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Para E, appendix A, Seapin 550

E. Officers of Financial and Development Organizations involved in Japanese Expansions:

Any person who has at any time between 7 July 1937 and 2 September 1945, occupied any of the positions listed below;

Chairman of the Board of Directors, President, Vice-President, Director, Adviser or Auditor of any of the following or, in territory occupied by the Japanese armed forces since 7 July 1937, manager of a branch of:

South Manchurian Railway Company
Manchuria Development Company
North China Development Company
Central China Development Company
Southern Development Company
Taiwan Development Company
Manchuria Heavy Industry Development Company
Nanyo Development Company
Oriental Development Company
Wartime Finance Bank
United Funds Bank
Southern Development Bank
Overseas Funds Bank
Chosen Colonization Bank
Deutsche Bank Fuer Ostasien
Bank of Chosen
Bank of Taiwan
Bank of Manchukuo
Manchurian Development Bank
Korean Trust Company

Any other bank, development company or instituion whose foremost purpose has been the financing of colonization and development activities in colonial and Japanese-occupied territory, or the financing of war production by the mobilization or control of the financial resources of colonial or Japanese-occupied territories.

Part I, appendix I, Cabinet + Home Affairs Ministry
Ordinance #1, 1947

V. Officers of Financial and Development Organizations involved in Japanese Expansions:

1. Any person who has at any time between 7 July 1937 and 2 September 1945 occupied the position of Chairman of the Board of Directors, President, Vice-President, Directors, Advisor, or Auditor of any of the following or, manager of a controlling branch or a branch commensurate thereto of the following in Japanese Colonial Possession or any territory occupied by the Japanese Army since July 7, 1937.

South Manchurian Railway Company (Minami Manshu Tetsudo K.K.)

Manchurian Development Company (Manshu Takushoku Kosha)

(Including Manchurian Development Joint Stock Co., Ltd.)

or Manshu Takushoku K.K.)

North China Development Company (Kitashima Kaihatsu K.K.)

Central China Development Company (Nakashina Shinko K.K.)

Southern Development Company (Nanyo Takushoku K. K.)

Formosan Development Company (Taiwan Takushoku K. K.)

Manchurian Heavy Industry Company (Manshu Jukogyo K. K.)

Nanyo Development Company (Nanyo Kohatsu K. K.)

Oriental Development Company (Toyo Takushoku K.K.)

Wartime Finance Bank (Senji Kinyu Kinko)

Southern Development Bank (Nampo Kaihatsu Kinko)

Overseas Funds Bank (Gaishi Kinko)

Chosen Colonization Bank (Chosen Shokusan Ginko)

Deutsche Bank fuer Ostasien (Doitsu Toa Ginko)

Bank of Chosen (Chosen Ginko)

Central Bank of Manchukuo (Manshu Chuo Ginko)

Manchurian Development Bank (Manshu Kogyo Ginko)

Karafuto Development Company (Karafuto Kaihatsu K.K.)

Korean Trust Company (Chosen Shintaku K.K.)

Manchuria Investment Securities Company (Manshu Toshi Shoken K.K.)

Federal Reserve Bank of China (Chukoku Rengo Junbi Ginko)

Korean Cooperative Union of Credit (Chosen Kinyu Kumiai Rengo Kai)

Bank of Mongolia (Mokyo Ginko)

National Banking Bureau of Thailand (Taikoku Kokuritsu Ginko Kyoku)

Central Reserve Bank of China (Chuo Chobi Ginko)

Bank of Thailand (Taikoku Ginko)

South China Bank (Kanan Ginko)

Yokohama Specie Bank (Yokohama Shokin Ginko)

Any other bank, development company or institution whose foremost purpose has been the financing of colonization and development activities in colonial and Japanese occupied territory or the financing

of war production by the mobilization or control of the financial resources of colonial or Japanese-occupied territories.

2. Any person who has held the position of the Manager of a branch, or agency or a representative in the territory occupied by the Japanese armed forces of the Bank of Japan at any time between July 7, 1937 and September 2, 1945.

DRAFT

8 July 1947

MEMORANDUM FOR THE RECORD

SUBJECT: Branch Manager, Paragraph V

1. In memoranda dated 9 June 1947 and 10 June 1947, by E. M. Hadley to Chief, Public Service Qualifications Division, above subject, it was suggested that criteria be established in order to eliminate those branch managers who did not exercise "authority or influence commensurate with that of any of the positions listed above".

2. Investigation has disclosed that most development companies and banks maintained one main or controlling branch and one or more sub branches in each occupied territory. The controlling or main branch determined policy for their particular area, and the sub branch managers merely carried out those policies. The ordinance was not intended to extend to the level of personnel in the position of sub branch managers, consequently the following interpretation of Section V (1) is recommended. "Manager of a branch" shall be construed as the manager of the main or controlling branch in each of the following occupied territories and such other occupied territories as shall be hereafter designated:

1. Malay
2. Java
3. Burma
4. Philippines
5. Borneo
6. Manchuria
7. North China
8. Mongolia
9. South China
10. French Indo-China
11. Thailand
12. Sumatra
13. Celebes
14. South Sea Islands

15. Middle China
16. Manchuko
17. Kwantangchou
18. Siam
~~19. Korea~~
19. Formosa
20. Korea
21. Southern Saghalien

MCK

1 August 1947

MEMORANDUM FOR THE RECORD

SUBJECT: Branch Managers, Paragraph V

MATSUDA, Teishiro, from January 1944 to September 1945, was manager of the Alor Star, Malay branch of the Yokohama Specie Bank, which falls under Paragraph V, Appendix I of Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947.

This branch, one of six in Malay, was established on 1 June 1942 and consisted of a manager, two Japanese staff members and ten local clerks. It engaged in the receipt of local deposits, local transfers, homeward remittances of Japanese residents, and loans, mainly to finance rice purchases. With respect to matters of policy such as substantial loans, the Alor Star branch did not have independent authority but acted rather as an agency executing instructions from Singapore. The manager, therefore, could not be considered as a branch manager having authority commensurate with that of a director.

In view of the small size of the Alor Star branch and the nature of its functions, it is recommended that MATSUDA should not be considered as falling under the provisions of Paragraph V, Appendix I, Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947.

The case of MATSUDA is illustrative of the grave injustice which would be caused if all branch managers irrespective of their actual authority were purged. It is recommended that the Public Service Qualifications Division bring to the attention of the Japanese Government the desirability of applying the criteria suggested in Memorandum dated 21 July 1947, Subject: Branch Managers, and of amending Paragraph V to provide: "Any person who has, between 7 July 1937 and 2 September 1945, occupied the position of Chairman of the Board of Directors, President, Vice-President, Director, Advisor, Auditor, or Manager of a sole branch in any area of territory occupied by the Japanese Army, or Japanese colonial possession, or the manager of a branch which supervised sub-branches in any occupied territory or Japanese colonial possession."

PSQD

NAN GRINDLE

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COPY

July 16, 1947

Re: Branch of the Yokohama Specie Bank, Ltd.
at Alor Star.

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1. Establishment:

This branch was established June 1, 1942 at Alor Star.

2. Business:

The business of this branch was nothing but an ordinary commercial banking business; receipt of deposits, handling of remittances, and making loans.

Deposits were collected mostly from local merchants and farmers.

Remittances were local transfers and homeward-remittances of Japanese residents.

All loans, except a few local ones in small amount, were made under respective instructions of Singapore Branch which had been controlling the operations of all branches in Malay. The main items of loan of this branch were loans for financing purchase of rice (Kedah-rice).

3. Number of staff-members:

Japanese staff (excluding Manager)	2
Local clerks	10

4. Class of Alor Star Branch:

Among all branches of the Yokohama Specie Bank, Alor Star Branch was regarded to be of small importance because of its location in the remote town with small population and lower cultural standard.

For the Yokohama Specie Bank, Ltd.
/s/ T. ITSUKI
Ex-President.

COPY

MEMORANDUM FOR: General Whitney, Chief of Government Section, G.H.Q.

MEMORANDUM FROM: Y. Suzuki, State Minister, I.J.G.

SUBJECT: Request for Consideration on MATSUDA, Teishiro

Subject was a branch manager of Yokohama Specie Bank at Alor Star which falls under E Category of SCAPIN 500. On careful screening of his qualification, however, it is grossly unappropriate, we believe, to designate him as falling under the Memorandum inasmuch as the scale and volume of the transactions held by the said branch was extremely small as stated in the attached letter.

It is hereby earnestly requested that subject, MATSUDA, Teishiro, be exempted from the application of SCAPIN500 on your special consideration.

/s/ YOSHIO SUZUKI
/t/ Y. Suzuki,
State Minister

COPY

MEMORANDUM FOR THE RECORD:

21 July 1947

SUBJECT: Branch Managers, Paragraph V

1. In Memoranda dated 9 June 1947 and 10 June 1947 by E. M. Hadley to Chief, Public Service Qualifications Division, above subject, it was suggested that Criteria be established in order to eliminate those branch managers who did not exercise "authority or influence commensurate with that of any of the positions listed above".

2. The following companies listed in Paragraph V had branch managers in occupied territories.

a. South Manchurian Railway Company is a large (¥ 956,208,000 paid in capital) company engaged in transportation, harbour, mining, oil manufacture, coal and iron. It has its head office in Dairen and a branch in Hsinking, Manchuria. Its president as well as its manager was located at the Hsinking office and it is therefore recommended that the manager of the Dairen and Hsinking offices be designated as falling within the intent to designate branch managers with authority commensurate to that of directors.

b. North China Development Company has paid in capital of ¥ 311,750,000 and is a holding company for transportation, communication, electric-supply, mining and salt manufacturing enterprises. It has three branches in North China and one in Mongolia.

It is recommended that the branch located in Peking, being the only controlling branch in the area, and the Mongolian branch at Kalgan fall within the criteria of controlling branch managers.

c. Formosan Development Company had paid in capital of ¥ 26,500,000 and was engaged in agriculture, land reclamation, leasing of agricultural land and mining. It had one branch in Canton, South China; two branches in French Indo-China, with the main or controlling branch in Hanoi, one small branch in Thailand; one in Malay, at Singapore; one at Padang, Sumatra, one in Jogja Karta, Java; one in Macassar, Celebes, one in Api, Borneo; and one in Manila.

Since all of the above, with the exception of the branch at Saigon, are the sole branches within a given area, all, with the above-mentioned exception, should fall within the category of branch managers having authority commensurate with that of directors.

d. Nanyo Development Company was capitalized at ¥ 40,000,000 paid in. It engaged in sugar manufacture, colonization, alcohol manufacture and the manufacture of phosphatic manure. It had one branch located at Saipan.

It is recommended that the manager of the Saipan branch be designated as falling within the category of managers having authority commensurate with that of directors because of control of the area by the Saipan branch.

e. Bank of Mongolia is capitalized at ¥ 12,000,000, all of which is owned by the Government of Mongolia. There are four branches in Mongolia and nine in North China. The banks at Ta-Tung, Mongolia and Peking, North China, have been referred to by the Japanese Government as controlling branches. It is, therefore, recommended that those two branches be designated as having managers with positions comparable to directors.

f. Bank of Chosen is capitalized at ¥ 40,000,000. It has seven branches in North China, the branch at Peking being the controlling and largest branch. There are only two branches in Middle China, the controlling branch in that area being located in Shanghai. It is recommended that the branches at Peking and Shanghai fall under the Ordinance.

g. Oriental Development Company has paid in capital of ¥ 62,500,000 with the ministers of Welfare and Finance being the largest single stockholders. The Company was engaged in loaning money for development purposes, colonization, engineering services, agriculture and salt manufacture. Most of its branches were established prior to 1938; it had four branches in Manchuria with the controlling branch managed by a director located in Hsinking. In North China and Mongolia, it had four branches with a managing director stationed at its Peking Branch. It had one branch in each of Shanghai, Middle China, Manila, Philippines, and Singapore, Malay. It is recommended that the managers of the Hsinking, Peking, Shanghai, Manila and Singapore fall within the category of managers holding positions commensurate with that of directors.

h. South China Bank is a small general banking organization capitalized at ¥ 5,000,000. The Bank of Taiwan held the majority of its stock. It has three small branches, one in Canton, South China, which has eight employees, one in Singapore, which employed seven and one in Semarang, Java, which had three to four employees. The Canton and Singapore branches were established in 1920 and the Java branch in 1944.

From the obviously small size operations of this company, it is apparent that the so-called branches are, in effect, agencies, and it is, therefore, recommended that none of the above fall within the category of managers who occupy positions commensurate with those of directors.

i. Bank of Taiwan is capitalized at ¥ 30,000,000. It has six branches in Central China, of which the branch at Shanghai is controlling, six in South China, of which Canton is controlling, three in Java of which Gogji Karta, is controlling, and one each in Singapore, Malaya, Manila, Philippines; and Macassar, Celebes, each of which is controlling in its own area.

It is recommended that the controlling branches located at Shanghai, Canton, Gogji Karta, Singapore, Manila and Macassar be designated as falling within the category of branch managers who occupy a position commensurate with that of a director.

j. Central Bank of Manchuko has paid up capital of ¥ 150,000,000, all of which is held by the Manchurian Government. It has 27 branches in Manchuko and Manchuria of which the branches at Hoten and Harbin have resident directors as managers. It has five branches in North China, including Mongolia, of which Shian Hai-Kuan was the controlling branch.

It is, therefore, recommended that the branches at Hoten, Harbin and Shian Hoi-Kuan be designated as falling within the "manager" category of paragraph V.

k. Manchurian Development Bank has paid up capital of ¥ 37,500,000 with the Government of Manchuko as its principal stockholder. It has 43 branches, all in Manchuria, of which the branches at Hsinking and Hoten have directors stationed.

It is recommended that the above two branches be designated as falling within the designation of branch managers with authority commensurate with that of directors.

l. Yokohama Specie Bank is capitalized at ¥100,000,000. It had four branches in Manchuria with the controlling branch headed by a director at Hsingking. There was one branch in the area of Kwantangchou located at Dairen. In Mongolia and North China were six branches with Peping the main or controlling branch at which was stationed, as manager, a director. In Middle China, it maintained six branches with a director-manager stationed at Shanghai. South China had three branches with the controlling branch for that area in Hong-kong. In the Philippines, there was only one branch and that located in Manila. French Indo-China had three branches, the controlling branch for the area being located in Saigon but under the direct supervision of director stationed at Singapore. Siam, like French Indo-China, was supervised by the director stationed at Singapore, although it had only one branch located in Bangkok. Burma also had one branch which was located in Rangoon and supervised by the director stationed Singapore. Java had seven branches, the controlling branch being located in Batavia and supervised by the director stationed in Singapore. Malay had six branches, the very important and controlling branch being located in Singapore. This was an important branch because of the large area of supervision exercised by its resident director. Borneo, with two small branches, was supervised by the director stationed at Singapore as was Sumatra with four small branches.

It is recommended that the controlling branch managers at Hsinking, Manchuria; Dairen, Kwantangchou; Peping, North

China; Shanghai, Middlé China; Hongkong, South China; Manila, Philippines; and Singapore, Malay, be designated as falling under the category of managers with authority commensurate with that of directors, Although the branches in French Indo-China, Siam, Burma, Java and Borneo were individual areas, they were under the direct supervision of the director stationed in Singapore, and since the size of these branches were small, ranging from 3 to 16 employees, they can be considered as agencies rather than branches in function.

m. Southern Development Bank is capitalized at ¥ 100,-000,000 and all of its stock is owned by the Japanese Government, This bank operated for the purposes of supplying funds for the army and navy and development and financing of the military occupation in conquered territories. It had branches in Malay, Java, Burma, Philippines, and Borneo as army-occupied Districts, and in Bandjarmasin, Macassar, Singaradja, Manokwari and Rabaul as naval areas. Each of the areas had only one branch with the exception of Malay which had a branch at Singapore and one at Bukit-Tingi.

The army-occupied Districts maintained their own branches although, this being a federal bank, the policies were set by law and directed from the head office in Tokyo. The naval administration area used branches and personnel of either the Bank of Taiwan or Yokohama Specie Bank Exclusively.

Since the purpose of the bank was purely one of supplying the military and naval forces with funds, and conducted no commercial business, it is obvious that branch managers had no independent authority.

It is, therefore, recommended that since none of the managers of the branches exercised authority commensurate with that of directors, that noen be designated as falling within that category.

3. The above has been submitted by the Japanese Government as a complete list of companies with branch offices in occupied areas. The list has been carefully studied, and the recommendations have been made with the intent to designate only those branches which perrormed functions requiring something more than administration only. For that reason, the criteria so far as possible, followed the general rule of designating "controlling branches" and eliminating ordinary or sub-branches from designation.

According to the best available information, sub-branches performed duties and conducted business along general policy lines dictated by the home office and, for the particular area, by the controlling branch. Therefore, the sub-branch managers did not hold positions commensurate with those of directors, but supervised the employees and business along the lines dictated by the home office and controlling branch.

- 4. It is recommended that the Japanese Government be informally advised of the above, and that for further reference, any additional companies coming within Paragraph V shall be disposed of under the following interpretation.

5. Korea, Manchuria and Formosa were included as falling within the intent and letter of the ordinance in conformance with the analysis of the question as submitted in his memorandum for the record under date of 19 May 1947 by Roger W. Snow, Jr., Major.

This question arose by virtue of a Japanese Government interpretation of Paragraph V, Appendix I, Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947 which states "Any person who has at any time between 7 July 1937 and 2 September 1945 occupied the position of Chairman...or, in territory occupied by the Japanese Armed Forces since 7 July 1937, manager of a branch of the following:.....". The Japanese Government contended, with some justification, that Formosa, Manchuria and Korea were not included in the letter of the ordinance because they were not "occupied by the Japanese Armed Forces" since 7 July 1937, the fact being that they were "occupied by the Japanese Armed Forces" many years previous and were, during the critical period, a part of the Japanese Empire.

Because of the nature of the companies in Paragraph V and the obvious intent of the ordinance as expressed in Paragraph V as follows: "Any other bank, development company or institution whose foremost purpose has been the financing of colonization and development activities in colonial and Japanese occupied territory.....", it is recommended that the Japanese Government be instructed to amend Paragraph V, Appendix I, Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947 to provide: "Any person who has between 7 July 1937 and 2 September 1945, occupied the position of Chairman of the Board of Directors, President, Vice-President, Director, Advisor, Auditor, or Manager of a sole branch in any area of territory occupied by the Japanese Army, or Japanese colonial possession, or the manager of a branch which supervised subbranches in any occupied territory or Japanese colonial possession."

"Manager of a branch" shall be construed as the manager of the sole or controlling branch, whichever is applicable, in each of the following occupied or colonial territories and such other occupied or colonial territories as shall hereafter be designated:

1. Malay
2. Java
3. Burma
4. Philippines
5. Borneo
6. Manchuria
7. North China
8. Mongolia
9. South China
10. French Indo-China
11. Thailand
12. Sumatra
13. Celebes
14. South Sea Islands
15. Middle China
16. Manchuko
17. Kwantangchou
18. Siam - Thailand same
19. Korea
20. Formosa
21. Southern Saghalien

11 Aug 47
(Okta) + given to J. Hart in conference

E. C. MC KENZIE

5

Re: Clarification On Our Interpretation As To The Treatment Of The Divisional Directors Bucho Of Each Board (Kyoku) Of The Asia Development General Headquarters (Koa Sohombu)

Opinion A

Asia Development General Headquarters being the continuation of the Asia Development League (Koa Domei), the application of the purge directive shall be confined To influential elements as with the Asia Development League. According to this view, the Divisional Directors do not fall under the provisions of the Directive.

Opinion B

Though the Asia Development General Headquarters was the sequel of the Asia Development League, it became the Asia Divelopment General Headquarters of the I.R.A. A. by this reorganization, therefore the treatment of the Divisional Directors of each Board (Kyoku) of the Asia Development General Headquarters should be the same as with the Directors of the Secretariat (Jimukyoku) of the I.R.A.A. According To this opinion, they com under the provisions of the directive.

In screening hitherto performed, the opinion A served as its criterion.

We should like to know the view of the G.H.Q. as to which of the above opinions should be adopted.

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Policy - 30 Apr Change to CPM

Memorandum for : Public Administration Division, Government Section G.H.Q.

From : The Central Public Office Qualifications Examination Committee.

Subject : Disapproval of HARADA, Katsumi.

26, March 1947.

1. Reference: Memorandum dated 12 March from General C. Whitney to Central Liaison Office, subject: Administration of SCAPIN 550 (HARADA, Katsumi).

2. With regard to the reference memorandum, the Central Screening Committee would like to state that the Committee has passed the case of the subject person based upon the understanding that the TOKUMU BU in question, in spite of its designation, having in fact been purely administrative organization, persons who served there do not fall under the Category B of Appendix "A" to the SCAPIN 550.

3. As the chart of set-up of the KAINANTO TOKUMU BU which was submitted already to an official concerned in the Government Section indicates clearly the KAINANTO TOKUMU BU had nothing to do with special or secret intelligence or military or naval police service whatsoever. This sort of intelligence service was exclusively in the hand of the military police.

4. Furthermore the Committee has understood that the question of KAINANTO TOKUMU BU was formerly discussed with GHQ officials concerned and approval having been obtained from them, the former Central Screening Committee has passed several persons connected with TOKUMU BU in question; one of whom is Mr. TAKATSUJI, Takekuni. He served as chief of Economic Bureau there, but was passed on 19 June 1946 by the Screening Committee. Another case was HAYAKAWA,

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Takashi who is member of House of Representatives and served formerly with Accountant Section of the TOKUMU BU.

5. Under these circumstances, the Central Screening Committee requests the Governments Section to reconsider kindly the case of the subject person and authorize us to treat persons connected with the TOKUMU BU in question as not falling under the Category B.

Shikao Matsushima

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

25 March 1947

MEMORANDUM FOR: Public Administration Division

SUBJECT: Record of Conference with Officials of the Central Public Office Qualifications Examination Committee with Regard to Proposed Purge Cases

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CHIBA Itaro was to be purged for having held the position of Manager of the Peking Branch of the Mitsui Trading Company Ltd. However, he was only an acting branch manager of this organization. Acting branch chiefs of an economic organization are not quite what the name implies in that underneath the chief and the deputy chief of an economic organization are to be found several so-called acting managers numbering anywhere from 5 to 15. It wad decided that Chiba's position was not important enough for him to be purged.

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HANS H BEARWALD
2nd Lt Inf
Public Administration Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

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25 March 1947

MEMORANDUM FOR: Public Administration Division

SUBJECT: Record of Conference with Officials of the Central Public Office Qualifications Examination Committee with Regard to Proposed Purge Cases

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DOI Isami was to be purged for having been Manager of the Shanghai Branch of the Central China Water Works and Electricity Company Ltd. The term used to describe his official position was "Shuji", which translates either manager or secretary. Mr. Ohta explained that the position of "Shuji" in an economic organization. The hierarchy in a branch of an economic organization is as follows:

A. Branch chief (Shibucho) or manager.
B. Section Chief (Kyokucho) or director.
C. Division chief (Kacho).
D. Branch chief (Kakaricho or Shuji).

These positions are listed in the order of their importance.

It was decided that due to the relative unimportance of the position of "Shuji", DOI could not be purged for having held that position. Mr. Ohta also stated that the interpretation of branch managers in Japanese occupied territory having to hold commensurate positions with those listed in Paragraph 6 of the interpretation of Category G by the Japanese Government was not clear.

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HANS H BEARWALD,
2nd Lt Inf
Public Administration Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

14 November 1946

MEMORANDUM FOR THE PRESIDENT, CENTRAL LIAISON OFFICE, TOKYO

1. This supplements my Memorandum of 23 October 1946 in reply to C.L.C. No. 5564 (PP) of 22 October 1946 and is concerned with the "Plan for Application of the Purge Directive to Influential Political and Economic Posts" submitted therewith. In general the policies incorporated in the Plan are in keeping with the spirit of the Purge Directive (SCAPIN 550). In the implementation of these policies, however, the Plan displays certain deficiencies which need to be corrected in order to make it consistent with the principles of the purge. These principles and the necessary modifications in the Plan are enumerated below:

a. Any organization which is designated as being affected with a public interest because it represents an excessive concentration of economic power should be included among those whose "controlling influences" from 7 July 1937 to 2 September 1945 are deemed undesirable persons under the directive. Insofar as companies falling within paragraph 1 (1) a of the Plan, and listed in paragraphs 1 and 2 of Appendix A thereto, are not also included in Appendix B, the Plan violates this principle and it is necessary that this unwarranted differentiation be eliminated. This may be achieved by incorporating the criterion of paragraph 1 (1) a (¥100,000,000 capital or more) in the criteria of paragraph 4 a of the Plan and by consolidating the lists in paragraphs 1 and 2 of Appendix A to the Plan with the list in Appendix B.

b. The treatment accorded all companies classed as excessive concentrations of economic power should be uniform. Although the overseas companies listed in Part II of Appendix B are to be liquidated or dissolved, so long as they remain in existence they are deemed to be affected with a public interest and, therefore, should be treated no differently from those in Part I of Appendix B (domestic companies).

c. The Plan should, insofar as possible provide the basis for removing undesirable persons from all influential political and economic posts without requiring further extensions of the directive or the Japanese Government's implementing instruments. The present draft omits certain organizations and classes of organizations which are deemed to be affected with a public interest. In order to overcome this defect, the following changes are necessary:

(1) Add theater companies, book publishing companies, and "other media of public information" to paragraph 1 (5) of the Plan;

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(2) Add Shufu no Tomo (Housewife's Companion) and Obun Sha (Western Literature Publishing Company) to the list given in paragraph 5 of Appendix A to the Plan;

(3) Add as category (7) under paragraph 1 of the Plan a statement reading substantially as follows: "Any private or quasi-official organization, association or body not covered by any of the above categories which, regardless of its declared purpose, is deemed to come within the purview of SCAPIN 548";

(4) Add after category (7) under paragraph 1 of the Plan a statement to the effect that additional categories and organizations may be added as circumstances warrant, and attach appropriate corresponding statements to Appendices A and B to the Plan.

d. The Plan should clearly define the influential positions from which undesirable persons are to be removed or excluded. Such definitions do not appear in the Plan. Since two types of action, i.e., removal and exclusion are contemplated, two categories of positions should be established; one, analogous to government service, from which undesirable persons will be barred, and a more restricted one, analogous to public office, from which undesirable persons will be removed:

(1) Principal Officials (to be removed and excluded if found undesirable),

(a) Chairman, vice-chairman and all directors,

(b) President and vice-presidents,

(c) Editor-in-chief, managing editor and news editor (applicable to public information media),

(d) Director of research and director of the compilation bureau (applicable to public information media and to cultural organizations),

(e) Secretary general (applicable to political parties

(f) Senior executive member, executive member, and members of permanent executive committee (political parties).

(2) Important Secondary Officials (to be excluded if found undesirable)

(a) Secretary

(b) Treasurer

(c) Advisors and Councillors

(d) Auditors

(3) Any official, regardless of title, who in fact exercises authority or influence or receives compensation commensurate with that of any of the officials listed in (1) and (2) above will be subject to screening and, if found undesirable, will be removed or excluded.

c. The treatment of persons who held positions of high responsibility or of controlling influence in companies defined as excessive concentration of economic power should be uniform. Accordingly, the arbitrary distinction between those companies marked A and those marked B in Appendix B to the Plan should be eliminated and a common list of positions applied to all companies in Appendix B. For this purpose the list of positions submitted in paragraph 1 a of Appendix B, with the following modifications, is considered satisfactory:

(1) Add standing director;

(2) Change the 20% minimum capital stock ownership criterion to 10% and add "directly or indirectly";

(3) Add a statement to the effect that any person, whatever his title or position, who in fact exercised authority or influence commensurate with that of any of the positions listed in paragraph 1 a of the "Remarks regarding Appendix B" will be deemed to have held a position of high responsibility or controlling influence.

2. The Plan, when modified in accord with the above, will be fully consistent with the basic principles of SCAPIN 550, under which the Japanese Government has been entrusted with the responsibility for removing and excluding from positions of influence in public life those who exercised a dominant influence in conditioning Japan for Aggressive war. The object of the purge is preventive rather than punitive. Its application to those who, between the outbreak of the war against China and the signing of the surrender terms, held positions of high responsibility or of controlling influence in commerce, industry and finance gives recognition to the dominant part which those leaders played in welding the totalitarian state which

prepared for and prosecuted the war. The elimination of these persons is a prerequisite to the assumption of leadership by persons who will direct future Japanese economic effort solely towards peaceful ends.]

3. The Supreme Commander, after careful consideration of the letter from the Prime Minister of November 8th, has directed me to advise you that he feels that the Government's detailed plan for an economic purge previously submitted on October 22nd, as modified as herein suggested, provides a much more practical approach to the problem, is more comprehensive, and is to be preferred, and accordingly should be put into effect promptly.

COURTNEY WHITNEY,
Brigadier General, U.S. Army,
Chief, Government Section.

Branch Mgr file

Creteria for Branch Manager to be Considered

Commensurate to Standing Director

Oct. 24, 1947

Any branch manager who, under consideration, falls under either one of the following two items shall be considered to fall under the Memorandum unless he proves contrary with the submission of his questionnaire.

1. branch manager ~~who frequently~~ recommended policies or matters ~~so~~ important as policy

2. branch manager whose branch was not in charge of directors.

However, in cases that there exists a clear-cut fact or reason to indicate that a branch manager had less authority than a standing director, ~~e.g. a considerable difference in the amount of income,~~ he will be exempted from the above categories.

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19 May 1947

MEMORANDUM FOR THE RECORD

SUBJECT: Status of Branch Managers Under Provisions of Par. V, Appendix I, Cabinet & Home Affairs Ministry No. 1 of 1947.

1. It has become necessary for a policy decision on the application of the provisions of Paragraph V, Appendix I, Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947 inasmuch as the Japanese Government is prone to utilize a loop-hole which is in the form of a specific provision which does not conform with the spirit of the subject paragraph.

2. The subject paragraph states, "Any person who has at any time between 7 July 1937 and 2 September 1945 occupied the position of Chairman.....or, in territory occupied by the Japanese armed forces since 7 July 1937, manager of a branch of the following:". The Japanese Government, of course, places the interpretation on this provision that branch managers in Formosa, Korea and Manchuria are not to be considered as falling under the provisions of this paragraph. Technically interpreting the provisions this would at first appear to be the correct interpretation; however, it is believed that the intent of the subject paragraph is directed against individuals who were responsible for a certain type of activities, as indicated by the fact that of the 31 listed companies, ten are companies whose primary function was the development of Formosa, Korea or Manchuria. Furthermore the paragraph goes on to read, "Any other bank, development company or institution whose foremost purpose has been the financing of colonization and development activities in colonial and Japanese occupied territory or the financing of war production by the mobilization or control of the financial resources of colonial or Japanese-occupied territories". From this it can be seen that it is persons who were responsible for development and exploitive activities in colonial as well as occupied territories fall within the intent of the subject paragraph.

3. It is therefore recommended that the Japanese Government be instructed to amend the portion of the subject paragraph which reads, "in territory occupied by the Japanese armed forces since 7 July 1937, manager of a branch" to read, "in colonial or Japanese-occupied territory, manager of a branch".

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20 May 1947

MEMORANDUM FOR THE RECORD

SUBJECT: Branch Managers - Status under Category "G".

1. A statement of policy has become necessary with regard to the application of the provisions of Paragraph 6 of the Japanese Government's Interpretation of Category "G", Appendix "A", of SCAPIN 550, which reads: "Any person who held between 7 July 1937 and 2 September 1945 a position of president..... or any other official, regardless of his title, including branch managers in any Japanese-occupied, Axis or Axis-occupied territory, who in fact exercised authority or influence commensurate with that of any of the positions listed above in any of the following listed companies.....".

2. The Japanese Government does not believe that the reference paragraph should be interpreted to include branch managers in Korea, Manchuria and Formosa. The reason they give, of course, is that these countries were not Japanese-occupied territory. In order to be consistent with this stand they naturally maintain that branch managers in Japan cannot even be considered as falling.

3. As for Korea, Manchuria and Formosa, if they were not Japanese-occupied territories, then they were part of the recognized Japanese Empire and as such were technically "Axis territory". Japan proper was also "Axis Territory". Thus, there is no technical barrier in the interpretation of this paragraph of the directive to including branch-managers in Korea, Manchuria and Korea and likewise those in Japan, providing, of course, their authority and influence was commensurate with that of any of the other designated positions. Furthermore, the phrase, "including branch managers.....etc." is not meant to be restrictive, but merely definitive and additive, particularly inasmuch as it follows the phrase, "regardless of title", which it is believed is much stronger and sets forth a definite portion of the intent of the subject provision.

4. Another argument in favor of the Japanese Government's stand is the fact that such branch managers in development and similar type companies are not included in the provisions of paragraph V, Appendix I, Cabinet and Home Affairs Ministry Ordinance No. 1 of 1947 which reads: "Any person who has at any time between 7 July 1937 and 2 September 1945, occupied the position of .....or, in territory occupied by the Japanese Armed Forces since 7 July 1937, manager of a branch of the following:". Since these companies can be considered more undesirable in nature than the companies referred to in paragraph 1 above, it does seem inconsistant that branch managers in Korea, Manchuria and Formosa of the latter be purged while branch managers of the former are not. However, the fact that there is an apparent loop-hole in one

provision should not be used as an excuse for "stretching" it to another provision. (Recommendation is also prepared for rectifying this inconsistancy which exists with the cited provision).

5. It is believed that the intent of the provision and a truer degree of fairness in its administration will be attained if all branch managers which technically come under the provision of the reference paragraph as explained above, i.e. branch managers in Japan, Korea, Manchuria and Formosa be considered as coming under the provisions of the Memorandum, providing, of course, they come under the other criteria set forth in the paragraph; and such action is accordingly recommended.

ROGER W. SNOW JR.
Major, F.A.