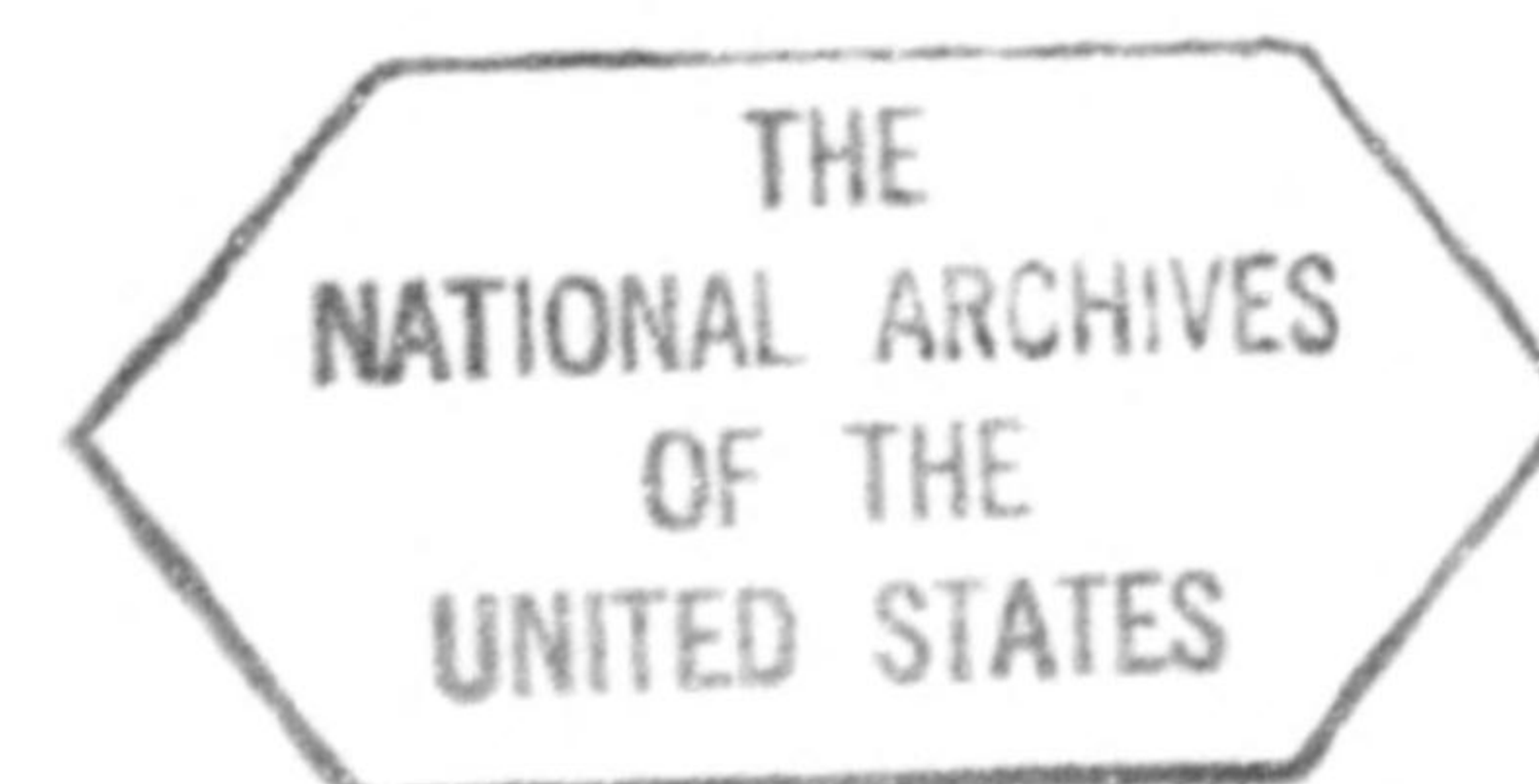


GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2231
- (2) Folder title/number: (2)
Memo for Record 1946
- (3) Date: Jan. 1946 - Dec. 1946

(4) Subject :

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(6) Reproduction : Yes No

(7) Film no. _____ Sheet no. _____

~~GENERAL~~
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 December 1946

MEMORANDUM FOR THE RECORD

Scientific and Technical Division was informed of action taken to prevent the Japanese Government from establishing a Committee for Promotion of Scientific Technique. They warmly endorsed the action.

The Japanese authorities were informed that it was premature to consider establishment of such a Committee.

C. H. PEAKE
Governmental Powers Division

Noted: CLK

CWS
Govt. Sect. Files

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

5 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Proposal to Establish a Committee on Measures for the
Promotion of Scientific Technique.

*Resigned to avoid
the Purge*

Dr. Yagi, President of Osaka Imperial University, and Mr. Hisayawa, a Cabinet Secretary, submitted for Government Section approval the attached outline of a Proposed Committee on Measures for the Promotion of Scientific Technique. This document, vague and confused, gives little concrete information regarding either the organization or the functions of the Committee. From this draft it can be assumed that this Committee, attached to and directly responsible to the Cabinet, would act in an advisory capacity, merely, with no power stronger than that of recommendation. Its primary responsibility, Dr. Yagi stated, would be planning the application of scientific technique to industry in order to effect the economic rehabilitation of Japan. The Committee's recommendations are to be non-technical, however, and concerned with the coordination of government-sponsored research. Further, acting as a pressure group upon the Prime Minister, the Committee is expected to increase government subsidization of scientific research. The present Government budget for the promotion of research is ¥ 38,000,000, and according to Dr. Yagi, completely inadequate.

In composition, the Committee is to have forty regular members and an indeterminate number of temporary and technical members. All are to be appointed by the Cabinet, upon recommendation of the Prime Minister. Of the regular members, nine are to be public officials, five are to be chosen from the House of Peers, ten from the House of Representatives, and sixteen from the public at large (the last group would come from men of eminence in the scientific field).

A careful reading of the "Resolution Relative to Promotion of Science and Technique" as passed by the House of Representatives in the 27 September 1946 session, however, suggests that this proposed Committee is to be a high-level policy agency, akin to a permanent Office of Scientific Research, rather than an advisory body, merely. As described in the Resolution, the Board of Scientific Technique to be established in the Cabinet, will be responsible for the guidance and integration of all research organizations (other than those concerned with "purely fundamental research"), "including all such organs for industrial science, as the laboratories and institutes for experiments under the Commerce and Industry Ministry, or Funded Corporations, Chemical Science Laboratory, or other funded corporations of similar nature sponsored by the moneyed Houses of Mitsui, Mitsubishi, Noguchi and others as well as other research organs belonging to industrial companies." This inclusive

range of technical and scientific institutes are to be formed into a Federation, under the direction of the Board, and maintained by an annual government budget of ¥ 350,000,000. In effect, this mobilizes all industrial research facilities within a Federation, responsible to a Cabinet Board, and independent of any Diet control.

Significantly, in support of the Resolution the point is made that the greatest single cause of the defeat was Japan's lack of the requisite scientific technique. An over-all government subsidization of scientific research, and the planned application of the results of such research to industry, is the obvious remedy, according to the supporters of the proposal. The analogy to German reconstruction after World War I, with its emphasis upon government-controlled research, is patent.

Dr. Yagi was told when he presented the draft proposal for the establishment of the Committee on Measures for the Promotion of Scientific Technique, that Government Section would give no immediate decision, since a policy issue is involved. He was told, however, that in general Government Section disapproved the use of Diet members on Committees and Boards that are not primarily responsible to the Diet.

In view of present SCAP restrictions over chemical and physical research in this country set by General Directive 3, (SCAPIN 47, 22 Sep 45) paragraph 8, and other directives specifically applicable to individual electrical and chemical research institutes, and the surveillance exercised over industrial research by Technical Intelligence and various Staff representatives of SCAP, it is inconsistent and impolitic for Government Section to approve the creation of a high-level, potentially powerful, Committee, in control of all technical research, and its application to industry. Such a Board or Committee, responsible not to the Diet but to the Prime Minister, with large sums of money at its disposal, might well serve as the genesis of a new technical General Staff.


R. A. ELLERMAN

Noted: CLK
RAK

Return
611 Dai-ichi Bldg.

An Outline of the Proposed
Committee on Measures for the Promotion
of Scientific Technique

(As decided upon by the Cabinet Conference, 19 Nov. 1946)

I. Guiding Principle.

Seeing that the fundamental means of reconstructing this country lies in the democratization of economy and in the enhancement of technique, it is intended to bring about an epochal promotion of scientific technique, and especially an organic linkage between economy and scientific technique, with a view to the development of industrial productivity, to the stabilization of popular life, and to the furtherance of national culture and civilization.

II. Object and Functions.

The Committee has for its object the establishment of general and particular measures for newly promoting the country's scientific technique, in pursuance of the purport of the "Resolution concerning the Promotion of Scientific Technique" recently passed by the House of Representatives.

For the purpose of attaining the above-mentioned object, the Committee will study principally the following matters:

1. Readjustment, strengthening and utilization of various *research agencies in the country.
2. Promotion of the scientization of popular life.
3. Integrated mobilization of scientific technique and knowledge for the purpose of opening up new fields of industrial activity.
4. Such other matters as may be decided upon by the Committee.

III. Jurisdiction.

The Committee will be under the jurisdiction of the Prime Minister.

IV. Structure.

1. The Committee will be composed of 40 or less Members.

In addition to the Members mentioned in the preceding paragraph, Temporary Members may, if necessary, be instituted.

2. The Committee will have one Chairman and two Vice-Chairmen.

The Chairman and the Vice-Chairmen will be elected by, and from among, the Members.

3. The Committee may, if necessary, institute a Sectional Committee

A Sectional Committee will have the Sectional Chairman. The Chairman of the Committee or a Member designated by him will act as a Sectional Chairman.

Technical Members may be instituted if this is considered necessary by the Chairman for the purpose of investigating and deliberating upon special matters.

4. Members, the Chairman, the Vice-Chairmen, Temporary Members and Technical Members will be appointed by the Cabinet upon recommendation by the Prime Minister.

5. The term of office of Members and Temporary Members is for one year; provided, however, that this does not prevent discharge during the said term of office, if there exists special cause therefor.

Technical Members will be discharged upon the termination of investigation and deliberation respecting the special matters concerned.

6. The Committee will have a certain number of Managing Secretaries and of Clerks.

The Secretaries and the Clerks will be appointed by the Cabinet upon recommendation by the Chairman.

7. The Committee will have a Secretarial Bureau.

A Member designated by the Chairman will act as Director of the Secretarial Bureau.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 December 1946

MEMORANDUM FOR THE RECORD

Japanese Government was informed attached Imperial Ordinance providing for establishment for time being of Imperial Palace Police Guards in Tokyo Police Board was approved.

C. H. PEAKE
Governmental Powers Division

Noted: CLK

Incls. above mentioned

44
64
Govt. Sect. Files
B

Imperial Ordinance No.....

*Col. Ballin agrees to
App. by Gov. Sec.
26 Dec. 46
Marum & Peake*

Rules governing the establishment of
the Imperial Palace Police Dept. in
the Metropolitan Police Board.

Article 1. In order to cause them to deal with matters relative to guard and fire-prevention at the Imperial Palace in Tokyo, Akasaka Detached Palace, Aoyama Palace, Imperial Palace in Kyoto and places of imperial visits which are designated by the Home Minister, a department to be known as the "Imperial Palace Police Dept." will be established in the Metropolitan Police Board.

Article 2. The undermentioned personnels will be posted in the Metropolitan Police Board and they will be attached to the Imperial Palace Police Dept.

Chief of the Dept.	
Imperial Palace Guard Officials	
Full-time Staff	7 persons2nd grade
"	" 771 "3rd grade

Article 3. To the post of Chief of the Department, an Imperial Palace Guard Official of 2nd grade will be appointed. He will, under the command of the Director of the Metropolitan Police Board, control all the matters of the department and command and supervise subordinate officials under him.

Article 4. With regard to the matters for the Imperial Palace Police Dept. which are directly connected with the competent duties of the Imperial Household Minister, the Home Minister will previously discuss them with the Imperial Household Minister.

Article 5. 6 Imperial Palace Chief Inspectors will be posted in the Metropolitan Police Board and to the said posts, Imperial Palace Guard Officials of 2nd grade will be appointed.

An Imperial Palace Chief Inspector will, under the command of his superior, deal with the matters and command and supervise Imperial Palace Inspectors, Imperial Palace Assistant Inspectors and Imperial Palace Guards.

An Imperial Palace Chief Inspector, Imperial Palace Guard Official of 2nd grade on whom the Ministerial Staff Treatment Rules are applied for, will be treated as outside of the authorized strength for Imperial Palace Chief Inspectors as defined as per Item 1 but as within the authorized strength for Imperial Palace inspector as defined as per Item 1, Article 7.

Article 6. 20 Imperial Palace Inspectors will be posted in the Metropolitan Police Board and to the said posts, Imperial Palace Guard Officials of 3rd grade will be appointed.

An Imperial Palace Inspector, will, under the command of his superior, deal with matters relative to guard and fire-prevention and command and supervise Imperial Palace Assistant Inspectors and Imperial Palace Guards under him.

Article 7. 35 Imperial Palace Assistant Inspectors will be posted in the Metropolitan Police Board, and to the said posts, Imperial Palace Guard Officials of 3rd grade will be appointed.

An Imperial Palace Assistant Inspector will, under the command of his superior, be engaged in the matters relative to guard and fire-prevention and command and supervise the Imperial Palace Guards under him.

Article 8. 716 Imperial Palace Guards will be posted in the Imperial Palace Police Dept. and to the said posts, Imperial Palace Guard Officials of 3rd grade will be appointed.

Regulations governing the Imperial Palace Guards will, unless otherwise provided, be laid down by the Home Minister.

Article 9. In order to cause them to handle a part of the duties for the Imperial Palace Police Dept., a detachment thereof can be established when required. Location, name and precinct thereof will be defined by the Director of the Metropolitan Police Board.

To the post of the Chief of a detachment, an Imperial Palace Guard Official with the rank of the Imperial Palace Chief Inspector will be appointed. He will, under the command of his superior, deal with competent duties and command and supervise officials under him.

SUPPLEMENTARY PROVISIONS

This Imperial Ordinance will be enforced as from January 1st, the 22nd year of Showa (1947).

Those who are on the actual service with the Imperial Palace Guard at the time of this Imperial Ordinance being enforced, will, in case when no peculiar letters of appointment be issued, be appointed as Imperial Palace Guard Officials; those with the 2nd grade to the 2nd grade and those with the 3rd grade to the 3rd grade; and will receive the scale of pay equivalent to the present one. However, appliance of the rules governing the appointment of government-officials and qualification for official grades will not be prevented.

As in the preceding item, when there is no equivalent scale of pay to the sum which a personnel as defined in the same item actually receives, he can receive the same sum of pay as he has received heretofore.

(Translated by H. Yoshinaga)

Month....Day....., 21st year of Showa

I hereby give a sanction to the establishment
of the Imperial Palace Police Dept. in the Metropolitan
Police Board and cause same to be promulgated.

Hirohito, Imperial Seal

Countersigned by:-

Prime Minister

Home Minister.

Principles with regard to the transfer
of superintendence of the Imperial
Palace Guard

- 1) The Imperial Palace Guard will be placed under the control of the Inspector-general of the M.P.B. and will deal with matters relative to guard and fire-prevention inside the Imperial Palaces.
- 2) The Chief of the Imperial Palace Guard will, under the instructions from the Inspector-general of the M.P.B., control the works of the Imperial Palace Guard and command and supervise his subordinates.
- 3) With regard to the operation of the Imperial Palace Guard, the Inspector-general of the M.P.B. will give decisions after discussing the matters with the Imperial Household Minister and thus unify the operation.

Note

According to the Japanese legislation, matters for state functions and matters relative to the Imperial families are discriminated and the former comes under the control and responsibility of the state ministers and the latter of the Imperial Household Minister.

On account of the transfer of the superintendence of the Imperial Palace Guard, same will be turned to be a matter for state function, therefore, in the government rules, it can not be laid down as that the Imperial Household Minister commands the operation of the Imperial Palace Guard.

For that reason, it was regulated that as of the operation of the guard, the Inspector-general of the M.P.B. gives decisions after discussing the matters with the Imperial Household Minister and thus, opinions of the said minister be realized on the operation of the Imperial Palace Guard.

- 4) The organization of the Imperial Palace Guard will be the same as it is.
- 5) The detachment in Kyoto will be placed under the command of the Chief of the Imperial Palace Guard.
- 6) The expenditures for the Imperial Palace Guard will entirely be paid from the national treasury.

IN RE TRANSFER OF SUPERINTENDENCE OF
THE IMPERIAL PALACE GUARD

Sir,

We beg to inform that with your comments on the transfer of the superintendence of the Imperial Palace Guard as its basis, discussions were made between the Home Ministry and the Imperial Household Ministry and as the result, the superintendence of the guard was decided to be transferred to the Metropolitan Police Board as from January 1st, next year in accordance with the principles as laid down in the annexed paper.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Civil Intelligence Section, 6-2
Public Safety Division

APC 500
26 November 1946

MEMORANDUM TO: Director, Bureau of Police, Home Ministry, Imperial Japanese Government

SUBJECT: Comments on Transfer of Imperial Palace Guard

1. Since reduction in expenditures and personnel of the Imperial Household Ministry is required, the basic theory in the proposed transfer of the Imperial Palace Guard as a temporary measure, until the overall national reorganization is effected, is sound. The Emperor and top government activities require protection and since the Emperor is the titular head of the state, the maintenance of the guard, therefore, should be paid from the national treasury.

2. In order to continue present operation and preserve the force intact, sound principles dictate the following in effecting the temporary transfer:

a. For convenience of administration and efficiency of operation, transfer the Imperial Palace Guard, administratively, to the Metropolitan Police Board in Tokyo. The detachments in Tokyo and Kyoto to remain at their present locations. This means that the guard would be carried on the records and payroll of the M.P.B. and that all administrative matters in connection therewith would become the responsibility of the Inspector General of the Metropolitan Police Board.

b. Command responsibility of the Imperial Palace Guard should be retained and exercised by the superintendent of the guard who would be administratively subordinate to the Inspector General, M.P.B.

c. Command instruction pertaining to operation of the guard should emanate from the Emperor, his personal secretary or such other person as may be designated by him. Coordination and policy relative to the guard should be established by the Inspector General, M.P.B., and the person designated to issue command and operation instructions.

d. Since the Imperial Palace Guard is a State function, the expenses incurred for the maintenance thereof should be paid from the national treasury as reimbursement to the Metropolitan Police Board.

(Memo to Director, Bureau of Police, H/M, IJG, Subject: Comments on Transfer of Imperial Palace Guard).

e. The proposal to attach a detachment of the guard to the M.P.B. in Tokyo and another detachment to the prefecture police of Kyoto is, in my opinion, fundamentally unsound for three reasons:

- (1) It creates divided command and administrative responsibility.
- (2) It places an unnecessary financial burden upon the people of Tokyo-to and Kyoto prefecture.
- (3) It partially disorganizes the force creating difficulties for future planning and reorganization.

f. The Inspector General, Metropolitan Police Board should delegate command responsibility entirely to the Superintendent in charge of the Imperial Palace Guard.

g. The officer in charge of the detachment stationed at the Palace in Kyoto would receive command and operational instructions directly from the Superintendent of the Imperial Palace Guard or such other person as may be designated by him.

h. Administrative instruction to the detachments in Tokyo and Kyoto would be issued by the Inspector General, Metropolitan Police Board.

H. E. PULLIAM,
Colonel, (GSG),
Chief, Public Safety Division.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Separation Allowances to Imperial Princes Upon Leaving Imperial Family

1. At the request of the Government Section Messrs Kato and Kuroda, Vice-President and Secretary respectively, of the Imperial Household Ministry, appeared on 27 December 1946 to discuss a recent report in Mainichi to the effect that the eleven imperial princes and princesses who are about to give up their imperial family status will receive final lump sum gratuities. Mr. Walter (Economic and Scientific Section, Finance Division), Dr. Peake and Major Rizzo (Government Section) were present for General Headquarters, SCAP.

2. Japanese representatives asserted that the Mainichi story was based on surmise and not on any governmental release. No definite promise had been made to the princes and there was no firm commitment. While it had been the intention of the Imperial Household Ministry to make the payments in question, the approval of the Government (i.e., the Cabinet) would be sought first. The Diet's approval would not be asked because the Diet, in adopting the Imperial Household Economy Law, has already approved the principle of making lump-sum separation payments to the imperial princes upon their leaving the imperial family. Only the basis of computation remains to be fixed by the Diet, and the Government proposes to follow the basis which is to be submitted to the Diet in a separate Act.

3. When asked why the princes did not wait until after 3 May 1947 when the Imperial Household Economy Law becomes effective, the Japanese representatives said the princes were anxious to fulfill the spirit of the new Constitution by abandoning their special status before 3 May 1946. A further consideration is that after that date the question of lump sum payments might become involved in the Diet's general budget procedure and be considered as a predominantly budgetary problem.

4. It was pointed out to the Japanese representatives that any action by the government which would commit the Government in advance of the effective date of the Imperial Household Law and the fixing of definite amounts by the Diet to pay definite sums to the eleven princes would limit the Diet's opportunity to consider and decide such amounts and must therefore be considered highly impolitic. Therefore, if the princes retire before 3 May 1947 the question of making lump sum payments to them on the same basis as if the Imperial Household Law were in effect should be

submitted to the Diet for its action, not merely for information. Further, the basis of payment should be fixed by the Diet.

5. Mr. Walter then brought up the need for special authorization from the SCAP in the case of imperial princes who are affected by SCAPIN 338 (AG 260 dated 24 November 45 Economic and Scientific Section, Finance Division: Pensions and Benefits).

6. The Japanese representatives agreed that no commitment would be made by the Government to pay the proposed sums to the princes until after the Diet had had a full opportunity to discuss and decide the matter. They also promised to keep Economic and Scientific Section, Finance Division fully informed at every step.

Frank Rizzo
FRANK RIZZO
Major CMP

Incl: Report from
Mainichi

Noted: CLK

MLK

CW

EXCERPTS FROM JAPANESE PRESS 21 DECEMBER 1946

ELEVEN IMPERIAL FAMILIES TO ASSUME STATUS OF ORDINARY CITIZENS

All of the Imperial princes and princesses except the Emperor's three brothers, Chichibu, Takematsu, and Mikasa, and their immediate families, will soon "descend" to the status of ordinary citizens, according to MAINICHI.

An agreement has been reached between Prime Minister Yoshida and Imperial Household Minister Yoshitami Matsudaira to ask 11 Imperial Princes to assume the status of ordinary citizens. It is said that this agreement is in accord with the wishes of the Emperor.

The Imperial Family Council will be convened early next year to arrive at a formal decision in this matter, it is stated.

It is noted also that princes who gave up their Imperial status will receive final lump-sum gratuity, ¥1,500,000 for a married prince and about ¥4,000,000 for a prince with two or more children.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 December 1946

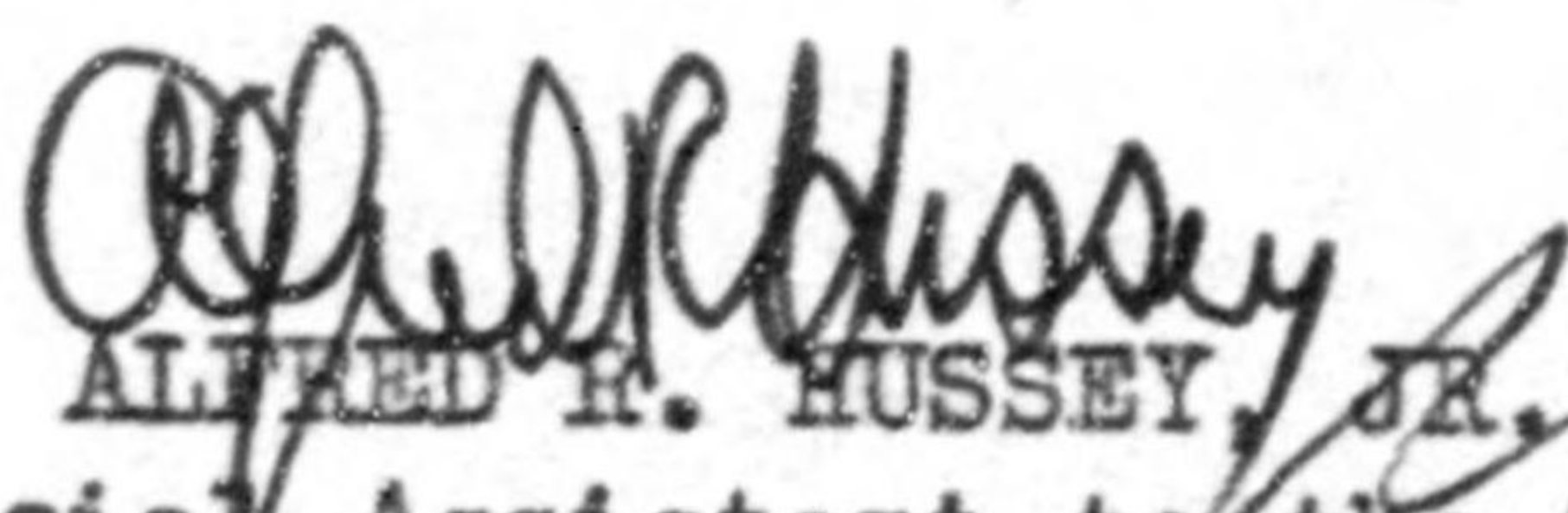
MEMORANDUM FOR THE RECORD

SUBJECT: Japanese Representation at Inter-Asian Relations Conference.

1. By memorandum dated 18 December 1946 from the Central Liaison Office, CLO 6745 (PP) (Tab "A"), the Japanese Government requested permission to send representatives to an Inter-Asian Relations Conference to be held in India.

2. At a conference held this day in Room 625, Dai Iti Building, called by G-1, at which Public Health and Welfare (Col. Sams), Economic and Scientific (Mr. Wright), Civil Information and Education (Lt. Col. Nugent), Diplomatic Section (Mr. Abbey) and Government Section (Mr. Hussey) were represented, it was agreed that the request of the Japanese Government should be denied.

3. The attached draft answer (Tab "B") was approved.


ALFRED R. HUSSEY, JR.
Special Assistant to the Chief
Government Section

*Noted
M/K*

Tab "A" and "B" attached to file copy

Draft Answer to C.L.O. 6745 (FP) of December 1946.

1. Receipt is acknowledged of the memorandum dated 18 December 1946 (C.L.O. No. 6745 (FP) on the subject "Invitation to International Relations Conference to be held in India".

2. Japanese representation at international conferences is contrary to the established policy of the Allied Powers. The request of the Imperial Japanese Government is denied.

Tab. C.

COPY

IMPERIAL JAPANESE GOVERNMENT
GENERAL LIAISON OFFICE

TO : GENERAL HEADQUARTERS OF THE SUPREME COMMANDER
FOR THE ALLIED POWERS.

FROM : Central Liaison Office, Tokyo

SUBJECT : Invitation to Inter-Asian Relations Conference
to be held in India

C.L.O. No. 6745(PF)

18 December 1946

1. A letter of invitation from the Indian Council of World Affairs to an Inter-Asian Relations Conference to be held in India some time between February and March 1947, has been received by the Japanese Ministry of Foreign Affairs, a copy of which is attached hereto.
2. In this letter, the above Council requests the co-operation of the Japanese Government in having delegates selected by the Japanese associations of similar nature to the said Council and observers of the Japanese Government selected from scholars and experts on the specific subjects as are mentioned in the letter attend the Conference.
3. The Japanese Government is desirous to comply with the wishes of the Indian Council of World Affairs if the General Headquarters, Supreme Commander for the Allied Powers has no objection and would provide necessary facilities.
4. It is requested that the General Headquarters be good enough to inform the Japanese Government of its views in this matter.

FOR THE PRESIDENT:

/s/ K. Asakai
/t/ (K. Asakai)
Director of General Affairs,
Central Liaison Office.

Enclosure: The copy of a letter as
indicated above.

COPY

INDIAN COUNCIL OF WORLD AFFAIRS
Inter-Asian Relations Conference.

Telephone No. 6985.

63/2 Baryaganj, Delhi
26th September, 1946.

From

Mrs. Sarojini Naidu,
Chairman of the Organizing Committee,
Inter-Asian Relations Conference,
DELHI.

To

His Excellency the Minister for
Foreign Affairs to the
Government of Japan, TOKYO

Dear Sir,

At the suggestion of many eminent persons in India and outside, the Indian Council of World Affairs which is a non-political body devoted to the promotion of international understanding and co-operation, has decided to organize an Inter-Asian Relations Conference consisting of representatives from all Asiatic countries. It has been decided to hold the Conference sometime between February 15 and March 31, 1947 at Delhi or other suitable place in India. The main objects of the Conference will be to review the position of Asia in the post-war world, exchange ideas on the problems which are common to all Asian countries and study the ways and means of promoting closer contacts between these countries. A detailed agenda prepared in consultation with the representatives of the participating countries will be sent later. The following topics have been tentatively suggested by the Organizers of this Conference:

- (a) National movements for freedom in Asia;
- (b) Racial problems with special reference to the root-causes of racial conflicts;

- (c) Transition from a colonial to a national economy, dictated primarily by national interests, but with due regard to international co-operation;
- (d) Inter-Asian emigration and the status and treatment of immigrants.
- (e) Welfare problems with special reference to public health and nutrition;
- (f) Problems of industrial labour and industrial development;
- (g) Cultural problems with special reference to education, art and architecture, scientific research and literature;
- (h) The status of women and women's movements in Asia.

Each participating country is being invited to send delegates selected by associations having objects similar to those of the Indian Council of World Affairs. In special cases it is also proposed to issue personal invitations to eminent scholars. The Governments of Asian countries are also being requested to send observers.

I seek your Government's co-operation for putting us in touch with the associations and distinguished individuals in your country who will be willing to participate in the proposed Conference. In particular, I wish to request that your Government may provide all facilities needed by the delegates for attending the Conference. It is also requested that your Government might depute four scholars and experts on the subjects mentioned above to participate in the Conference as Observers.

Kindly acknowledge by cable to Appadorai, 63/2, Daryaganj, Delhi.

Yours sincerely,

SARGJINI NAIDU.

Draft Answer to C.L.O. 6745 (PP) of 18 December 1946.

1. Receipt is acknowledged of the memorandum dated 18 December 1946 (C.L.O. No. 6745 (PP) on the subject "Invitation to International Relations Conference to be held in India".

2. Japanese representation at international conferences is contrary to the established policy of the Allied Powers. The request of the Imperial Japanese Government is denied.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

27 December 1946

MEMORANDUM FOR THE CHIEF PLANS AND OPERATIONS OFFICER

SUBJECT: Project Status.

REFERENCE: Administrative Memorandum No. 5/8, para. 4,
of 23 December 1946.

1. Legal Reform.

The comprehensive legal reform work necessary to have the existing laws comply to the new Constitution constitutes the predominant part of projects now under way in the Legal Division. This activity was primarily assigned to the Chief Legal Officer in connection with the establishment of SPLIC by Administrative Memorandum No. 1 of 19 July 1946. Since the Legal Division at the present time consists only of the undersigned and Mr. Blakemore, the work is equally divided among us, and we both take part in all important meetings with representatives of the Japanese Government. Our cooperation in controlling the drafts of Bills submitted to Government Section as well as continuous discussion of the legal problems are necessary due to the complex nature of the task. The following projects are now under consideration:

a. Court Organization Law (Saiban Kosei ho).

The initial conference with the Cabinet Legislative Investigation Committee was held on 23 September. Since then approximately ten meetings have been held with Justice Ministry officials, Justices of the Supreme Court, lawyers, and professors. Notes on the gist of all of these meetings are preserved, together with various newspaper and law review articles of significance. Three drafts of the law have been submitted for discussion, and a fourth is now in preparation by the Legal Research Section of the Ministry of Justice.

b. Code of Criminal Procedure (Keiji Sosho ho).

Summary: Numerous tentative drafts have been submitted, all of them unsatisfactory with regard to essential aspects. A new draft is being prepared pursuant to our suggestions.

c. Criminal Code (Keiho).

Final draft yet to be submitted.

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- d. Administration Litigation Law (Gyosei Sosho ni Kansuru Tokubetsu An).
First draft submitted and found unsatisfactory. No further presentation of draft. Presumably Bill is tabled pending opportunity to present to Diet.
- e. Amnesty Law (Onsha ho).
A first draft of this simple law was discussed once. No final draft has been submitted.
- f. Civil Code.
Repeatedly discussed, several objections raised, but no final draft submitted.
- g. Habeas Corpus Act.
Draft submitted, discussion continues.
- h. Procurator's Act.
Final draft has been submitted and will be presented for formal approval as soon as English version is at hand.
- i. Criminal Compensation Law (Keiji Hosho ho).
Once discussed and no objections raised. No final draft submitted.
- j. Judicial Election Law (Saibanken Kokumin Shinsa ho).
Once discussed, but no final draft submitted.
- k. Judge Impeachment Law.
Once discussed, but no final draft submitted.
- l. Family Registration Law (Koseki ho).
Draft on hand, but not yet discussed.
- m. Newspaper Law Revision.
Discussions have been held with various newspaper men who constitute an unofficial Committee to consider revisions or possible complete abolition of the Newspaper Law. The creation of a satisfactory libel law - both civil and criminal - might render unnecessary a newspaper control law. In abeyance, pending Committee's determination of policy in respect to this issue.

2. Special Assignments from Chief, Government Section, to Chief Legal Officer.

a. Comparative Analysis of the New Japanese Constitution (now completed).

b. Abrogation of the Provisions of the Penal Code covering Crimes against the Imperial House (Lese Majesty, etc.)

3. Other Projects under Consideration.

a. Injunctions in Labor Law.

Studies and meetings on question whether or not injunctions may be recognized in Japanese labor disputes. (Blakemore)

b. Prefectural Labor Relations Committees.

Checking of inaction on the part of public procurators in prosecuting illegal acts of employers. (Blakemore)

c. Forced Labor.

Abolition of forced labor in industry. (Oppler and Blakemore)

Note: (a., b., and c. in cooperation with Labor Division, ESS)

d. Examination of Personal Records of Justices of the Supreme Court and Preparation of the Selection of New Appointees. (Oppler)

e. Various Lawyer Associations' Petitions and Recommendations. (Oppler and Blakemore)

f. Civil Liberties League.

Plan to bring out to Japan a prominent Civil Liberties League lawyer. Discussed with Miss Eskrigge of CI&E. (Blakemore)

g. Books.

Plan to secure for use of Ministry of Justice selected set of American Law Reference Materials.

4. Individual Cases.

a. Control of Judicial Administration in the Case of Ito Hani. (Blakemore)

- b. Establishment of the Offices of 600 Assistant Procurators. (Oppler)
- c. Establishment of a Criminological Institute under the Ministry of Justice, in cooperation with CIS, G-2. (Oppler)

A. C. OPPLER
Chief Legal Officer

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

27 December 1946

MEMORANDUM TO PLANS AND OPERATING OFFICER, GOVERNMENT SECTION

SUBJECT: Project Status Report

1. In compliance with the provisions of Administrative Memorandum No. A 5/8, this section, dated 23 December 1946, the following report is submitted on the status of projects in which Public Administration Division is currently engaged:

- a. Questionnaires pending action and status thereof:
- (1) Twenty-five (25) questionnaires are being held pending the extension of the economic purge.
 - (2) Seven (7) questionnaires are being held pending the extension of the political purge to local government level.
 - (3) Twelve (12) questionnaires are in the normal process of being reviewed.
 - (4) Five (5) questionnaires are being held pending the receipt of additional information, which has been requested.

NOTE: Questionnaires in (1) and (2) above are not being held for retroactive application, but for extraction of information determined to be critical for the 201 files of these individuals.

- b. Possible areas of evasion of SCAPIN 550 by Japanese government are being studied with a view to determining if they are being utilized to defeat the intent of that directive. This project is newly started and is still in the stage of collection, analysis and comparison of data. The approach to this matter is as follows:

- (1) Analysis of intra-ministry transfers, promotions, and the thoroughness with which such transfers have been screened.
- (2) Analysis of the number of newly created positions and extent to which personnel for these positions have been screened.

HH
CIRCULATE

- (3) Comparison of civil service ranks and pay scales of current and newly created positions with comparable positions and pay rates in the war-time government.
- c. Reports, records, forms and instructions etc., relative to the extension of the purge:
- (1) New questionnaire form has been revised, and pending action is final review of a single consolidated copy.
 - (2) Record and report forms have been worked up and tentatively approved by this division. Final action on these will be taken as soon as the final drafts of the extension ordinances have been approved.
 - (3) Instructions to screening committees relative to reports, records and publicity of screening results are in the process of final review, but final action is pending the approval of ordinance, at which time minor necessary adjustments will be made in a conference with the Personnel Section of the Cabinet Secretary.
- d. Revision of the section of Paragraph G of SCAPIN 550, pertaining to the Special Higher Police, Protection and Surveillance, "Thought" Preventive Custody and Prosecution personnel data has been collected from various sources, including Legal Officer, this section, and preliminary draft provision has been drawn up. This project is still in the discussion stage.
- e. Check Sheet from CPC on the Employment of Japanese Nationals, marked "attention: General Whitney" - a study was made and all pertinent information given to Colonel Darnell on 26 December 1946 for submission to the Section Chief.
- f. Five Petitions concerning the purging of certain Japanese. - These letters were received, three through C. G., Eighth Army and two through CIE. All concern either exempting persons from the purge or purging people at present in the public service. They are all being held for interpretation in light of the extension of the purge, for such is the nature of these cases.

- g. Information and necessity for decision on the dates during which Dai Nippon Butoku Kai should be considered ultra-nationalistic and militaristic. --Pertinent information has been gathered and the matter has this date been settled with a decision by Colonel Kades, setting the critical period as between 1 January 1942 and 2 September 1946. As such it will be incorporated as one of the societies coming under the provisions of the purge directive.
- h. The reinstatement of MUTO, Yasuo, former librarian at RIKKYO (St. Paul's) University. - Referred to CIS for concurrence and returned 23 December, 1946. This case is now in the process of being organized and written up in final form.
- i. Approval of appointment of KAGAWA, Toyohiko to the House of Peers. - This matter is relatively delicate and numerous small conferences have been held on this matter. It will soon be ready for presentation to Colonel Kades for final approval.
- j. Petitions for the employment of former Japanese Army and Navy Officers in the Demobilization Bureau. - When the first case arose, it was decided by joint agreement between this Division and Governmental Powers Division to hold up action on the disposition of these cases pending the outcome of the Investigation of the Demobilization Bureau which was initiated at that time. This matter has been checked with Commander Hussey from time to time, and the final outcome of the investigation is still pending.
- k. Conference for Military Government Personnel. - This conference relies largely on the completion and publication of all ordinances, instructions, reports, records, etc., by the Japanese government and the preparation of mimeographed information from this section relative to the application of the purge. This latter is in part dependent upon the final approval of ordinances, etc. The present status of this project is that it has nearly reached the stage of mechanical preparation, which should not require more than a week to complete. However, drafts of all material will be available for review within two days after the approval of the ordinance.

- l. Coordination of Japanese government activities in civil service and personnel reform and organizational matters, with particular reference to channeling of negotiations on such matters by various Ministries and other governmental offices through the Administrative Research Bureau for the purpose of facilitating negotiations between the Government and the Government section. - Continuous, as necessary, for next several months.
- m. Comments and recommendations concerning educational purge. - Submitted to Colonel Kades; action pending further instructions.
- n. Check to see the extent to which the Japanese Government has violated the provisions of SCAPIN 550 concerning members of Kempei tai, Tokusukikan, etc. - Still in the stage of negotiations with CLO; further action pending receipt of information requested from CLO.
- o. Check Sheet from G-2, subject "Reinstatement in Government Service of Three former Prefectural Police Chiefs", - Still in the process of analysis and preparation.
- p. Review of proposed advisors to the Administrative Research Bureau. - Pending receipt of further information from Japanese Government and extension of purge.
- q. Development of screening schedule, i.e., order in which types of positions, firms, etc., are to be screened. - Pending receipt of tentative schedule from Japanese Government and analysis of comments on same from ESS.
- r. Development of inspection schedule and plans to ascertain compliance by the Japanese Government in establishing prefectural and municipal screening committees and compliance by such committees with screening procedures and instruction, with particular reference to publicity and the composition of committees. - Inasmuch as such inspections are not anticipated until sometime in February, this project is at present only in the preliminary planning stage.

- s. Development and refinement of Public Administration Division's records, reports and administration. The initial work on this project is complete and the remainder will be continuous refinement as occasions demand.
- t. Revision of Imperial and Cabinet Ordinances relative to the extension of the provisions of SCAPIN 550. All copies in semi-approved form with supplementary comments have been given to representatives of the Japanese for consolidation and presentation on this date in final form with clearly defined points to which they take exception. Pending action is the review of the final drafts to insure accurate implementation of Japanese Government plans, with particular reference to the inclusion of satisfactory provisions on the following matters:
- (1) Penalty provisions
 - (2) Injunction against succession of relatives to principal public offices.
 - (3) Inclusion of branch managers in list of principal positions affected in the "mandatory" category.
 - (4) Screening of successor organizations.
 - (5) Screening of public information media.
 - (6) Injunction against purgees occupying any position in public information media.
 - (7) Inclusion of Dai Nippon Butoku Kai in category "C".
 - (8) Inclusion of certain companies and removal of others from Appendix II

NOTE: This last project, the revision of Ordinances, has had the first priority for action. Any delay in concluding the action on other projects has been largely due (1) to the necessity for knowing the final form and content of such ordinances before positive action could be taken, or (2) the necessity for stopping work on other projects temporarily in order to expedite the conclusion of some phase of the revision.

CARLOS P. MARCUM
Chief Public Administration Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

27 December 1946

MEMORANDUM FOR THE CHIEF PLANS AND OPERATIONS OFFICER

SUBJECT: Project Status Report (Rizzo)

1. Laws Relating to Government Finance

a. Revision of the Budget and Accounting Laws in order to make them consistent with Chapter VII (FINANCE) of the new Constitution of Japan has been under consideration since the middle of September 1946. In its final form this legislation will consist of four main acts; and the two less important ones:

(1) Finance Law. This law will take the place of the present Budget Law and will contain the basic legal principles governing preparation and execution of the national budget.

(2) Procedures. This law will take the place of the present Accounting Rules and for the most part deal with the technical aspects of government receipts and disbursements.

(3) Credit Law. This law will establish the position of the Board of Audit, its authority and procedures.

(4) National Property Law. This law will govern the administration of and finances related to government property, including the former Imperial Household properties.

(5) Special Accounts Law. This law will set up the rules governing special accounts.

(6) Government Company Law. This law will define the position of Government owned companies and the finances relating to them.

b. So far, only the Finance Law has reached a reasonably advanced stage. The second draft was submitted by the Japanese Government to ESS/PI on 10 November 1946. At two meetings held on 4 and 5 December 1946 the shortcomings in this draft were pointed out to the Japanese representatives (See Memo for Record 27 December 1946, Subject: Finance Law). The Japanese representatives were also informed that since all these laws are related they should be submitted for examination concurrently and not serially.

c. Subsequent to the meetings referred to above, representatives of the Board of Audit met with Mr. Walker (ESS/PI) to discuss basic provisions of a revised Board of Audit Law.

Circulate

d. BSS/PI expects drafts of the first four laws listed above
(including a revised draft of the Finance Law) early in January.

FRANK RIZZO
MAJ CMP

Noted: CLK

Government Section

28 December 1946

*Re
General
MacArthur
1947
speech*

MEMORANDUM TO: Chief, Civil Information and Education Section.

At the request of General Whitney, I am sending you two (2) copies of the statement to be issued by General MacArthur on 1 January 1947. Also inclosed is a Japanese translation.

As noted in our telephone conversation, I would be very grateful if you would have your language experts check the Japanese version in order that we might achieve a translation that conveys the full implication and the feeling of the original. Please feel free to make any revisions in the Japanese version which seem to you to be essential.

A copy of the statement has been sent to Major Sirkin of the Public Relations Office. He has assured me that he will get in touch with you to arrange all details in connection with the simultaneous publication of this statement in Japanese language newspapers and in the English language press here and in the United States on 1 January 1947.

If there is anything further we might do to be of assistance to you, please don't hesitate to call on us.

CARL DARNELL, JR.
Lt. Col. FA
Executive Officer

3 Incls
As mentioned above

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

26 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: "Occupation Costs" in the Japanese Government's Budget for 1946-47.

1. By 30 November 1947 the 19 billion yen appropriated for occupation costs in the budget for the fiscal year ending 31 March 1947 will be overexpended by 1 billion yen. To cover the cost of the program to the end of the fiscal year, additional appropriations estimated at 34 billion yen will be required, making total expenditures for this purpose 53 billion yen or 30 percent of the general budget. X

2. The Government already has a budget deficit of 26 billion yen which must be covered by borrowing. Supplemental appropriations for the food and coal subsidies, railways and communications will add another 10 billion yen. An additional 34 billion yen for occupation costs will bring the total deficit for the current fiscal year up to 70 billion yen. Since peoples' savings in financial institutions have been absorbed by previous borrowing, these additions to the deficit will have to be financed by borrowing at the Bank of Japan and result in the issuance of additional currency. JH

3. The major reasons for the magnitude of occupation costs are believed to be the following:

a. Payment of black market prices by the Japanese Government for a major share of construction materials used.

b. Payment for labor at double the prevailing wage rates, with contractors pocketing the premium.

c. Padding of statements for labor and material used.

d. Special cost-of-living allowances to labor directly employed by occupation forces and special price differentials for lumber for use in occupation force projects.

e. Inadequate cost control inspection and supervision by the Japanese Government.

f. Possibly excessive demands by occupation forces (non-standard specifications, special quality, fancy trimmings, golf courses, etc.)

4. The staff sections of General Headquarters primarily concerned with the problems are G-4, the Office of the Chief of Engineers and Economic and Scientific Section (Price Control and Rationing Division and Finance Division). Memoranda have been prepared instructing the Japanese Government to (1) remove from "occupation costs" in the budget all expenditures for construction or improvements of a permanent nature which after the occupation will remain for the use of the Japanese, charging only current rental and upkeep to "occupation costs" (2) charge only legal prices under this heading and (3) institute adequate cost controls. It is understood that these memoranda have been coordinated between G-4 and Economic and Scientific Section and are now ready for issuance.

FRANK RIZZO
Major CMP

Noted: CLK

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

*Jap
Penal
code*

20 December 1946

MEMORANDUM FOR THE RECORD.

SUBJECT: Abrogation of Articles 73 through 76
of the Japanese Penal Code.

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1. On 20 December 1946, a meeting was held between General Whitney, Colonel Kades, and Mr. Oppler, Government Section, and Mr. Kimura, Minister of Justice, Mr. Sato, Chief of the Bureau of Criminal Affairs, Ministry of Justice, and Messrs. Yamata and Akatani, CLO.

2. General Whitney announced that the Supreme Commander desired the Japanese Government to repeal immediately Chapter One of Book Two of the Penal Code, consisting of Articles 73 through 76, concerning crimes against the Imperial House. Assaults and injuries as well as libel and insult against the Emperor and other members of the Imperial House will in the future be punishable only under the general provisions of the Penal Code for the protection of life and reputation of any other citizen.

3. The Supreme Commander, General Whitney continued, recognizes that in case of libel or insult against the Emperor the personal complaint of the injured person, as required by law for the prosecution of these offenses, must not necessarily be signed by the Emperor himself, but that a Government authority might be allowed to act on his behalf. However, this function must be entrusted to the Minister of Justice or to another Minister of State rather than to the public procurator.

4. The Japanese Government, General Whitney pointed out, has recently referred to the specific protection provided in the Penal Code against acts of violence or insult against sovereigns or presidents of a foreign power staying within Japan. The Supreme Commander has no objections to the simultaneous abolition of these provisions.

5. As to the reasons for this directive, General Whitney emphasized that the Supreme Commander considers Articles 73 through 76 of the Penal Code irreconcilable with the principles of democracy embodied in the new Constitution and with a sound development of civil liberties as one of the main objectives of the occupation.

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When in October 1946 the prosecution of several lese majesty cases was dropped, the Supreme Commander publicly welcomed this action and made it clear that the continuation of specific lese majesty provisions would be contrary to the letter and spirit of the new Constitution according to which all persons are equal before the law. His standpoint actually is that the Japanese Government was under the obligation to abrogate the lese majesty provisions according to SCAP Directive 93 of 4 October 1945. That the law was not abrogated in spite of repeated warnings by representatives of the Government Section proves an oversight on the part of the Japanese Government.

6. In response to a remark of Minister Kimura that the abrogation of the law must await the next session of the Diet, General Whitney answered that this is an official directive from the Supreme Commander, which can be carried out by the Japanese Government through an Imperial Ordinance. He expects the Minister of Justice to report to him tomorrow on the action taken by the Japanese Government in the matter.

ALFRED C. OPPLER
Chief Legal Officer

Noted: CLK

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

19 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Paper Hoarding

Mr. Wikawa of the Kyodo-Minshu-to (Co-operative Democratic Party) in a visit on 17 December stated that the price of paper, paste and gasoline had gone up beyond all reason in the last few weeks -- poster paper being about twenty times its summer price. These three vital campaign ingredients are being hoarded now in expectation of the forthcoming local elections, and the price-rise has been greatly stimulated by the rumors of a possible dissolution of the Diet which would call for a new H. R. election.

It was suggested that the complete elimination of posters (by means of an Ordinance supported by Article 100 of the H. R. Election Law) might nip at least the paper-and-paste racketeering in the bud, at the same time preventing one of the rich candidates' advantages, as well as the ugly defacing of cities so common before an election and lasting for months afterwards.

P. K. Roest.

P. K. ROEST
Chief, Political Affairs Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Political Affairs Division

18 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: INTRODUCTION OF A BILL TO PREVENT UNREASONABLE
DISTURBANCES

On 18 December 1946, at 10:40 A.M., ABE Shungo, KURIYAMA Chozaburo, FUKAZU Tomoichiro, HONDA Ichiro conferred with Mr. Blakemore, Assistant Legal Officer of Government Section, Dr. Roest and Miss Kuwaye. They reported that the Liberal Party intends to introduce a bill in the Diet which will effectively protect political gatherings from rowdyism or violent disturbance by antagonists or their hirelings.

They said that Japan at the present time has no law to control unreasonable disturbances, and that in the last election campaign interference at various political gatherings indicated the need for such a law. Mr. Blakemore, upon reviewing the Japanese Laws, referred the visitors to Keisatsu Han, Shobatsu Rei, Article II, Sub-section XIV, which provides for interruptions of public meetings. The present law provides for a sentence up to 30 days or a fine of 20 yen. The visitors, however, favored a law which would provide for a maximum sentence of three months or a fine of 500 yen. They also felt that police officers should be given an authority to try the disturbers. Mr. Blakemore made clear that the latter was definitely "out"; the accused should be tried in the lowest echelon of the newly projected system of Courts.

Should a new bill be introduced, Dr. Roest suggested that clear definitions be provided of the term "unreasonable disturbances," as under no circumstances would SCAP allow return of the old Peace Preservation Act under a new name.

MISAO KUWAYE

Misao Kuwaye

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Political Affairs Division

18 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: CONFERENCE WITH LIBERAL PARTY MEMBERS

DATE : 16 December 1946

On 16 December at 11:30 A.M. ABE Shungo, KITA Reikichi and FUKAZU Toichiro, members of the Liberal Party, conferred with Dr. Roest and Miss Kuwaye regarding revision of the House of Representatives Election Law.

They favored small electoral districts with representation of 3-5 members from each district, for the following reasons:

1. It will facilitate campaigning:
 - a. Easier to control bribery and other undesirable practices.
 - b. Voters will know the real background and the actual ability of a candidate because he can reach all of them.
 - c. People will be prevented from voting for candidates representing two extreme parties.
2. Present prefectural district is similar to House of Councillors' election for its A-class members.
 - a. There are apt to be some conflicts and confusion if election for both houses is carried out in a similar manner.
 - b. Members of the House of Councillors should indeed represent whole prefectures and the nation at large; but members of the House of Representatives should represent small districts and people should be given a better chance to be familiar with their representatives.
3. Large electoral districts are conducive to success of minor political parties. (In order to maintain political stability and order there should be only two major parties.)

Dr. Roest asked the gentlemen to support these contentions with some evidence, which they failed to do, except for the obvious one that a small district is easier to handle in a campaign. He

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then explained the disadvantages of small electoral districts as alleged by the Social Democratic, Communist, Cooperative Democratic, and People's Parties. He suggested a compromise between the parties as far as electoral districts are concerned in view of the criticism an election law forced on the minority parties might receive both here and abroad. He then explained the printed ballot system. The visitors seemed very favorably impressed with the printed ballot system and expressed full willingness to accept it. Dr. Roest mentioned also the danger of "gerrymandering," when they kept insisting on the advantages of small electoral districts without any other reason than that it was "highly desirable."

He also informed them that the printed ballot system coupled to restriction of the number of recognized political parties, would to a great extent solve the problem of too many parties wasting the political energy of the people, and would definitely favor the major political parties.

Prepared by,
MISAO KUWAYE

Misao Kuwaye

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

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17 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Position of the Cooperative Democratic Party

On 16 December at 11:00 a.m. MATSUMOTO Takizo, member of the executive committee of the Cooperative Democratic Party reported the present position of his party towards the government.

The Cooperative Democratic Party, he reported, was asked by the Social Democratic Party to join the latter in introducing a resolution demanding for a vote of non-confidence in the Yoshida Government. At the same time, his party was unofficially requested by the Government to refrain from participating in such a movement. Mr. Matsumoto interpreted this Government action as a desire on the part of the Government to form presently a coalition Government with the Social Democratic Party and the Cooperative Democratic Party.

The Cooperative Democratic Party deliberated earnestly on this question knowing very well that both the Government and the Social Democratic Party relied on its decision. It hesitated to introduce a non-confidence vote as the public might misinterpret this action as an attempt of the Party to join the leftist movement with which the Party, in reality, would not want to be associated. It was therefore decided to compromise by introducing a resolution demanding dissolution of the Diet instead of proposing a non-confidence vote. This, he stated, was "to save face for the Yoshida Cabinet and for the Social Democratic Party".

The People's Party (Kokumin To), he reported, had not taken a definite stand as yet, although its leaders have admitted that there is a "common denomination" in the Diet which has no confidence in the Yoshida Cabinet. The Kokumin To, however, although unofficially favoring dissolution of the Diet, likewise would not support a non-confidence vote.

An effort is now being made to organize a "Yato Renmei" (outsiders' Association) by amalgamating the Kokumin To, Cooperative Democratic Party, Independents, right wing members of Social Democratic Party and left wing members of Liberal and Progressive parties. The Communist Party will not be included, as this "Yato Renmei" may pave the way for organizing a new political party embodying a "middle of the road" policy.

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Asked about the effect on his party of the purge order for Mr. YAMAMOTO Sanehiko, Mr. Matsumoto replied that the Cooperative Democratic Party knows nothing officially about it yet, but that he knew Mr. Yamamoto had fought desperately to be reinstated. Knowing that Mr. Yoshida possesses a personal enmity towards Mr. Yamamoto, Mr. Matsumoto had frequently reassured Yamamoto that SCAP has confidence in him and that he should assume the leadership in organizing one party out of the existing smaller parties in the Diet. He realized now he had obviously been mistaken on this point and that Mr. Yamamoto's political career had definitely ended. He did not think that the Party would be greatly affected by this operation.

Prepared by,
Misao Kuwaye
Misao Kuwaye

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section


16 December 1946

MEMORANDUM FOR THE RECORD

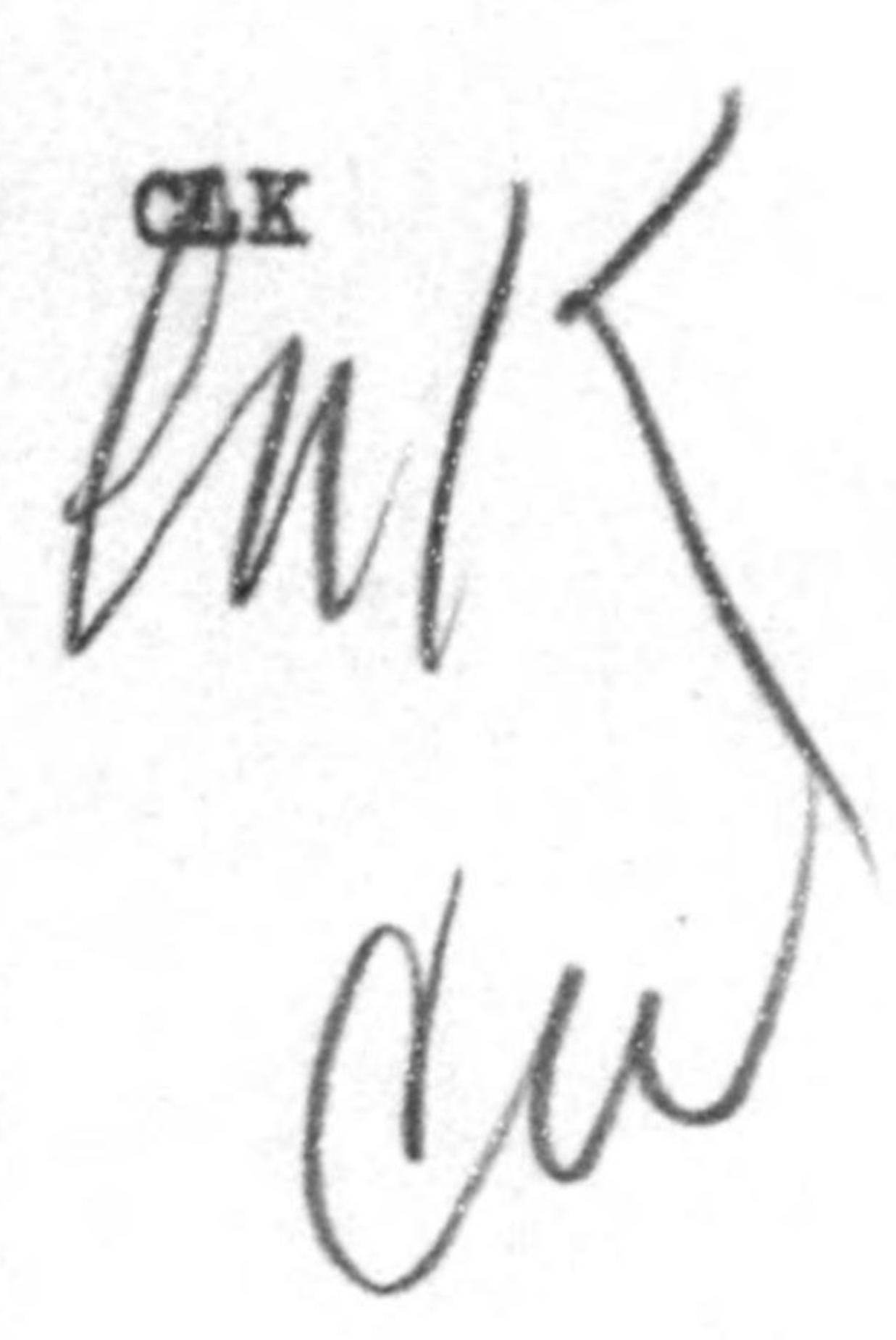
SUBJECT: Rescission of Public Works Ordinance.

1. At 1600 on this date, in the presence of Mr. Cohen, ESS/LA, Minister Zen, Director-General of Economic Stabilization Board, Mr. Ishiguro, his secretary, and Mr. Fujisaki of the Central Liaison Office were directed to repeal Imperial Ordinance No. 547 promulgated 19 November 1946, and to vacate all appointments made thereunder and to report completion of this action by Thursday, 19 December.

2. The Japanese were informed that this was the direct order of General Whitney and was not subject to discussion.


ALFRED E. HUSSEY, JR.
Special Assistant to the Chief,
Government Section

Noted: CLK



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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

16 December 1946

MEMORANDUM FOR THE RECORD:

SUBJECT: Interim Income Tax Levy

Inclosed "Outline of the Increased Income Tax in 1946" was submitted to Government Section for information by Mr. Stuart Barron of ESS/FI on 13 December 1946. The tax will be based on 1946 incomes; the returns will be filed on 31 January 1947; and payments will be made between 15 and 31 March 1947, with a 6-month grace period for those unable to make the payments when due.

The tax is not a full income tax, nor is it designed to take the place of the normal 1946 income tax which will be skipped with the introduction of a pay-as-you-go plan beginning with the 1947 fiscal year. It is in the nature of a special levy designed to provide needed revenues before the 1947 collections on 1947 income begin and to absorb some of the extraordinary income currently being enjoyed as a result of the inflation. It is expected to raise about 3 billion yen.

The rate is 30% to 90% by increments on each person's income from business or real estate during 1946 in excess of his 1945 income from those sources; 20% to 60% on each person's income from forests during 1946; 25% to 65% on all profit from disposal of capital assets during the 1946 fiscal year.

This is a necessary revenue raising measure proposed by the Japanese Government on its own initiative. ESS/FI will raise no objections to it. Official Government Section comment was not requested. On this basis Mr. Barron was informed that there was no objection in Government Section at the working level.

1 Incl.:
Above Mentioned

Frank Rizzo
FRANK RIZZO
Major CMP

Noted: CLK

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"Outline of the Increased Income Tax in 1946" attached to copy of
Memo filed #100

Government Section

13 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with Representative of the 6 Great Cities of Japan.

On 12 December six representatives of the 6 great cities of Japan called to make a statement with regard to these cities acquiring a status of a prefecture. They met with Lt. Col. Tilton of the Local Government Division.

The six representatives were:

Mr. H. Sato of Tokyo
Mr. Kazuo Nakai, Mayor of Kobe
Mr. Tsukamoto, Nagoya City Assembly
Mr. Todaharu Takeuchi, Kyoto City Assembly
Mr. I. Tsuchida of Osaka
Mr. Chubei Yoshizawa of Yokohama

The delegation was under the impression that some material re the problem of the separation of the major cities from prefectures to form independent local governments had reached the Local Government Division and were in hopes that some expression of opinion would be made in terms of this material. The spokesman for the group was Mr. Nakai, Mayor of Kobe who has been in office some period of time and is considered an able administrator by the Military Government Team in Kobe as well as the former Kobe Base Command. The remarks for the group were general in absence of the written document. The main points were as follows:

1. Profound thanks were extended to the Government Section for getting the Local Government laws off to a good start. Each representative was asked whether he personally approved of the measures provided in the bill and each was also asked to summarize the reaction on the local assembly. Each man gave hearty approval and assurance that such was true for the rest of the members of the assembly.

2. One point was left out which in their minds needs further correction and that is the one of city administration. Reference was made to a majority vote of confidence given in the last Diet session that the 5 cities in addition to Tokyo would be given their independence. Emphasis was placed on the fact that this struggle had been going on 30 years and was fruitless because of the opposition of the Gumbatsu and Kanryo.

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3. When asked for standards which would be written into a national law by which other cities might achieve independence were such an action taken at all, Mr. Nakai and the group verbally agreed that they should be along economic, political and cultural lines rather than any thought of a population hurdle. The group thought that a population standard would mean very little in terms of today's problem in Japan such as the movement to and from bombed out areas.

4. The group indicated that a bill would be introduced into the Diet for the separation of these cities.

The group was asked to present written material re the advantages and disadvantages of independent city administration and the effect of that action upon the remainder of the prefecture from which a separation would be made.

CECIL TILTON
Lt. Col., PNG
Chief, Local Government Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

5 December 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Proposal to Establish a Committee on Measures for the
Promotion of Scientific Technique.

Dr. Yagi, President of Osaka Imperial University, and Mr. Hisayama, a Cabinet Secretary, submitted for Government Section approval the attached outline of a Proposed Committee on Measures for the Promotion of Scientific Technique. This document, vague and confused, gives little concrete information regarding either the organization or the functions of the Committee. From this draft it can be assumed that this Committee, attached to and directly responsible to the Cabinet, would act in an advisory capacity, merely, with no power stronger than that of recommendation. Its primary responsibility, Dr. Yagi stated, would be planning the application of scientific technique to industry in order to effect the economic rehabilitation of Japan. The Committee's recommendations are to be non-technical, however, and concerned with the coordination of government-sponsored research. Further, acting as a pressure group upon the Prime Minister, the Committee is expected to increase government subsidization of scientific research. The present Government budget for the promotion of research is ¥ 38,000,000, and according to Dr. Yagi, completely inadequate.

In composition, the Committee is to have forty regular members and an indeterminate number of temporary and technical members. All are to be appointed by the Cabinet, upon recommendation of the Prime Minister. Of the regular members, nine are to be public officials, five are to be chosen from the House of Peers, ten from the House of Representatives, and sixteen from the public at large (the last group would come from men of eminence in the scientific field).

A careful reading of the "Resolution Relative to Promotion of Science and Technique" as passed by the House of Representatives in the 27 September 1946 session, however, suggests that this proposed Committee is to be a high-level policy agency, akin to a permanent Office of Scientific Research, rather than an advisory body, merely. As described in the Resolution, the Board of Scientific Technique to be established in the Cabinet, will be responsible for the guidance and integration of all research organizations (other than those concerned with "purely fundamental research"), "including all such organs for industrial science, as the laboratories and institutes for experiments under the Commerce and Industry Ministry, or Funded Corporations, Chemical Science Laboratory, or other funded corporations of similar nature sponsored by the moneyed Houses of Mitsui, Mitsubishi, Noguchi and others as well as other research organs belonging to industrial companies." This inclusive

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range of technical and scientific institutes are to be formed into a Federation, under the direction of the Board, and maintained by an annual government budget of ¥ 350,000,000. In effect, this mobilizes all industrial research facilities within a Federation, responsible to a Cabinet Board, and independent of any Diet control.

Significantly, in support of the Resolution the point is made that the greatest single cause of the defeat was Japan's lack of the requisite scientific technique. An over-all government subsidization of scientific research, and the planned application of the results of such research to industry, is the obvious remedy, according to the supporters of the proposal. The analogy to German reconstruction after World War I, with its emphasis upon government-controlled research, is patent.

Dr. Yagi was told when he presented the draft proposal for the establishment of the Committee on Measures for the Promotion of Scientific Technique, that Government Section would give no immediate decision, since a policy issue is involved. He was told, however, that in general Government Section disapproved the use of Diet members on Committees and Boards that are not primarily responsible to the Diet.

In view of present SCAP restrictions over chemical and physical research in this country set by General Directive 3, (SCAPIN 47, 22 Sep 45) paragraph 8, and other directives specifically applicable to individual electrical and chemical research institutes, and the surveillance exercised over industrial research by Technical Intelligence and various Staff representatives of SCAP, it is inconsistent and impolitic for Government Section to approve the creation of a high-level, potentially powerful, Committee, in control of all technical research, and its application to industry. Such a Board or Committee, responsible not to the Diet but to the Prime Minister, with large sums of money at its disposal, might well serve as the genesis of a new technical General Staff.

R. A. ELLERMAN

Noted: CLK

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Government Section

27 November 1946

MEMORANDUM FOR THE RECORD

Mr. M. Sakamoto, Chief of the Land Reclamation Department in Hokkaido, with Mr. M. Narita, an assistant, came to explain the functions and the structure of his department and the line of authority between his department, the Home Ministry, and the Ministry of Agriculture and Forestry.

C.G.T.

CECIL TILTON
Lt. Col. PMG

Chief, Local Government Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Government Section

26 November 1946

MEMORANDUM FOR THE RECORD

General Affairs Sect.
Mr. K. Yoshioka, Chief of the Somuka, came on request to explain the relationship of his section with the government of Hokkaido. His section has administrative responsibility for undeveloped land and forestry. He explained that the authority for the direct relationship was found both in law and in Imperial ~~Rescript~~ ordinance.

CST

CECIL TILTON

Lt. Col. PMG

Chief, Local Government Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

*Legal
Reform*

25 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Conversations with Nagoya CI&E Officer
Concerning Legal Reform.

Mr. McElhaney, a CI&E officer of the Nagoya Military Government unit, in a telephone conversation on 25th November 1946 asked for suggestions as to points which should be developed in a speech to be delivered to a district conference of procurators and judges at Nagoya early in December.

For his information a brief description was made of the state of Japanese legal and judicial reform and the suggestion given that he stress the importance of developing an independent and respected judiciary, of speeding up judicial process in general, of organizing a Civil Liberties Union, and of encouraging in every possible manner a respect for the personal rights and liberties enumerated in the new Constitution.

T. L. BLAKEMORE
Legal Officer

Noted: ACO

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SUPREME GENERAL HEADQUARTERS
COMMANDER FOR THE ALLIED POWERS
Government Section

Koreans
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25 November 1946

MEMORANDUM FOR THE CHIEF, KOREAN DIVISION.

SUBJECT: Nationality Status of Koreans Resident in Japan.

This opinion is given in answer to an inquiry as to the nationality status of Koreans now resident in Japan who either have elected to remain in Japan or are awaiting repatriation.

From both the standpoint of domestic Japanese law and the generally recognized rules of international law, all Korean residents of Japan now possess Japanese nationality and Japanese nationality alone.

Nationality can be acquired or lost only as provided by the domestic law of the country whose nationality is involved. No action has yet been taken to define or confer Korean nationality by a de jure or a de facto Korean state, and Japanese law governing the possession and loss of Japanese nationality has not been amended either to deprive Koreans of that Japanese nationality which they have heretofore possessed, or to permit the loss of Japanese nationality through unilateral statements of intention to move to foreign countries. Therefore, Koreans in Japan continue to possess Japanese nationality.

The present nationality status of Koreans resident in Japan might change in two ways. Japanese law might be revised (either voluntarily or as a result of obligations imposed in a Treaty of Peace) to permit their surrender of Japanese nationality. Or, a Korean state also might confer an additional nationality upon all Koreans resident in Japan, through legislation at some future date.

T. L. BLAKEMORE
Legal Officer

Noted: ACO

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

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21 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Conference with ESS Labor Representative

Lt Col H. M. Colbert of ESS Labor Division came to see Political Affairs Division with a number of complaints about alleged unconstitutional acts by MP's in arresting labor leaders in connection with demonstrations. He also mentioned that Japanese police have been guilty of similar illegal activities.

Colonel Colbert was advised that such cases as seemed to warrant action should be referred to the Provost Marshal's office if Military Police were involved, and to the Home Ministry if the Japanese police were involved. He was informed that recently the police had been given notice to keep hands off labor disputes and demonstrations except in cases of violence falling clearly under the law.

This section saw no reason to take over from ESS labor action on alleged cases clearly involving labor organizations.

P. K. Roest

P. K. ROEST
Chief, Political Affairs Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

21 November 1946

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MEMORANDUM FOR RECORD

SUBJECT: Conversations with Members of Number One Tokyo Bar Association.

In a two hour conversation with Mr. Blakemore on 15 November 1946, various views concerning the Japanese legal system were expressed by two prominent practicing attorneys, Mr. HASEGAWA Taichiro and OTSUKA Kiichiro.

These lawyers criticized strongly the draft proposals of the Ministry of Justice in respect to court organization, especially the retention by the Ministry of budgetary powers over courts and those provisions qualifying for judicial appointment various categories of administrative officials and university professors who have had no experience as practicing attorneys.

The organization of the Japanese bar associations was also discussed. Mr. Blakemore expressed the opinion that a civil liberties union was badly needed in Japan and asked why civil liberties work is restricted to the handful of extreme leftist lawyers who comprise the Liberal Lawyers' League. Both lawyers stated that civil liberties representation also falls within the scope of the objectives of the Imperial Lawyers' Association (an informal league of lawyers from all over Japan, to which they belong). Unfortunately, the association has not yet actively engaged in this line of work on any scale. The visit and assistance of an experienced American civil liberties union lawyer would be welcomed by progressive members of the Japanese bar.

T. L. Blakemore
T. L. BLAKEMORE
Legal Officer

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

21 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Repr t of Conference

1. At 1645, Mr. Yamada of the Central Liaison Office, reported that the cabinet had passed a plan for the application of the purge directive to influential political and economic positions, in which connection he brought a letter for delivery to General Whitney from Mr. Jiro Shirasu, vice-president of CLO.

2. I then discussed certain deficiencies in the proposed plan as submitted by Mr. Inagawa of CLO on 20 November 1946.

These deficiencies, primarily, were limited to the ambiguities of language or the lack of specification in regard to the catch-all clause which failed to include a provision allowing the addition of categories as well as specific companies, etc., by the Prime Minister, and to provisions concerning the mutual exclusion of affected persons from national government, local government or specified political or economic positions.

Mr. Yamada indicated that the deficiencies noted were unintentional and that the phraseology would be corrected in the Imperial Ordinances.

3. Mr. Yamada was also requested to expedite the consolidation of the purge ordinances and to submit a proposed schedule for the screening of persons subject to the local government and economic extension.


C. P. MARCUM

Chief, Public Administration Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

20 November 1946

MEMORANDUM FOR THE RECORD:

SUBJECT: Proposed Staff Memorandum on "Removal and Exclusion of Undesirable Personnel from Governmental and Influential Private Positions."

1. At 1415, Tuesday, 19 November, I presented to Mr. Fine, Economic Advisor to General Marquat, Chief of ESS, a draft of the subject Memorandum for comment and concurrence.

2. Mr. Fine indicated that he would feel derelict in his duty if he did not allow certain other staff members to review the proposed Staff Memorandum before presenting it to General Marquat but that he would try to get General Marquat's comment or concurrence some time tomorrow.

3. I then pointed out the urgency of immediate action on this matter to Mr. Fine and requested that we receive an answer by noon on Wednesday, 20 November.

4. Mr. Fine indicated that he had no objection in principle to the proposal, inasmuch as the principles had been agreed to previously, but that he felt that he could suggest some modifications in phraseology.

5. At 1030 on Wednesday, 20 November, I telephoned Mr. Fine and asked if the proposed Staff Memorandum with their comments would be returned to us by noon. He indicated that it was still under consideration but that he thought it would be submitted some time in the afternoon.

6. I told Mr. Fine that I had been instructed to return the proposed Staff Memorandum to General Whitney by noon with or without action by ESS.

7. Mr. Fine stated that he would try to obtain it but that it was the opinion of various ESS staff members that they should have more time for consideration in view of the fact that we had had this memorandum under consideration for some time and that Mr. Straitiff of ESS had stated that he had talked to me several times and had requested that he be given an opportunity to review it and that I had promised to do so but that he had never heard from me.

8. Mr. Fine was then informed that Mr. Straitiff was "all wet", that he had talked to me only once on the phone and that

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I had informed him that the memorandum had not been completed, and that on the same evening I had sent Mr. Straitiff a message informing him that the memorandum was in General Whitney's hands.

9. I also stated that the particular incident was irrelevant and purely a matter of personalities and that if we did not have their comment or concurrence by noon, we would take other action.

C. P. MARCUM
Chief, Public Administration Division

Government Section

15 November 1946

MEMORANDUM TO: Chief Plans and Operations Officer

SUBJECT : Conference on Reports sent by Military Government Teams

G-1 requested that a representative of the Government Section attend a conference at 0900, 15 November 1946 to discuss reports required by the Government Section from Military Government teams.

Mr. Burg represented the Government Section at the conference. He indicated that the Government Section would like to have incorporated in a proposed semi-monthly report of the Military Government teams:

- (a) Reports on Japanese government and administration.
- (b) Reports on political parties.
- (c) Reports on the degree of compliance of the Japanese authorities with SCAP directives.

M. BURG
Information Officer

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

14 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: American Legal Materials needed by
Ministry of Justice.

Messrs. Hattori and Kaseki of the Ministry of Justice again approached Mr. Blakemore on 13 November 1946 in connection with the urgent needs of the research staff of the Ministry of Justice for current and authentic descriptions of American legal institutions and American laws.

An inquiry was made of Mr. Don Brown of CI&E concerning the progress of the requests made several months ago for CI&E assistance in obtaining such materials (GS to CI&E, 17 July 1946). Mr. Brown reported that repeated wires had been sent to Washington and that the last answer received had stated that as soon as the Library of Congress completed its list of recommendations these would be purchased and sent to Japan.

T. L. Blakemore
T. L. BLAKEMORE
Legal Officer
Governmental Powers Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

12 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Dissolution of the Central Life Insurance Corp. and of the
Central Non-Life Insurance Corp.

1. Proposed SCAP/ESS/FI memo for the IJG subject as above, directs the IJG to submit within 30 days from receipt of memo, a plan for the dissolution of the two companies named, repeal of laws and regulations giving them legal existence, preservation of their records in the Finance Ministry and liquidation of their assets under supervision of the Liquidation Branch, Finance Division, ESS.

2. The two companies involved were created by the Japanese government as war time agencies to write war risk insurance and re-insurance. After the outbreak of the war they took over the assets and business of Allied-owned insurance companies. In addition they have the power to issue orders for the cooperation of private insurance companies in the affairs of the corporations and since September 1945 they have continued certain functions previously exercised by insurance control associations dissolved by SCAP directive. The majority of officers and directors are persons who held similar positions in the dissolved control associations.

3. With the war damage insurance question settled by recent legislation, the only excuse for continuing these corporations in existence has disappeared, for the liquidation of war damage insurance is a clerical operation; the continued influence of these corporations over Finance Ministry policies affecting the insurance business is undesirable from the point of view of the business and contrary to SCAP policy (democratically constituted associations of underwriters already exist); continuance of a full staff of officers on the payrolls of these companies is an inexcusable drain on assets belonging to policyholders and other creditors; protection of the assets of Allied-owned companies previously absorbed requires supervision by the Liquidation Branch of ESS/FI.

4. The proposed memorandum carries out established policy of the Supreme Commander. Therefore it need not be referred to the Allied Council.

5. Recommend that Government Section concur.

FRANK RIZZO
Major GMP

Noted: CLK

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

12 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Separation allowances to members of the Imperial Family upon their becoming commoners.

1. It appears that the provisions of the new constitution which bring the Imperial Household properties and the budget of the Imperial Household under the control of the Diet are the underlying cause of the move to reduce the size of the Imperial Family to the Emperor's immediate family and his brothers. Under present regulations, the eleven family heads concerned may not relinquish their status. It will be possible for them to do so under the proposed new Imperial House Law (draft of 1 November 46) which, if enacted, becomes effective when the constitution becomes effective. Under the proposed new Imperial House Economic Law (draft of 1 November 46) which, if enacted, also becomes effective on the same date, provision is made for certain sums to be paid as annuities or in one lump sum to "persons who are or have been members of the Imperial Family". Thus, under legislation to be considered at the special session, the Legislature will have an opportunity to vote on the question of granting annuities or commuted payments to members and ex-members of the Imperial Family.

2. Under the circumstances, if the Supreme Commander now authorizes the payment of the sums as proposed, the Diet will be deprived of the opportunity to decide on its merits the question of paying these separation allowances to princes who leave the Imperial Family, for such prior approval will either reduce the Diet's action to a mere rubber stamping motion or make possible the disbursement of the allowances by the Imperial Ministry before the Imperial House Economic Law becomes effective or even before it is enacted. Therefore, the request in its present form should not be considered.

3. Refusal to consider the present request does not, however, foreclose the question of paying annuities or separation allowances to the princes after appropriate action by the Diet. That proposal should be considered on its merits in connection with the new Imperial House Economic Law. At the same time the basis of computation of the proposed payments should be analyzed.

4. Recommend that:

- a. No action be taken on the informal request to authorize the separation allowances.
- b. Should the matter be brought up before the proposed Imperial Household Economic Law has been examined for consistency with

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occupation policies the Japanese be advised that consideration of the proposed law will include the question of payments to imperial princes.

FRANK RIZZO
Major CMP

Noted: GLK

2 Incls.:

1. Memo by Dr. Peake for Chief, Government Section, subject: Request for separation allowances to be granted Imperial Princes etc. (with Tabs A & B)
2. Comparison of present holdings of the Imperial Princes and Princesses and the additional allowances requested.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

20 October 1946

MEMORANDUM FOR THE CHIEF, GOVERNMENT SECTION

SUBJECT: Request for separation allowances to be granted Imperial Princes and Princesses who will become commoners.

1. References:

a. J.C.S. 1390/15, paragraph 45 provides for the blocking of all assets of Japanese Imperial Household and the control thereof under license or other instructions which SCAP may issue.

b. SCAPIN 300 (18 November 1945) provides in general that no transactions involving Imperial Household Property will be affected without prior approval of this Headquarters and specifically provides that "bestowal of Imperial gifts or special money grants" (3d) must obtain prior approval.

c. SCAPIN 1298-A (21 May 1946) provides that "No Imperial grants or loans of either money or property will be made to the Imperial Princes and the Imperial Princesses, or their households..." except the securities listed in Annex "A" attached to the directive. It is further provided that the Japanese government should take all necessary action to divest the Imperial Princes and Princesses of all special privileges and immunities, including all immunity from taxation. The term Imperial Prince and Imperial Princess was defined as not including the Dowager Empress or children of the Emperor.

2. There is attached herewith as TAB "A" a list of eleven Imperial Princes and their households together with the sums which it is requested be granted each as separation allowances when they assume the status of "commoners". It is to be noted that the list does not include the brothers of the Emperor namely Princes Chichibu, Takamatsu and Mikasa.

3. It would be inconsistent for SCAP to approve the grant of monies by the Imperial Household Ministry to the households listed in TAB "A" in view of the issuance of SCAPIN 1298-A.

4. It can hardly be argued that these families are in want or in need of more funds as according to a report submitted by the Japanese government (TAB "B") they had property in the amount of 41,189,042 yen as of 1 September 1945. The amounts per family ranged from 1,000,000 to nearly 8,000,000 yen. These fortunes are now in their possession.

These fortunes are of course subject to the extraordinary tax program which will reduce them between 40 - 70% in size. The grant of monies requested under TAB "A" in the total amount of 37,620,000 yen if received after the extraordinary tax program has been applied would more than increase the fortunes of these families in some cases beyond their size as of 1 September 1945.

5. In short the granting of these sums would overcome in large part the effect of the extraordinary tax program and normal taxation in the future and permit them to live in a manner approaching their former status.

6. Politically it would be unwise for SCAP to reverse the position taken in SCAPIN 1298-A as the heads of many of these families, with the exception of the Fushimi and Kitashirakawa families now headed by minors, have been subject to the purge due to the fact they all held high-ranking positions in the Army and Navy and were, therefore, closely associated with the militaristic policies of the government. One of them, Prince Hashimoto, was detained in Sugamo prison but subsequently released.

7. It is recommended, therefore, that the Prime Minister be informed that the request for the grant of special allowances to the Imperial Princes and Princesses as set forth in TAB "A" is not granted and that no exception will be made to the provisions set forth in SCAPIN 1298-A.

8. It is further recommended that the Prime Minister be informed that paragraph 3 of SCAPIN 1298-A is not to be construed as meaning that the private property of the Emperor, members of the Imperial family is to be exempted from taxation after the new Constitution comes into effect. The government is interpreting the directive in this way to justify the inclusion in the Imperial Household Economy Bill, now being drafted, of a clause exempting the private property of the Imperial family from taxation. It is essential in order to carry out policy directives with respect to the economic status of the Imperial family in the future that such property and the income, therefore, be subject to normal taxation as is the property of the Royal family in England. From the psychological point of view it would be highly desirable that the Emperor himself be consulted on this point and that the decision to tax his private property is in accord with his wishes and is in harmony with the new Constitution which grants him and the members of his family a private status as well as a public status.

9. It is further recommended that the Prime Minister be questioned as to the political rights accorded former members of the Imperial family who, after having left the family, will be permitted, under the new Imperial Household Law now being drafted, by an act of Imperial grace to retain their titles. In order to keep the Imperial family free from political intrigue it is essential that not only should all members of the family be debarred from holding elective and high appointive positions of a policy-making or political character, but also former members who still bear titles of Royalty. A provision to that effect should

be included in the new Imperial Household Law again after consulting the Emperor and obtaining his assent thereto.

10. The reason for presenting to the Emperor the issues raised in paragraphs 8 and 9 lies in the fact that the officials and probably a majority of the present Diet members are loath to act for reasons of sentiment on matters which affect so closely his personal life.

Cyrus H. Peake
Governmental Powers Branch

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THE SUMS TO BE GRANTED AS MEANS OF LIVING TO IMPERIAL PRINCES AND PRINCESSES WHO WILL ASSUME THE STATUS OF COMMONERS ARE AS FOLLOWS:

NAMES OF HOUSEHOLD	MEMBERS OF FAMILY	SUMS TO BE GRANTED
PRINCE "HIGASHIFUSHIMI"	HEAD(WIDOW OF SHINNO PRINCE)	900,000 YEN
PRINCE "FUSHIMI"	HEAD(PRINCE) WIDOW OF PRINCE 2 PRINCESSES	2,520,000 YEN
PRINCE "YAMASHINA"	HEAD(PRINCE)	1,260,000 YEN
PRINCE "KAYA"	HEAD(PRINCE) CONSORT 6 PRINCES	6,720,000 YEN
PRINCE "KUNI"	HEAD(PRINCE) CONSORT 2 WIDOWS OF PRINCES 3 PRINCES 4 PRINCESSES	6,720,000 YEN
PRINCE "NASHIMOTO"	HEAD(PRINCE) CONSORT	1,680,000 YEN
PRINCE "ASAKA"	HEAD(PRINCE) 2 PRINCES 1 CONSORT 2 PRINCESSES	4,200,000 YEN
PRINCE "HIGASHIKUNI"	HEAD(PRINCE) 3 PRINCES 2 CONSORTS	4,620,000 YEN
PRINCE "KITASHIRAKAWA"	HEAD(PRINCE) 2 WIDOWS OF PRINCES 1 PRINCESS	2,520,000 YEN
PRINCE "TAKEBA"	HEAD(PRINCE) CONSORT 2 PRINCES 2 PRINCESSES	4,200,000 YEN
PRINCE "KANIN"	HEAD(PRINCE) CONSORT WIDOW OF SHINNO PRINCE	2,280,000 YEN
	52 PERSONS	<u>37,620,000 YEN</u>

Tab. A.

Note: -

The above sums have been worked out on the following basis of fifteen or ten times as much as the sums (net) expected to be annually paid in future by the Government to the Imperial Princes and Princesses who will continue to hold their present status:

Princes as Head of Family	1,260,000 yen per person.
Princes as ordinary member of Family	840,000 yen per person.
Consorts of Princes, Widows of Princes, & Princesses	420,000 yen per person.
Widow of Shinno Prince as Head of Family	900,000 yen.
Widow of Shinno Prince other than Head of Family	600,000 yen.

Inventories submitted by the Japanese
Government of the Property of the
Imperial Princes

(As of 1 Sept. 1945)

	<u>Cash & Negotiable Property</u>	<u>Land</u>	<u>Buildings</u>	<u>Jewels</u>	<u>Total</u>
Chichibu	¥ 2,008,116	¥ 146,950	¥ 194,715	¥1,243,900	¥ 3,593,681
Takamatsu	4,043,165	708,314	1,415,176	2,830,400	8,997,055
Mikasa	1,112,852			640,300	1,753,152
Kan-in	1,220,415	1,703,627	233,000	189,500	3,346,542
Higashi-Fushimi	666,566	211,532	95,804	96,500	1,070,402
Fushimi	3,901,300	3,545,238	195,106	59,800	7,701,444
Yamashina	804,981	897,690	123,320		1,825,991
Kuni	1,430,411	92,686	1,410,663	295,600	3,229,360
Higashikuni	4,471,200	13,350		76,000	4,560,550
Kitashirakawa	1,430,851	2,523,777	273,117	379,200	4,606,945
Nashimoto	1,948,436	2,319,534	179,028	80,000	4,526,998
Takeda	1,002,533	978,563	481,864	552,300	3,015,260
Asaka	3,272,643	1,321,303	974,833		5,568,779
Kaya	1,365,880	46,191		324,700	1,736,771
Total	<u>¥28,679,349</u>	<u>¥14,508,755</u>	<u>¥5,576,626</u>	<u>¥6,768,200</u>	<u>¥55,532,930</u>

John B.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

8 November 1946

MEMORANDUM FOR THE RECORD:

SUBJECT: Controls Conference.

1. The Anti Cartels Division of ESS, under Commander Wright's chairmanship, has established a Controls Conference to deal with the problem of abolishing Japan's war-time controls over the economy and the breaking up of cartels and monopolies which have flourished under such controls. The various divisions of Economic and Scientific Section are represented on this conference, particularly the Textile Division, Industry, Statistics and Research, and Foreign Trade. The Government Section is represented by Mr. Peake, Governmental Powers Division. Meetings are held two to three times each week.

2. Rapid progress is being made in substituting for the war-time type of control the modified form of W.P.B. controls to cover the emergency period. The general nature of the latter type control is that it establishes a direct relationship between the ultimate consumer, the producer and the distributor on the one hand, and the Government on the other, thus eliminating the intermediary control associations and controls. From the production angle allotment certificates are issued to individual users by the Government and ration tickets to the ultimate consumer. This method permits medium and small size enterprises, frozen out of control bodies, to get access to needed materials and thus increases the area of free competitive economy even during the present emergency. Where it is essential that monopolistic controls over distribution be maintained the government is being ordered to establish a government monopoly and to take such controls out of private hands.

3. The Anti-Trust Branch is cooperating by refusing to allow restricted firms to make contributions to the formerly Zaibatsu dominated control companies and control associations. Such associations in the past operated largely on these contributions and as they cease the staffs will have neither money for operation nor any functions to carry out other than possibly the normal functions of a trade association such as undertaking general studies and providing information of general interest to members.

C. H. Peake

C. H. PEAKE
Governmental Powers Division

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

8 November 1946

MEMORANDUM FOR THE RECORD:

SUBJECT : Land Planning Conference.

1. Present at the conference were:

S. Yashima, Chief Planning Sec, National Land Bureau, Home Ministry
S. Sugari, Assistant to Mr. Yashima
M. Hibara, " " "
K. Iwanaga, Reconstruction Board of Tokyo, Planning Bureau, City
Planning Section, Home Ministry
W. S. Ligon, National Resources Section,
Dr. C. H. Peake, Governmental Powers Division, Government Section

2. The Home Ministry has drawn up an Imperial Ordinance for the establishment of a Land Planning Conference designed to deliberate on the broad problems of land utilization, the distribution of industrial centers to regional areas, land reclamation, population problems, etc. It is planned to set it up at the highest possible level under the direct charge of the Prime Minister. There would be some 50 members including experts, government officials and possibly members of the Diet.

3. The Ordinance was criticized on the ground that it did not go into sufficient detail so as to define accurately the scope of the conference, the form and timing of the presentation of the results, financing of the conference, and provide for adequate representation from the various regions of Japan.

4. The question was raised as to the appropriateness of having Diet members represented on a conference which is only advisory in character. The Japanese were told to re-draft the ordinance into the form of a draft bill for possible presentation to the forthcoming session of the Diet. They objected strenuously to this procedure, stating that the Diet had already indicated its desire that such a body be established. They were asked to submit evidence from the records to this effect and to bring in a revised and more detailed draft in the near future.

C. H. Peake
C. H. PEAKE

Governmental Powers Division

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7 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Dissolution of the Dai Nippon Butoku Kai

1. At 1500, 7 November 1946, Mr. Hara of the Research Bureau of the Home Ministry came to obtain approval of the proposed dissolution ordinance for the Dai Nippon Butoku Kai (the Great Japan Military Virtue Association).

Article 1 of the said ordinance was approved after insertion of the words "and all its successor organizations now in existence" between the words "branches thereof" and "shall be dissolved".

Paragraphs 1 and 2 of Article 2 were approved, but paragraph 3, which provided for disposition of this property by the Japanese government itself, was definitely cancelled.

Articles 3 and 4, being simply quotations from the Japanese ordinances implementing SCAPIN 548, were left unchanged.

2. It was made clear to Mr. Hara that the property provisions of dissolution would require the following special considerations proposed by CPC:

That the government would execute within 30 days from the date of dissolution, information and inventory report for the designated organization and its successor organizations as of the date of issuance of the dissolution order.

That it should report all property transactions from 15 August 1945 until the date of actual seizure of such property by the Japanese government.

These reports are to be submitted to CPC, General Headquarters, Supreme Commander for the Allied Powers, in quadruplicate.

3. Mr. Hara copied these requirements and stated that he fully understood them. He stated that wireless

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instructions had already been sent to the prefectural governors announcing the dissolution and ordering appropriate measures to be taken immediately to prevent the property and documents concerned from being scattered and lost; while the formal dissolution ordinance would be issued as of 8 November 1946.

P. K. ROEST
Chief, Political Affairs Div.

*Activity of
Pol. Affairs Div.*

PHT/HCH/CTR/ted

Request for Concurrence.

Civil Property GS
Custodian/GP

5 Nov 46

1 A proposed Memorandum to the IJG, file AG 386.7, subject "Property of Dai Nippon Butoku Kai" is forwarded for your comments or concurrence and return to the Civil Property Custodian.

Incl: As desc above.

-----P.H.T.-----

CW/CLK/PKR/FL

2 From: GS To: Civil Property Custodian/GP Date: 7 November 1946

1. This Section does not concur in issuing a formal directive to the Japanese Government if the desired result can be accomplished by informal communication.
2. Subject organization is being dissolved as of 8 November 1946 as the result of a conference of this Section with the Home Minister.
3. Requirements embodied in your proposed Memorandum were communicated to the Japanese Government through Mr. Hara, of the Home Ministry, at 1500, 7 November 1946.
4. Request notification of any non-compliance.

-----Incl: N/C-----C.W.-----

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14
Circulate and return to Political Affairs Div.

7 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Dissolution of the Dai Nippon Butoku Kai

1. At 1500, 7 November 1946, Mr. Hara of the Research Bureau of the Home Ministry came to obtain approval of the proposed dissolution ordinance for the Dai Nippon Butoku Kai (the Great Japan Military Virtue Association).

Article 1 of the said ordinance was approved after insertion of the words "and all its successor organizations now in existence" between the words "branches thereof" and "shall be dissolved".

Paragraphs 1 and 2 of Article 2 were approved, but paragraph 3, which provided for disposition of this property by the Japanese government itself, was definitely cancelled.

Articles 3 and 4, being simply quotations from the Japanese ordinances implementing SCAPIN 548, were left unchanged.

2. It was made clear to Mr. Hara that the property provisions of dissolution would require the following special considerations proposed by CPC:

That the government would execute within 30 days from the date of dissolution, information and inventory report for the designated organization and its successor organizations as of the date of issuance of the dissolution order.

That it should report all property transactions from 15 August 1945 until the date of actual seizure of such property by the Japanese government.

These reports are to be submitted to CPC, General Headquarters, Supreme Commander for the Allied Powers, in quadruplicate.

3. Mr. Hara copied these requirements and stated that he fully understood them. He stated that wireless

instructions had already been sent to the prefectural
governors announcing the dissolution and ordering ap-
propriate measures to be taken immediately to prevent
the property and documents concerned from being scattered
and lost; while the formal dissolution ordinance would
be issued as of 8 November 1946.

P. K. ROEST
Chief, Political Affairs Div.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

4 November 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Articles by Burton Crane (New York Times) on Economic Policies of the Occupation.

1. On 7, 8 and 9 October, 1946, the New York Times published three signed articles by Burton Crane, its Tokyo correspondent, which sharply criticized occupation policies concerning economic problems in Japan. The general theme of these articles is that the Japanese Government, under the supervision and direction of the Supreme Commander, has adopted a number of economic measures which will so weaken private enterprise as to "preclude any recovery of business through its own efforts and bring heaping measures of State financing and State control". The gist of the articles follows:

a. The first article, entitled "Private Enterprise in Japan faced with Probable Eclipse", states that as a result of measures recently adopted by the Japanese Government (the capital levy, cancellation of government indemnities to war time contractors and the reconstruction bill), private capital will be so depleted that private business in Japan will be unable to finance its own recovery and State socialism will ensue. General MacArthur is known to be opposed to State socialism; General Marquat, Chief of the Economic and Scientific Section of General Headquarters, SCAP, is anxious to "get business back into private hands as quickly as possible", and "American policy aims at returning Japan to its normal peacetime economy with all dispatch, but implementation of that policy has been in the hands of division chiefs with a kaleidoscopic range of political and economic views. While one division wanted to increase production by any means to check inflation, another tried vigorously to hold down prices, thereby removing incentives and smothering output, while still another indirectly encouraged workers to seize plants from their owners."

b. The second article, "Japan's Economy Upset by Changes", pictures a Japanese economic system which before the Americans came was an industrial Utopia. The Japanese employer's first concern has always been to take care of his workers without regard to profits or losses or the condition of his balance sheet. Through custom and tradition growing out of the old personal relationship of master and apprentice under which the worker not only learned his trade but also earned a share in the business by his labor, Japanese business by means of bonuses, workers' benefits, severance pay and avoidance of layoffs, had evolved a fairly efficient system for minimizing unemployment and its evil effects. Serious business depressions were avoided, for the purchasing power of workers kept pace with living costs "and a little slump never snowballed into a national disaster". This paternalistic system was protected by a system of industrial control associations which among other things set minimum prices to

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prevent the least efficient producers from being forced out of business. Into this Eden of industrial peace and harmony American officials, showing "complete failure to understand what makes the Japanese economic system tick", are introducing price and labor policies which eliminate producers' profits, encourage industrial strife and deter plant reconversions and industrial recovery.

c. The third article, "Tokyo to Cut deep into Stock Values", discusses the provisions of the reconstruction measure under which companies which seek to borrow working capital from the new Reconstruction Finance Agency must first write off all losses incurred through cancellation of war indemnities, seizure of overseas properties, reparations and the capital levy and make such capital readjustments as are necessary to balance these losses. Since such companies are not at the same time permitted to mark up the book values of their plants and other assets to reflect current inflated prices and since some capital readjustments will probably result in the transfer of some of the equity in the reorganized companies to creditors, the interests of shareholders will be "watered down".

2. If true, the condition described in these articles is cause for grave concern. Japanese business, if left alone, could and would find the way of economic reconstruction, restore the country to normal peacetime activity and thus further basic occupation objectives. American officials, some through ignorance of the Japanese economic system, others perhaps by deliberate intent, but all bent on reforming Japanese practices to suit their notions of democracy in business, are crippling the capacity of the Japanese economy to recover under a system of free enterprise, with State socialism the logical result. In so doing, they are sabotaging American policy in Japan. Presumably both General MacArthur and General Marquat have been kept in ignorance of their subordinates' actions, or these acts would not have been allowed to go on. In bringing these matters to light, therefore, the New York Times' correspondent has indeed earned the gratitude of General Headquarters, SCAP and the United States Government and a commendation from the owners of the New York Times, that is, provided the picture he draws is a true one. But is it?

3. Labor Conditions in Japan have been far from Utopian.

a. While it is true that the old relationship of master and man carried over into Japan's industrial age, notably in the numerous small-scale establishments employing only a few workers, the growth of large-scale enterprises in the 1920's brought with it the newer impersonal relationship of employer and employee, the organization of labor into unions and of employers into guild-like control associations, collective bargaining and labor legislation. Nor were labor disputes unknown before the war; 816 were recorded in 1925 and 2290 in 1930. From 1931 to 1937 the number of industrial disputes fell sharply as a result of the growing need for labor to support the conquest and industrialization of Manchuria, expansion of armament production, the patriotic appeal of Japan's imperialistic ventures on the Continent, the alliance of the government with the employer class in opposition to the labor movement, and a series of determined campaigns by the police to suppress labor organizations as subversive to security and the political order. Yet even as late as 1938 there were 1022 industrial disputes. During the war they naturally dropped

to a minimum. That there were no labor organizations in Japan at the time of the surrender is a tribute not to the peculiar virtues of Japanese labor relations but to the effectiveness of the repressive methods employed by the Japanese police state in regimenting labor as well as other sectors of the population in the service of Japan's totalitarian war machine.

b. The bonus system did not make up for low wages in Japan. In the larger, better industrial and commercial establishments bonuses in the 1930's averaged 20% of total payrolls. But in the large number of small enterprises the figure was nearer 5%. Dismissal and retirement pay, another old practice, was always subject to the ability and inclination of the employer to pay. Gradually it became formalized and impersonal and eventually establishments employing 50 or more persons were required to set up definite schemes providing dismissal and retirement pay. This ranged from 32 days' pay after one year's service to 497 days' pay after twenty to twenty-five years' service. Bonuses included, labor wages in Japan have never more than covered the bare necessities of life under standards of living which in the West would be considered intolerable. Japanese habits are simple and frugal. Yet the typical worker's family met living expenses only by pooling the earnings of several members of the family, women and children included. Living in poor, flimsy, unheated, unsanitary homes, five to a room, wearing simple, scant and cheap clothes, and subsisting on an inadequate diet, these Japanese men, women and children provided the cheap labor which Japanese business first turned into export goods at cut-rate prices for the capture of foreign markets and later into armaments for the conquest of foreign lands. Over this peaceful beehive of industrial activity hovers the benign, fatherly figure of the Japanese employer, whose "first objective is to take care of his workers" and who opposes labor organizations because they may "train the Japanese worker to fight for his rights" and reproduce "American labor scenes" in Japan. That Japanese industrial workers have long suffered from bad teeth and eyes, a wide prevalence of deficiency diseases and a high death rate is history's commentary on the true nature the Japanese employer's solicitude for the welfare of his workers.

c. From 1934 to 1938 average actual hours of work in industry generally exceeded ten hours per day; only in cotton spinning was a nine hour day common; elsewhere working hours exceeded eleven hours. By 1937 a twelve hour day plus overtime was universal in the armaments industry. During the war, as a measure of efficiency, excessively long hours were reduced by legislation, not on the initiative of employers. Since the Japanese do not observe the Sabbath, the tradition of one rest day in seven does not exist, but two days of rest per month are customarily observed, in addition to several national holidays. The enactment of special legislation limiting the working hours of women and minors, hours of work in underground occupations, dismissal and retirement benefits, workmen's compensation and welfare shows that the Japanese government years ago recognized the inadequacy of feudal paternalism to protect the rapidly growing number of workers in Japan's industrial age. Only those who would exploit labor or see it exploited could see in the pre-war Japanese industrial scene a Utopia of capital-labor relations.

4. The financial measures recently enacted by the Japanese Government, far from being socialistic, follow orthodox capitalist practice,

and to the extent that they prove effective, are a partial cure for some of the basic financial factors in the present inflation.

a. War contractors' claims for indemnities and bank loans secured by such claims, since they do not represent goods or services anywhere in existence, are wholly fictitious assets. Hence they cannot be liquidated without loss. The only question is who should bear such loss. To make these claims good would entail a further extension of government credit creating corresponding additional fixed charges against Japan's present and future earning power. It is estimated that of the 81 billion yen of war indemnities and insurance, 67 billion representing industrial claims will be recaptured. In addition, estimated claims of 23 billion yen based on probable losses to financial institutions resulting from cancellation of indemnities to contractors will be wiped out. Finally, about 25 billion yen of probable claims arising from the loss of overseas assets will be eliminated. The cancellation of these claims obviates an increase of 90 to 115 billion yen in the already staggering burden of government debt.

b. The capital levy, which is expected to raise some 43 billion yen, is graduated in accord with capacity to pay. Since it is assessed on valuations as of March 1946 or August 1945 it will tax away some of the equity accumulated as a result of war production but will not touch the bulk of the appreciation in asset values reflecting post-surrender inflationary price rises. The starting rates are moderate, resulting in minimum impairment of capital of the numerous small-scale enterprises which account for a large share of industrial production in Japan.

c. The provisions of the reconstruction measure which require that companies desiring to borrow working funds from the Reconstruction Finance Agency must first effect whatever capital readjustments are necessitated by the shrinkage of asset values resulting from losses connected with the war follow recognized corporate reorganization practices. When a company is unable to meet in full the claims of its creditors it is neither customary nor good business for a new creditor (even governmental) to advance additional credit for working capital until the claims of the old creditors have been either subordinated or adjusted. That such readjustments bear harder on stockholders than they do on creditors is hardly revolutionary. In the United States, prior to the revision of the Federal bankruptcy laws under the New Deal, it was customary for the stockholders' equity to be entirely wiped out before the creditors were called upon to make any sacrifices at all. Since then, stockholders have been accorded more generous consideration, usually in the form of a reduced percentage of capital stock in the reorganized companies or warrants to subscribe to new stock. Yet, even under the revised bankruptcy laws, the principle that bondholders and other creditors are entitled to preferential treatment over stockholders is recognized.

d. Under the Japanese capital readjustment plan, losses are charged against undivided profits, capital and creditors' claims, in that order. After share capital has been written down by 90%, creditors'

claims are scaled down by as much as 70% before any further charges are made against share capital. Transfer of some of the equity in the reorganized concerns to creditors in return for cancellation of a part of their fixed claims follows recognized principles of reorganization and results in a sounder capital structure. It should be noted that, having written off its losses and made the necessary capital readjustments, a company may then revalue its remaining assets to present a stronger balance sheet position and provide a sounder basis of security for loans from the government. It should also be noted that the capital levy does not tax such appreciation. Thus, to the extent that old shareholders retain an equity in a reorganized concern, revaluations accrue to their benefit.

e. The upward revaluation of assets adds not one yen to the productive capital of any concern. Money for new working capital must still be borrowed from the government. Obviously, therefore, it is not government financing that is objected to, but the prerequisite that the books first be cleared of fictitious assets and the claims of creditors and stockholders adjusted accordingly. Yet failure to do this would simply mean that government credit would be extended not just to finance business recovery but to make good the fictitious capital losses of present shareholders. The expense would be borne by the creditors who hold fixed claims stated in terms of fast depreciating yen, the taxpayers whose earnings must support the government debt, and the general public which through higher prices would defray carrying charges on fictitious as well as productive capital. No more inflationary solution could be devised. This is indeed a strange version of free enterprise: freedom to dip into the public purse and into the pockets of the consuming public for the benefit of a particular group.

f. Stock ownership of large companies in Japan is not widespread. In the main corporate ownership is in the hands of a small, compact group constituting or closely allied with those who governed business policies in Japan during the years that led to the war, allied themselves with the militarists, shared in the exploitation of occupied areas and profited from war contracts at home. To a large extent the shares they hold represent their stake in Japan's gamble for dominion over Asia, the Indies and the Philippines. That gamble was lost. Should these chits now be redeemed at 100% at the expense of the present and future generations of Japanese?

5. In the light of the above discussion, it is clear that the Tokyo correspondent of the New York Times has badly confused the issues. He waves the banner of "American policy" and utters the battle cry of "free enterprise". But what he actually defends is the pre-war Japanese system which first held down the income and living standards of its own people, then used the low purchasing power of the domestic market as an excuse for seeking its profits in foreign markets, and when other countries, in self defense, erected tariff barriers, used that as an excuse for forcibly staking out spheres of influence for Japan's exclusive exploitation. Further, he pleads for a special handout, at public expense, to the groups which profited from that system. Truly the Japanese officials responsible

for the measures under attack displayed a truer appreciation of what is good for their country in the long run than does the author of these articles. As for the officials in the Economic and Scientific Section of the Supreme Commander's staff who were responsible for advising the Japanese government on these measures, it is possible that only their utter ignorance of "what makes the Japanese economic system tick" leads them irreverently and with foolish courage to suggest or approve changes in that system which simply frighten the daylights out of an "old Japan hand" like the New York Times correspondent. It is also possible that, not handicapped by ties or loyalties to old associates who were beneficiaries of that system, they are performing their sworn duty without fear or favor. At any rate, since by their actions these officials have shown a clear understanding of the meaning of the Potsdam Declaration, which they are here to help enforce, the doubt, if any, should be resolved in their favor.

Frank Rizzo
FRANK RIZZO
Major CMP

Noted: CLK

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

1 November 1946

MEMORANDUM FOR THE RECORD:

SUBJECT : The Dai Nippon Butoku Kai (The Great Japan Military Virtue Society).

1. Inquiry with the Home Ministry and with CI&E, Education Division, Major Norviel, confirms the statement made in memorandum of 31 October 1946 that the Dai Nippon Butoku Kai (Great Japan Military Virtue Society) was subject to dissolution under SCAPIN 548. Although primarily known for its physical education activities, there is no doubt that during the last decade this organization vigorously promoted the military spirit in connection with the sports which the Ministry of Education has of its own accord scrapped from the official school schedule. The inculcation of this military spirit and the fact that its training was, to a considerable extent, at least, quasi-military makes the organization subject to dissolution under Imperial Ordinance 101, Article I-6, and its property is therefore to be frozen under Article III of said ordinance.

2. Accordingly, Mr. Hara of the Research Bureau of the Home Ministry, in a conference on this subject at 1500 hours today was instructed to immediately order the dissolution of this organization; as it was learned that CI&E had recently started action to recommend dissolution of this organization and that only news of this impending action had induced the movement to self-dissolution which caused CI&E to shelve the matter.

3. Mr. Hara stated that he would immediately inform the Ministry of Education, which had handled the case, that dissolution of the Dai Nippon Butoku Kai was required.

4. CPC was notified of the action taken.

P. K. Roest.
P. K. ROEST
Chief, Political Affairs Div.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

4 November 1946

MEMORANDUM FOR THE RECORD:

SUBJECT : Dai Nippon Butoku Kai.

1. Dai Nippon Butoku Kai, having been ordered dissolved under SCAPIN 548 by verbal message from Government Section on 1 November 1946, the Home Minister has been informed, through Mr. Hara of the Research Bureau, that unless the dissolution has been ordered by the Home Ministry by 5 November, he should personally appear in General Whitney's office in the afternoon of 5 November, to show cause why this has not been carried out.

P. K. Roest
P. K. ROEST
Chief, Political Affairs Division

31 October 1946

MEMORANDUM:

1. Conference with Mr. Eaton, Civil Property Custodian, who brought a memorandum for the Japanese Government intended to freeze immediately the assets of the Dai Nippon Butoku Kai (The Great Japan Military Virtue Society) for concurrence. It appears that subject organization was deemed to fall under the provisions of SCAPIN 548 and had been recommended by CIS for dissolution early this year. For some reason the recommendation had been sent to CI&E, which Section had tabled the matter since the organization "had a quasi-sports and physical education status and wanted to dissolve voluntarily." The Government Section had never been informed of the matter by either the Japanese Government or the aforementioned staff sections. Meanwhile the organization continued to exist and property worth about ¥2,000,000 was on lease to the Kyoto area occupation forces. It was considered likely that the organization would claim rentals against the U.S. Army if the present situation were allowed to continue, hence, the hurried action ordering a freezing of assets.

2. Political Affairs Division replied that this was "putting the cart before the horse." If the organization actually falls within the provisions of SCAPIN 548, it should have been dissolved long ago and certainly should be dissolved now without delay and, in that case, its assets would be frozen automatically and disposition of same would be the concern of CPC. Mr. Eaton thereupon withdrew the memorandum in order to submit it to G-2, from which Section he expected to obtain an immediate concurrence. He expected to return with the matter later to give this Section an opportunity to comment or concur

as it saw fit. The Home Ministry is being asked to explain the character of the Dai Nippon Butoku Kai and give reason why, if the organization did provide military training and/or foster military spirit, it was not dissolved under Imperial Ordinance No. 101, Article I-6, without any reference to SCAP staff sections.

P.K. Roest
P.K. Roest

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

31 October 1946.

MEMORANDUM FOR THE RECORD

SUBJECT: Interview with Mr. Shiga of House of Representatives.

Date of Interview: 30 October 1946 Time: 1030 - 1200

Present at interview:

- | | |
|--------------|--|
| Mr. Marcum | Mr. Shiga (Communist member, H. of R.) |
| Major Bieber | Mr. C. Song |
| Lt Baerwald | Mr. M. Song |
| Miss Norman | |

Interview was requested by Mr. Shiga. Mr. Shiga's statements are quoted in substance below.

1. On my recent visit to Osaka, I was continually shadowed by a plain-clothesman of the Special Police. While in Osaka, I was to give an address on the problem of Koreans in Japan and related subjects. Major Curnan of the Military Government in Osaka came to see me shortly before I was to deliver this address, trying to deter me from so doing. As the Major did not use force, I did deliver the address. Evidently there is friction in Osaka between the Japanese Government, the Koreans, and the Allied Military Government, and the Major was afraid I would incite the people at the meeting (which definitely was not my purpose). My views on the problem of Koreans in Japan are as follows:

a. In order to curb the smuggling of Koreans into Japan, the police authorities are planning to register all Koreans in Japan. Many Koreans who have tried to smuggle into Japan (especially to those prefectures along the coastline of Honshu facing Korea) have been caught by the Japanese authorities and are being detained in a camp in Sasebo under awful conditions. (Food rations of 5 Shaku or 1/4 the average ration for Japanese, which has caused 300 Koreans detained in the camp to die in the past two months).

b. There is a movement in the Japanese Government, and the Japanese people are beginning to believe it, that Koreans and Chinese are securing a monopoly of business in Japan. This feeling on the part of the Japanese has arisen from the blackmarket activities of Koreans and Chinese, and from the competition they have given the Japanese in the field of small business. The whole condition was gravely exaggerated in a speech by Mr. Shiiguma (Progressive member in H.R.), which caused unrest among Koreans in Japan.

c. Both these problems are coming to a head, especially in Osaka, where many Koreans are living. The police are showing definite signs of discrimination against the Koreans. When I went to the police in Osaka to ask why only the Koreans, and not other foreign nationals residing in Japan, were to be subjected to the registration, I received the following answer: The Koreans are the only ones who are smuggling their nationals into Japan; also, inasmuch as the political status of Koreans is not clear (whether the Allies consider them neutrals, belligerents, or allies), and as the present political status of Korea is not clear, the police do not know what they should do. I further asked the police whether Koreans, after registering and after they have been found to be legitimate residents of Japan, would be given an identification card stating such information. The police answered that they did not know what they would do. (Implying that the police would use the registration as a convenient way to discriminate against Koreans).

d. In summarizing the Korean problem, I feel that the ultra-nationalists in the Japanese Government are using the Koreans in the same way that the Germans had used the Jews in the years just before Hitler came to power; that they are discriminating against the Koreans and making them the goats of a behind-the-scenes campaign for the revival of the ultra-nationalist element in Japan.

e. I ask you, why was it necessary for the Koreans, who had gone back to their fatherland full of hope after the surrender of Japan last year, to smuggle themselves back into Japan? It seems to me that it is evident that it was impossible to make a living in Korea for those who had been repatriated from Japan. I hope GHQ is looking into the situation (Mr. Yamabe is coming tomorrow to present a complete dossier of all the information Mr. Shiga gave on Korea.)

2. I think that the statement "Good directives, bad results", is true. In explanation I state that the Japanese in interpreting the SCAP directives are taking advantage of any ambiguities for the purpose of suppressing democratic tendencies of any group in Japan. I feel that it is not so much a matter of incorrect translation as a matter of interpretation by the various levels of the Japanese Government. I know that while the Communists have never accepted the new Constitution, now that it is a fait accompli, our position is that it must be enforced, and that we will do our best to help in this task. I feel that the Japanese as a whole do not understand the meaning of all that is in the Constitution, especially the section concerned with their civil liberties. Also, I feel that the civil liberties contained in the Constitution are insufficient, but I hope that the Japanese Government will pass legislation implementing the provisions concerning civil liberties in the new Constitution.

HANS H. BAERWALD

2d Lt, AUS

Public Administration Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

31 October 1946

MEMORANDUM FOR THE RECORD

SUBJECT: Arrest of Mainichi Shumbun Strikers

On 16 October KOBAYASHI Isamu of the Europe-America desk of the Mainichi Shimbun came to this office and reported the arrest of a number of newspaper strikers on 7 October and two strike leaders on 13 October. According to Mr. Kobayashi, the arrests were made at a time when no acts of violence were being committed by the individuals apprehended, and were without other justification.

Mr. TANIKAWA Noboru, Chief of the Police and Public Order Bureau of the Ministry of Home Affairs was asked to make a written account of the arrests on the 22nd of October. The report was presented a day late by an assistant, Mr. TOMINAGA, who stated that it had been necessary for Tanikawa to leave town in connection with a tour of the Emperor. An apology was made for the delay. Further details were requested concerning the arrest of the strike organizers. A supplemental report was submitted by Tominaga on the 25th and on the same day a statement concerning the circumstances surrounding the issuance of the warrant of arrest was asked of Mr. TAKAHASHI Ichiro, Chief of the Criminal Affairs Section of the Criminal Affairs Bureau of the Ministry of Justice. This was presented and a discussion had with him again on the 29th.

The reports from the Home Ministry and the Justice Ministry contain the following assertions:

1. Violence on the part of strikers in preventing the distribution of newspapers by non-strikers precipitated the arrests made on 7 October. These were made, in flagrante delicto, and therefore without warrant in accordance with law.
2. The arrests of the two alleged strike leaders were made following an interrogation to which they voluntarily submitted on the 13th of October. This was a Sunday, no judge was immediately available, and in the opinion of the procurator it was necessary to obtain a free and uncoached statement from a third associate, a strike leader who was also suspected of inciting violence but had not been questioned. The procurator, therefore, issued a warrant of arrest immediately under the authority of Article 123 of the Code of Criminal Procedure.

3. The procurator's decision not to prosecute was made on the 18th and all arrested persons were released on that day.

No further action appeared necessary on the part of the Government Section. The processes under which the strikers and strike leaders were arrested were in substantial accordance with existing law, and the construction of Article 123 was the conventional one authorizing procuratorial action in cases of urgency.

The issue, as to acts of violence on the part of strikers was one of fact which the Government Section was not prepared to investigate. This decision in part was influenced by the fact that, when informed of the official view that force had been used, the Mainichi representatives did not make specific denials, despite an earlier assertion that the only attacks on non-strikers had been verbal.

The opportunity was taken on the occasion of the final meeting with Takahashi to point out that although existing criminal procedural law might afford the procurator broad discretion in connection with the issuance of warrants, new legislation supplementing the Constitution undoubtedly will require a far greater measure of judicial checks. Therefore, it would be wise for procurators to refer to judges immediately all cases involving the issuance of warrants for arrests in which speed is not absolutely necessary.

T. L. Blakemore
T. L. BLAKEMORE
Legal Officer
Governmental Powers Division

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ML
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28 October 1946

File
CW

MEMO FOR THE RECORD:

1. Reference is formal request from the Finance Ministry dated 25 October for release by SCAP to the Imperial Japanese Government of sufficient silver and gold to make approximately 1500 cups as souvenirs for the 3 November Diet ceremonies promulgating the Constitution. A copy of the letter was furnished Government Section.

2. At 1430 hours, 28 October, Mr. Hinata, CLO, reported to the Chief Legislative Officer, Government Section, that the Civilian Property Custodian, SCAP, had rejected the Finance Ministry's request for release of gold and silver. Not knowing why the request was rejected, Mr. Hinata was asked to telephone the Finance Ministry and get a statement of the facts. Following the telephone conversation with the Finance Ministry, Mr. Hinata reported the following:

a. The Finance Ministry had telephoned CPC earlier in the day and had been told that the request for release of precious metals would be denied.

b. CPC, in rejecting the request, advised the Finance Ministry that the Japanese Government could use wood and lacquer for making the necessary souvenir cups.

3. At 1700 hours, this date, the facts stated above, together with a copy of the letter from the Finance Ministry to SCAP, CPC, were submitted to the Chief, Government Section, by the Chief Legislative Officer.

JW

CW

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Military Intelligence Section, General Staff
Allied Translator and Interpreter Section

Date 28 OCT 1946

Memorandum for all concerned

Subject: Notification of Shipment of Japanese Documents

1. In accordance with Memo dated 28 Nov 45, by G-2, SCAP, subject: Handling of Japanese Documents, attached hereto is a list of Japanese Documents received by ATIS Document Section for shipment to WDC, Washington, where they will be made available to all authorized agencies.

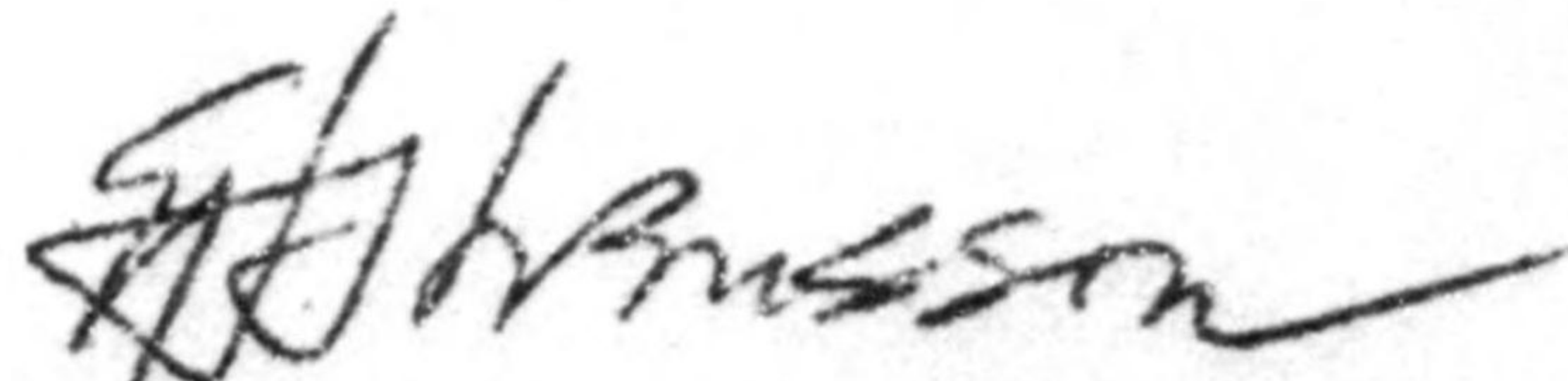
2. These documents are located at the ATIS Document Section storage room, 5250 TIC, First Tokyo Arsenal.

3. These documents will be shipped to WDC, Washington, two weeks from the date of this memorandum.

4. If any of the listed items are desired for local exploitation, arrangements can be made with ATIS Document Section to borrow such items for a 30-day period.

5. To obtain desired items, requests in writing should be addressed to ATIS Document Section so as to arrive prior to the expiration of the two week retention period. In the event that a request for a particular item should arrive subsequent to its withdrawal by another agency, notification will be furnished the requesting agency upon such item's return to ATIS Document Section.

6. Questions may be addressed to Chief, Document Section, Room 4-West, NYK Building, through ATIS.



E. H. F. SVENSSON
Colonel, Cavalry
Commanding

Issue # 337

GENERAL HEADQUARTERS

Supreme Commander for the Allied Powers
Military Intelligence Section, General Staff
Allied Translator and Interpreter Section

Shipping Advice # 10117

Site: Central Meteorological Observatory

Sack # 1

Item No.

Description

1. Printed periodicals, "Monthly Report of the Central Meteorological Observatory."

1899	Jan-Dec
1900	Jan-Dec
1901	Jan-Dec
1902	Jan-Dec
1903	Jan-Dec
1904	Jan-Dec
1905	Jan-Dec
1906	Jan-Mar, May, Jun
1907	May-Dec
1908	Feb-Nov
1909	Jan, Feb, Apr-Jul, Nov, Dec
1910	Mar-Dec
1911	Jan, Feb, May, Jul-Sep, Nov, Dec

Shipping Advice # 10117 (cont'd)
Site: Central Meteorological Observatory

Sack # 2

Item No.

Description

1. Printed periodicals, "Monthly Report of the Central Meteorological Observatory,"

1913	Jan-Nov
1914	Feb-Aug, Oct-Dec
1915	Jan-Dec
1916	Jan-Dec
1917	Jan, Apr-Aug, Nov, Dec
1918	Jan-Mar, May-Aug, Oct-Dec
1923	Mar-Dec
1924	Jan-Dec

2. Printed daily weather chart of North Pacific, KOBE Imperial Marine Observatory.

1923	Jan-Dec
1924	Jan-Nov
1925	Jan-Dec
1926	Jan-Mar, May-Dec
1927	Jan-Dec
1928	Jan-Dec
1929	Jan, Mar-May, Jul-Dec
1930	Jan-Apr, Jun-Dec
1931	Jan-Dec
1932	Jan-Dec (2 copies of Sep and Jun)
1933	Jan-Dec
1934	Jan-Oct
1935	Jan-Apr, Jun-Dec
1936	Jan-Apr

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<u>Item No.</u>	<u>Description</u>
1.	Printed periodicals, in English, "Annual Report on Mean Atmospheric Pressure, Cloudiness and Sea Surface Temperature of the North Pacific Ocean and Neighboring Seas," Imperial Marine Observatory. 1927-1936 1938-1940 (2 copies of 1939)
2.	Printed periodicals, "HYOGO Prefecture Weather Chronicle," Imperial Marine Observatory. 1940 Jan-Dec (1 copy of Summary for 1940) 1941 Jan-Nov
3.	Printed periodicals, "Imperial Marine Observatory Classified Report." 1925 No 1 1926 Nos 2-9 1927 10-14 1928 15-19 1929 20-22 1930 23-34 1931 35-43 1932 44-52 1933 53-67 1934 68-77 1935 78-89 1936 90-96 1937 97-108 1938 109-118 1939 119-129 1940 130-134 1941 135-139 1942 140-142
4.	Printed periodicals, "Tidal Observations," Imperial Marine Observatory. 1925 Vol I No 1 1926 I Nos 2-3 II 1-3 III No 1 1928 III 3 IV Nos 1-2 1929 IV No 3 V Nos 1-3 1930 VI 1-3 1931 VII 1-3 1932 VIII 1-3 1933 IX 1-3 1934 X No 1 1935 X Nos 2-3 XI No 1 1936 XI Nos 2-3 XII No 1 1937 XII 2 XIII Nos 1-2

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Item No. Description

4. (continued)

1938	Vol XIV	No 1
1939	XIV	2
	XV	Nos 1-2
1940	XV	3
	XVI	No 1
1941	XVI	Nos 2-3
	XVII	1-2
1942	XVII	No 3

5. Printed periodicals, in English, "Memoirs of the Imperial
Marine Observatory."

1922	Vol I	No 1
1923	I	2
1924	I	Nos 3-4
1925	II	No 1
1926		Nos 2-3
	III	No 1
1927		2
1928		3
1929		4
1930	II	4
	IV	1
1931	IV	Nos 2-4
1932	V	1-2
1933	V	No 3
1935	V	1
	VI	1
1936		2
1937		3
1938		4
1939	VIII	Nos 1-2

6. Printed periodicals, "Journal of Oceanography," Imperial
Marine Observatory.

1929	Vol I	Nos 1-2
1930		No 3
	II	Nos 1-3
1931	II	No 4
	III	1
1932		Nos 2-3
	VI	1-2
1933	V	1-2
1934	VI	1-2
	VII	1-2
1935	VIII	1-2
1936		No 3
	IX	Nos 1-2
1937	X	1-2
1938	XI	3-4
1939	XII	No 1
1940	XII	Nos 2-3
1941	XIII	1-2
1942	XIII	No 3

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<u>Item No.</u>	<u>Description</u>
7.	Printed book, "Twenty Year Report of Marine Observatory," Imperial Marine Observatory, KOBE.
8.	Printed book, "Marine Surveying Method," Imperial Marine Observatory, 1942.
9.	Printed book, "Table for Marine Survey," Imperial Marine Observatory, 1938.
10.	Printed book, "Historical Data on Weather," compiled by Imperial Marine Observatory and Central Meteorological Observatory, 1940. Supplements 1 & 2. 3 covers.
11.	Printed and hand written charts of meteorological data reported by ships on high seas, undated.

End of Shipping Advice # 10117