-put by water power	276,000	162,206	231,000	141,800	150,000	91,700	196,000	120,735
Supply by steam power	146,000	61,322	165,000	85,000	118,000	61,628	119,000	68,417
Receiving from KINKI DISTRICT	-36,000	-3,096	7,000	6,000	61,000	36,120	4,000	7,435
Sending to KYUSHU DISTRICT	-6,000	-5,479	-7,000	-6,000	-20,000	-8,574	0	- 480
Total of demand power(A)	381,000	214,963	396,000	226,800	309,000	180,874	319,000	195,107
Plan by ESB for supply of standard electric power (B)		177,670		188,000				
Ratio of supply (A/B) %		121.0		120.9				
Coal consumption(in ton)		67,827		96,000		66,832		75,102
Private power generation (C)		34,139				27,413		27,186
(A + C)		249,102				208,287		223,293
Remarks	Supply of Coal. 75,250 ₹ Reserve of Coal at the end of month 70,912 ₹ Reserved water in reservoir at the end of month. 47,412,000 KWH Out-Line of limitation. Designated-non-Electric supply days, & ratio of decrease in allocation is not applied.				Out-Line of Limitation (1) Designated-non-Electric Supply days. 2nd class limitation to 1st category, but 1st class limitation to 1st category C, 1st class limitation to 2nd category. (2) Use of motor, electric heaters during 17.00-20.00 hours prohibited. (3) 4th category B is prohibited from Nov. 1st to Dec. 9th.			

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS NO.

CHUGOKU LIAISON AND COORDINATION OFFICE
KURE, HONSHU

D + I
1 cy w/d for
sec chief

CHL No. 280 (TK) 22 December 1950

SUBJECT: The 21th Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Chief, Economics Section)

Submitted herewith for your information is a report on subject meeting held on Dec. 8 at Hiroshima Regional Economic Bureau.

Osamu Itagaki
OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure; as indicated above

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DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS No:

Summary report on the 21th session of Chugoku
Regional Economic Recovery Committee

1. Change of commission

The Secretariat of the Committee made a proposal to appoint as a Committee member the Chief of Chugoku Regional Agriculture & Forestry Ministry Liaison Council which consists of 18 Government agencies under the jurisdiction of MAF in Chugoku Region in lieu of the chief of Okayama Agricultural Land Office. The reason for the proposal was that in view of representing various government agencies pertaining to MAF, the former would work better than the latter. The proposal obtained the Committee's consent. A representative of Okayama Agricultural Land Office stated that the council, whose function is to do liaison and coordination of the business concerning agriculture, forestry and fishery, has its secretariat in Okayama and Liaison Section thereof in Hiroshima.

2. Trend of power demand & supply

See attached appendix "A".

3. Situation of railway transportation in the area under the jurisdiction of Hiroshima Railway Control Bureau.

Following statement was made by a rep. of Hiroshima Railway Control Bureau on subject above. There are not a few complaints against delay of railway transport originated from the outbreek of the Korean Conflict on the part of enterprisers. In fact, the freights held up at stations under the jurisdiction of Hiroshima Railway Control Bureau totaled as follows:

Month	congestion of railway traffic	percentaged increase (base Aug. 100)
the end of Aug. 50	22,000 tons	100%
the end of Sept. 50	25,500 "	115%
the end of Oct. 50	40,900 "	184%
the end of Nov. 50	38,000 "	174%

The followings can be considered as major reasons for the congestion mentioned above.

(1) increase of the "special transport"
(2) increase of the transport created by "Tokuju" as well as by the related industries
(3) Fluctuation of commodity movement initiated by reinstated free economy.
(4) increase of seasonal drift in commodities movement

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

(5) switch-over to railway from other type of transportation

In order to cope with the increasing demand for railway transport, Hiroshima Railway Control Bureau are exerting the utmost efforts, the fruits of which have been borne as follows:

Month	quantity of freight forwarded for the month	
Aug. 1950	388,000 tons	
Sept. "	370,000 "	
Oct. "	427,000 "	
Nov. "	435,000 "	
Dec. "	470,000 "	(estimate)

Referring to the peculiarity of freight-cars condition under the jurisdiction, number of freight-cars being forwarded to other areas averages 900 per day, while the cars being sent in range from 600 to 700. Hence, the Bureau encounters the technical difficulty in collecting those cars back to this area. In order to alleviate the pinched transport condition, an effort to improve the operational efficincy (expediting loading & unloading) is being made by the Bureau. Forwarding agencies are also coorperating to improvement in such a way as engaging in night time works. However, the night time operation of the latter can not be made more extensive than at present, because the amount of the fund made available to them does not justify their night time operation which calls for payment of over time wages. In the future so long as uncollected credits can be settled, night time operation will be made more intensive than at present. It is requested all the industrial leaders being present cooperate with forwarding agencies in settling this matter, aid for which will naturally make them raise operational efficiency, thus resulting in contributing to alleviate the actual pinched transport condition.

There are not a few cases where car operation programme cannot be smoothly carried out due to the fact that information on shipping movement and its quantity are not available in advance, and which is attributable to the change of economic system from control economy to free economy now under way.

It is, therefore, requested to consigners that advance notice be given so as to be able to smoothly execute the programme. It is requested also to the tactical unit concerned thru the representative of CCAR being present at this meeting that, from the view-point of operational efficiency, experienced forwarding agencies be permitted to take care of the freights pertaining to Army in BCOF Iwakuni area which are now being handled by laborers requisitioned directly by the Army. The railway representative expected to improve performance of freight handling in this way which will considerably contribute to alleviate railway transportation congestion.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

4. Rehabilitation of tele-communication service both in Hiroshima & Okayama Cities.

A. Rehabilitation

(1) Telegraph

Both Hiroshima and Okayama Cities, which suffered the total damage in telegraphic system by the war, have not only rehabilitated it to 100%, but increased new circuits to such an extent that no of circuits in Hiroshima and Okayama Offices surpasses pre-war level by 12% and 31% respectively.

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(a) city call

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						1,942	92%
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(b) trunk call

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		(Sept)	392	56.5%

C. Execution program for FY 1950

(1) Hiroshima Exchange Office

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DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS NO.

In conformity with the increase of trunk call frequency, the office will also install new 10 trunk circuits during this fiscal year, together with the adoption of quasi instant call system between Hiroshima and Kure, which is expected to be completed by the end of this fiscal year, too.

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Besides 1,200 terminals increased with carried-over account, a program for installing 400 more terminals has been submitted to the Ministry of Tele-Communication for approval. As for trunk circuits, the work for increasing 5 more circuits is under way and it is scheduled to be completed by the end of March.

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Economic stabilization and rehabilitation are two basic lines of Japan's Economy shown by Mr. Dodge, who consented both increased investment to private enterprises out of American Aid Counter-part Fund and undertaking financial bond by the Deposit Bureau Fund as requested by the Japanese Gov't.

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What is decided in Tokyo as measures to cope with the financial situation of the year end under the condition mentioned above, can be resumed as follows:

DECLASSIFIED E.O. 12065 SECTION 3 402/NNDS NO.

(1) suspension of withdrawing loans at the year end
(2) flux of funds required for necessary debentures
(3) flux of nessessary loans for such enterprises as electric power and shipbuilding

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THE ACTUAL AND PROSPECT SUPPLY AND DEMAND OF ELECTRIC POWER IN CHUGOKU REGION IN NOV. AND DEC. 1950 & 1949.

Appendix "A"

Date: Dec.7th 1950
Electric Power Division
HIROSHIMA INTERNATIONAL TRADE AND INDUSTRY BUREAU

	1950				1949			
	Nov.(Actual)		Dec(Prospect)		Nov.(Actual)		Dec(Actual)	
	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH
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Total out-put by water power	276,000	162,206	231,000	141,800	150,000	91,700	196,000	120,735
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Receiving from KINKI DISTRICT	-35,000	-3,096	7,000	6,000	61,000	36,120	4,000	7,435
Sending to KYUSHU DISTRICT	-6,000	-5,479	-7,000	-6,000	-20,000	-8,574	0	- 480
Total of demand power(A)	381,000	214,963	396,000	226,800	309,000	180,874	319,000	196,107
Plan by ESB for supply of standard electric power (B)		177,670		188,000				
Ratio of supply (A/B) %		121.0		120.9				
Coal consumption(in tan)		67,827		96,000		66,832		75,102
Private power generation (C)		34,139				27,413		27,186
(A + C)		249,102				208,287		223,293

Remarks

Supply of Coal. 75,250 T
Reserve of Coal at the end of month 70,912 T
Reserved water in reservoir at the end of month. 47,412,000 KWH
Out-Line of limitation.
Designated-non-Electric supply days, & ratio of decrease in allocation is not applied.

Out-Line of Limitation
(1) Designated-non-Electric Supply days. 2nd class limitation to 1st category, but 1st class limitation to 1st category C. 1st class limitation to 2nd category.
(2) Use of motor, electric heaters during 17.00-20.00 hours prohibited.
(3) 4th category B is prohibited from Nov. 1st to Dec. 9th.

DECLASSIFIED E.O. 12065 SECTION 3-402/NND

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS No.

11a

CHUGOKU LIAISON AND COORDINATION OFFICE

CHL No. 239 (TK) 24 October 1950

SUBJECT: The 19th Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Chief, Economic Section)

Submitted herewith for your information are summary minutes on subject session, held on Oct. 13 at Hiroshima Regional Economic Bureau, which was honored by the presence of Mr. Stradley, CCAR.

MANUFACTURES AND INDUSTRY FILE I-42-G

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

Summary Minutes of the Meeting

1. Report on the Financial Sub-Committee.

Following address was made by a rep. of Hiroshima Finance Bureau with regard to the money market in general since the outbreak of the Korean Conflict and financial problem for medium & minor enterprisers, which were main subjects of the Financial Sub-committee opened on 8 inst.

Increasing tendency of banking deposit which had prevailed up to July this year in Hiroshima Prefecture has been reversed by the decrease of 190 million yen of deposit in August compared with the preceding month. In addition to this, banking loan has increased approximately 500 million yen in the same month, contrary to the decrease in deposit. Thus, overloaning trend which has come to appear not only in Hiroshima but also in other prefectures shows clearly an unhealthy situation in the financial circles. On the other hand there is a strong demand for fund in the industrial circles stimulated by the "Tokuju"(special demand) boom or expansion of export.

In view of the above, it is deemed necessary that, in order to cope with this tight money market, the National Government take appropriate measures for utilizing the Deposit Bureau Fund and the American Aid Counter-Part Fund available.

As for the loan to medium & minor enterprisers, there is a special allocation frame of loan reserved by the Bank of Japan. It is, however, too far to meet those enterprisers' demand.

In conclusion, the fact, showing that Japan stands on economic frazility requires accumulation of capital as a prerequisite.

2. Effect of the Korean Conflict upon the industrial circles.

With regard to the effect created by the Korean hostilities upon the Japanese industry, representatives of major plants in Chugoku Region stated as follows:

Ube Kosan

a. Ammonium Sulphate

The weight that Japanese ammonium sulphate possesses in the South-Western Asia markets is rapidly increasing with the progress of intensified armament in U.S. and Europe, thus getting higher and higher in price in Hongkong market,

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but the export from Japan has been temporarily suspended from Sept. 15 due to the need of balancing domestic demand and supply. However, it is desirable that measure be taken so as to promote export, increasing production of such items which require no raw material to be imported.

b. Cement

Although the execution of the contract concluded with Korea was temporarily stopped by the disturbance of the conflict business outlook is very bright not only with an expectation of a considerable amount of export to Korea in the near future, but also with a lot of business inquiries coming from Southern Areas.

c. Iron products

Direct effect has not been produced upon the transaction of subject products of the company due to the fact that "Tokuju" orders have been concentrated in Tokyo & Osaka areas. It appears, however, that the situation is getting better slightly under the indirect influence.

d. Bituminous coal

Influenced by the animated market in which such industries as cement, ammonium sulphate, iron & steel have been placed since the outbreak of the Korean hostilities, lump coal is becoming short of supply. As for dust coal, demand for it is also increasing under the vivid activity in the market at large, especially in the spinning industry.

e. Anthracite

Demand for subject commodity tends to increase by the reasons that the import of Korean anthracite was discontinued and charcoal would be short of supply this winter.

Toyo Kogyo

The plant, whose major product is three wheels motor-car, suddenly obtained a great deal of orders in August probably for the reason that domestic demand for vehicles has been concentrated into small size vehicles in consequence of the absorption of magnum size vehicles into "Tokuju". They have at present no stock of three wheels mortor-cars.

Although the actual export of the vehicles is not more than ten up to date, it is expected the figure will augment as many overseas inquiries are pressing the market. However, the rise in price of materials as well as cash transaction of materials will eventually result in the difficulty of securing operating funds.

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"Tokuju" for this commodity, which has been anticipated to reach 4,000 vehicles at the beginning of the conflict, has not been ordered yet, ~~but~~ it is likely to be realized soon with a favorable turn of war situation for the U.N. Forces.

However, in view of the fact that demand for such basic materials as iron sheet and others is going to surpass their supply under the influence of "Special Demand" and favorable export, there is a fear of crippled production situation to arise in Japanese economy. In order to maintain smooth production, Japanese industry requires coordination among import, export & "Tokuju".

Chugoku Haiden

General Trend of power consumption by industry prior to and subsequent to the outbreak of the Korean Conflict.

1) Those industries which have shown continuous decrease in power consumption subsequent to the pre-conflict time	coal, cement
2) Those industries which have shown continuous increase in power consumption subsequent to the pre-conflict time	ship-building, cotton-spinning, silk-reeling, pulp
3) Those which have shown no change in power consumption since the pre-conflict time	mechanical, non-ferrous metallic, metallic, electric cord
4) Those which have shown increase in power consumption subsequent to the pre-conflict period except decrease in June	ammoniaus sulphate, rayon, staple fibre, soda
5) Those which had shown a tendency to decrease in power consumption in the pre-conflict time but have turned to increase since the conflict	Iron & Steel Locomotive & rolling stock

Hiroshima Gas

1) Coke

There is not so big effect created by the Korean hostilities on this commodity. It is expected, however, that demand for this will increase from about the end of this year.

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2) Coal-tar products

There has been no change in supply & demand of this item at present. However, this commodity which has commanded a good sale since the preconflict period due to the scantity throughout the country is anticipated to show high in price gradually.

Nippon Cement Itozaki Plant

The cement circles which had been in trouble with excessive stockpiles up to June has become brisk in transaction since July, getting increase for demand month by month, as shown in the list below.

The following is considered as major reasons for this.

1) Local tax law enacted and release of American Aid Counter-Part Fund

2) Appearance of latent effective demand

As for the export, it cannot be said in favorable condition at present. It is presumed, however, that 600,000 tons, the export target of this item f for this year is not difficult to be attainable inasmuch as there are various indications of expanding the export for such countries as U.S., Indonesia, Hongkong, Philipine, etc, plus with an expectation of export for the rehabilitation of Korea.

Recent cement output & stockpile Unit: ton

Month	Output	Shipment	Stockpile
March	300,253	310,641	516,290
April	306,073	310,097	529,567
May	338,262	346,513	512,594
June	345,352	325,007	543,612
July	339,339	365,666	495,546
August	367,698	439,256	380,773
September	418,455	418,695	369,652

It is added that all the cement companies are in full operation on the favorable turn of the market.

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3. Supply and demand trend of cotton yarn and textil for this year.

Following statement was made by a rep. of Hiroshima IT & I Bureau on subject matter:

Trend of supply

Production of cotton yarn and textile for this year is scheduled to turn out about 300 million lbs on the assumption that the import of 1,380,000 bales of raw cotton is possible; 50% is planned to be allocated for export, 20% for production materials, 30% for the use of the general public.

According to this program, the amount to be supplied for the benefit of the general public for this year is approximately 150,000,000 lbs, which indicate 50% increase compared with 96,000,000 lbs for last year.

Cotton import has been going on smoothly to date with 740,000 bales imported during the period from Jan. to June this year. It is reported, however, that the poor harvest of U.S. cotton will make export for Japan to reduce it to 550,000 bales for the period from Aug. to March. In that case, the supply for the general public will have to be cut down, unless import from other countries can be realized. The export of cotton textile has been revealed favorable with 371,355,000 square yards exported during the period from Jan. to May, but it will not surpass 1,000,000,000 square yards, our export target for this year, in view of the conditions of supply of raw materials.

As for the quality of the cotton textile for domestic use for this year, it is better than that of last year for the reason that some parts of the latter depended upon released goods.

Trend of demand

It is expected that this year's domestic demand for cotton textile will not much exceed that of last year due to the fact that the cotton textile which has increased the price by more 200 times than in prewar time is proportionally higher than other commodities.

4. Prospect on rice output and delivery for this year.

Deliveries were made by representatives of respective prefectures in Chugoku Region except for Hiroshima Pref.

Okayama Prefecture

Pre-planting quota	1,831,072 Koku
Estimated decrease in crop as of 30 Sept.	301,067 "
Delivery quota	924,400 "
Estimated amount of possible delivery as of 30 Sept.	709,000 "

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Yamaguchi Prefecture

Pre-planting quota	1,265,000 Koku
Average crop	1,180,000 "
Estimated decrease in crop as of the middle of Oct.	520,000 "

Tottori Prefecture

Estimated crop at the best time	710,576 Koku
Pre-planting quota	696,079 "
Average crop	670,000 "
Estimated crop as of the middle of Oct.	602,224 "
Estimated amount of possible delivery as of the middle of Oct.	212,524 "

Shimane Prefecture

Pre-planting quota	981,582 Koku
Estimated decrease in crop	260,237 "
Estimated crop	800,000 "
Delivery quota	408,100 "
Estimated amount of possible delivery	under investigation

5. Trend of charcoal demand and supply.

What was stated by prefectural representatives can be summarized as follows:

a. In spite of the smooth production continued through-out the year except in Yamaguchi Prefecture where a slight decrease in output may be inevitable due to the damages to charcoal furnaces incurred by the Typhoon Kezia, demand for charcoal will put a temporary pressure on the supply which forcibly results in rise in price, partly because of the scarcity of stocks available, originated from over-shipment out of prefecture after the lift of the control, partly because the charcoal produced after the farming-season would not be so timely in the market as to let people tide over the year end.

b. The high price will gradually decrease from about the middle of Jan. when the maximum production can be expected.

Representative of Shimane Prefecture finally stressed the necessity of adjusting the congestion of goods at the production season and also taking a financial measure which would be required for the disposition of the stockpiles.

After the discussions ended, following information and advice were given to the committee by the Director of Chugoku Liaison and Coordination Office for information.

1) In lieu of the 8th Army Hqs. moved to Korea, Japan Logistical Command was newly set up in Yokohama with similar functions to those of the 8th Army.

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Under the same Command come the Northern Command, the Yokohama Command and the South Western Command which were also newly established respectively.

2) In connection with the United Nations Flag Regulation and the pertinent SCAP Memorandum, explanation and advice were given so as to comply with them.

At the end of the conference Mr. Stradley opportunely commented that to-day's agenda were not only interesting but the data were excellent and he hoped that addresses made by civilian Committee-members be as many as those of to-day in the future. He pointed out also that comment should be made as shortly as possible when data prepared were submitted.

Finally he referred to the organization of the governmental agencies and Kodans on which he stressed the necessity of reducing surplus personnel thereof and also he added that there were some who lacked political honesty in the execution of public works and those should be eliminated.

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CHUGOKU LIAISON AND COORDINATION OFFICE
KURE, HONSHU

File

CHL No. 186 (TK)

24 July 1950

SUBJECT: Petition for Measures on Securities Market.

TO : Chief, Chugoku Civil Affairs Region
(attn: Chief, Economic Section)

1. Submitted enclosed herein is a petition on subject above forwarded by Chugoku Regional Economic Recovery Committee.

2. It is requested you will kindly take up subject petition, giving special consideration so as to transmit the same to GHQ, SCAP.

1-4219

Osamu Itagaki

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above.

ECON 1281

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [redacted]

22 July 1950

CHUGOKU REGIONAL ECONOMIC RECOVERY COMMITTEE

SUBJECT : Petition for Measures on Securities Market

TO : Commanding Officer, Chugoku Civil Affairs Region
(Attn: Chief, Economic Section)

The utmost efforts rendered by the Japanese Gov't. under the "Economic 9 Principles" and Dodge Stabilization program, have proven, in some aspect, effective in minimizing the negative factors which appeared during the process of combating inflation.

On the other hand, however, it has brought forth monetary stringency, decline in demand with purchasing power and decrease in production output, which, if unremedied, will lead sooner or later to a financial crisis of even the larger enterprise, not to mention medium and smaller business.

Especially, the securities market which suffered a sharp setback since last fall has sustained a heavy loss to the mass of private investors, who constituted the majority of stock holders in Japan. This fact has obliged private investors to lose confidence in stocks and willingness to invest money in stocks and made it extremely difficult for industry to raise long term industrial capital.

The reason why stock quotations have so declined as to cause such difficulty is attributable fundamentally to the present financial situation in Japan. It is chiefly due to the inadequate manner in which stocks are issued, inadequate system and method of stocks transaction and lack of proper security financing system. Even socks issued by those enterprises whose assets and credit standing are considered good are valued much lower than their real value.

In order to effect the immediate recovery of Japanese economy, to say nothing of the Chugoku Region economy, by overcoming the various difficulties encountered, protecting private investors and enabling industry to raise easily enough money to efficiently run their enterprise, the following measures are suggested to cope with the situation:

1. To enable industry to issue stocks easily

In general, industry must raise long term industrial funds by means of issuing either stocks or bonds. In Japan, however, bond issue capacity is limited to a certain number of enterprises.

In addition to that, in the Japanese economy where stocks as a whole have comparatively little credit standing and where accumulation of capital is very low, it is extremely difficult to offer stocks for subscription directly to those private investors whose investment capacity has become very low.

Especially, in such cases as where the majority of stock quotations are much lower than its paid up amount, enterprises are experiencing extreme difficulty in raising money to finance their operations.

In order to overcome this difficulty, it is essential to form an organization authrized to underwrite in lump new or additional stocks and to offer such stocks for sale as demands calls for, whereby adjusting price of stocks.

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2. Emergency measures on excessive stocks.

The bulk release of stocks to private investors in connection with the dissolution of Zaibatsu subsequent to the end of war and the abrupt and substantial overflooding of additional shares in the market in consequence of the enterprise reconstruction and reorganization measure have far exceeded the investment capacity of the masses.

At present, there are about 30 billion yen worth of surplus floating stocks in the market. This fact is the principal factor of causing the current stagnancy of the market.

It is therefore essential that steps be taken to restore normalcy to the market and maintain fair stocks price and to protect private investors in their investments in stocks by holding surplus stocks for the time being, eliminating pressure of stocks market and offering such stocks for sale one after another according to the market demand.

In view of the circumstances outlined in para 1 and 2 above, it is essential that financial fund or counter-aid fund be made available to immediately set up a security underwriting company.

3. Establishment of sound security financing system

a. Positive back up of security financing company

In order to attain brisk transaction of securities, a financial arrangement must be made to enable subscription of stocks, payment of additional shares and capitalization of securities as occasion calls for.

However, financial institutions in Japan generally have done little in this aspect.

To cope with this, a security financing company has been set up in the principal cities all over Japan where stocks exchanges are located.

Hiroshima Security Financing Co. with a capital of 10 million yen, is one of them set up in Hiroshima City.

It is said that the present capital of the above firm is not enough to finance its effective operations. But it is not easy for them to raise enough fund by offering its stocks for public subscription because they opened their business not long ago.

Therefore it is essential that either fund of Deposit Bureau or counter-aid fund be made available to underwrite their stocks, as in the case of additional shares (preferred stocks) issued by banking firm.

In addition to that, it is essential that promissory note issued by the security underwriting company be treated as eligible bills by Bank of Japan.

b. Loans against securities by Bank of Japan

The reason why commercial bank does not make loans against stocks is simply due to the fact that such function is discontinued by Bank of Japan after the war.

It is desired that Bank of Japan initiate the function of re-mortgaging of stocks for good ones as in the case of bonds.

4. Reform of securities transaction system and manner

a. Initiation of loan system

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The set up of security underwriting company as mentioned above has materialized the operation of loan system.

But the restrictions placed on loaning of shares had checked the smooth circulation of stocks.

Law (Securities Transaction Law - issued 7 May 49) authorizes the selling of stocks even if the selling party is not in possession of stocks he offered for sale. (Article 133, Regulation No. 16)

It is a known fact that there is absolutely no possibility of banging the market by short selling at the local stocks exchange. The small transaction amount of which can hardly influence the whole country market.

It will prove next to impossible to expect normalcy on the securities market and maintain fair stock quotation unless restriction on loans against stocks and loaning of shares, which are the essential factors to systemize and obtain sound stocks transaction system, are lifted.

Without such measures, any counter-measures, will prove futile in the long run.

b. Initiation of transaction in long term

In the post-war period where stocks in market have substantially increased in number and where definite measures for smooth circulation are called for, it is needless to say that an adequate marketing organization and proper transaction manner be set up to cope with it.

But in asmuch as the members of the stock exchange are strictly prohibited from extending credit to the customers, it is not feasible at present to employ "regular way" system. Because of this handicap, the second day transaction, now an ordinary way of transaction in Japan cannot as fully operate as in New York and other Stock Exchanges where the same second day transaction is a regular way. We sincerely hope that you will, especially take this in consideration for it is just the point in which ours differ from your circumstances.

In pre-war times, there existed in Japan a particular transaction system which had been tested for a long period of time and proven as an effective system.

In a time when stabilization program has attained, to a certain extent, its object, it is desired that the above system be authorized in some form or other.

With this system in effective operation, there is great likelihood that the huge amount of stocks in the market will be easily disposed of, whereby enabling smooth circulation of stocks as well as establishing fair stock quotations, adjusting and regulating sharp fluctuation of price by means of resale and re-purchase and leveling of price by means of hedging system.

This will protect private investors and will contribute to the rebuilding of national economy.

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5. Attach more importance to locally-issued stocks and bonds

Although issue of stocks and bonds are being regulated properly in time and quantity according to the situation of money market, we cannot ignore the fact that centrally-issued stocks and bonds are apt to have preponderence over locally-issued ones.

In order to promote local industry, locally-issued stocks and bonds should at least receive same priority. It should not be unreasonably undervalued,

Furthermore the existing tendency of excessive concentration of financial fund to central money market should be eliminated and corrective measure should be taken to enable more financial fund flow to local market than heretofore.

Y. Yokoyama

YUKIO YOKOYAMA
Chairman, Chugoku Regional Economic Recovery Committee.

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中経復第一九七號

昭和二十五年六月二十八日

中國地區經濟復興委員會委員長

中國民事部長

殿

中國地區經濟復興委員會の開設について

大蔵省、商工省、農林省、運輸省、逓信省、労働省、経済安定本部、日本銀行、金融証券斡旋に関する懇情については、不尚ご報告のことゝ存じます。

大来、経済復興の施行に伴つて、戦後最高の経済復興の新しい問題として、我國に於ける株式保有者の大半を占める損害を與へ、株式に関する信用と投資意欲を阻害する反面に、第一線の抑止は、一應成果を見たが、その金融の梗塞、有效需要の減退は生産の停滞を招來し、企業の存立をも困難にして好ましからざる現象を呈すること、日本經濟全體の負擔となつて來ることは、昨秋來の株價の激落は、資本家に對して莫大な

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欲を喪失させる結果となり、同時に長期産業資金調達を極めて困難に
もの株価低落の原因は、根本的には日本経済全般の貧困と脆弱に基因する
のであります。一面株式売行及び取引機構並にその仕方の不備等の為に、大衆の投資意欲を失はせ資産信用共に充分な
制度の不備等の為に、大衆の投資意欲を失はせ資産信用共に充分な
株価の再建なくしては之が回復は期し得られぬものであります。
ますが、一面株式売行及び取引機構並にその仕方の不備等の為に、大衆の投資意欲を失はせ資産信用共に充分な
貸制度の不備等の為に、大衆の投資意欲を失はせ資産信用共に充分な
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のであります。株価は実質価値以下に不当に評価されている點が
多くあります。

企業の合理化を阻害する障害を速かに是正し、大衆投資家を保護し、企業の産業資金獲得を容易にし、以て日本経済殊に中國地方経済の復興を計る為に、積極的なる證券對策が強く要望されるのは必然であります。

此の緊急なる實施方を懇情するものであります。

株式の發行を容易ならしめることと。

企業に取つて安定した長期産業資金の調達は、株式に依るか、社債に

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依るか何れかであります。

我國に於て社債發行の能力は一部大企業に限られており、又株式に對する信用度合低く、資本蓄積の力の薄い大衆投資家に對して直接に株式表現出すことは至難であります。特に過半數の株價が拂込額面を下廻っている現況に於て、各企業の資金獲得は非常なる困難を感じております。

之が解決の爲には新規並に増資株式を一括して引受け、市場の情勢に即應して逐次大衆に賣出しを行つて株價の調整を計る引受機關が必要であります。かゝる證券保有會社は高度の社會公共性を持つものであり、證券保有を以て企業支配を行はんとする持株會社とは當然趣を異にするものであります。

二、過剩株式の緊急的措置をなすこと。

戰後財閥の解体に伴い、その保有株式の大衆への大量なる放出と企業再建整備による急激にして莫大なる増資株式の證券投

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資浮動能力がはるかに超えるものがあり、現在約三〇〇億圓の過剰證券が存在しており、之が株價の慢性的な低落をもたらしている大きな要因であります。

(ロ) 市場の壓迫を取去り、狀況に應じる過剰證券を一時的に保有し、株價の正常なる價格を維持し、大衆投資層を保護することが極めて緊要であると信じます。

(ハ) 證券融資制度を確立することが、市場上の一つの趣旨により財政資金若くは見返資金による特殊な證券保有會社の速かなる設立を強く要望するものであります。

(ニ) 證券融資會社の積極的強化

株式取引を活潑ならしめる爲には、株式の買入、增資の拂込竝に隨時之を資金化し得る金融措置を必要と致します。

證券融資制度を確立することは、現在取扱っていない證券融資を殆んど取扱っている金融機關は證券然るに戰後一般金融機關は證券融資を圓滑に行う爲全國證券取引所々在地に證券金融會社が設立せられ、當地に於ても資本金一千萬圓を以て設

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券融資株式會社が設立せられた次第であります。

同社の本格的活動の爲には現在の資本金では極めて不充分であり、到底所期の目的を達し得ません。

公募に依つて獲得することは困難と思はれます。

從つて之等證券金融會社の增資株式に對しては勿論一般會社の增資株式に對しても同樣見返資金を以て引受又は銀行の增資株式へ優先株へ同時に之等證券金融會社の短期資金融通の爲にそれ等の發行する約束手形を日本銀行の適格手形として取扱ふ樣希望致します。

(ロ) 日本銀行の株式擔保貸付の實施

市中銀行が證券擔保貸付を實行しない理由の一つは日本銀行が株式擔保貸付を中止しているからであります。

社債と同樣、優良株式に對しては日本銀行が再擔保の取扱ひを實施する樣希望致します。

(ハ) 株式取引稅軍並に仕方を改善すること。

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(イ) ローン制度の完全なる實施

前述の證券金融會社の設立に依つて、所謂ローン制度の實施が可能となつて來ましたが、最近に至り、貸株の制限に依り株式の流通の不圓滑を來し、その機能を充分に發揮し得ない狀態であります。

株式を保有しないで資付けの出來ることは法律の認めているところでありまして、特に地方に於ける證券取引所に於て空賣に依る賣崩しの懸念は殆んど皆無と言ふべきであります。

融資と貸株は株式取引を組織化し、健全化する上に於ける絶對的要件で、何れが缺けても取引の圓滑及び公正なる價格形成は期し得ないものでありますから速かに貸株制限の緩和乃至徹廢を是非とも許容されることを希望致します。

(ロ) 清算取引の實施

戰後株式數量が激増し之等株式の圓滑なる流通が要望されておりますとき、大量取引に適する市場機構と賣買仕方を必要とすることは當

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO.

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然でありまず。

然るに證券業者の顧客に對する信用供與が嚴重に禁止せられている爲に、レギユラー、ウエイも實現出來ず、取引市場としての機能も充分に發揮し得ない狀態であります。戰前我が國には數十年來の試線を經て確立されて來た特殊の清算取引制度が存在して來たのであります。

經濟の安定も略々一段落した今日に於て何等かの形によつて清算取引の實行を許容され度く希望致します。

これに依つて初めて大量の取引を容易に消化し、株式の流通を圓滑ならしめると共に公正なる價格形成が期待され、轉賣、買戻しが出來ることに依り、相場の急激なる變動を調節し、又他市場への掛繋ぎによる相場の平準作用又保險繋ぎ（ヘツヂイング）の作用を爲すことによる大衆投資家の保護、引いては產業復興に貢獻し得るものであることを信ずるものであります。

將又地方產業育成の爲地方會社株式並に社債を重視すること

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株式、社債の發行に當つては、金融市場の情勢を顧慮して適時適度に調整されておりますが此の調整にはやゝともすれば中央銘柄偏重の傾向なしとしません。地方産業の育成の爲には地方株並に社債についても出來る丈け低く評價され取扱はれない樣にし、同時に中央への資金集中の幣を是正され地方への流出方についても特に配慮願ひたいと思ひます。

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

CHUGOKU LIAISON AND COORDINATION OFFICE

CHL No. 186 (TK) 24 July 1950

SUBJECT: Petition for Measures on Securities Market.

TO : Chief, Chugoku Civil Affairs Region
(attn: Chief, Economic Section)

1. Submitted enclosed herein is a petition on subject above forwarded by Chugoku Regional Economic Recovery Committee.

2. It is requested you will kindly take up subject petition, giving special consideration so as to transmit the same to GHQ, SCAP.

Osamu Itagaki

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [redacted]

22 July 1950

CHUGOKU REGIONAL ECONOMIC RECOVERY COMMITTEE

SUBJECT: Petition for Measures on Securities Market

TO : Commanding Officer, Chugoku Civil Affairs Region
(Attn: Chief, Economic Section)

The utmost efforts rendered by the Japanese Govt under the "Economic 9 Principles" and Dodge Stabilization program, have proven, in some aspect, effective in minimizing the negative factors which appeared during the process of combating inflation.

On the other hand, however, it has brought forth monetary stringency, decline in demand with purchasing power and decrease in production output, which, if unremedied, will lead sooner or later to a financial crisis of even the larger enterprise, not to mention medium and smaller business.

Especially, the securities market which suffered a sharp setback since last fall has sustained a heavy loss to the mass of private investors, who constituted the majority of stock holders in Japan. This fact has obliged private investors to lose condidence in stocks and willingness to invest money in stocks and made it extremely difficult for industry to raise long term industrial capital.

The reason why stock quotations have so declined as to cause such difficulty is attributable fundamentally to the present financial situation in Japan. It is chiefly due to the inadequate manner in which stocks are issued, inadequate system and method of stocks transaction and lack of proper security financing system. Even stocks issued by those enterprises whose assets and credit standing are considered good are valued much lower than their real value.

In order to effect the immediate recovery of Japanese economy, to say nothing of the Chugoku Region economy, by overcoming the various difficulties encountered, protecting private investors and enabling industry to raise easily enough money to efficiently run their enterprise, the following measures are suggested to cope with the situation:

1. To enable industry to issue stocks easily

In general, industry must raise long term industrial funds by means of issuing either stocks or bonds. In Japan, however, bond issue capacity is limited to a certain number of enterprises.

In addition to that, in the Japanese economy where stocks as a whole have comparatively little credit standing and where accumulation of capital is very low, it is extremely difficult to offer stocks for subscription directly to those private investors whose investment capacity has become very low.

Especially, in such cases as where the majority of stock quotations are much lower than its paid up amount, enterprises are experiencing extreme difficulty in raising money to finance their operations.

In order to overcome this difficulty, it is essential to form an organization authorized to underwrite in lump new or additional stocks and to offer such stocks for sale as demands calls for, whereby adjusting price of stocks.

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2. Emergency measures on excessive stocks.

The bulk release of stocks to private investors in connection with the dissolution of Zaibatsu subsequent to the end of war and the abrupt and substantial overflooding of additional shares in the market in consequence of the enterprise reconstruction and reorganization measure have far exceeded the investment capacity of the masses.

At present, there are about 30 billion yen worth of surplus floating stocks in the market. This fact is the principal factor of causing the current stagnancy of the market.

It is therefore essential that steps be taken to restore normalcy to the market and maintain fair stocks price and to protect private investors in their investments in stocks by holding surplus stocks for the time being, eliminating pressure of stocks market and offering such stocks for sale one after another according to the market demand.

In view of the circumstances outlined in para 1 and 2 above, it is essential that financial fund or counter-aid fund be made available to immediately set up a security underwriting company.

3. Establishment of sound security financing system

a. Positive back up of security financing company

In order to attain brisk transaction of securities, a financial arrangement must be made to enable subscription of stocks, payment of additional shares and capitalization of securities as occasion calls for.

However, financial institutions in Japan generally have done little in this aspect.

To cope with this, a security financing company has been set up in the principal cities all over Japan where stocks exchanges are located.

Hiroshima Security Financing Co. with a capital of 10 million yen, is one of them set up in Hiroshima City.

It is said that the present capital of the above firm is not enough to finance its effective operations. But it is not easy for them to raise enough fund by offering its stocks for public subscription because they opened their business not long ago.

Therefore it is essential that either fund of Deposit Bureau or counter-aid fund be made available to underwrite their stocks, as in the case of additional shares (preferred stocks) issued by banking firm.

In addition to that, it is essential that promissory note issued by the security underwriting company be treated as eligible bills by Bank of Japan.

b. Loans against securities by Bank of Japan

The reason why commercial bank does not make loans against stocks is simply due to the fact that such function is discontinued by Bank of Japan after the war.

It is desired that Bank of Japan initiate the function of re-mortgaging of stocks for good ones as in the case of bonds.

4. Reform of securities transaction system and manner

a. Initiation of loan system

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The set up of security underwriting company as mentioned above has materialized the operation of loan system.

But the restrictions placed on loaning of shares had checked the smooth circulation of stocks.

Law (Securities Transaction Law - issued 7 May 49) authorizes the selling of stocks even if the selling party is not in possession of stocks he offered for sale. (Article 133, Regulation No. 16)

It is a known fact that there is absolutely no possibility of banging the market by short selling at the local stocks exchange. The small transaction amount of which can hardly influence the whole country market.

It will prove next to impossible to expect normalcy on the securities market and maintain fair stock quotation unless restriction on loans against stocks and loaning of shares, which are the essential factors to systemize and obtain sound stocks transaction system, are lifted.

Without such measures, any counter-measures, will prove futile in the long run.

b. Initiation of transaction in long term

In the post-war period where stocks in market have substantially increased in number and where definite measures for smooth circulation are called for, it is needless to say that an adequate marketing organization and proper transaction manner be set up to cope with it.

But in asmuch as the members of the stock exchange are strictly prohibited from extending credit to the customers, it is not feasible at present to employ "regular way" system. Because of this handicap, the second day transaction, now an ordinary way of transaction in Japan cannot as fully operate as in New York and other Stock Exchanges where the same second day transaction is a regular way. We sincerely hope that you will, especially take this in consideration for it is just the point in which ours differ from your circumstances.

In pre-war times, there existed in Japan a particular transaction system which had been tested for a long period of time and proven as an effective system.

In a time when stabilization program has attained, to a certain extent, its object, it is desired that the above system be authorized in some form or other.

With this system in effective operation, there is great likelihood that the huge amount of stocks in the market will be easily disposed of, whereby enabling smooth circulation of stocks as well as establishing fair stock quotations, adjusting and regulating sharp fluctuation of price by means of resale and re-purchase and leveling of price by means of hedging system.

This will protect private investors and will contribute to the rebuilding of national economy.

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5. Attach more importance to locally-issued stocks and bonds

Although issue of stocks and bonds are being regulated properly in time and quantity according to the situation of money market, we cannot ignore the fact that centrally-issued stocks and bonds are apt to have preponderence over locally-issued ones.

In order to promote local industry, loca ly-issued stocks and bonds should at least receive same priority. It should not be unreasonably undervalued,

Furthermore the existing tendency of excessive concentration of financial fund to central money market should be eliminated and corrective measure should be taken to enable more financial fund flow to local market than heretofore.

Y. Yokoyama

YUKIO YOKOYAMA
Chairman, Chugoku Reginnal Economic Recovery Committee.

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [redacted]

CHUGOKU LIAISON AND COORDINATION OFFICE

9 June 1950

SUBJECT: Petition for Action on Measures for Securities

TO : Chief
Chugoku Civil Affairs Region

Although the so-called "Economic 9 Principles" has brought forth a stabilizing effect on the national currency, which was considered the foremost retarding factor on the road to economic rehabilitation, it has created in Japanese economy monetary stringency, decline of demand with purchasing power, fall in production output; by which rehabilitation progress is being considerably checked.

In view of this alarming economic situation, a cry calling for effective measure to cope with it has arisen from all over the country. Especially, in security market the stock quotation has fallen off since last November to such an extent that investor as a whole has sufferred a considerable loss in their security investment, and hence has lost confidence in security investment. Thus, raising of long term funds to finance industry has practically come to a standstill.

At this stage, first of all, emergency financial measure against security market should be adopted to stabilize the stock price. On the other hand, action should be taken to correct the contradiction created as a result of the adoption by Japanese economy, wherein post-war accumulation of capital is very small and confidence against security is comparatively low, of the advanced security transaction system. This will protect investor, enable industry to raise long term funds without difficulty and have a general stabilizing effect on the Japanese economy.

It is therefore requested that the following recommendations, which have been worked out at the committee meeting, be forwarded to GHQ, SCAP for approval and action.

Recommendation:

1. Attach more importance to local brand shares and bonds

Experience has proven that Bond Adjustment Committee and Capital-Increase Adjustment Committee established with the purpose to adjust the amount of stocks issued by taking into account the marketability, has had a tendency to overweigh central brand security rather than the local ones. In view of the necessity to promote development of local industries, it is essential that local brands be given more chance than have been in the past practice.

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2. Postive backing-up of Security Financing Company

Hiroshima Security Financing Co, set up with a capital of ¥10,000,000, is contemplating action to increase its capital in order to expand its loan capacity. As it seems raising of money is not easy for them, action of the national government is essential to assist such firm in acquiring Funds.

3. Loan on stocks as security by the Nippon Bank

In view of the current tight financial condition, it is essential that the Nippon Bank is authorized to make loan on stocks as security. Either Counter-Aid Funds or Deposit Bureau Funds should be loaned to the Nippon Bank to enable them to accomplish this function.

4. Lift the ban on SHIKIRI transaction of security

"Securities Transaction 3 Principles" prohibits stock exchange member to make free transaction of securities at any other places than the stock exchange where the securities are registered.

Theoritically, the purpose of this measure was aimed to protect investor. However, the actual condition in Japan is rather depriving investor of interest, weakening investor's will to invest in security and checking smooth circulation of securities.

Under such circumstance, industry cannot raise enough long term funds to finance their operation. Therefore, it is essential that the ban is lifted at the earliest practicable date; if not, at least transaction of securities among members of a stock exchange at any other places than the stock exchange where the securities are registered should be authorized.

5. Establishment of Security Underwriting Company

In pre-war time, certain banks were authorized to underwrite new or additional shares in lump and release them one after another to meet market demand; whereby, the stock quotation could be adjusted. Since there is no such bank at present to perform the function, it is essential that an organization authorized to underwrite new or additional stocks in lump is set up to adjust the circulation of security. In this connection, it is desired that government take necessary action to set up such organization and render every possible assistance as well in getting sufficient funds to operate its business.

YUKIO YOKOYAMA
Chairman, Chugoku Regional
Economic Recovery Committee

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HEADQUARTERS
CHUGOKU CIVIL AFFAIRS REGION
ECONOMICS SECTION

D/WFA/hk

11 December 1950

CCAR 319.1

SUBJECT: Report of Field Trip, Chugoku Region Economic Bureau, Hiroshima City, 8 December 1950

TO : Chief
Economics Section

PREPARED BY: W. F. Armstrong, Distribution & Industry Division

1. REFERENCE:

O.D. 11

2. PURPOSE:

To attend the 21st conference of Chugoku Regional Economic Recovery Committees.

3. BACKGROUND:

None

4. DISCUSSIONS:

a. Electric Power Situation

Hiroshima Bureau of MITI representative briefly explained the condition of electric power supply and demand in Chugoku Region as shown in the prepared table which is in our file.

In case, a deficiency of natural flow should occur in Chugoku and Kinki Region, the following measures can be taken.

(1) Shifting of peak hours for large consumers.

(2) Designated non-electric supply days be changed from Sunday to weekdays.

(3) To make more use of self-generation facilities.

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(4) Restricted use of motor and electric heater during a period from 1700 hours to 2000 hours.

b. The situation of Railway Transportation

Inspite of the tremendous increase of stock on hand since September 1950, the situation of transportation has not improved. It is estimated that the manageable maximum capacity of transportation is 470,000 tons for the estimated demand of 530,000 tons in December.

The increase of fertilizer transportation due to the dissolution of Fertilizer Kodan in August 1950, has brought about a poor transportation situation of coal, cement and soda.

To relieve this situation, a campaign to improve the efficiency of operation is underway at present. However, Hiroshima station needs approx. 900 cars daily whereas it receives only 600 per day. Subsequently, it is necessary to receive more cars from Tokyo, Yokohama and Osaka stations.

The representative of Railway Control Bureau stated something should be done to improve the efficiency of unloading at Iwakuni station in Yamaguchi Prefecture, where enormous quantity of goods of Occupation Forces are being unloaded by unexperienced laborers employed through P.E.S.O. It was suggested the best way to accelerate this work is to have this work done by experienced cargo handlers.

c. Financial measure for the year-end

The representative of the Hiroshima Branch, Bank of Japan, stated briefly as follows, although the financial situation of this year-end appears to be similar to that of last year, a substantial change is conspicuous this year. Since the occurrence of the Korean War, prices of commodities has been rising gradually and monetary stringency is still a problem in spite of market operation conducted by banking organs in November 1950. The recommendation of Mr. Dodge is welcomed and it is believed that the economic conditions will improve if the Deposit Bureau Fund were made available for investments in private enterprisers, and thus bringing the present monetary circulation to a sounder basis.

The money in circulation at the end of 1950 is expected to amount to about 41 billion yen. Large payments by Government are expected on foreign trade fund, rice delivery payment, and etc., it is necessary to absorb the currency as much as possible to prevent inflation. The following measures for the year-end were considered in Tokyo.

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(1) Loans to the investment for speculation should be strictly discouraged.

(2) Financing for sound medium and small enterprisers should be expedited.

(3) Bank be opened on 31st December 1950 which falls on Sunday.

He concluded that economic condition at the end of 1950 would be slightly better than that of 1949, but it is necessary to endeavor to increase the amount of savings so that to accumulate capital which is essential for the healthy recovery of Japanese economy.

5. CONCLUSIONS:

Time alloted to conference was not sufficient for representatives to cover their subjects in detail, subsequently, members present were not active in discussion.

6. RECOMMENDATIONS:

None

W. F. ARMSTRONG
Distribution & Industry Division

DECLASSIFIED E.O. 12065 SECTION 3 402/NNBS NO.

CHUGOKU LIAISON AND COORDINATION OFFICE
KURE, HONSHU

CHL No. 259 (TK)

24 November 1950

SUBJECT: The 20th Meeting of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Attn: Chief, Economics Section)

Submitted herewith for your information are summary minutes on the subject meeting held on 14 Nov. at Hiroshima Economic Bureau.

Osamu Itagaki

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

Inclosure: as indicated above

NOV 25 1950

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Major Matters Covered by the Meeting

1. Report on the Financial Sub-Committee Meeting

Following report was made by Mr. Suzuki, Finance Section Chief of Chugoku Finance Bureau on the subject meeting.

The subject meeting, whose major object was to discuss how to get long term fund required for industrial equipments for medium and minor enterprisers, was held on Nov. 2 at Fukuyama City with the attendance of respective representatives of Nippon Bank, Kogyo Bank, Commerce & Industry Central Depository and other local banks as well as Hiroshima Economic Bureau, Hiroshima ITI Bureau, Hiroshima Tax Bureau, Chugoku Finance Bureau and local industrial leaders.

Summarizing local industrial leaders' voices raised in the course of discussions, he stated that the formers are,

(1) in a disadvantageous position in view of geographical point

(2) in need of loans from bank because the capitalization is the same as in prewar time in spite of tremendously higher price level (virtually 300 times as high as in prewar time)

(3) unable to accumulate funds due to the high rate of taxes which take away 50% - 70% of profit

(4) as a matter of urgency, rather in need of the revolving fund than the fund for improvement of equipment

They opined also that the Gov't should take more appropriate measure for guaranteeing local banks which would loan money to enterprisers.

On the other hand, speaking from the bankers' stand point, the principle of sound operation of bank will not allow the actual overloaning trend whose conspicuous example can be shown in Hiroshima Prefecture where banking loans totaled 4.1 billion yen in 1948, 7.8 billion yen in 1949, and 10.8 billion yen in 1950 while deposit for the same period could not catch up with the increasing trend of loans.

Facing the contradictory interests on the part of bankers and business, one can not help reaching a practical solution to the effect that enterprisers should change their attitude maintained so far of depending only on banking loan, but make efforts to accumulate their own funds, while banking organs also should endevour to accumulate capital.

2. Preventive measure against theft of communications lines.

A representative of Crime Statistics Section of Hiroshima NRP made a following statement as to the actual trend of theft of communication lines as well as the preventive measure thereof.

No. of theft cases of communication cord which have been increasing month by month, whose main reason may be attributed to the higher price of the commodity, is as indicated below.

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No. of theft cases, by prefecture & by month in Chugoku Region.

Pref.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Total
Hiroshima	6	7	21	17	32	35	40	49	47	254
Tottori							2	1	1	4
Shimane					4	3	5	1	2	15
Okayama				3	1	9	3	1	2	19
Yamaguchi		1	1	2	5	14	4	5	7	39
Total	6	8	22	22	42	61	54	57	59	331

As a counter-measure against theft cited above, NRP is taking the steps, such as intensification of patrol, investigation of suspects, and inspection of second-hand article stores & brokers, while victims themselves are requested to cooperate with NRP through taking the following actions,

(1) early discovery of robbery and prompt report to NRP

(2) preservation of the spot where robbery was committed

(3) self-protective measure

3. Trend of power demand & supply in Chugoku Region

See attached appendix "A"

When agenda got through, a representative of Ube Kosan asked to the Committee as to whether or not to take up a question of the tight situation of railway transportation which is one of the biggest bottlenecks for enterprisers at the present time.

The suggestion opportunely made by Ube Kosan was unanimously accepted by the attendants and it was decided that the matter would be discussed on the next session by reporting necessary data available to the National Railway Control Bureau.

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THE ACTUAL AND PROSPECT SUPPLY AND DEMAND OF ELECTRIC POWER IN CHUGOKU REGION IN OCT. AND NOV. 1950 & 1949.

Appendix "A"

Date: Nov. 11th 1950
Electric Power Division
HIROSHIMA INTERNATIONAL TRADE & INDUSTRY BUREAU

	1950				1949			
	Oct.(Actual)		Nov.(Prospect)		Oct.(Actual)		Nov.(Actual)	
	Out-put at Peak Time average in KW.	Supply of Power in 1000 KWH	Out-put at Peak Time average in KW.	Supply of power in 1000 KWH	Out-put at Peak Time average in KW.	Supply of power in 1000 KWH	Out-put at Peak Time average in KW	Supply of Power in 1000 KWH
Possible out-put of water power by natural flow	178,000	127,770	187,000	134,100	165,000	119,832	132,000	91,093
Electric power generated by the Use of dam. & out-put incapable of generation due to non operation at power plants	49,000	4,146	44,000	10,700	41,000	7,339	18,000	607
Total out-put by water power	227,000	131,916	231,000	144,800	206,000	127,171	150,000	91,700
Supply by Steam Power	139,000	67,323	150,000	65,900	93,000	52,681	118,000	61,628
Receiving from KINKI DISTRICT	- 6,000	11,539	- 3,000	9,100	27,000	16,896	61,000	36,120
Sending to KYUSHU DISTRICT	- 7,000	- 2,919	- 4,000	- 7,800	- 8,000	- 4,363	-20,000	- 8,574
Total of demand power (A)	353,000	207,859	374,000	212,000	318,000	192,385	309,000	180,874
Plan by E.S.B. for Supply of Standard electric power (B)		183,400		177,698				
Ratio of Supply (A/B) %	113.2		119.2					
Coal Comsumption (in ton)	71,653		70,500		61,448		66,832	
Private Power generation (C)	40,405				18,955		27,413	
(A + C)	248,264				211,340		208,287	
Remarks	Supply of Coal. 49,185 T Reserve of Coal at the end of month. 64,376 T Reserved water in reservoir at the end of month 40,246,000 KWH Out-lineof Limitation Designated-non-Electric Supply days, & ratio of decrease in allocation is not applied.				Out-Line of Limitation (1) Designated-non-Electric Supply days, 2nd Class Limitation to 1st Category, But 1st class limitation to 1st category C. 1st class limitation to 2nd category. (2) Use of motor, Electric heaters during 18.00-21.00 hours prohibited (3) Use of motor, Electric heaters during 17.00-20.00 hours prohibited from Nov. 10th. (4) 4th category B is prohibited from Nov. 1st.			

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copy to Dist + Stock RDP

CHUGOKU LIAISON AND COORDINATION OFFICE

CHL No. 239 (TK) 24 October 1950

SUBJECT: The 19th Session of Chugoku Regional Economic Recovery Committee

TO : Chief, Chugoku Civil Affairs Region
(Chief, Economic Section)

Submitted herewith for your information are summary minutes on subject session, held on Oct. 13 at Hiroshima Regional Economic Bureau, which was honored by the presence of Mr. Stradley, CCAR.

I-42-C

OSAMU ITAGAKI
Director
Chugoku Liaison & Coordination Office

DECLASSIFIED E.O. 12065 SECTION 3-402/NNDG NO. [illegible]

Summary Minutes of the Meeting

1. Report on the Financial Sub-Committee.

Following address was made by a rep. of Hiroshima Finance Bureau with regard to the money market in general since the outbreak of the Korean Conflict and financial problem for medium & minor enterprisers, which were main subjects of the Financial Sub-committee opened on 8 inst.

Increasing tendency of banking deposit which had prevailed up to July this year in Hiroshima Prefecture has been reversed by the decrease of 190 million yen of deposit in August compared with the preceding month. In addition to this, banking loan has increased approximately 500 million yen in the same month, contrary to the decrease in deposit. Thus, overloaning trend which has come to appear not only in Hiroshima but also in other prefectures shows clearly an unhealthy situation in the financial circles. On the other hand there is a strong demand for fund in the industrial circles stimulated by the "Tokuju"(special demand) boom or expansion of export.

In view of the above, it is deemed necessary that, in order to cope with this tight money market, the National Government take appropriate measures for utilizing the Deposit Bureau Fund and the American Aid Counter-Part Fund available.

As for the loan to medium & minor enterprisers, there is a special allocation frame of loan reserved by the Bank of Japan. It is, however, too far to meet those enterprisers' demand.

In conclusion, the fact, showing that Japan stands on economic frazility requires accumulation of capital as a prerequisite.

2. Effect of the Korean Conflict upon the industrial circles.

With regard to the effect created by the Korean hostilities upon the Japanese industry, representatives of major plants in Chugoku Region stated as follows:

Ube Kosan

a. Anmonium Sulphate

The weight that Japanese anmonium sulphate possesses in the South-Western Asia markets is rapidly increasing with the progress of intensified armament in U.S. and Europe, thus getting higher and higher in price in Hongkong market,

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but the export from Japan has been temporarily suspended from Sept. 15 due to the need of balancing domestic demand and supply. However, it is desirable that measure be taken so as to promote export, increasing production of such items which require no raw material to be imported.

b. Cement

Although the execution of the contract concluded with Korea was temporarily stopped by the disturbance of the confliot business outlook is very bright not only with an expectation of a considerable amount of export to Korea in the near future, but also with a lot of business inquires coming from Southern Areas.

c. Iron products

Direct effect has not been produced upon the transaction of subject products of the company due to the fact that "Tokuju" orders have been concentrated in Tokyo & Osaka areas. It appears, however, that the situation is getting better slightly under the indirect influence.

d. Bituminous coal

Influenced by the animated market in which such industries as cement, anmonium sulphate, iron & steel have been placed since the outbreak of the Korean hostilities, lump coal is becoming short of supply. As for dust coal, demand for it is also increasing under the vivid activity in the market at large, especially in the spinning industry.

e. Anthracite

Demand for subject commodity tends to increase by the reasons that the import of Korean anthracite was discontinued and charcoal would be short of supply this winter.

Toyo Kogyo

The plant, whose major product is three wheels motor-car, suddenly obtained a great deal of orders in August probably for the reason that domestic demand for vehicles has been concentrated into small size vehicles in consequence of the absorption of magnum size vehicles into "Tokuju". They have at present no stock of three wheels mortor-cars.

Although the actual export of the vehicles is not more than ten up to date, it is expected the figure will augment as many overseas inquiries are pressing the market. However, the rise in price of materials as well as cash transaction of materials will eventually result in the difficulty of securing operating funds.

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"Tokuju" for this commodity, which has been anticipated to reach 4,000 vehicles at the beginning of the conflict, has not been ordered yet, but it is likely to be realized soon with a favorable turn of war situation for the U.N. Forces.

However, in view of the fact that demand for such basic materials as iron sheet and others is going to surpass their supply under the influence of "Special Demand" and favorable export, there is a fear of crippled production situation to arise in Japanese economy. In order to maintain smooth production, Japanese industry requires coordination among import, export & "Tokuju".

Chugoku Haiden

General Trend of power consumption by industry prior to and subsequent to the outbreak of the Korean Conflict.

1)	Those industries which have shown continuous decrease in power consumption subsequent to the pre-conflict time	coal, cement
2)	Those industries which have shown continuous increase in power consumption subsequent to the pre-conflict time	ship-building, cotton-spinning, silk-reeling, pulp
3)	Those which have shown no change in power consumption since the pre-conflict time	mechanical, non-ferrous metallic, metallic, electric cord
4)	Those which have shown increase in power consumption subsequent to the pre-conflict period except decrease in June	ammonium sulphate, rayon, staple fibre, soda
5)	Those which had shown a tendency to decrease in power consumption in the pre-conflict time but have turned to increase since the conflict	Iron & Steel Locomotive & rolling stock

Hiroshima Gas

1) Coke

There is not so big effect created by the Korean hostilities on this commodity. It is expected, however, that demand for this will increase from about the end of this year.

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2) Coal-tar products

There has been no change in supply & demand of this item at present. However, this commodity which has commanded a good sale since the preconflict period due to the scantity throughout the country is anticipated to show high in price gradually.

Nippon Cement Itozaki Plant

The cement circles which had been in trouble with excessive stockpiles up to June has become brisk in transaction since July, getting increase for demand month by month, as shown in the list below.

The following is considered as major reasons for this.

1) Local tax law enacted and release of American Aid Counter-Part Fund

2) Appearance of latent effective demand

As for the export, it cannot be said in favorable condition at present. It is presumed, however, that 600,000 tons, the export target of this item f for this year is not difficult to be attainable inasmuch as there are various indications of expanding the export for such countries as U.S., Indonesia, Hongkong, Philipine, etc, plus with an expectation of export for the rehabilitation of Korea.

Recent cement output & stockpile Unit: ton

Month	Output	Shipment	Stockpile
March	300,253	310,641	516,290
April	306,073	310,097	529,567
May	338,262	346,513	512,594
June	345,252	325,007	543,612
July	339,239	365,666	495,546
August	357,698	439,256	380,773
September	418,455	418,695	369,652

It is added that all the cement companies are in full operation on the favorable turn of the market.

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3. Supply and demand trend of cotton yarn and textil for this year.

Following statement was made by a rep. of Hiroshima IT & I Bureau on subject matter:

Trend of supply

Production of cotton yarn and textile for this year is scheduled to turn out about 500 million lbs on the assumption that the import of 1,380,000 beles of raw cotton is possible; 50% is planned to be allocated for export, 20% for production materials, 30% for the use of the general public.

According to this program, the amount to be supplied for the benefit of the general public for this year is approximately 150,000,000 lbs. which indicate 50% increase compared with 98,000,000 lbs for last year.

Cotton import has been going on smoothly to date with 740,000 bales imported during the period from Jan. to June this year. It is reported, however, that the poor harvest of U.S. cotton will make export for Japan to reduce it to 560,000 bales for the period from Aug. to March. In that case, the supply for the general public will have to be cut down, unless import from other countries can be realized. The export of cotton textile has been revealed favorable with 371,355,000 square yards exported during the period from Jan. to May, but it will not surpass 1,000,000,000 square yards, our export target for this year, in view of the conditions of supply of raw materials.

As for the quality of the cotton textile for domestic use for this year, it is better than that of last year for the reason that some parts of the latter depended upon released goods.

Trend of demand

It is expected that this year's domestic demand for cotton textile will not much exceed that of last year due to the fact that the cotton textile which has increased the price by more 200 times than in prewar time is proportionally higher than other commodities.

4. Prospect on rice output and delivery for this year.

Deliveries were made by representatives of respective prefectures in Chugoku Region except for Hiroshima Pref.

Okayama Prefecture

Pre-planting quota	1,831,072 Koku
Estimated decrease in crop as of 30 Sept.	301,067 "
Delivery quota	224,400 "
Estimated amount of possible delivery as of 30 Sept.	709,000 "

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Yamaguchi Prefecture

Pre-planting quota	1,265,000 Koku
Average crop	1,180,000 "
Estimated decrease in crop as of the middle of Oct.	520,000 "

Tottori Prefecture

Estimated crop at the best time	710,576 Koku
Pre-planting quota	696,079 "
Average crop	670,000 "
Estimated crop as of the middle of Oct.	602,224 "
Estimated amount of possible delivery as of the middle of Oct.	212,524 "

Shimane Prefecture

Pre-planting quota	981,582 Koku
Estimated decrease in crop	260,227 "
Estimated crop	800,000 "
Delivery quota	408,100 "
Estimated amount of possible delivery	under investigation

5. Trend of charcoal demand and supply.

What was stated by prefectural representatives can be summarized as follows:

a. In spite of the smooth production continued through-out the year except in Yamaguchi Prefecture where a slight decrease in output may be inevitable due to the damages to charcoal furnaces incurred by the Typhoon Kezia, demand for charcoal will put a temporary pressure on the supply which forcibly results in rise in price, partly because of the scarcity of stocks available, originated from over-shipment out of prefecture after the lift of the control, partly because the charcoal produced after the farming-season would not be so timely in the market as to let people tide over the year end.

b. The high price will gradually decrease from about the middle of Jan. when the maximum production can be expected.

Representative of Shimane Prefecture finally stressed the necessity of adjusting the congestion of goods at the production season and also taking a financial measure which would be required for the disposition of the stockpiles.

After the discussions ended, following information and advice were given to the committee by the Director of Chugoku Liaison and Coordination Office for information.

1) In lieu of the 8th Army Hqs. moved to Korea, Japan Logistical Command was newly set up in Yokohama with similar functions to those of the 8th Army.

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Under the same Command come the Northern Command, the Yokohama Command and the South Western Command which were also newly established respectively.

2) In connection with the United Nations Flag Regulation and the pertinent SCAP Memorandum, explanation and advice were given so as to comply with them.

At the end of the conference Mr. Stradley opportunely commented that to-day's agenda were not only interesting but the data were excellent and he hoped that addresses made by civilian Committee-members be as many as those of to-day in the future. He pointed out also that comment should be made as shortly as possible when data prepared were submitted.

Finally he referred to the organization of the governmental agencies and Kodans on which he stressed the necessity of reducing surplus personnel thereof and also he added that there were some who lacked political honesty in the execution of public works and those should be eliminated.