CIVIL SERVICE DIVISION
Government Section

May 26, 1949

MEMORANDUM FOR: The Record

SUBJECT : Further modifications on Secondary Appeal Procedures in connection with an Injury Compensation Program for Government Employees.

1. In reviewing the memorandum for the Record of 3 May 1949, Mr. Hoover has suggested that it would be preferable to have the entire procedure for the secondary appeals of government employees confined entirely to the National Personnel Authority. He has, accordingly, suggested that the procedure involving Hearings Officers would be satisfactory if the Hearings Officers for government employees were to be staff members of the National Personnel Authority.

2. This immediately raised a question concerning coordination upon which the Labor Division of ESS places so much stress. Mr. Salter, in connection with this specific point, suggested that the Hearings Officers employed by the National Personnel Authority could be selected from the unit of the Labor Standards Bureau consisting of such individuals. Two or more individuals, as needed, could be selected from such unit, and directly transferred to the Equity Bureau of the National Personnel Authority.

3. If both of these points should be found acceptable by the Labor Division and the Civil Service Division, a procedure could be developed whereby the result of each hearing could be made out in duplicate. One copy of such result could be retained by the agency making the decision, the other to be sent to the corresponding agency so that each would be aware of the new additions to the body of precedents. In this manner, the bases for making decisions could be kept coordinated.

4. It is further suggested that, as a matter of administrative practicality, the Hearings Officers employed by the Equity Bureau should be persons who have been trained in the Workmen's Accident Compensation Section of the Labor Ministry, and have had considerable responsible experience as Accident Compensation Referees and Hearings Officers. Upon transfer to the National Personnel Authority, these individuals could receive supplementary training in personnel procedures and in the practices and policies of the National Personnel Authority.

Walter P. Domanowski

WALTER DOMANOWSKI
Compensation Sepcialist

WD:vr

CIVIL SERVICE DIVISION
Government Section

May 3, 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference with Mr. D. Davis, Labor Division, ESS, concerning Proposals for an Injury Compensation Program for Government Employees

1. Two topics were discussed at length with Mr. Davis relating to the injury compensation program for government employees. The first of these involved the establishment of procedures for secondary appeals on accident compensation cases which would be mutually agreeable to the Labor Division and the Civil Service Division. The second topic dealt with the coordination and uniformity of policies affecting the program for governmental employees and that for industrial workers.

2. The first part of the discussion was confined to a listing of all the potential plans available for providing means for secondary appeals. Briefly enumerated, they are as follows:

1. The establishment of a single Central Appeal Board, with representation from the National Personnel Authority, to conduct all types of cases. This plan is not agreeable to the Civil Service Division in view of the fact that the Authority would take part in an activity outside the scope of its specific responsibility.

2. A single Central Appeal Board with alternating membership to deal respectively with governmental and industrial cases, the public representatives to remain the constant factor in all cases. This plan is not suitable to the Civil Service Division because the National Personnel Authority policy is to enable employees to feel complete freedom to exercise their right to appeal directly to the Authority on any matter.

3. A single Central Appeal Board, staffed with members according either to the first or second plan, but with the main responsibility for final recommendations on cases to be placed with hearing officers. For the reasons cited above, this plan would not be satisfactory to the Civil Service Division.

4. A single Central Appeal Board, as presently provided for, to deal with industrial cases, but governmental cases to be heard by the Equity Bureau. The Equity Bureau in each case would select one member of the Central Appeal Board, namely, one of the three public representative members, for its three-man hearing panel. This provision is not thoroughly satisfactory to the Labor Division because of the danger that the other two members, not thoroughly versed in workmen's compensation activities, might deviate too far from the precedents established by the Central Appeal Board.

5. The same as the previous plan with the difference that the Equity Bureau would be free to select any members for its panels which it wished. In this plan, a representative from the Central Appeal Board would always be present to give advice concerning the precedents already in existence. This plan is not thoroughly satisfactory to the Labor Division for the reasons cited in the previous plan.

6. The proposal that preliminary appeals be heard by accident compensation referees, that all second appeals be heard by the existing Central Appeal Board, either with or without a representative from the NPA, and that tertiary appeals involving industrial cases go directly to the courts, and, in the case of governmental employees, to the Equity Bureau. The basic objection to this plan, on the part of the Civil Service Division, would lie in the potential criticism that the National Personnel Authority is placing itself in the role of a court. However, this is the plan which the Labor Division most strongly favors.

7. A combination of plans 3. and 5. This would permit industrial cases to be referred to the Central Appeal Board, while governmental cases would be heard within the Equity Bureau before a panel selected freely by the NPA or its director. However, it would incorporate the device of the hearing officers who would be highly trained governmental employees. This proposal, in the conference with Mr. Davis, appears agreeable to the Labor Division, subject to further review by Mr. Heppler. It will be discussed in detail in the ensuing paragraphs.

3. The final proposal has many advantages to offer. It enables secondary appeals to go directly to the Equity Bureau in conformity with the established policies of the National Personnel Authority and with the requirements of the

National Public Service Law, and, at the same time, it further provides a definite machinery by means of which uniformity in the decisions by the two hearing bodies can be maintained with a high degree of consistency, which would conform with the expressed policies of the Labor Division. The latter element, being extremely important, merits explanation in detail.

4. In the third plan, which was brought forth by Mr. Heppler during the conference with Mr. Hoover on 15 April, it was proposed that most of the responsibility for decisions be placed with hearing officers, the function of the Central Appeal Board being mainly to adjudicate whether the recommendations of the hearing officers were impartial, accurate, and consistent. Under this proposal, two hearing officers would be assigned to every secondary appeal. The function of the hearing officer would be to take the testimony of the injured individual, of his employers and supervisors, of any witnesses, and of any other interested parties. In addition, they would be responsible for searching out any other pertinent facts. Finally, under this proposal, the hearing officers, using all collected testimony and facts, would present a specific recommendation to the Central Appeal Board, and point out the existing legal provisions, rules and regulations, and previous precedents. In general, the Board would follow these recommendations. However, all their findings would be made available to the panel. As outlined by the Labor Division, the employees would not be personally present during the actual session of the panel.

5. Certain additional suggestions were made by the Specialist which appeared to him to be more in accord with Occupation objectives. It was suggested that the interested parties in an appeal case be permitted to attend hearings in order to testify that the testimony and facts being presented before either hearing body is accurate. In addition, such interested parties should be permitted to express any difference of opinion prior to the findings and recommendations of the hearing officers. The recommendations presented by these officers to either hearing body should be based upon existing rules and regulations, upon laws and court cases, or upon precedents formed through previous decisions. In any case where a hearing body were seriously considering a decision differing from the recommendations of the hearing officers, it would be the officers' duty to cite specific decisions, rules and regulations, court cases, and articles of law, to indicate the basis for their own recommendations and the possible reasons why the deviant decision should not be made. On the other hand, for reasons or facts overlooked or not known by the hearing officers, if either hearing body found a substantial basis for deviating from established precedents, they would be free to do so, but would be required to explain in written form the logic for their departure from the established precedents. In addition, it would be the duty of these hearing officers, after every hearing, to write the decisions of the quasi-judicial body. These decisions should, in every case, be signed by a quorum of the determining body, and incorporated into the body of existing precedents.

6. In this manner, the hearing officers, as employees of the Workmen's Compensation Section in the Labor Standards Bureau, would become the cementing factor to maintain consistency between the decisions of the two separate hearing agencies.

7. The second problem discussed with Mr. Davis concerned the problem of uniformity in the establishment and maintenance of policies. To Mr. Davis, it appeared logical that the operating body should be entrusted with the formulation of rules, regulations and policies directly concerned with operations. Consequently, the formulation of policies, in his opinion, should be the direct responsibility of the Workmen's Compensation Section insofar as the operations of the program were concerned. In major policy decisions, the Workmen's Compensation Section would in every case consult the National Personnel Authority. However, the latter agency would retain every right to review the operations and the effects of the policies formulated by the Workmen's Compensation Section, and could exercise every protective feature necessary in order to see that governmental workers are being treated in an equitable manner. These protective features would include everything from indirectly initiating appeals for government employees to the drastic point of removing the entire program from the province of the Labor Ministry.

8. This outline for the unification of policy control does not appear unreasonable to the Specialist. It would in no way affect the control of the National Personnel Authority concerning this program. Nor would it in any way decrease the right of the Authority to promulgate rules and regulations which might touch upon the accident compensation program. However, in the event the NPA were to establish any rules affecting this program, it would be expected that they would inform the Workmen's Compensation Section to obtain its opinion on the operational effects. In some cases, such as the implementation of accident compensation by means of sick and annual leave, the operations conducted by the Workmen's Compensation Section need not be affected. In other cases, certain operational requirements and changes might be necessitated. The latter might be particularly true were new rules relating to a safety program to be formed.

9. In order to assure that the National Personnel Authority actively participate in minor and major operational policy determinations, Mr. Davis has further suggested that a member of the Authority be placed on the policy-making Committee. If this office should feel that participating member on such a Committee would mean entry into functions not properly within the scope of the National Public Service Law, Mr. Davis has suggested that the Authority representative could well be a non-voting member. Presence of such person on the Committee, whether entitled to vote or not, would enable the Authority to express its opinions in any policy discussions. Also, it would enable the Authority to keep constantly informed of new policies or policies under consideration.

10. Mr. Davis stated that he was not yet prepared to begin immediate work on revising the benefit provisions in the present Laborer's Accident Insurance Compensation Law. However, the Specialist will make some analyses of present

provisions existing for governmental employees. This material will be of use to Mr. Davis in developing these revisions.

11. Mr. Davis stated that, during the coming week, he will be sent on temporary duty to another part of Japan for a period of approximately one to two weeks. Accordingly, he expressed hope that these discussions result in finally fixing a program of accident compensation for governmental employees. The Specialist promised him a copy of the memorandum he would prepare covering these discussions, and the conference thereupon ended.

Walter P. Domanowski

WALTER P. DOMANOWSKI
Compensation Specialist

WPD:vr

CIVIL SERVICE DIVISION
Government Section

April 28, 1949

MEMORANDUM FOR: THE RECORD

SUBJECT : Conference with Mr. D. Davis, Labor Division, ESS, concerning the manner in which funds for the Industrial Accident Compensation Program are held in violate.

1. One of the proposed changes in the National Public Service Mutual Aid Association Law is the establishment of the Mutual Aid Funds within a special fund in the National Treasury. It is desirable that such funds should not be used for any purpose other than those specified by the National Public Service Mutual Aid Association Law. For this reason, Mr. Davis was interviewed in order to determine the method by means of which funds for the Industrial Accident Compensation Program were kept from tampering and maladministration. Mr. Davis indicated that the funds for the latter program were set up in a special account by means of a Law providing such account promulgated about the same time as the Laborers' Accident Compensation Law.

2. As a consequence of this discussion, it may be necessary to review the Special Account Law, as well as the Special Account Law establishing the special fund for Accident Compensation provisions, and to determine what proper means should be employed to protect the Mutual Aid Association funds were they to be placed in the National Treasury.

3. Mr. Davis and the Specialist agreed to hold meetings as early as possible to iron out the differences still existing in the viewpoints on the Injury Compensation Program for governmental employees.

Walter Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:rr

Domanowski

CIVIL SERVICE DIVISION
Government Section

April 19, 1949

MEMORANDUM FOR THE RECORD WD

SUBJECT: Discussions with Mr. Salter concerning the conference on the Injury Compensation for the government employees, held on April 15, 1949

1. One of the points which had been lightly touched upon during the conference on the preceding Friday involved the specific nature of the various benefits provided by various plans for occupational injury. At that time, the possibility of revision in the schedules for Workmen Compensation had been suggested. Mr. Salter indicated to the Specialist that it might be desirable to review the schedule of benefits in various programs, such as Seamen's Insurance, the Government Pension System, and others. Such a review could be used in order to guide any contemplated review in the basic schedules for Workmen Accident Compensation.

2. Mr. Salter indicated that one other major point had failed to reach a level of discussion during the Friday conference. Not only is it desirable to maintain a uniformity in the adjuratory procedures in a bi-modal Injury Compensation Program, but also it is advisable that there be some consistency in the policies established by two separate policy-making bodies. Mr. Salter indicated that it might be desirable for the Specialist to collaborate with Mr. Davis in exploring the possibility for attaining such consistency without, at the same time, lessening the responsibility of either body for such policy.

3. Mr. Salter indicated that Mr. Davis be contacted as soon as time can permit in order that this program be established as quickly as possible.

Walter P. Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:rr

CIVIL SERVICE DIVISION
Government Section

April 19, 1949

MEMORANDUM FOR: THE RECORD

SUBJECT : Conference with Mr. D. Davis

1. The Specialist, at the request of Mr. D. Davis, Labor Division, ESS, brought over copies of the memoranda covering the conference held on Friday, April 15, 1949, on the subject of Insurance Compensation for Government employees, and discussions held with Mr. Salter concerning this conference. In return, Mr. Davis presented the Specialist with copies of his memorandum prepared for Mr. Heppler, which was used as the basis for the thoughts expressed by him during the conference of April 15, 1949. This memorandum will be included in the file on Accident Compensation for Government employees.

Walter Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:rr

CIVIL SERVICE DIVISION
Government Section

April 19, 1949

MEMORANDUM FOR: THE RECORD

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Walter Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:rr

CIVIL SERVICE DIVISION
Government Section

15 April 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference Concerning the Injury Compensation Program for Government Employees

Present during this conference were Mr. B. Hoover, Mr. M. Salter, Mr. G. Peterson, Mr. W. Domanowski, Civil Service Division, and Mr. C. W. Hepler, Labor Division, ESS.

The two major phases of the Injury Compensation Program for government employees, insofar as it involved the interests of both divisions, were outlined. The first involved the equalization of schedules between such compensation for private industry and for government employees. The second phase involved an exploration of the methods of administration. Both divisions were in accord concerning the first point.

Concerning the second phase, in accordance with the provisions of Articles 93-95 of the NPSL, it was mandatory for the National Personnel Authority to maintain control of the program for government employees. However, the Civil Service Division can be agreeable to a law which would provide the responsibility for administration of such a program to be placed with the NPA, which would then delegate the operations with the Labor Ministry. In this proposal, it is agreeable that primary hearings be conducted by the Workmen's Compensation referees; but where secondary appeals are concerned, it is desirable that cases involving governmental employees be processed to the Equity Bureau.

Under these proposals, two fundamental features would be stressed. In the first place, the funds for employees in private industry and those in government service would be kept completely separate. The records involving both types of cases would be kept separate.

Mr. Hepler pointed out that, in any sound program of Workmen's Compensation, it was highly desirable to maintain an integrated set of precedents where secondary hearings are concerned. He proposed that the present laws be amended, and new proposed laws be written, so as to provide for a single Central Appeal Board upon which there would be alternating representation, depending upon the type of case. He suggested, further, that hearing officers conduct investigations to obtain facts and gather testimony by means of which the Board could base their decisions. In government cases, the NPA would be represented on the Board, have equal voice with labor and management, and would hear both government and private cases.

Mr. Hoover pointed out that two basic policies and principles were involved which complicated the problem. In view of these two points, it was doubtful if Mr. Hepler's proposals would be an expedient solution. In the first place, it was undesirable to have the NPA involved in private enterprise lest accusations be made in government circles and in private industry that the Authority was infringing in fields where its proper responsibilities did not lie. In the second place, it would create a permanent exception to the principle that any government employee, believing himself to have received disadvantageous action, has the right of direct appeal to the National Personnel Authority. No exceptions have been taken to this principle as of this date, and it would be considerably difficult to do so at this time.

Mr. Hepler then suggested two other possible solutions to create a direct link between government and industry on this point in order to maintain a uniform body of precedents where decisions on Workmen's Compensation appeals are concerned. It could be so arranged that, in hearings involving government employees, the Appeal Board include the National Personnel Authority, which would not sit on cases involving private industrial workers. As an alternative, the National Personnel Authority could adjudicate such hearings under the jurisdiction of the Workmen's Compensation Central Appeal Board. If neither of these plans be suitable, he strongly urged a line of policy for secondary appeals which would be consistent and based on facts in each case. There is a tendency on the part of the Japanese to decide cases subjectively. His main concern is to establish a linkage which would provide uniformity in such adjudicatory procedures.

Mr. Hoover terminated these discussions by assigning this specific problem to Messrs. Davis and Domanowski for further study.

WALTER DOMANOWSKI
Compensation Specialist

WD:rj

1. Mr. Hoover
2. Return to WD

Project 31

CIVIL SERVICE DIVISION
Government Section

14 April 1949

MEMORANDUM FOR: The Record

SUBJECT : Additional Recommendations Reached Through a Conference with Mr. D. Davis, Labor Division, ESS, Concerning the Accident Compensation Program for Government Employees

According to the present Laborers' Accident Compensation Law, an employee is entitled to accident compensation benefits after a seven-day waiting period. Previous information from Mr. Davis indicates that approximately two-thirds of the applications for accident claims are processed within thirty days. If a sick leave program is instituted for governmental employees, there might often be situations wherein employees, absent because of occupational illness or injury, might receive sick leave with pay while awaiting the processing of their claims for accident compensation. This might be particularly true in situations where such claims might require more than thirty days for processing.

In view of these facts, it was felt that any revision of the present Law for Laborers Accident Compensation should make specific provisions whereby the checks for accident compensation to government employees would be made out to the agency in which the employee for whom it is intended is working. This provision would enable the agency either to use this money for refunding the appropriation from which the employee's sick leave was paid and crediting him with a corresponding amount of sick leave, or to pay the employee directly in the event his sick leave had been previously exhausted. Such a provision in the law would permit the establishment of a simple procedure whereby an employee, absent because of occupational illness or injury, could be receiving his full salary for a period two and a half times as long as would be the case during non-occupational illness. This would then enable the employee to continue his contributions to any future pension program or mutual aid plan over a longer period of time. Also, it would enable the National Treasury to receive its normal income tax during the employee's absence over a corresponding period of time. Finally, it would also enable Items 3a and 3b in the revised memorandum, dated 29 March 1949, to be effectively carried out in practice.

It is preferable that an employee, injured on duty, receive a full salary over a longer, rather than a shorter, period of time because of the positive effects on employee morale, and because the present salary structure is geared closely to a minimum subsistence level. The suggestions

in the Memorandum of 29 March 1949 and in this memorandum would permit an employee to receive his full salary over a prolonged period of time, depending on the amount of sick and annual leave he has accumulated.

Walter P. Domanowski

WALTER P. DOMANOWSKI
Compensation Specialist

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Walter P. Domanowski

WALTER P. DOMANOWSKI
Compensation Specialist

~~(1) Salter~~
(2) Domanowski

DDD/brh
4 April 1949
Rec'd 4/19/49

MEMO FOR THE RECORD

SUBJECT: Coverage of Government Employees by Workmen's Compensation.

Conference was held on 28 March 1949 with Mr. W.P. Domanowski of Civil Service Division.

Mr. Hoover has reviewed the plans prepared by Salter, Domanowski and Davis, and approved them in general, but he has made three reservations as follows:

First Reservation: The Law should contain words stating that NPA has the responsibility for Workmen's Compensation policy with respect to government employees.

Second Reservation: Inasmuch as NPA has final responsibility for Workmen's Compensation, operation by Workmen's Compensation Section is in the nature of a delegation of responsibility. NPA should have the right to review the efficacy of the operation. In case it finds that full benefits have been denied, or that benefits have been improperly paid in a substantial number of cases, it should have the power to withdraw the delegation with respect to those employees over whom it has jurisdiction, and to set up its own machinery for benefit payment. The latter arrangement may have the marked advantage of keeping the Workmen's Compensation Section on its toes and is satisfactory.

It is recommended that the above two points be combined, but that it be made clear that the second satisfies the first. Cooperation is highly desirable but Workmen's Compensation Section must be free to issue its own regulations, decisions and conduct operations.

Third Reservation: Appeals by government employees, often going first through the Workmen's Compensation referees, should go to NPA, instead of to the Workmen's Compensation Appeal Board, as in the case of private industry. NPA has a section called the Equity Board whose function is to hear all kinds of complaints and appeals. In a case such as this, the procedure of the Board probably would be to appoint a panel of three persons, - one representing the government, one representing workers, and one representing the public,-to hear the appeal.

The danger of this suggestion is that it may prevent the evolution of a single line of Workmen's Compensation decision which is based on consistent and sound principles. In Japan, such an arrangement at this time might have an especially detrimental effect. In the United States, many years of court and agency decisions have established principles which are generally accepted, and thus greatly narrow the areas of controversy. Japan has no such tradition. There are no Japanese who are experts in this field, and there is a strong tendency to make decisions on completely fallacious principles. Decisions are unduly influenced by personal sympathy for the worker or his family, or by irrelevant factors such as fault. What little firm understanding there is

on the subject is concentrated in Workmen's Compensation Section. The Labor Division has been exerting guidance.

The need at this time is for a series of decisions based on correct principles to serve as precedents and guidance in all future cases. It is believed that this development will be retarded by having decisions made by two different agencies. The most common questions in Workmen's Compensation appeal cases are:

a. The degree of the disability; and

b. Did it arise out of and in the course of the employment?

These problems require the attention of skilled and, preferably, full-time personnel. They cannot be readily solved by a panel of inexperienced persons, no matter how much good will they may have or how highly developed a sense of justice.

In the United States, the courts made the original, basic decisions and they continue to exert very strong influance. Although cases in Japan can be carried to the courts, there has been no instance so far, and the evidence is that very few cases will be so decided. The Appeal Board, therefore, is in a position to become the dominant factor in fixing the basic principles on which Workmen's Compensation cases will be decided.

It is therefore recommended that discussions be continued with Civil Service Division and that an attempt be made to get the agreement of Civil Service Division to a single Appeal Board.

It is suggested that the Law be amended and that a single Appeal Board be established instead of the prefectural Appeal Boards now provided. At first, this Board will have to serve on a part-time basis because there are not enough cases for full-time. However, the Law should be worded so that it can be put on a paid full-time basis as soon as enough cases develop. It is suggested that the Board consist of seven members: two representing labor, two representing employers, two representing neutral or public interests, and one representing NPA. The Appeal Board should not itself hear cases, but should have two (or more as needed) Hearing Officers who would jointly conduct hearings, take testimony, ascertain facts, and make recommendations to the Board for decisions. Hearing Officers should conduct hearings at places convenient to workers and employers.

D.D.D.

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D.D.D.

BH
~~H Hoover~~
2) Romanowski.

CIVIL SERVICE DIVISION
Government Section

1 April 1949

MEMORANDUM FOR: The Record

SUBJECT : Corporation NBS Employees and the Accident Compensation Program

1. According to the Japanese Railways Law and the Japan Monopoly Corporation Law, as well as the proposed People's Finance Corporation Law, the employees engaged in those activities are exempted from the provisions of Article 2 of the National Public Service Law. Accordingly, the National Personnel Authority does not have any legal jurisdiction over a large body of employees engaged in those enterprises. The effective date of the laws referring to the Monopoly and Railways employees is April 1, 1949, unless this date has been extended by recent Diet action to July 1, 1949.

2. Provision is made in these laws that the employees of these agencies will be treated as government employees for purpose of accident compensation. A question immediately arises as to whether, for purposes of accident compensation, these employees are in the "regular service."

3. Whatever legislation providing accident compensation to governmental employees is established should include these employees.

4. These groups of employees pose a special problem. It can be expediently solved in several manners. Three possibilities are as follows:

(a) An article can be incorporated in any developed legislation enabling these particular groups to enter into the accident compensation program as provided for by their specific organization laws.

(b) The respective laws covering each specific group of corporation employees can be revised so as to provide that they come under any developed legislation concerning accident compensation for "regular governmental employees."

(c) The Laborers Accident Compensation Insurance Law can be revised to include corporation employees as though they were part of the general industrial population now covered by that law.

Walter P Domanowski

WALTER DOMANOWSKI,
Compensation Specialist.

WD:mvb

(1) Mr. Hoover
(2) Return to W D

CIVIL SERVICE DIVISION
Government Section

April 1, 1949

MEMORANDUM FOR: The Record

SUBJECT : Corporation Employees and the Accident Compensation Program.

1. According to the Japanese Railways Law and the Japan Monopoly Corporation Law, as well as the proposed People's Finance Corporation Law, the employees engaged in those activities are exempted from the provisions of Article 2 of the National Public Service Law. Accordingly, the National Personnel Authority does not have any legal jurisdiction over a large body of employees engaged in those enterprises. The effective date of the laws referring to the Monopoly and Railways employees is April 1, 1949, unless this date has been extended by recent Diet action to July 1, 1949, whatever legislation providing Accident compensation to governmental employees is established ~~will not apply to the public corporation employees. Any proposal to~~ include these employees. ~~exempted employees probably should originate from some source other than the National Personnel Authority or the Civil Service Division, lest there be charges that the former agency is exceeding the authority vested to it by law.~~

2. These groups of employees pose a special problem. It can be expediently solved in several manners. Three possibilities are as follows:

(a) An Article can be incorporated in any developed legislation enabling these particular groups to enter into the Accident Compensation Program ~~on a voluntary basis.~~ as provided for by their specific organization laws.

(b) The respective laws covering each specific group of corporation employees can be revised so as to provide that they come under any developed legislation concerning Accident Compensation for regular governmental employees.

(c) The Laborers Accident Compensation Insurance Law can be revised to include corporation employees as though they were part of the general industrial population now covered by that law.

WD:vr

WALTER DOMANOWSKI
Compensation Specialist

April 15

Civil Service Division
Government Section

1 April 1949

MEMORANDUM : For Follow-up. (On receipt of phone call from Mr. Hepler making an appointment for conference).

SUBJECT : Accident Compensation Administration - Government Employees.

I phoned Mr. Hepler today and told him I was ready to discuss this subject and he said he had not reviewed memoranda of his staff but would do so and call me for an appointment.

Hoover

BLAINE HOOVER
Chief
Civil Service Division

BH:mw

-30-

CIVIL SERVICE DIVISION
Government Section

4 March 1949
29 March 1949 Revised

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Project B-31 on Accident Compensation Administration for Governmental Employees

This memorandum is in response to your memorandum of 11 February 1949 to Mr. MacDonald Salter, Chief of the Classification and Compensation Branch.

Additional conferences have been held with Mr. Dudley Davis, Labor Division, ESS, on the possibility of close coordination between accident compensation administration for government and industrial employees. As a consequence of these conferences, an understanding concerning various points of administration has been reached as follows:

1. In the legislation setting up accident insurance compensation for government employees, the responsibilities of the National Personnel Authority for its administration will be clearly delineated. This legislation should definitely acknowledge that the Authority has final responsibility for the policies in that phase of the program which involves governmental workers.

2. The responsibility of the National Personnel Authority should be emphasized in the prepared legislation so that it would have the implicit right to audit and review the accident insurance compensation program for its effects on governmental employees. This legislation should enable the Authority, on the basis of its findings through its audits, to modify or remove the phase of the program for which it is responsible if the activities are not properly conducted in the best interests of governmental workers. At the same time, the Authority, if it deems necessary, would be permitted to make recommendations concerning the conduct of accident compensation activities on the part of any specific local field office.

3. The basic benefits provided for in the Accident Compensation Insurance Program should be the same for government and industrial employees, in conformity with the principle that government workers are part of the total working population and should not receive preferential treatment over employees in private industry.

a. Accident compensation benefits received by government employees can be supplemented by sick and annual leave as provided for, at some future date, by the rules of the National Personnel Authority.

b. If this be desired in the rules of the National Personnel Authority, the basic law on accident compensation can be revised in anticipation of such rules to state that, when benefits are supplemented to the extent that an employee obtains his full salary, or as much as ninety percent of his normal wage, then his total income shall be subject to his usual deductions. This particular point is desirable in the event a program be developed to provide retirement rights through a Pension Plan and other security benefits through an effective Mutual Aid Association Program. It would enable a government employee to retain continuity of his interests in such programs. At the same time, the National Treasury could continue to receive an income which now is often interrupted in accident compensation cases. Mr. Davis favors such revision in view of the fact that, in private employment, particularly in the mining industry, accident compensation benefits are sometimes supplemented by direct grants from employers.

4. The accident compensation benefits for government employees should be paid from a fund completely separate from that used for employees in private industry. This particular point will result in keeping the government from bearing too large a burden of contribution to the total program. Accounting and payroll procedures in private industry are in such a confused state that it is extremely difficult to check the degree of accuracy in the contributions by employers to the Accident Compensation Program.

5. The current administrative machinery developed in connection with the present accident insurance program may be used both for governmental and industrial employees. The Workmen's Compensation Section of the Labor Ministry has already evolved a field organization capable of investigating and paying claims according to accident insurance standards and regulations. Its extent is described in a memorandum submitted by Mr. Davis to this staff, a copy of which is attached to this report. The use of this organization would maintain a standardization of and a consistency in the accident insurance procedures. The government now carries the full administrative cost of this compensation program. Adding governmental workers to this program would require a moderate increase in the appropriation to meet this cost. On the other hand, the development of a parallel program would result in an excessively costly duplication.

6. The National Personnel Authority could review all cases involving government employees through continuous monthly reports. Thus, the National Personnel Authority would have every opportunity to stimulate reopening of cases wherever a government employee might not receive proper benefits. On this point, it was agreed that the NPA could stimulate the reopening of such cases by making direct contact with

and stating its opinions to the local offices concerned. These offices could then contact the employees, explain their rights to them, and point out the differing points of view without referring to their source. At the same time, their right of appeal would be fully explained. On each individual case, the outcome could be reported back by the specific field office concerned. This particular procedure appears desirable in order to conform with the policy of the Workmen's Compensation Section to encourage individual employees to initiate actions on their own behalf. Such initiative now appears greatly lacking in view of the very infrequent use of appeal procedures.

7. The National Personnel Authority could review all actions on Government workers, which the Workmen's Accident Compensation field offices might take, through the media of monthly reports. This would not only enable the NPA to determine whether to stimulate the reopening of any specific case, but to conduct a continuous statistical study concerning occupational accidents and illnesses among government employees. Such study would be extremely useful in forming safety standards and in developing any safety program which may be desirable at some future date. To satisfy the needs of the National Personnel Authority in connection with this and other related projects, the field offices of the Workmen's Accident Compensation Section will make slight modifications in its various procedures. However, in the event the section should be required to provide data which is extremely expensive to collect, then it is expected that the government would make provision for it in the budget.

8. The same primary appeals procedure would be used both for the governmental and the industrial employee. Present decisions on primary appeals are incorporated into formal reports. In all cases involving governmental employees, a copy of the reports would be submitted to the National Personnel Authority.

9. In order that the National Personnel Authority can maintain its legal control over an accident compensation program where government employees are concerned, secondary appeals shall be processed directly to the Equity Bureau. In the event the Equity Bureau should determine that a case should be heard before a three-man panel, the members of the panel would be selected by the Bureau itself. One of the three members could be a governmental employee. The second member could be a representative of governmental management. The third and final member should represent the public at large. In order to expedite uniformity between the activities of the Central Accident Insurance Compensation Appeal Board and the Equity Bureau, this public representative would be selected from among the three public representatives on the appeal board.

10. It was further agreed that the National Personnel Authority should participate in policy determinations affecting the over-all accident insurance program. Toward this end, a representative of the National Personnel Authority, preferably the Vice Director General, could be made a member of the Advisory Committee on Workmen's Compensation.

11. The NPA would be free to develop and maintain central records concerning cases involving government employees. Forms for processing the claims of government employees could be prepared in duplicate or triplicate, and a copy of each original could be sent to the NPA at the same time that the monthly reports would be sent. The various field offices would file governmental claims and cases separately from industrial ones. Although the forms for both types of claims should be identical, to assist in a separate maintenance of records, the forms specifically for government employees could be printed on paper of contrasting color. If this should be impracticable, then a wide contrasting band of color could be surcharged all around the edges of the various forms used. Other procedural changes and changes in forms, which would not interfere with the basic operations of the Workmen's Accident Compensation Section, would be made in conformity with similar needs of the National Personnel Authority.

12. The program, as outlined in the preceding, can be carried out, so that it need in no way conflict with an expanded and integrated program of social security for governmental employees, including retirement and health benefits.

13. Under these proposals, in the event of occupational injury or illness, the governmental employee would be entitled to the following benefits:

a. Medical care in all types of occupational injury and illness
b. Burial benefits in case of death due to occupational injury or illness
c. Benefits to survivors in cases of death due to occupational injury or illness
d. Compensation benefits for occupationally acquired disabilities of permanent nature
e. Wage loss compensation up to six years.

14. Approximately 900,000 officials now receive accident compensation benefits under the present Government Pension System. If the preceding suggestions were to be adopted, then officials would receive a preferential treatment in accident compensation cases unless legislative measures were to be taken to eliminate these extra features of the Pension System. Should Governmental employees be placed under the present accident compensation program, then simultaneous measures should be taken to eliminate the corresponding features in the present system of pension. This step is especially desirable if a new pension plan, based on actuarial principles, is to be contemplated as part of an integrated social security program for governmental employees. Present benefits available to the 900,000 employees, which in essence duplicate the Accident Compensation System, are as follows:

a. Compensation benefits for occupationally acquired disabilities of permanent nature
b. Benefits to survivors in cases of death due to occupational injury or illness
c. Wage loss compensation for indefinite periods (temporary retirement)

15. Governmental Seamen who are not officials receive accident compensation benefits through the Seamen's Insurance Plan. This employee group presents several other problems. It is suggested that governmental seamen be excluded from the outlined accident compensation program for the time being until the basic problem of their relationship to a general social security program for government employees be fully evaluated. At some future date, it may be necessary to make a final decision whether this group should be primarily treated as government employees or seamen.

16. The program on accident compensation, as outlined, would enable employees of lower governmental units, such as prefectures, municipalities, and the like, to be included. If this should be done, the arrangements should be made for financial contribution by these units of government. At the same time, some preliminary thought should be given on the extent to which such employees should participate in the over-all social security plan.

Mr. Davis will prepare a corresponding memorandum concerning these various points which will be submitted to Mr. Hepler, Chief of the Labor Division, ESS.

As soon as concurring approval has been obtained from the chiefs of the two divisions engaged upon this problem, Mr. Davis is prepared to request the chief of the Workmen's Compensation Section of the Ministry of Labor to call on the National Personnel Authority to collaborate in writing or revising necessary legislation so that both government and industrial employees can come under a coordinated program of accident insurance.

Walter P Domanowski

WALTER P. DOMANOWSKI
Classification Specialist

WPD:jb

NPA

Civil Service Division
Government Section

24 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT : Pension Bureau

On 24 March 1949 discussed the above subject with Messrs. MacCoy, MacSalter and Domanowski. Decided to permit NPA to assume administration of Pension Bureau.

BLAINE HOOVER
Chief
Civil Service Division

BH;mw

NPA

Civil Service Division
Government Section

24 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT : Accident Compensation Administration.

On 24 March 1949 discussed the above subject with Messrs. MacCoy, McSalter and Domanowski. Decided to transfer full control on policy to NPA with assignment of administration subject to NPA approval or withdrawal.

BLAINE HOOVER
Chief
Civil Service Division

BH;mw

NPA

Civil Service Division
Government Section

24 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Mutual Welfare Association

On 24 March 1949 discussed the above subject with Messrs. MacCoy, MacSalter and Domanowski. Decided to transfer full control on policy to NPA with assignment of administration subject to NPA approval or withdrawal.

BLAINE HOOVER
Chief
Civil Service Division

BH:mw

CIVIL SERVICE DIVISION
Government Section

16 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Cost of Accident Compensation Benefits

The Classification Specialist telephoned Mr. D. Davis, Labor Division, ESS, to make an inquiry concerning the present cost of the accident compensation program for industrial employees. Mr. Davis did not have available the annual cost of this program; neither, at this time, did he have any data concerning the average monthly cost. However, he stated that the total cost of accident compensation benefits during the entire month of December amounted to ¥273,000,000.

The number of employees covered by the industrial accident compensation program is 6,000,000. The approximate number of employees working for the national government who would be covered by this program is about 2,000,000. On a proportionate basis, using the December figures, the monthly cost of accident compensation to government employees should be in the whereabouts of ¥90,000,000.

Mr. Davis stated that, in his opinion, such an amount should be more than adequate in view of the fact that government employment probably would not offer hazard to the extent which could be found in private employment.

This figure of ¥90,000,000 does not represent the true cost to the government. At the present time, there are approximately 900,000 employees who receive comparable benefits under the government pension system. Also, some employees who are not under this system receive benefits under the mutual aid association program on the pretext that their accidents or illnesses are non-occupational. In view of the fact that officials do not ordinarily perform the most hazardous assignments and that as a consequence there are fewer accidents and occupational illnesses among them as compared to the operating employees, it would not be unreasonable to assume that there should be a saving of approximately ¥30,000,000 each month were the corresponding features to be eliminated from the pension system and the mutual aid association program. The net cost to the government then should amount to approximately ¥60,000,000 each month. Over and above that, additional appropriations would be required to cover the increased administrative costs in the carrying out of the total overall accident compensation program. This additional cost should probably not exceed 10 per cent of the present appropriation.

Walter Domanowski

WALTER DOMANOWSKI
Classification Specialist

WD:jd

Compensation?

CIVIL SERVICE DIVISION
Government Section

11 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Informal Conference with Mr. D. Davis Concerning Accident Compensation

The Classification Specialist met Mr. Davis accidentally during the lunch period. He informed Mr. Davis that a memorandum had been submitted on the previous day to Mr. Hoover, and inquired whether Mr. Davis had submitted a corresponding memorandum to Mr. Heppler, Chief of the Labor Division, ESS. Mr. Davis stated that, in view of his illness during this particular week, he had not yet been able to prepare and submit such memorandum.

Walter P. Domanowski

WALTER P. DOMANOWSKI
Classification Specialist

WPD:jb

CIVIL SERVICE DIVISION
Government Section

4 March 1949

MEMORANDUM FOR: Mr.Blaine Hoover, Chief, Civil Service Division

SUBJECT : Project B-31 on Accident Compensation Administration for Governmental Employees

This memorandum is in response to your memorandum of 11 February 1949 to Mr. MacDonald Salter, Chief of the Classification and Compensation Branch.

Additional conferences have been held with Mr. Dudley Davis, Labor Division, ESS, on the possibility of close coordination between accident compensation administration for government and industrial employees. As a consequence of these conferences, an understanding concerning various points of administration has been reached as follows:

1. The basic benefits provided for in the Accident Compensation Insurance Program should be the same for government and industrial employees, in conformity with the principle that government workers are part of the total working population and should not receive preferential treatment over employees in private industry.

a. Accident compensation benefits received by government employees can be supplemented by sick and annual leave as provided for, at some future date, by the rules of the National Personnel Authority.

b. If this be desired in the rules of the National Personnel Authority, the basic law on accident compensation can be revised in anticipation of such rules to state that, when benefits are supplemented to the extent that an employee obtains his full salary, or as much as ninety percent of his normal wage, then his total income shall be subject to his usual deductions. This particular point is desirable in the event a program be developed to provide retirement rights through a Pension Plan and other security benefits through an effective Mutual Aid Association Program. It would enable a government employee to retain continuity of his interests in such programs. At the same time, the National Treasury could continue to receive an income which now is often interrupted in accident compensation cases. Mr. Davis favors such revision in view of the fact that, in private employment, particularly in the mining industry, accident compensation benefits are sometimes supplemented by direct grants from employers.

2. The accident compensation benefits for government employees should be paid from a fund completely separate from that used for employees in private industry. This particular point will result in keeping the government from bearing too large a burden of contribution to the total

program. Accounting and payroll procedures in private industry are in such a confused state that it is extremely difficult to check the degree of accuracy in the contributions by employers to the Accident Compensation Program.

3. The current administrative machinery developed in connection with the present accident insurance program may be used both for governmental and industrial employees. The Workmen's Compensation Section of the Labor Ministry has already evolved a field organization capable of investigating and paying claims according to accident insurance standards and regulations. Its extent is described in a memorandum submitted by Mr. Davis to this staff, a copy of which is attached to this report. The use of this organization would maintain a standardization of and a consistency in the accident insurance procedures. The government now carries the full administrative cost of this compensation program. Adding governmental workers to this program would require a moderate increase in the appropriation to meet this cost. On the other hand, the development of a parallel program would result in an excessively costly duplication.

4. The National Personnel Authority could review all cases involving government employees through continuous monthly reports. Thus, the National Personnel Authority would have every opportunity to stimulate reopening of cases wherever a government employee might not receive proper benefits. On this point, it was agreed that the NPA could stimulate the reopening of such cases by making direct contact with and stating its opinions to the local offices concerned. These offices could then contact the employees, explain their rights to them, and point out the differing points of view without referring to their source. At the same time, their right of appeal would be fully explained. On each individual case, the outcome could be reported back by the specific field office concerned. This particular procedure appears desirable in order to conform with the policy of the Workmen's Compensation Section to encourage individual employees to initiate actions on their own behalf. Such initiative now appears greatly lacking in view of the very infrequent use of appeal procedures.

5. The National Personnel Authority could review all actions on Government workers, which the Workmen's Accident Compensation field offices might take, through the media of monthly reports. This would not only enable the NPA to determine whether to stimulate the reopening of any specific case, but to conduct a continuous statistical study concerning occupational accidents and illnesses among government employees. Such study would be extremely useful in forming safety standards and in developing any safety program which may be desirable at some future date.

6. The same primary appeals procedure would be used both for the governmental and the industrial employee. Present decisions on primary appeals are incorporated into formal reports. In all cases involving governmental employees, a copy of the reports would be submitted to the National Personnel Authority.

7. In order that the National Personnel Authority can maintain control over an accident compensation program where government employees are concerned, the composition of the Central Appeal Board would be altered to hear appeals involving government cases. This Appeal Board now consists of three representatives of employers, three employee representatives, and three representatives of the public at large. On government cases, it is suggested that three representatives of government management, including one staff member of the NPA, be substituted for the three employer members. Moreover, it was agreed that the nature of the employee representation be changed so that every year or every two years one appointment would expire, and one new selection could be made. The first three employee members would have staggered terms, with those selected for the shortest and longest periods of service to be chosen from among industrial employees, and the third, from among governmental employees. Thereafter, at the expiration of any one term, an industrial employee would be replaced by a governmental one, and vice versa. Thus, at regularly alternating intervals, there would be one governmental, two industrial employees, then one industrial and two governmental. The public representation could remain constant for both types of cases.

8. It was further agreed that the National Personnel Authority should participate in policy determinations affecting the over-all accident insurance program. Toward this end, a representative of the National Personnel Authority, preferably the Vice Director General, could be made a member of the Advisory Committee on Workmen's Compensation.

9. The NPA would be free to develop and maintain central records concerning cases involving government employees. Forms for processing the claims of government employees could be prepared in duplicate or triplicate, and a copy of each original could be sent to the NPA at the same time that the monthly reports would be sent. The various field office would file governmental claims and cases separately from industrial ones. Although the forms for both types of claims should be identical, to assist in a separate maintenance of records, the forms specifically for government employees could be printed on paper of contrasting color. If this should be impracticable, then a wide contrasting band of color could be surcharged all around the edges of the various forms used.

10. The program, as outlined in the preceding, can be carried out, so that it need in no way conflict with an expanded and integrated program of social security for governmental employees, including retirement and health benefits.

11. Under these proposals, in the event of occupational injury or illness, the governmental employee would be entitled to the following benefits:

a. Medical care in all types of occupational injury and illness
b. Burial benefits in case of death due to occupational injury or illness

c. Benefits to survivors in cases of death due to occupational injury or illness
d. Compensation benefits for occupationally acquired disabilities of permanent nature
e. Wage loss compensation up to six years.

12. Approximately 900,000 officials now receive accident compensation benefits under the present Government Pension System. If the preceding suggestions were to be adopted, then officials would receive a preferential treatment in accident compensation cases unless legislative measures were to be taken to eliminate these extra features of the Pension System. Should Governmental employees be placed under the present accident compensation program, then simultaneous measures should be taken to eliminate the corresponding features in the present system of pension. This step is especially desirable if a new pension plan, based on actuarial principles, is to be contemplated as part of an integrated social security program for governmental employees. Present benefits available to the 900,000 employees, which in essence duplicate the Accident Compensation System, are as follows:

a. Compensation benefits for occupationally acquired disabilities of permanent nature.
b. Benefits to survivors in cases of death due to occupational injury or illness.
c. Wage loss compensation for indefinite periods (temporary retirement)

13. Governmental Seamen who are not officials receive accident compensation benefits through the Seamen's Insurance Plan. This employee group presents several other problems. It is suggested that governmental seamen be excluded from the outlined accident compensation program for the time being until the basic problem of their relationship to a general social security program for government employees be fully evaluated. At some future date, it may be necessary to make a final decision whether this group should be primarily treated as government employees or seamen.

14. The program on accident compensation, as outlined, would enable employees of lower governmental units, such as prefectures, municipalities, and the like, to be included. If this should be done, the arrangements should be made for financial contribution by these units of government. At the same time, some preliminary thought should be given on the extent to which such employees should participate in the over-all social security plan.

Mr. Davis will prepare a corresponding memorandum concerning these various points which will be submitted to Mr. Hepler, Chief of the Labor Division, ESS.

As soon as concurring approval has been obtained from the chiefs of the two divisions engaged upon this problem, Mr. Davis is prepared to

request the chief of the Workmen's Compensation Section of the Ministry of Labor to call on the National Personnel Authority to collaborate in writing or revising necessary legislation so that both government and industrial employees can come under a coordinated program of accident insurance.

Walter P. Domanowski

WALTER P. DOMANOWSKI
Classification Specialist

WPD:rj

Attachment

request the chief of the Workmen's Compensation Section of the Ministry of Labor to call on the National Personnel Authority to collaborate in writing or revising necessary legislation so that both government and industrial employees can come under a coordinated program of accident insurance.

Walter P Domanowski

WALTER P. DOMANOWSKI
Classification Specialist

WPD:rj

Attachment

DDD/ej
17 Feb 49

MEMO FOR RECORD:

SUBJECT: Workmen's Compensation Insurance

1. The Workmen's Accident Compensation Insurance Law was passed in the summer of 1947 and became effective 1 Sept. 1947. It was an entirely new law, based on Occupation policy, which set up a system quite different from any which existed in Japan previously.

2. The Labor Standards Law was passed at the same time, and the two laws were coordinated. Provisions were written into Labor Standards Law establishing an employer liability system of Workmen's Compensation with provision that any employer who was covered by Workmen's Compensation Insurance should be exempt from paying the genefits described. The benefits in the two laws are the same. Labor Standards Law covers all employers, whereas Workmen's Compensation is compulsory only for employers in more or less hazardous industries. Workmen's Compensation is organizationally a section in the Labor Standards Bureau of the Labor Ministry. This form of organization was adopted because of the need for close coordination between Workmen's Compensation and the safety and sanitation work of the Labor Standard Bureau.

3. Workmen's Compensation Insurance is compulsory for all employers with five or more workers in mining, manufacturing and transportation. It is compulsory for employers with one or more workers in construction and forestry which are considered to be extra hazardous. In addition, it is compulsory for employers with less than five workers in establishments which use power machinery.

4. The number of workers covered is now about 6,000,000, and the number of employers about 200,000. The number of employers covered has increased steadily due to the fact that at the beginning, the program was actually effective only for large and middle-sized employers. During the past year the number of employers covered has doubled with, however, only a comparatively small increase in the number of workers covered. Coverage includes more than 6,000 employers who are not required to join because of being non-hazardous industries, but have joined voluntarily.

5. Insurance premiums are divided into six grades for six groups of industries in accordance with the occupational hazards. Premium is a percentage of pay roll and varies from a low of .3% to a high of 4.4%. Generally speaking, the program has received a ready welcome from employers. However, there has been the inevitable Japanese problemof delay in paying the premiums and, especially on the part of small employers, outright failure to comply with the law. During the fall of 1948 this problem became serious, and a special drive was conducted in October which resulted in attachment of property of 1,316 employers and the wiping-out of nearly all of the delinquency. December figures show that there were 20,000 employers in default during the month. However, collections were made from 10,000 of these, and only a few cases were in default for a period longer than two months. The number in default for a period longer than four months was 471. In spite of many difficulties, it is believed that Workmen's Compensation Insurance has the best record of any agency in Japan for tax collection.

6. Coverage of Workmen's Compensation is complete so far as disability is concerned. No distinction is made between occupational accidents and occupational diseases. Any disability caused "on duty" is compensable. Complete medical aid is provided forup to three years, and a wage loss compensation of 60% of workers' latest wage is also paid for up to three years. At the end of three years, the Insurance agency has the alternative of continuing pay for the medical aid and wage loss compensation or of making a grant of approximately four years' wages in lieu of all other benefits. In addition, compensation is paid for permanent disability in accordance with the degree of severity of the disability. Benefits range from about six weeks' wages up to about four years' wages. In case of death, a benefit amounting to about three years' wage (1,000 day average wage) is granted and, in addition, a grant for burial expenses of two months' wages. Under the terms of the law benefits may be paid periodically over a period of time up to six years. However, in actual practice due to the inflation benefits have been paid as lump sums. It is anticipated that with an increasingly effective stabilization program, lump sum payments will be discontinued.

7. The right of appeal is guaranteed. The first organ of appeal is a referee; the referee appeals may be carried to an appeal board, and from the appeal board to the courts. Relatively little use has been made to date of this right.

8. During the first fiscal year of operations the Workmen's Compensation Section had only 46 field offices, one in each prefecture. Under these circumstances direct contact between the office and the workers was very difficult, and most benefit payments were paid to the employer who then paid the worker. Arrangements for medical care were also made by the employer. This system was in accord with Japanese paternalistic traditions. However, it resulted in a good many evil practices, including collusion between employers and workers to defraud the insurance. During the 1948-1949 fiscal year approximately 900 additional personnel were added to the agency, and 126 branch offices were established. These offices were located on the same premises with local Labor Standards Inspection Offices. During the next fiscal year, starting 1 April, it is hoped to get sufficient additional personnel to establish branch offices in 346 Labor Standards Inspection offices thus giving complete coverage. When this is achieved, benefit payments will no longer be made out of the prefectural offices. The prefectural offices will be restricted to supervising the local offices and collecting premiums.

9. The system of direct payment of benefits to workers instead of indirect payment through the employer is already effective in nearly all cases, but is has strained the personnel resources of the section to the limit. There is serious need for additional personnel to make possible closer contact between disabled workers and the office. It is also hoped to get additional personnel badly needed to check employers' payroll reports and to search out employers liable under thelaw who have not yet joined the insurance.

10. During 1948 a system of national office supervision was set up. Seven national supervisors have been appointed, each one responsible for supervision

of about six prefectures and for liaison between the prefectural national offices. This system is not yet genuinely effective, but promises to improve. Another important administrative project now in the mill is a Manual of Procedures organized on a logical basis. It is hoped that if directions can be organized in a manual, local office operations can be better controlled and supervised by the national office.

of about six prefectures and for liaison between the prefectural national offices. This system is not yet genuinely effective, but promises to improve. Another important administrative project now in the mill is a Manual of Procedures organized on a logical basis. It is hoped that if directions can be organized in a manual, local office operations can be better controlled and supervised by the national office.

CIVIL SERVICE DIVISION
Government Section

28 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Mr. D. Davis, Labor Division, ESS, Concerning Coverage of Government Workers in an Accident Compensation Program

A conference was held with Mr. Davis concerning the various points raised by Mr. Hoover during the intra-office conference of March 25, 1949. It was suggested to Mr. Davis that, although primary appeals could be disposed of by the accident compensation referees, secondary appeals involving governmental employees should be processed directly through the Equity Bureau of the NPA. Mr. Davis inquired concerning the procedures involved in the Equity Bureau. This was discussed to some slight extent, during which it was mentioned that many of the hearings conducted by the Bureau would be held before three-men panels. During the following discussion involving the matter of secondary appeals on accident compensation cases going directly to the Equity Bureau, it was suggested that one of the three public representatives on the nine-man Central Accident Insurance Compensation Appeal Board could be selected as a member of the three-man panel of the Equity Bureau, the other two members of this panel to be named by the Bureau in accordance with its procedures.

The second point discussed involved the responsibilities of the National Personnel Authority concerning the administration of the accident compensation program for governmental employees. Mr. Davis was informed that it would be highly desirable for any proposed legislation specifically to state and define the responsibility of the Authority concerning any program involving accident compensation for government employees. Such legislation should definitely acknowledge that the Authority has final responsibility for policies where government employees are concerned. It is further suggested that such responsibility be emphasized by indicating that the National Personnel Authority should periodically, or at other times it so deems necessary, audit and review the program for its effects on governmental employees. Finally, the legislation should enable the Authority, on the basis of its findings through its periodical audits, to modify or remove this phase of the program if the activities are not properly conducted in the interests of governmental workers. At the same time, the Authority, at the end of its reviews and audits, would be permitted to make recommendations concerning the conduct of such activities on the part of any specific office.

Mr. Davis inquired whether such policy control by the NPA would be directed into the field offices to the extent of indicating in what manner a compensation investigator should conduct his activities. It was pointed out that such a matter was purely an operational one and that the responsibility of the National Personnel Authority in the formation of policies would be to lay down over-all principles where the governmental employee was concerned. This appeared to answer Mr. Davis' question.

Mr. Davis seemed sympathetic to the point of view expressed in connection with the more specific delineation of the responsibilities of the NPA in connection with the accident compensation program for governmental employees. He stated that he would present these matters to Mr. Heppler. The compensation specialist inquired of Mr. Davis what he thought Mr. Heppler's attitude would be toward the points delineated. Mr. Davis stated that, in his personal opinion, it was likely he would receive approval on those matters from Mr. Heppler. Mr. Davis then concluded his statements by indicating that basically, once there had been complete agreement on the various points, the issue would then become a matter of expressing those points in the proposed legislation in such a manner that they would be acceptable to both divisions.

Walter P Domanowski

WALTER P. DOMANOWSKI
Compensation Specialist

WPD:jb

DDD/brh
25 Mar 1949
Read wd 3/28/49

MEMO TO: Mr. C.W. Hepler

SUBJECT: Coverage of Government Workers by Workmen's Compensation Section, Labor Standards Bureau.

1. Three (3) conferences have been held with Messrs. Salter and Domanowski and agreement has been reached, subject to approval by yourself and Mr. Hoover, on which appears to be a good plan for coverage of government workers. It has been suggested that the next step should be a conference between yourself and Mr. Hoover to approve agreements reached.

2. The suggested plan is as follows:

a. The same administrative machinery should be used for provision of workmen's compensation benefits to both government and private industry workers. This is expected to result in substantial saving of administrative expense and improve efficiency.

b. Workmen's Compensation benefits for government workers and private industry workers should be the same. It is not the desire of the Civil Service Division to give government workers benefits which are higher than those enjoyed by private industry providing they are reasonably adequate considering the circumstances of the Japanese economy.

c. All government workers should be covered by the system on an equal basis.

d. The Japanese government should pay the cost of benefits to government workers and a fair portion of the cost of administration of the program. However, care should be taken that the government is not saddled with the burden of paying benefits to private industry workers. In the case of the Japanese Government, there is no need to operate on a reserve fund principle. The Finance Ministry should make available to the Agency sums equalling the anticipated costs of benefits, this sum being adjusted periodically so that it exactly equals the cost of benefits plus administration.

e. NPA should be represented on the Advisory Committee of Workmen's Compensation Insurance. No decision has been reached as to the number of representatives, however inasmuch as the government workers to be covered will constitute about 2,000,000, and private industry workers now covered are about 6,000,000, it would appear that NPA might appoint about one-quarter of the 18 members on the Committee. As an alternative, government representation might be selected in part by NPA and in part by the government workers' unions.

f. NPA should also be represented on the Workmen's Compensation Appeal Board. Copies of all decisions made by referees and appeal boards should be given to NPA. NPA also should be supplied any information which it may ask for in connection with any claim made by a government worker. As to the number

of government representatives, two possibilities have been considered. The Appeal Board might be heavily "packed" by government representatives sitting in on cases involving government workers only, or, as an alternative, the government representation might constitute one-quarter or one-third of the total, but sit in on all cases. The latter arrangement would result in better continuity of decisions.

g. Japanese government agencies will be required to keep records of accidents, - even those of a minor nature which apparently will not result in claims. The nature of these records shall be determined by the Workmen's Compensation Section and approved by NPA. In addition, government agencies must make available to Workmen's Compensation Section wage and other data needed by the Workmen's Compensation Section to determine compensability and amount of benefits. The procedure and forms to be used for this purpose shall be determined by Workmen's Compensation Section and approved by NPA.

h. Workmen's Compensation Section will, on request, provide NPA with statistical and other data on accidents occurring to government workers, which may be wanted by NPA in connection with safety campaigns or for other reasons. However, Workmen's Compensation Section will not be asked to provide data which is expensive to collect unless provision is made for it in the budget.

i. Workmen's compensation benefits will be coordinated with the sick-leave provisions of NPA. A plan should be worked out whereby a disabled worker can have workmen's compensation benefits supplemented by his sick-leave rights up to 100% of regular pay. If the worker's benefit is 60% of wages, sick-leave can be charged daily to the extent of 40%, thus extending the benefits from sick-leave over a much longer period of time. This will raise some problems in connection with income taxes inasmuch as workmen's compensation benefits are tax free. It is suggested that, after coordination with the Internal Revenue Bureau, the law be amended so that workmen's compensation benefits will be taxed at the usual rate, in case they are supplemented to the extent of approximately full pay.

j. Workmen's compensation benefits should also be coordinated with the Government Pension System. Payments under the government pension scheme should commence when workmen's compensation payments cease.

D.D.D.

CIVIL SERVICE DIVISION
Government Section

March 25, 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Intra-Office Conference On Proposals Concerning Accident Compensation for Government Employees, on the Proposed Revisions of the NPS Mutual Aid Association Law, and on the Proposed Transfer of the Pensions Bureaus to the NPA.

A brief conference was held concerning various phases of a social security program for government employees. Present at this conference were Mr. B. Hoover, Chief, Civil Service Division, Mr. W. Pierce MacCoy, Deputy Chief, Mr. MacDonald Salter, Chief, Classification & Compensation Branch, Mr. Gordon Peterson, Organization Specialist, and the Compensation Specialist. The tentative determinations arrived at this conference are described in the following.

1. Accident Compensation

Mr. Hoover indicated that a coordinated program of accident compensation for both industrial and governmental employees was desirable in order to eliminate duplication of administrative activities. However, before any proposed legislation be prepared, Mr. Hoover desired agreement with the Labor Division on the following points:

a. At the present time, primary appeals are processed through Accident Compensation Referees, and secondary appeals are processed to the Central Appeal Board. From that point, appeals go directly to the courts. Where government employees are concerned, Mr. Hoover desires that the line of appeal procedure be from the Referees directly to the Equity Bureau of the NPA.

b. It is specifically to be stated in any proposed legislation that the responsibility of the NPA concerning any program involving accident compensation for government employees shall in no wise be impaired. Not only is there to be definite acknowledgment that the NPA has final responsibility for policies where government employees are concerned, but also it is to be stated that they may be removed from the combined program if it operates to the detriment of governmental workers.

c. In the proposed legislation, the NPA shall have an implicit right, in order to maintain its full legal responsibilities, periodically to audit and review the program, for its effects on governmental employees, and to modify or remove this phase of the program if the activities are not properly conducted.

2. Mutual Aid Associations

Mr. Hoover states that now is the propitious time to manifest the responsibilities of the NPA concerning the Mutual Aid Association program. Consequently, it is desirable that this be made clear in Chapters 4 and 6 of the NPS Mutual Aid Association Law. To do so, in those proposed articles now referring to the Ministry of Finance, it should be shown that the responsibility for the operation of this program rests with the NPA who may delegate the Ministry of Finance or other agency to act as its agent in the performance of such functions as an interim measure.

3. Pensions Bureau

Mr. Hoover was agreeable to the proposal of placing the Pensions Bureau under the NPA. When this transfer becomes an accomplished fact, then it should be placed as a section in the Compensation Bureau.

The measures as described will all serve to emphasize the responsibility of the NPA for these programs in conformity with the provisions of the National Public Service Law. This emphasis, in turn, will serve to pave the way for a smoother integration and coordination of their various features. It will enable future elimination of duplicate activities, which in turn will serve in the interests of economy.

Walter P. Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:rr

Civil Service Division
Government Section

24 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT : Accident Compensation Administration.

On 24 March 1949 discussed the above subject with Messrs. MacCoy, McSalter and Domanowski. Decided to transfer full control on policy to NPA with assignment of administration subject to NPA approval or withdrawal.

BLAINE HOOVER
Chief
Civil Service Division

BH;mw

Civil Service Division
Government Section

24 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT : Accident Compensation Administration.

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BLAINE HOOVER
Chief
Civil Service Division

BH;mw

CIVIL SERVICE DIVISION
Government Section

1) Mr. Hoover not underlined

23 March 1949 2) Files IV.3.

MEMORANDUM FOR THE RECORD

SUBJECT: Present Administration of Workmen's Accident Compensation Insurance

In a telephone conversation with Mr. D. Davis, Labor Division, ESS, it was indicated that there are at the present time somewhat under 2,000 employees in somewhat less than 200 offices dealing with the various phases of the accident compensation insurance program. The new budget will bring up the number of employees to approximately 2500. It is intended that these employees will perform their work through 336 offices. Were the governmental employees to be made part of this program, it would be unnecessary, at the present time, to increase either the size of the staff or the number of offices.

One of the activities which it is intended to expand is a closer check on the capability of an injured employee to return to work. A small scattering of physicians are now employed by these offices who check upon the medical features of accident cases and determine whether the treatment is taking a not unreasonable amount of time. In the event the employee is away from work a period of time in excess of what the nature of his injury demands, these physicians instigate an investigation. This feature has only recently been practiced. During the coming fiscal year, this activity will be greatly expanded.

On some of the medical phases of this program, Mr. Davis states that not only is a greater liaison with the public health and welfare desirable, but also active steps will be taken toward this end.

Mr. Davis inquired concerning the specific uses of the proposed monthly reports from the various offices to the NPA. These were discussed again. It was pointed out that they would be useful in determining whether cases should be reopened, as a check upon the efficacy with which governmental accident cases are being disposed of, and as a background for the inception of a safety program for governmental employees.

Walter P Domanowski

WALTER P. DOMANOWSKI
Classification Specialist

WPD:jb

25

Mr. Salter
files
IV-3

BILL CONCERNING accident COMPENSATION FOR GOVERNMENT EMPLOYEES TEMPORARILY PROVIDED FOR THE INTERIM PERIOD

Draft Prepared in October, 1947 by the Allowance Bureau, Ministry of Finance

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Chapter I GENERAL PROVISIONS

Article 1

(The purpose of the present law)

Compensation granted to government employees for the remuneration of their service shall he regulated for the time being by the present law except as provided by ~~the~~ other laws.

Article 2

(Definition of government employees)

Government employees in the present law shall be those who are employed by the Nation and receive their remunerations from the National Treasury.

Article 3

(Prohibition of illegal payment)

Compensations, whatever they have value monetary or proprietary shall not be, paid or issued to employees except as provided by the present law and other laws or orders issued thereunder.

Any compensation granted in violation of provision of the preseding paragraph shall be turned in, at joint liability of both recipient and those who take responsibility for the payment or issuance, back to the economy which has granted the compensation concerned. If the said compensation is made by anything other than cash and can not be returned back as they have been granted, the corresponding values shall be turned in back by cash.

Article 4

(Urgent measures taken temporarily to revise compensation range)

The compensation range may temporarily be revised by cabinet order only within a necessary limit, if regarded necessary

urgently

urgently to do, during the period the Diet is not on session, in view of meeting change of the cost of living and current wage scales.

The measure taken as provided in the preceding paragraph shall be approved in the following session.

The effect of the measure taken according to paragraph I of this article shall be expired for the future, in case where the Dietmdisapproves it.

Article 5

(Prescription)

The right to receive compensation having been exerted shall, by the statute of prescription, be expired in five years in case of annuity and compensation in lump sum as provided by article 63 and in two years in case of other grants respectively from the date that cause of the granting happens.

Article 6

(Exception applicable to special employees)

Exception to the provision of the present law may be established for the following employees by order in consideration of content of duty and responsibility of their position, phase of their service, current wage scales etc.

(1) Those not required to be in the full-time service:

(2) Those employed for the terms of contract of not exceeding six months:

(3) Those employed for day-to-day work:

(4) Those employed in the Service of Allied Forces for their demand:

(5) Those employed in the enterprise the expenses of which be wholly or partly appropriated from the Government public

public workes expenditure; and

(6) Those employed in the piece work or one contract of other sort.

Chapter II BASE PAY

Article 7

(Monthly amount of base pay)

Monthly amount of base pay for government employees appointed or attestated by the Emperor (hereinafter referred to as "attestee") shall be as prescribed in the annexed Table No. 1.

The monthly amount of base pay for government employees other than those established in the preceding paragraph shall be as prescribed in the annexed Table No. 2.

Article 8

The prime Miniter, respective Ministers, the Chief of the Supreme Court, the president of the Board of Audit, the Chairman of the National Personnel Commission of the Atterney General and those delegated by these Chiefs of Agencies shall decide for the employees under their jurisdiction grade of base pay to be received according to the Annexed Table No. 2 in consideration of their duty and responsiblity together with effective pursuance of their service and in compliance with rule regarding decision of initial salary, promotion and other base pay range.

The Minister of Finance shall establish the rule as above mentioned.

Article 9.

(Starting day to grant base pay)

Base pay shall be granted to newly appointed employees starting the month of the day when they are issued a statement of appointment. If government employees who have been separated from their service are again appointed government employees on the very day when they are separated, they shall be granted base pay starting from the day following the new appointement.

Government employees shall,in case of falling on one of the following cases, be changed amount of base pay starting on the very day when the cause concerned happens:

(1) pay grade is changed as result of promotion, demotion etc;

(2) temporary retirement (inclusive of corresponding case hereinafter referred to as the same) or reinstatement (inclusive of corresponding case hereinafter referred to as the same) is ordered; and

(3) amount of base pay is reduced as result of disciplinary punishment (inclusive of corresponding case - hereinafter referred to as the same) or duration of that reduction expires.

Article 10.

(Layoff pay reduction)

Base pay shall not be granted, exeept for the cases provided in Arts. 11 to 13, to government employees for the days during which the employees are absent from their service. The absence from service as mentioned in the preceding paragraph meant absence from service on days other than holiday, vacation instead of overtime allowance and annual vaction with pay.

Article 11

Base pay shall be granted in full to the employees when they are absent from their service under any cause in the following items:

(1) they are injured or taken ill on duty
(2) they are quarantined and isolated by the Infectious Disease Prevention Law.
(3) traffic are suspended owing to storm, flood, earthquake, fire, and the other disastrous happenings.
(4) they are ordered to appear themselves before the National Diet, court, or the other administrative agencies as witness, subpoena, or referee.
(5) they vote or carry out their duties as citizens.
(6) business or work of agency concerned is wholly or partially suspended by reason of its necessity.

Article 12.

In case where government employees are absent from their service due to injury or illness incurred other than on duty or female employees are given hygienic vacation, they shall be granted base pay at the rate as undermentioned.

i.e. Accumulated days laid off under same cause in previous one year are:

less than 15 days	100 percent of base pay
over 15 days to 180 days	60 percent of base pay
over 180 days	40 percent of base pay

Article 13.

In case where government employees are absent from their service due to one of the following causes, they shall be granted 80 percent of base pay during the term as undermentioned:

(1) they or their relatives who make same livelihood with them in our unexpected accident -------- 5 days:
(2) their spouse (including those who are in married relationship though officially not registered - hereinafter referred to as the same), their blood relatives of first and second degree and first degree marriage relatives ~~or their relatives~~ or their relatives who make same livelihood with them die -------- 5 days; and
(3) they themselves give birth to child.....period between six week before presumed day of childbirth and six week after childbirth.

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(2) they are quarantined and isolated by the Infectious Disease Prevention Law.
(3) traffic are suspended owing to storm, flood, earthquake, fire, and the other disastrous happenings.
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(2) their spouse (including those who are in married relationship though officially not registered - hereinafter referred to as the same), their blood relatives of first and second degree and first degree marriage relatives ~~or their relatives~~ or their relatives who make same livelihood with them die -------- 5 days; and
(3) they themselves give birth to child.....period between six week before presumed day of childbirth and six week after childbirth.

In case where the government employees are, under the cause as specified in the preceding second item required traveling to attend to the funeral rite or dispose of the family affairs in connection with the death, provided that the chief of agency to which they are attached authorizes it, the days deemed necessary as usual to that traveling may be added to the days as mentioned in the same item.

Article 14.

(Days ending to grant base pay)

Base pay for government employees shall be granted until the very day when they are separated from their duty or die.

Article 15.

(Base pay for the post separation service to handle same business left behind)

In case where government employees who have been ordered temporarily retirement or separated from their duty are specially assigned by the chief of agency to handle some business left behind or to hand them over to the other, they shall still be granted during that period the base pay which they have been ordered temporary retirement or separated from their duty.

Article 16.

(Pay day)

Base pay shall be granted once or more times for each month at the day as prescribed by order.

However, base pay may, in case of falling on one of the following cases be granted even before the pay day its part to be received by the day.

(1) government employees are separated from their duty or die;

(2) they request to receive base pay in order to cover expense necessary for marriage, funeral, childbirth, medical treatment or emergent happenings for themselves or their relatives who make same livelihood with them.

Article 17.

(Calculation of daily base pay)

The daily pay rate shall be 1/25 of monthly amount of base pay. In case where base pay is not granted according to provision of Article 10 or it is granted by provision of Article 9 and the preceding 12 to 16 Article, it shall be calculated on that daily base.

If there exist more than 26 days or less than 24 days except holidays in a month, method of calculation of daily pay rate for that month shall be otherwise established by order.

Chapter III FAMILY ALLOWANCE

Article 18.

(Coverage of personnel whom family allowance is granted to)

Family allowance shall be granted to government employees who have depending relative.
However, that attestees or those who are temporarily separated from their duty exclusive of ones corresponding to provision of Article 15 shall not be granted family allowance.

Article 19.

(Coverage of depending relative)

The depending relatives prescribed in the preceding article shall cover those who live together with government employees and maintain their living mainly upon their income, as mentioned in the following:

(1) their wife (including those who are in married relationship though officially not registered):

(2) their blood relatives of first and second degree and first degree marriage relatives who are younger than 18 years of age and elder than 60 years of age; and

(3) their blood relatives of first and second degree and first degree marriage relatives who are physically deficient.

Article 20.

(Rates of Family allowance)

Monthly

Monthly amount of family allowance shall be the amount which is obtained by multiplying 150 yen by the number of dependents the aptitude of whom is as prescribed in the Preceding paragraph.

Article 21.

(Report on depending relative)

Government employees shall be requested to report on their dependents immediately, if they fall on one of the following cases, to the chief of Agency to which they are attached.

(1) The newly appointed employees or those who are ordered reinstatement have depending relatives;

(2) They have newly their dependents who are ~~fit~~ to conditions as necessary to be their depending relative; and

(3) Their depending relatives lose conditions as necessary to be depending relative.

Article 22.

(Administrative measure to pay out family allowance)

Government employees shall be granted family allowance, revised its amount or suspended its issuance from the day when one of the facts as prescribed in the preceding Article happens.

However, in case of item 1 and 2 of the preceding Article, if the report on their depending relative is submitted after two weeks from the day ~~when~~ when the fact happens, the family allowance shall be issued or its amount be revised from the day when the report is accepted.

Article 23.

The provisions of arts. 9 to 17 shall be referred hereto concerning the payment of family allowance.

Chapter IV.

Chapter IV. Areal Allowance

Article 24.

(Coverage of personnel whom areal allowance is granted to)

Areal allowance shall be granted to government employees living in areas where the level of cost of living is extraordinary high corresponding to the level of cost of lvihg therein, excluding those who are temporarily suspended from their duty (exclusive of ones as prescribed in Article 15.)

Article 25.

(Rates of areal allowance)

Rates of areal allowance shall be established at the rates of 10 to 60 percent of the monthly total of base pay and family allowance.

Article 26.

(Decision of the area and rate of areal allowance)

Area where the level of cost of living is extraordinary high and rate of areal allowance to be paid thereto shall be established by order.

Article 27.

(Administrative measures to pay out areal allowance)

Article 9 to 17 shall be referred hereto concerning the payment of the areal allowance.

Chapter V Allowances Granted Overtime Service

Article 28.

(Overtime allowance)

In case where government employees carry out their duty longer than the specified standard work hours or they serve on holiday by direction of the chief of agency to which they are attached, they shall be granted overtime allowance the amount of which shall be obtained by multiplying their hourly amount of compensation for regular work hours by the rates prescribed by order within the limit of 125 to 150 percent, provided, however, that those specified by order shall not be granted it.

The hourly amount of compensation for regular work hours prescribed in the preceding paragraph shall be 1/25 of the sum total of the monthly amounts of the following compensations divided by 8 hours in case of those applicable to the provision of Article 39 or by the number of the hours specified by order in case of those applicable to proviso of the same Article.

(1) monthly amount of base pay;

(2) amount obtained by multiplying the monthly amount of base pay by the specified rate of areal allowance or remote area allowance for those who receive areal allowance or remote area allowance; and

(3) monthly amount of special work allowance for those who receive special work allowance specified by order.

Article 29.

(Standard Work Hour)

The Standard work hour prescribed in the paragraph 1 of the preceding article shall be 8 hours per day. However, the standard work hours applicable to those who carry out the duty specified by order shall be otherwise established by order.

Article 30.

(Midnight Allowance)

Government employees, if they serve from 10:00 p.m. to 5:00 a.m. by direction of the chief of agency to which they are attached shall be granted midnight allowance the amount of which shall be obtained by multiplying their hourly amount of compensation for regular work hours as provided for in paragraph 2, Article 28 by the rates prescribed by order within the limit of 25 to 50 percent.

In case where they serve longer than the standard work hour, or serve on holidays by direction of chief of agency to which they are attached and their service hours extend from 10:00 p.m. to 5:00 a.m. midnight allowance as prescribed in the preceding paragraph shall be granted in addition to overtime allowance as prescribed in Article 28 for the service at that hours.

Article 31.

(Day-duty allowance)

Government employees shall, if they serve day-duty on holiday while not carrying out their proper duty by direction of the Chief of Agency to which they are attached be granted day-duty allowance amount of which shall be established by order within the limit of 50 yen to 80 yen per once.

Article 32.

(Night-duty allowance)

Government employees, shall, if they serve night-duty while not carrying out their proper duty by direction of the Chief of Agency to which they are attached shall be granted night-duty allowance amount of which shall be established by order within the limit of 40 yen to 60 yen per once.

Article 33.

(Calculation of work hour)

In calculating work hour pertaining to of overtime allowance and midnight allowance,

length

length of time in excess of 30 minutes shall be regarded one hour and the time below 30 minutes shall be cut off.

Article 34

(Vacation instead of overtime allowance)

Government employees who have right to receive overtime allowance may request vacation instead of receiving overtime allowance to the chief of agency to which they are attached.

The chief of agency concerned shall, if requested vacation instead of overtime allowance by the employees according to the preceding paragraph give the said vacation in compliance with order at the time when usual activity of the office is not checked.

The employees shall be granted the compensation to be received as usual during the vacation instead of overtime allowance.

Chapter VI Annual vacation with pay

Article 35

(Number of days under annual vacation with pay)

Government employees who have been in service continuously for one year and present in office more than 80 percent of the total established service days in a year shall be granted 6 days of annual vacation with pay during one year following the said one year.

In case where government employees have served more than two years, annual vacation with pay which 2 days per year shall be added to those as prescribed in the preceding paragraph up to five service years shall be granted to them. For the service made in excess of five years, additional one day of vacation per year shall be granted for the respective years. However the total number of annual vacation with pay shall be up to 25 days even though the total might exceed 25 days.

Days

Days laid off as prescribed in each of the items of article 11 and article 13 and also days under vacation instead of overtime allowance and annual vacation with pay shall be regarded those actually served so far as calculation of service days as specified by the preceding paragraph is concerned.

Art. 36

(Time of annual vacation with pay)

The chief of agency under whom government employees are in service shall designate when be appropriate to grant them, annual vacation with pay at their request without checking the regular activity of the office.

Art. 37

(Payment during vacation with pay)

Government employees shall be granted the compensation to be received as usual during the annual vacation with pay.

In case where Government employees who has aptitude to be granted annual vacation with pay have not had the whole or a part of the vacation during one year as prescribed in paragraph 1, Article 35, they shall, at the expiry of one year concerned, be granted beside the usual compensations the allowance amount of which is obtained by multiplying 1/25 of the sum total of monthly amount of base pay, family allowance, areal allowance and allowance established by order by the number of days when they have not had the vacation. The preceding paragraph shall be applied correspondingly to the case where government employees are separated from their duty or die without having had the whole or a part of the vacation.

Chapter ~~VIII~~ VII Special ~~Seperation~~ Allowance

Art. 38.

(Special service allowance)

Government employees may be granted special service allowance, if they

carry

carry out the special services established in following, the compensations of which particular consideration is regarded necessary to be made. The amount of the said allowance shall be up to 50 percent of base pay granted corresponding to the characteristic of service for the period they are engaged in special services.

(1) Service that is considered possibly to peril their physique or their life, or to make injurious effect on their health.

(2) Service accompanies considerable discomfort or exhaustion .

(3) Special service additionally assigned to their proper duties.

(4) Service necessitated particular technicality

(5) Service of cash-handling

(6) In addition to services designated in the foregoing items, service for which special compensations be granted in order to maintain efficiency.

Art. 39.

(Secluded or remote area allowance)

Public servants who carry out their duties in island or the other specified areas where transportation difficulties are significant, may be granted the secluded area allowance, the amount of which shall be 10 to 30 percent of the total of base pay and family allowance.

Assignment of the said area and rate of the allowance to be granted thereto shall be established by order.

Art. 40.

(Housing Allowance)

Government employees if restricted to live in certain specified locality being necessitated in order to carry out their duties for the public and yet not provided official housing, may be granted housing allowance the amount of which shall be 50 to 200 yen. The coverage of personnels who shall be granted the allowance prescribed by the preceding paragraph and its amount shall be established by order.

Chapter VIII SEPARATION ALLOWANCE

Article 41.

(Coverage of Personnels entitled to separation allowance)

Separation allowance shall be granted to government employees if they are separated from their duty or to their bereaved family if they die.

Separation allowance shall not be granted to government employees if coming under any of the following categories. However, the said allowance shall be granted to the employees who are sentenced, though they come under item 2, not to heavier punishment than confinedent.

(1) persons who are relieved out of their post owing to disciplinary punishment or similar cause; and

(2) those who are prosecuted on criminal case.

Article 42.

(Regular Separation Allowance)

Those who are separated after their service of longer than ten years shall be granted the separation allowance the amount of which shall be 100 percent of the total of the amounts computed by the way as prescribed in the following items:

(1) for the services up to five years, 50 percent of their monthly base pay at the time of the separation per one year of service,

(2) for the services of 5 to 10 years, 55 percent of their monthly base pay at the time of the separation per one year of service,

(3) for the services of 10 to 15 years, 60 percent of their monthly base pay at the time of the separation per one year of service,

(4) for the services of 15 to 25 years, 65 percent of their monthly base pay at the time of the separation per one year of service,

(5) for the services in excess of 25 years, 60 percent of their monthly base pay at the time of the separation per one year of service.

Those who are separated after their service up to 10 years shall be granted the separation allowance the amount of which shall be 50 percent of the total of amounts computed by the way as prescribed in the preceding item 1 and 2.

Figures under one year in the calculation of service years as provided for in the preceding two paragraphs shall be cut off.

Article 43.

(Separation Allowance specifically granted)

Government employees, if coming under any of the following categories shall be granted separation allowance the amount of which shall be obtained by multiplying the total of the amounts computed under the provisions of the preceding article, paragraph 1 by ratio as prescribed in the following items. However, if the said amount is less than the amount for one month and a half of base pay at the time of their separation it shall be the amount for one month and a half of base pay.

(1) 200 percent for those who are separated from their service on account of the abolition of their position or agency they are in service, or of reduction of forces;

(2) 150 percent for those separated from their service after physically deficient on account of injury or illness at degree of inability to be reappointed; and

(3) 130 percent for those separated from their service on account of injury or illness which is not so serious as above.

Article 44.

Separation allowance granted to government employees who died during the service shall be the total of 4 months base pay at the time of their death and amount obtained by multiplying the total sum computed by the way as prescribed in provision of article 42, paragraph 1 by ratio of 150 percent (the amount which is less than the amount for one month and a half of base pay at the time of their death whall be amount for one month and $\frac{4}{1}$ half of base pay).

Article 45.

The bereaved family as prescribed in Article 41, paragraph 1 covers the persons as mentioned below.

(1) consort of the government employees;

(2) their children, parent, grandchildren and grandparent who make same livelihood with them; and

(3) other relatives who maintain their living mainly upon the income of the employees at the time of their death.

Order of the bereaved family referred to the preceding paragraph shall be the same as established in the order of the preceding paragraph. However, as to parent referred to item 2 their adoptive parent shall have priority to their own parent; parent of their adoptive parent to parent of their own parent; and adoptive parent of their parent to real parent of their parent.

Article 46.

In the case where the amount of separation allowance issuable to employees who are separated from their duty after a period of longer than 6 months in service for the reasons mentioned in each item of Article 43 is less than 180 days' of the unemployment insurance sum which is computed under the provisions of paragraphs 3 to 5 of Article 17 of the Unemployment Insurance Law wherein the basic figure on which to find out unemployment insured sum for them as prescribed in Paragraph 1 or 2 of the same Article is represented by one-thirtieth of the monthly amount of their compensation at the time of their separation, the balance shall be paid to them as separation allowance.

In the case where the amount of separation allowance issuable to employees who are separated from their duty after a period of longer than 6 month in service for the reasons not found in each item of Article 43 is less than a sum corresponding to 60 days' of the unemployment insurance sum issuable to them, the balance may be paid to them as separation allowance effective from the date one month after the separation, so far as they remain unemployed.

The phrase "unemployed" in the preceding paragraph is synonymous with the term "unemployment" stated in Article 3 of the Unemployment Insurance Law.

Article 47.

When employees thus paid separation allowance under the preceding article re-enter into employment with the Government within 180 days (or 60 days in case of Paragraph 2 of the preceding article) counted from the day following that on which separation takes place previously, they must repay to the National Treasury the

separation allowance they already received up to the amount that will be obtained by multiplying 1/180 (or 1/60 in case of Paragraph 2 of the preceding article) of the separation allowance by 180 days (or 60 day in case of the same) deducted by appropriate number of days between the day following that of separation and the one preceding that they restored employment.

Article 48.

Rules for computation of the length of service in Article 42 and Article 46 shall be provided for by Order.

Chapter IX ACCIDENT COMPENSATION IN THE PUBLIC SERVICE

Article 49 — 67

(incorporated into draft of Bill concerning National Public Service Accident Compensation).

Chapter X MUTUAL AID ASSOCIATION

Article 68 — 84

(incorporated into Law concerning National Public Service Mutual Aid Association, Law No. 69 of 1948).

Chapter XI REVIEW BOARD FOR GRIEVANCE ON ACCIDENT COMPENSATIONS AND MUTUAL AID BENEFIT

Article 85 — 92

(regulations regarding Review Board for grievance on Accident Compensation is planned to be incorporated into cabinet order and ones for Mutual Aid Benefit was incorporated into Cabinet Order concernining Appeal Board of Mutual Aid Association, Cabinet Order No. 235 of 1948).

Chapter XII Miscellaneous Provisions

Article 93.

(Supply of clothes, etc.)

Clothes and its accessary articles shall according to provision of order be

lent or provided to Government employees who are recognized necessary to receive that sort of supplies in order to carry out their duty. However, allowance substituting for the whole or part of these goods may be granted to them.

Article 94.

(Official quarter)

The official quarter may be lent to government employees who are recognized necessary and specified by order to reside therein in order to carry out their duty.

Article 95.

(Travelling expenses)

Travelling expenses shall be paid, as established by order to government employees who travel on duty.

Government employees who fall upon any of undermentioned categories may be paid travelling expenses according to order.

(1) those to be newly appointed are ordered to proceed to their new post;

(2) those as specified by provision of Article 15 are dispatched anywhere;

(3) those who happen to be separated from their duty on the way of travelling make return travelling to their previous post;

(4) those who are separated from their duty return to their home;

(5) bereaved family of those who die on the way of travelling is necessitated to make travelling in connection with their death;

(6) bereaved family of those who die during the period of service return to their home.

Article 96.

In case where government employees incur serious injury in pursuit of their duty or die as its result they may be granted consolation grant amount of which shall not exceed one thousand yen in the former case or three thousand yen in the latter case.

← Article 97.

(Compensations granted to government employees who concurrently occupy their position in the Diet)

Base pay, family allowance, and areal allowance granted to government employees who concurrently occupy their positions in Diet shall not be granted within the limit of the total sum of annual grant and special allowances granted to Diet members.

In case where monthly amount of base pay granted to government employees who concurrently occupy their positions in Diet exceed the total of annual grant and special allowance granted to Diet members, the exceeding amount shall be regarded as the monthly amount of base pay which constitutes the base pay of calculation of separation allowance payable to them.

Provision of Article 46 is not applicable to government employees being concurrently Diet members.

Article 98.

(Special exemption for seamen)

For Government employees who are seamen (as specified in the Maritime Service Law Article 1), in case where there exist in the regulation of Chapter I to IV of the present Law the provisions which contradict to the regulation of the Maritime Service Law or there lacks in the present Law the provisions which correspond to the regulation of the Maritime Service Law regarding compensation, the regulation covering such provisions shall be otherwise established by order in compliance with the purport of the Maritime Service Law.

Article 99.

(Authority to receive information and to make investigation)

The Minister of Finance may, within the limit necessary for enforcing the present law, receive informations from the Ministries and Agencies concerned or Workers' Unions and make investigation thereat.

Article 100.

(Administering the Present Law)

Enforcement of the present Law shall be empowered to the Minister of Finance excluding the case specified by other provisions in the Present Law.

The affairs to be managed by the Minister of Finance according to the preceding paragraph shall be dealt with by the Allowance Bureau of the Finance Ministry.

Chapter XIII SUPPLEMENTARY PROVISIONS

Article 1.

(Date of enforcement)

The present Law shall enter into force on the very day of its promulgation.

However, the provisions in Chapter I to III and Article 3 and 4 of Supplementary Provisions (exclusive of provisions dealing with overtime allowance and accident compensation) shall be applied to the compensation cause of whose issuance happens on and after January 1, 1948.

Article 2.

(Particular Provision concerning report on depending family)

In case where Government employees who have been granted provisional family allowance as specified by the prevailing regulation at the time of enforcement of the present Law have reported on their depending relative to the chief of agency to which they are attached, the said report shall be regarded as one submitted on January 1, 1948 in compliance with the provision of Article 21.

Article 3.

(Particular provision concerning compensation granted to government employees abroad)

Compensation granted until their return to homeland to government employees who are abroad at the time of enforcement of the present Law, shall, regardless of other provisions in the present Law but within the limit of the amount of same sort of compensations established by the present Law, be regulated by order.

Article 4.

(Treatment of Local Public Employees)

The provision of the present Law shall be correspondingly applied to the employees as specified by Article 7 and 8 of Local Authonomy Law, Supplementary Provisions (except those who are paid by the National Treasury).

Article 5.

(Treatment of the prevailing Mutual Aid Association) ---- Omitted.

Article 6.

(Treatment of compensation to be granted before enforcing the present Law)

Compensation, cause of whose issuance happens before enforcement or application of the present Law shall be dealt with as before.

Article 7.

(Abolition of Law and Ordinances)

The following Law and ordinances shall be abolished.

Law No. 30 of 1900 (Law concerning Allowances granted to those who are on duty in Anti-Contagious Disease Services), etc.

CIVIL SERVICE DIVISION
Government Section

16 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Cost of Accident Compensation Benefits

The Classification Specialist telephoned Mr. D. Davis, Labor Division, ESS, to make an inquiry concerning the present cost of the accident compensation program for industrial employees. Mr. Davis did not have available the annual cost of this program; neither, at this time, did he have any data concerning the average monthly cost. However, he stated that the total cost of accident compensation benefits during the entire month of December amounted to ¥273,000,000.

The number of employees covered by the industrial accident compensation program is 6,000,000. The approximate number of employees working for the national government who would be covered by this program is about 2,000,000. On a proportionate basis, using the December figures, the monthly cost of accident compensation to government employees should be in the whereabouts of ¥90,000,000.

Mr. Davis stated that, in his opinion, such an amount should be more than adequate in view of the fact that government employment probably would not offer hazard to the extent which could be found in private employment.

This figure of ¥90,000,000 does not represent the true cost to the government. At the present time, there are approximately 900,000 employees who receive comparable benefits under the government pension system. Also, some employees who are not under this system receive benefits under the mutual aid association program on the pretext that their accidents or illnesses are non-occupational. In view of the fact that officials do not ordinarily perform the most hazardous assignments and that as a consequence there are fewer accidents and occupational illnesses among them as compared to the operating employees, it would not be unreasonable to assume that there should be a saving of approximately ¥30,000,000 each month were the corresponding features to be eliminated from the pension system and the mutual aid association program. The net cost to the government then should amount to approximately ¥60,000,000 each month. Over and above that, additional appropriations would be required to cover the increased administrative costs in the carrying out of the total overall accident compensation program. This additional cost should probably not exceed 10 per cent of the present appropriation.

WALTER DOMANOWSKI
Classification Specialist

WD:jd

CIVIL SERVICE DIVISION
Government Section

11 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Informal Conference with Mr. D. Davis Concerning Accident Compensation

The Classification Specialist met Mr. Davis accidentally during the lunch period. He informed Mr. Davis that a memorandum had been submitted on the previous day to Mr. Hoover, and inquired whether Mr. Davis had submitted a corresponding memorandum to Mr. Heppler, Chief of the Labor Division, ESS. Mr. Davis stated that, in view of his illness during this particular week, he had not yet been able to prepare and submit such memorandum.

WALTER P. DOMANOWSKI
Classification Specialist

WPD: jb

CIVIL SERVICE DIVISION
Government Section

8 March 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference with Mr. Kobayashi of the Central Liaison and Coordination Office Concerning the Ministry of Finance Proposed Bill on Accident Compensation for Government Employees

1. A memorandum addressed to the specialist from Mr. Salter indicated that there was a likelihood of submission of the Ministry of Finance proposed bill on accident compensation during the coming session of the Diet. The specialist, accordingly, was requested to make contact with Mr. Kobayashi from whom this information had been derived.

2. During the conference, Mr. Kobayashi stated that his information had been misinterpreted. Primarily, he had stated that the Finance Ministry wished to push the bill through in the event nothing else was being proposed. He was informed that the Ministry of Finance people, among them Mr. Nakao, had been informed that no bill concerning this matter was to be submitted to the Diet without prior approval by the Government Section and the Civil Service Division. Mr. Kobayashi affirmed that action on any bill concerned with accident compensation would be deferred until such approval had been obtained.

3. Mr. Kobayashi inquired whether the proposals of the Ministry of Finance concerning accident compensation for government employees would be approved. He was informed that there was a likelihood that such bill would not be given approval. Consequently, it would be necessary to wait until the matter had been fully explored by the National Personnel Authority. In the event the Ministry of Finance proposals were not to be approved, Mr. Kobayashi inquired whether governmental employees might not be made subject to the provisions concerning industrial employees as indicated under the Workmen's Accident Compensation Insurance Law. He was informed that there was a likelihood of such being the case.

4. A discussion was held concerning the relationship of the government employees to the total working population, and the relationship of the government employees to the entire people of the country. The concepts concerning such relationships were explored and presented to Mr. Kobayashi, utilizing such relationships in the States as examples.

5. During this conference, Mr. Kobayashi also stated that accident compensation for government employees was on the agenda of the Diet.

WALTER DOMANOWSKI
Classification Specialist

WD:rj

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CIVIL SERVICE DIVISION
Government Section

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4 March 1949

MEMORANDUM FOR: Mr.Blaine Hoover, Chief, Civil Service Division

SUBJECT : Project B-31 on Accident Compensation Administration for Governmental Employees

WS

This memorandum is in response to your memorandum of 11 February 1949 to Mr. MacDonald Salter, Chief of the Classification and Compensation Branch.

Additional conferences have been held with Mr. Dudley Davis, Labor Division, ESS, on the possibility of close coordination between accident compensation administration for government and industrial employees. As a consequence of these conferences, an understanding concerning various points of administration has been reached as follows:

1. The basic benefits provided for in the Accident Compensation Insurance Program should be the same for government and industrial employees, in conformity with the principle that government workers are part of the total working population and should not receive preferential treatment over employees in private industry.

a. Accident compensation benefits received by government employees can be supplemented by sick and annual leave as provided for, at some future date, by the rules of the National Personnel Authority.

b. If this be desired in the rules of the National Personnel Authority, the basic law on accident compensation can be revised in anticipation of such rules to state that, when benefits are supplemented to the extent that an employee obtains his full salary, or as much as ninety percent of his normal wage, then his total income shall be subject to his usual deductions. This particular point is desirable in the event a program be developed to provide retirement rights through a Pension Plan and other security benefits through an effective Mutual Aid Association Program. It would enable a government employee to retain continuity of his interests in such programs. At the same time, the National Treasury could continue to receive an income which now is often interrupted in accident compensation cases. Mr. Davis favors such revision in view of the fact that, in private employment, particularly in the mining industry, accident compensation benefits are sometimes supplemented by direct grants from employers.

2. The accident compensation benefits for government employees should be paid from a fund completely separate from that used for employees in private industry. This particular point will result in keeping the government from bearing too large a burden of contribution to the total

program. Accounting and payroll procedures in private industry are in such a confused state that it is extremely difficult to check the degree of accuracy in the contributions by employers to the Accident Compensation Program.

3. The current administrative machinery developed in connection with the present accident insurance program may be used both for governmental and industrial employees. The Workmen's Compensation Section of the Labor Ministry has already evolved a field organization capable of investigating and paying claims according to accident insurance standards and regulations. Its extent is described in a memorandum submitted by Mr. Davis to this staff, a copy of which is attached to this report. The use of this organization would maintain a standardization of and a consistency in the accident insurance procedures. The government now carries the full administrative cost of this compensation program. Adding governmental workers to this program would require a moderate increase in the appropriation to meet this cost. On the other hand, the development of a parallel program would result in an excessively costly duplication.

4. The National Personnel Authority could review all cases involving government employees through continuous monthly reports. Thus, the National Personnel Authority would have every opportunity to stimulate reopening of cases wherever a government employee might not receive proper benefits. On this point, it was agreed that the NPA could stimulate the reopening of such cases by making direct contact with and stating its opinions to the local offices concerned. These offices could then contact the employees, explain their rights to them, and point out the differing points of view without referring to their source. At the same time, their right of appeal would be fully explained. On each individual case, the outcome could be reported back by the specific field office concerned. This particular procedure appears desirable in order to conform with the policy of the Workmen's Compensation Section to encourage individual employees to initiate actions on their own behalf. Such initiative now appears greatly lacking in view of the very infrequent use of appeal procedures.

5. The National Personnel Authority could review all actions on Government workers, which the Workmen's Accident Compensation field offices might take, through the media of monthly reports. This would not only enable the NPA to determine whether to stimulate the reopening of any specific case, but to conduct a continuous statistical study concerning occupational accidents and illnesses among government employees. Such study would be extremely useful in forming safety standards and in developing any safety program which may be desirable at some future date.

6. The same primary appeals procedure would be used both for the governmental and the industrial employee. Present decisions on primary appeals are incorporated into formal reports. In all cases involving governmental employees, a copy of the reports would be submitted to the National Personnel Authority.

7. In order that the National Personnel Authority can maintain control over an accident compensation program where government employees are concerned, the composition of the Central Appeal Board would be altered to hear appeals involving government cases. This Appeal Board now consists of three representatives of employers, three employee representatives, and three representatives of the public at large. On government cases, it is suggested that three representatives of government management, including one staff member of the NPA, be substituted for the three employer members. Moreover, it was agreed that the nature of the employee representation be changed so that every year or every two years one appointment would expire, and one new selection could be made. The first three employee members would have staggered terms, with those selected for the shortest and longest periods of service to be chosen from among industrial employees, and the third, from among governmental employees. Thereafter, at the expiration of any one term, an industrial employee would be replaced by a governmental one, and vice versa. Thus, at regularly alternating intervals, there would be one governmental, two industrial employees, then one industrial and two governmental. The public representation could remain constant for both types of cases.

8. It was further agreed that the National Personnel Authority should participate in policy determinations affecting the over-all accident insurance program. Toward this end, a representative of the National Personnel Authority, preferably the Vice Director General, could be made a member of the Advisory Committee on Workmen's Compensation.

9. The NPA would be free to develop and maintain central records concerning cases involving government employees. Forms for processing the claims of government employees could be prepared in duplicate or triplicate, and a copy of each original could be sent to the NPA at the same time that the monthly reports would be sent. The various field office would file governmental claims and cases separately from industrial ones. Although the forms for both types of claims should be identical, to assist in a separate maintenance of records, the forms specifically for government employees could be printed on paper of contrasting color. If this should be impracticable, then a wide contrasting band of color could be surcharged all around the edges of the various forms used.

10. The program, as outlined in the preceding, can be carried out, so that it need in no way conflict with an expanded and integrated program of social security for governmental employees, including retirement and health benefits.

11. Under these proposals, in the event of occupational injury or illness, the governmental employee would be entitled to the following benefits:

a. Medical care in all types of occupational injury and illness
b. Burial benefits in case of death due to occupational injury or illness

c. Benefits to survivors in cases of death due to occupational injury or illness
d. Compensation benefits for occupationally acquired disabilities of permanent nature
e. Wage loss compensation up to six years.

12. Approximately 900,000 officials now receive accident compensation benefits under the present Government Pension System. If the preceding suggestions were to be adopted, then officials would receive a preferential treatment in accident compensation cases unless legislative measures were to be taken to eliminate these extra features of the Pension System. Should Governmental employees be placed under the present accident compensation program, then simultaneous measures should be taken to eliminate the corresponding features in the present system of pension. This step is especially desirable if a new pension plan, based on actuarial principles, is to be contemplated as part of an integrated social security program for governmental employees. Present benefits available to the 900,000 employees, which in essence duplicate the Accident Compensation System, are as follows:

a. Compensation benefits for occupationally acquired disabilities of permanent nature.
b. Benefits to survivors in cases of death due to occupational injury or illness.
c. Wage loss compensation for indefinite periods (temporary retirement)

13. Governmental Seamen who are not officials receive accident compensation benefits through the Seamen's Insurance Plan. This employee group presents several other problems. It is suggested that governmental seamen be excluded from the outlined accident compensation program for the time being until the basic problem of their relationship to a general social security program for government employees be fully evaluated. At some future date, it may be necessary to make a final decision whether this group should be primarily treated as government employees or seamen.

14. The program on accident compensation, as outlined, would enable employees of lower governmental units, such as prefectures, municipalities, and the like, to be included. If this should be done, the arrangements should be made for financial contribution by these units of government. At the same time, some preliminary thought should be given on the extent to which such employees should participate in the over-all social security plan.

Mr. Davis will prepare a corresponding memorandum concerning these various points which will be submitted to Mr. Hepler, Chief of the Labor Division, ESS.

As soon as concurring approval has been obtained from the chiefs of the two divisions engaged upon this problem, Mr. Davis is prepared to

request the chief of the Workmen's Compensation Section of the Ministry of Labor to call on the National Personnel Authority to collaborate in writing or revising necessary legislation so that both government and industrial employees can come under a coordinated program of accident insurance.

WALTER P. DOMANOWSKI
Classification Specialist

WPD:rj

Attachment

DDD/ej
17 Feb 49

MEMO FOR RECORD:

SUBJECT: Workmen's Compensation Insurance

1. The Workmen's Accident Compensation Insurance Law was passed in the summer of 1947 and became effective 1 Sept. 1947. It was an entirely new law, based on Occupation policy, which set up a system quite different from any which existed in Japan previously.

2. The Labor Standards Law was passed at the same time, and the two laws were coordinated. Provisions were written into Labor Standards Law establishing an employer liability system of Workmen's Compensation with provision that any employer who was covered by Workmen's Compensation Insurance should be exempt from paying the benefits described. The benefits in the two laws are the same. Labor Standards Law covers all employers, whereas Workmen's Compensation is compulsory only for employers in more or less hazardous industries. Workmen's Compensation is organizationally a section in the Labor Standards Bureau of the Labor Ministry. This form of organization was adopted because of the need for close coordination between Workmen's Compensation and the safety and sanitation work of the Labor Standard Bureau.

3. Workmen's Compensation Insurance is compulsory for all employers with five or more workers in mining, manufacturing and transportation. It is compulsory for employers with one or more workers in construction and forestry which are considered to be extra hazardous. In addition, it is compulsory for employers with less than five workers in establishments which use power machinery.

4. The number of workers covered is now about 6,000,000, and the number of employers about 200,000. The number of employers covered has increased steadily due to the fact that at the beginning, the program was actually effective only for large and middle-sized employers. During the past year the number of employers covered has doubled with, however, only a comparatively small increase in the number of workers covered. Coverage includes more than 6,000 employers who are not required to join because of being non-hazardous industries, but have joined voluntarily.

5. Insurance premiums are divided into six grades for six groups of industries in accordance with the occupational hazards. Premium is a percentage of pay roll and varies from a low of .3% to a high of 4.4%. Generally speaking, the program has received a ready welcome from employers. However, there has been the inevitable Japanese problemof delay in paying the premiums and, especially on the part of small employers, outright failure to comply with the law. During the fall of 1948 this problem became serious, and a special drive was conducted in October which resulted in attachment of property of 1,316 employers and the wiping-out of nearly all of the delinquency. December figures show that there were 20,000 employers in default during the month. However, collections were made from 10,000 of these, and only a few cases were in default for a period longer than two months. The number in default for a period longer than four months was 471. In spite of many difficulties, it is believed that Workmen's Compensation Insurance has the best record of any agency in Japan for tax collection.

6. Coverage of Workmen's Compensation is complete so far as disability is concerned. No distinction is made between occupational accidents and occupational diseases. Any disability caused "on duty" is compensable. Complete medical aid is provided forup to three years, and a wage loss compensation of 60% of workers' latest wage is also paid for up to three years. At the end of three years, the Insurance agency has the alternative of continuing pay for the medical aid and wage loss compensation or of making a grant of approximately four years' wages in lieu of all other benefits. In addition, compensation is paid for permanent disability in accordance with the degree of severity of the disability. Benefits range from about six weeks' wages up to about four years' wages. In case of death, a benefit amounting to about three years' wage (1,000 day average wage) is granted and, in addition, a grant for burial expenses of two months' wages. Under the terms of the law benefits may be paid periodically over a period of time up to six years. However, in actual practice due to the inflation benefits have been paid as lump sums. It is anticipated that with an increasingly effective stabilization program, lump sum payments will be discontinued.

7. The right of appeal is guaranteed. The first organ of appeal is a referee; the referee appeals may be carried to an appeal board, and from the appeal board to the courts. Relatively little use has been made to date of this right.

8. During the first fiscal year of operations the Workmen's Compensation Section had only 46 field offices, one in each prefecture. Under these circumstances direct contact between the office and the workers was very difficult, and most benefit payments were paid to the employer who then paid the worker. Arrangements for medical care were also made by the employer. This system was in accord with Japanese paternalistic traditions. However, it resulted in a good many evil practices, including collusion between employers and workers to defraud the insurance. During the 1948-1949 fiscal year approximately 900 additional personnel were added to the agency, and 126 branch offices were established. These offices were located on the same premises with local Labor Standards Inspection Offices. During the next fiscal year, starting 1 April, it is hoped to get sufficient additional personnel to establish branch offices in 346 Labor Standards Inspection offices thus giving complete coverage. When this is achieved, benefit payments will no longer be made out of the prefectural offices. The prefectural offices will be restricted to supervising the local offices and collecting premiums.

9. The system of direct payment of benefits to workers instead of indirect payment through the employer is already effective in nearly all cases, but is has strained the personnel resources of the section to the limit. There is serious need for additional personnel to make possible closer contact between disabled workers and the office. It is also hoped to get additional personnel badly needed to check employers' payroll reports and to search out employers liable under thelaw who have not yet joined the insurance.

10. During 1948 a system of national office supervision was set up. Seven national supervisors have been appointed, each one responsible for supervision

of about six prefectures and for liaison between the prefectural national offices. This system is not yet genuinely effective, but promises to improve. Another important administrative project now in the mill is a Manual of Procedures organized on a logical basis. It is hoped that if directions can be organized in a manual, local office operations can be better controlled and supervised by the national office.

CIVIL SERVICE DIVISION
Government Section

3 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Mr. D. Davis, Labor Division, ESS
Concerning Accident Compensation

A conference was held with Mr. Davis during which a variety of points were discussed. Certain proposals made by the Specialist to Mr. Davis apparently were not fully in accord with some of his thinking. These thoughts were outlined and counterproposals were made which were highly satisfactory. As a consequence of this meeting all details concerning an accident compensation program for governmental employees coordinated with one for industrial employees were fully developed with no remaining points of disagreement or dissidence.

The details concerning the points agreed upon will be developed in a subsequent memorandum. This memorandum will be submitted to indicate the findings in connection with this particular project.

Walter L. Domanowski

WALTER DOMANOWSKI
Classification Specialist

WD:jd

THE LABOR LETTER

of

LABOR DIVISION

ECONOMIC AND SCIENTIFIC SECTION

Received 3-23-49

VOLUME II NUMBER 6 28 FEBRUARY 1949

WORKMEN'S COMPENSATION INSURANCE
December 1948

Number employers covered	198,889
Number workers covered	Unknown
Preimium payments	¥ 261,970,338
Number receiving benefits for first time 2/	41,942
Number of workers drawing benefits 2/	55,785
Benefit payments	¥ 270,379,719
Number of appeals	5

2/ Includes cases not reported in November.

SOURCE: Ministry of Labor

CIVIL SERVICE DIVISION
Government Section

18 February 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference Concerning Accident Compensation for Government Employees

This conference was held in the afternoon of February 18, 1949. Present at the conference were Mr. Nakao, Chief of the Third Section of the Allowance Bureau, Ministry of Finance; Mr. Watanabe, also of the Ministry of Finance; Mr. Noda of the NPA; and Mr. Domanowski of the Civil Service Division. This conference was later joined by Mr. Hasumi, Chief of the Wage Section of the Compensation Bureau, NPA. The discussion during this conference was confined mainly to the drafted legislation proposed by the Allowance Bureau concerning accident compensation for government workers. It was suggested that these matters be placed before the attention of the NPA and that there be an interchange of ideas between the staffs of the two agencies.

It was pointed out to Messrs. Nakao and Watanabe that, by law, NPA has a fundamental responsibility concerning the administration and the recommended legislation of accident compensation for government workers. In this connection, Articles 93 to 95 of the NPSL were cited. The two representatives of the Finance Ministry referred to Japanese copies of this law and read the articles. The reading of these articles and the interpretation placed upon them by the classification specialist brought considerable consternation in their behavior. They stated that the articles in question did not seem to prohibit any other agency from making recommendation concerning these matters. This was admitted, but at the same time it was pointed out that the final responsibility for these functions, in accordance with the law, had to rest with the NPA, nor could this responsibility be usurped by any other agency. This then brought a comment from the representatives of the Finance Ministry that their interpretation had been derived directly from an interpretation placed upon these articles by Mr. Peterson of the Civil Service staff. The classification specialist commented that any interpretation derived from Mr. Peterson in this connection was probably a confusion as to the explicit meaning of his statements.

A check with Mr. Peterson concerning this particular problem indicated that he had stated that other individuals and agencies would have the right to make recommendations concerning a specific problem, such as accident compensation, but that the responsibility for this program was vested by law with the NPA. Apparently the people in the Finance Ministry had lost sight of the latter portion of his interpretation. A brief interview with Mr. Peterson apart from this main conference, indicated that the proposed legislation in question had been intended for presentation to the previous session of the Diet as a stop gap measure to deal with the urgent necessity for covering an existing situation for which no provision had yet been made. The previous Diet session was unable to devote its attention to this matter.

These facts were presented to the Japanese representatives. It was pointed out that, although this legislation had been intended for presentation at that time, new facts and new ideas had necessitated a re-opening of this problem. Although the situation is such that coverage is necessary as quickly as possible, there seems sufficient time to make a further study of accident compensation for government employees before making final recommendations to the Diet. At this time it was pointed out that under no circumstances was any legislation to be pushed through without the approval of the Government Section and Mr. Hoover.

The members of the Finance Ministry stated that they wished to have this problem disposed of as quickly as possible. The next session of the Diet is to be held on March 10, 1949. This session will remain open until the end of that month. Consequently, this is a minimum period of 3 weeks and a maximum period of 6 weeks in which to pass whatever program will meet current needs. It was suggested to the Japanese representatives that this was sufficient time to prepare a program satisfying the needs of government employees where the consequences of occupational hazards are concerned.

Much of this conversation was carried on in English between the classification specialist and Mr. Watanabe. Mr. Nakao also interjected comments in English and seemed to have a reasonably fair understanding of the conversation. From time to time an explanation of the conversation was made in Japanese to Mr. Noda and Mr. Hasumi when he later joined this conference. It was suggested that both Mr. Noda and Mr. Watanabe hold a conference with the NPA and present to it its points of view, the data they have accumulated, its recommendations, and all other pertinent materials. Mr. Hasumi interjected the comment that he had not been aware of his responsibility in connection with this particular problem and it would be necessary for him to confer with his superiors before he could feel free to assume any responsibility concerning this matter. Therefore, it was suggested that Messrs. Hasumi and Noda confer with their superiors, present to them the details of this particular conference, indicate to them the responsibility of the NPA in regard to accident compensation for govemment employees, and receive their approval for continuing with this problem. It was further suggested that, upon receiving such approval, they contact Messrs. Nakao and Watanabe and begin holding discussions concerning this problem, reviewing the materials which have been prepared or developed by the Allowance Bureau. After these initial steps have been taken the classification specialist indicated that he would hold a further conference with the people present on this date. The conference was then terminated.

WALTER DOMANOWSKI
Classification Specialist

WD:jd

CIVIL SERVICE DIVISION
Government Section

Miss Berson

18 February 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Project B-31 on Injury Compensation Administration

In response to your memorandum of 11 February 1949 this Branch has held two conferences with Mr. Dudley Davis, Labor Division, ESS, in this office on the possibility of close coordination between accident compensation administration for government employees and private employment.

As a result of conferences this week a preliminary understanding has been reached as follows:

1. It is agreed that the benefits provided for accident compensation should be equivalent for government and private employment, carrying out the principle that government employees are part of the working population and should be treated neither better nor worse than private employees.

2. NPA, as the supervisory agent on personnel management for government employees, should maintain adequate control of accident compensation administration and be in a position to properly represent the interests of government employees and the government in this field.

3. The workmen's compensation insurance program is directed to cover the most hazardous industries in the private employment field. This it has generally accomplished. Government in general will not fall in this area. The administration of the fund and the benefits derived therefrom are paid in toto by payroll deduction. If the government participated in the workmen's compensation fund it might result in the government bearing too large a burden of contribution in relationship to benefits derived. It is therefore felt that a separate fund should be maintained from which benefits for government employees would be paid.

4. The workmen's compensation program has already a field administrative staff capable of investigating and paying claims on the spot in accordance with standards and regulations. Furthermore a system of doctors and hospital care has already been worked out. It would seem possible to use the existing facilities already well developed for the handling of accident compensation matters for the government employees. The government itself could reimburse the workmen's compensation fund for services based on a measure of workload.

5. All cases cleared through the single administrative channels with respect to government employees would not be considered closed until reviewed by the NPA. This would give NPA an opportunity to re-open cases where it was felt government employees had not received appropriate benefits

noted 2/21/49

either with respect to individual cases or to groups of cases. NPA would thus assume its proper responsibility of supervising the accident compensation program for government employees and of properly representing their interests.

6. Statistical reporting would be developed for government accident cases which could be utilized by NPA in development of its safety programs.

7. It is essential that NPA maintain control over this accident compensation program as part of a total benefit program which must be properly integrated.

8. In the overall administration of the workmen's accident compensation program with a pattern developed as indicated above it will be necessary for NPA to participate in policy determination. This could be done through the advisory committee established for the workmen's compensation program and by other administrative means wherever it is felt expedient. The government employee, as an accident insurance risk, will undoubtedly present many special problems in administration of this program.

The above ideas are to be evaluated in terms of more specific information during the course of the next week or ten days, both by this office and by Mr. Davis of the Labor Section of ESS. It is anticipated we will have additional conferences commencing again in approximately a week.

MacDonald Salter

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

CIVIL SERVICE DIVISION
Government Section

18 February 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Mr. D. Davis of the Labor Division of ESS Concerning Accident Compensation for Government Employees

This conference was held as a continuation of the preceding one held two days earlier during which an interchange of information concerning the problem at hand was made. At this time, Mr. Davis was asked regarding the extent to which employers paid more than the minimum stipulations for accident compensation as outlined in the Labor Standard Law and the Workmen's Accident Compensation Insurance Law. Mr. Davis stated that, to his knowledge, there was only one area of industrial activity where such practice was at all prevalent. This, he stated, occurred very frequently in the mining industry where all the expenses of the mine operators, until very recently, have been carried by the government. Other than that, he knows of no other cases of such generosity on the part of employers. He states that possibly infrequent instances may now and then occur, but to his knowledge it would be a far from universal practice. He added, furthermore, that in his opinion the minimum provisions of the laws concerning accident compensation were insufficient. Despite this, he was of the opinion that administratively it would be advisable to coordinate accident compensation for governmental and non-governmental workers to the greatest degree possible.

It was pointed out to Mr. Davis that by law the NPA could not exercise the right of relinquishing its responsibility concerning this matter where government employees were concerned. With this reservation in mind, it was suggested that if mechanics could be developed for coordinating or amalgamating the two programs in such a manner that the NPA could retain and carry out its own unique responsibility, the matter could well merit favorable consideration. In accordance with this thought, Mr. Davis presented a memorandum for the record on the subject of workmen's compensation insurance. This memorandum indicates the historical background of accident compensation from the legal point of view. Also, it describes the operations and the organization development in dealing with this problem. This memorandum indicated that the Workmen's Compensation Section of the Labor Standard Bureau of the Ministry of Labor had developed a very extensive organization within its Labor Standards Inspection Offices to cover this particular problem. This organization is on a nation-wide basis. The procedures within these offices are of such a nature that the majority of accident insurance claims can be processed within a period of thirty days.

As tentative suggestions toward a coordination or amalgamation of the programs of compensation benefits for the two groups of employees, the following ideas were brought forth:

1. It was agreed that the present machinery could be utilized for processing compensation claims for both the groups of employees in the same manner that such claims are now processed for employees in private enterprise. This would tend to give uniformity in interpretations of law, in procedures, and in the nature of benefits.

2. Accident compensation claims to governmental employees would be paid from an entirely separate fund set up by the government for this particular purpose.

3. The various local and branch offices would prepare monthly reports on compensation cases involving governmental employees which would be processed to the NPA for review and research.

4. The same appeal machinery would be used by governmental employees as is now being used for employees in private enterprise. This would mean that the governmental employee, in the event of an appeal, would have his case heard by an accident compensation referee.

5. Decisions by accident compensation referees are included in reports concerning appeal cases. It was agreed that, where governmental employees were concerned, a copy of such report should always be submitted to the NPA for review.

6. Similar provisions should be made where the central accident compensation claims appeal board is concerned, with the added stipulation that a member or representative of the NPA should be a permanent member of this board.

7. In the event a governmental employee should wish to carry his case further for appeal, he should have the right of carrying such appeal directly to the NPA.

8. It was further suggested that, in view of the fact that governmental employees under such a program would represent the largest single body of employees working for one employer, the NPA should have some voice in the policies and legislation formulated concerning this matter. Mr. Davis pointed out that an advisory council concerning workmen's compensation was in existence and did not see any objection to having representatives of the NPA being made members of this advisory council.

Other less important details were brought out at this meeting. It was felt that such amalgamation would present additional problems. It

was suggested that these tentative ideas be used by Mr. Davis in making further developments of a plan for coordinating both programs. It was further agreed that the members of the Civil Service Division would do likewise. The conference was then terminated with an agreement that a third conference should be held in approximately ten days' time.

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Submitted by Mr Davis Kabsey 4/5

DDD/ej
17 Feb 49

MEMO FOR RECORD:

SUBJECT: Workmen's Compensation Insurance

1. The Workmen's Accident Compensation Insurance Law was passed in the summer of 1947 and became effective 1 September 1947. It was an entirely new law, based on Occupation policy, which set up a system quite different from any which existed in Japan previously.

2. The Labor Standards Law was passed at the same time, and the two laws were coordinated. Provisions were written into Labor Standards Law establishing an employer liability system of Workmen's Compensation with provision that any employer who was covered by Workmen's Compensation Insurance should be exempt from paying the benefits described. The benefits in the two laws are the same. Labor Standards Law covers all employers, whereas Workmen's Compensation is compulsory only for employers in more or less hazardous industries. Workmen's Compensation is organizationally a section in the Labor Standards Bureau of the Labor Ministry. This form of organization was adopted because of the need for close coordination between Workmen's Compensation and the safety and sanitation work of the Labor Standards Bureau.

3. Workmen's Compensation Insurance is compulsory for all employers with five or more workers in mining, manufacturing and transportation. It is compulsory for employers with one or more workers in construction and forestry which are considered to be extra hazardous. In addition, it is compulsory for employers with less than five workers in establishments which use power machinery.

4. The number of workers covered is now about 6,000,000, and the number of employers about 200,000. The number of employers covered has increased steadily due to the fact that at the beginning, the program was actually effective only for large and middle-sized employers. During the past year the number of employers covered has doubled with, however, only a comparatively small increase in the number of workers covered. Coverage includes more than 6,000 employers who are not required to join because of being non-hazardous industries, but have joined voluntarily.

5. Insurance premiums are divided into six grades for six groups of industries in accordance with the occupational hazards. Premium is a percentage of pay roll and varies from a low of .3% to a high of 4.4%. Generally speaking, the program has received a ready welcome from employers. However, there has been the inevitable Japanese problem of delay in paying the premiums and, especially on the part of small employers, outright failure to comply with the law. During the fall of 1948 this problem became serious,and a special drive was conducted in October which resulted in attachmant of property of 1,316 employers and the wiping-out of nearly all of the delinquency. December figures show that there were 20,000 employers in default during the month. However, collections were made from 10,000 of these, and only a few cases were in default for a period longer than two months. The number in default for a period longer than four months was 471. In spite of many difficulties, it is believed that Workmen's Compensation Insurance has the best record of any agency in Japan for tax collection.

6. Coverage of Workmen's Compensation is complete so far as disability is concerned. No distinction is made between occupational accidents and occupational diseases. Any disability caused "on duty" is compensable. Complete medical aid is provided for up to three years, and a wage loss compensation of 60% of workers' latest wage is also paid

for up to three years. At the end of three years, the Insurance agency has the alternative of continuing to pay for the medical aid and wage loss compensation or of making a grant of approximately four years' wages in lieu of all other benefits. In addition, compensation is paid for permanent disability in accordance with the degree of severity of the disability. Benefits range from about six weeks' wages up to about four years' wages. In case of death, a benefit amounting to about three years' wage (1,000 day average wage) is granted and, in addition, a grant for burial expenses of two months' wages. Under the terms of the law benefits may be paid periodically over a period of time up to six years. However, in actual practice due to the inflation benefits have been paid as lump sums. It is anticipated that with an increasingly effective stabilization program, lump sum payments will be discontinued.

7. The right of appeal is guaranteed. The first organ of appeal is a referee; from the referee appeals may be carried to an appeal board, and from the appeal board to the courts. Relatively little use has been made to date of this right.

8. During the first fiscal year of operations the Workmen's Compensation Section had only 46 field offices, one in each prefecture. Under these circumstances direct contact between the office and the worker was very difficult, and most benefit payments were paid to the employer who then paid the worker. Arrangements for medical care were also made by the employer. This system was in accord with Japanese paternalistic traditions. However, it resulted in a good many evil practices, including collusion between employers and workers to defraud the insurance. During the 1948-1949 fiscal year approximately 900 additional personnel were added to the agency, and 126 branch offices were established. These offices were located on the same premises with local Labor Standards Inspection Offices. During the next fiscal year, starting 1 April, it is hoped to get sufficient additional personnel to establish branch offices in 346 Labor Standards Inspection offices thus giving complete coverage. When this is achieved benefit payments will no longer be made out of the prefectural offices. The prefectural offices will be restricted to supervising the local offices and collecting premiums.

9. The system of direct payment of benefits to workers instead of indirect payment through the employer is already effective in nearly all cases, but it has strained the personnel resources of the section to the limit. There is serious need for additional personnel to make possible closer contact between disabled workers and the office. It is also hoped to get additional personnel badly needed to check employers' ~~personnel~~ payroll reports and to search out employers liable under the law who have not yet joined the insurance.

10. During 1948 a system of national office supervision was set up. Seven national supervisors have been appointed, each one responsible for supervision of about six prefectures and for liason between the prefectural national offices. This system is not yet genuinely effective, but promises to improve. Another important administrative project now in the mill is a Manual of ~~prefectures~~ Procedures organized on a logical basis. It is hoped that if directions can be organized in a manual, local office operations can be better controlled and supervised by the national office.

CIVIL SERVICE DIVISION
Government Section

17 February 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Mr. Nakao, Chief of the Third Section of the Allowance Bureau of the Ministry of Finance, Concerning His Point of View on Accident Compensation for Government Workers

Mr. Nakao came into the Civil Service Division office to hold a conference with Mr. Peterson. He was turned over to the classification specialist who was working upon this problem. In view of the short notice given to this classification specialist, it was impossible to have a representative of the NPA present.

Mr. Nakao wished to discuss a report submitted by the Allowance Bureau on February 16, 1949, concerning reasons for establishing a special system of accident compensation for government workers.

During this conference it was agreed that the report outlining the reasons could be boiled down to four specific arguments. These are as follows:

1. Under the Labor Standard Law and the implementary Workmen's Accident Compensation Insurance Law, an employee in private enterprise was guaranteed minimum benefits, but had the additional advantage of possibility for receiving further benefits individually from his employer should the latter so choose. If governmental employees should operate under the same provisions, such possibility would not exist for them.

2. At the present time, governmental employees who are officials receive greater benefits through the pension system than do governmental employees who are not officials. It appears the intent of their arguments that rather than decrease the benefits for officials, it is preferable to increase the benefits for non-officials.

3. It is argued that the National Public Service Law clearly provides for a separate establishment of accident compensation for government workers.

4. In view of General MacArthur's letter issued on July of 1948 to the Prime Minister, "there is a clear difference between workers who serve for the public and workers of civil enterprise". According to their interpretation, this clearly means that government employees have more important responsibilities than employees in private enterprise and, consequently, should be provided greater benefits.

Mr. Nakao was told that the possibility of benefits over and beyond the minimum in accident compensation cases for employees in private enterprise at the express bounty of their employers could be a recognized fact. However, it was pointed out that possibilities were not as important as the actual practice. Consequently, it was suggested that Mr. Nakao make a study of the extent to which this possibility is actually realized. He was, furthermore, told that action concerning this problem should not depend on the premises indicated by possibilities, but on the extent to which such possibilities were fully practiced. The second point was briefly passed over and, in passing it over, it was agreed that the discrepancy brought out was a point that should merit considerable attention.

The third point was not discussed in great detail in view of the fact that this is clearly a matter of the interpretations placed upon articles 93 through 95.

Where the fourth point was concerned, it was suggested to Mr. Nakao that very likely the people of the Allowance Bureau responsible for the thinking in the report submitted to the Civil Service Division had misinterpreted the meaning and the intention of General MacArthur's letter. It was suggested that General MacArthur's letter pointed out two distinctions between workers in private enterprise and workers for the public in their respective lines of responsibility. The former are responsible to private individuals. The latter are responsible to the entire people. In no case does this letter indicate that there are distinct differences in the kind of work performed or that the nature of injuries suffered by an employee for the public differs from those suffered by an employee in private enterprise. These suggestions lead to numerous questions on the part of Mr. Nakao concerning the principles of administration. Some discussion was held concerning these matters.

Mr. Nakao stated that the Ministry of Finance was very anxious to have legislation enacted concerning accident compensation as quickly as possible. A draft bill has already been drawn up. Mr. Nakao agreed to bring in this draft bill for review, suggestions, and criticism on the following day. At this point the conference was terminated.

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CIVIL SERVICE DIVISION
Government Section

16 February 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Mr. D. Davis of the Labor Division concerning Accident Compensation Insurance

Mr. Davis expressed what probably is the opinion of the Labor Division concerning accident compensation insurance. He stated that in his belief there should be one system to cover this social security problem for both governmental and non-governmental employees. In elaboration of this opinion he stated that one organization can be more efficient in carrying out this activity than two. The disbursement of governmental employees throughout the entire nation is a big factor and consequently the coverage should be nation-wide. Toward this end, he pointed out, the Workmen's Compensation Section of the Labor Standards Bureau of the Ministry of Labor has offices in all prefectures.

In contrast, he pointed out that central office operations are not effective where accident compensation insurance is concerned. He cited Canada as an example. In situations of this sort false claims can be very frequent. In Japan the situation is unique in that traditional apathy is a factor to contend with. The ignorance on the part of the employees concerning benefits to which they can be entitled is another very important factor. As a consequence many investigators are needed. Frequently hospital care, private or public, must be provided to an occupationally injured employee by investigators where, left to his own initiative, the employee might fail to avail himself of such benefit.

Benefits are distributed through a centralized control of funds according to a definite percentage. Where permanent disabilities are concerned payment is measured in varying frequencies of the daily wage. Compensation for loss of time is given at the rate of 60 per cent of the monthly wage. For purposes of administration the wages of an employee are construed to mean all cash payment received for services rendered, with the exception of irregular payments that occur less frequently than on a quarterly basis.

This benefit is entirely financed by employers. The various places of occupation are classified into one of six categories according to the degree of hazard inherent in the particular type of employment. In each case the employer is assessed a certain percentage of his total payroll according to the hazard category into which his establishment has been classified.

At this point an inquiry was made concerning the effectiveness with which payroll records are kept in private industry. It was admitted by Mr. Davis that there is very much lacking in the accuracy with which such records are kept. As a consequence of this admission it was pointed out that, were the payrolls of governmental employees to be conducted in such a fashion that the totals be accurate every payroll period, there would be no inaccuracy in the amount of premium that the government could be charged. This would result