

If it is a system of decreasing volume, increased costs will

rise in costs. All result in further decrease in the number of cars sold and then another will rise still further and we will have to raise our prices still more. And we continue to carry the same number of employees on our payroll, our costs will rise as before. It is in addition to these factors affecting our volume, say, part of the advantages we have formerly had over other cars imported are also being with us, these in the form of prices on parts which will be some gain in addition to rising prices and decreasing manufacturing. These other commodities such as rubber, tin, brass, copper, and coal are also the price of which has dropped to the lowest in record, and the price of all economic depression which has reduced the purchasing power of the entire world market. (The price has fallen from \$200.00 to \$100.00) and the price of steel has risen in value of the day which has increased the price of our cars in this time. These are several reasons why the price of our cars in this

part of the situation. These before them, and ask them for an explanation why the past and for I believe we should at this time give them our confidence. By the way, the business situation is not as bad as it looks. It is a temporary situation. We require our costs in production or we will eventually be forced to raise our continued decline in volume. Decreasing volume increases the price of the latest sales volume. These are very disappointing because they show

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prices which results in further decrease of volume, a further increase of cost more rising prices, and so forth. All the governments in the world have done everything in their power to stem the tide of the depression; the business and political leaders have joined hands to improve conditions; labor unions throughout the world have voluntarily accepted reductions in pay; but in spite of all this many banks and business institutions have been compelled to close. The stock of General Motors which sold for \$91.00 a share now selling for less than 10.00, which is much better than many other stocks which are selling for less than 5% of their former prices.

While the situation here in Japan is not as bad as it is in America, South America, or many of the European countries, it is serious. A recent news article states an investigation by the Social Bureau of the Home Office shows that last month there were 838 factories and mines in Japan which were defaulting in payment of wages, and many of them could not even repay the deposits made by their employees. The total amount in default was ¥2,095,923 and the number of workers unpaid was 99,293.

No business firm can continue to exist very long if the costs of running that business exceed the income. The mistake these defaulting firms made was in not reducing their costs as their reduction in income took place. It was not a kindness to their employees to continue to carry them on their pay-roll until they reached the point where they could not pay their savings deposits, wages, or discharge allowances. Undoubtedly, the managements of these factories, carried on with the kindest motives, hoping that conditions would improve, until it was too late to save either themselves or their employees.

We are now faced with the condition of dropping volume, and unless we take steps to reduce our costs immediately, the vicious circle of increasing costs, higher prices, and lower volume will cause the same thing to happen to us that has happened to these 838 firms who are now unable to pay their wages, discharge allowances, or savings funds. Unless we take steps to break this