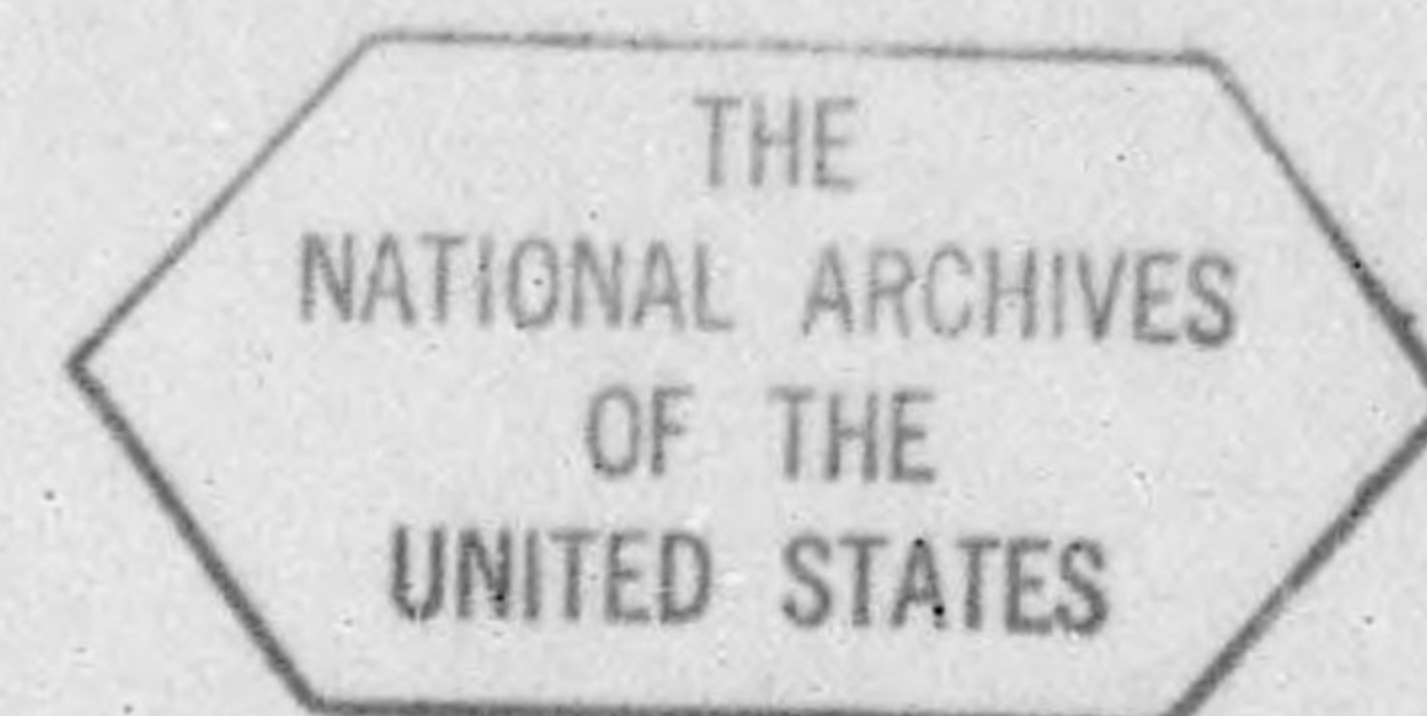


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Gov't Quarters Divided Re Budget Compilation

TOKYO, Aug. 31.—There is a wide divergence of views between Finance Minister Hayato Ikeda and other Cabinet members with regard to a policy of compiling the budget for the next fiscal year, it is learned.

The Finance Minister yesterday visited Prime Minister Shigeru Yoshida at the Foreign Minister's official residence to sound out latter's view on the compilation of the budget.

Following the interview, the Finance Minister declared that there will be no alteration whatever in the fundamental policy on the compilation.

This apparently runs counter to the contention of the Liberal Party and Agriculture Minister Kozen Hirokawa who maintain tax reduction and increase of expenditure for public welfare enterprises.

TOKYO, Aug. 31.—Finance Minister Hayato Ikeda will compile the budget for the next fiscal year in line with policies already established at the recent Cabinet meeting, it is learned.

The higherups of the Finance Minister today sat in a conference with the examination having been completed for expenditures as estimated by various Ministries, aggregating ¥1,060-billion.

Prior to this, the Finance Minister visited Prime Minister Shigeru Yoshida at the Foreign Minister's official residence and discussed methods for the compilation of the budget.

Meanwhile, the Finance Minister told the press following has interview with the Prime Minister:

"I shall exert myself for the materialization of the well-balanced budget. Similar efforts will be exerted for ¥70-billion tax reduction and for increased expenditures for education, industrial production, and social welfare."

SEP 1 19

MAINICHI

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Cab't Ministers OK Budget 'In Principle'

TOKYO, Sept. 9.—Cabinet Ministers, in a conference held to debate on budgetary issues today at 10 a.m., reportedly approved "in principle" the Finance Ministry-drafted national budget for next fiscal year.

The Ministers agreed to the Finance Ministry-planned tax reduction as well as the scale of the new budget, it is learned.

As a result, demands by various Ministries for the restoration of canceled expenditures needed for their administration have been shelved.

Instead, those expenditures will be covered by part of revenues which may exceed the planned amount.

SEP 11 1950

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Draft Nat'l Budget For Fiscal 1951-52 Set At ¥580-Billion

TOKYO, Sept. 4.—The Finance Ministry yesterday completed drafting of the national budget for the fiscal 1951-52 amounting to ¥580-billion.

The draft is featured by an increase in appropriations for education and agriculture-forestry administration.

The increase in those appropriations are aimed to raise the wage level for teachers and improve facilities for the new school system as well as to smoothly extend loans to the agricultural, forestry and fishing business.

The Finance Ministry is planning the appropriation of some ¥3-billion to ¥4-billion for better educational administration and ¥5-billion to ¥6-billion for the establishment of a special bank for financing agricultural, forestry and fishing business, it is learned.

The Finance Ministry holds that the draft budget will make it possible to materialize the Ministry's program of reducing taxes by ¥70-billion including ¥30-billion of income taxes, ¥30-billion of "sake" excise and ¥10-billion of the sales tax.

1951 Draft Budget Handed To Meeting Of Cab't Ministers

TOKYO, Sept. 6.—The Finance Ministry has set the draft national budget for the 1951-52 fiscal year at ¥654,900-million in revenues and ¥586,900-million in expenditures and presented it to a Cabinet Ministers' meeting held at the Prime Minister's official residence yesterday at 10.30 a.m.

The part of revenues exceeding expenditures amounting to ¥68-billion will be appropriated for the long-pledged tax reduction.

The Finance Ministry-drafted budget has earmarked ¥112,900-million for appropriations for public enterprises. However, if an increase is to be made in the amount of the appropriations as requested by the Construction Ministry, the planned tax mitigation will be much affected.

With regard to the controversial issue of setting the price of rice next year, an agreement is expected to be reached among the Finance and Agriculture Ministries and the Economic Stabilization Board within a few days for setting it at around ¥5,200 to ¥5,300 per koku.

The draft budget is also featured by an increase in the appropriations for the educational administration and the maintenance of national order.

Formal decision is expected to be reached within next week after Cabinet Ministers' deliberations to be started Thursday, September 7.

SEP 7 1950

MAINICHI

Govt. Agencies Demand Restoring Of Budget Cut

Kyodo

TOKYO, Sept. 8.—The Cabinet is confronted with demands by various Government agencies to restore their appropriation demands cut by the Finance Ministry in drafting the 1951-52 fiscal year budget.

The appropriation demands had totaled ¥1,100-billion but the Finance Ministry slashed this down to ¥586.9-billion.

The cut affected public works, increased food output, and foreign trade promotion appropriations.

The budget picture of various Government agencies follows:

Economic Stabilization Board.

ESB had prepared two drafts of public works expenses; one totaling ¥134.8-billion and the other ¥149.8-billion.

The Finance Ministry reduced them down to ¥112.9-billion.

ESB appears determined to get at least ¥134.8-billion.

Construction Ministry.

The Finance Ministry's allocation of public works expenses for the Construction Ministry is ¥60.2-billion.

The Construction Ministry intends to ask for more as well as more appropriations for encouragement of fire-proof buildings.

Agriculture and Forestry Ministry.

The original total appropriation demands of ¥45-billion have been cut to ¥19.1-billion. The major cut affected appropriations for increasing food output by 10 per cent.

How much appropriations to demand to be restored will be decided by the Ministry.

International Trade and Industry Ministry.

The original appropriation demands of ¥18.7-billion were cut to ¥7-billion. Restoration demands will be made over subsidies on pig iron, machinery replacement expenses, foreign trade promotion expenses and disbursement for collection of scrap iron.

Transportation Ministry.

The Finance Ministry's draft budget authorized a table of personnel of 10,877 as against the 12,359 authorized under the 1950 fiscal budget.

The original appropriation demands for public works in harbors of ¥8.3-billion were lowered to ¥2.2-billion.

Increase of authorized personnel to the present level and that of public works expenditures to ¥1.5-billion will be demanded.

Labor Ministry.

The original appropriation demands for immediate unemployment reliefs of ¥17.7-billion was cut to ¥7.3-billion. The Ministry estimated the sum would be able to cover only 230,000 jobless per day.

It will demand an increase of disbursement to ¥11-billion which would be able to cover 300,000 daily.

Welfare Ministry.

The Ministry demanded a ¥108-billion budget but this amount has been adjusted to ¥38,800-million by the Finance Ministry.

Of the entire demand, that for ¥24,500-million as anti-tuberculosis fund has been cut to ¥7,900-million or one-third.

The Ministry will demand "total" of the fund by an amount of 10-billion.

Education Ministry.

In spite of the Ministry's demand for ¥74,800-million, its budget was assessed at ¥2,600-million.

The Ministry will request restoration of the following items:

1. Construction funds

6-3 educational system. The fund required for the construction of this program will amount to ¥6,300-million, which will require a minimum space of 0.7 million square meters required for an average student.

2. Free distribution of books for compulsory education.

The Ministry will ask for revival of funds for free distribution of textbooks, totaling ¥1 billion, all of which was canceled last fiscal year.

3. Educational funds.

The Ministry will endeavor to secure ¥3,500-million as funds which were appropriated ¥2,300-million.

4. National school funds.

Although these funds are being restored, the Finance Ministry shows a decrease of ¥2-billion from the present fiscal year, the Ministry to have a sum of ¥16,600-million. The latest decrease in national universities.

5. Funds for scientific researches and loans to schools.

The Ministry will make a renewed demand of ¥10,823-million for scientific research loans to private schools.

Attorney-General's Office.

The Office's original demand of ¥22-billion was cut to almost half the amount.

Of the demanded sum, ¥4,500-million for penitentiary funds was cut.

So, the Office will demand revival of the entire sum.

It will also ask the restoration of the ¥300-million fund for payment of the residents' registration law, which was totally canceled.

Post Office Ministry.

The Ministry's ¥52,600-million demand for the Profit-Loss Account was retrenched to ¥42-billion. A construction item was also cut down to ¥930-million.

The Ministry will refile a demand for the revival of ¥5-billion for post offices insurance.

Telecommunication Ministry.

The Ministry's demand for Profit-Loss Account amounting to ¥32-billion and a construction item totaling ¥25-billion were cut to ¥18,000-million and ¥20-billion respectively.

The Ministry is considering demanding the revival of the original Profit-Loss Account and some ¥2- to ¥3-billion for construction item.

Local Finance Commission.

The Commission's demand for funds concerning the grant-in-aid to local governments finance amounting to ¥145,600-million was reduced to ¥108,000-million.

The Commission will demand restoration of ¥42-billion, the balance between the original demand and the assessed amount, as well as other items.

SEP 10 1950

Agencies Demanding Of Budget Cuts

The Ministry will demand a "revival" fund by an additional ¥10.8-billion.

In spite of the Ministry's demand for ¥74,800-million, its budget was assessed at ¥31,630-million.

The Ministry will request the restoration of the following major items:

1. Construction funds for the 6-3 educational system.

The fund required for the realization of this program will amount to ¥6,300-million, which will secure the minimum space of 0.7 tsubo required for an average student.

2. Free distribution of textbooks for compulsory education.

The Ministry will ask for a revival of funds for free distribution of textbooks, totaling ¥2,000-million, all of which was canceled.

3. Educational funds.

The Ministry will endeavor to secure ¥3,500-million as education funds which were appraised at ¥2,300-million.

4. National school funds.

Although these funds assessed by the Finance Ministry showed an increase of ¥2-billion from the present fiscal year, the Ministry wants to have a sum of ¥16,600-million as a result of the latest developments in national universities.

5. Funds for scientific researches and loans to private schools.

The Ministry will make a renewed demand of ¥10,823-million as funds for scientific researches and loans to private schools.

Attorney-General's Office.

The Office's original demand of ¥22-billion was cut to almost half of the amount.

Of the demanded sum, ¥6-billion for penitentiary funds was cut to ¥4,500-million.

So, the Office will demand the revival of the entire sum originally asked.

It will also ask the restoration of the ¥800-million fund for enforcement of the residents' registration law, which was totally canceled.

Post Office Ministry.

The Ministry's ¥52,600-million demand for the Profit-Loss Account was retrenched to ¥42-billion. A construction item was also pared down to ¥930-million.

The Ministry will refile a demand for the revival of ¥5-billion concerned with post office insurance.

Telecommunication Ministry.

The Ministry's demand for the Profit-Loss Account amounting to ¥52-billion and a construction item totaling ¥29-billion were cut down to ¥46,600-million and ¥20-billion respectively.

The Ministry is considering demanding the revival of the entire original Profit-Loss Account fund and some ¥2- to ¥3-billion in the construction item.

Local Finance Commission.

The Commission's demand for funds concerning the grant of local governments finance equalization, amounting to ¥145,600-million, was trimmed to ¥108,000-million.

The Commission will demand the restoration of ¥42-billion, including the balance between the original demand and the assessed figure as well as other items canceled.

Sudo To Talk Over Budget With Dr. Shoup

TOKYO, Sept. 13.—Director-General Hideo Sudo of the Economic Stabilization Board will call on Dr. Carl S. Shoup, visiting American tax expert, at Karuizawa, Nagano Prefecture, Thursday, September 14, to stress the necessity of increasing the amount of appropriations for public enterprises in the national budget for the next fiscal year, it is learned.

This was decided at a conference held Monday, September 11, among Agriculture Minister Kozen Hirokawa, Construction Minister Kaneshichi Masuda and Sudo himself who are dissatisfied with the measures taken by Finance Minister Hayato Ikeda for carrying out the planned tax mitigation in utter disregard of the demands by various Ministries for the restoration of the canceled expenditures to be needed for their administration.

Meanwhile, talks were continued yesterday between the American tax mission and Keiichiro Hirata, chief of the Finance Ministry's Taxation Bureau, centering around the problem of tax reduction, it is reported.

Shoup Press Interview

KARUIZAWA, Sept. 12.—Just prior to his departure for the United States, Dr. Shoup, American tax expert, will give a press interview in Tokyo September 21 to announce the result of his inspection on tax affairs in the form of recommendations.

In addition to alluding to the local tax and finance as well as tax administration, the recommendations will touch on the state tax reduction problem, it is learned.

To Make Little Change Budgetary Draft

TOKYO, Sept. 15.—The Government will formally approve the Finance Ministry-drafted national budget for the 1951-52 fiscal year nearly in its original form at a Cabinet meeting to be held early next week, it is learned.

At the Shoup-Ikeda talks held at Karuizawa recently, Dr. Shoup reportedly admitted almost no increase in revenues to be collected during the next fiscal year.

If the Finance Ministry's plan of ¥10-billion tax reduction is to be realized, ¥20-billion will be the maximum estimate within which demands by various Ministries for the restitution of curtailed allotment of administrative expenditure can be met.

Dodge Slated To Visit Japan In October

TOKYO, Sept. 15.—Joseph M. Dodge is expected to visit Japan again in mid-October this year, according to information confirmed by the Finance Ministry.

The Detroit banker will examine the next fiscal year budget by taking into consideration influences being exerted on Japan's economy by the "special demands" as well as the recent upward trend of commodity prices in the world market.

As a result of his examination, it is observed that the draft budget for the next fiscal year will be considerably revised.

Decision On Budget Slated For Today

TOKYO, Sept. 18.—Final decision on the draft national budget for the 1951 to 52 fiscal year will be reached among Cabinet Ministers in a conference scheduled for Tuesday, September 19, it is learned.

Before being introduced to the coming Diet session, the draft budget will be immediately submitted to SCAP for approval.

SEP 19 1950
MAINICHI

Revised Budget Bill Discussed By Cabinet

TOKYO, Sept. 19.—The Cabinet today discussed the revised Finance Ministry-sponsored budget bill calling for the increase of some ¥10-billion in expenditures as compared with the original bill.

According to the revised bill, the revenue will total ¥666,600-million (¥654,900-million in original bill), while expenditures will aggregate ¥597,500-million (¥586,900-million).

The increase of expenditures is to cover ¥4,700-million for public enterprises, ¥3,500-million for salaries for teachers under the 6-3 system, ¥670-million for the establishment of the rehabilitation of private schools and others.

SEP 20 1950
MAINICHI

Gov't Decides On Budget; Further Scrutiny Planned

TOKYO, Sept. 20.—Government expenditures in the next fiscal year will aggregate ¥598,098,822,000 as against the revenue estimated at ¥667,316-million, Chief Cabinet Secretary Katsuo Okazaki announced today.

Giving a detailed account on the budget bill decided upon at the Cabinet sitting earlier the same day, Okazaki continued that further study will be made by the Economic Stabilization Board on the use of expenditures for public enterprises.

He added that the expenditures show a decrease of ¥1,637-million as compared with the Finance Ministry-sponsored second budget bill.

SEP 21 1950
MAINICHI

Supplementary Budget Set At ¥22-Billion

TOKYO, Sept. 27.— Finance Minister Hayato Ikeda revealed that the supplementary budget for this fiscal year was tentatively estimated at ¥22-billion.

He stated the realization of a tax reduction within this fiscal year depends upon the results of tax collection.

In his press conference yesterday, Ikeda said that his Ministry would draft the supplementary budget plan in a few days for presentation to a Cabinet meeting as soon as possible.

He estimated the revenue at ¥22-billion including ¥20-billion from suspension of the subsidies on price differentials and ¥2-billion from economy on material expenses.

He expressed that major items of expenditure included disaster relief expenses, year-end bonus to public workers, funds to raise wage base for them and urgent unemployment policy expenses.

The expenditure will also comprise more than 10 minor items, he added.

The Finance Minister said he could not declare the estimated amount of disaster relief expenses or whether tax reduction will be carried out within this fiscal year or not, as they need further political consideration.

He estimated the expenditure excluding the disaster relief expenses at more than ¥10-billion.

This estimate, he said, is based on a policy of limiting the payment of increased wages from the state coffers to the General Account, the Postal Administration Account and to a part of the Governmental agencies.

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DRAFT OF BUDGET IS NOT EXPECTED TO BE REVAMPED

Ministries' Demands for More Funds Likely to Be Spurned

The Cabinet, which has been scanning plans for the new budget since Thursday, will be forced to accept the original Finance Ministry draft involving an expenditure of ¥586,937,000,000, sources close to the Government said Saturday.

This will mean that a large part of the requests for more funds presented by the respective heads of the departments will be spurned.

However, Finance Minister Hayato Ikeda, with the aid of his Cabinet colleagues, will continue reexamining the budget plan. Another Cabinet meeting will be held early next week.

Finance Minister Ikeda Friday expressed his determination to peg the amount of expenditure at the level previously set in the Finance Ministry budget plan.

He told the press after the Cabinet session that the other Ministers had pressed him for more funds and that the total amount of such requests ran up to ¥70,000 million.

The amount included funds for the new educational system and unemployment relief measures. Mr. Ikeda said, however, that the requests will be turned down in order to lighten the burden on the taxpayer.

Strong opinions were voiced by some Ministers calling for an increase of expenditures by raising the amount of revenue, Mr. Ikeda said, but he could not comply with these requests in view of the promised reduction of taxes by ¥70,000 million.

The Finance Minister declared that above all he wanted to make a budget which the people will accept without doubt and dissatisfaction.

Meanwhile, Secretary-General Eisaku Sato of the Liberal Party told the Finance Minister Saturday morning that his Ministry should maintain his original policy to reduce taxes by ¥70,000 million and also that expenditures for the fiscal year of 1951-52 should be increased by ¥20,000,000,000 to finance the Liberal Party-advocated projects.

Representatives of the prefectural and municipal governments the same day asked Finance Minister Ikeda and State Minister Kiyohide Okano, director general of the Local Autonomy Board, to increase the sums of local equalization transfer funds.

They told the Ministers that they want the transfer to local governments of the equalization funds to be increased by ¥31,600 million and enlarge the loan flotation framework up to ¥25,500 million during the coming fiscal year.

Meanwhile, the Osaka Municipal Government Saturday decided to send representatives to Tokyo to ask the Government for ¥20,000 million for rehabilitation of the areas struck by Typhoon Jane, says Jiji Press.

The amount consists of a subsidy of ¥15,875 million, accounting funds of ¥2,070 million and flotation of bonds to the amount of ¥2,055 million.

SEP 10 1950

NIPPON TIMES

BUDGET BOOST AGREED

¥10 Billion More for Public Works, Welfare Slated

An agreement to increase the public works and welfare appropriations in the next fiscal budget by approximately ¥10,000 million was reached between Finance Minister Hayato Ikeda and three key executives of the Liberal Party Saturday. The additional funds include ¥4,750 million for general use, and ¥5,000 million for health insurance, financing of private educational institutions and damage insurance for fishing boats. Saturday's agreement raised the hope that final decision on the budget draft will be reached at the Cabinet meeting Tuesday.

SEP 17 1950

NIPPON TIMES

GOV'T OK'S DRAFT FOR 1951 BUDGET; BIG TAX CUT SEEN

Schedules ¥598,098 Million
Expenditures, ¥673,298
Million Revenues

After two weeks of exhaustive deliberation, the Government Wednesday approved the final draft of the next fiscal budget involving an expenditure of ¥598,098,822,000 and a revenue of ¥673,298,202,000.

In its revised form, the budget represents an increase of ¥11,100,000,000 in expenditures and ¥18,400,000,000 in revenues over the original draft presented to the Cabinet by the Finance Ministry on September 5. A surplus of ¥75,199,380,000 has thus been scheduled. The expenditure and revenue will be nearly balanced, however, because of the anticipated reduction in the tax rates.

Most of the increase in expenditures came in public works allocations, which were raised by about ¥7,300,000,000 from the original to ¥120,254,136,000.

Distribution of the general public works expenditures, totaling ¥106,608,700,000 out of the above figure, will be decided by the Cabinet members concerned under the chairmanship of Director-General Hideo Sudo of the Economic Stabilization Board.

The Cabinet also decided that the amount of the equalization grants to local governments should remain unchanged from the ¥108,500,000,000 fixed in the original Finance Ministry plan.

It was decided that the postcards should remain at the present level—two yen—despite the demand by the Postal Service Ministry for an increase to four yen. Instead, ¥2,628,940,000 will be transferred from the General Account to the Postal Service Ministry account.

Compared with the current fiscal budget, the proposed 1951-2 budget envisages a ¥9,061,000,000 reduction in "war termination expenses." This item which totals ¥109,061,000,000 in the current budget, has been cut down to ¥100,000,000,000.

On the other hand, public works expenditures have been increased from the current year's ¥99,033,000,000 to ¥120,254,000,000. An increase of ¥10,208,000,000 is earmarked in social security appropriations which have been expanded to ¥36,327,000,000. Unemployment relief budget has been increased from this year's ¥8,716,000,000 to ¥14,295,000,000.

A drastic cut is envisaged in the national bond retirement fund, which has been reduced
(Continued on Page 2)

Gov't OK's Draft For 1951 Budget

(Continued From Page 1)

from this year's ¥84,706,000,000 to ¥21,015,000,000 for next year. A new item included in next year's budget is the ¥12,000,000,000 earmarked for the National Police Reserve. A ¥1,906,000,000 increase is also seen in the expenses of the Maritime Safety Agency in charge of coastal security.

The proposed budget also calls for disbursement of ¥9,400,000,000 for increasing the salaries of government service personnel.

Big Tax Cut Seen

The total tax revenue in the general account of the 1950-51 budget is estimated at ¥387,500,000,000, showing a tax reduction of ¥57,000,000,000 as compared with the current fiscal year, declared Finance Minister Ikeda Wednesday.

Mr. Ikeda made this statement following the Cabinet meeting which completed the drafting of next year's budget program.

On the other hand the "theoretical" tax decrease was placed at around ¥76,000,000,000 in anticipation of the income tax and other tax reforms and the general increase of the nation's income, said Mr. Ikeda.

SEP 21 1950

NIPPON TIMES

PRESS COMMENTS

Summaries of editorials in Japanese newspapers. Publication does not imply our approval or disapproval.

Thursday, Sept. 21

1951 DRAFT BUDGET

ASAHI—We welcome the 1951-52 draft budget which aims at ¥70,000 million tax reductions through the abolition of debt retirement expenses and all price differential subsidies except for rice, since it is a sign that the Japanese economy is returning to normalcy. It is hoped, however, that the budget will be thrashed out cautiously in order to preclude any unexpected hitches arising out of zeal to effect the desired tax reductions.

The public works expenditure in the draft budget is ¥7,200 million more than this year's. Although we favor a major increase in this expenditure even through shelving some tax reductions, this compromise would have been unavoidable under the unusual postwar economic situation today. As for the abolition of price subsidies, we fear that it may cause price rises in the shipbuilding and related industries which may undermine the low price policy. It is hoped that some funds will be reserved in case of need arising to provide subsidies to those industries.

The 1951 rice price of ¥5,280 per koku is not convincing enough. It should be re-examined carefully in the light of the nation's living expenses, wages, tax reductions and farmers' investments.

SEP 22 1950

NIPPON TIMES

Local Finance Commission Set To Request More Equity Funds

The Local Finance Commission is determined to request an increase in local finance equalization grants in the 1951-52 draft budget plan as a result of the stress placed on the need for such an increase by Dr. Carl S. Shoup in his tax report last week.

A sum of ¥33,000 million more had been asked by the commission, but it had been refused by the budget planners. The commission will try again strongly to gain the increase which, if approved, will add ¥33,000 million to the ¥108,500 million in equalization grants decided by the Cabinet.

The commission is also expected to ask again the expansion of the limit of local government bond flotation by ¥35,200 million which was turned down previously.

The commission is of the view that unless these two requests are realized, the local autonomy system will collapse.

On the other hand, Finance Minister Hayato Ikeda and other high Finance Ministry officials are known to be opposed to an increase in the equalization grant. They hold that local finances can be pared down by economy measures and that an increase in local government spendings is contrary to the Government policy to cut down national tax revenues.

Above all, they are opposed to the local governments' demand for more equity funds on the ground that it will jeopardize the Liberal Party's public commitment to pare down national tax revenues by ¥70,000,000,000 during the next fiscal year.

SEP 26 1950

NIPPON TIMES

EDITORIAL

2nd Shoup Recommendations

The day after the Government's decision on the draft budget for the 1951-52 fiscal year, the American Tax Mission led by Dr. Carl S. Shoup released the text of a summary of its rescrutinization of the taxation system of Japan.

The Shoup Mission report deals with many pending problems and recommends concretely and tangibly the way to settlement. The 1951-52 draft budget will have to be restudied in the light of the recommendations before it is decided upon in its final form.

The Government's 1951-52 budget plan consists of ¥673,200-million for revenue and ¥598-billion for expenditures, the latter showing a big reduction (¥63,300-million) as compared to ¥661,400-million for the current 1950-51 fiscal year.

The tax reduction expected in the next fiscal year amounts to ¥75-billion in the light of the tax law, while the actual budget compilation will result in a cut of ¥64-billion consisting of the ¥57-billion decrease in the tax revenue and stamp proceeds plus ¥7-billion decrease in profit from tobacco sales.

These figures alone may impress the public as though the 1951-52 tax reduction program will proceed according to schedule.

However, the Government is aware of the inevitability of increasing the 1951-52 expenditures by several tens of billions of yen to bolster the financial position of local autonomies. And, to meet the situation, the Government is thought to depend on the Shoup Mission's recommendations.

Herein we recognize the lack of consistency in the overall Government policy toward tax reduction in the 1951-52 fiscal year.

SEP 23 1950

NIPPON TIMES

The Shoup Mission report recommends the additional increase of ¥60-billion in the 1951-52 expenditures of the prefectural, municipal, town and village governments.

If this amount, which may be discounted to some degree, is to be met in full by increasing the equalization grants or by local tax levies, it will certainly nullify the major portion of the tax reduction which the Government contemplates to carry out in the coming fiscal year.

It seems that a degree of coordination has been achieved between the two extremes—one being to increase public enterprise funds and the other to reduce taxes—in compiling the 1951-52 national budget.

This coordination, however, appears to have been sought without due consideration of its terminal effect on local finance.

The Shoup Mission report also recommends that the equalization grants be increased to ¥130-billion—a boost of ¥21,500-million as compared to the Government-planned ¥108,500-million—in the next fiscal year provided the budget is so compiled as to leave ¥60-billion in reserve.

The Finance Ministry will have to follow this recommendation because of a number of other moot points in regard to the question of local finance.

The Shoup Mission report declares that, in general, 1951-52 will be a critical year for local finance and that the way in which the problem is met will in large part determine whether or not the local autonomy structure will continue its healthy development.

The recommended increase of tax office personnel and the vitalization of the Tax Administration Agency are encouraging. However, it must not be forgotten that higher efficiency and ethical-mindedness on the part of taxation officials must go hand in hand with such structural revamping.

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22-Billion Yen Going To Equalization Grants

—Shoup Says Japan May Not Be Able To Realize Budget Surplus—

TOKYO, Sept. 21.—Dr. Carl S. Shoup, chief of the American Tax Mission to Japan, today admitted that the Japanese Government may not be able to realize the ¥64-billion to ¥75-billion budget surplus which could be turned into tax reductions for the coming fiscal year.

In reply to a reporter's question during a joint Allied and Japanese press conference, Dr. Shoup declared that at least ¥22-billion of the surplus would be transferred to the equalization grants made to bolster the finances of needy local governments.

Dr. Shoup said, however, that although this would serve to cut into the national tax reductions, it would also prevent undue rises in local taxes, so that the net result would be a reduction.

During the press conference at Radio Tokyo at 10:30 a.m., Dr. Shoup released the text of a 19-page summary of the seven-week study of the Japanese tax situation made by the Shoup Tax Mission.

He was assisted at the press conference by other members of the Mission including William Vickrey of Columbia University and William C. Warren, also of Columbia.

Prof. Stanley S. Surrey, of Harvard Law School, the fourth member of the Mission, returned to the United States recently.

"There is no doubt, on present prospects, that there ought to be substantial tax reductions, and that the outlay side of the Japanese budget should be at a level to make such reductions possible," said Dr. Shoup.

Another urgent need, however, he added, is the avoidance of unduly high and unfair local taxation, by increasing the equalization grant from the proposed ¥108-billion level.

Dr. Shoup warned that if the equalization grants to the localities are not increased, it would result in higher local taxes, more special taxes and demands for voluntary contributions which are highly condemned.

The Shoup Mission report recommended that farmers and other independent workers receive treatment parallel to that accorded to salaried workers.

It also recommended an increase in the allowance for dependents, particularly suggesting increasing the allowance for the first two dependents in any one family.

Dr. Shoup asserted that the ¥50,000 to ¥150,000 wage bracket should be given as much relief as possible, as this bracket needs relief the most and is most closely connected with general production.

Dr. Shoup urged a reduction of commodity taxes in event a large budgetary surplus is realized, after the grants to the equalization fund are made.

Giving reason why local expenditures would increase in 1951-52, Dr. Shoup revealed that the national government is proposing to raise the salaries of its employees, which in turn would require an increase in the local level.

In addition, the normal growth in population will call for ¥2-billion to ¥3-billion additional expenditures.

"On the other hand," he said, "there is no doubt room for appreciable saving by increasing efficiency of operation in the local governments."

In general, it was stated, 1951-52 will be a critical year for local finances.

The way in which the problem is met will in large part determine whether local autonomy will develop.

Indicating that the local needs have not yet been fully studied, the Shoup report stressed that the findings of the Local Administration Investigation Committee will be of great importance in judging the revenue needs of the localities.

"The problem of a local financial system adequate to support local autonomy in Japan is on the road to solution, but is still some distance from the end of the journey," Dr. Shoup emphasized.

The American tax authority said that February, March and April of this year were in many ways one of the most difficult periods that income taxpayers and income tax administrators in Japan have ever encountered.

But, he said, tax relief has been enacted and every taxpayer who has filed his report for 1950-51, must have realized the substantial tax relief. "We can assure the Japanese taxpayer that the top officials of the Tax Administration Agency and the Taxation Bureau are sincerely engaged in an ambitious effort to administer the income tax precisely in accordance with the law, without arbitrariness," Dr. Shoup added.

Other recommendations made by the Shoup report issued today include:

- 1 The tax-return form can be simplified further.
- 2 The Tax Offices should encourage the filing of blue returns by all taxpayers who are willing to meet the minimum requirements for doing so.
- 3 Taxpayers should keep better books and records, so that they are not reassessed in amount much beyond that which they had expected to pay. This can be done by the development of a savings plan for taxpayers.
- 4 Taxpayers should form tax savings associations but such associations should not be permitted to represent their members in discussions with the tax authorities, or to file the returns on behalf of their members. These are duties and responsibilities of each taxpayer.
- 5 Attorneys and certified public accountants should be allowed to represent the taxpayers before the tax administration officials, although the Zeimu Dairishi (tax practitioners) already in practise as of the present date be allowed to continue.
- 6 Liquor taxes should be kept at the rates now in effect. (The Japanese Government yesterday announced a 20 to 30 per cent decrease in the retail tax on liquors).

7 Municipalities should be encouraged to experiment with levying the inhabitants tax on a current year basis, including withholding of tax from salaries and wages, instead of the present system whereby this year's tax is based on last year's income.

8 The tax laws should be amended to allow firms to deduct, in computing value added, depreciation on all property owned by them as of January 1, 1952.

9 Concerning disaster rehabilitation, an acceptable plan should (a) transfer to the localities enough responsibility for payment to make feasible the granting to them of almost complete freedom in the design and execution of rehabilitation work, and at the same time (b) give assurance that no local government will have to bear more of the total outlay for disaster rehabilitation and related improvements than it can properly afford.

In conclusion, Dr. Shoup declared: "The success or failure of the new system of local finance depends largely on the skill and speed with which the newly formed Local Finance Commission is able to discharge the many duties laid upon it."

In response to a question asking if the transfer of securities will be taxed, a matter of deep concern to the stock market, Dr. Shoup merely said the subject is under discussion and may be covered in a supplementary report to be issued shortly.

He gave the same reply to questions on whether monopoly items such as tobacco would be included in the value-added taxes.

Dr. Shoup and the other members of the Mission were introduced to the press by L.C. Hardwick, Press and Publications CI&E, SCAP.

The members of the Shoup Tax Mission will leave Japan after their seven-week stay tonight for the United States.

SEP 23 1950
MAINICHI

Final Budget Decision Slated Early Next Week

Kyodo
TOKYO, Sept. 30.—The Government's final decision on the draft supplementary budget for this fiscal year will be made at a Cabinet meeting scheduled early next week, it is learned.

The postponement of the final decision became necessary this morning when Cabinet Ministers failed to agree on the amount of appropriations for the reconstruction work of the typhoon-damaged areas including the relief of afflicted persons.

OCT 1 1950
MAINICHI

Dodge Arriving Oct. 7

Kyodo
TOKYO, Oct. 5.—Joseph M. Dodge, American financial expert, will arrive at Yokohama aboard the President Cleveland, Saturday, October 7, at 7 a.m., it is learned.

OCT 6 1950
MAINICHI

Raising Of ¥12.5-Mi For Public Enterprises

TOKYO, Oct. 1.—The government has authorized the loans amounting to ¥12,500 million by local authorities to be needed for public enterprises next fiscal year.

The authorized amount of ¥12,500 million includes ¥1,000 million for general works, ¥1,000 million for the reconstruction of typhoon-damaged areas, and ¥495 million for other enterprises to be financed by local authorities.

The Local Finance Commission already notified prefectural, municipal, town and village authorities throughout the nation amounts authorized to each.

OCT 1 1950
MAINICHI

Over ¥5-Billion Dec For Reconstruction

TOKYO, Oct. 3.—Expenditure for the reconstruction of areas damaged by natural disaster will reach ¥5,137-million, according to a supplementary budget bill for next fiscal year decided at a Cabinet meeting today.

The bill, which will be presented to the extraordinary session of the National Diet in November, estimates the revenue at ¥33.9 billion as against the expenditure of ¥26,999-million. It is estimated that the balance aggregate of ¥6.9 billion will be set aside as a tax reduction.

OCT 4 1950
MAINICHI

Tl. 'Doctor' R...

Joseph Dodge who has become familiar to Japanese through his surgery to give life to Japan's economy is expected to arrive here within days for his third visit. He will judge the economic situation and will recommend for which subjects the government which the Japanese are facing with considerable concern.

On his two previous visits, Mr. Dodge laid down policies governing the budget with the perspective of stabilizing the Japanese economy.

His work so far has worked so well that complaints were heard of undue austerity and a shortage of money in circulation, even the bitterest himself grudgingly admitted his admiration for the way with which a potent inflationary spiral had been cooled in its tracks.

During the past year, as a result of the conflict, there have been indications of a growing trend. As one of the note issues of the Japanese has been...

Raising Of ¥12.5-Million For Public Enterprises OK'd

TOKYO, Oct. 1. — The Government has authorized the floating of loans amounting to ¥12,458-million by local autonomies to raise funds needed for public enterprises for next fiscal year.

The authorized amount of ¥12,458-million includes ¥9,762-million for general works, ¥2,201-million for the reconstruction work of typhoon-damaged areas and ¥495-million for other enterprises to be financed by local autonomies.

The Local Finance Committee has already notified prefectural, municipal, town and village authorities throughout the nation of the amounts authorized to each of them.

OCT 1 1950

Over ¥5 Billion Decided For Reconstruction Fund

TOKYO, Oct. 3. — Expenditures for the reconstruction of areas hit by natural disaster will aggregate ¥5,137-million, according to the supplementary budget bill for the current fiscal year decided upon at the Cabinet meeting today.

The bill, which will be submitted to the extraordinary session of the National Diet in November, estimates the revenue at ¥33,999-million as against the expenditures of ¥26,999-million. It is understood that the balance aggregating ¥7-billion will be set aside as funds for tax reduction.

OCT 4 1950

TL- 'Doctor' Returns

Joseph Dodge whose name has become familiar to all Japanese through his drastic surgery to give new health to Japan's economy is scheduled to arrive here within a few days for his third visit. How he will judge the present economic situation and what he will recommend for the future are subjects, the answers to which the Japanese are awaiting with considerable interest.

On his two previous visits, Mr. Dodge laid down broad policies governing the national budget with the primary objective of stabilizing the Japanese economy. The cure worked so well that complaints were heard about undue austerities and shortage of money in circulation. But even the bitterest critic found himself grudgingly expressing his admiration for the speed with which a potentially fated inflationary spiral was stopped cold in its tracks.

During the past few months as a result of the Korean conflict, there have been indications of a growing inflationary trend. As one sign the bank note issue of the Bank of Japan has been rising of late.

But business is generally of the opinion that the Korean "war boom" was just the very shot in the arm required by the nation's economy to avoid a serious deflation.

This question of whether or not the present economic situation holds dangers of getting out of hand and into a runaway inflation is one which Mr. Dodge will probably have to determine at the outset of his scheduled stay of two months. Upon this diagnosis will depend the apportionment of the supplementary budget and the 1951-52 budget.

One of the chief problems facing the budget-planners is that of the extent to which tax reductions will be effected. The Government has proposed a 75,000 million-yen reduction. The recent Shoup tax report, however, suggested an increase of 22,000 million yen for the equalization fund. This would slash the tax cut to 53,000 million yen. This issue naturally forms a focal point of public interest because the people want to see their tax burden lightened.

But whether or not Mr. Dodge will advise drastic tax reductions depends on his judgment of the present financial trends. The American financial expert has pointed out in the past that increased consumption is one of the causes of inflation. And, if the tax reduction goes into increased spendings, it may be conducive to inflation.

In the same way, major appropriations for public works may be regarded as a potential source of inflation since money will be placed into circulation. The point is whether or not the people will be willing to put their earnings into savings. The people's willingness to save is the most potent weapon against inflation. On this point, Mr. Dodge has been extremely clear.

Mr. Dodge's arrival is being awaited at this time also from the standpoint that his counsel may give some indication of American policy toward an early Japanese peace settlement. If the 1951-52 budget should become a post-peace treaty fiscal estimate, such items as the war termination fund, the United States Aid Counterpart Fund, the appropriation for the police force, among others, will naturally have to be adjusted.

As a patient recovering from her grievous economic ills, Japan has great confidence in the expert doctoring of Mr. Dodge. His return is welcome and his advice will surely prove beneficial to the Japanese economy now, as it has in the past.

OCT 4 1950

NIPPON TIMES



Dr. Dodge, left, shakes hands with Finance Minister Ikeda

To Study Effect Of War On Japan Economy Aim Of Dodge's Visit Here

Economic Doctor Here For 3rd Time, Will Also Probe Gov't Plans To Meet Problems Arising From Korea Conflict

YOKOHAMA, Oct. 7.—Dr. Joseph M. Dodge, economic adviser to SCAP and president of the Detroit Bank, arrived here today at 7 a.m. aboard the APL liner President Cleveland, 15,539 gross tons, to write for the third time a prescription for Japan's economic ills.

Upon his landing at the pier, the Detroit banker gave an interview to Japanese and Allied newsmen in the wooden Customs Building for about half an hour.

"The purpose of my visit here this time is to make a survey of the effect of the Korean War on the Japanese economy and examine the plans of the Japanese Government to meet any problem that may arise from that source or other changes in international situation," said Dr. Dodge.

After the financial expert issued a written statement, the following questions and answers took place.

Question: "Do you have in your mind a revaluation of the Japanese yen?"

Answer: "No, not at this time."

Q: "What do you think of the proposed ¥70-billion reduction by the Japanese Government in the next fiscal year budget?"

A: "I am not in a position to make any comment on this since I have not seen the Shoup recommendations yet."

Q: "Rumors are afloat that the U.S. financial aid to Japan will be stopped in June, next year. What is your opinion on that?"

A: "I would not make any forecast. That is a matter of the United States Government to consider."

Q: "What are the possibilities of Japan's participating in the International Monetary Fund in the near future?"

A: "That is under consideration."

Dr. Dodge is accompanied by Dr. Ralfe W. Reid, chief, Far Eastern Affairs Bureau, Office in Occupied Areas.

Among the many distinguished persons who greeted the American financial experts were:

Maj.-Gen. William F. Marquat, chief, ESS, GHQ, SCAP; Brig.-Gen. Bryan L. Milburn, Commanding General, Hq Sv Comd; Hayato Ikeda, Finance Minister. Hisato Ichimada, governor of the Bank of Japan; Hideo Sudo, governor-general, Economic Stabilization Board; and Jiro Shirasu, Prime Minister's personal representative.

Dodge Statement

Dr. Dodge issued the following statement to the Japanese and Allied press upon his arrival at Yokohama:

Japan is presently receiving the benefit of a substantial and unexpected windfall of foreign exchange from direct procurement for the war in Korea.

This windfall has not come from any normal expansion of export trade.

Although welcome and stimulating, it must be recognized as unusual, probably temporary, and subject to obvious limitations.

The basic problem connected with it is one of ensuring that a sufficient proportion of the fruits of this abnormal demand and foreign exchange acquisition is reserved for investment in essential capital improvements and for the further expanding of normal exports and that these gains are not dissipated and absorbed by other claims that contribute little to the final answer of the fundamental problems affecting the future of Japan as a nation.

One thing is certain. This is not a time to be led astray by the increasingly dangerous inflation of world prices and the suddenly flowing dollars that are easing the foreign exchange problem.

Oct. 7

Joseph M. Dodge, economic expert, arrived here Saturday.

NIPPON TIMES

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It would be the height of folly to succumb to inflationary tides rising elsewhere in the world.

To do so will cut the real value of all public and private expenditures, and reduce the possibility of increasing exports to the amount needed for self-support and a permanent increase in the living standard of the nation.

The rest of the world is now beginning to realize the need for effective disinflationary policies.

In this, Japan is nearly two years in advance of most nations and this accomplishment is a measurable national asset already recognized throughout the rest of the world.

Also this is not time to ease up on the drive for industrial improvement, efficiency, and increased productivity.

It is the time to maximize such endeavors, the time to build firm productive and competitive strength, and thus to achieve the long sought goal of economic self-support, which is a fundamental requirement of political independence.

Japan has not yet answered its need and proved its ability to earn its own living with normal exports in increasingly competitive world markets.

To do this the export effort has to be accelerated and strengthened and not weakened by the unexpected windfall of foreign exchange.

It is axiomatic that the final status of the standard of living in Japan depends on the expansion of normal exports.

The sharp rise in the prices of the imported raw materials most essential to the exports and internal consumption of Japan means more export will lose benefit to exports which results from higher world prices.

There may be a greater increase in the cost of raw materials than it is possible to recover in export prices while greatly increasing total normal exports.

The unfavorable factors are apparent and are unavoidable.

Many favorable factors are not yet realizable, are contingent on the trend of events, and are not subject to accurate measurement at this time.

In any case, the degree to which favorable factors can be turned to the maximum benefit of Japan will depend on the effort and the wisdom used in capitalizing on them.

If over-optimism should lead to the adoption of unrealistic, short-run, opportunistic policies there is every likelihood of some unpleasant difficulties later on.

Japanese exports to Asia and other areas may be stimulated by the absorption of production in other nations for military purposes, the foreign exchange acquisitions of these nations resulting from rising prices and expanding exports of critical raw materials, and the unsatisfied purchasing power created by these activities.

Japan is in the unique position of a primary alternative supplier of manufactured goods and it has had opened to it an unusual opportunity.

This is because Japan is not yet a full producing economy. Its industry is not being used to capacity and can be made more productive and expanded. There is ample skill and manpower. Japan has nowhere reached the limits of what it can produce for itself and others.

This is a marked contrast to the situation in some other important nations already producing at maximum capacity with full em-

ployment and with the need to carve out of this production the requirements for expanding military establishments.

Thus, the world situation, as it affects Japan, gives some real reasons for optimism provided the situation is clearly understood and properly approached.

Much can be accomplished if the people of Japan will give their wholehearted support to any policies their Government may adopt to ensure, from these circumstances, the greatest possible permanent gains toward the economic independence of their country.

OCT 8 1950

WARNING SOUNDED AS DODGE ARRIVES ON 3RD VISIT HERE

Nippon Should Not Count Too Much on Windfalls From War, He Says

Japan should not count too much on the windfall of foreign exchange from direct procurements for the war in Korea, substantial and unexpected as it is, Joseph M. Dodge, Detroit banker and financial adviser to SCAP, warned on his arrival in Yokohama Saturday morning.

Mr. Dodge, who laid down the famous austerity line for Japan to recovery from the steadily aggravating inflation which was rendering all efforts at rehabilitation impossible, is now on a third visit to Japan. He arrived from San Francisco aboard the American President liner President Cleveland at 8:30 a.m., accompanied by R. W. E. Reid, Chief, Far Eastern Affairs Bureau, Office for Occupied Areas, U.S. Department of the Army.

In his statement to the press, Mr. Dodge pointed out that although Japan is at present receiving the benefit of a windfall from the Korean war, it has not come from any normal expansion of export trade.

In this circumstance, he said, a sufficient proportion of this windfall of foreign exchange should be earmarked for investment in essential capital improvement and for further expansion of normal exports.

"One thing is certain," the SCAP adviser declared. "This is not time to be led astray by the increasingly dangerous inflation of world prices and suddenly flowing dollars that are easing the foreign exchange problem."

The rest of the world is now beginning to realize the need for effective disinflationary policies. In this Japan is, Mr. Dodge emphasized, nearly two years in advance of most nations and this accomplishment is a measurable national asset already recognized throughout the rest of the world.

On the other hand, the financial expert said, Japan has not yet proved her ability to earn a living through normal exports in the increasingly competitive world markets. Thus, any slackening of the effort toward greater productivity, better quality and lower costs will lose for Japan export benefits which result from higher world prices.

"Japan is in the unique position of a primary alternative supplier of manufactured goods, and she has had opened to her an unusual opportunity," Mr. Dodge observed.

Thus, he said, the world situation as it affects Japan, gives some real reasons for optimism. Much can be accomplished if the people of Japan will endeavor to derive from these circumstances the greatest possible permanent gains toward the economic independence of their country, Mr. Dodge concluded.

Backs Dodge's View

Finance Minister Hayato Ikeda expressed "complete agreement" with Mr. Dodge's view that Japan should pursue a disinflation policy instead of being led astray by the windfall of Korean war procurements. He also voiced endorsement of the Detroit banker's denial of rumored reduction of the exchange rate of the yen.

ESB Chief Hideo Sudo said he saw hope for extension of long-term loans in Mr. Dodge's statement emphasizing the need for stepping up Japanese industrial production.

Meanwhile, Japanese financial circles, while expressing agreement with Mr. Dodge's opinion that Japanese economy should push the disinflationary policy and try to withstand the world-wide increase in domestic commodity prices as a result of the rise in prices on the international market is inevitable in a country like Japan which depends on overseas markets for the supply of war materials.

OCT 8 1950

WELCOMING MR. DODGE MAINICHI—Epochal was the role played by Joseph M. Dodge solving the problem of inflation in Japan.

Under the Dodge Line program we have been able to control inflation that once oppressed us like a nightmare and to restore the balance of finance. As planned by him, we are making progress in the work of adjusting industry, increasing our exports and improving our standards of living although slowly. These conditions prompt the thought that if we are allowed time it would not be altogether impossible to hope to achieve the ultimate goal of putting our country on its feet economically.

Ahead of us are several problems. We have to do something about our standards of living, which are too low compared with those in Western countries. We have to improve capital, having lost so much of it in the war.

On the other hand there are favorable factors. We have a chance to increase our foreign exchange through special procurements for the war in Korea and through increased exports.

It happens that the world situation is affecting our export program favorably. But such a condition cannot last long.

There persists in economic circles the opinion that the chief purpose of Mr. Dodge's third visit is to examine the Japanese financial setup and to effect reforms in it if there is need for them. It happens that there are no serious economic problems but there are financial problems. For one thing, there is an excess of loans by commercial banks. There are mounting loans to civilians by the Bank of Japan. These may not augur well.

We trust that during his sojourn Mr. Dodge will make complete plans for resolving Japan's financial problems.

STUDY OF FACTS NEEDED

ASAHI—The purpose of Mr. Dodge's third visit to Japan is to examine the effects of the Korean war on Japanese economy in connection with the compilation of the 1951 budget and make plans for meeting them.

Regarding Mr. Dodge's visit there is some apprehension lest it should result in tightened restrictions on finance in the continuation of the so-called Dodge Line.

There are excessive loans by city banks and increased loans by the Bank of Japan. By themselves these conditions are not desirable. No wonder that fears should be voiced about possible stricter control of finance.

Mr. Dodge's statement stressed the importance of maintaining the disinflationary policy and achieving economic autonomy through increased exports. These are points which should receive the closest attention.

Mr. Dodge said almost nothing about what to do in order to maintain the disinflationary policy. So it is impossible to tell what he may recommend in meeting the problem of disinflation. Our hope is that he will examine in the light of the new situation such vital measures as the redemption of national debt, inventory finance and the use of the U.S. Aid Counterpart Fund, and that he will look closely into the question of the excessive withdrawal of capital which are at the bottom of the unsatisfactory conditions in the financial world.

We are in complete agreement with Mr. Dodge when he urges us to make redoubled efforts to increase exports and achieve economic independence. If it had not been for the special procurements for the Korean war our position would not have improved. It is true that the gains we have made from the situation in Korea were applied for the improvement of our vital industrial equipment and the expansion of exports.

OCT 9 1950

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We are in complete agreement with Mr. Dodge when he urges us to make redoubled efforts to increase exports and achieve economic independence. If it had not been for the special procurements for the Korean war, our position would not have improved. It is time that the gains we have made from the situation in Korea were applied for the improvement of our vital industrial equipment and the expansion of exports.

Japanese Circles Voice Approval Of Dodge's Views On Economy Here 223

TOKYO, Oct. 8.—The Government and private circles here received as being only natural the "warning" by Detroit banker and SCAP's economic adviser Joseph M. Dodge that the Japanese economic circles should not be deceived by the current transient rise in export demand due to the Korean War.

A hearty response is also recognized to the call by the originator of the Dodge economic stabilization program for long-range efforts on the part of the Japanese not to be engulfed in the trend toward inflation now resurgent in some parts of the world.

Finance Minister Hayato Ikeda, in a statement, agreed with Dodge's attitude denying rumors that the yen exchange rate will be changed.

Ikeda said that it will therefore be impossible to increase the amount of the public works fund in the current fiscal year in order to halt the inflationary trend.

Agriculture-Forestry Minister Kozen Hirokawa is expected to see Dodge soon to explain the situation of Japanese farming communities and the Government plan to establish a special bank for financing agriculture, forestry and fisheries.

Hirokawa will also seek the visiting SCAP adviser's opinion in regard to the price of 1950-harvested rice, it is understood.

Governor Hisato Ichimada of the Bank of Japan also expressed concordance with Dodge's view and hoped that the visiting economic adviser to SCAP will take a positive step toward improving Japan's financial policy.

Hideo Sudo, Director General of the Economic Stabilization Board, is another high Government official who supports the Detroit financier's view that foreign currency which has found its way to Japan as a result of the Korean War is abnormal and should be accumulated as capital rather than used to buy consumer goods.

Sudo, at the same time, expressed himself that "abnormal profits" should be invested for rationalizing enterprises and modernizing equipment to boost industrial output.

The ESB Director-General admits that the domestic prices cannot help being influenced by the international price movements but emphasizes that speculators' influence on domestic prices which is now fairly strong must be eliminated.

The Socialist Party will present to Dodge a "list of wishes" designed to speed up Japan's economic self-support, the gist of which is believed to be as follows:

1. Realization of a general land development plan including the development of power resources, reforestation and increased food production;
2. Expansion and rationalization of facilities for shipbuilding and iron and steel production to boost Japan's export and production capacity;
3. Establishment of special banks to finance exporters, small business, fisheries, agriculture and forestry;
4. Acceleration of extension of loans from the Counterpart Fund and the Deposit Bureau Fund as a stop-gap until the above-mentioned special banks are established;
5. Elimination of the current over-loan tendency by means of adjusting the state finance and

loan accommodation;

6. Adoption of special measures to utilize funds effectively and democratically.

The Business Managers Association also holds the opinion concurring with that of the visiting SCAP adviser. BMA's Secretary General Kohei Goshi says Japan's industrial potential should be utilized in recognition of the "strategic" value of the country.

The Japan Securities Dealers Association is expected to make an appeal to Minister Dodge soon for the development of Japan's capital market.

The expected appeal will include Dodge's best consideration on:

1. Release of the Counterpart Funds abundantly and smoothly to various industries;
2. Diversion of the national debt retirement funds to ordinary industries without strictly adhering to the redemption program;
3. Use of the Deposit Bureau Funds for expediting digestion of financial and industrial bonds.

EDITORIAL

Welcome, Mr. Dodge 223

Mr. Joseph M. Dodge is undoubtedly a great benefactor to Japan whose national economy is now steadily on its way toward stabilization.

Despite criticisms and complaints in some circles that the Dodge plan to control inflation was rather too drastic, Japan's postwar rehabilitation might have been impossible had it not been for Mr. Dodge's help and advice.

The Dodge anti-inflation program was drastic but not too drastic for Japanese economy as a whole to endure.

Today we find it was really worthwhile to have endured various hardships, following Mr. Dodge's advice faithfully with the maximum forbearance.

However, the standard of living in Japan is still much lower than that of the Occidental countries. Relief of the jobless remains as difficult a question as ever. The complete dislocation of national economy due to the war still beclouds the prospects for postwar capital amassment.

The famous Detroit banker, as economic adviser to General MacArthur, issued a statement immediately upon his arrival at Yokohama October 7 on his third visit to Japan.

Mr. Dodge's statement, in short, was a warning against the probability of Japan becoming infatuated with the transient rise in export demand due to the Korean War or being engulfed in the reemerging trend of inflation.

The economic circles of Japan observe that Mr. Dodge this time will diagnose the health condition of Japanese economy, chiefly on the monetary aspect.

They understand that Japanese economy today is not so badly off in the financial aspect and that an

unhealthy symptom, if any, can be discovered on the monetary side where "over-loans" from banks to the commercial public are already conspicuous.

Mr. Dodge will point out, we hope, how and why this sorry situation has come to pass and what we should do to place it under control.

We, on our part, believe that Japanese economists themselves are not necessarily short-sighted or devoid of fair and proper recognition in this respect.

For instance, the Keizai Doyukai, one of the influential economic organizations in Japan, has already announced its criticism of the status quo of Japanese economy and its wishes to Mr. Dodge in coping with the situation.

During his 60-day sojourn in Japan, Mr. Dodge will scrutinize and rescrutinize the questions confronting the economic world of Japan and will work out a most pertinent and adequate program to serve as a finishing touch to the Dodge plan.

We fully depend upon the wisdom and circumspection of Mr. Dodge who will show us the way to follow for the completion of our economic rehabilitation and stabilization.

However, this does not of course mean that we can stand idle without doing whatever we can to help and assist Mr. Dodge who has saved the economic life of post-surrender Japan and is going to perfect the economic health of Japan today and tomorrow.

We are duty-bound to cooperate with Mr. Dodge by preparing scientific and conscientious data as fully as possible, as well as offering valuable and constructive views and opinions on our part.

OCT 9 1950

Dodge To Investigate Draft Budget Next Week

Kyodo 223
TOKYO, Oct. 19.—Joseph M. Dodge, visiting American financial expert, will start investigations of the draft national budget for the 1951-52 fiscal year early next year, it is learned.

The Detroit Banker will hear explanations about the draft budget from E.M. Reed, chief, Public Finance Division, ESS, SCAP, who has recently completed scrutinization of the draft budget within a few days, it is also learned.

OCT 20 1950
MAINICHI

DODGE IS DELUGED WITH SUGGESTIONS

Political, Economic Circles Submit Views on Current Conditions, Problems

The third visit by Joseph M. Dodge, economic adviser to SCAP, has been followed by brisk activity and much speculation on the part of Japanese political and business circles over the weekend.

The Social Democratic Party Saturday afternoon decided to present to Mr. Dodge suggestions for the speedy realization of Japan's economic self-sufficiency. The suggestions called for increased attention to a general land development projects, development of power resources, reforestation and increased food production, rationalization of the coal, iron and shipbuilding industries, establishment of special banks to finance exports, small businesses, fisheries, agricultural and forestry industries.

A document entitled "An Analysis of the Present Economic Conditions in Japan and Measures Necessary to Improve the Same" was submitted Saturday to Mr. Dodge by the Keizai Doyukai (Japan Management Association) by way of reference material which the SCAP adviser was requested to take into consideration in laying down the future course for Japan's economy.

"The Korean war has increased Japanese exports in the broad sense of the word," the statement said. "The situation created by the Korean war has made it now possible to apply a positive policy for the completion of the work started by Mr. Dodge. There is no danger of inflation developing again to jeopardize Japan's economy."

Although agreeing with Mr. Dodge's view that Japan should continue the disinflationary policy and make further efforts for industrial rationalization and reduction of production costs, the Doyukai opined, on the other hand, that such phenomena as rising commodity prices and over-loans advanced by banks did not necessarily constitute a revival of vicious inflation. The so-called "economy on stilts" has already disappeared, the business organization pointed out, and economic stabilization had been attained before the Korean affair.

Since there is no immediate danger of inflation, the Doyukai concluded, the Finance Ministry Deposit Bureau funds and the Counterpart Fund should be freely invested in industries and Government bonds should be issued for land development and industrial promotion projects.

It added that tightening of currency issue was unwise in these circumstances.

The Japan Securities Dealers' Association according to Kyodo, is expected shortly to appeal to Mr. Dodge on the development of the nation's capital market, while the Bank of Japan is said to have abandoned its plan of submitting its views to Mr. Dodge. Informed quarters believed that the bank authorities must have found Mr. Dodge's views on Japan's economic conditions too widely divergent from theirs.

OCT 10 1950

TRADE BUDGET SET FOR 3RD QUARTER

\$385 Million Imports, \$215 Million Exports Fixed for Oct.-Dec. Period

Japan's foreign exchange budget for the October-December period is to amount to \$385,000,000 in imports and \$215,000,000 in exports, the Cabinet decided Friday.

The import amount represents a decrease of five per cent compared with the figure for the July-September period and export an increase of 14 per cent.

Validated invisible trade payments are fixed at \$29,774,000 and receipts \$100,874,000. More than half of the invisible trade receipts are expected to come from Korean war procurement demand.

The features of the new foreign currency budget are that

1. Imports have been made larger than exports as far as possible with due regard to the period of foreign exchange payments so that foreign currencies may exercise the maximum earning power;
2. Some futures contracts have been included in the ordinary account budget instead of relegating futures to a special account, and
3. The scope of the automatic validation system has been extended from 65 items to 115.

OCT 23 1950

AGREEMENT SEEN ON EQUITY GRANTS

Cov't and Local Finance Body Reportedly Agree on 3-Point Plan

Agreement is understood to have been reached between the Government and local self-governing bodies regarding the controversial equalization grants increase issue as a result of a number of sessions between the Finance Ministry, Local Finance Commission and the Political Research Committee of the Liberal Party.

The Finance Ministry and the Local Finance Commission are believed to have come to concur on the following points.

- (1) A sum of ¥30,000,000,000 to be transferred to local finances to offset the projected slash of the same amount in the local tax revenue.
- (2) Economies to be made in local finances so as to cover necessary expenses;
- (3) The equalization grants in the 1951 budget are to be left as they stand.

It now remains to be seen whether the Liberal Party will accept the foregoing scheme and what is to be done about the public commitment to effect a tax reduction of ¥100,000,000,000 (¥70,000,000,000 in national taxes and ¥30,000,000,000 in local taxes).

Meanwhile, the Finance Ministry is expected to absorb Deposit Bureau funds totaling about ¥9,968 million now in city banks from November to the end of February, according to Kyodo.

The action will be based upon a recommendation by Chief E. M. Reed of SCAP's Public Finance Division, that the use of Deposit Bureau funds is appropriate to cure a budgetary unbalance caused by overdistribution of Government funds totaling some ¥900 million during the third quarter of the current year.

The fund to be absorbed in November is ¥5 billion, ¥2 billion in December and ¥1,500 million each in January and February.

OCT 24 1950

Dodge Seen Beginning Study of Budget Plan

Joseph M. Dodge, financial adviser to SCAP, has begun a study of the Japanese budget plan this week after completing an analysis of the current economic situation, according to information received from Finance Commissioner Takeshi Watanabe, of the Finance Ministry. The much debated problem of the efficient use of the Counterpart Fund and of the Finance Ministry Deposit Bureau funds, which are essential for industrial financing is understood also to be taken up in conjunction with the budget.

OCT 24 1950

DODGE EXCHANGES VIEWS WITH IKEDA

SCAP Financial Adviser Has 2 1/2-Hour Meeting With Finance Minister

Joseph M. Dodge, financial adviser to SCAP, and Finance Minister Hayato Ikeda exchanged opinions on current financial problems including long-term credits from the U.S. Aid Counterpart Fund when they conferred Wednesday for their first meeting since the Detroit banker's arrival here on October 7.

Takeshi Watanabe, Financial Commissioner, was present at the meeting which lasted two and a half hours.

Other subjects of the conference included the general principles of formulating the national budget and the question of inflation resulting from the Korean war, Mr. Ikeda told the press after the conference.

The Finance Minister stated that Mr. Dodge still attached importance to the disinflation policy which has been adhered to up to the present. He added that Mr. Dodge appeared to be aware of a danger of the Japanese economy being affected by inflation as a result of international economic changes due to the Korean war.

Mr. Ikeda said that neither detailed budget plans nor the rice price nor tax reduction were discussed during the conference.

OCT 26 1950

IKEDA Hayato Ikeda M. Dodge on economy

Talks Finance

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According points discussed included the tension of ing around Counterpart be taken tatory the resulting

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OCT 24 1950
NIPPON TIMES

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223
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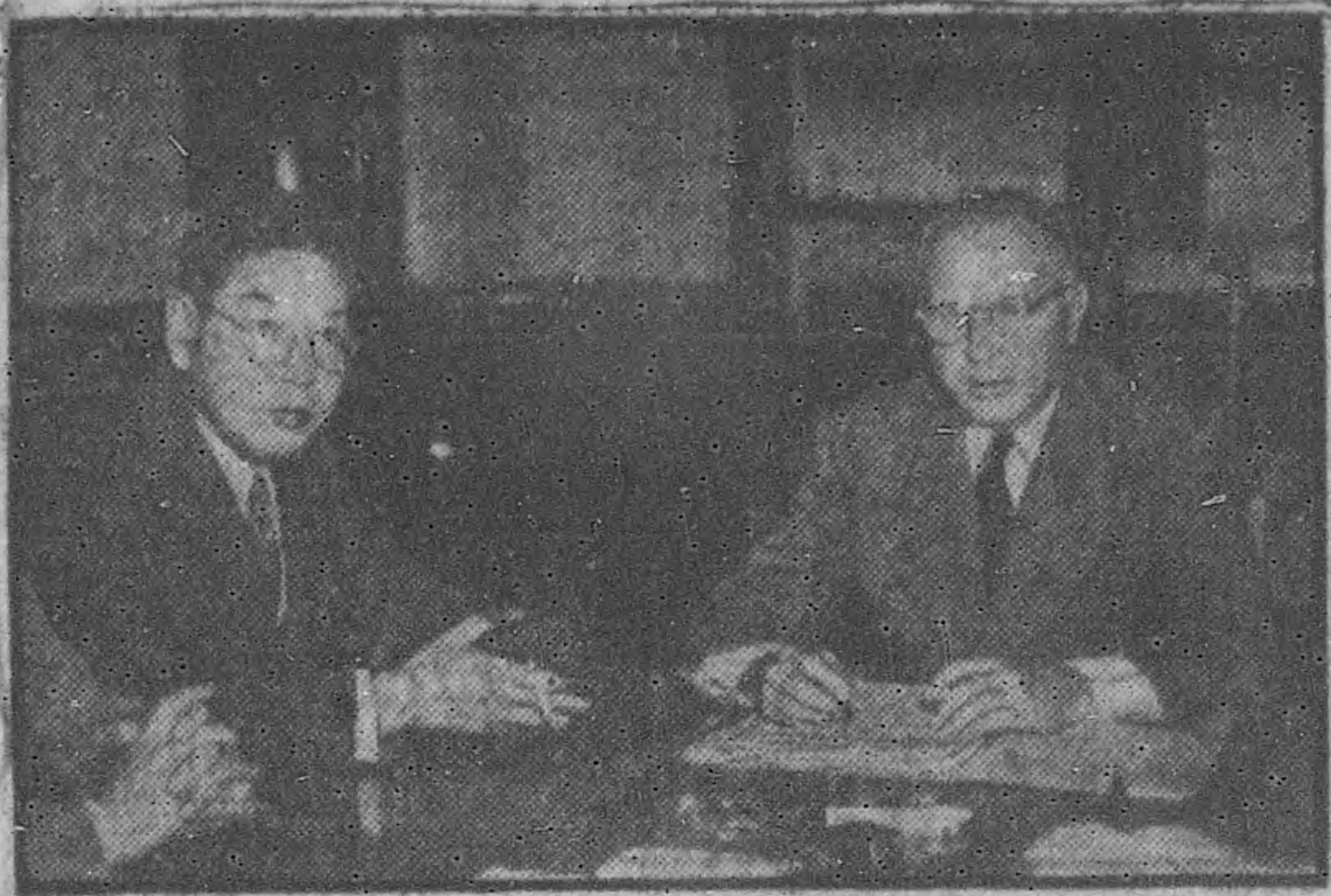
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OCT 26 1950
NIPPON TIMES



IKEDA-DODGE TALKS BEGIN: Finance Minister Hayato Ikeda (left) visited SCAP financial adviser Joseph M. Dodge Wednesday for the first of a series of conferences on economic problems. 223 Kyodo

OCT 26 1950

Talks Between Dodge, Finance Minister Start

223
TOKYO, Oct. 25.—Visiting American financial expert Joseph M. Dodge aired his views on general principles on the basis of which the national budget for the fiscal 1951-52 year should be compiled at the first session of conferences with Finance Minister Hayato Ikeda today, the Finance Minister told the press.

According to Ikeda, other salient points discussed at today's talks included the issues relative to the extension of long-term loans centering around those from U.S. Aid Counterpart Fund and measures to be taken against the recent inflationary trend of Japanese economy resulting from the Korean struggle.

Pointing out that the American financial expert seemed to fear the possible re-visit of inflation to Japan with the expected shift in the world economy following the termination of the Korean War, the Finance Minister said that he believes that the "disinflation policy" so far taken should be continued with no modification of the so-called Dodge Line expected to be made.

The Finance Minister also revealed that the controversial problems of rice price and tax reduction were not included in today's talks.

In the course of the conference, Ikeda reportedly expressed his hope that 70 per cent of the total expenses needed for the realization of the sixth shipbuilding program be covered by loans extended from U.S. Aid Counterpart Fund. However, Dodge replied to the Finance Minister that he favored the SCAP's views on this issue contending that only 50 per cent of the total expenses should be disbursed by U.S. Aid Counterpart Fund, according to the Transportation Ministry.

OCT 26 1950
MAINICHI

Ikeda Meets Dodge

223
Finance Minister Hayato Ikeda called on Joseph M. Dodge, SCAP financial adviser, at 2 p.m. Monday to confer on budget and financial problems. The conference, second since Mr. Dodge arrived in Japan, lasted two and a half hours. Mr. Ikeda told newspapermen that the subjects of discussions included concrete means for using U.S. Counterpart Fund and Deposit Bureau funds as long-term credits and the economic situation as affected by the Korean war.

OCT 31 1950
NIPPON TIMES

Budget Revision Regarded Inevitable; Shipbuilding Program Faces Difficulty

By Staff Political Writer

223
TOKYO, Oct. 26.—The draft budget for the next fiscal year will undergo a drastic revision as the result of the conference held between Joseph M. Dodge, American financial expert, and Finance Minister Hayato Ikeda, it is generally believed.

Dodge who has been scrutinizing Japanese economy since his arrival in Tokyo over two weeks ago had the first interview with the Finance Minister yesterday.

It is learned that during the talks, the American financial expert revealed his fundamental idea before he outlines concrete measures in the second interview expected shortly.

His idea as revealed yesterday is designed to maintain a balance in point of financial administration, while stressing the need for working out novel means for long-term loans for industrial facilities.

The key point of his idea lies in the fact that he warned the Japanese Government of the imminent danger of inflation resulting from the development of hostilities on the Korean Peninsula, it is believed.

It is also believed that in the course of the talks, Dodge enumerated measures now being employed by various countries to stem the inflation and requested the Govern-

ment to continue to maintain the general principle so far adopted by the Japanese Government in the compilation of the budget.

Dodge also is likely to have pointed out the lack of consideration on the part of the Japanese Government over the change of price level in its efforts for the compilation of the budget.

He is also of the opinion that foreign currency acquired and counterpart funds should be made most of for industrial facilities to facilitate the materialization of self-supporting economy.

Meanwhile, the sixth phase of the shipbuilding program is said facing a grave financial difficulty as a result of GHQ disapproval of the Government plan to finance 70 per cent of the plan from the U.S. Aid Counterpart Fund.

Finance Minister Hayato Ikeda learned yesterday that GHQ could not change its 50 per cent Counterpart Fund appropriation plan for the sixth phase of the program.

Ikeda was informed of this during his talk with Dodge yesterday. As a result, a radical curtailment in the tonnage of new ships to be built under the sixth phase of the plan is believed certain.

OCT 27 1950

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IKEDA DISCLOSES BUDGET FIGURES AT CABINET MEET

**¥586 Billion Expenditure,
¥654 Billion Revenue
Planned**

The Finance Ministry draft of the 1951-52 budget involving an expenditure of ¥586,937,000,000 and a revenue of ¥654,971,000,000 was made public Tuesday.

The budget plan leaves a balance of ¥68,033,000,000.

Both in expenditure and revenue, the draft budget plan shows a decrease from the current fiscal year's budget which totals ¥661,406,000,000.

Finance Minister Hayato Ikeda explained the budget plan at the regular Cabinet meeting Tuesday morning.

Chief among the still pending issues of the 1951-52 budget are the rice price and public works expenditures.

Although the tentative plan envisions the price of rice at ¥5,500 per koku, the Finance Ministry favors ¥5,100 to ¥5,300. Finance Minister Ikeda believes that the price of rice should be determined on the basis of the price of wheat since it is well matched to the international market price level of wheat.

The Economic Stabilization Board, however, believes that the wheat price should be determined after the rice price. A decision on the issue is expected to be reached between the ESB and the Agriculture-Forestry Ministry within a few days.

Meanwhile, the tentative budget plan calls for ¥112,980 million in public works expenditures, as against ¥89,900 million for the current year. Whether or not to effect further increase will be a major issue from now on.

The Cabinet plans to hold a series of budget conferences beginning Thursday and adopt a final budget plan within the next week.

The following are the more outstanding general account items in the Finance Ministry's draft scheme:

(in ¥1,000,000)

Expenditure	
War termination expenses	100,000
Reparations disposal expenses	458
Special assets disposal expenses	441
Released articles disposal expenses	117
Public works expenses	112,980
Financing and investment	14,670
Social security expenses	32,513
Unemployment relief expenses	13,543
Government agencies compensations and replacements	2,528

Price adjustment expenses	30,000
National Police Reserve Force expenses	12,000
Maritime Safety Board expenses	4,894
Wages increase expenses	10,500
Total	586,937
Revenue	
Tax and stamp revenues	459,200
Government enterprise and Government property incomes	134,895
Miscellaneous incomes	35,583
Special revenue	5,737
Surplus carried over from previous fiscal year	19,554
Total	654,971
Balance to be held over	68,033

SEP 6 1950

NIPPON TIMES

1951-52 BUDGET PLAN

ASAHI—The Finance Ministry's budget plan for 1951-52 envisages tax cuts totaling ¥70,000 million and public works expenses of ¥102,000 million. While it promises fulfillment of the Liberals' election commitment of tax reduction in a modified way, it will not satisfy the Cabinet Ministers who are calling for ¥150,000 million public works expenses under the name of "U.N. cooperation" budget.

Tax reduction generally results in an increase of the people's economic power but at the present stage it is likely to result only in an increase on the people's spending, instead of an increase in their capital accumulation.

On the other hand, investments in public works means a compulsory increase in capital accumulation, although there is the fear that they may be used in an unproductive way and politically. Under the present circumstances, however, emphasizing of public works rather than tax reduction is the right course.

SEP 7 1950

NIPPON TIMES

GOV'T SEEN BUSY IN DELIBERATIONS ON NEW BUDGET

**Big Tax Slash Is Viewed
Doomed as 4-Day Study
of Finances Opens**

The Government swung into deliberations on the 1951-2 budget Thursday, when the Cabinet met in the first of a four-day meeting to trim or adjust national finances for the next fiscal year.

It is expected that the Japanese Government estimates will be put into definite shape over this weekend and next week will be devoted to consultations with GHQ for its approval of the figures. GHQ decision is expected some time in October.

Observers see a probability of considerable changes in the Finance Ministry scheme, especially with regard to tax reduction. It is believed, according to Kyodo, that a drastic cut in the amount of reduction in taxes is inevitable.

The fundamental issue in this connection is considered to be how the possibilities of inflation due to the Korean conflict are to be viewed.

In certain "influential quarters" it is remarked that although a deflationary tendency since the execution of the Dodge budget has been emphasized, the actual execution of the 1949 budget does not warrant the view that Government funds withdrawals have occasioned any drastic deflation. Rather is it to be feared that some adverse influences will be felt in Japanese economy owing to the world-wide arms expansion boosting prices.

Dr. Carl S. Shoup, chief of U.S. tax mission, is said to be considerably concerned over the recent inflationary tendency of Japanese economy.

Observers note, in this connection, that the Finance Ministry's budget scheme is of a nature to decrease taxes by about ¥60,000,000,000 especially with regard to the income tax, despite the fact that the fiscal year 1951-2 is likely to see an increase of 10 per cent in the national income.

Some held that public works appropriations in the current fiscal year were too heavy and yet an increase is seen even in those appropriations. Moreover, a still further increase is considered probable in the course of Cabinet deliberations. On top of this, appropriations of the nature of agriculture-forestry-fisheries banking have increased in the new budget. Observers point out that the price of rice, which forms the basis of the budget estimates, has been fixed too high.

All these factors are seen to be of an inflationary character.

The price of rice formed the main topic of discussions at Thursday's Cabinet meeting. It was decided as a result that Hideo Sudo, Director-General of the Economic Stabilization Board, should negotiate with GHQ authorities along the line agreed on among the Agriculture-Forestry, Finance Ministers and ESB chief on Wednesday, that is, ¥5,200-5,300 per koku (about five bushels), producer price. It has been decided that the consumer price should be fixed at not more than ¥7,000.

Cabinet deliberations hereafter are expected to be focused on public works, unemployment and educational appropriations.

Alongside the Cabinet discussions of the budget, the Government has established a Disaster Countermeasures Council to deal with the recent typhoon damage in the Kansai area and other disasters. Thursday's Cabinet session heard Construction Minister Kaneshichi Masuda report on his survey of the Typhoon Jane ravages. The total amount of damage caused by the typhoon and floods is estimated at no less than ¥100,000,000,000. The relief and restoration expenses to be allocated to this quarter from the budget is believed to be something like ¥20,000,000,000. For this, it is understood that a supplementary budget will have to be compiled.

SEP 8 1950

NIPPON TIMES

Ikeda-Stephan Meeting

Held on Budget Issues

Finance Minister Hayato Ikeda and Dr. Audrey Stephan, a member of Dr. Carl S. Shoup's tax mission, conferred for about half an hour on the 1951-52 budget and other subjects in Tokyo Thursday morning. The conference took place when Mr. Ikeda called on Dr. Stephan, who is leaving Japan Friday. Dr. Stephan arrived in Japan late in July as a member of the second Shoup mission. He has been studying the expenditures for the 1951-52 budget since his arrival. He will report his findings to Joseph M. Dodge, Detroit banker, who is expected to visit Japan again in mid-October. Final decision on the Government's tax program will be made only after Mr. Dodge's arrival.

SEP 15 1950

NIPPON TIMES

MINISTRIES SEEK LARGER BUDGETS

Appropriation Increases Totaling ¥100 Billion Are Requested

Appropriation increases totaling some ¥100,000,000,000, including a large budget for public works, were requested by various Ministries when the Cabinet met for the second day to discuss the 1951-2 budget Friday.

Among the items on which appropriation boosts were demanded by the Ministries were the following.

Attorney General's Office: National Rural Police expenditures.

Education Ministry: a ¥13,500,000,000 increase in compulsory education expenditures, private school loans, scientific research and State school appropriations.

Agriculture-Forestry Ministry: Food output increase, agricultural and forestry banking and fishery port rehabilitation expenditures.

Economic Stabilization Board; Public Works and State planning expenditures.

Transportation Ministry: construction expenditures.

Labor Ministry: Special unemployment relief measures.

Construction Ministry: Calamity damage rehabilitation measures, public works, war-damaged area rehabilitation and housing construction expenditures.

International Trade and Industry Ministry: Pig iron price differential subsidization, industrial technique and equipment and small business promotion expenditures.

Public Welfare Ministry: Social insurance, health insurance, livelihood guarantee and anti-tuberculosis expenditures.

Postal Administration Ministry: Raising of the price of the post-card. (A majority of Cabinet members oppose it).

Local Autonomy Board; Equalization transfers.

The most controversial item was still the public works appropriation. The Cabinet will sit for two more sessions to thrash out the budget.

SEP 9 1950

NIPPON TIMES

Economic Framework

Government action on the craft of the 1951-52 budget is preparatory to establishing the framework within which all other economic policies must

be fitted. Annually the Government undertakes this important economic act, and the effects are felt not only during the following fiscal year but for many years thereafter.

The need, therefore, arises for farsighted economic statesmanship in accurately evaluating the existing conditions and in carefully anticipating future circumstances in order to set up a sound basic foundation for the nation's economic and financial program.

The focus of attention in this year's budget formulation endeavors has been placed on the conflict between the public pledge of the government party to effect a 70 billion yen tax reduction and the demand of a solid bloc of Cabinet ministers for more public works appropriations.

But complicated factors are involved. It is generally recognized that the tremendous task of attaining economic stabilization in postwar Japan has neared its goal, and it is now regarded as time to stimulate economic reconstruction. To achieve this, capital must be accumulated.

Both Mr. Ikeda and his opponents on the tax-public works issue agree that new capital is essential, but the former believes the public, with reduced taxes, should contribute to capital investment, while the latter insist that the Government should make use of whatever surplus funds it can budget for investment purposes. They claim that the people will not invest but will dissipate their tax relief in purchasing consumer goods.

The danger of inflation both from a tax reduction which would put increased money in the hands of the public and from extensive public works programs which would greatly stimulate the consumption of materials and put more public funds into circulation is obvious.

Faced with such problems in drawing up an acceptable budget, the nation demands the exercise of a new order of economic statesmanship. Narrow party or political interests must not be permitted to limit the scope of the budget.

The Government, the political parties and the people must undertake their respective responsibilities to assure that the 1951-52 budget and laws made to execute the policies are of the best and will serve the best interests of the greatest number of people.

SEP 18 1950

NIPPON TIMES

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Balanced Budget, Tax Cut Remain Gov't Fiscal Policy

The Government's three-point budget policy of balanced accounts, over-all reduction of public finances and a tax decrease of ¥70,000,000,000 will be maintained, Finance Minister Hayato Ikeda declared at a press conference Thursday morning.

Mr. Ikeda made the statement following an hour's conversation with Prime Minister Yoshida on the budget for the 1951-52 fiscal year and other matters. The statement came in the face of reports that the Liberal Party as well as some members of the Yoshida Cabinet are strongly in favor of increasing public works funds even at the sacrifice of the promised tax reduction plan. Press reports said that the amount of tax cut may be reduced to ¥40,000,000,000.

A balanced budget, reduction in the scale of public finance and reduction in taxes by ¥70,000,000,000 remain the three pillars of the budgetary

policy, he pointed out, and around these will be built a scheme of higher Government employee pay level and increased appropriations for unemployment relief.

There has been talk, Mr. Ikeda said, that it is not proper that Japan should reduce taxes when American taxes are rising, but, he added what the United States most desires is that the Japanese economy should be stabilized as quickly as possible.

Although admitting that increased appropriations for public works were necessary, Finance Minister Ikeda said that tax reduction was extremely important. Inflation may have been halted, he said, but total optimism was definitely unwarranted. Japanese economy has not reached a stage, he explained, where public projects can be carried on by continuing to increase taxes.

appropriations for public works should be increased even if the promised tax reduction may have to be sacrificed to some extent, but, Finance Minister Ikeda stoutly maintained his policy of keeping within the Dodge line by balancing the budget, reducing the scale of public finance and reducing taxes.

Discussions up to Saturday, accordingly, settled down to (1) realization of the ¥70,000,000,000 tax reduction scheme, (2) public works to the extent of about ¥120,000,000,000, (3) price of rice to be raised to ¥5,500 for this year's crop, (4) a sweeping raise in educational and cultural appropriations and (5) a raise of ¥1,000 or thereabouts in the pay level of Government employees.

In the course of the Finance Ministry examination of the budget, two alternatives were proposed for the price of rice, ¥5,000 and ¥5,500. As this was a most important question, affecting as it would the amount of income tax to be levied and the pay level to be fixed, it was decided that the problem should be threshed out at Cabinet meetings hereafter. As a budget item, however, it was agreed that the ¥5,500 as producer price per koku, instead of ¥4,348, the current price, should be adopted pending adjustments later.

In regard to tax reduction, it was decided that the current system be enforced next fiscal year, too and, on that basis a reduction of ¥70,000,000,000 was seen to be possible.

The raise of ¥1,000 in the pay level of Government employees is subject to further study as it remains to be seen whether such an increase would be possible for the Postal Services Ministry which is under the independent accounting system without resort to a raise in postal rates.

All in all, it is believed that the total expenditure for the next fiscal year will be something like ¥560-570,000,000,000.

NIPPON TIMES

SEP 1 1950

1951-52 BUDGET

YOMIURI—Tax reductions amounting to ¥100,000 million, as promised by the Liberal Party at the House of Councillors' election in June, seems to be in danger of being shelved or drastically revised because substantial increases in public works expenditures are being requested by various Ministries. Those appropriation increases are being asked in the name of a "U.N. cooperation" budget, its underlying idea being that when the United States is increasing taxes Japan should refrain from tax reductions.

Tax reduction and public works expenses in Japan have nothing to do directly with the U.N. The bureaucrats calling for appropriation increases are using the name of U.N. only in order to make their demand seem respectable. The practice reminds us of the popularity of the words "Imperial rule assistance" during the war, which were used even as the name of a candy.

The Japanese people have borne exorbitant taxes and austerity for two years to normalize the national economy. If the Liberals fail to achieve sizeable tax reductions next year, they will lose much of the public support which they still enjoy today.

BIG CUT IN LEVIES HIGHLIGHTS DRAFT OF 1951-52 BUDGET

Finance Ministry Holds to Policy of Keeping Within Dodge Line

Asahi Shimbun-Nippon Times
Reduction of taxes by ¥70,000,000,000, earmarking of about ¥110,000,000,000 for public works and fixing of the price of rice at ¥5,500 for one koku (about five bushels) constitute the salient features of the 1951-52 budget adopted by the Finance Ministry.

The Ministry completed assessing the demands of the various Ministries Saturday and Finance Minister Hayato Ikeda is expected to explain the draft budget plan at the regular Cabinet meeting Tuesday. Then the demands of the various Ministries for "revival" of some of the items cancelled by the Finance Ministry will be considered and the final figures submitted to the Cabinet meeting for approval.

In the compilation of this budget, Agriculture-Forestry Minister Kozen Hirokawa and Hideo Sudo, Director-General of the Economic Stabilization Board, strongly urged that

SEP 1 1950

NIPPON TIMES

SEP 5 1950

NIPPON TIMES

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**LOCAL LEVY BILL
OK'D 145 TO 82
BY UPPER HOUSE**

**Will Become Effective on
Aug. 1—20-Day Diet
Session Ends**

Bringing to a close the 20-day Eighth Diet Session, the House of Councillors passed the Local Tax Law Revision Bill with a majority vote of 145 to 82 at its plenary session Monday afternoon.

The revised Local Tax Law will become effective simultaneously with its promulgation on August 1. The important measure was the central issue throughout the Eighth Diet.

The National Police Reserve, the Korean situation and the peace treaty were the political problems which were the most debated.

Meanwhile, there were going on moves aiming at Liberal-Democratic cooperation, especially in connection with the so-called supra-partisan foreign policy.

No legislation was made by the Eighth Diet to revise the public service pay scale, create an Export Finance Bank or improve the agrarian livelihood. The next Diet session, which will open in the fall, is expected to act on those issues.

Until the next Diet session opens in September or later, the Liberal-Democrat moves toward closer cooperation, the Socialists' preparations for an offensive against the Government and the increasing underground activities of the Communist Party will be the major political developments worthy of attention.

Twenty-five of the 35 bills introduced to the Diet session were enacted.

The Government sponsored 20 bills and 17 were passed.

Under the new tax law, local taxes will, on the whole, rise to some 2.8 times of the amount levied during the last fiscal year.

The new resident tax will combine the levies hitherto made by prefecture and by city, town or village (in the case of Tokyo metropolitan and ward levies) and will be based not on the size of the house one is living in but on income. The rate of taxation consists in 18 per cent of the income tax being paid by the person plus a flat levy of ¥800 if he is living in a city of 500,000 or more, ¥600 if more than 50,000 and ¥400 if less. Some will have to pay a residents tax nearly 10 times as much as he or she has been paying and on the average the rate will be 3.4 times heavier.

The fixed assets tax will be imposed not only on land or house, but also on ships or

machinery—assets that can be amortized.

While the problematical added value tax has been postponed two years by an amendment, business income will be taxed as before at the rate of 12 per cent for corporate business or first class individual business (instead of 15-18 per cent as hitherto) and eight per cent for special corporate business and second class individual business (instead of 10-12 per cent). There will be no tax on agriculture or forestry.

AUG 1 1950
NIPPON TIMES

**BUDGET DEMANDS
WILL BE TRIMMED**

**Big Slash of ¥600 Billion
in Ministry Requests
Planned by Ikeda**

The budgetary demands of the various Ministries which total about ¥1,000,000,000,000 (one trillion yen) will be trimmed to about ¥600,000,000,000 (six hundred billion yen), Finance Minister Ikeda told newsmen Monday.

The Finance Minister said that he would like to complete the Finance Ministry discussions on the 1951-52 budget during the current month.

"The demands of the various Ministries are extremely large," he said, "we wish to cut them down to about ¥600,000,000,000. The matter will be taken up at Tuesday's Cabinet meeting and thereafter."

As regards import subsidies and war-termination expenses, he said that it would be difficult to settle these questions at once.

He hoped to settle the question of raising the Government salary level with an eye on the price of rice, reduction in the income tax and the wage level in private business.

Everything cannot be disposed of according to National Personnel Authority plans, the Finance Minister pointed out. A raise of about ¥1,000 a month is conceivable for next year, if at all.

Mr. Ikeda added that he hoped the National Railways monopolies and local autonomies would achieve financial self-sufficiency on the "independent accounting" basis. Only, he said, postal service and public corporations will probably be included in the general account of the budget.

AUG 13 1950
NIPPON TIMES

**Gov't Given Budget Demands
Exceeding ¥1,000,000 Million**

The budgetary demands of the various Ministries for the fiscal year 1951-52 exceed ¥1,000,000,000,000, the Nihon Keizai reported Thursday.

These demands have reached the Finance Ministry in their approximate estimates, and the budgetary authorities are now in a position to assess them for the compilation of the budget in its more precise form. This assessment will take until late this month and the results will be submitted to a Cabinet meeting on August 27 or 28 for indication to the respective Ministries.

The Finance Ministry authorities are understood to face a tremendous problem to compress the tremendous sum to something like half the amount, ¥500,000,000,000.

As against the general account budget of ¥660,000,000,000 for the current fiscal year 1950-51, the authorities antici-

pate a surplus of about ¥120,000,000,000, through economy measures by which ¥50,000,000,000 from the debt retirement fund, ¥60,000,000,000 from price regulation expenses and other items are made available.

On the other hand, they require a margin of roughly ¥70,000,000,000 to cover the decrease in tax revenue even after appropriating additional expenditures for unemployment relief, social insurance, land development, agrarian investment and higher salary for Government personnel.

Many changes, are expected before the final decision by the Cabinet is made late September, inasmuch as the price of rice, the general price level and the salary level, which determine the budget, are not yet known, and much depends on new economic policies to be evolved and on developments of the Korean conflict.

AUG 7 1950
NIPPON TIMES

**Finance Ministry Said
Seeking 3rd Dodge Visit
For Help on New Budget**

Another visit to Japan by Joseph M. Dodge is being requested by the Finance Ministry, a Government source revealed Friday, according to Kyodo. The Ministry has asked for GHQ approval on the plan and at the same time has sent a letter of request direct to the Detroit banker. The same source said that the Ministry desires the American financial expert's advice in the compilation of the next fiscal year budget, which is believed to face difficult issues as the result of the changed situation following the outbreak of hostilities in Korea.

**Ikeda Announces
Gov't Expenditures**

TOKYO, Aug. 15.—Expenditures as requested by various Government Ministries in the category of the general account for the next fiscal year aggregate over ¥1,062,900-million, Finance Minister Hayato Ikeda told the Cabinet today.

The number of personnel as required by these Government Ministries totaled over 504,000, the Finance Minister said, adding, "the amount of expenditures will see a further increase as expenditures for the National Police Reserve are not included."

Among the main items of expenditures are ¥357,800-million for public enterprises, ¥107,400-million for the disposal of post-surrender business, ¥105-billion for equalization funds, ¥30-billion for industrial subsidies, ¥19-billion for unemployment relief, and ¥40-billion for social compensation.

AUG 23 1950
NIPPON TIMES

**'51 BUDGET NEEDS
BARED BY IKEDA**

**Requirements Expected to
Total ¥1,062,939 Million
Cabinet Told**

Budget requirements for the 1951-52 fiscal year's General Account sent to the Finance Ministry from various Ministries and agencies totaled some ¥1,062,939 million, Finance Minister Hayato Ikeda told the Cabinet meeting Tuesday.

The Government payroll to be paid from these budget requirements includes 504,238 employees.

The Finance Ministry intends to complete its assessment of these budget requests by the end of this month.

As these requests do not include expenses for the new police reserve and the increased maritime safety corps personnel and some items of expenses are apparently underestimated, the final total is expected to amount to over ¥1,100,000 million.

The current fiscal year's budget for the General Account is ¥861,406 million and the budget payroll includes 423,800 employees.

Major items of expenses being requested include public works amounting to ¥357,800 million (Economic Stabilization Board), "war termination" expense ¥107,400 million and equalization grants ¥105,000 million (both Prime Minister's Board), subsidies ¥30,000 million (Price Board), unemployment relief policy ¥19,000 million (Labor Ministry), and social compensation expense ¥40 (Welfare Ministry).

The budget request for the national debt retirement shows a big decline of some ¥50,000 million from that for this fiscal year.

**Demands
100 Million**

plus of about ¥120,- through economy by which ¥50,000,- from the debt retirement, ¥60,000,000,000 regulation expenses items are made other hand, they re-margin of roughly 1,000 to cover the tax revenue even appropriating additional for unemployment, social insurance, development, agrarian in- and higher salary ment personnel. changes, are expected final decision by is made late Sep- as much as the price general price level ary level, which de- budget, are not yet and much depends on omic policies to be and on developments rean conflict.

**BUDGET NEEDS
D BY IKEDA**

ments Expected to
1,062,939 Million
Cabinet Told

requirements for the fiscal year's General sent to the Finance from various Min- and agencies totaled ¥1,052,939 million, Minister Hayato Ikeda Cabinet meeting Tues- government payroll to from these budget re- ts includes 504,238 s. Finance Ministry in- complete its assess- these budget requests and of this month. se requests do not in- expenses for the new serve and the increas- time safety corps per- and some items of ex- are apparently under- d, the final total is ex- to amount to over 00 million. rrent fiscal year's budget General Account is ¥661,406 and the budget payroll in- 23,860 employees. items of expenses being include public works g to ¥357,800 million (Eco- stabilization Board), "war on" expense ¥107,400 mil- equalization grants ¥105,000 (both Prime Minister's subsidies ¥30,000 million board), unemployment re- ¥19,000 million (Labor), and social compensation ¥40 (Welfare Ministry). budget request for the na- t retirement shows a big of some ¥50,000 million et for this fiscal year.

Budget Estimates

The most potent force that the Government can bring to bear upon the national economy is the budget, and last week various government ministries submitted budgetary demands exceeding the astronomical figure of 1,000,000,000,000 yen.

The Finance Ministry is now examining the estimates, and there will, of course, be generous slicing of obviously excessive demands. But it is all too well known that the financial experts of each ministry have anticipated these cuts and have padded their estimates accordingly.

With the people already heavily burdened with high taxes which are recognized as essential to build up a war-devastated country to normal living standards, the need for vast expenditures by the national and local governments for public welfare programs is a vital element in a stabilizing economy. But with the continued reports of misuse of public funds by government personnel and with increased tax rates being announced by local governments, the people have neared the breaking point of what they will endure on the subject of public finances.

Lack of adequate funds must never be an excuse to limit or cripple the execution of a legitimate and useful public program authorized by law. But because public funds figure in the hundreds of millions of yen does not mean that public officials can let a few thousands or a few millions trickle out in a wasteful stream. For, those who pay the taxes to make these funds available to their government are earning that money with hard work and sacrifices.

As budgetary estimates are reviewed, it is time to think about economic statesmanship—to determine long-range financial policies on the basis of existing conditions and of foreseeable factors. The whole pattern of economic and fiscal policy must be carefully surveyed, and a broad and balanced program outlined through a sound budget.

A budget fashioned within the narrow limits of a selfish bureaucracy can only undermine Japan's economic structure, which after five hard years is slowly but irrefutably achieving stability and strength. A government which cannot itself economize has no right to demand sacrifices from the people.

**KONO SAYS '51 BUDGET
TO TOTAL ¥590 BILLION**

**¥1,100,000,000,000,000 Asked
by Gov't Agencies**

The 1951 fiscal budget is intended to be fixed at ¥590 billion, declared Chief Kazuyuki Kono of the Budget Bureau, Finance Ministry, Monday, according to Kyodo.

He told a meeting of Liberal Party executive officers that appropriation demands by various government agencies have totaled ¥1,100 billion.

Mr. Kono said he intended to reduce taxes by ¥60 billion in income tax and ¥10 billion in commodities tax in the next fiscal year.

Expenditures, he explained, would be cut by ¥50 billion in debt retirement and ¥60 billion in subsidies on price difference.

Around ¥8 billion, he said, would be earmarked for raising the pay of civil servants by ¥1,000 per capita.

The Budget Bureau head said he had no intention of raising postal fares, though the post office special account was around ¥10 billion in the rea.

AUG 22 1950
NIPPON TIMES

**Local Views on Tax Reforms
Will Be Presented to Shoup**

Opinion in local tax and finance reforms and data to back it are to be presented to Dr. Carl S. Shoup, taxation adviser to Gen. MacArthur, by prefectural bloc representatives at GHQ Tuesday, Kyodo reports.

The representation includes an appeal for revival of the prefectural tax system—a "flexible tax system under which taxpayers can take on a tax burden compatible with their actual capacity to bear it in accordance with the circumstances of each prefecture."

It is also asked that the liquor consumption tax be revived and tobacco consumption tax inaugurated on the basis of the final sales prices of liquor and tobacco, the rate being set at 5 per cent of those prices.

Electricity and gas taxes should be made prefectural taxes, another item of the opinion says. These levies should be made exclusive prefectural taxes in order to strengthen metropolitan and prefectural finances. Municipal, town and village finances should be supported with funds secured through the equalization grant system. As repair and building of roads are borne by prefectures, the gasoline tax should be transferred to prefectures, it is also urged.

Although the added value tax is desirable, the appeal goes on, its levy should be simplified, applying the method of computation applied to banking, insurance and mutual financing, namely, imposing of certain rates on the total proceeds.

AUG 23 1950

1951 BUDGET

MAINICHI—The people above all want the next fiscal year to bring sizable tax reductions and alleviate the acute money shortage. Although inflation due to the new demand arising from the Korean war is feared by some circles, the boom will be limited to a small portion of the Japanese economy. Most people will have to experience difficulties in paying national or local taxes every month from now until next January.

AUG 29 1950
NIPPON TIMES

Draft Budget For 1951-52 Fiscal Year Slated For Completion By Month End

TOKYO, Aug 26.—The Finance Minister will finish the compilation of the draft budget for the 1951-52 fiscal year by the end of this month and set about negotiations with SCAP for the latter's approval of the draft, it is learned.

The new draft budget will be compiled on the anticipation that a 10 per cent increase will be seen in the amount of national incomes in the next fiscal year as a result of expected increased production of various commodities.

The compilation will also be based on the assumption that there will be no serious rise in the commodity prices in the next fiscal year.

The price of rice which is one of the most important factors to be taken into consideration in the compilation of a national budget will be set after "political" considerations. If the price is to be decided on the parity account system as

proposed by some circles, the price per koku will be ¥4,590.

If the price of rice per koku is set at ¥6,000, a 10 per cent increase will be seen in the people's living expenses.

In connection with the wage basis for civil employees, the Finance Ministry is of the opinion that it would be difficult to adopt a new level of ¥8,058 as recommended by the National Personnel Authority.

The Finance Minister, it is also learned, has decided to effect an overall abrogation of the Government subsidy system. Subsidies to iron and steel industries, however, will be continued if the abolition proves fatal to the industries.

In the next fiscal year, the Finance Ministry will exert utmost efforts to materialize a tax reduction of ¥70-billion, centering around the cut in income and sales taxes.

AUG 27 1950

MAINICHI

BUDGET DEMANDS TO BE WHITTLED

Finance Ministry Expected to Pare Estimates for '51 Fiscal Year

The Finance Ministry is expected to squeeze the enormous budget demands for the next fiscal year totaling ¥1,062,900 million to around ¥590,000 million, Kyodo says.

* The figure represents a reduction of about ¥70,000 million from the current fiscal budget which amounts to \$661,400 million.

The balance between this and next year's revenue budget is said to be earmarked for lightening the income and commodity tax burdens.

The wage level for public employees will be increased by some ¥1,000 by retrenching price adjustment funds and expenses of supplies.

Hikes are expected to be seen in public works expenditure, compulsory education expenses and social security funds.

Assessment of the special account will begin some time around September, as soon as the question of the general account has been settled.

The skeleton budget is expected to be fixed at a Cabinet meeting slated for August 31.

Assessment of budget demands from various Ministries will be completed within Sunday, and an additional three days will be devoted to readjustment and coordination of figures in the light of the basic Government budget compilation policy.

EDITORIAL

1951-52 National Budget

Profound national interest is being directed toward the Finance Ministry's final decision on the 1951-52 national budget in comparison with the current fiscal year budget amounting to ¥661,400-million.

This is partly because the people are eager to see how effectively the national expenditures will be used to meet public interest but principally it is because they are anxious to know to what extent the tax burden will be reduced in the next fiscal year.

The majority of the people have to pay either national taxes or local taxes almost every month from now to January, next year. The total of tax arrears may increase.

However, aside from some ill-intentioned defaulters, the overwhelming majority will be those who fail to pay not due to their delinquency but due to their financial difficulty.

In this sense, it is only natural that national interest is mounting to see to what degree tax reduction will be realized in the coming fiscal year.

The Finance Ministry reportedly is prepared to cut down to approximately ¥580-billion the 1951-52 draft budgets of various Ministries aggregating more than ¥1,000-billion.

This budget reduction depends upon the assessment of national earnings and the decision on the rice price, the wage base for Government and public employees, subsidy to cover the producer-consumer price differentials, the target sum of tax reduction, the equalization transfer funds and so forth during the next fiscal term.

The 1951-52 fiscal budget will also

depend largely upon how far the social guaranty system, public enterprises and subsidization of price differentials will be realized.

Under the circumstances, we hope above everything else that the Finance Ministry will translate into practice its cherished plan to make at least ¥70-billion available for tax reduction by marking down the amortization and price differentials subsidization funds.

The elevation of the wage base for Government workers is rational. However, this must be accompanied by a reasonable retrenchment of administrative expenditures—which always tend to increase—through adequate streamlining of Government structures.

The initiation of the social guaranty system and greater number of public enterprises is attractive enough. But it is far from commendable to initiate social insurance or to absorb the jobless as day laborers only after the enterprises go bankrupt due to heavy taxation and bungling monetary policy of the Government.

The rehabilitation projects for damages due to natural disasters have proved less effective than planned because of insufficient financing despite the all-round program. This sort of policy must also be improved.

Economic self-sufficiency is our goal irrespective of the eventual outcome of the Korean hostilities. It is up to the Japanese people to turn into fullest account the increase of "special demand" and the increase of Japanese export trade.

This should be our way to repay American taxpayers for their aid to Japan. The 1951-52 national budget must be compiled with this very point taken into careful consideration.

AUG 29 1950

MAINICHI

Next Budget Draft Going To Cabinet

Kyodo
TOKYO, July 5.—The Finance Ministry is expected to present to the July 7 Cabinet meeting a draft for the next fiscal year budget plan.

Political circles expected that the budget plan would likely be approved at the meeting. It reportedly has been compiled on the basis of the "fruits" of the recent Finance Minister Hayato Ikeda's visit to the United States as well as on Liberal Party policy.

The gist of the budget draft compiled by the Finance Ministry is as follows:

- 1 Economizing of administrative expenses and a cut in surplus personnel.
- 2 Increase in the wage base of government officials and emphasis on the efficiency of business in various government offices.
- 3 Increase in funds for public enterprises.
- 4 Suspension of retirement of national debt through the General Account and subsidies of the "new and old price differentials."
- 5 Establishment of the export banks.
- 6 Utilizing of the U.S. Aid Counterpart Fund and Finance Ministry's Deposit Bureau fund for the establishment of the proposed export banks as well as for the improvement of small business.
- 7 Increase in educational expenditures.

JUL 6 1950

MAINICHI

Draft Next Budget

The basic principle for the next fiscal year budget was decided upon by the Government Tuesday. The policy envisions, among other points, discontinuation of debt retirement appropriations, increased wages for civil service personnel and further reduction of taxes, especially income taxes.

JUL 12 1950

JIPPON TIMES

Retrenchment Theme Of Next Year Budget

TOKYO, July 12.—In the compilation of the budget for the next fiscal year, the Government will see to it that the national finance is retrenched as far as possible and that taxes are reduced as much as possible, it was decided at a Cabinet meeting.

According to the decision, emphasis will also be stressed for the increase of expenditures for education and social welfare enterprises.

Expenditures will likewise be increased for the maintenance of peace and for the readjustment of the national structure.

Based on the decision, the Finance Ministry will draft the budget toward the beginning of September, expecting to complete the compilation in October.

JUL 13 1950

MAINICHI

BUDGET REVISION

ASAHI—The Government should submit to the current Diet session a budget revision bill calling for allotment of a portion of the national debt retirement fund for the creation of the new police force as directed by SCAP. Since the Diet is now in session, there is no reason for the Government to insist on a Government ordinance to implement the SCAP's order.

If the Government spends ¥20 billion or so on the creation of the new police force under an ordinance instead of a law, the radical elements will find it good material for their anti-Government propaganda.

Mr. Yoshida, who admitted the necessity of a public service pay boost, is not likely to submit any budgetary measure necessary for it. The Government should introduce also a bill for this purpose.

JUL 19 1950

JIPPON TIMES

GOV'T PLANS \$ BUDGET FOR SPECIAL IMPORTS

Measure to Prevent Revival of Inflation Trend

The Government is planning to compile a supplementary foreign currency budget for the July-September period for emergency import of food, raw cotton and other goods, Finance Minister Hayato Ikeda declared Saturday.

He stated that this plan is aimed at preventing the revival of inflation that may be caused by the inflow of dollar funds as the result of increased exports and supply of labor in connection with the Korean war.

Mr. Ikeda made this statement at Saturday's meeting of the Upper House Finance Committee, in reply to interpellations posed by Ki-hachiro Kimura (Labor-Farmer).

The Finance Minister opined that there would be no need of changing the financial and banking policies, even if expenses for the projected strengthening of the police and maritime safety forces should be financed with the funds of the national debt retirement appropriations.

Because, he explained, either retirement of national debts or payment of expenses for the strengthening of the police forces would bring about the same result as the flow of Government funds to civilian circles.

JUL 24 1950

JIPPON TIMES

BIG CUT PLANNED FOR NEXT BUDGET

Slash of About ¥130,000 Million Expected to Be Made

A drastic cut for the next fiscal year's budget is being planned, Finance Minister Hayato Ikeda said Wednesday.

Speaking at the Budget Committee of the House of Representatives, Mr. Ikeda said the 1951-2 fiscal budget will total around ¥550,000 million representing a decrease of about ¥130,000 million from the present fiscal year's appropriations.

The cut will be realized by trimming price-adjustment subsidies by ¥50,000 million and reducing the government debt retirement funds by the same amount, Mr. Ikeda said.

These savings will be used for cutting the taxes by about ¥70,000 million, increasing the remunerations for public service personnel by ¥40,000 million, and also for boosting the budgets for unemployment relief, social security and educational institutions.

The Finance Minister estimated that next year, exports will run up to more than \$800 million, adding that this year's volume of export is expected to amount to some \$700 million against the target figure of \$603 million. Exports will reach the \$900 million mark in 1952.

Wages for public service personnel will be raised "provisionally" from January, next year, the Finance Minister disclosed, adding that a study is being made with a view toward effecting a fundamental revision of the wage system to be effective from April.

JUL 27 1950

JIPPON TIMES

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EDITORIAL

Local Tax Bill Aftermath

The enactment of the controversial Local Tax Revision Bill was not realized in the seventh National Diet session which ended on May 2. This confronted the Yoshida Government with an extremely difficult question of political and economic significance.

The Local Tax Revision Bill was designed to bring about a radical reform of the local taxation system and, as such, was one of the most important bills which the Yoshida Government introduced to the last session.

The Opposition parties have already issued a statement demanding the en bloc resignation of the Yoshida Government.

It was the House of Councillors and not the House of Representatives that rejected the bill. Yet, the bill was of such importance that it would be a small wonder even if the Government dissolves the Diet and takes recourse to a general election to meet the trend of public opinion.

The Government submitted the bill to the Diet on March 23 and the House of Representatives passed it on April 20. This meant that the House of Councillors had only 12 days to deliberate the bill before the adjournment date.

As heated debates were expected, the Government should have made arrangements so that the Diet would have ample time to deliberate the bill. The Government's failure in this respect is one of the factors behind the killing of the bill.

The fact that the House of Representatives—both the committee meeting and the plenary session—passed the bill after all the Opposition members walked out was sufficient indication of the complications which would develop in the House of Councillors.

In all likelihood, the Government depended too much upon the absolutely pro-Government House of Representatives and failed to take necessary and effective steps to have the bill favorably acted upon in the House of Councillors.

There are policies that are beyond our power to alter as long as we are under Allied occupation. However, there are also some policies whose revision in some detail to make them harmonize with our actual livelihood may be permitted although the fundamental principle remains unalterable.

Did the Government make sufficiently detailed and painstaking efforts to seek and secure the fullest understanding of these points by competent authorities? We cannot but doubt such efforts on the part of the Government which lacked sufficient influence in steering the Diet toward the desired goal.

Now that the Local Tax Revision Bill has been killed, the Government must seek on its own responsibility a temporary but effective measure to forestall the possible financial difficulty of local autonomies.

At the same time, it must exert its utmost for the earliest convocation of a special Diet session subsequent to the House of Councillors election in an effort to carry out the reform of the local taxation system on the basis of the Shoup recommendations.

The Government should also fully consider the trend of public opinion reflected in the fact that there has occurred no particular public criticism of the House of Councillors' rejection of the bill despite its position as the "Second House."

MAY 5 1950
MAINICHI

\$-£ TRADE BUDGET IS GIVEN GOV'T OK; DETAILS REVEALED

Allocations for April-June Period Total 122 Million Dollars

The Secretariat of the Government's Ministerial Council Friday announced the details of the Foreign Exchange Budget for Imports for the April-June period amounting to \$122,121,657, not including U.S. aid funds. The announcement followed formal approval at the regular Cabinet meeting held Friday morning.

The foreign exchange allocation for that period for the sterling area is \$17,265,200; for the open account area, \$18,926,800; for the dollar area, \$38,858,907 and for other areas, \$47,070,750.

The estimate was adopted on April 21 and has been made the basis of the International Trade and Industry Ministry figures to be published. It will be subject to change both as regards amount and items depending on the monetary situation as between April and June. Imports from the sterling bloc may possibly increase hereafter.

In the last quarter period as regards the sterling area, both imports and exports fell far short of expectations, especially in exports from Japan, as a result of which an estimated shortage of \$50,000,000 developed as of the end of March and Japan ran short of pounds. This has made it necessary to provide for a reduction to some one-third of the previous sterling account but it is expected that considerable improvement will be seen during the April-June period. In fact, there has been brisk purchases from the sterling area, which are likely to increase.

In regard to the dollar area, the budget provides for an increase to about two times, while the open account area is allocated only one-half.

Broken down into the respective items of purchases, the budget is as follows:

Foods	\$52,778,000
Agricultural implement & fertilizers	\$312,000
Petroleum and manufactures thereof	\$7,059,000
Industrial raw materials	\$48,027,000
Medicines	\$748,000
Machinery and books	2,666,000
Miscellaneous	\$3,050,000
Reserve	\$7,500,000

MAY 13 1950
NIPPON TIMES

Stoppag Budget Is OK'd For Local Governments

Funds Approved to Fill Vacuum Caused by Tax Bill Rejection

The Cabinet decided Friday upon stopgap measures to cover the ¥28,200 million deficit arising in local government finances for the first quarter of the current fiscal year as a result of the failure of the Local Tax Law Revision Bill to pass the last Diet.

The first item in the Government plan calls for the passage of the revision bill by August 1 in the extraordinary Diet session to be called after the Upper House election.

Secondly, the deficit of ¥2,800 million in the form of an advance payment from the Local Finance Equalization Fund, over and above the already budgeted figure of ¥31,800 million, and by ¥20,000 million to be diverted to local governments in the form of short-term loans from the Deposit Bureau of the Finance Ministry.

¥11,000 million out of this ¥20,000 million is to be disbursed in the April-May period

and the rest in June. This figure is in addition to the ¥4,000 million earmarked in the budget as long-term loans for the month of June.

Thirdly, separate fiscal measures will be formulated to find revenue sources to cover the interest on the short-term loans from the Deposit Bureau.

Lastly, the plan calls for the consideration of measures suited to local finance conditions for the second quarter or the period until the passage of the tax revision bill.

Meanwhile, Finance Ministry quarters stated that there was no fear of any inflationary trends arising as a result of the disbursement of short-term loans from the Deposit Bureau and advance payments from the Equalization Fund.

These circles pointed out that the total stopgap disbursements of ¥28,200 million are only ¥6,000 million above the figure of ¥14,000 million set in the fund supply program for the same quarter.

MAY 13 1950 NIPPON TIMES

FOREIGN CURRENCY BUDGET

NIHON KEIZAI—In carrying out its \$122,000,000 foreign currency budget for the April-June period, the Government should try to facilitate imports as far as possible. Japan cannot expect to increase her exports by imposing undue restrictions on her imports.

To increase our exports we must first of all buy as much foreign goods as we can, even though sometimes we may have to buy goods which are not essential. Our past practice, however, has been to try to sell even unnecessary goods to foreign countries and limit our imports to our bare necessity.

MAY 15 1950
NIPPON TIMES

BUDGETARY SLASH PLAN APPROVED BY LIBERALS

Draft Calls for Full Execution of Yoshida's Poll Pledges

The Liberal Party Tuesday approved a party plan for the next fiscal year's budget calling for a ¥40-50,000 million cut from the current fiscal general account budget.

The plan embodying party's desires regarding the Government's budget policy was immediately presented to the Administration.

The Liberal draft calls for unflinching execution of the five-point election commitments made by the Prime Minister prior to the recent Upper House election. It envisages a drastic retrenchment in the administrative expenses, a ¥30,000-million cut in local taxes, establishment of the proposed export finance bank and the industrial technique development finance bank, an extensive 10-year land reclamation program and expansion of social security and welfare facilities for stabilizing public livelihood.

JUN 14 1950
NIPPON TIMES

BUDGET WORK BEGUN

Work to compile the 1951 fiscal year budget already has got under way as the Finance Ministry decided to do it one month earlier than usual this year.

Outlines of the budget are scheduled to be brought before the Cabinet for approval at the beginning of September instead of October.

Along with the 1951 fiscal budget, a supplementary budget covering the last three months (January-March) of this fiscal year will be compiled. Raise of civil servants' pay and reduction of taxes as have been promised by Prime Minister Shigeru Yoshida in his election speech are planned to take shape in the supplementary budget.

JUN 14 1950
NIPPON TIMES

Liberal Party Decides Budget Policy For 1951

Kyodo
TOKYO, June 14.—The Liberal Party at a meeting of its executive officers Tuesday decided on its 1951 budget policy. The decision called on the Government never to fail to realize the five-point election promise made by Prime Minister Shigeru Yoshida.

The budget policy envisaged a reduction of ¥40-billion or ¥50-billion from the 1950 budget. Other measures that the Liberal Party wanted to realize in the 1951 budget are:

1. Major cut in general administrative expenses.
2. ¥80-billion reduction in local taxes.
3. Setting up of an export finance corporation and an industrial technique promotion finance corporation.
4. Putting into practice a 10-year soil improvement program.
5. Expansion of social security and welfare facilities.

As for the supplementary budget for this fiscal year, the party called for (1) reduction in enterprise tax and special income tax, (2) adjustment of fixed assets tax and residents tax, (3) raise of civil servants' pay.

JUN 15 1950
MAINICHI

Gov't Plans More Slashes In 1951-2 National Budget

Ikeda Tells Bankers to Curb Increase in Loans—Money Policy Explained

The Government plans to make further slashes in the national budget when it formulates its fiscal program for 1951-52, but increased appropriations for social security, cultural programs and reconstruction works will be provided, Finance Minister Hayato Ikeda told a national conference of bankers held at the Industrial Club Thursday.

Mr. Ikeda said that the Government will continue efforts to stabilize the national economy through an economical, balanced budget and appropriate banking policies.

Noting that the bank loans as of the end of February totaled 91 per cent of the bank deposits, the Finance Minister urged the bankers to curb the trend of increasing loans with full consideration given to the conditions of the national economy.

Meanwhile, he stated, the

Government will remedy the tight money situation by providing adequate industrial funds through proper operation of the Deposits Bureau Fund and other Government funds and debt retirement measures.

Meanwhile, Hisato Ichimada, Governor of the Bank of Japan, urged "timeiy utilization" of Government funds, such as Deposit Bureau and U.S. Aid Counterpart funds. He urged city banks to work toward less dependence on the central bank.

Although the Bank of Japan during last fiscal year provided funds to the market through its currency operation in order to offset the effects of excessive absorption of money into the Government treasury, continued resort to such a measure would be unadvisable, Mr. Ichimada declared.

JUN 16 1950
NIPPON TIMES

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COUNCILLORS HALT FISCAL PROGRAM; BILL IS UNPASSED

223
Committee May Vote Down
Budget—New Wage
Measure Passed

The Administration failed Saturday to have the budget bill for the 1950 fiscal year passed in the House of Councillors, owing to opposition by anti-Administration parties.

With the Diet in recess Sunday, the bill will be held over until Monday, thus creating an unprecedented two-day vacuum in government fiscal operations.

In the meantime, the Upper House Budget Committee went into session at 1:30 p.m. Sunday to hear reports from the four sub-committees on their decisions on the budget bill.

The first and the third sub-committees reported their rejection of the bill, while the second and the fourth favored it.

There are indications that the Budget Committee will vote down the bill late Sunday afternoon.

A new wage bill, extending the present wage base of civil servants for another year, was passed by both Houses Saturday night.

Chairman Eisaku Sato of the Liberal Party's Political Affairs Study Committee obtained approval from SCAP authorities for the Liberal-sponsored bill at 5:20 p.m.

The House of Representatives, which went into session at 7 p.m. approved the bill at 8:40 p.m. after a few interpellations.

The House of Councillors also voted for the bill 90 to 77 at 11:45 p.m.

APR 3 1950
NIPPON TIMES

NEW FISCAL BILLS FINALLY APPROVED IN UPPER CHAMBER

223
Recalcitrant Councillors
Take 25 Days to Give
Budget Approval

The House of Councillors on Monday finally passed the 1950-51 fiscal budget bills which the House Budget Committee had rejected on Sunday by a 23 to 12 vote.

The House action came 25 days after the budget bills were sent from the House of Representatives following 40 days of prolonged deliberations.

Until the very last moment, the Upper House action on the appropriation bills remained uncertain, with the Opposition groups putting up a vigorous offensive against the measures.

In view of the ominous temper in the Upper Chamber, which had shown marked recalcitrance against the Administration request for an early approval of the measure by the end of the previous fiscal year ending last Friday, Government and the Liberal Party leaders frantically endeavored to persuade the Ryokufu-kai, a 75-member group which is essentially conservative but not necessarily friendly to the Liberal Government, to vote for the budget bills.

The Upper House temper was so unpredictable that the Government found it necessary to work out detailed plans in advance to meet the situation in the event the House voted down the bills.

The long-awaited approval was given following spirited debates against the bills by Socialist Councillor Gengo Kinoshita and five other Opposition speakers. Liberal Toyokazu Ishizaka and Ryokufukai member Bungo Tamura spoke in favor of the bills.

The Diet's failure to pass the fiscal budget by Saturday had thrown the Government into an uncomfortable dilemma of having no legislative rights, for two days, to pay national debt interests, pensions and other expenditures falling due. The awkward situation occurred for the first time in the annals of State finance.

These outlays which the Government was required by law to make during the two-day legislative "vacuum" amounted to ¥12,720,000 for interests on national bonds, ¥30,000,000 for debts from the Bank of Japan and ¥960,000,000 for pensions, all falling due.

The 1950-51 fiscal budget—Japan's first reduced budget in 15 years—involve a total sum of ¥661,406 million in the General Account. The Special Account calls for an income of ¥1,740,072 million as against an expenditure of ¥1,697,607 million. The budget for Government agencies, embodied in a third bill, calls for an outlay of ¥1,291,027 million and an income of ¥1,411,072 million.

The chief feature of the budget is its ¥79,900 million decrease from the preceding fiscal year's budget, including a drastic tax reduction of ¥71,300 million.

APR 4 1950
NIPPON TIMES

RIGOROUS SELF- REFLECTION URGED

223
JIJI—The unprecedented vacuum period in the nation's fiscal operation due to the Administration's failure to have the 1950 budget bill passed in the Diet is a slip on the part of the Administration. It demands of all parties concerned a serious thinking.

Parliamentary government, in other words, is government by the majority. Since it is also a government by procedures, consumption of time and cost must not be avoided.

That the majority Liberal Party, had only 194 Dietmen present at the time of voting on those important bills cannot be ignored as a casual occurrence. The significance of the case is that the persons responsible for legislation are wanting in the grasp of the spirit of parliamentary government.

APR 4 1950
NIPPON TIMES

Budget Passage By Councillors Seems Assured

223
TOKYO, Apr. 3.—All indications, as this goes to press, point to growing possibility of the 1950 fiscal draft budget being passed by the House of Councillors with the Government party camp succeeding in its efforts to win the Ryokufukai on its side.

Yesterday, the budget bill was voted down by the House of Councillors budget committee 23 to 12. This action brought strife between the Government camp and the Opposition to a height of fury and the former was even determined to nullify the Opposition's action by having the plenary session adopt the draft.

No sooner had the draft been introduced, the two camps were bent on turning out as many members of their own as possible for voting to break up their existing balance of power.

The eleventh-hour Government efforts to entice the Ryokufukai members on its side proved highly promising, giving rise to speculations that the draft will be passed today.

MAINICHI APR 4 1950

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The Budget Is Passed

223
The national budget for the 1950-51 fiscal year, which began April 1, was finally approved by the Diet on Monday—unprecedentedly late by three days. The delay in the final action on the budget dealt a severe black eye to the overconfident Government and the Liberal Party, which have been riding high on the wave of their Diet majority.

At the same time, however, the Opposition parties did little to enhance their prestige by their dilatory tactics, for it takes little intelligence to realize the impossibility of a situation in which the Government would operate without a budget for a prolonged period. But the greatest pity of the whole affair was that both the majority and minority legislators were more interested in their petty maneuverings than in the conduct of intelligent discussions on the important business of the budget.

But the budget has been passed, and without the people fully informed of what effects it will have upon their livelihood for the coming year. The Opposition has flatly termed it deflationary and has predicted dire consequences. The Government supporters, on the other hand, view it as disinflationary and are hoping for the best. All of which give little comfort to the little man.

The important point, which unfortunately has not been stressed in the discussions of the second balanced budget under the so-called Dodge plan, is that these postwar years are essentially years of austerity during which the costs of the late war must be met. Admittedly inflation is the easiest way out, and there is a great and mounting pressure for it. But bad debts cannot be met by piling up further bad debts without incurring the undesirable consequences of complete economic disaster.

The fulfillment of the conditions of last year's balanced budget—the first in years—called for courage whether the people fully realized it or not. The budget which has just been approved will again task the fortitude of the people and ask for necessary sacrifices. But the point is that the essential credit of the government—and of the Diet and the people—must be restored. This cannot be done by continually refusing to face the music and by borrowing, temporizing and

gambling on vague hopes. It must be accomplished by returning the government to a position of solvency and by restoring its good faith. It must be done even more because private credit is admittedly in a shaky position.

Essentially the budget must be considered satisfactory because it is purposely aimed at completing the task of economic stabilization. A rash switch from a job only half-done would leave the national economy worse off than ever before. Debt retirement to restore government credit and reduced outlay to display good faith and willingness to economize are necessary measures to build a strong foundation for the nation's future economic prosperity.

APR 5 1950
NIPPON TIMES

**OPPOSITION IS HIT
ON BUDGET ISSUE**

223
Is Indirectly Accused by
Hirokawa of Obstructing
Occupation Policies

Both Government and Opposition parties were busy Tuesday getting rid of the bad aftertaste of the 1950-51 fiscal year budget passage by a bare majority of 104 to 95 votes in the Upper House Monday.

Secretary-General Kozen Hirokawa of the Liberal Party indirectly accused the Opposition of obstructing the Occupation policies in a strongly worded statement Tuesday.

The budget, he stated, was compiled in conformity with the Dodge Line and was absolutely necessary for Japan's transition from inflation to economy recovery.

Mr. Hirokawa stated that although ample time had been given the Opposition to debate fully on the budget, the deliberations had been delayed to create a three-day budgetary vacuum.

This action, he contended, was based solely on considerations of "party gains and party strategy" in face of the pending Upper House election to the complete disregard of the livelihood of the entire nation.

He accused the Opposition of deliberately obstructing the "operation of national administration under the Occupation" and of bringing to bear "undesirable effects upon the peace conference."

In conclusion, Mr. Hirokawa stated that the Opposition had allowed itself to be exploited by the Communist Party, "which is busily engaged in obstructing Japan's economic reconstruction from every angle possible and in fanning anti-American feeling."

Democrat Saburo Chiba blasted the Hirokawa statement by denouncing the Government for "borrowing the prestige of GHQ in suppressing the Japanese people."

He said the Government and the Liberal Party were losing its "independence" in opposition to the wishes of the people.

Socialist Hirco Wada curtly dismissed the statement as "nonsense", while Communist Yoshio Shiga contended that the Government was trying to blame the Opposition for its own "shameful failures."

APR 5 1950
NIPPON TIMES

**ENACTMENT OF
1950 BUDGET**

223
NIHON KEIZAI—The Government is justified in pursuing the so-called Dodge Line in its 1950 budget enacted yesterday with the belief that its economic stabilization plan still remains unaccomplished.

At a time when industrial rationalization is still incomplete, the economic stabilization program should not be abandoned or revised wantonly.

The Government's economic policies, however, are sometimes rigid to excess, as seen

in the case of the revision of the public service pay scale. Even some Government and Liberal Party circles are calling for reform in this regard. Premier Shigeru Yoshida himself is said to be willing to make some policy readjustment in carrying out the 1950 fiscal plans.

Judging from the fact that inflation has been successfully checkmated by the Dodge budget of last year, the new fiscal year will witness further new changes. It is hoped that the Government will carry out the 1950 budget with sufficient elasticity to deal with new developments adroitly.

APR 5 1950
NIPPON TIMES

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Government Camp Now At Its Wit's End With Loss Of 'Face' On Budget Problem

By Staff Political Writer 223

TOKYO, Apr. 4.—The Liberal Party is now at its wit's end in tackling the remaining period of the Diet session in view of successive setbacks it suffered in the Diet vis-a-vis the new wage bill and the draft budget. The 1950 fiscal draft budget was passed by the House of Councillors yesterday as the Government camp

narrowly weathered the Opposition's recalcitrance.

The rank and file of the camp fear that they may suffer another setback with the Opposition attack expected to be spearheaded against the draft provincial tax law and other vexing bills still awaiting deliberations.

Such fear is making it imperative for the Liberal Party to make due introspection in tackling the Diet session and Prime Minister Shigeru Yoshida is now hesitant in deciding on the time for the reshuffle of the three major post-bearers of the party.

Secretary-General Kozen Hirokawa once declared that the reshuffle which is expected in mid-April will entail an overall Cabinet revamping.

The objective situation is progressing against his will, however, and rumors have it that the reshuffle will be carried out independent from the reorganization of the Cabinet. Hence great heed to the attitude of the Prime Minister.

MAINICHI APR 5 1950

Delay Tactics Rapped 223

TOKYO, Apr. 5.—Kozen Hirokawa, secretary-general of the Liberal Party, today expressed "profound regret" over the Opposition's recent tactics of deliberately delaying deliberations on the 1950 fiscal draft budget.

In his verbal communique, the Liberal Party secretary-general further declared that the Opposition must be held responsible for the budgetary "vacuum" recently caused.

Blasting Hirokawa's statement, in the meanwhile, Director-General Kawasaki of the Democratic Party, declared that the Liberal Party's denunciation is wide off the mark.

MAINICHI APR 5 1950

WHAT DIET ACTION SUGGESTS 223

JJI SHIMPO—The strong opposition which the 1950-51 budget met with in the House of Councillors indicates not only the growingly anti-Government atmosphere in the Upper House with its election shortly ahead but also a strong disapproval of the fundamental principles of the budget.

Apparently many Councilors opposed the budget bill with such extreme measures because they believed that their stand was being supported by the public. In this sense, the Diet offensive against the budget bills, especially in the Upper House, gives much food for thought to the Government.

APR 6 1950

NIPPON TIMES

Budget Bill Approved; Passed By Councillors By Only 9-Vote Margin

Heated Debates Occur As Both Gov't, Opposition Rally Forces; Demand For Revised Bill By Opposition Proves Futile

TOKYO, Apr. 4.—The controversial 1950 fiscal draft budget was finally approved by both Houses of the National Diet late last night when the House of Councillors last night passed the bill after 75 days of spirited debates since it was submitted to the House of Representatives.

However, it was passed by a margin of only nine votes. The bill was voted down by the budget committee of the House of Councillors April 2. The Government, not to speak of the Liberal Party, has, therefore, been bent on turning the table at the plenary session.

The introduction of the resolution proved impossible and the Opposition was placed in an awkward position.

The plenary session was called to order for voting which proved in favor of the Government camp as the balloting revealed 104 for and 95 against.

MAINICHI APR 5 1950

House of Councillors Votes to Oust Ogawa For Budget Bill Stand 223

The House of Councillors voted 118 to 10 to expel Councillor Tomozo Ogawa, Independent, Friday afternoon at its plenary session. This action followed the report by the Upper House Disciplinary Committee which had voted unanimous-

ly for the same action Friday morning. Mr. Ogawa had been charged by President Naotake Sato of the Upper House with voting for the budget bill after arguing against it on the floor. This was held as "deserving disciplinary action." The reason given for the House action was that Mr. Ogawa was guilty of "an act that defrauds the constituency and prejudices the honor of a member of the Diet."

APR 6 1950

NIPPON TIMES

Yesterday morning, the Government sought the cooperation of the Ryokufukai, simultaneously asking the favor of the Democratic Party in its last resort to nullify the committee's veto on the draft.

The Opposition also rallied all available forces of the Socialist, Communist and Democratic Parties and the Mushozoku Kondan-kai.

They even showed prospect of being able to entice several Ryokufukai members into their camp. The strength of the both camp thus at one time seemed well matched.

The debates began amidst an intricate situation. In the course of the debates which ended at 4.37 p.m., the Opposition steadfastly prepared a draft resolution calling for the introduction of a revised draft budget.

for the same action Friday morning. Mr. Ogawa had been charged by President Naotake Sato of the Upper House with voting for the budget bill after arguing against it on the floor. This was held as "deserving disciplinary action." The reason given for the House action was that Mr. Ogawa was guilty of "an act that defrauds the constituency and prejudices the honor of a member of the Diet."

APR 8 1950

NIPPON TIMES

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223

Kimura Thinks New Budget Will Bring Disinflationary Trend's Aggravation

Kyodo ²²³
TOKYO, Apr. 7.—Councillor Kihachiro Suzuki believes that the enforcement of the new fiscal year budget will result in the aggravation of the disinflationary trend.

In his comment on the budget, specially written for Kyodo, the Labor Farmer member, known as a leftist economic analyst, pointed out:

"First of all, it can be said that the present business slump will turn from bad to worse, since the Government intends to retire a large amount of Government debts in the coming fiscal year, just as in the previous year.

"The present 'deflationary' trend can be traced back to the redemption of the ¥219,500-million public debts retirement during the last fiscal year. The full effect of the slump by deflation, however, is not being felt, because the aftermath of the 1948 inflationary spiral still remains.

"It is quite natural that the projected redemption of more than ¥120-billion public debts will further aggravate the already prevailing business slump and deflationary trend.

"In fact, the Government tried to alleviate the "financial" deflation by increasing bank loans, but it was in vain. On top of it, bank loans have soared to 80 to 90 per cent of deposited funds, thus, making banks reluctant to advance more money. Although the Bank of Japan offers to lend as much money as wanted, banks are loath to borrow.

"Such being the case, even if the Government releases large amounts of money to banks by refunding ¥128-billion in Government debts in the present fiscal year, city banks will not use the money as advance funds but appropriate it for returning their own borrowings from the Bank of Japan.

"Such an attitude by banks will inevitably worsen the present monetary stringency and business recession.

"Worse than that, this country would be affected by the over-production panic of agricultural products of the world.

"Japan's export plan would not work as scheduled due to the relatively high yen rate of ¥360 to one dollar. In such case, there is fear of business condition plunging into a state of panic.

"The crisis might occur sometime around October, this year, which is the settlement season for banks. This is because banks which have made large advances in connection with unsold stockpiles will find it difficult to collect their loans, when business slumps further and stockpiles increase.

"Financial circles, holding such views, are now opposing the projected Government retirement of public debts.

"The Government has compiled a total of ¥90-billion public work expenditure in the present year

budget and claims that this will boost effective demand and business will improve around October.

"The major reason for the increase in the public work expenditure, however, is that the central government has decided to take over public works hitherto done by provincial administrative units.

"In view of the situation, the total amount of public works expenditure cannot be said to have increased, as has been publicized by the Government.

"Besides, the Government is saying that Japan's economic situation will begin to stabilize around October this year. It means, however, that the revival of free economy will lead to the collapse of weaker enterprises and survival of stronger enterprises.

"When such a natural economic selection has ended, the Government will provide U.S. Aid Counterpart Fund to surviving enterprises to aid them to carry on. This will result in the stabilization of the nation's economy, according to the Government's plan.

"October, as referred to by the Government, will be the time when such an industrial readjustment will be brought to an end. This is the true meaning of what the Government proclaims—the October stabilization of the nation's economy."

APR 9 1950

MAINICHI

Budget Enforcement Policy Clarified By Gov't; Dodge Line Is Maintained

By Staff Political Writer

223

TOKYO, Apr. 8.—Strict adherence to the so-called Dodge line in the enforcement of the 1950-51 fiscal budget was reaffirmed by the Government at its Cabinet meeting yesterday.

The Government also decided to make advance payment, if needed, of expenses necessary for works of high "social policy" significance although maintaining a disinflation policy.

In clarifying its policy, the Government agreed to:

1. Economize on general administrative expenditures and to enable financial organs to offer surplus funds accruing from the Government's redemption of national debts to meet the demands for capital among industrial circles.

2. Pay special attention to the allocation of funds so that facilities damaged by natural disasters may be rehabilitated at the earliest opportunity.

3. Maintain close contact with SCAP authorities in order that the U.S. Aid Counterpart Fund will be used most effectively in the reconstruction of national economy and the regulation of financial markets.

4. Save to the greatest possible extent the funds appropriated for the adjustment of price differentials

through cooperation among the various Ministries so that self-supporting economy may be realized.

5. Study ways and means to decrease personnel expenses. Further rationalization of the administrative structure, economic decontrols and the reduction of abolition of non-essential, non-urgent procedures are

reported to be among the matters for consideration.

Meanwhile, the "Hirokawa statement" criticizing the Opposition for hampering the speedy debates on and passage of the fiscal 1950-51 budget bill is beclouding the atmosphere in both Houses of the National Diet.

Although the budget became valid three days after the beginning of the current fiscal year, the local tax bill and the equalization fund bill, both of which are closely related to the main budget, are yet to be acted upon.

The attitude of the Opposition in both Houses is anticipated to exercise no small influence on the future developments in the Diet.

APR 9 1950

MAINICHI

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223

'No Need For Appropriation In Budget For Occupation Forces' Entertainment

KURE, Apr. 12.—"I wish to assure Government official that no need exists for any appropriation in their budgets for the entertainment of Occupation Forces," stated Col. Frank Kowalski, chief of Chugoku Civil Affairs Region, here, today.

The advice came from the fact that officials in the Japanese Government specially appropriate "entertainment funds for Occupation Forces."

Col. Kowalski continued that special expenditures and liaison activities in the 1950 budget are viewed with alarm and that these expendi-

ture cannot be justified in terms of the Japanese Government's existing program of economy.

"If the budget already has been appropriated, I suggest you take necessary action to re-allocate any entertainment funds for Occupation Forces into more appropriate channels," he said.

Col. Kowalski desired that the officials of Okayama, Yamaguchi, Hiroshima, Tottori and Shimane Prefectures in the Chugoku region report the action taken immediately in the matter of re-allocation of entertainment funds for Occupation Forces.

The letters were sent to each prefecture in the Chugoku region. Col. Kowalski has just received a letter from Hiroshima Prefecture.

As the result, as the first city to omit any expenditure for the entertainment of the Occupation Forces, Mayor Katsumi Toda of Mihara City, Hiroshima Prefecture, has been sent the following letter of appreciation from the Colonel:

"I congratulate you for being the first known Government officials in Japan to run your administration without social expenditures.

"I am very pleased to have progressive and thinking officials like you in my region."

Col. Kowalski further stated that "the very good examples which you set this time have broken long Japanese official customs and will lead other officials to better administration."

MAINICHI APR 13 1950

GOV'T COMPILES \$ TRADE BUDGET

223
\$144,000,000 Expenses,
\$164,000,000 Revenue
for April-June

The Government Saturday completed its foreign currency budget covering the first three months of the present fiscal year, April through June. It envisaged revenue totaling \$169,000,000 and expenditures totaling \$144,000,000.

The budget contains both trade and extra-trade revenues and expenditures. \$122,121,000 is allocated in expenditure for the import program of the period, which foresees the following:

Foods	\$52,778,000
Agricultural implement & fertilizers	\$312,000
Petroleum and manufactures thereof	\$7,059,000
Industrial raw materials	\$48,027,000
Medicines	\$748,000
Machinery and books	\$2,666,000
Miscellaneous	\$3,030,000
Reserve	\$7,500,000

These figures were computed C.I.F. but since a number of items will be exported F.O.B., the actual total will be about \$2,800,000 less than the above table.

The extra-trade expenses are estimated to aggregate \$25,000,000.

The revenue includes export proceeds totaling \$138,000,000 as in the following:

Fabrics	\$67,276,000
Machinery	\$18,371,000
Steel and iron	\$12,777,000
Non-ferrous metals	\$5,208,000
Fishery products	\$9,175,000
Chemicals and medicines	\$2,935,000
Ceramics	\$11,190,000
Others	\$11,598,000

As some items will be exported C.I.F., the actual total revenue will be \$5,100,000 more than the above table.

APR 23 1950
NIPPON TIMES

Liberals 'Railroad' Local Tax Bill In Lower House

TOKYO, Apr. 20.—The Local Tax Revision Bill was finally passed by the House of Representatives after much controversy at committee sessions.

The bill was adopted by unilateral voting by the Government Party in the absence of Opposition member who walked out of the plenary session.

The provincial administration committee sat in a session and arrived at a decision not to call on GHQ only for the sake of confirming its suggestion permitting no amendments to the bill.

A committeeman then filed a motion to discontinue further questions and answers on the bill only to encounter stern objection by the Opposition side.

The session entered a recess at 12:30 p.m. and resumed at 1:30 p.m. All those present exchanged their views on whether to allow non-members, such as Eichi Nishimura, Socialist, to raise questions on the bill.

Majority members voted in the negative. A Liberal member tried to submit a motion suspending questions, but a strong objection was voiced by the Opposition and the session was thrown into uncontrollable confusion.

A Democratic member, thereupon, filed a motion for a recess. With the motion turned down, irred Opposition members withdrew from the scene.

The session was, therefore, carried on with only Liberal members in attendance. A Liberal member took the stand and delivered speeches endorsing the bill. This won the consent of all those present and the bill was passed in the absence of Opposition members.

The bill was consequently sent to the plenary session. This time as well, the Opposition resorted to "wholesale withdrawal" tactics with the resultant unilateral voting by the Government party in favor of the bill.

MAINICHI APR 21 1950

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**Early Budget Passage
Is Believed Difficult**

TOKYO, Mar. 31.—The approval of the 1950 fiscal budget at the House of Councillors on April 1 is believed to be hopeless as the House's Budget Committee at midnight yesterday confirmed its policy to refer the budget to the plenary session on April 3.

However, the Government still has a slim hope to have the budget pass the House of Councillors on April 1, the first day of the 1950 fiscal year, on the ground that the Government Party can override the Opposition by majority vote and pass a motion discontinuing the deliberations at the Budget Committee.

Should it become impossible to approve the budget on April 1, the Government intends to postpone the payment of various expenditures on that day.

Political informants opine the Opposition may continue to attack the Government, which failed to compile the day-by-day provisional budget.

MAINICHI APR 1 1950

223
Sato Calls On Marquat

Kyodo

TOKYO, Mar. 31.—President Naotake Sato of the House of Councillors called on Maj.-Gen. William F. Marquet, Chief of SCAP's Economic and Scientific Section, at the GHQ today at 1 p.m. and reported to the latter on the deliberation of the budget bill in the House of Councillors.

MAINICHI APR 1 1950

**COUNCILORS, GOV'T
CLASH ON BUDGET,
WAGE LAW ISSUE**

Demand of Government for
Passage on Apr. 1
Is Opposed 223

The feud between the House of Councillors, predominantly Opposition in nature, and the Government reached new heights of intensity Saturday over the question of the passage of the 1950-51 fiscal year budget and the wage enforcement law.

The Upper House Budget Committee was the center of a storm all day Friday over the question of passing the budget bills on April 1, as demanded by the Government, or April 3 as decided by the Committee sometime ago.

Finance Minister Hayato Ikeda, advised on the impossibility of having a provisional budget approved by GHQ, transmitted to President Naotake Sato of the Upper House that Maj. Gen. William F. Marquat, Chief of ESS, was deep-

ly "disappointed" in the House of Councillors for its delay in passing the budget bills.

President Sato visited GHQ on Friday and unable to meet with Gen. Marquat, met with Brig. Gen. Courtney Whitney, Chief of the Government Section.

He was informed that the House of Councillors was free to spend as much time as it desired on the budget bills, further complicating the atmosphere in the Budget Committee.

Meanwhile, the Upper House passed by a majority vote an amendment, approved by the Personnel Affairs Committee, shortening the time of extended enforcement of the ¥6,307 wage bases from the original draft of one year to four months (end of July).

The amended bill was immediately referred to the Lower House, which had earlier passed the measure as framed by the Government.

The Government and the Liberal Party for a time, sought a compromise by re-amending the bill to be effective for six months.

However, upon hearing that GHQ thought the Upper House action "a grave mistake," the Government changed its attitude and was expected to ask the Lower House to overturn the Upper House decision by a two-third majority.

The Upper House action in amending the wage bill was made in anticipation of an extraordinary session of the Diet early this summer, immediately after the Upper House election in June.

As if to counteract the effects of the Upper House action upon public opinion, Chief Cabinet Secretary Kaneshichi Masuda told the press that the extraordinary session of the Diet would be held in September.

APR 1 1950

NIPPON TIMES

**BUDGET DEADLINE
STAYS UNHEEDED;
GOV'T IS FRANTIC**

223
Upper House Tiff Still
Unsettled—Wage Base
Extension Defeated

The feud between the House of Councillors and the Government continued throughout Saturday while the Administration frantically tried to get the recalcitrant legislature pass the budget bill by the "deadline"—Saturday midnight.

The Government hoped to avoid the dilemma of having no legislation, for one day, for paying pensions and other Government payrolls by an expediency—"recognizing" that the Diet had passed the budget bill by 2 p.m. Saturday if only the actual approval was given by midnight.

With the Upper House standing pat on its earlier decision to withhold approval till Monday, however, it remained uncertain whether the needed approval would be obtained by the deadline.

Meanwhile, the Administration was harassed throughout Saturday by another legislative mishap.

Friday night, the Government-sponsored bill for extension of the present ¥6,307 wage base for another year became invalid as the Government party failed to obtain a two-thirds majority vote in reapproving the bill, returned from the Upper House with an amendment.

On Saturday, the Government and the Liberal Party huddled over the knotty issue and decided to patch up the trouble by enacting a Liberal Party-submitted bill, instead of substituting, as suggested earlier, the invalidated law with a so-called Potsdam administrative ordinance.

The bill was scheduled to be introduced immediately to the Lower House plenary session without going through the formality of committee debates. With the Government party holding a majority in the Lower House, approval was expected late Saturday night. The bill was scheduled to be sent immediately to the Upper House where it was expected to be passed without difficulty.

The Liberal-sponsored bill is identical with the original Government-submitted measure, designed to extend the present public service payrolls for another year.

APR 2 1950

NIPPON TIMES

Budget Talks Extended 223

TOKYO, Apr. 2.—Deliberations on the fiscal 1950 draft budget at the House of Councillors was postponed until April 3, as the debate at the first budget sub-committee did not end yesterday making it impossible to refer the bill to the budget committee before midnight.

MAINICHI APR 3 1950

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The Japanese Diet gave final approval 3 April to the National Budget for JFY 50. It comprised three bills: a General Account with expenditures of ¥661,406 million; a Special Account with expenditures of ¥1,697,607 million against an income of ¥1,740,072 million; and expenditures of ¥1,291,027 million for Government Agencies against an income of ¥1,411,072 million.

Part II.

APR 6 1950

OUTGOING MESSAGES
C H S

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House Slated To Pass Budget On Tuesday ²²³ Labor Opposition To Budget Expected To Flare Up When Councillors Meet ²²³

TOKYO, Mar. 8.—The draft budget for the 1950-51 fiscal year is expected to pass the House of Representatives on March 8 as voting is scheduled to take place Tuesday afternoon, March 7.

MAR 7 1950
MAINICHI

Reps Approve 1950-51 Budget ²²³

TOKYO, Mar. 10.—The House of Representatives, sitting in a plenary session today at 1 p.m., approved the 1950-51 budget for the general and special accounts and Government agencies in its original form by a majority vote of 229 to 125 and immediately sent it to the House of Councillors.

Yesterday, the budget was adopted by the House budget committee.

MAR 11 1950
MAINICHI

Councillors Postpone Budget Deliberations ²²³

TOKYO, Mar. 18.—Deliberations on the draft budget at the House of Councillors again hit a snag today as the Budget Committee of the House decided to postpone its debate until March 21.

The Opposition, voicing stern objection to the discussion of the budget, proposed that the deliberation be suspended because the Government failed to submit the Local Tax Bill today, the deadline for its introduction as promised by Prime Minister Yoshida on March 15.

MAR 18 1950
MAINICHI

To Ask Budget Revision? ²²³

TOKYO, Mar. 23.—Indications are that the Opposition in the House of Councillors may introduce a bill for revising the draft budget submitted by the Government.

It seems difficult, therefore, for the current Diet session to end in the middle of April as planned by the Government.

MAR 24 1950
MAINICHI

Piecemeal Budget Plan Opposed By Marquat ²²

TOKYO, Mar. 29.—Maj.-Gen. W. F. Marquat Chief of the Economic & Scientific Section, SCAP, today made his stand clear not to permit the compilation of the provisional budget for April 1 as proposed by the Government in view of the delay in the Diet deliberations on the 1950 fiscal budget.

The ban on the compilation of the piecemeal budget was revealed when Finance Minister Hayato Ikeda visited General Marquat today at 10.30 a.m.

MAR 30 1950
MAINICHI

²²³ By Staff Political Writer

TOKYO, Mar. 11.—Labor's opposition to the Government's fiscal 1950 "balanced budget" drafts which were finally passed by the House of Representatives Friday is expected to flare up afresh when the Opposition-dominated House of Councillors take up the budget bills for action soon.

The Joint Diet Struggle Committee members demonstrated Thursday to block the passage of the bills by the House. Although the demonstration was ordered broken up, a head-on clash between the Committee and the Government virtually resulted. It is now reported considering a new strategy.

The Committee is paying close attention to the actions of Ryokufukai members relative to the June election for the House of Councillors and reportedly will avoid extreme tactics in its anti-budget appeal to the Councillors.

The Liberal Party, fearing labor's intensified anti-Government offensive in the future and the expected vigorous attacks on the Government in the House of Councillors, has decided to continue negotiations with leading members of the Joint Diet Struggle Committee in order to avoid further aggravation of the situation.

The Government, however, has refused to comply with the Liberal suggestion to negotiate with the Committee on the ground that the Committee exists only while the Diet is in session and, therefore, is not a permanent organ.

The Government contends any such negotiations should be made with regular, permanent unions or a federation of unions. The Government also believes that, in the case of unionists in individual industries, negotiations with the Government must be made with the Cabinet Minister in charge or the Labor Minister.

Political observers predict the debates of the budget bills in the House of Councillors will be no less eventful than in the House of Representatives and are watching labor's response to the possible developments on the Diet floor with keen interest.

MAR 12 1950

National Railway workers today started a fresh struggle with their "strictly-conforming-to-the-law" tactics and are refusing to work overtime, while coal miners whose 72-hour strike ended at midnight Friday are believed to join metal miners in an indefinite walkout Monday.

The All-Japan Electric Industry Workers Union, which embarked on the first wave of strikes Thursday, still is suspending electric supply to large factories and Government offices.

The suspension in Kyoto will affect general households also on Monday although the supply to Occupation Forces and public safety facilities plus railway services is to be continued.

The situation in metal mines already is serious as many pits have begun to be filled with water because water pumps have stopped working.

Reports are reaching the National Federation of Metal Mine Workers Union that blast furnaces at 17 refineries throughout the country suspended operations at noon today. Refineries affected include the Osarizawa and Kosaka (Akita Prefecture), Kunitomi (Fuku), Hitachi (Ibaragi), Ashio (Tochigi), Besshi (Ehime), Hosokura (Miyagi), Naoshima (Kagawa), Ogoya (Ishikawa) and Miike (Fukuoka).

In the meantime, the Government has set up the Cabinet Ministers' consultative council on labor policy and administration. The council sat in its initial session this afternoon within the Diet hall.

The council, believed to develop into a central policy-planning chamber of the Government, has as members Finance Minister Hayato Ikeda, Labor Minister Masafumi Suzuki, Chief Cabinet Secretary Kaneshichi Masuda, Transportation Minister Shinzo Oya, Postal Administration Minister Saeki Ozawa, Education Minister Sotaro Takase, Attorney General Shunkichi Ueda, Deputy Prime Minister Joji Hayashi, State Minister Senzo Higai, Secretary General Kozen Hirokawa of the Liberal Party and others.

MAINICHI

Opposition Stages Walkout From Budget Parley in Diet ²²³

The long-delayed passage of the 1950-51 fiscal year budget received another major setback Wednesday, when the Opposition members of the Lower House Budget Committee walked out of the meeting en masse.

The two Opposition members levelled a barrage of questions against the Prime Minister on the recent "misstatement" of International Trade and Industry Minister Hayato Ikeda on the plight of smaller enterprises and Chief Cabinet Secretary Kaneshichi Masuda's declaration of the Government's interpretation of the strike of the All-Japan Electric Industry Workers Union as being a general strike.

Mr. Yoshida stated that he was unable to say whether Mr. Masuda or Robert T. Amis,

chief of the Labor Division, was correct, since he had read Mr. Masuda's statement only in the press.

In this way, Mr. Yoshida had answered "under study" to most of the questions asked.

The Opposition took exception to the words, "under study" as showing a lack of sincerity on the part of the Prime Minister and Socialist Seiichi Katsumata had moved a motion calling for a recess of the Committee meeting.

When the motion was defeated, the Opposition members walked out and issued a joint statement to the effect that they would not attend the Committee meetings again until the Prime Minister changed his attitude of ignoring "the right of interpellation" of the Opposition.

MAR 9 1950

NIPPON TIMES

Councillors Refuse Unless Related ²²³

TOKYO, Mar. 12.—The political developments entered Sunday recess today as the Budget Committee of the House of Councillors refused to review the Government budget bill Saturday.

The committee unanimously rejected the motion presented by Socialist member Seiji Uehimura not to study of the fiscal 1950 budget which passed the House of Representatives Friday, until "sincere explanations of related bills are by Prime Minister Shigeru Yoshida and State Minister Ichiro Honma."

Both did not attend the Committee meeting yesterday.

Before voting to put off reviewing, the committee rejected Finance Minister Hayato Ikeda's Chief Cabinet Secretary Kaneshichi Masuda to clarify on the date of presentation of the related bills, including those on equalization fund local taxes.

No definite answer was given except the reply that the bills will be presented "as soon as possible" pending negotiations with central authorities expected to be completed this week.

MAR 13 1950
MAINICHI

Budget Passage As Councillors Meet ²²³

TOKYO, Mar. 24.—Political formants are of the opinion that despite the Government scheme to wind up Diet deliberations on the 1950 fiscal budget within this week there is a growing possibility the plan will be subjected to delay and that the debates will be brought over to the next month.

The original Government plan is that Diet deliberations on the bills shall be terminated in April after which the Diet will enter into an automatic recess until May 2 when the current session will end.

As Chief Cabinet Secretary Kaneshichi Masuda pointed out during steering committee session of the House of Councillors yesterday however, no less than 50 bills on the "waiting list." Further a bill on the reorganization of the electric industry is still in its early stage.

It was only yesterday that the House of Councillors rejected the revision of a bill pertaining to the Local Tax Law.

But the Opposition camp, headed by the Socialist and Communist Parties is now insisting on serious deliberations by the

MAR 25 1950

Councillors Refuse To Study Budget Unless Related Bills Are Presented

By Staff Political Writer

TOKYO, Mar. 12.—The nation's political developments entered into a Sunday recess today as the Budget Committee of the House of Councillors refused to review the Government budget bill Saturday.

The committee unanimously adopted the motion presented by Socialist member Seiji Uchimura not to begin study of the fiscal 1950 budget bill, which passed the House of Representatives Friday, until "sincere" explanations of related bills are given by Prime Minister Shigeru Yoshida and State Minister Ichiro Honda.

Both did not attend the Budget Committee meeting yesterday.

Before voting to put off the reviewing, the committee requested Finance Minister Hayato Ikeda and Chief Cabinet Secretary Kaneshichi Masuda to clarify on the date of presentation of the related bills, including those on equalization fund and local taxes.

No definite answer was given, except the reply that the bills would be presented "as soon as possible" pending negotiations with competent authorities expected to be completed this week.

Observers interpret the attitude taken by the committee to represent the atmosphere ruling in the entire House of Councillors where the Government commands only a slim majority if the "neutral" Ryokufukai is included.

In the Budget Committee, the Government party together with the Ryokufukai has 24 members, while the Opposition has 21.

Moreover, informed sources point out that attitudes of the three-year-term Councillors who face election on June 4 will be "very delicate."

Consequently, the same sources view that it will be some time before the House of Councillors takes final action on the controversial budget bills.

Other sources, however, believe the bills will be passed by the end of the month.

Meanwhile, the Democrats at a national convention held today in Kanda, here, declared themselves an "absolute Opposition" and vowed to pass "sound and critical" judgment on Government policies.

At the convention, Gizo Tomabechi was reelected chairman of the party's highest committee, while Kozaemon Kimura was chosen the supreme adviser of the party.

APPROVAL VOTED BY LOWER HOUSE TO BUDGET BILLS

Delay in Action Feared as Measures Sent to Upper Chamber

After 40 days of prolonged deliberations, the House of Representatives passed Friday the three 1950-51 fiscal year budget bills by a majority vote.

The bills were immediately referred to the House of Councillors. With only 20 days left until the end of the current fiscal year, some fears were entertained that the Upper House would not complete deliberations by March 31, necessitating another provisional budget as last year.

The fear was based upon the fact that the Government does not enjoy a majority in the Upper House and must depend upon the cooperation of the conservative Ryokufukai, the largest single group in the House.

In view of the approach of the Upper House elections, scheduled for June, the Ryokufukai was regarded as not being as amenable as in the past, in their desire to woo the nation's voters.

The budget bill, which has aroused a storm of opposition from labor, since it maintains the present wage level unrevised, was passed last Thursday night by the Lower House Budget Committee.

A crowd of well-behaved unionists, estimated at 10,000 strong, staged a demonstration in the Diet grounds, beginning at 4 p.m., one hour before the opening of the final Budget Committee meeting.

Speaker Kijuro Shidehara took the unprecedented step of invoking the Diet right to police its own precincts and issued at 7:35 p.m. an order to the unionists to withdraw.

Minor brushes occurred between the police, 500 strong, called out for the occasion, and the unionists, but the demonstrators withdrew just before the deadline.

Although the demonstration was not reported beforehand, the authorities decided not to mete out any punishment to the demonstrators, since the unionists withdrew as ordered.

However, Inspector-General Eiichi Tanaka of the Metropolitan Police Board and State Minister Senzo Higai met and decided that future demonstrations within the Diet grounds should be dealt with by the Speaker of the Lower House, through the invocation of the Diet's right to police its own premises.

Budget Meeting Adjourns Under Opposition Boycott

Asahi Shimbun-Nippon Times

The House of Councillors Budget Committee adjourned at noon Monday without starting deliberations on the budget bills as Opposition members stoutly boycotted the meeting over their dissatisfaction with the failure of Prime Minister Yoshida to appear before the committee. Despite the explanation by the Liberal Party chairman of the Committee, Opposition members insisted that diplomatic illness was the real cause of the Prime Minister's absence and forced the committee to adjourn.

IKEDA-DODGE TALK OPPOSED BY SCAP

Special Trip by Finance Minister to U.S. Will Not Be Sanctioned

By PETER KALISCHER
UP Staff Correspondent

SCAP deflated a Japanese Government trial balloon Wednesday by denying it would authorize a special visit to the United States by Finance Minister Hayato Ikeda to ask Detroit banker Joseph Dodge to relax his "austerity" program for Japan.

An authoritative Headquarters source said an "educational" visit to America by Mr. Ikeda and other Japanese financiers would be favorably considered, but it would not sanction a trip "to combat a Washington-authorized program." The source revealed that an unofficial request to permit Mr. Ikeda to go to the United States for the purpose of studying American finance methods had been received, but nothing was said of any personal appeal mission to Mr. Dodge. The source indicated that Mr. Ikeda, if he went, might well see Mr. Dodge as well as other American officials, if he wanted to.

SCAP headquarters generally took the view that the Dodge line of disinflation, budget-balancing and wage freezing was "bitter medicine" but that there was no reason to change the prescription.

They said that Japanese business and production indexes showed no "alarming" trends. Despite admitted hardships in certain regions of Japan, production is still on the rise. The so-called "tight money" situation, they said, was due more to a reluctance on the part of Japanese to spend money for goods or investment, than to an actual lack of money.

Budget Passage By April Seen Unlikely As Councillors Move Toward Revision

By Staff Political Writer

TOKYO, Mar. 24.—Political informants are of the opinion that despite the Government schedule to wind up Diet deliberations on the 1950 fiscal budget within this month, there is a growing possibility that the plan will be subjected to alteration and that the debates will be brought over to the next month.

The original Government schedule is that Diet deliberations on general bills shall be terminated in middle April after which the Diet session will enter into an automatic recess until May 2 when the current session will end.

As Chief Cabinet Secretary Kaneshichi Masuda pointed out at the steering committee session of the House of Councillors yesterday, however, no less than 50 bills are still on the "waiting list." Furthermore, a bill on the reorganization of the electric industry is still in its drafting stage.

It was only yesterday that debates on the 1950 fiscal budget was started by the Councillors with the introduction of a bill pertaining to the revision of the Local Tax Law.

But the Opposition camp led by the Socialist, Democratic and Communist Parties is now insisting on serious deliberations by the Council-

lors on the contention that the recent passage of the budget by the House of Representatives without parallel debates on related bills was an unreasonable step taken on part of the Government party which depended upon numerical superiority.

The Opposition apparently aims to carry out the revision of the budget on the ground that it will be impossible to end the budget deliberations within this month.

The Councillors are also adamant on the Goj Sangyo scandal case and it is said that early next month, Prime Minister Shigeru Yoshida and Chief Cabinet Secretary Kaneshichi Masuda will be requested to testify at the House of Councillors.

Among bills still to be submitted is the controversial bill on the reorganization of the electric industry. All indications point to the possibility that the Diet deliberations on the bill will not be completed inasmuch as the Oppositionists are quite critical toward the bill.

Great flurry is expected hereafter in the House of Councillors where the Government and Opposition are well matched in numerical strength.

MAR 13 1950
MAINICHI

MAR 25 1950
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MAR 23 1950
NIPPON TIMES

DODGE-IKEDA TALK URGED NECESSARY

Gov't, Facing Economic Blind Alley, Seeking Revision of 'Line'

Opinion is gaining ground here that Finance Minister Ikeda should personally contact Minister Joseph M. Dodge to ask him for a revision of the Dodge Line, because the Japanese Government has recently come to a blind alley in regard to small business, agrarian village and labor wage questions.

According to Kyodo, the Government party, Liberals, are clamoring for a change in policy but this requires a considerable alteration in the "Dodge structure" of economy. It is recommended in some quarters that Finance Minister Ikeda should go to America to interview Mr. Dodge but there has never been a precedent for a Finance Minister in office to go abroad and, moreover, he is concurrently International Trade and Industry Minister, so that it is thought difficult for him to make a journey which would take him away from the seat of government for so long, unless he resigned his Cabinet posts.

Government and Liberal circles, therefore, are also considering the matter of inviting Minister Dodge for another visit to Japan to make adjustments in the Dodge Line in accordance with changed circumstances in the country.

The date regarded as propitious for this invitation is believed to be after May or June, when the 1950-51 budget, to pass the Diet shortly, has been put into force and some results of it have been examined and if economic conditions are found difficult even then to adjust along the Dodge Line. Either GHQ should be requested to make the invitation or Finance Minister Ikeda go abroad, it is urged in competent circles.

MAR 22 1950 NIPPON TIMES

BUSINESSMEN ASK DEFLATION EASING

Debt-Retirement Fund Cut in New Budget Sought of U.S. Army Official

A reduction in debt-retirement funds earmarked in the 1950-51 budget was requested Thursday by Japanese business representatives who called on the deputy to the U.S. Undersecretary of the Army Robert West, now on a visit here.

Ichiro Ishikawa, president of the Federation of Economic Organizations, and Ryutaro Takahashi, president of the Japan Chamber of Commerce and Industry, who called on the visiting high American official at ESS, GHQ, Thursday morning, made the request on behalf of the Japanese business world in order that the present state of deflation might be eased.

Meanwhile, a resolution calling for early conclusion of a peace treaty or issuance of a proclamation of the end of war was adopted Thursday at the sixth regular general meeting of the Federation of Economic Organizations, a body of prominent business leaders and captains of industry.

The resolution, deploring the fact that due to delayed peace settlement, Japan has not been given the treatment as a member of the international comity of nations, called upon the Japanese Government and Diet as well as the United States and other countries to take proper steps so that Japan can be represented officially in various international conventions and conferences and conclude international agreements.

BUDGET BILL STUDIED BY UPPER HOUSE

NIHON KEIZAI—The House of Councillors has just begun a full-scale discussion of the 1950-51 budget bill. It is hoped that the deliberation does not end up restaging the political strife seen earlier in the Lower House.

Frankly speaking the House of Councillors should not under the discussion on the bill already completed by the House of Representatives. Their discussion should be a constructive one along the line toward what its future policy should be like.

If they continue to piddle about "deflation" and "disinflation," they will find themselves in a vicious circle.

The Administration, the drafter of the bill, on the other hand, has no obligation to feel that the bill drawn last fall should bind their course of action for the coming year.

MAR 27 1950 NIPPON TIMES

Foreign Exchange Budget

Funds to Buy Goods Abroad in 1st Quarter of 1950 Estimated at \$128,750,000

The total amount of funds estimated for the purchase of goods from foreign countries between April and June this year is \$128,750,000, which is 16 per cent more than that for the January-March period.

The estimate is included in the second foreign exchange budget being considered by the secretariat of the Cabinet Ministers' Council and is expected to be adopted early this week without revision except for the changes in the planned goods items.

The import fund allocations for the pound bloc are to be only about one-half those for the dollar bloc, which shows that in spite of Japan's concentration on the pound bloc, trade plans are not necessarily proceeding as scheduled.

In this budget, the total of receipts is to be \$171,700,000. Of this amount, \$36,550,000 is the balance carried over from the previous period. The amount to be received in payment for exports, on the basis of shipments f.o.b. is \$138,360,000. From this, \$34,630,000 is to be deducted for redeeming the raw cotton loan from the

revolving fund to make a balance of \$104,730,000.

About \$5,200,000 is expected in c.i.e. export contracts.

Receipts from invisible trade are estimated at \$26,220,000.

The total amount of expenditure is put at \$158,700,000.

The foreign exchange allocated for imports amounts to \$125,220,000, on the basis of c.i.f. except some for rice imports. Miscellaneous imports are expected to amount to \$3,530,000, bringing the total up to \$128,750,000.

Reserves are estimated at \$7,000,000, out of which \$5,000,000 is to be paid when a barter fund is established.

Some \$2,820,000 is to be deducted for adjustments for the sake of imports. Non-trade payments are put at \$20,840,000, including \$1,000,000 for reserves.

To be continued from the January-March period is the amount of remittance guarantee of \$5,000,000 for inducted foreign capital.

These estimates for the first quarter of the next fiscal year beginning April include \$272,000,000 as aid-Japan funds.

MAR 26 1950 NIPPON TIMES

Gov't Seeks SCAP Nod On Interim Fiscal Plan As Budget Bill Stalled

Asahi Shimbun-Nippon Times With Diet deliberations on the 1950-51 budget bills stalled by Upper House Opposition groups, the Government has apparently decided to a write provisional day-by-day budget for the month of April. Director Kazuyuki Kono of the Finance Ministry's Accounts Bureau was expected to call on SCAP authorities late Tuesday afternoon to secure approval for the scheme. The action was prompted by the recalcitrant attitude of the Ryokufu-kai, the dominant conservative group in the Upper House.

MAR 29 1950 NIPPON TIMES

PROVISORY BUDGET REJECTED BY SCAP

Compile New Plans by Mar 31, Gen. Marquat Tells Finance Minister

Asahi Shimbun-Nippon Times A provisional budget would not be acceptable to GHQ and the Government should compile the 1950-51 budget proper within the current fiscal year ending March 31, Finance Minister Hayato Ikeda was told Wednesday morning by Maj. Gen. William F. Marquat, Chief of ESS, GHQ when Mr. Ikeda called at the Forestry Building.

The Government, accordingly, transmitted this GHQ opinion to the House of Councillors and asked the House to pass the budget by the afternoon of April 1 at the latest.

Even should the House of Councillors reject the Government request and adhere to its original intention to pass the budget only by April 3, the Government will not present a budget pro tem, it was stated in Government circles.

GHQ officials on Wednesday also turned down an amendment to the budget bill proposed by the Ryokufu-kai, the conservative majority group in the Upper House.

MAR 31 1950 NIPPON TIMES

Gov't Spending Spree

'Business' Trips, Dinner Parties Increase as Fiscal Year Nearing End

For Government officials, March is a busy season of "official business trips."

This is a reasonable deduction with the fiscal year nearing its end.

But the evening paper Yukan Chugai offers another explanation for this phenomenon.

Officials are trying to spend what money is left at their disposal in the current budget, which will be gone with the 1949 fiscal year.

The Yukan Chugai states that the "official business trips" benefit the officials who by such trips are offered "official opportunities" to fill their pockets—of course, legally.

This is how it works.

For example, when an official with the status of a section chief goes on a one-week trip to Osaka, he is entitled to ¥11,656 which covers all his expenses from transportation fee to hotel bills.

However, with half the bills being paid by the local government agencies where he is sent the section chief would return with some ¥5,000 to ¥6,000 in his wallet.

If he really does take seven days for his trip, this chief belongs to a rather "honest" group.

The more quick-minded official comes back in two days and this saves him a considerable amount of money and time to spend in his own sweet home.

With only a few days left in the fiscal year, government agencies are anxious to get rid of all the budget appropriations, lest the new

budget should cut their share for failing to spend it all.

Hence, the above-mentioned business trips are considered the most "efficient" means of disposing of the surplus in the most "bureaucratic" way.

The Yukan Chugai's probe into the National Personnel Authority found that a considerable amount must be spent in the remaining days out of the appropriation of ¥30,800,000 for the travelling expenses for the outgoing fiscal year.

This huge travelling expense, according to the NPA, was made necessary by the various examinations which were conducted during the year.

Nevertheless, the Yukan Chugai found out that the number of these so-called "trips" increased by 80 per cent with the coming of the fiscal year end.

Almost all section and division chiefs have been or are out on an average of 7 days to local districts.

When questioned about this, NPA offered an "bureaucratic" apology saying "look at the other agencies."

This explanation can be considered as somewhat true, the Yukan Chugai says, when looking into the Ministry of International Trade and Industry, which has ¥215 million that "must be spent" for travelling expenses before March 31.

The Ministry not only increased the trips of officials from January, which can be regarded as a reasonably early start, considering the amount but, in a frantic last-minute effort, has started to hold nightly banquets at the Kasumi dormitory of the Ministry.

Liberals Draw Up Plan To Ease Local Economy

Program, Coordinating Dodge Line, to Be Presented Gov't

A group of measures to break the economic deadlock of the Yoshida Cabinet were communicated Thursday by Ryutaro Nemoto, vice-chairman of the Political Research Council of the Liberal Party, at a liaison meeting between the Government and party.

The measures, drafted to see the Liberal Administration through troubled economic waters, are formulated so as to coordinate the ramifications of the Dodge Line rather than to revise them. It is understood that they will be formally acted on shortly by the party officers and then recommended to the Government.

Public funds, according to the program, are to be used "to develop the country on a comprehensive scale, to renovate industrial equipment and technique, to consolidate the foundations for brisk export business and prosperous home industry and to stimulate effective demand so that normal economic circulation may be assured.

Toward these ends, redemp-

tion of loans for the next fiscal year is to be undertaken only for foreign loans and is to be withheld for all others, in principle. (Debt-retirement funds earmarked in the 1950-51 fiscal budget bill amount to ¥130,000 million.)

Public enterprise funds and the Counterpart Fund are to be mobilized for the above purpose, approximately to the amount of ¥150,000,000 in the next fiscal year.

Improvement in equipment and technique is to be effected in the machine-building industry, including rolling stock and shipping, metallurgy, chemicals and textiles, as important export industries.

In order to promote smooth foreign trade, pre-accommodation of money is to be positively undertaken under Government guarantees so as to speed up "plant exports."

The authorities are to give positive aid to engineers and experts seeking to render technical assistance in the Asiatic countries.

SCAP CHIEF IRKED BY BUDGET DELAY

Gen. Marquat Dissatisfied by Stalling Tactics of Upper House

Maj. Gen. William F. Marquat, Chief of SCAP's Economic and Scientific Section Thursday again let it be known to the House of Councillors that he would not approve of the proposed provisional day-by-day budget and that he could not understand, and was dissatisfied with the recalcitrant attitude of the House in stalling budget deliberations.

The General's view was communicated to the Upper House Secretary-General Thursday afternoon by Finance Minister Hayato Ikeda following his meeting with the SCAP official in the morning.

Meanwhile, the Upper House budget committee Thursday morning continued discussions on the Local Tax Law amendment bills and on whether to pass the budget bill within Saturday as requested by the Government or to defer action till Monday in accordance with the understanding reached Wednesday at the committee directors' meeting. Opposition groups stood pat on their original plan, on the theory that GHQ wishes for an early approval of the budget bills were directed at the Administration and not at the legislature.

Late in the afternoon, however, sentiments in favor of complying with the Government's request for passage of the bills by the end of the fiscal year were gaining ground among members of the Ryokufu-kai, majority group in the House.

Chief Cabinet Secretary Kaneshichi Masuda, meanwhile, called on Brig. Gen. Courtney Whitney, Chief of the Government Section, Thursday morning.

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BUDGET IS RAPPED AS FULL OF FLAWS

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2 Experts Testifying Before Diet Committee Refute Gov't Claims

Two experts called to testify before the Budget Committee of the House of Councillors Tuesday criticized this and next year's "austerity" budgets as being responsible for accelerating the deflationary trends and drying up business funds.

Takeo Suzuki, Dean of the Economics Department of Musashino University of Commerce, told the committee that the 1949-50 budget was not "balanced" as claimed by the Government as is witnessed by the fact that a supplementary budget featuring a drastic cut in Treasury subsidies was submitted in the midst of the fiscal year.

Mr. Suzuki continued that although the budget is claimed to have served the purpose of inducing "disinflation" on the ground that the amount of currency in circulation saw no increase, this contention is "superficial" inasmuch as a shortage of long-range funds has resulted. The remarkable drop in stock prices seen in December last speaks of the "contradictions" in the Dodge-formulated stabilization program, the witness said.

If national economy has entered the stage of recovery, some new measures to spur capital accumulation should be taken, Mr. Suzuki said, adding that he could not help doubting the propriety of the present arrangement under which banking institutions are given a free hand in supplying funds.

Toshiyuki Fukuyoshi, editorial writer of the Tokyo Shimbun, blaming the excessive amount of the debt retirement appropriations in the 1949-50 budget, pointed out that the resulting "tight" money situation has hit small business and provincial government finances.

FEB 15 1950
NIPPON TIMES

Heated Discussions Forthcoming; Opposition Demanding Budget Change

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By Staff Political Writer

TOKYO, Feb. 27.—Heated shoves and tussles between the Government and Opposition parties are forthcoming in the National Diet as the debates of the draft budgets are fast nearing the apex.

The Opposition, which adheres to its demand of curtailment totaling ¥77,130-million, is expecting the Government's reply around March 1 on the revision of the budget and is being set to have it realized by delaying the debates for at least a week until March 7 or 8.

The Opposition demands to write off the list of budgetary figures ¥50-billion for amortization of national debts, ¥7,770-million for offsetting price differentials and ¥9,100-million to be made available for the National Railway Corporation from the Counterpart Fund.

The Opposition also insists on saving ¥630-million from the amount appropriated for the Monopoly Corporation and ¥2,630-million from the expenditure for supplies, as well as to set the carry-over from fiscal 1949 at ¥7-billion.

Of all these Opposition demands, only the curtailment of ¥4-billion price differential subsidy for soda, the saving of ¥630-million out of the budget for the Monopoly Corporation plus some saving from expenditure for supplies are believed more or less likely to be approved by SCAP authorities.

The Opposition believedly aims at turning aside the ¥50-billion sinking fund for the raising of the wage base for Government employees and public servants but is meeting the Government's firm opposition because such will "revive inflation."

Observers, however, point out that the Government has earned a demerit mark in this connection, citing the decision by the Tokyo District Court that the National Railways Workers Union's pending demand for higher wage and year-end allowance for 1949 is "all right."

Within the Diet, the "Kokkai Kyoto" group is ready to touch off its offensive any moment. This, coupled with the Opposition's "procrastination" tactics, will leave the Government in the lurch if the predicted March economic crisis is accelerated, observers opine.

It is to be recalled that the Opposition is standing pat on the impending agricultural panic and the collapse of medium-small enterprises. It is preparing to counter this "deflation specter" with the raise of general wage base and the elimination of a heavy tax burden.

The Opposition further is appealing to the public with its demand for adoption of the social guaranty system.

The Government, on its part, is keeping to its "disinflation" policy which also is designed to "encourage agricultural production, promote civil

engineering and moderate the tax burden of the public."

Meanwhile, the bill partly revising the Local Tax Law is scheduled to be passed at the House plenary session Tuesday and go into effect March 1.

It is also expected that the draft budgets, along with the state tax bills except those concerning the proposed additional value tax, fixed assets tax and resident tax, will be presented to the House plenary session between March 2 and 4.

Negotiations with the competent authorities on the three proposed taxes will take further time and it is believed the initiation of these taxes will be deferred from the scheduled date of April 1.

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OPPOSITION FIRES CONCERTED BLAST AT BUDGET TALKS

Failure of Austerity Plan,
Fuel Account Deficit
Charged to Gov't ²²³

Following up a series of half-hearted interpellations by members of the Government party, the Opposition on Thursday opened a broadside against the Administration at the House of Representatives Budget Committee.

Spearheading the Opposition attack, Eiichi Nishimura, right-wing Social Democrat, criticized the Government's "austerity" economic policy, pointing out the adverse effects of the "stabilization policy" on small business. Mr. Nishimura pointed out that out of 100 small business enterprises picked up from the six principal cities, nine per cent had closed down as of November 1, last year, 36 per cent were "stymied" and 55 per cent had been forced to cut down the size of their business. The Socialist interpellator also told the committee that whereas the Economic Stabilization Board has reported increased production index for 1949, an Economic and Scientific Section report has indicated that the output has been declining from the peak registered in March.

Finance Minister Hayato Ikeda, however, brushed aside the interpellation by asserting that by "economic stabilization" he means the "process from instability to stability." He insisted that viewed as a whole, the economic situation is being stabilized although in some specific cases not only small business but even large enterprises are in a shaky condition.

Mr. Nishimura urged upon the Government to divert the debt retirement funds to promotion of industries in view of the fact that whereas national bonds constitute more than 20 per cent of the total national income in the United States and Britain, in Japan they amount only to 12 per cent. He pointed that it is inconsistent with the prevailing economic conditions to stick to the Dodge and Shoup plans at this time when a marked change has been effected in the U.S. economic policy in favor of boosting the public's purchasing power.

Mr. Ikeda replied that the debt retirement program is being given priority in order to prepare for the day when the U.S. aid is discontinued and the burden resulting from the import surplus, currently
(Continued on Page 5)

Opposition Fires

²²³ Concerted Blast

(Continued from Page 1)
amounting to \$400 million per annum, will have to be shouldered by the Japanese.

Yasuhiro Nakasone, Opposition Democrat, kept up the broadside against the Government by bringing up the Government mismanagement in connection with the Charcoal and Firewood Special Accounts for 1948 fiscal year which had resulted in a deficit amounting to more than ¥1,000 million.

Agriculture-Forestry Minister Kotaro Mori skirted the charge by insisting that he was ignorant of the matter because it occurred during the tenure of his precursor (Hideo Sudo).

During the morning session, Mr. Ikeda also stated that the present blackmarket money interests seem to have dropped considerably from last year, saying he understood blackmarket interests at present average 5 per cent per month, or 10 per cent in some cases, as against from 15 to 20 per cent of last year.

Construction Minister Shuji Masutani revealed that some ¥300 million and ¥600 million are being set aside in the next fiscal budget as mechanization expenses for road construction and riparian works, respectively.

Agriculture-Forestry Minister Kotaro Mori said that efforts would be made to import potassium and phosphatic fertilizers of good quality, though Japan at present has no choice in importing fertilizers.

Mr. Mori also stated that the capital of the Central Co-operative Bank for Agriculture and Forestry would be increased to ¥1,600 million, with a result that the issue ceiling of the bank debentures will rise to ¥32,000 million.

FEB 3 1950

NIPPON TIMES

1950-51 Budget Discussed ²²³

TOKYO, Feb. 16.—The Budget Committee of the House of Representatives held a public hearing on the 1950-51 fiscal year budget today at 10 a.m.

Professor Yasuo Kondo of Tokyo University, Shiro Kudo, director-general of the Reconstruction Finance Bank, and Yasuo Maeda, president of the Toyo Raw Cotton Company, gave their opinions before the committee.

MAINICHI FEB 11 1950

Public Works Budget To Absorb Idle Labor ²²³

Kyodo

TOKYO, Feb. 3.—The public works expenditure, as itemized in the State budget for fiscal 1950, will enable the Government to increase the number of idle labor to be absorbed by the budget by 20 per cent and materials to be used by about two times as large as those for the current fiscal year.

With regard to the employment of idle labor, the expenditure envisages an increase in its absorption from the present year's 800,000 to 1-million next year.

The achievement of the public works for the next fiscal year will require 1,300,000 tons of cement, 130,000 tons of rolled steel, and 10-million koku of lumber.

This year's consumption of these materials was originally estimated at 700,000 tons in cement, 50,000 tons in rolled steel, and 8-million koku in lumber.

MAINICHI FEB 5 - 1950

'Shrinkage' Feared By Present Policy ²²³

Kyodo

TOKYO, Feb. 11.—Replying to interpellations by House of Representatives Budget Committee members at the public hearing relating to the State budget for fiscal 1950, Shoshiro Kudo, chairman of the board of directors of the Reconstruction Finance Bank, said:

(1) There is a fear that the present economic stabilization policy of the Government would bring about a "shrinkage" in the nation's economy instead of stabilizing it.

(2) The present exchange rate should be maintained, though it would make exports difficult.

(3) It is to be regretted that the price of rice has not been fixed as the Rice Price Deliberative Council recommended.

(4) The wage base of the Government employees should be upped in view of the fact that the Government is in a position to retire a considerable amount of national bonds.

(5) There is a tendency among banks to oppose their rationalization. Even if they are rationalized, there is little chance for them to be able to lower money rates, because of a big demand for funds.

(6) The Reconstruction Finance Bank should revive its functions to remove the present money shortage.

Also replying to committee members, Yasuo Maeda, president of the Toyo Menka KK, said:

(1) India, which was once a textile consumption market, has now turned into a textile supply market. Japan should try to export capital goods there in the future.

(2) On the contrary, Africa has become a big textile consumption market.

MAINICHI FEB 4 1950

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**U.S. AID FUND CUT
NOT 'UNEXPECTED'**

**Budget Revision Unneeded
Since Provisions Made
for Such Eventuality**

The cut of 34 per cent in the 1951 aid to Japan indicated in President Truman's budget message to Congress was not "unexpected" and would not make it necessary to revise the Japanese budget for the next fiscal year, it was unofficially stated in Finance Ministry circles Tuesday.

Foreign dispatches reported that Mr. Truman's message on the budget put the expenses for aiding the economic recovery of the occupied areas at \$320 million and might turn over almost the entire sum to Japan and the Ryukyus. Commenting on the report, the same circles said:

"The 1950 aid was reported to be \$483 million so that it will mean a reduction of 34 per cent. As we had been expecting a decrease of about 20 per cent, it would mean a little more than we had believed likely. But some reduction had been provided against so that it was not unexpected.

"We do not know how much of the sum is for the Ryukyus and how much for occupation administration expenses and so we have yet to learn the net sum for aid to Japan. The sum, however, will not be larger or much smaller than the item presumed in the Japanese 1950 budget. We do not see any need of revising it therefore.

"Only, it must be borne in mind that this indicates how the aid to Japan will gradually decrease hereafter. Both Japanese public finance and economy must proceed on the understanding that the aid will eventually be withdrawn in toto. This factor has been taken into account in the next fiscal year's budget.

"With such a situation looming ahead, the Government hopes to see the establishment of credit for Japan."

As the American fiscal year and Japan's are different there is discrepancy between the time of receiving the consignments of aid goods and transfers from the trade account to the Counterpart Fund. Thus the computation of the amount of aid to Japan is a rather troublesome matter but the amounts surmised in the budget on the basis of the Counterpart Fund account for the next fiscal year are as follows:

(in ¥1,000)	
Total counterpart fund.	¥158,132,870
Revenue from operation of the fund.	3,853,750
Amount of aid to	
Japan	130,449,000
Balance carried over from the 1949 fiscal year	23,830,126

Draft Budget Approved

Kyodo
TOKYO, Jan. 20.—The Government, at a Cabinet meeting yesterday, reviewed and approved the draft budget for the 1950-51 fiscal year and also the draft of Prime Minister Shigeru Yoshida's administrative speech to be delivered to the Diet session on January 23.

It is believed the Prime Minister will devote one-third of his speech to stressing the importance of a national set up which will enable Japan to conclude an early peace settlement with the Allied Powers.

JAN 21 1950
MAINICHI

**Interpellations Begin
On 1950 Draft Budget**

TOKYO, Jan. 30.—Interpellations on the fiscal 1950 draft budgets began today at the House budget committee. The Opposition again criticized the Government on the peace treaty issue at today's session of the committee.

The Opposition's major offensive, however, centered around its demand to prevent the likely "stabilization panic." The Opposition also criticized the Government for lack of dependable policies to alleviate the monetary stringency and stabilize the securities market.

The Opposition's criticism at today's session of the budget committee is deemed as a precursor of heated discussions at various committees of both Houses.

The Opposition criticism is expected to intensify when it demands the Government at the House labor committee February 2 to take actions on the controversial arbitration plan to the National Monopoly Corporation workers' wage increase request.

The Government, on the other hand, is preparing to finish Cabinet actions during January on 200 odd bills and introduce them to the Diet by mid-February.

The Government believedly is depending upon the pro-Government Democratic Liberal Party's majority seats in the House to get through the Diet with all these bills acted upon favorably before the Diet enters a recess around March 20, thence to get ready for the House of Councillors election to take place June 4.

Observers believe, however, that the House of Councillors, now becoming increasingly party-conscious apparently in relation to the coming election, will continue to be a source of headache to the Government.

The same source predicts that these developments will compel the Government to place first priority on finding how to control the Councillors rather than getting fully prepared to meet the Opposition's offensive in the House of Representatives.

JAN 31 1950
MAINICHI

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Commission Starts Waste Investigation

TOKYO (UP)—A five-man commission of distinguished Japanese has started a Japan-wide investigation of waste and publication in national and local government operations that may produce changes equal to any of the occupation's reforms.

Commission Chairman Masai Kambe, 74-year-old former professor of public finance at Kyoto University who resigned as Mayor of Kyoto to head the project, said the commission probably will call for major revisions of the tax system supporting prefectural governments and abolition of "hundreds" of national government branches outside Tokyo.

JAN 25 1950

STARS & STRIPES

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**Budget Passed
 By Diet House
 After Hot Fight**

TOKYO (UP)—The occupation's economic policy won a hair-breadth victory late Monday night when the House of Councillors passed the 1950-51 budget.

The opposition parties threw all their strength into the fight to embarrass the Yoshida government and block approval of another year of American-sponsored austerity, wage-freeze, credit-restrictions and other measures.

The vote was 104-95. It came three days after the beginning of the new fiscal year, during which the government had no money to pay its bills.

The approved balanced budget calls for expenditures of 661,000,000,000 yen—11 percent less than last year's rigidly balanced program.

The cost of occupation this year will be down to 109,000,000,000 yen or 15 percent of the total, compared with nearly 20 percent last year.

Opposition parties in the upper house delayed passage of the bill four days after SCAP Maj. Gen. William F. Marquat urged its speedy enactment. On the eve of passage, General MacArthur issued a press statement which, while not referring to the budget fight, noted that the yen today goes further than it did one year ago and implying that wage increases were not necessary and deflation has not been drastic.

Help Your Red Cross

APR 4 1950

STARS & STRIPES

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**Dodge Back in Japan
 For Budget Confabs**

YOKOHAMA (INS)—Joseph M. Dodge, American mentor of Japanese financial and fiscal policy for the last two years, returned to Japan for the third time Saturday morning and promptly warned that "this is not the time to be led astray by the increasingly dangerous inflation in world prices."

The Detroit banker arrived at 8:30 a.m. from San Francisco aboard the APL liner President Cleveland.

HE WAS ACCOMPANIED by Dr. Rex Reed, director of the U.S. department of the army's Far Eastern affairs in occupied areas.

In a statement, handed to newsmen, Dodge called attention to the "benefits of a substantial and unexpected windfall of foreign exchange from direct procurement for the war in Korea." He said:

"The basic problem connected with this is one of assuring that a sufficient proportion of the fruits of this abnormal demand and foreign exchange acquisition is re-

served for investment in essential capital improvements and for the further expanding of normal exports." Dodge continued:

"THIS IS NOT the time to be led astray by the increasingly dangerous inflation in world prices and the suddenly flowing dollars that are easing the foreign exchange problems."

The banker, who is here to confer with Finance Minister Hayato Ikeda and other Japanese officials on the draft 1951-52 budget, declined to answer questions until he had "explored the situation."

OCT 7 1950

STARS & STRIPES

N N 3

Gov't Expenditures ²²³ May Total ¥640-Billion

TOKYO, Nov. 18.—The Government believes that expenditures for the next fiscal year will total about ¥640-billion instead of ¥598-billion as originally planned, although a large-scale revision for the draft budget may be made following the scrutiny by Joseph M. Dodge, American financial expert, around November 20.

In view of this, the Government is now studying details of the revenue to increase judicial corporation tax by ¥30-billion as compared with the originally planned amount of ¥454,200-million, it is learned.

NOV 19 1950
MAINICHI

Ikeda-Dodge Talks Off ²²³

TOKYO, Nov. 20.—The conference which was originally scheduled today between Joseph M. Dodge and Finance Minister Hayato Ikeda for negotiations on the budget was cancelled due to indisposition of the former.

Finance Minister Ikeda told the press that he is convinced that the Government will be enabled to introduce the draft budget by November 24, as originally scheduled.

Meanwhile, Financial Commissioner Watanabe today admitted that the draft budget is now meeting great difficulties as generally rumored.

He continued that Mr. Dodge is maintaining his established policies as long as fundamental principles are concerned.

NOV 21 1950
MAINICHI

Talks Re Budget ²²³ Deadlocked, Says Ikeda

TOKYO, Nov. 22.—The drafting of the supplementary budget for this fiscal year, scheduled to be presented to the current Diet session, is in a deadlock as talks held between Joseph M. Dodge and Finance Minister Hayato Ikeda failed to reach a decision apropos of the compilation of the main budget for the next fiscal year.

This was revealed by Finance Minister Hayato Ikeda yesterday afternoon.

In this connection, Ikeda also revealed his fear that it may be impossible to realize the Finance Ministry-pledged tax cut for the next fiscal year amounting to ¥70-billion.

The amount of taxes to be reduced for the next fiscal year will be in the neighborhood of ¥50-billion at the maximum, he said.

The Dodge-Ikeda talks also decided that the sum of the year-end allowance to be given Government employees be tantamount to half their monthly salaries, the Finance Minister added.

NOV 23 1950
MAINICHI

IKEDA WILL CONFER WITH DODGE TODAY ²²³

Finance Minister Hayato Ikeda is expected to conduct final consultations with Joseph M. Dodge, SCAP financial adviser today, on the 1950-51 supplementary budget and the 1951-52 budget plans.

The Government is slated to present the supplementary budget bills to the Diet Friday.

Mr. Ikeda did not see the Detroit banker Monday because Mr. Dodge was slightly indisposed.

Observers believe that the Government's original budget plans will have to be substantially changed.

The anticipated changes included slashes or total abolition of the Government's tax reduction and public works plans in view of Mr. Dodge's apparent adherence to the policy of covering deficits in the Foreign Exchange and other special accounts with transfers from the General Account.

The contemplated Medium and Small Enterprise Credit Insurance Fund and public service pay raise also are likely to be curtailed, according to observers.

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NIPPON TIMES

CABINET TO GIVE BUDGET OK TODAY ²²³

Little Hope Is Seen Government's Plan to Slash Taxes

The 1950-51 supplementary budget bills will be formally approved at a Cabinet session at 4 p.m. today for presentation to the Diet Friday. Contents of the bills will be made public Thursday afternoon.

Following his final meeting with Joseph M. Dodge, SCAP financial adviser, Wednesday afternoon, Finance Minister Ikeda told newsmen that final supplementary budget plans were "generally satisfactory under the present circumstances" in spite of "considerable changes" they had undergone.

They incorporate sufficient countermeasures to cope with the changes in world economy resulting from the Korean war and attempts to implement Liberal policies to the largest extent possible, he said.

The conclusions on the 1952 budgets, which are believed to have been reached Wednesday, are not likely to be made known for the present.

Finance Ministry circles anticipate that under the supplementary budget bill to reach the Diet the Government plan of carrying out reductions totaling ¥7,000 million this year will be reduced to one of only a little more than ¥1,000 million while plan of providing the public service with one month's in a year-end bonus will be halved.

Those circles also believe that a substantial slash will be unavoidable for the Government's plan of effecting reductions totaling ¥700 million during the next year because of the proposed ¥58,000 million inventory finance plan.

The stern attitude of Joseph M. Dodge toward the tax cut was attributed by those circles to wariness on the part of the Detroit banker against possible recurrence of inflation in Japanese economy resulting from the Korean war.

Those circles were inclined to think that the hope of improving the national living standard will have to be postponed a farther future under new budgets.

NOV 23 1950
NIPPON TIMES

Special Diet Session Convened; Budget Introduction Delay Seen ²²³

TOKYO, Nov. 21.—The ninth extraordinary session of the National Diet was convened today.

Both the House of Representatives and the House of Councillors held their respective plenary sessions at 10 a.m. and took procedures for the organization of the Diet.

As previously expected, Prime Minister Shigeru Yoshida will deliver his administrative speech November 24.

It is expected that the Supplementary Budget Bill will be introduced to the Diet November 24. But there is a strong indication that its introduction to the Diet will be delayed due to the

prolonged negotiations between Finance Minister Hayato Ikeda and Joseph M. Dodge, American financial expert, over the problem.

It is learned that Dodge is particular about each and every turn of Japanese economy resulting from the development of hostilities on the Korean Peninsula. Hence, it is generally believed that there is little chance for the Government to realize tax reduction and the revision of the wage system as envisaged in the draft budget.

At yesterday's session of the House steering committee, Liberal elements insisted on conducting in-

terpellations on November 25 and 26 while the Opposition elements wanted them held on November 25 and 27.

Opposition parties plan to make the most of the tax reduction, wage and electric industry problems for attack against the Government and there is much likelihood that these problems, together with the super-party diplomatic issue, will intensify the battle in the Diet.

Meanwhile, it is learned that Sanshichi Habu, Socialist from Nagano Prefecture, will be the first to interpellate on the Prime Minister's administrative speech at the House of Councillors.

He will be followed by Natsu Kawasaki, independent for the national constituency.

NOV 22 1950

MAINICHI

Budget Bill Presented ²²³

TOKYO, Nov. 25.—The Government yesterday presented to the current Diet session the 1950-51 supplementary budget bill after getting approval of GHQ.

The bill will be studied by the budget committee of the House of Representatives starting Monday, November 27, and will be passed on to the plenary session December 4.

Public hearings on the bill will begin on or around December 1.

NOV 26 1950
MAINICHI

CABINET TO GIVE BUDGET OK TODAY

Little Hope Is Seen for Government's Plan to Slash Taxes

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Following his final meeting with Joseph M. Dodge, SCAP financial adviser, Wednesday afternoon, Finance Minister Ikeda told newsmen that the final supplementary budget plans were "generally satisfactory under the present circumstances" in spite of "considerable changes" they have undergone.

They incorporate sufficient countermeasures to cope with the changes in world economy resulting from the Korean war and attempts to implement the Liberal policies to the largest extent possible, he said.

The conclusions on the 1951-52 budgets, which are believed to have been reached also Wednesday, are not likely to be made known for the present.

Finance Ministry circles anticipate that under the supplementary budget bill to reach the Diet the Government plan of carrying out tax reductions totaling ¥7,000 million this year will be reduced to one of only a little more than ¥1,000 million while its plan of providing the public service with one month's pay in a year-end bonus will be halved.

Those circles also believe that a substantial slash will be unavoidable for the Government's plan of effecting tax reductions totaling ¥75,000 millions during the next fiscal year because of the proposed ¥58,000 million inventory finance plan.

The stern attitude of Mr. Dodge toward the tax cut plans was attributed by those circles to wariness on the part of the Detroit banker against the possible recurrence of inflation in Japanese economy resulting from the Korean war.

Those circles were inclined to think that the hope of raising the national living standard will have to be postponed to a farther future under the new budgets.

SPECIAL BUDGETS FOR 1950-51 GIVEN FINAL GOV'T OKAY

¥6,397 Million Tax Slash Provided; Bills to Go to Diet Today

Following protracted consultations between Finance Minister Hayato Ikeda and SCAP financial adviser Joseph M. Dodge, the Japanese Government finally approved the draft bills for the 1950-51 supplementary budgets at a special Cabinet meeting called at 4 p.m. Wednesday.

The bills for the general and special accounts supplementary budgets will be submitted to the Diet today.

In its final form, the general account budget bill consists of ¥3,170,000,000 and represents a tax reduction amounting to ¥6,397,000,000.

The projected tax cut includes ¥5,631,000,000 in payroll income tax, ¥85,000,000 in sugar consumption tax and ¥81,000,000 in commodity tax.

Expenditures include ¥10,000,000,000 earmarked for transfer to the Foreign Exchange Special Accounts, ¥2,500,000,000 as investment in the projected Export Finance Bank and expenses for increasing public service payrolls by an average ¥1,000 per month from January and year-end bonuses equivalent to a half-month salary as well as disaster rehabilitation expenses.

The small size of the budget despite these expenditures is due to the fact that major outlays such as the transfer to the Foreign Exchange Special Accounts are to be appropriated with savings in already-earmarked expenditures such as the price differential subsidies and national debt retirement funds.

The Cabinet also approved the draft bill for revision of the Tax Laws based on new recommendations given by Dr. Carl S. Shoup as well as a bill for amendment of the Liquor Tax Law. Under this law, prices of alcoholic drinks are expected to drop by an average 15 per cent from December.

Editorial Survey

Supplementary Budget Gets Press Approval

The supplementary budget plan formulated by the Government on the basis of the Dodge policy designed to subdue an inflationary tendency in the national economy was generally approved by editorials during the past week.

They observed the Dodge idea has cut short the stilts of the national economy.

They, however, warned that unless the Government resorts to a penny-pinching policy in the formulation of the budget plan for fiscal 1951, the national economy will not be able to get back on its own feet quickly.

In other editorials, political parties were discouraged to dwell on "idle talk" on the peace issue for their discussions appear far apart from the actuality of the world today.

They were, however, urged to make crystal clear their views on the peace issue during deliberations in the current extra Diet.

An editorial warning was sounded to Red China not to drop into the pit of world politics by interfering in the Korean war.

The Jiji Shimpō said, "It is no time to continue idle talk on the peace issue." Some quarters in the country may have thought that the Soviet Union's current "scheming smiling diplomacy" will melt away the cold war being waged between the United States and the Soviet camp.

But to close observers of international problems, such a way of thinking is only ridiculous, the editorial said.

Sore Spot of Issue

The apparent pain in the neck of the peace issue in the country is the Social Democratic Party which clamors for the return of the Okinawas and the Ogasawara islands despite its opposition to the establishment of military bases by the United States in the country.

The only country that can protect Japan from foreign invasion is the United States, the editorial observed.

For this reason, it added, the lease of military bases to the United States is inevitable to this country if it wishes to keep itself intact.

The Asahi noted that Prime Minister Shigeru Yoshida and other Government leaders apparently believe that careless discussion on the peace issue, still in hazy shape, should be avoided on the Diet floor.

The editorial, however, said that the people at large are anxious to know what negotiations have been under way concerning peace and what the Government has been doing for acceptance of peace.

The people are especially concerned about how much of their wishes and requests will be incorporated into the peace terms.

Trust Lacking

In view of such public feelings, the editorial went on, the Prime Minister should not brush aside the Opposition's questions on peace just because they are hypothetical.

The Nihon Keizai contended that nonpartisanship in foreign policy will not materialize unless political parties trust one another.

During debate in the past on the Diet floor, the editorial said the Opposition parties have been dominated by the spirit of opposition, lacking in a sense of trust in the Government.

The Asahi said Red China's way of thinking that she can plague the influence of Western Europe through temporary machinations and maneuvers is to her an exceedingly dangerous temptation and a whisper of devils.

Red China should be solely concerned with faithfully protecting the life of her people, for that will be her responsibility in tackling the world crisis the editorial said.

The Jiji Shimpō hailed the United Nation's resolution condemning aggression acts as "the gravest of all crimes against peace and security" as a forward step in the morality of humanity.

The resolution is especially significant in that the United Nations decided to enforce it with the backing of police force, the editorial noted.

The Dodge line designed to subdue an inflationary trend in the national economy as written in the supplementary budget plan was generally approved by editorials.

Measure Appropriate

The Yomiuri said that the Dodge anti-inflationary policy embodied in the supplementary budget bill is an appropriate measure in view of the current tendency in the country, but expressed hope that an economic reconstruction measure not based on an anti-inflationary idea be adopted simultaneously to put the national economy on its own feet as quickly as possible.

The Nihon Keizai urged the Government to do the maximum of penny pinching in formulating the budget plan for fiscal 1951 good for 15 months.

The editorial admitted that the inflationary trend in the national economy must be stopped but added that such a measure would not serve to check the development of the boom resulting from the Korean war.

All these issues ought to be debated in full on the Diet floor, the editorial concluded.

Prime Minister Shigeru Yoshida's administrative policy speech to the Diet on Friday was bitterly criticized by editorials for failing to reveal any concrete measures to

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tackle the pressing issues of the country.

The Nihon Keizai said that the Prime Minister should have clarified his aspirations and views in his speech.

The Government may not have to be blamed bitterly for failing to implement its public pledges for there may be "special reasons therefor."

Empty Speech Given

But if the Prime Minister should continue to give such an empty speech to the Diet giving an impression as if he looked down upon the national legislature, the editorial continued, any sensible man would jump upon him.

Judging from what has been presented in the supplementary budget plan, the editorial said, the Government appears to have done its best as far as the budget is concerned.

The Government has taken steps to save face by enforcing a tax reduction, establishing the Export Bank, raising the pay level for national servants.

For this reason, the Government would like to avert any trouble concerning the budget plan during the current Diet.

It must be stressed that the Prime Minister definitely bared his lack of political leadership in delivering the type of speech which deserves no debate on the Diet floor.

The Yomiuri however noted that the Yoshida Cabinet has not translated into action any of its public pledges except the administrative adjustment plan enforced immediately after its coming into power last spring.

The Asahi called on the Prime Minister to reveal the contents of the SCAP letter to the Japanese Government concerning the reform of the electric industry.

NOV 26 1950

NIPPON TIMES

The Special Budgets

The 1950-51 supplementary budget, which the Yoshida Cabinet finally approved after lengthy consultations and discussions and which the special Diet now in session will debate, is not a bad budget. But the twists and turns in the process of budget formulation revealed with startling clarity the need for the Government leaders to take their heads out of the clouds and to put their feet on solid ground. Optimism may have its place but not when it is based on uncertain foundations and when the welfare of the nation depends upon sound decisions.

Of major interest to the people is the fact that a tax reduction of 6,397,000,000 yen is expected to be achieved through the new budget proposals. Any tax slash is always welcomed by the tax-

payers, but the Government too is apparently pleased because it was able to carry out one of its promises to the people and at the same time increase wages for the public service employees.

But the reasons why the Government took such a long time in preparing the budget draft lie in the very fact that it was trying so hard to fulfill in part its so-called pledges to the people. Of course, the Government would have been criticized if it had not been able to cut taxes and to hike government wages. It must be realized, however, that the Korean conflict has instituted great changes in the whole of the world economy. The world currents toward rearmament and its accompanying inflationary trends cannot but have their effects upon this nation, and it would have been only natural for the Liberal Party to have revised its promises.

The people, for instance, are desirous of a great reduction in taxes, but if it should bloat their consumptive powers and bring on inflation, the temporary easing of living conditions would be outbalanced by the evil of economic instability. The same can be said for the problem of controls on staple foodstuffs.

Of course, one may say that Japan does not need to spend money for rearmaments and thus is not concerned over what other nations are doing. But that is unrealistic and the facts of this nation's present difficulties in increasing imports, for instance, prove otherwise.

The real problem for Japan today is not the reduction of taxes but the preparation for a peace treaty and the attainment of economic self-sufficiency. To accomplish this, capital must be accumulated—admittedly this is a slow process but it cannot be left to its own device—and every measure must be explored even to the extent that the people will be satisfied to peg their living standards at the present level. At the same time, a constant guard must be put up against inflationary trends.

It has been evident that there has been a great gap between the thinking of Finance Minister Ikeda and his Cabinet colleagues and the actuality of the world situation. It is a credit to SCAP financial adviser Dodge that he has been able to temper through his sound advice the over-optimism of the Government leaders.

Nothing conclusive can be said about the supplementary budget unless the broad outlines of the 1951-52 budget are made known—since they go together as a 15-month esti-

mate—but it can be pointed out that it is not a sign of leadership when the Government does not grapple with reality and tries to take the easy way out just because the people express such hopes.

NOV 27 1950

NIPPON TIMES

DIET MEET SLATED TO ADJOURN TODAY

Budget Bill Is Expected to Be Approved at the Eleventh Hour

The 19-day Ninth Extraordinary Diet will end Saturday after many uproarious plenary sessions and committee meetings.

Of the two major bills pending in the House of Councillors, it is held certain that the much-mooted 1950-51 Supplementary Budget Bill will be passed at the 11th hour over Socialist, Democratic and Communist opposition.

Opposition groups in the House of Councillors continued their efforts to amend the Supplementary Budget and Local Public Service bills Friday.

Representatives of the Democratic, Social Democratic and other Opposition groups held talks with E. M. Reed, chief of the Public Finance Division, ESS, GHQ, on their joint amendment proposals on the supplementary budget. They include an increase in the local equalization grants to ¥8,800,000,000 from the original ¥3,500,000,000, a raise in the public service pay-level to ¥8,058 as recommended by the National Personnel Authority and a year-end bonus of one month's pay to public service personnel.

The Opposition representatives will call on Mr. Reed again Saturday to continue the consultations.

The revision proposals on the Local Public Service Bill will be introduced by the Opposition to a plenary session Saturday, as GHQ approval was obtained Friday evening.

Meanwhile, the House of Representatives passed the Small Business Credit Insurance Bill Friday afternoon.

DEC 9 1950

NIPPON TIMES

Budget OK Refused

Kyodo TOKYO, Dec. 9.—House of Councillors members Setsuo Yamada, Socialist, Mitsuji Nakai, Democrat, Torasaburo Shintani, Ryokufukai, and Kenzo Horiki, Dai-Ichi Club, this morning visited E.M. Reed, chief of ESS's Budget Division, SCAP, for approval of the revision on the supplementary 1950-51 draft budget but in vain.

DEC 10 1950

MAINICHI

Budget Bill Passed Despite Determination

The Government succeeded in having the supplementary budget bill passed by the House of Representatives on the strength of its overwhelming majority in the small hours of Tuesday morning despite the Opposition's dilatory tactics.

When the Lower House Budget Committee took action on the bill, the Opposition members walked out en masse on the ground that the Government party was arbitrarily precipitating committee action.

Before the bill was referred to a plenary session of the House, the Opposition groups in a joint caucus decided to introduce a nonconfidence mo-

DEC 5 1950

GEN. ACCT. BUDGET DRAFTED BY GOVT

Total Upped to ¥657 Billion; Big Individual Tax Cut Is Made Possible

The 1951-52 General Account budget will total ¥657,300,000,000 under the final draft which is expected to be approved by the Cabinet Friday morning.

Finance Minister Hayato Ikeda, calling at GHQ Thursday afternoon, obtained approval on the details of the tax revenues schedule in the budget plan.

The final draft shows an increase of ¥59,300,000,000 over the ¥598,000,000,000 originally planned by the Government.

The budget plan will make possible individual tax reductions totalling approximately ¥73,100,000,000 although the total figure of reductions in the budget is only ¥500,000,000.

DEC 22 1950

NIPPON TIMES

it can be pointed out that it is not a sign of leadership when the Government grapple with reality to take the easy way because the people expect hopes.

NOV 27 1950 NIPPON TIMES

MEET SLATED FOR JOURNAL TODAY

Bill Is Expected Approved at the Tenth Hour

Today Ninth Extra-Diet will end Saturday many uproarious sessions and commitments.

Two major bills pending House of Councilors field certain that the 1950-51 Supplemental Budget Bill will be passed by the 11th hour over Democratic and Opposition.

Opposition groups in the Councilors continue efforts to amend the Budget and Public Service bills.

Representatives of the Social Democratic Opposition groups with E. M. Reed, Public Finance Division, GHQ, on their amendment proposals on supplementary budget.

Include an increase in equalization grants 500,000,000 from the original 500,000,000, a raise in public service pay-level as recommended by the National Personnel Authority a year-end bonus for public personnel.

Opposition representatives call on Mr. Reed Saturday to continue the discussions.

Revision proposals on Public Service Bill introduced by the Government to a plenary session Saturday, as GHQ appears obtained Friday.

Meanwhile, the House of Representatives passed the Business Credit Inflation Bill Friday afternoon.

NOV 29 1950 NIPPON TIMES

Budget Bill Passed by House Despite Determined Opposition

The Government succeeded in having the supplementary budget bill passed by the House of Representatives on the strength of its overwhelming majority in the small hours of Tuesday morning despite the Opposition's dilatory tactics.

When the Lower House Budget Committee took action on the bill, the Opposition members walked out en masse on the ground that the Government party was arbitrarily precipitating committee action.

Before the bill was referred to a plenary session of the House, the Opposition groups in a joint caucus decided to introduce a nonconfidence mo-

tion against chairman Zentaro Kosaka of the Budget Committee and a demand for a re-examination by the committee of the budget measure.

The Social Democratic Party later decided that the nonconfidence motion be introduced before action on the budget bill and the Democrats decided to delay the plenary session proceedings by posing question on procedural matters.

Meanwhile, the Liberals studied measures to have the bill passed within the day by all means in view of the fact that only four days were left for the Upper House to thrash out the bill.

DEC 5 1950

GEN. ACCT. BUDGET DRAFTED BY GOV'T

Total Upped to ¥657 Billion; Big Individual Tax Cut Is Made Possible

The 1951-52 General Account budget will total ¥657,300,000,000 under the final draft which is expected to be approved by the Cabinet Friday morning.

Finance Minister Hayato Ikeda, calling at GHQ Thursday afternoon, obtained approval on the details of the tax revenues schedule in the budget plan.

The final draft shows an increase of ¥59,300,000,000 over the ¥598,000,000,000 originally planned by the Government.

The budget plan will make possible individual tax reductions totalling approximately ¥73,100,000,000 although the total figure of reductions in the budget is only ¥500,000,000.

DEC 22 1950 NIPPON TIMES

NIPPON TIMES

CABINET APPROVES NEW BUDGET PLAN

Final Draft of Gen. Acct. Totals ¥7 Billion Less Than Current Figures

The Cabinet Friday morning approved the final draft General Account budget for 1951-52 amounting to ¥657,429,747,000, or ¥7,155,000,000 less than the over-all 1950-51 budget including the supplementary budget.

Tax reductions amounting to ¥71,025,000,000 will be realized under the budget plan. Tax revenues and revenue stamp sales proceeds will total ¥444,540,000,000, while monopoly enterprise profits ¥113,086,000,000.

Of the expenditures, war termination expenses will amount to approximately ¥102,700,000,000, public works expenses ¥110,400,000,000, transfers to the Foreign Exchange Special Account ¥50,000,000,000, local equalization grants ¥110,000,000,000, food import subsidies ¥22,500,000,000, National Police Reserve expenses ¥16,000,000,000 and Maritime Safety Board expenses ¥5,536,000,000.

The Cabinet also approved the draft Special Account budget amounting to ¥1,285,000,000,000 in revenues, or ¥798,600,000,000 less than this year, and ¥1,248,400,000,000 in expenditures, or ¥792,900,000,000 less than this year.

Also approved were the draft budgets for such Government-affiliated agencies as the National Railway Corporation, the Monopoly Corporation and the Export Bank, aggregating ¥410,800,000,000 in revenues and ¥296,000,000,000 in expenditures.

DEC 23 1950 NIPPON TIMES

The 1951-52 Budget

Full credit must be paid the Government for its efforts in compiling the 1951-52 fiscal year budget. There are, of course, several points which the Diet will naturally have to probe more fully—especially the point whether or not the draft budget will prove adequate in view of the tense world situation. But on the whole, the attempt made to fight inflation and to insure imports must be commended as steps in the right direction.

With the world-wide inflationary trends naturally having their effects upon Japan, it is essential that the stabilizing course set by the so-called Dodge line be followed. The transfer from the general accounts of 50,000 million yen to the Foreign Exchange Special Accounts should prove its worth as a cushion against inflation. It would also act as a reserve fund which could be drawn upon to meet the exigencies the nation may possibly face.

The criticism may be heard, of course, that the insistence upon a balanced budget will bring on deflation, but under the present circumstances that is hardly possible and it would be better at any rate for the brakes to be applied now because the nation's economy in more than one sense is poised for a reversion to the inflationary spiral.

The budget as drafted also shows the efforts made to insure greater imports than at present. This is evidenced in the import fund for key materials which has been placed in the general accounts for the first time. To be sure the amount of 2,500 million yen may not prove entirely adequate, but revolved quarterly it is expected to finance the import of 10,000 million yen worth of key goods.

The warning must be sounded once again—and legislators and the Government should have the courage to face it—that the tax reduction of 71,025 million yen may become an unrealistic measure in view of the world conditions. It must be looked upon as a real contributor to inflation, and utmost care must be taken.

It would be too much to expect that the budget prepared by the Government will be able to see the nation through until the end of March, 1952. But the legislative examination, of course, should be directed toward that end.

DEC 24 1950 NIPPON TIMES

\$525 MILLION SET FOR IMPORT FUNDS

Foreign Exchange Budget for Next Quarter Is Approved by Gov't

A foreign exchange budget earmarking \$525,226,000 as import funds for the January-March, 1951, period was approved by the Government Saturday.

The budget represents an increase of about \$140,000,000 over the October-December budget.

Under the three-month program, \$95,041,000 is earmarked for food imports, \$23,543,000 for petroleum products, \$87,158,000 for industrial raw materials, such as textile materials, metals, nonmetallic ores and coal. A total of \$160,600,000 is allocated for items to be imported under the automatic licensing system.

The budget envisages \$233,120,000 in foreign exchange earnings from the export of textiles, machinery, iron, steel and nonmetallic mineral products.

An estimated \$27,703,000 is allocated for invisible trade payments, while invisible trade incomes are estimated at \$95,825,000. Scheduled imports from the dollar area total \$314,000,000 on 60 per cent of the budget, while those from the sterling area amount to \$103,000,000. A fund of \$104,000,000 is earmarked for imports from the open account area, and \$3,300,000 for barter and other trade arrangements.

DEC 24 1950 NIPPON TIMES

Is Expected To Pass House Of Rep. Dec. 3

TOKYO, Nov. 30.—The Government expects that the draft supplementary budget will be passed by the House of Representatives December 3. Liberal Secretary-General Eisaku Sato declared today.

Earlier on the same day, the secretary-general met Prime Minister Shigeru Yoshida at the Foreign Minister's official residence to find ways and means to weather the Diet session.

Secretary-General Sato further said that the coming regular Diet session will enter a recess immediately after its opening, provided that deliberations on the Local Public Official Bill and other bills progress as scheduled.

DEC 1 1950 MAINICHI

Budget OK Refused
Kyodo
TOKYO, Dec. 9.—House of Councilors members Setsuo Yamada, Socialist, Mitsuji Nakai, Democrat, Torasaburo Shintani, Ryokufukai, and Kenzo Horiki, Dai-Ichi Club, this morning visited E.M. Reed, chief of ESS's Budget Division, SCAP, for approval of the revision on the supplementary 1950-51 draft budget but in vain.

DEC 10 1950 MAINICHI

Opposition Hits Gov't Draft Budget; Representatives Begin Heated Debates

TOKYO, Nov. 30.—Opposition parties today switched their offensive against the Government from the administrative speech of Prime Minister Shigeru Yoshida to the draft supplementary budget for the current fiscal year.

General interpellations on the Prime Minister's administrative speech were wound up yesterday with those at the plenary session of the House of Councillors as the last.

Various committees of the House of Representatives sat in their respective sessions this morning in the presence of the Prime Minister and his Cabinet colleagues to deliberate on bills centering around the draft budget.

Lively debates took place when Yasuhiro Nakasone, Democrat from Gumma Prefecture, Seiichi Katsumada, Socialist from Shizuoka Prefecture, and Yasoji Kazahaya, Communist from Tokyo, assailed the Government for its faulty administration.

The Socialist and Democratic Parties were united in their criticism of the Yoshida Administration for its draft budget which, according to them, leaves much to be desired.

The steering committee session of the House of Representatives was stormy as heated debates took place between the Government and Opposition parties on the disposal of the Opposition's resolution for the protection of the Diet's right for deliberation on administrative affairs.

The Government parties took this occasion to set their attitude toward the problem and decided to veto the resolution on the strength of their numerical superiority once it is submitted to the Diet.

The extraordinary Diet session has now entered the second stage notwithstanding the existence of a number of weighty bills, including the draft supplementary budget, the Local Public Official Bill and the National Railways Arbitration Bill.

This is why the "battle" between the incumbent administration and the Opposition will be intensified further with the lapse of time.

Draft Budget Calling For ¥657,420-Million Decided At Cabinet Meeting

TOKYO, Dec. 22.—The Government at a Cabinet meeting today decided on the draft budget for the 1951 fiscal year providing for ¥657,420-million both for expenditures and revenues for the general account, or a decrease of ¥7,555-million compared with last year.

The revenues of ¥657,420-million comprise ¥444,504-million from taxation and sale of postal stamps, ¥113,086-million from monopoly enterprise, ¥19,554-million from the previous year account and ¥80,276-million from other items.

The expenditures are broken down into ¥102,700-million as expenses needed for the settlement of affairs related with the war, ¥110,400-million for public enterprises, ¥77,800-million for other Government investment, ¥110-billion for the equalization grants, ¥21,200-million for protection of livelihood, ¥14,300-million for relief measures for the jobless, ¥22,500-million for price adjustment subsidies, ¥14,700-million for the maintenance of state-owned schools, ¥21-billion as expenses for the national bonds, ¥16-billion for the National Police

Reserve forces, ¥5,500-million for the Maritime Safety Agency, ¥1-billion for reserve funds.

Out of the total revenues, sum of ¥444,504-million from taxation and the sale of postal stamps was computed on the basis of the revised tax law which is scheduled to be put into effect from next year.

If based on the existing tax law, the sum will be ¥515,529-million. This means the amount of tax to be reduced next fiscal year as a result of the contemplated revision of the existing tax law will reach ¥70,025-million.

Among the expenditures, sum of ¥77,800-million for the Government investment will cover ¥50-billion for foreign exchange, ¥600-million for mintage, ¥1 billion for the valuable metal bureau, ¥1,400-million for development work, ¥2,500-million for the agricultural insurance, ¥1 billion for the agriculture and fishing industries, ¥1 billion for insurance for the small business, ¥2,500-million for the urgently needed goods, ¥2 billion for the People's Bank and ¥1 billion for the Dwelling House Financing Bank.

DEC 1 1950

MAINICHI

Supplementary Budget Bill Passed By Reps As Opposition Walks Out

TOKYO, Dec. 5.—The House of Representatives Monday approved the controversial supplementary budget bill for the current fiscal year.

The voting, however, was made by the Liberal Party Representatives only with irate Opposition Representatives walking out of the plenary session.

The Government Party's step was taken as it construed that the Opposition parties' approach to SCAP for amendment of the bill in question was a "filibustering tactic" aimed at preventing the current extraordinary Diet session to finish the debates on the bill.

The Opposition Representatives, who walked out of the plenary session, excepting the Communists, issued a joint statement bitterly criticizing the Government and the Liberal Party for their "fascistic step utterly ignoring the right of debating of the National Diet members."

The Opposition also unanimously decided to submit to the Diet session a non-confidence motion against State Minister Okano and chairman Kosaka of the House of Representatives budget committee.

The Liberal Party, on its part, also issued a statement countering the Opposition members. It denounced the Opposition for "neglecting the Diet men's duty by abandoning their right to debate."

(2) Diminution of the national debts amortization fund to the minimum limit possible on the basis of the Finance Law;

(3) Absorption of bank debentures by means of the Finance Ministry's Deposit Bureau fund;

(4) Scaling down of the U.S. Aid Counterpart Fund.

We believe that, in view of the existing international situation and its reaction on the Japanese national structure, no one can remain assured that the draft budget will be sufficient to meet financial requirements for the whole of the next fiscal year.

We may ask, for example, to what extent the announced 1951-52 draft budget is prepared to meet the possible upward price trend due to the change in the international situation and the likely resumption of economic controls.

Once additional expenditures become unavoidable, the first thing to be considered will be the utilization of the inventory finance fund of some ¥50-billion to be taken from the General Account.

However, we must keep in mind in this connection that the use of the Counterpart Fund, for instance, is considerably less elastic in the coming 1951-52 fiscal year than in the current year.

Thus the people will have to concern themselves with the question of lest the 1951-52 budget—which has been drafted with primary emphasis on the tax cut of ¥71-billion in the light of the tax law—should after all turn out to be a tax increase when considered from the angle of the actual manipulation of the budget.

The Government is also reported to have decided to fill local financ-

ing requirements not with increase of local taxes but with natural increase in local revenues. Such a decision, we believe, is primarily designed to allay the dissatisfaction of the people who are gravely concerned with the fact that further increase of already heavy local taxes will prove necessary.

The fact is that the absorption of local debts with the Deposit fund is limited to ¥40-billion; therefore, the increased local debts will be inevitable unless the Government is authorized to appropriate increased grants to the local autonomies.

There is no denying that something is done urgently to rationalize and streamline administrative structure, but governments will continue to find it difficult to meet their growing financial requirements if the local population will suffer further increase of taxes.

And the probable outcome may be that the local governments will be deprived of financial resources to carry on enterprises to the local autonomy and increase benefits to the local population.

We cannot but raise the question: Is not the Government indifferent toward the stringency of local government

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Councillors Start Budget Deliberations

TOKYO, Dec. 5.—The budgetary committee of the House of Councillors today started full-fledged deliberations on the draft supplementary budget passed by the House of Representatives late last night.

The committee which has been conducting preliminary scrutiny of the draft since November 29 expects to vote for it December 8 to send it to the plenary session on the same day.

It is generally believed that the plenary session will be stormy judging from the fact that Opposition Councillors' attitude has turned firm. The Government parties passed the draft budget at the House of Representatives' session on the strength of their numerical superiority.

Draft Budget By Jan. 25

TOKYO, Dec. 15.—Finance Minister Hayato Ikeda today told the press that the draft budget for the next fiscal year will be announced formally after being referred to the Cabinet meeting some time between January 20 and 25.

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MAINICHI

EDITORIAL

1951-52 Draft Budget

The Government has decided on the draft national budget for the 1951-52 fiscal year amounting to ¥657,420-million in the General Account and ¥1,248,400-million in the total appropriations of 34 Special Accounts.

The principal features of the draft budget are:

(1) Inclusion of the inventory finance, such as the Foreign Exchange Fund Special Account, into the General Account;

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Draft Budget; Heated Debates For ¥657,420-Million Decided At Cabinet Meet

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steering committee session of the House of Representatives was held as heated debates took place between the Government and Opposition parties on the disposal of the Government's resolution for the abolition of the Diet's right for decision on administrative affairs.

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Reserve forces, ¥3,500-million for the Maritime Safety Agency and ¥1-billion for reserve funds.

Out of the total revenues, the sum of ¥444,504-million from taxation and the sale of postal stamps was computed on the basis of the revised tax law which is scheduled to be put into effect from April next year.

If based on the existing tax law, the sum will be ¥515,529-million. This means the amount of taxes to be reduced next fiscal year as a result of the contemplated revision of the existing tax law will reach ¥71,025-million.

Among the expenditures, the sum of ¥77,800-million for the Government investment will comprise ¥50-billion for foreign exchanges, ¥600-million for mintage, ¥3,700-million for the valuable metals bureau, ¥1,400-million for various development work, ¥2,500-million for the agricultural insurance, ¥2-billion for the agriculture and fishing industries, ¥1-billion for fidelity insurance for the small business, ¥2,500-million for the import of urgently needed goods, ¥2-billion for the People's Bank and ¥5-billion for the Dwelling House Financing Bank.

MAINICHI

Bill Passed on Walks Out

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Such a decision, we believe, is primarily designed to ameliorate the dissatisfaction of the people who are gravely concerned over the fact that further increase of the already heavy local taxes should prove necessary.

The fact is that the absorption of local debts with the Deposit Bureau fund is limited to ¥40-billion and, therefore, the increased local taxes will be inevitable unless the Government is authorized to appropriate increased grants to local autonomies.

There is no denying that, unless something is done urgently to rationalize and streamline the local administrative structure, the local governments will continue to find it difficult to meet their annually growing financial requirements and the local population will have to suffer further increase in local taxes.

And the probable outcome would be that the local governments will be deprived of financial capacity to carry on enterprises to improve local autonomy and increase the benefits to the local population.

We cannot but raise the question: Is not the Government rather too indifferent toward the financial stringency of local governments?

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