



The bombed ruins of the industrial belt. Kawasaki City.

(Mutō Kōzo Collection)

tacked Kawasaki, dropping high explosives and fire bombs on the Daishi area and the industrial region along the coast, killing 34 people and wounding 90. One plane also attacked Yokosuka, dropping three bombs into the Naval Arsenal and causing some damage. Eventually the American forces seized the islands of Saipan and Tinian and built airstrips there, making possible full-scale air raids against the Japanese home islands.

On November 24, 1944, a squadron of 111 B-29s bombed the Musashino factory of Nakajima Aircraft, and on February 16 and 17 of the following year several hundred carrier-launched planes bombed and strafed Yokohama and Kawasaki, terrifying the citizens of the area. However, seeing that strafing was not particularly effective against urban areas, the American air forces switched to a tactic of incendiary carpet-bombing.

In the air-raid of March 10, 1945, on Tokyo, some three hundred B-29s were employed, dropping 1,665 tons of incendiaries, burning out 82 percent of the populous inner city area and killing as many as 100,000 people. The Japanese air force, despite its earlier boasting,

was powerless to counter the American attacks. On April 4 the coastal industrial areas of Yokohama were bombed, killing 214 people and wounding another 211, and on April 15 Kawasaki and Tsurumi were incinerated by fire bombing.

On May 29, 517 B-29s carried out a massive daylight incendiary raid on Yokohama, reducing most of the city to ashes. In just a little over an hour, 22,224 large incendiary bombs and 415,968 smaller fire bombs were dropped, burning 75,000 buildings, leaving 310,000 people homeless, killing 4,000, and wounding an additional 10,000. On July 16, the city of Hiratsuka was carpet-bombed by a flight of 117 B-29s; Chigasaki and Odawara were also raided; and in the latter half of the month the oil refineries of Kawasaki and Tsurumi were attacked.

Every day in July and early August attacks by P-51s and carrier planes reached even the rural regions of the prefecture, and the citizens trembled in terror at the destructive force of the rockets launched by the P-51s. The Japanese government sued for peace on August 13, but before dawn on the 15th Odawara was subjected to a carpet-bombing. That day, the war ended.

According to a survey conducted by the prefectural police after the war, in the eight months between November 24, 1944, and August 15, 1945, Kanagawa was subjected to 52 separate air raids, which killed 6,319 people, wounded 17,129, left 640,591 people homeless, totally destroyed 144,886 buildings, and partially destroyed an additional 1,890.

According to the U.S. Strategic Bombing Survey, in ten months of aerial warfare, 4,230 planes dropped a total of 22,885 tons of bombs on the Tokyo-Kawasaki-Yokohama area, 71 percent of which were incendiaries and 79 percent of which were dropped on urban areas. Tokyo, Kawasaki, and Yokohama, which had picked themselves up after the destructive blow struck by the Great Kantō Earthquake and struggled to reach a level of prosperity higher than that before the disaster, had once again been reduced to rubble.

# THE CONTEMPORARY ERA

## I. The Reconstruction of Japan and Kanagawa Prefecture

### 1. Kanagawa Prefecture Under the Occupation

#### **The Occupation forces enter Yokohama**

Japan surrendered on August 15, 1945 (Shōwa 20). The Japanese people were liberated from the burden of wartime life that had weighed so heavily on them, both physically and spiritually, for such a long time. The air-raid blackout was immediately lifted, and the sight of lamps once again shining in the darkness of the night gave the people of Japan a feeling of liberation and relief.

On August 28, an American advance party landed at the Atsugi airfield, and on the 30th, General Douglas MacArthur, Supreme Commander for the Allied Powers, arrived from Okinawa at the same airfield. Accompanied by his staff, MacArthur set out immediately for Yokohama, choosing the Hotel New Grand as his quarters. The Customs Building was selected to serve as General Headquarters (GHQ), and became the central stage for the beginning of the Occupation.

American naval forces began landing at Yokosuka on August 30. The 130,000 Japanese soldiers and sailors who had been stationed in Kanagawa Prefecture at the war's end in preparation for an American invasion had been demobilized before the Americans landed, and not a single shot was fired in resistance. On September 2, the instruments of surrender were signed aboard the battleship *Missouri*, at anchor off Yokohama. On September 17, the General Headquarters of the Occupation forces moved from Yokohama to the Daiichi Seimei Building in Tokyo.



The main gate at the U.S. naval base in Yokosuka.

In the two weeks before the move took place, the basic framework for the six years and eight months of Occupation control to follow had been established—a fact that would have a decisive influence on the way Japan was governed. Kanagawa was the first prefecture to receive the Occupation forces. Even though GHQ moved to Tokyo, 8th Army Headquarters remained in Yokohama and the port served as the landing point for supplies for the Occupation forces. Thus, the influence of the Occupation on the prefectural government and the life of the citizens of Kanagawa differed from that in other prefectures in Japan.

### **American military bases in Kanagawa**

The ranks of the Occupation forces swelled by the day. As they were stationed in every part of the prefecture, they requisitioned land and buildings left undamaged by the air raids, making life difficult for the citizens of Kanagawa. In Yokohama in particular, the Occupation forces not only seized what few major buildings

were left standing, but also occupied parks, schools, and even playgrounds. The total area of land requisitioned by the Occupation forces in Yokohama amounted to 27 percent of the city, and the buildings they took over occupied more than 287,000 *tsubo* (1 *tsubo*=3.3 square meters).

The Hotel New Grand became living quarters for generals, Yamashita Park was converted into a residential area for officers and their families, and the Kaikō Kinenkan, the Yokohama offices of *Mainichi Shimbun*, the Nippon Yūsen Building, and the Nozawayama and Matsuya buildings were all commandeered. Matsuya became a base hospital, Nozawayama became 8th Army Headquarters, the Odeon Theater was renamed the Octagon, and the Kotobukiya building became a PX. Isezaki-chō, the heart of Yokohama's downtown district, had become completely Americanized.

The most serious blow dealt to Yokohama by the Occupation was the fact that almost all the port facilities were commandeered, as well as the Kannai area of Naka Ward, where the offices of most of the trading companies handling imports and exports through Yokohama had been concentrated. As a result, a number of important trading companies moved their head offices from Yokohama to Tokyo, seriously affecting the economy of Kanagawa Prefecture.

In Yokosuka, the former Japanese Naval Station became the headquarters for the U.S. Far Eastern Fleet, and the entire military port became an American naval base. The former Takeyama Marine Barracks became Camp McGill, the Tsujidō Maneuver Ground was used as a maneuver ground for American forces, and the Atsugi airfield became an American air base. Both the former Japanese Army Officers' School at Zama and the munitions plant at Sagami-hara were used by the American forces. Later, there would be protests against the conversion of these areas into American military bases.

In this way, existing military installations in Kanagawa were directly taken over for American military use. In addition, the Fujiya Hotel and the Gōra Hotel in Hakone, the Nagisa Hotel in Zushi, and the golf club in Sengokubara were also commandeered. The beaches at Kamakura, Hiratsuka, and Zushi were designated rest and recreation areas for Allied troops, and closed to the Japanese. Even as late as 1952, after the end of the Occupation, the amount of land desig-

nated for use by American forces under the terms of the Japan–U.S. Administrative Agreement amounted to 37,360,901 square meters, and the total area of the buildings used for the same purpose amounted to 2,134,900 square meters.

### **The beginning of democratization**

The General Headquarters of the Supreme Commander for the Allied Powers (known as GHQ) was the official title of the institution which oversaw the Occupation of Japan. GHQ adopted an indirect approach to governing the country, working through the Japanese government, but it issued numerous directives to ensure that the contents of the Potsdam Declaration were faithfully implemented.

The Potsdam Declaration was issued on July 26, 1945, at the end of a summit conference among the leaders of the United States, Great Britain, and the Soviet Union, held at Potsdam on the outskirts of Berlin, following the unconditional surrender of Germany on May 7. After they had determined the conditions for the cessation of hostilities with Japan, they were joined in issuing the declaration by the head of state of the Republic of China.

The declaration called for the elimination of Japan's militarists and those responsible for leading the country during the war; for a military occupation of Japan by the Allies; for a reduction of the sphere of Japanese sovereignty to the four home islands of Honshū, Hokkaidō, Shikoku, Kyūshū and whatever smaller islands the Allies decided upon; the punishment of war criminals; the elimination of obstacles to the democratization of the Japanese people; the exaction of war reparations; the prohibition of war-related industry; and finally, the withdrawal of the Occupation forces when these goals were accomplished.

In accordance with the Potsdam Declaration, General MacArthur ordered an immediate halt to all military production simultaneous with the signing of the instruments of surrender on September 2. On September 11 he ordered the arrest of Tōjō Hideki and other Class A war criminals. On October 4 he ordered the elimination of the Peace Preservation Law, the Public Order and Police Law, and other restraints on freedom of political expression, as well as the complete dissolution of the Special Higher Police (*tokkō keisatsu*).

On October 11, what came to be known as the Five Major Reform

Directives were issued, calling for the emancipation of Japanese women by giving them suffrage, the formation and encouragement of labor unions, the democratization of the educational system, the elimination of the Privy Council and other institutions restricting the civil rights of the people, and the democratization of economic institutions. On November 6 the dissolution of the *zaibatsu* was ordered. This was followed on January 4, 1946, by an order to purge militarists and ultranationalists from all public offices. In short, GHQ acted with alacrity in implementing measures intended to eradicate militarism from Japan and democratize the country.

As a result of this series of directives, the people imprisoned during the war in connection with the Yokohama Incident were freed, and the Special Higher Police officials responsible for their inhuman torture were all purged. In addition, those individuals who had led the war effort in the villages and towns of the prefecture were all driven from public life.

At the Yokohama District Court a military tribunal was established to judge the cases of Class B and C war criminals, former Japanese military men charged with inhumane treatment of American prisoners of war. Sentences were handed down in 337 cases involving 982 defendants.

At the same time, the Occupation land reform had a major impact on rural Kanagawa. At the end of the war, 48 percent of the prefecture's 49,986 *chō* (1 *chō*=about 9,920 square meters) of agricultural land was cultivated by tenant farmers. In 1950, after the implementation of the reform, agricultural land had increased to 60,274 *chō*, only 12.9 percent of which was under tenant cultivation. These tenant farms, furthermore, were not owned by the absentee landowners or major landowners of the past, since the reforms had broken up such large holdings. As a result of the reform, 46 percent of all farming households became owner-farmers. Of these, 52 percent had been owner-farmers even before the reform, but the Occupation land reform created 42 percent of this figure, or 10,532 new owner-farmer households. Even after the reforms, however, 8,493 households, or about 32 percent of the farming families in Kanagawa, remained tenant farmers. These were farmers who had been judged incapable of establishing themselves as independent, full-time farmers because they had worked less than two *tan* (1 *tan*=

about 992 square meters) of land each. Under the provisions of the land reform they were thus declared ineligible to buy the land they tenanted from its owners.

One of the unusual aspects of the land reform in Kanagawa was the relatively large percentage of such farmers, most of whom lived in or around Kanagawa's industrial belt or had settled in the prefecture immediately after the end of the war. In any case, the Occupation land reform gave new incentives to the majority of the farming population, which led to increases in both agricultural production and the area of land under cultivation.

### **The revival of political parties and labor unions**

During the war, under the slogan of national unity, the existing political parties had dissolved themselves into an organization called the Imperial Rule Assistance Association (*Taisei yokusan kai*), and the labor unions had been swallowed up by a single officially recognized organization called the Patriotic Industrial Association (*Sangyō hōkoku kai*). After MacArthur issued his five major reform directives, however, the parties and unions began to revive and regroup. The old established parties adopted new names appropriate to the democratic mood of postwar Japan, and came back to life as the Japan Liberal Party (*Nihon Jiyūtō*), Japan Progressive Party (*Nihon Shimpotō*), and the National Cooperative Party (*Kokumin Kyōdōtō*). The prewar proletarian parties reorganized and united as the Japan Socialist Party (*Nihon Shakaitō*). The Japan Communist Party (*Nihon Kyōsantō*), which had been outlawed by the authorities until the end of the war, resumed its activities.

An active movement for the revival of the labor unions centered on the industrial areas of Yokohama and Kawasaki. Activists who had been associated with Sōdōmei (the Japan Federation of Labor) before the war—the organization which had exerted such influence on the labor movement in Kanagawa—conducted an organizing campaign throughout the prefecture. As early as the end of 1945, 53 unions with 57,496 members had been established in Kanagawa. This surpassed the prewar level of labor organization, and by March 1946, these figures swelled even further to 195 unions claiming a total of 85,294 members.

In October 1945, in the midst of this surge of union activity, work-



ers at the Tsurumi plant of Nippon Kōkan (a major steel manufacturer) conducted the first postwar strike in Kanagawa. The cause of the strike was a large-scale company reorganization which resulted in the dismissal of many workers. With the support of the Tsurumi Council of Amalgamated Metal Workers, the strikers entered into collective bargaining with management and won most of their demands, including the reinstatement of dismissed workers, recognition of the union, and dismissal of company executives “with responsibility for the war effort.”

Soon after this strike, a number of others broke out in the factories of Tsurumi and Kawasaki. These strikes, however, originated in workers' demands rather than action by management. Prominent among these was the “First Toshiba Strike” of January 1946. This developed into the first postwar strike in Japan to involve united action by workers on a regional basis, and succeeded in winning the strikers a five-fold wage increase and the establishment of a consultant council to give workers a voice in the management of the company.

At the same time, another labor dispute broke out at Nippon Kōkan's Tsurumi steelworks, with workers engaging in “production management” (i.e., work slowdowns) to press their demands for recognition of their union and improved working conditions. The national government declared this illegal, but between January and May 1946, work slowdowns spread among factories all over Kanagawa Prefecture.

On May 1, 1946, the first May Day of the postwar period was held, with meetings and demonstrations drawing some 45,000 participants in the Kawasaki–Tsurumi area, 40,000 in Yokohama, and a total of 100,000 in Yokosuka, Totsuka, Chigasaki, Hiratsuka, Odawara, Hadano, and Atsugi.

## II. The Rebirth of the Phoenix: Kanagawa Recovers from the War

### 1. The Success of a High Growth Economy

#### **Wartime austerity and postwar poverty**

In 1937 (Shōwa 12), all-out war with China began, and as prospects for a rapid end to the conflict faded, the Japanese military implemented a scheme for total national mobilization in order to concentrate all of Japan's physical and human resources on the war effort. Government control of the economy extended to both money and goods, and war industries rapidly expanded due to preferential treatment in the allocation of capital and materials.

Peacetime industries supplying consumer goods to the domestic market, such as the textile industry, did not fare as well. At first, textile manufacture was protected as an export industry which earned foreign currency, but with Japan's entry into the Pacific War, shortages of labor, capital, and materials, in addition to government policies for conversion to a war footing, forced many textile manufacturers to close their businesses or shift to other areas of activity. Many smaller factories in such fields as cotton and silk reeling, woolens, weaving, dyeing, leather goods, and food processing shifted to military subcontracting, and scrapped much of the plant machinery and other fixed capital that had been used for civilian production. As a result, production of textiles and other essential goods for the civilian market steadily declined.

In addition, agricultural production dropped sharply as the countryside was scoured for men to fill the ranks of the armed forces and to man the factories geared to greatly expanded military production. Rice production in Kanagawa, which in normal years stood at about 60,000 tons, fell during the war years to only about 51,000 tons.

In response to this situation, the government instituted a rationing

system soon after the Pacific War began. Rationing was enforced by the use of coupons, passbooks, and other forms of registration. Rice was allocated on a passbook system by which each person was supposed to receive about 200 grams a day, while clothing was purchased on a coupon system, allotting residents of urban areas 100 coupons per year, and rural residents 80.

Sugar, matches, *sake*, bean paste, fish, and other goods were also rationed. Laborers were allowed to buy new work boots and uniforms, and babies, invalids, and expectant and nursing mothers were allowed additional rations of milk, but only with the proper documentation.

Implementation of rationing began at slightly varied times in different parts of Japan. In Kanagawa Prefecture, it started with the institution of a coupon system for sugar in June 1940, which by the following April had expanded to include barley, cooking oil, *sake*, and other goods. These austerity measures were forced upon the Japanese people under the slogan "We want nothing until victory is ours!" But the government, in order to ward off war-weariness among the populace, worked as hard as possible to ensure the distribution of essential commodities, and while there were occasional delays, and life under the austerity measures became increasingly difficult, distribution was maintained and starvation avoided.

Meanwhile, government expenditure, primarily military, increased yearly from the time of the Manchurian Incident in 1931 through the war with China and into the Pacific War, as did the amount of government bonds issued to support this increased expenditure. The result was steady inflation, and only through the power at its command was the government able to contain a potentially explosive situation.

With the end of the war, the bills fell due. War materiel had to be paid for, and soldiers and sailors given their severance pay. There was an immediate inflationary surge, accompanied by the breakdown of the wartime rationing system. The systems for the provision and transportation of rice fell into disarray. In addition, the country had to cope with large numbers of both soldiers and civilian nationals returning from overseas.

The result of all of this was that the Japanese population fell into

a state bordering on starvation. In Kanagawa at the end of the war, the prefecture was only able to meet 30 percent of the figures it had projected for the allocation of rice, and was unable even to make plans for supply after June of the following year. In Kawasaki and Yokohama, people actually starved to death.

Prefectural and local government officials petitioned both the central government and the Occupation forces for the release of stores of provisions, and sent representatives to the rice-producing areas of the Hokuriku and Tōhoku regions of Japan to request aid. But the situation was extremely difficult to remedy.

Individuals protected themselves and their families from famine as best they could, planting vegetable gardens in empty lots, converting former military facilities into cultivated fields, and trading for foodstuffs clothes and other personal possessions left from before the war. Organizations such as a consumers' cooperative in Zushi and a steelworkers' union in Tsurumi made use of the nearby seashore to produce salt to trade for other commodities.

However, people who did not have access to such means of maintaining their livelihood joined with workers in a series of "Give Us Rice!" rallies, demanding action by the authorities. Many believed that the enormous masses of goods that had been accumulated for military use during the war were being hoarded instead of being released for civilian consumption; these rallies demanded the uncovering of such secret caches and their distribution to the public. The "Give Us Rice!" rallies were particularly frequent in Kanagawa Prefecture with its many urban industrial areas.

The movement in Kanagawa began on January 6, 1946, in Kurihama with the meeting of the Yokosuka-Kurihama Citizens' Assembly, which drew as many as a thousand people to call for the uncovering and distribution of hoarded goods.

Prominent among the rallies that followed was one by the Yokosuka Citizens' Assembly on Food Supply Policies, held at the Shioiri Elementary School in Yokosuka. One thousand people met there to demand citizens' management of food supplies. In February, 12 different organizations held a joint meeting at the Prefectural Assembly Hall to form the Prefectural Citizens' Conference on Overcoming the Food Problem, demanding increases in food production,

improvements in distribution, and management of food supplies and rationing by citizens' representatives.

Meanwhile, in Odawara, 14 labor organizations from the Shōnan region, headed by the Odawara local of the National Railways Union joined to form the United Front for People's Management of Food and Daily Necessities. In April there were food demonstrations in Hodogaya and Futamatagawa, while in May 1,000 people met at the Zushi Elementary School in Yokohama to form the Isogo Ward Citizens' Assembly for Overcoming the Food Crisis, and the 28 block councils of Yokohama's Nishi Ward formed a Food Supply Council to appeal to the city government for citizens' participation in food distribution.

In Kamakura, the Assembly to Prevent Starvation called on the mayor to implement immediate distribution of undelivered food supplies, while in Kawasaki the Kawasaki Workers' Assembly, consisting of 5,600 unionists from the area, demanded immediate distribution of delayed rice supplies, people's management of food supplies, and exposure of hoarded caches of commodities. Five thousand people met at the Honchō Elementary School in Odawara to form the Odawara Citizens' Assembly to Prevent Starvation, while 2,500 members of 19 different labor organizations, including workers from the Toshiba plant, met at Sōjiji Temple in Kawasaki to form the Tsurumi Ward Citizens' Assembly for Overcoming the Food Crisis. In this manner, assemblies protesting food shortages drew hundreds and even thousands of participants to meetings all over the prefecture. The peak of this movement came when the food crisis was at its very worst, and 10,000 people assembled in Yokohama's Nogeyama Park on May 20, 1946, for a rally billed as a "Food May Day."

In fact, the rice rationing system continued even after the end of the war, but individual allotments were reduced, and often scheduled distributions were either late or did not take place at all. One judge, determined to be faithful to the letter of the law, insisted on living on only his legal rice ration, without recourse to the black market to supplement his diet, and died of malnutrition.

### **The revival of industrial production**

By the end of the war, the Keihin industrial belt had suffered massive damage from the American air raids. In addition, failure to

maintain and renew plant and equipment during the long war years contributed to the chaotic state of the factories in this region. Given the situation, prospects for a revival of industrial production were far from bright, but the first step was to carry out the conversion from wartime to peacetime production. General MacArthur had ordered a complete halt to military production on the day the instruments of surrender were signed. As a result of the suspension of imports, there was a critical shortage of raw materials. Industries managed to carry on severely limited operations by using the scant raw materials remaining from military stockpiles to produce simple goods for the domestic consumer such as pots, pans, washtubs, buckets, and bathtubs. But soon even these limited supplies of raw materials were exhausted, and production ground to a halt.

Moreover, the Occupation forces designated certain factories and their plant and equipment to be used as part of war reparations, and carried out a forced restructuring of Japanese industry which included the dissolution of the *zaibatsu* and the breaking up of large corporations through legal measures intended to lead to a decentralization of Japanese economic power. As a result, the road to the reconstruction of Japanese industry looked even longer and harder than before.

To remedy this situation, the government created the Economic Stabilization Board in 1946. Backed by the authority of GHQ, this became the central institution for the regulation of the economy, and was given wide-ranging powers. On the one hand, it labored to bring inflation under control, while on the other, it applied the lessons learned from the wartime material mobilization planning which had begun at the end of 1937 to the task of peacetime industrial revitalization, setting up and enforcing a priority production system by which all available capital and raw materials were channeled into the two basic industrial sectors of coal and steel.

Once production was reestablished in these two critical sectors, the revitalization of the rest of Japanese industry could be attempted. This priority production system began to show results around 1949 or 1950, by which time the world situation had altered. With the rise of U.S.—Soviet tension, the United States began to strongly encourage the development of Japan's economic autonomy, and



Negishi Bay after land reclamation and development.

relaxed a number of the regulations and restrictions the Occupation had placed on the Japanese economy.

These changes served as an important stimulus to the revitalization of industry. Already, in 1947, the government had established a Rehabilitation Bank to provide the enormous capital investment funds necessary for industrial reconstruction. This massive influx of capital into the economy also touched off a new round of inflation, but industrial production made a rapid recovery, quickly reaching, then surpassing, prewar levels.

As a result of the priority production system and the changes in American policy discussed above, the factories in the Keihin industrial belt began a speedy recovery from the war. Nippon Kōkan, whose plants had formed the nucleus of the industrial belt before the war, was hard hit by the air raids, and had to suspend the operation of its blast furnaces at both the Kawasaki and Tsurumi steelworks, turning for a time to hand production of washtubs and buckets. In addition, as it was affiliated with the Asano group, it was designated as a limited company by the GHQ directive for the dissolution of the *zaibatsu*, and lost both its president and vice-president in the Occupation purges of individuals in high positions suspected of active involvement in the Japanese war effort.

A plan had also been created to break Nippon Kōkan up into three separate companies corresponding to its steel manufacturing, shipbuilding, and smelting divisions. Before this was implemented, however, U.S. policy shifted in the direction of allowing the continued existence of major Japanese corporations, and Nippon Kōkan narrowly escaped the intended breakup. Instead, its ¥257 million of basic capital was expanded to ¥1 billion, and Nippon Kōkan was off to a fresh start. As a part of the Economic Stabilization Board's priority production scheme, the company was given priority treatment in the allocation of coal and petroleum imports, and benefited as well from a variety of supplemental financing measures carried out by the government. As a result of the preferential treatment the company received, Nippon Kōkan was able to increase its operating ratio, and by 1949 had realized sufficient profits to pay a 10 percent dividend on its stock.

The other major factories of the Keihin industrial belt recovered in a similar manner. Mitsubishi Heavy Industries, the driving force



behind the Yokohama Shipyards, was split into three separate companies as part of the Occupation policy of decentralizing Japanese economic power. But its shipbuilding division prospered from the construction of small-scale tuna and bonito fishing boats that were much in demand as a countermeasure to the food crisis. Meanwhile, its machinery divisions in Tokyo and Kawasaki poured their efforts into the production of automobiles, construction machinery, and diesel engines.

The Toshiba Corporation, based in Kawasaki, cut its wartime staff of over 100,000 workers by more than half and engaged in the production of everything from heavy electrical machinery for civilian industry to light bulbs, radios, washing machines, vacuum cleaners, and electric heaters ordered by the Occupation forces. Eventually, Toshiba also began to produce similar appliances for the Japanese domestic market. At the time, profits from such appliances were not large, since the goods themselves were cheap. But their manufacture laid the basis for Toshiba's later leap into the lucrative age of home electric and electronic goods. Fuji Electric, whose main Kawasaki plant had been heavily damaged by the air raids, reduced its wartime workforce of more than 15,000 to less than half, and started over again as a producer of medium-sized electrical motors. In the process, it advanced into fields that it had not previously seen as important, such as the manufacture of multi-purpose motors, adding machines, and electric fans, as well as areas the company had never worked in before, such as the production of agricultural machinery, electric heaters, and other smaller appliances.

Diesel Automotive and Nissan Heavy Industries, both of which had primarily produced trucks and other diesel-powered vehicles for military use during the war, also shifted to manufacturing for the civilian market. However, due to shortages of steel plate, tires, and other materials as well as sluggish consumer demand, the road to recovery for both companies was a difficult one. But these companies, which later changed their names to Isuzu Motors and the Nissan Motor Company, respectively, remained in business and did much to lay the foundations of today's Japanese automotive industry.

In the field of chemical manufacturing, which now occupies an important place in the Keihin industrial belt, Mitsubishi Chemical

Industries got a fresh start in the postwar era by independently dividing itself into three companies: Nihon Kasei Kōgyō, Asahi Glass, and Shinkō Rayon (now Mitsubishi Rayon). Yokohama Rubber's Yokohama factory had been reduced to its reinforced steel shell by the air raids, but the company used what remained of it to establish a temporary manufacturing plant and began the production of recycled rubber, machine belts, and hoses. Meanwhile, the company converted its Kanagawa factory, which had escaped the bombings, to the production of organic chemicals and vinyl chloride as well as such artificial flavorings as Dulzin and saccharin.

In 1950, the company bought up the 26-hectare site of the former naval munitions depot in Hiratsuka and built a highly efficient modern factory there for the production of such consumer rubber products as auto and bicycle tires and tubes. Finally, Shōwa Denkō took advantage of the demand for chemical fertilizers which grew out of postwar policies to increase food production, and converted from military production to the manufacture of ammonium sulfates for the civilian market, a move which led to the rapid recovery of the company.

In this manner, many of the companies engaged in heavy and chemical industry in Kanagawa groped their way through the chaos of the immediate postwar period, managed the transition to production for a civilian market, and after a number of years, succeeded in restoring production to a level which surpassed that of the prewar era.

## 2. Japan's Rebirth as an Economic Power

### **The outbreak of the Korean War ends the "Dodge Recession"**

As noted above, the massive infusion of capital into the economy through the Rehabilitation Bank for the purpose of industrial reconstruction touched off a new surge of inflation, threatening an economic collapse. In 1948, the Occupation issued a nine-point directive on the stabilization of the Japanese economy, and early in 1949 the president of the Detroit Bank, Joseph Dodge, came to Japan to oversee the implementation of Occupation economic policy.

Dodge immediately set about two tasks: directing the Japanese

government to balance its budget, and instituting an exchange rate of 360 yen to the dollar to encourage the expansion of trade with Japan. The prewar exchange rate had been two to four yen per dollar. Dodge also did away with government funding for reconstruction and price-control compensation. This "Dodge Line," as it was called, brought an immediate end to the inflation, but the recession which came in its wake was serious indeed.

The reduction of commodity prices which followed was widely regarded as leading to layoffs, wage cuts, and a shifting of the burden to subcontractors on the part of the major corporations. Many smaller enterprises either temporarily ceased production or went bankrupt. There were 430,000 unemployed in Kanagawa Prefecture alone. This turn of events produced great anxiety among the Japanese population.

But with the outbreak of the Korean War in June 1950, the economic situation changed completely. Under the name of the United Nations forces, the United States sent troops in support of South Korea, and Japan became a staging area for the conflict. The United States, urgently needing supplies for its forces in Korea, bought up masses of Japanese goods through special procurement orders. This special procurement extended through many fields of both heavy and light industry, from trucks and cement to weapons and cotton cloth for uniforms.

The overstocks of goods which had accumulated during the recession, amounting to ¥100 billion, disappeared at once, and an economic boom centered on metals and textiles began. Japan's industrial production, GNP, investment in plant and equipment, and index of personal consumption all shot past prewar levels. As a result of the special procurement, the Keihin industrial belt enjoyed a seller's market, and was suddenly able to market everything it could produce. Taking advantage of this situation, factories expanded and introduced the latest industrial technology in efforts to raise production.

Ceasefire negotiations began in Korea the following July, but by that time the modernization of plant and equipment and the rationalization of the production process that had taken place had already set the stage for the next phase of Japan's economic recovery and development.