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Enclosure to Despatch No. 671 dated October 12, 1948, from the United States Political Adviser for Japan, Tokyo, on the subject "Revision of Ordinance Prohibiting Members of Wartime Labor Organizations from Becoming Officials of Labor Organizations."

この省令は、公布の日から、これを施行する。

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運輸省令第一號

昭和二十年勅令第五百四十二號ポツダム宣言の受諾に伴い發する命に關する件に基く學徒動員に關する國体の役職員への就職禁止等に關する件（昭和二十一年運輸省令第一號）の一部を次のように改正する。

内務

昭和二十三年九月十三日

運輸大臣　岡田勢一
内務大臣　加藤勘十

第一條に次の一項を加える。

主務大臣は、第一項に規定する者について、特殊の事情があると認めた場合においては、第一項の規定の適用を免除することができる。

附則

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(2) 都道府縣知事は該申請書、理由書、履歴書、同意書各一部を内大臣宛提出する。この場合、次の諸點を詳細に調査の上、免除の適否に關する意見を附すること。

(イ) その者の戦時愛國的團体において為した活動が如何なる程度のものであつた。

(ロ) 軍國主義乃至超國家主義に積極的に反對した事實があるか。

(ハ) その者の今後團体への復歸就職が今後團体の民主的發展に寄與するか。

(3) 前二の申請書の提出あつたときは、遅滞することなくその都度必らず右により主務大臣宛提出する。

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(ハ) その者から、学位に関する団体への就職禁止免除申請事務部を
その者の就職禁止該当事由発生に関係ある都道府県知事を経由
一面都、学都、協議会の本部関係は経由せず）学位大臣宛提出
せしめること。（海報関係は逓信省かこれを取扱うので、都道
府県知事を経由しない）。

右申請書には次の理由書履歴書、同意書を添付すること。

(イ) 申請理由書、学位団体の役職員の就職禁止規定の適用の免除
を受けんとする理由

(ロ) 履歴書、普通履歴のほか学位関係、特に戦時愛国的学位団体
における役職名、就任期間、活動状況等を詳しく記載し、且
つ公職追放の有無を附記すること。

(ハ) 同意書、本人が復帰または新たに就職しようとする学位に関
する団体の権限ある機関にかけて發せられた、その者がその
学位に関する団体の役職員に就職することに異議なき旨の
同意書であること。

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べてその事情の如何を問はず一律に労働に關する團体への就職を禁止したのであるが、この度の改正により、主務大臣は、省令の第一條第一項該當者であつても、特殊の事情があると認めた場合においては、この規定の適用を免除することができることとなつたのである。

(二) 本改正は、その者の労働に關する團体への復活が、眞に民主的労働運動の發展に積極的に寄與すると認められる者に對してのみ第一項の適用を免除する趣旨であり、極めて例外的にのみ適用されるものである。

(三) 本改正により、所謂労働ボスその他好ましからざる人物を復活させるようなことのないよう留意せねばならない。

(四) 第一條の二に規定する所謂公職追放者については、この規定による免除の取扱はしない

(五) 本改正規定による免除を受けようとする者については、次の如く措置すること。

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勞働省發勞第一五號
昭和二十三年九月十六日

勞働次官

知事殿

勞働に關する團体の役職員への就職禁止の解除に關する件依命通牒

昭和二十一年厚生、運輸、内務省令第一號を以て公布施行せられ、昭和二十二年一月十八日並びに今年三月十四日一部改正をみた標記の件に關し、今回勞働追放解除の道を開くため省令の一部を更に別添のように改正、九月十三日附を以て公布即日實施せられたので左記事項御留意の上とれが實施に遺憾なきを期せられ度く命に依り通牒する。

記

(一) 從來この省令は戰時愛國的勞働團体の役職員の職に在つた者は、

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Enclosure to Despatch No. 671 dated October 12, 1948, from the United States Political Adviser for Japan, Tokyo, on the subject "Revision of Ordinance Prohibiting Members of Wartime Labor Organizations from Becoming Officials of Labor Organizations."

C O P Y

TRANSLATION

Labor Ministry No. 15 September 16, 1948

To Prefectural Governor

Notification of Order regarding Lifting of Prohibition against Assuming Positions on the Staff of Organizations Concerned with Labor

With regard to the above mentioned, which was announced and put in force by Welfare, Transportation, and Home Ministry Ordinance No. I in 1946 and was then partly revised on January 18, 1947 and on March 14 of the same year, I notify you by order that the Ministry Ordinance has been revised in part as stated in the annexed paper to make way for exempting some labor purgees and that the revised ordinance was announced and put in force on September 13.

In connection with this I wish that you would see that everything is done well regarding its enforcement by taking the following into consideration:

(1) Although this ordinance has indiscriminately prohibited those who had held official posts in any wartime patriotic labor organization from assuming office in any labor organizations under any circumstances, the competent Minister has been authorized through the revision made this time to exempt those who come under Article I, Clause I of the Ministry Ordinance from application of this article when the special circumstances of their case are recognized.

(2) This revision is only to exempt from application of Clause I those whose return to organizations concerning labor is recognized to be conducive to the development of democratic labor movements; that is, this /exemption/ shall be applied in very exceptional cases.

(3) Care should be taken not to restore the so-called bosses or any other undesirable personnel.

(4) The exemption in accordance with this revision is not to be applied to the so-called purgees provided in Article I, Clause II.

(5) Regarding

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(5) Regarding those who wish to be granted the exemption in accordance with the revised provisions, the following steps shall be taken:

(I) Applicants are requested to submit two copies of an application for removing the prohibition of employment in organizations concerning labor to the Labor Minister through the governor of the province (but not through the Headquarters of "Sampo"/The Association for Service to the State through Industry/, "Roho"/The Association for Service to the State through Labor/, and of "Kyocho Kai" /The Cooperation Association/). (Those who had been connected with "Kaiho"/The Seamen's Organization for Service to the State/ being handled by the Transportation Ministry, it is not needed for their applications to go through prefectural governors.)

To the above mentioned applications shall be attached the following statement for application, curriculum vitae, and written consent:

(a) Statement for Application: A statement which gives the reason for applying for exemption from the prohibition of employment on the staff of organizations concerned with labor.

(b) Curriculum Vitae: In addition to ordinary personal history, an account of activities, especially the name of the position, the official title, the length of service, and the account of activities in wartime patriotic labor organizations should be explained in detail, and whether or not the applicant has been barred from public service should also be added.

(c) Written Agreement: A written agreement issued by the authorized organ of the organization concerned with labor to which the applicant wishes to return or wishes to assume office therein. This written agreement should also certify that the labor organization has no objection to his assuming a position on its staff.

(II) The

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(II) The prefectural governor is requested to submit one copy of the above mentioned application, reason for applying, curriculum vitae, and written agreement to the Labor Minister; and in submitting the above the governor is requested to add his opinion regarding the propriety of exemption after detailed investigation of the following:

(a) To what extent the applicant took an active part in wartime patriotic labor organizations.

(b) Whether or not there is any fact proving that the applicant was positively opposed to militarism or ultra-nationalism.

(c) Whether or not the applicant's return to a labor organization will contribute to the democratic development of labor organizations.

Furthermore, I should like to add that when an application is received, it should be submitted without delay to the competent Minister in accordance with the above.

Vice Minister of Labor

Transportation Ministry) - - Ordinance No. 1
Labor Ministry)

A part of the Welfare, Transportation and Home Ministries Ordinance No. 1 of 1946 Concerning the Prohibition of Employment of Officers or Influential Members of Labor Organizations under Imperial Ordinance No. 542, 1945, Concerning Orders to be Issued in Consequence of the Acceptance of the Potsdam Declaration shall be amended as follows:

September 13, 1948

Seiichi Okada, Transportation Minister
Kanju Kato, Labor Minister

One paragraph mentioned below shall be added in Article No. 1:

In case the competent minister approves that any person among those vulnerable under the first paragraph is under special conditions, that person might be exempted from the first paragraph to be applied.

Supplementary Rule

The present ordinance shall come into force as from the day of its promulgation.

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FORM DS-323
7-18-46

OUTGOING AIRGRAM

Department of State

CLASSIFICATION

CONFIDENTIAL

NO. A-7

Washington,
Jan. 12, 1949
967

USPOLAD,
TOKYO.

967

Reference is made to Tokyo Despatch No. 751 of November 29, 1948, subject: "Proposed Japanese Participation in World Federation of Trade Unions Congress".

The Dept. concurs with the opinion of Mr. Hepler, Chief of the Labor Division, ESS, that it would be undesirable to authorize a Japanese labor delegation to attend a meeting of the World Federation of Trade Unions. It concurs likewise that it would be desirable that denial of a request that a delegation be permitted to go be made on some technical basis in order to lessen the effectiveness of propaganda use of the denial by the Communists.

No general congress of the WFTU is presently scheduled, the split within the organization being such that it has been impossible to proceed with arrangements for holding a meeting in the place of the one originally set for Brussels in December 1948.

The Executive Bureau, however, is meeting on January 17. At this latter meeting the future of the organization will in all probability be decided, and there are strong probabilities that there will be no general congress of the organization as at present constituted. The possibility of a "rump" session of course remains. In light of this situation it would not appear necessary, at least for the present, to give the Japanese labor leaders a definitive answer to any request to be permitted to attend WFTU meeting.

LOVETT (ACTING) Lovett, Acting (DuH)

ITP:ILS:PBSullivan:apg
1/5/49

ITP NA

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CR JAN 11 1949 P.M.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ACTION
is assigned to
ITP

United States Political Adviser
for Japan

Tokyo, November 29, 1948

No. 751

CONFIDENTIAL

DEPARTMENT OF STATE
DEC 22 1948
INTERNATIONAL LABOR AND SOCIAL AFFAIRS - ILS

Subject: Proposed Japanese Participation in World Federation of Trade Unions Congress.

OFFICE OF INTERNATIONAL TRADE POLICY
DEC 22 1948
DEPARTMENT OF STATE

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to invite the Department's attention to this Mission's note of November 16, 1948, to the American Embassy in Brussels (copy to Department) concerning plans of certain Japanese labor organizations to send delegates to the Brussels Congress of the World Federation of Trade Unions (originally scheduled to take place during the first half of December, 1948), and to transmit herewith a translation of an article from Akahata (the Japan Communist Party daily) of November 19, 1948 on this subject.

According to the Akahata article, plans are under way to elect a number of delegates for the World Federation of Trade Unions Congress from among various Japanese labor unions. The election of delegates is expected to be completed by January 15, 1949. The article further notes that the preparatory group representing the labor unions has conferred with Mr. Chester W. HEPLER, Chief of the Labor Division, Economic and Scientific Section, General Headquarters, in regard to the problem of sending delegates to the Brussels Congress.

An officer of this Mission has been informed by Mr. Hepler that he recently received a communist delegation, headed by Mr. WATANABE Michio, which claimed that it represented Japanese labor interests. The group requested Mr. Hepler's assistance in securing approval by the Supreme Commander for the Allied Powers for the proposed Japanese labor mission to Brussels.

As the group which called on the Chief of the Labor Division had no information as to the date of the Brussels Congress (the date originally scheduled in December

having

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Tokyo's Despatch No. 751,
November 29, 1948.

having been postponed because of organizational difficulties), and had not yet adopted a definite procedure for the election of delegates for the Congress, Mr. Hepler informed the group that he was unable to consider its proposal.

Mr. Hepler believes that it would be most undesirable to authorize a Japanese labor delegation to attend the World Federation of Trade Unions meeting. He believes, however, that it will be advisable to reject the proposal on the grounds that it is impossible to convert Japanese yen currency for such a purpose or on any other technical basis in order that the communists cannot make political capital out of the issue. Mr. Hepler shares the belief of this Mission that the communist labor leaders have been convinced from the beginning that the Supreme Commander will not authorize such a mission, but have proceeded with their plans for the sake of the publicity involved and with the hope that if the Supreme Commander does reject the proposal they can claim in their propaganda that only reactionary elements are permitted to go abroad, while representatives of the "democratic" labor movement are denied such privileges.

Mr. Hepler also believes that there is a possibility that the World Federation of Trade Unions Congress will not take place due to the recent disintegration of that organization, and that it may not therefore be necessary to give the Japanese labor leaders a definitive answer on the matter.

In any event, there appears little likelihood that a Japanese labor delegation will be authorized to attend the World Federation of Trade Unions meeting. If such a meeting does take place, there is still the possibility that Japanese labor unions may be represented by Japanese already abroad or by other nationals, as suggested in this Mission's note of November 16, 1948 to the American Embassy in Brussels.

Respectfully yours,

W. J. Sebald

W. J. Sebald

Enclosure: att note

Translation of article
from Akahata, November 19,
1948.

Original and hectograph to Department.

Copy to American Embassy, Brussels.

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Enclosure to Despatch No. 751
dated November 29, 1948 from
the United States Political
Adviser for Japan, Tokyo, on
the subject, "Proposed Japanese
Participation in World Federation
of Trade Unions Congress".

(COPY)

Japan Delegates to WFTU to Be Elected by Laborers
Akahata, November 19, 1948. Translator: H. Akutsu.

Full translation:

Preparations by the Japanese labor unions to dispatch their delegates to the World Federation of Trade Unions are making good progress. The first meeting of the executive committee for sending the delegates to the record convention of the WFTU was held Wednesday afternoon at 1300 hours at the ZENKYOIKU KAIKAN (All Education Building), and measures by which to realize the plan were discussed.

Attending the meeting were representatives of approximately 40 unions, including the Japan Electric Power Workers Union, the All Japan Electric Industry Workers Union, the All Japan Coal Workers Union, the National Council of Coal Mine Workers Unions, the National Council of Government Employees Unions and the National Public Corporations Employees Union. The representatives decided that all future moves should be directed to the removal of all obstacles lying in the way. It was also agreed to have the neutral unions represented at the meeting again ask the Japan Federation of Trade Unions to participate in the project.

The essential points approved at the meeting follows:

1. The delegates shall be elected directly by the workers of the country, Most of the candidates shall be those recommended by individual unions and backed by the executive committee.

2. Candidates are to be recommended by the unions by 10 December and the election completed by 15 January and the results are to be published on 20 January.

3. The election methods to be used in future general elections shall be discussed by a subcommittee of the convention. The Federation of Tokyo Metropolitan Office Workers Unions, the All Japan Electric Industry Workers Union, the All Japan Communications Workers Union, the Tokyo Metropolitan Office Employees Union and the Metal Industry Workers Union have already selected their candidates for the delegation. The Japan Electric Power Workers Union is also choosing its candidates.

Representatives

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Enclosure to Tokyo's
Despatch No. 751,
November 29, 1948.

Representatives of the preparatory group of the executive committee for dispatching Japanese delegates to the World Federation of Trade Unions called on Chief Chester W. Hepler of the GHQ Labor Division to discuss the delegation problem. Division Chief Hepler told the representatives to keep him informed on the progress of the campaign. The representatives promised to comply with the Division Chief's request.

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ITP

CONFIDENTIAL

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: December 3, 1948

TO : ITP - Mr. Brown
Mr. Martin

FROM : ILS - Mr. Swayze

SUBJECT: Changes in Final Text of National Public Service Law of Japan.

The attached memorandum represents ILS appraisal of the more significant changes in the text of the National Public Service Law of Japan, as introduced into the Diet, over the text as we understood it was to be introduced. Press reports state the Bill was passed by that Body on November 30, essentially as introduced. In summary it is clear that the Law, as a result of last minute additions and deletions regarding which we were not informed until too late to even query SCAP in regard to them, represents a more severe curtailment of labor prerogative for Japanese Government employees than was anticipated here.

Since the Law has been passed, is in force, and has been roundly praised by General MacArthur, there would seem to be no advantage in making an issue at the present time over what appears to have been in part a deliberate withholding from Washington of significant information by certain members of SCAP's staff, and in part, a significant alteration of an agreed upon wording concerning a vital issue. It may well be, however, that the deliberations in the FEC on the new Law, the expected representations from the Labor Department, or attacks upon the legislation by U.S. labor organizations (who may carry the issue directly to the White House or ask the Secretary of Labor to do so) may require early re-examination of the Law by the Department. In such an eventuality, we may wish to call SCAP's attention to the two significant last minute changes made without reference to Washington.

cc: E - Mr. Nitze, Mr. Barnett
O - Mr. Saltzman
FE - Mr. Allison
L/P - General Snow

ITP:ILS:PBSullivan:apg

P.B.S.

OFFICE OF INTERNATIONAL TRADE POLICY
DEC 8 1948
DEPARTMENT OF STATE

CONFIDENTIAL

894.5041/12-3148

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: November 26, 1948

TO : IIS - Mr. Swayzee

FROM : IIS - Mr. Sullivan

SUBJECT: Changes in Final Text of National Public Service Law of Japan.

The revised National Public Service Law as introduced into the Japanese Diet in early November has just been received in Washington via air mail. There are many changes in this text as compared to earlier drafts, the majority of which do not appear to be significant. However, some of the changes have seriously altered the Bill along two significant lines as compared with that agreed upon with SCAP following our recent exchange of telegrams. First, the right of workers to join organizations of their own choice appears to have been eliminated; second, severe penal penalties for any "acts of dispute" by employees have been added.

1. Article 98 (the key labor-relations article) has been considerably rearranged and numerous changes made. Thus, in accordance with SCAP's acceptance of Washington advice relative to freedom of workers to be represented by persons of their own choice, the second paragraph of Article 98 has been altered to read as follows:

> Personnel of the service shall be permitted to form or refrain from forming or to join or refrain from joining associations or other employee organizations. Through such organization, personnel of the service may designate representatives ~~from among persons of the service~~ of their own choice and negotiate subject to the Authority with proper authorities for conditions of work and for other lawful purposes including social and welfare activities, provided, however, that such negotiation does not include the right of collective agreement with the Government. No person in the service shall be denied the freedom to present grievances or voice opinions by reason of his non-membership in an employee organization.

Surprisingly, an additional sentence to paragraph 2, Article 98, which SCAP informed us in Tel. C65318 of November 10 was to be included as the last sentence of this paragraph, and which read "Employees may join associations of their own choosing", was not included in this airmailed

copy

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copy of the text. The Army has wired SCAP requesting information on this point.

The addition of the clause "provided, however, that such negotiation does not include the right of collective agreement with the government" in this paragraph would seem to negate much of the gains of being represented by "representatives of their own choice" or even of the (now apparently lost) right to join associations of their own choosing. Just what is meant by "the right of collective agreement" is not clear. If it means (and this is the apparent meaning) that these workers' organizations cannot enter into any kind of an agreement with government agencies covering "conditions of work" and "other lawful purposes including social and welfare activities", regarding which they are specifically empowered to negotiate, they can become organizations of little effective significance. In fact they can become no more potent than the type of organization that was to have been permitted under the earlier draft of the Law, to which exception was taken in Washington, in which they could negotiate "solely in the sense of presenting grievances and discussing recommendations .... subject in all particulars to the procedures of the Authority."

Paragraphs 3 and 6 of Article 98 (see attachment No. 1) are entirely new. The first calls for non-discrimination against personnel of the service for membership in or lawful actions performed on behalf of employee organizations. Paragraph 6 relates to loss of employment rights for employees who resort to any dispute acts prohibited by Paragraph 5.

The changes in Article 101, Paragraph 3, and especially those in Article 4 (previously Article 11) of the Second Supplementary Provisions (see attachment No. 2), should also be noted in that both modify the provisions of Article 98. Paragraph 3 of Article 101, which formerly stated that "personnel of the service .... may perform the activities specified and approved in Article 98 .... on an occasional or intermittent basis requiring only a minor portion of an employee's time ....", now states that "Personnel of the service shall not, while receiving pay of the National Government, perform duties or carry on activities for or in behalf of employee organizations. However, such personnel of the National Government may perform the activities specified and approved in Article 98 of this Law under conditions or circumstances approved by rules of the Authority." The two sentences of this Article now appear contradictory, and, moreover, might be

interpreted

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interpreted to prevent union activities by employees when off-duty.* Article 4 of the Second Supplementary Provisions is changed by deletion of the phrase "by restricting its membership to personnel of the government service" but retains the provision that a union must have "as its main constituents personnel of the government service" in order to continue its existence. Moreover, "such organizations shall register with the National Personnel Authority under procedures of that authority" and "necessary determination concerning the employee associations or unions referred to .... shall be provided by law or rules of the Authority." This, in the opinion of the writer, does not constitute the right of employees to join associations of their own choosing.

2. Aside from the foregoing, which indicates that the airmailed text does not carry out either the letter or the spirit of SCAP Tel C65318 in regard to the right of the Japanese Government employees to join associations of their own choosing, the most serious changes in this text are the sweeping additions to the penal provisions of Article 109, 110 and 111. In the earlier text these three Articles set forth penalties of varying severity for bribery, corruption, etc. In the form in which they have now been submitted to the Diet a vastly increased number of offenses are punishable by one to three years penal servitude or fines ranging up to Yen 100,000**

The penal provisions for labor activities, all subject to the maximum penalties are found in Items 16 and 17 of Article 110. Item 16 makes these penalties applicable to any "person who organizes an organization in violation

of

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* Since this was written I have been told by Sam Romer, just in from Tokyo, that the Labor Division of SCAP called this to the attention of members of the Government Section working on the Bill, who promised to correct it.

** One of the most interesting, and surprising, of these penalties, punishable by a maximum of 1 year imprisonment or a fine of yen 30,000, applies to "Cabinet members who fail to appoint a Commission (of the Personnel Authority) within 60 days after a vacancy in the Authority occurs." "However," it is stated, "in cases where the consent of the Diet is not obtained during the said period, this shall not be applicable."

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of Paragraph 4 of Article 98. This paragraph is the one which precludes personnel of the police, fire, coast guard and penal institution from all rights to form employee organizations. Item 17 makes them applicable to "Any person who conspires to effect, instigates, or incites the illegal action defined in the first part of paragraph 5 of Article 98, or attempts such action." While it is difficult to know precisely what is meant by the "first part of Paragraph 5", since there is no full stop anywhere in the paragraph, it would appear that the reference is to the part reading "Personnel of the service shall not strike or engage in delaying or other dispute tactics .... or resort to delaying tactics which reduce the efficiency of governmental operations". In addition, Article 111 states "a person (not only personnel of the service!) who attempts to accomplish or who orders, wilfully permits, instigates, or is an accessory to the accomplishment of any of the acts enumerated in Items 1, 3, 4, 5 and 13 of Article 109, or Items 1 to 7 inclusive, 9 to 16 inclusive, 18 and 20 of Article 110 shall be subject to the penalty prescribed in each of these Articles." This sweeping provision, it should be noted, applies to Item 16 of Article 110, but not to Item 17.

In our telegram WAR 90494 of 8 October, Paragraph 12, we called attention to the fact that the U.S. labor legislation quoted by SCAP (the Taft-Hartley Act) in partial justification of his ban on strikes for all employees of the Japanese Government, prescribed forfeiture of civil service status and discharge as the maximum penalties for U.S. Government employees participating in strikes. This paragraph was inserted in our telegram in view of the information sent by SCAP that "possible penal penalties" were being considered for employees of the soon-to-be organized Public Corporations who engaged in strikes or other dispute tactics. Subsequently, in outgoing WAR 91741 of 29 October we stated:

> Mr. Hoover states that it appears, as some agencies here have contended, that unless other penal offenses are involved, dismissal or loss of employment rights would be sufficient punishment for violations of this type. If there are other factors involved which are not evident here, request statement of offenses considered appropriate for additional penal punishment.

To this SCAP Tel C605023 of 1 November replied: "referring to Paragraph 12 (of 90494), present Japanese

thinking

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thinking does not envision penal punishment."

While it is possible to argue that this reply referred only to the features of the National Negotiation Law for Public Corporations, to which the original query was directed, the wording of this Government's original telegram and all subsequent telegrams gave clear evidence of concern here over penal penalties, as contrasted with loss of employment rights, for workers engaging in strikes or other acts of dispute. Moreover, even without reference to the foregoing, the last minute insertion of a wide range of severe penalties without any notification to Washington, especially in view of the final paragraph of our telegram, WAR 91741 of 29 October, which read (in part), "Request you radio earliest any material corrections or revisions made in draft N.P.S. Law since URAD Z24312 was sent", savors of deliberate misrepresentation by some SCAP officials. In the writer's opinion the American labor movement will consider the imposition of penal penalties for acts they consider normal to trade unions a fully-as-great if not even-more-serious violation of basic labor liberties than the loss of either collective bargaining rights or that of freedom of workers to join organizations of their own choice.

ITP:ILS:PBSullivan:apg C.P.S.
12/3/48 DH

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Attachment No. 1

Article 98. Personnel of the service in the performance of their duties shall comply with laws and orders and faithfully observe the orders of their superiors on matters pertaining to the performance of their official duties.

Personnel of the service shall be permitted to form or refrain from forming or to join or refrain from joining associations or other employee organizations. Through such organization, personnel of the service may designate representatives of their own choice and negotiate subject to the procedures of the Authority with proper authorities for conditions of work and for other lawful purposes including social and welfare activities, provided, however, that such negotiation does not include the right of collective agreement with the Government. No person in the service shall be denied the freedom to present grievances or voice opinions by reason of his non-membership in an employee organization.

Personnel of the service shall not be subject to adverse treatment on the ground that they are the constituent members of the association or other organization referred to in the preceding paragraph, or have attempted to form or join it, or that they have performed lawful actions in such organization.

Personnel of the police services and fire services (including personnel of the National Fire Defence Board) and personnel of the Maritime Safety Board (Coast Guard) and penal institutions shall be denied the right to organize the employee organizations or to join the employee organizations as specified in Paragraph 2.

Personnel of the service shall not strike or engage in delaying or other dispute tactics against the public of Japan represented by the National Government as employer, or resort to delaying tactics which reduce the efficiency of governmental operations, nor shall personnel of the service or other persons attempt, conspire to effect, instigate or incite such illegal actions.

Any person in the service who shall resort to strike or any or all of the unlawful tactics as prescribed in the preceding paragraph shall not contest against the National Government with the right to appointment or employment acquired and possessed by him under laws and orders at the time of such strike,

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dispute or delaying tactics.

The association or other employee organization referred to in Paragraph 2 may be incorporated as a juridical person. The provisions of the Civil Code (Law No. 89 of 1896) and the Law on Procedure of Non-Contentious Cases (Law No. 14 of 1898) concerning juridical persons as specified in Article 34 of the Civil Code shall be applied correspondingly to juridical persons referred to in this paragraph. However, 'the competent government agency' in such provisions shall be taken to read 'the National Personnel Authority'.

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Attachment No. 2

Article 101. (Paragraph 3) Personnel of the service shall not, while receiving pay of the National Government, perform duties or carry on activities for or in behalf of employee organizations. However, such personnel of the National Government may perform the activities specified and approved in Article 98 of this Law under conditions or circumstances approved by or prescribed by rules of the Authority.

Second Supplementary Provisions

Article 4. Any employee association or union actually existing on the effective date of provisions of Article 16 of the Supplementary Provisions of the National Public Service Law and having as its main constituents personnel of the government service, may continue its existence. All such associations shall provide democratic processes for the election of officers and the conduct of business and otherwise conform in organization, purpose and procedure to the provisions of this Law. Such organizations shall register with the National Personnel Authority under procedures of that authority.

2. Necessary determinations concerning the employee associations or unions referred to in the preceding paragraph shall be provided by law or rules of the Authority.

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INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS

DIVISION OF NORTHEAST ASIAN AFFAIRS TELEGRAPH BRANCH
DEC 17 1948
DEPARTMENT OF STATE

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Secretary of State,
Washington.

A-1224, December 9, 1948.

FROM: Moscow

DATE: Dec. 9, 1948

DESPATCHED: Dec. 9, 1948

RECD: Dec. 17, 9:18 a.m.

Trud of December 5, 1948 carried an article by Kh. Eidus entitled "Failure of the Reformist Separatists in Japan". A JPRS translation of the article follows:

The third annual congress of the Japanese Congress of Industrial Organisations (JCIC), the biggest Japanese trade union organisation which has 1,500,000 members, took place in Tokyo from the 19th to 22nd November, 1948. The JCIC occupies the first place among the trade union organisations of the country both numerically and in its influence on the working masses. As a counterweight to the reformist Japanese Federation of Labour (JFL) with the aid of which the right-wing socialist agents of big capital are trying to distract the workers from the struggle for their vital rights, the JCIC is heading the strike movement and constitutes one of the basic forces of the Japanese democratic camp.

At the present time Japan is in the grip of a mighty wave of the strike movement. In the country as a whole more than a million workers are on strike. Moreover, about 5 million workers have been drawn into labour conflicts in one form or another.

The workers reply by mass strikes to the offensive of capital, which took on a particularly acute form from the moment when the arch-reactionary Government of Yoshida came to power. The capitalists are now carrying out "rationalisation" in their undertakings, which is leading to a further increase in the exploitation of the working class and to a growth in unemployment. Unrestrained

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894.5043/12-948

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A-1224 from Moscow
Dec. 9, 1948.

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inflation rages in the country. More than 300 billion paper yen are in circulation, and contribute to the incessant growth of prices and increases in the cost of living. The average wage of the worker, even judging by the optimistic estimates in the Japanese press, do not cover even half the expenses of a working class family. Speculation and the black market consume, as before, the lion's share of the begarly wage of workers and employees.

To create a "peaceful" atmosphere for American capital to flow into the country, Japanese monopolists, with the aid of the American occupation authorities, are depriving the workers of elementary human rights and primarily of the right to strike, to conclude collective agreements and to organise trade unions. As is well known, according to MacArthur's directive dated 20th July, 1948, the Japanese government has forbidden the workers and employees in state and municipal institutions and undertakings to take part in strikes or to conclude collective agreements. The present Yoshida Cabinet intends to go still further by forbidding strikes by other categories of workers. According to recent reports, the Lower Chamber of the Japanese Parliament has already passed a bill to this effect.

The American occupation authorities and the Japanese government are resorting to cruel repression of the striking workers, arresting the strike leaders, trade union leaders and, above all, the Communists. Thousands of workers-activists have been thrown into prison. Imitating the American reactionaries, the Yoshida Government is about to organise an "un-Japanese activities committee" to deal with the communists. On the 18th November, 1948, speaking in the committee of the Lower Chamber for labour problems, Yoshida unequivocally demanded the removal of the communists from trade union posts.

In these conditions, the resolutions accepted at the congress of the JCIC are extremely significent.

American and Japanese reactionaries have decided to split the JCIC with the aid of right-wing socialists and reformers. With this object, the right-wing elements, acting at the instigation and with the support of the reactionary American Federation of Labour, have formed the separatist

"Trades

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A-1224 from Moscow
Dec. 9, 1948

"Trades Unions Democratisation League", whose task is to disrupt the Congress from within. In this, however, the reformists have not succeeded. At the Congress, the right-wing and reformist wing have suffered a complete defeat. By an absolute majority of votes, theCongress decided to consider the "Democratisation League" to be an anti-labour organisation and to dissolve it.

The Congress of the JCIC adopted a number of other resolutions which are evidence of the fighting spirit of the working masses. The Congress adopted a resolution concerning co-ordinated action with the "Democracy Defense League", which is under the influence of the Communist Party in order to create thereby a powerful national, democratic front. The delegates unanimously adopted a resolution greeting the WFTU which is fighting for unity of the world trade union movement, for peace, democracy and the vital rights of the workers. Makoto Kan was re-elected President of the Congress. Two Communists were elected as his deputies.

The JCIC is not the only Japanese trade union organization which has denounced the separatist machinations of the reformers. The Congress of the All-Japanese Union of Postal Workers, which took place in the middle of November, 1948, also ended in a victory for the left-wing over the separatists of the "Democratisation League" which is subsidised by the American Federation of Labour. Before that, in the summer of 1948, two of the biggest trade union organisations in Japan -- the Union of State Railway Workers and the Union of Electrical Workers -- "turned left", as the Japanese papers put it, by adopting a progressive programme and electing a progressive leadership. It can be stated firmly that at the present time the overwhelming majority of the members of the Japanese trade unions belong to the democratic camp which is fighting against Japanese-American reaction.

The firm determination of the working masses to defend their interests from the encroachments of the "nationalists and foreign monopolies was also expressed in the attitude of the reformist "Japanese Federation of Labour". At the Congress of the Japanese Federation of Labour which took place in October this year, resolutions moved by the reformist leadership were subjected to severe criticism by the delegates and aroused heated debates and arguments, whereas

before

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A-1224 from Moscow
Dec. 9, 1948

before these resolutions were usually adopted by the Congress almost without discussion. The decision of the Congress to delete from the new programme a clause recommending members of the trade unions of the JFL to become members of the Japanese Socialist Party is also symptomatic.

The Congresses of the JCIC and other trade union organizations are evidence of the fighting mood of the Japanese working masses and of their will for unity. The fact that the reformist elements receive all kinds of support, both moral and material, from the reactionary leadership of the AFL, which, in its turn, is acting on the orders of the State Department of the USA, does not help them. The right-wing Socialists are losing their influence. Their separatist policy is failing. The trade unions are taking part ever more actively in the struggle of the Japanese democratic camp for peace, freedom, democracy and national independence.

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cc to Tokyo

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

CONFIDENTIAL

ASSISTANT SECRETARY FOR OCCUPIED AREAS

TO : O - Mr. Saltzman DATE: January 8, 1949

FROM : FE - Mr. Butterworth WWB

1949 JAN 10 PM 12 16

SUBJECT: Attached Cable, C 66781, January 3, 1949.

"O"
DEPARTMENT OF STATE

With reference to the attached telegram from General MacArthur (C 66781, Jan. 3, 1949), FE recommends that the Department of the Army be informed that we believe:

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1. that every effort should be made to find the anonymous "high government source" and disciplinary action taken, if appropriate and desirable;

xR 740.00119 Control (Japan)

2. that State and Army should issue a joint press statement correcting the false and potentially dangerous impression given by this news story in Japan -- such a statement might be along the following lines:

> "An anonymous press report from the United States has been circulated in Japan to the effect that the present economic situation and the program being developed to meet that situation impose no restrictions on industrial strife in Japan. Disruptive elements are using this report to stir up dissension among Japanese workers. It would be extremely unfortunate if Japanese labor were to be misled by such a report and were to jeopardize its standing and reputation by failing to give full recognition to its responsibilities.
>
> "The problem of a decent livelihood for Japan's people is one which can be solved only by the united and determined efforts of all its people regardless of their individual roles in the total effort."; and

3. that we inform General MacArthur of the State-Army press statement and of contemplated action to determine the identity of the "high government source".

A draft radio to General MacArthur is attached.

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DRAFT RADIO TO GENERAL MACARTHUR

Your C 66781 is subject.

State-Army press release this date follows:

"An anonymous press report from the United States has been circulated in Japan to the effect that the present economic situation and the program being developed to meet that situation impose no restrictions on industrial strife in Japan. Disruptive elements are using this report to stir up dissension among Japanese workers. It would be extremely unfortunate if Japanese labor were to be misled by such a report and were to jeopardize its standing and reputation by failing to give full recognition to its responsibilities.

"The problem of a decent livelihood for Japan's people is one which can be solved only by the united and determined efforts of all its people regardless of their individual roles in the total effort."

You are authorized give this statement such dissemination in Japan as you believe desirable.

Investigation being undertaken to determine "high government source" mentioned press story your rad in order prevent reoccurrence and take disciplinary action if appropriate.

2681

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Mr Bishop to Kuark

DIVISION OF
NORTHEAST ASIAN AFFAIRS
JAN 4 1949
DEPARTMENT OF STATE

Cable
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Mr.

CONFIDENTIAL PARAPHRASE NOT REQUIRED

From: SCAP Tokyo Japan sgd MacArthur

To: Dept of Army for Undersecretary Draper

Nr: C 66781 3 January 1949

The following partially quoted associated press dispatch under the byline of Morris Harris with dateline Washington, December 30, has been received in Tokyo-252:

"A high government source said today Japan's labor unions retain the right to strike under the new economic program this government decreed for Japan December 17."

"This spokesman, who wields far reaching influence over America's assistance plans for Japan, refused further indentification but continued: 'There is nothing in this new program intended to prevent Japanese labor from enjoying its legally established rights for self-betterment.'"

This statement has been conspicuously headlined in the Japanese press with the inevitable resulting interpretation that the economic recovery program does not necessarily impose upon labor the obligation to work toward achievement of the stated objectives. There has been a corresponding bewilderment among the Japanese masses, and with it the incitation of communists and other radical elements, who oppose recovery, to greater effort. The statement itself is completely misleading almost to the point of deception. As must have been known to the source from whence it came, the economic rehabilitation of Japan now formally being an objective of the occupation, suppression of any strike which impedes its achievement is, of course, recognized by article five of the FEC labor policy.

The blunt reaffirmation, however, by Washington of the right to strike, a prerogative carefully preserved throughout an era of complete labor immaturity, appears at this time to be open to serious question as to motive, as it could not fail to result in encouregement to those misguided elements which maintain that such rights transcends all precepts of labor

CM IN 13404 (4 Jan 49)

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DEPARTMENT OF THE ARMY
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No. : C 66781 Page 2

doctrine, and those who on ideological grounds are fundamentally opposed to economic and political stability at this time and the vigorous implementation of American policy and defense of American interests. Indeed, as reported in this dispatch, without the attendant reference to the responsibility for forego-going work stoppages in the interest of national rehabilitation, the statement unquestionably will be propagandized in many quarters as an invitation to strike and emphasized as a basic difference of opinion between Washington and this headquarters on the strike concept.

The progress noted in ourad C 66600 has by this irresponsible statement been placed in acute jeopardy. There could, indeed, have been no greater disservice to the cause of orderly implementation, without coercive force, of the United States economic policy directive than such a statement from a seemingly authoritative and responsible Washington source. Obviously intended for the Japanese rather than the American Press, it is rabble-rousing in effect is susceptible to local interpretation as complete lack of Washington support of SCAP'S efforts, and furnishes encouragement and ammunition to those who seek to block successful implementation of the recovery program, to destroy the prestige of the occupation, and seriously to prejudice the American position in Japan.

I cannot too strongly urge that every effort be made to bring under control this type of undermining propaganda which amounts to an incitaion of a conquered people to resist the settled and proclaimed policies of the occupying power and which seems to emanate from persons occupying official positions within the American policy-making group and yet who hide behind the sinister cloak of anonymity.

Note: C 66600 is CM IN 12422 (29 Dec 48) PID.

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INFO: CAD, ID, PO, OSA, PID

CM IN 13404 (4 Jan 49) DTG: 030547Z dgk/3

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CONFIDENTIAL

NA file

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Bishop

DATE: January 13, 1949

FROM : O - J. F. Ray, Jr.

SUBJECT: Morris Harris Story

Attached are returned without action - per our phone talk yesterday.

Colonel Skidmore of Mr. Draper's office is bringing over a copy of Mr. Draper's reply to CM IN 13404 - to show to Mr. Saltzman and you. He is expected this afternoon.

You may be interested also in the attached Eichler note to McCoy, which please pass to Skidmore for Major Miller to whom I have promised it.

Attachments:

1. CM IN 13404 from SCAP.

2. Memo from Mr. Eichler.

DIVISION OF NORTHEAST ASIAN AFFAIRS
JAN 13 1949
DEPARTMENT OF STATE

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STANDARD FORM NO. 64

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RM/R NG

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Bishop

DATE: January 28, 1949

FROM : NA - Mr. Green

SUBJECT: Japanese Government Workers Labor Legislation: Summary

xR 894.504

1. On July 22, 1948 General MacArthur stated in a letter to Prime Minister Ashida that the draft public service legislation was deficient in certain respects. He went on to say in effect that it was his view that Government workers should not be permitted to strike and except for those public workers employed in Government corporations (which he defined as railways, salt, camphor and tobacco) should not be granted the right of collective bargaining "in its usual coercive sense". Government employees should seek a redress of grievances or betterment of their working conditions through petition, collective if so desired, to the newly created National Personnel Authority, which would be the ultimate court of appeal. As result of SCAP's letter, 2.7 million Government workers were deprived of the "right" to strike and only 570,000 of them retained collective bargaining rights. Messrs. Killen and Stanchfield of SCAP's Labor Section resigned over the denial of collective bargaining rights. One significant point about General MacArthur's letter is the implication that the curbing of Government workers' right to strike is justifiable in a country where the police are not backed up by national armed forces.

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2. On July 31, 1948 a Japanese Government ordinance based on General MacArthur's letter was issued. This ordinance swept away all strike and collective bargaining rights for all categories of Government workers, thus going beyond the purport of SCAP's letter. At the same time all Government labor contracts under negotiation were cancelled. This ordinance was to remain in effect until the new National Public Service Law was enacted.

CS/CVE

3. WAR 87563 to SCAP (13 August 1948). State-Labor expressed concern over Cabinet order because it (a) denies collective bargaining rights to workers outside normal civil service categories, (b) cancels mutually negotiated labor contracts and (c) denies right to strike in those Government enterprises where there is no public interest involved (tobacco, camphor). Further information desired.

4. SCAP

894.5043/1-2849

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4. SCAP C 63093 of 18 August 1948. Reply to above, cancellation of contracts regarded as necessary because their terms prevented discharge, reassignment and disciplining of Government personnel - a restriction regarded as in conflict with the sovereign authority of the state. As for monopoly workers, any distinction between them and other Government workers would be resented by latter. US federal statute states: "It shall be unlawful for any individual employed in a wholly Government-owned corporation to participate in any strike". Further points:

a) FEC-045 does not apply to Government workers.
b) Letter to Ashida based on US practices.
c) Besides Japan has no militia.
d) Any action short of curbing labor's excesses could not be justified before Appropriations Committee of House.
e) If I had not acted as I did, chaos would have occurred.
f) The Japanese, including organized labor, applauded the move. The interpretation of my letter was up to the Japanese.

5. Sebald's Statement Allied Council. Repeats b, c, e and f above. Says FEC-045 does not apply to Government workers because (1) title of FEC-045/5 is Principles for Japanese Trade Unions, (2) record of FEC proceedings does not so indicate and (3) in no country are all FEC-045's principles extended to all Government workers.

6. Shaw's Statement Allied Council (August 28, 1948).

a) FEC-045. A person can be - and it is perhaps desirable that he be - a member of a trade union and a Government worker.

b) Does not object to withdrawal of Government workers' right to strike, but only of collective bargaining and organization rights. These are not linked with coercive strike threat but a collective bargaining system would obviate strikes.

c) The mere right of petitioning is not a substitute for collective bargaining.

d) Need for 3rd party arbitrator.

e)

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e) Curtailment of right to strike may be justified in an emergency situation. Great care should be taken, however, in curtailing any human rights by long term legislation.

7. WAR 88625 to CINCFE (September 1, 1948). Forwards Secretary Royall's statement to the press: "SCAP's recommendations in his letter to Ashida, "as we understand them", do not in any way conflict with FEC policy." SCAP requested to forward legislation to Washington for comment prior to final passage by Diet.

8. Soviet Statement to FEC (September 21, 1948). Soviet Policy Proposal: (1) SCAP should be requested to revoke his "directive" of July 22 and the ordinance of July 31 as being contrary to FEC-014/9 and 045/5.

(2) Repressive measures against the Japanese Government workers should be discontinued.

9. WAR 90494 to SCAP of October 8, 1948. State, Army, Labor desire SCAP's consideration of following comments as expression of US policy interest on this problem.

a) FEC-045/5 should apply at least to industrial workers in the Government employ. This interpretation would relieve US of probably having to exercise its unilateral veto in FEC.

b) SCAP should make finding that Government strikes would "directly prejudice the objectives and needs of the Occupation". This would be consistent with paragraph 5 of 045/5. This would not prejudice question for future.

c) All industrial workers in Government employ should be granted collective bargaining, not including the coercive power of the strike threat. This would give them recourse to mediation and arbitration machinery.

d) Government employees should have the right to form and join lawful and non-subversive employee organizations of their own choosing and to present grievances and negotiate through representatives with proper authorities.

e) Concern is felt over sections of Articles 89 and 101 of the draft NPSL limiting employee representatives "from among persons in the service on an occasional or intermittent basis".

10. SCAP

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10. SCAP C 64458 of October 12, 1948. Refutation of above. Everything SCAP has done is solidly based on US concepts and practices. If forced to go against these practices, SCAP will be obliged to appeal to Representatives of the Joint Congressional Committee on Foreign Economic Cooperation due shortly in Tokyo. No provision had been made by FEC policy decision to cover labor relations in the public service. This matter was left entirely within scope of SCAP's executive authority. All, including extreme left wing of the Socialists, fully support present law and would oppose material changes in it. Order has been restored. The radical leadership of the large railroad union has been ejected by the rank and file. The entire character of the labor movement in the public service for the first time has become objective. It meets views of Japanese themselves and is in conformity with NSC 13/2. "It would be utterly fantastic to impose arbitrarily a greater degree of liberalism on this conquered and occupied country during its almost primitive and tuitionary stage in the absorption of democracy". Unless the labor movement is charted on a careful and moderate course it will soon destroy itself and doom to certain failure all efforts toward economic rehabilitation and the building of a truly responsible government.

Regarding choosing representatives from among those in service, against will of SCAP, Japanese themselves insisted on inclusion of this provision pleading that this was the only way to prevent Communist infiltration from outside.

In its very immaturity in Government under democratic process and in its present impoverished economic state Japan is infinitely more vulnerable to the pressures of social unrest than could be expected in the Anglo-Saxon countries, France, etc. with their traditions of orderly and responsible government.

7. Hoover is coming to Washington to give answers to specific questions raised in reference cable.

11. McCoy Statement to FEC (318/2) (September 27, 1948). Refers to Royall's statement. That is US position. Because of temporary character of interim ordinance, inappropriate to discuss it.

12. Philippine Statement to FEC. Even if it were assumed that FEC-045 applied to Government workers, SCAP is empowered under paragraph 5 of that policy decision to prevent work stoppages. Interim ordinance, if perpetuated, would be open to justifiable criticism, but remedial measures will be shortly taken by Diet.

13. French

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050

13. French Statement to FEC. "It seems clear that FEC-045/5... does not apply to the official labor in Japan but only to trade union workers."

14. WAR 91016 to SCAP (From Draper) October 16, 1948."We do not believe that broad basic legislation should draw a distinction between transportation workers and communications workers." SCAP requested to extend collective bargaining rights to communication workers.

15. C 64695 from SCAP (October 21, 1948). Serious penetration of Communists into communications workers unions emphasized. In view of rightward shift of Japanese political thinking over last few months it would be difficult to induce Japanese Government voluntarily to extend collective bargaining rights to Communist dominated communications workers.

16. WAR 91741 to SCAP (October 29, 1948). This cable was sent after Mr. Hoover of SCAP headquarters had made a careful and full explanation of background of National Public Service Law to State, War and Labor Departments; also to FEC. In accordance with labor policies in US, SCAP enjoined to reword Article 98 of NPSL and Article 11 of New Supplementary Provisions in order to remove from the Law itself any modification of the two basic rights of employees in Government service: to join organizations of their own choosing and to be adequately represented by persons of their own choice. As for extension of collective bargaining rights to communications workers "hope expressed it will be done when political and economic conditions warrant".

. . . . . .

Except for certain routine exchanges between State, Army and Labor and SCAP regarding various provisions of NPSL, there has been no further discussion of substantive issues relating to this subject. However, the subject has remained under active consideration in the Far Eastern Commission. I believe that you are familiar with the course of FEC controversy on this question. The Soviet proposal referred to in number 8 above was voted down on January 13, 1949. The New Zealanders attempted to elicit from the US member a firm statement as to whether or not, in the opinion of the US Government, FEC-045/5 applied to Government workers and whether SCAP's actions were therefore legal. The US member replied the following month that FEC-045/5 does not state - and properly so - of what categories of workers applies or does not apply and this question was left to SCAP for determination. The New Zealand member and the

Australian

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Australian member are not satisfied with this reply and there are indications that either of them may propose a policy decision in the FEC on the applicability to Government workers of FEC-045/5. NA is considering asking that Mr. Saltzman call Sir Carl Berendsen and Ambassador Makin separately to discuss this matter with them fully and frankly in the hope that they may be disuaded from a course of action which would lead to weary, pointless discussions from which only the Soviet member could profit.

FE:NA:MGreen:clh

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND [redacted] # 760050

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

OFFICE OF INTERNATIONAL TRADE POLICY
MAR 2 1949
DEPARTMENT OF STATE

United States Political Adviser
for Japan

Tokyo, February 21, 1949

No. 113

UNCLASSIFIED

DEPARTMENT OF STATE
MAR 2 1949
INTERNATIONAL LABOR AND SOCIAL AFFAIRS - ILS

Subject: Japanese Labor Union Membership.

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LABOR

The Acting Political Adviser has the honor to enclose herewith the most recent statistics on labor union membership in Japan as currently reported by the Japanese Ministry of Labor to the Labor Division of the Economic and Scientific Section, General Headquarters, Supreme Commander for the Allied Powers. As of December 31, 1948, the Labor Ministry reports the total trade union membership in Japan as 6,852,287, and the total number of local unions as 36,132. The enclosed tables indicate membership of unions affiliated with national labor organizations, as well as the union affiliations of government workers.

894.5043/2-2149

Enclosures:

1. Table of Labor Union Membership in Major Federations and National Labor Organizations, December 31, 1948.
2. Table of Government Workers' Unions, December 31, 1948.

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UNCLASSIFIED

Enclosure No.1 to Despatch No. 113 of February 21, 1949 from United States Political Adviser for Japan, Tokyo, subject: "Japanese Labor Union Membership."

LABOR UNION MEMBERSHIP IN MAJOR FEDERATIONS AND NATIONAL LABOR ORGANIZATIONS (as of December 31, 1948).

ORGANIZATION	MEMBERSHIP	NUMBER OF LOCAL UNIONS AFFILIATED WITH THE NATIONAL ORGANIZATION
General Federation of Japanese Trade Unions (Nippon Rodo Kumiai Sodomei)	924,302	3,684
National Congress of Industrial Unions (Zen Koku Sangyo-Betsu Kumiai Kaigi)	1,166,788	4,601
National Enterprise and Quasi-Official Corporation Unions not affiliated with National Federations	284,139	1,207
In private industry	175,854	696
In Quasi-Official Corps	108,285	511
National Unions and Federations not affiliated with Sanbetsu or Sodomei	3,840,460	13,200
Japan Congress of Trade Unions	46,802	149
TOTALS	6,262,491*	22,841*

*Total labor union membership as of December 31, 1948 was 6,852,287 and the total number of local unions was 36,132. The difference between these figures and the membership in the various national organizations listed above represents membership and unions that are not affiliated with any national organization.

Source: Labor Ministry, Bureau of Labor Statistics and Research.

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Enclosure No. 2 to Despatch No. 113 of February 21, 1949 from United States Political Adviser for Japan, Tokyo, subject: "Japanese Labor Union Membership."

GOVERNMENT WORKERS' UNIONS
(as of December 31, 1948)

	UNIONS	MEMBERSHIP
Liaison Council of National and Local Government Workers' Union (Zenkanko-cho Shokuin Rodo Kumiai Renraku Kyogikai)	8,969	2,108,775
National Council of All Government Office Workers' Unions (Zenkoku Kancho Shokuin Rodo Kumiai Kyogikai)	1,640	206,405
Government Railway Workers' Union (Kokutetsu Rodo Kumiai)	1,537	606,861
All Communications' Workers' Union (Zen-Teishin Rodo Kumiai)	1,524	379,231
National Tax Collectors' Union (Zenkoku Zaimu Rodo Kumiai)	496	58,577
Japan General Federation of Local and Municipal Government Workers' Unions (Nihon Jichi Dantai Rodo Kumiai Sorengo)	2,247	311,756
Finance Ministry Non-Administrative Bureaus Workers' Union (Okura San-Gencho Rodo Kumiai)	164	42,216
Japan Teachers' Union (Nihon Kyoshokuin Kumiai)	1,361	503,729

Source: Labor Ministry (Membership as reported by local unions.)

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DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

INCOMING TELEGRAM

ACTION COPY

DIVISION OF
NORTHEAST ASIAN AFFAIRS

MAR 7 - 1949

DEPARTMENT OF STATE

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Rec'd March 7, 1949
11:23 a.m.

Office of
FAR EASTERN AFFAIRS
MAR 7 - 1949
DIRECTOR
Department of State

FROM: Moscow

TO: Secretary of State

NO: 585, March 7.

PRAVDA March 6 prints one-third column Tokyo Tass report CP leader Shiga's statement Yoshida Government's proposed reorganization administrative system aimed primarily weaken Japanese Trade Unions.

Sent Department 585, repeated Tokyo 16.

KOHLER

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APR 19 1949

PERMANENT RECORD COPY: THIS COPY MUST BE RETURNED TO DC/R CENTRAL FILES WITH NOTATION OF ACTION TAKEN.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

United States Political Adviser
for Japan

No. 190

Tokyo, March 30, 1949

CONFIDENTIAL

DEPARTMENT OF STATE
File
APR 18 1949
INTERNATIONAL LABOR AND
SOCIAL AFFAIRS - ILS

Subject: Removal of Union Officials from Company Payrolls.

The Acting Political Adviser has the honor to transmit to the Department a copy of a General Headquarters press release of March 23, 1949 concerning a General Headquarters order to the Japanese Labor Ministry that immediate steps be taken to require Japanese trade unions to remove their officials from company payrolls.

The General Headquarters order was necessitated by continued violation of provisions of the Trade Union Law which specifically prohibit an employer from paying a major portion of the expenses of workers' organizations. It has become a common practice for company employees to devote full time to labor union activities while continuing to draw pay from the employer.

While the General Headquarters order has been received with disfavor by many labor union officials and has been criticized as an act against labor, Mr. Chester W. HEPLER, Chief of the Labor Division, Economic and Scientific Section, informed an officer of this Mission that the order is of equal concern to many employers who prefer to keep full-time union officials on their payrolls in order to retain control over the affairs of the union. Mr. Hepler emphasized that the primary purpose of the order is to place labor unions upon a sounder and more independent basis by having union officials fully responsible to the unions rather than to the employers.

Enclosure:

Copy of Press Release
dated March 23, 1949.

Parchment Mat to Department.

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CONFIDENTIAL

OFFICE OF
INTERNATIONAL TRADE POLICY
APR 15 1949
DEPARTMENT OF STATE

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ACTION COPY RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

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United States Political Adviser for Japan, Tokyo, on the subject "Removal of Union Officials from Company Payrolls".

(COPY)

GENERAL HEADQUARTERS
FAR EAST COMMAND
Public Information Office

Press Release

23 March 1949
1330

UNION OFFICIALS ORDERED REMOVED FROM COMPANY PAYROLLS

The Japanese Labor Ministry has been instructed by SCAP's Labor Division to take immediate steps to require Japanese Trade Unions to remove their officials from company payrolls.

This action followed sharp criticism by Chester W. Hepler, SCAP's Labor Chief, who said the practice is a direct violation of Article 2 of the Trade Union Law, which states that an employer will not pay a major portion of the expenses of workers' organizations.

This action to remove full time union officials from company payrolls must be accomplished within 90 days after an effective date to be announced by the Labor Ministry, Hepler said.

Hepler said his office had directed the Labor Ministry in January of this year to begin strict enforcement of this provision of the Trade Union Law. "However," he said, "surveys show that while a few unions have understood and applied clarified interpretations of this law, the majority of Japanese unions continue to be almost wholly employer-financed."

The SCAP labor chief said the delay in compliance with this provision of the law is "unnecessary, inexcusable and intolerable." He said the 90-day period to be granted unions to effect this change is ample, and "in no case is the necessary reorganization to take longer than that time."

Hepler declared that industry, labor and the Japanese Government were equally to blame for flouting the law and ignoring the sound union practice of divorcing union leadership from company support. He emphasized that the country's labor movement cannot claim to be democratic and independent until its full time officials and agents are fully paid by, and without question answerable to, the rank and file of the unions.

"Management

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"Management cannot purge itself of the taint of suspicion that it seeks to influence or to dominate the unions until it withdraws financial support from them and until agents of management have been excluded from the unions," Hepler said.

He added that experience in democratic countries has shown that financial ties between industry and unions "lead to collusion, debility in the bargaining unit and compromise of the members' rights without their consent."

He said it was "incredulous" that this point still needs to be argued within the labor movement and added that the Labor Division could only conclude that the rank and file of the unions has not been sufficiently informed of the viciousness of the prevailing situation.

Hepler emphasized that labor should end this violation of the Trade Union Law itself, "with or without the cooperation of management," and added:

"Union leaders who have at heart the permanence of their organization will not wait for legal or administrative action by the Japanese Government or any other authority, but will seize the initiative to effect such reforms as are necessary to make their unions self-sustaining and independent."

He declared that the movement must not be perverted from its true ideals in order to provide "sinecures for a horde of bureaucrats." He described most of the present labor leaders as "sincere, able men," but said the system by which they derive their livelihood from management must eventually sap their unions of strong progressive direction and purpose.

The SCAP officer said realization of this truism by many employers makes them loathe to withdraw financial support. He said they were reluctant to surrender this opportunity to control and dominate the organizations of working men.

The Labor Division Chief warned that attempts by union leaders to call strikes in protest of such reorganization as may be necessary in their unions would put them in the position of striking against enforcement of a law passed by their own Diet.

"Such dispute tactics, he declared, would be inexcusable in any country and are completely intolerable in a country such as Japan where the entire population is sacrificing and struggling to rehabilitate the economy."

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DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

DIVISION OF
NORTHEAST ASIAN AFFAIRS
APR - 8 1949

UNDER SECRETARY
MAR 31 1949
DEPARTMENT OF STATE

March 31, 1949

DEPARTMENT OF STATE
APR 7 1949
INTERNATIONAL LABOR AND
SOCIAL AFFAIRS - ILS

The Honorable

The Under Secretary of State

My dear Mr. Secretary:

In accordance with our conversations concerning my recent trip to Japan, I am attaching a copy of the report on this trip which I have submitted to the Secretary of the Army.

The report stresses the importance of a sound and democratic Japanese trade union movement for the development of democracy in Japan, and the need for adopting proper measures which would strengthen democratic tendencies in the labor movement and, at the same time, retard the communist upsurge within the trade unions.

It is my considered judgment that these recommendations will assist greatly in the achievement of our goal of democratizing Japan.

Secretary Tobin has also transmitted this report to the Secretary of State. After Mr. Acheson has had an opportunity to consider it, I should be glad to discuss my recommendations with him at his convenience.

Sincerely,

John W. Gibson

John W. Gibson

Attachment

Clyde T. Roberts, Jr.

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MAY 31 1949

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SECRET

REPORT OF JOHN W GIBSON, ASSISTANT SECRETARY OF LABOR

This report is premised on the following basic fact: that the Japanese Trade Unions can either be the spearhead of Communism or the mass vehicle for democracy. I believe that they can and must be the mass vehicle for democracy in Japan. This is the avowed policy of the United States Government. The recommendations that I have made must be implemented if this policy is to have a reasonable chance of being successful.

LABOR LAW REVISION

I strongly urge revision in this session of the Diet of the general labor laws of Japan and, in particular, the National Public Service Law.

SCAP should wield strong influence and make available to the Diet the experience of the United States and other democratic nations on labor problems.

A competent member of the Labor Division staff should be assigned to aid and assist the Diet during consideration of the revision of labor laws. It is essential to send copies of all labor laws and any revision of the National Public Service Law to the United States for comment and advice prior to introduction in the Diet.

GENERAL LABOR LAWS

These laws have worked fairly satisfactorily. It seems advisable, however, to make revisions along the following general lines:

1. There should be enacted a system providing for secret ballot elections to determine which union, if any, employees desire as their representative.

2. Some revisions designed to encourage democratic practices by unions would seem desirable.

COMMUNICATIONS WORKERS

The inclusion of this group of operating employees under the National Public Service Law depriving them of the right to bargain collectively and enter into collective bargaining agreements continues to create much concern, not only in the United States, but in Japan as well. This industry is privately operated in the United States and the workers enjoy full rights to bargain collectively and also the right to strike. In Japan, communication workers closely parallel workers in other Government monopolies, particularly railroads. There is no sound justification for keeping them in their present status. I strongly urge they be given the same rights and privileges as railroad workers and workers in other monopolies, and that they

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be taken out of the jurisdiction of the National Public Service Law. The proponents for keeping them under the National Public Service Law say that it had to be done for security reasons. Since all Government workers are denied the right to strike, and since this involves the questions of their rights to bargain collectively and enter into agreements, I fail to see the validity of that argument.

ADMINISTRATIVE PROCESSES:

1. The tri-partite character of labor-management relations board should be retained.

2. A 21-member board seems overly large and unwieldy. It would seem desirable to reduce the size of the board.

3. Forty-six prefectural boards should be reduced to a small number of regional boards (possibly 9 to 12).

4. It may be advisable, and study should be given to the question of confining the responsibility for making quasi-judicial decisions to public members of the board. The experience under tri-partite boards in the adjustment of labor-management disputes warrants their continuation.

WAGE CONTROLS AND THE ECONOMIC STABILIZATION PROGRAM

It is undesirable to limit the right to strike in private industry during this period of economic stabilization. Recent effectiveness displayed by the labor office in adjusting strikes and disputes with the prestige of SCAP seems adequate.

Wage controls under the present program, whereby you prevent price increases, subsidies and deficit financing to compensate for wage increases should force industry to practice genuine collective bargaining. However, the rigidity of this program with no machinery to adjust wage inequities is bound to cause strikes and explosive situations, or collusion between labor and management.

Whenever strict economic controls are being drawn up, provision should be made for flexibility and the opportunity for adjustments. Otherwise, the rigid controls break down.

I recommend the adoption of a program of price increases or subsidies to make possible the following adjustments:

1. To compensate for increase in the cost of living;

2. To correct inequities in the wage structure;

3. To correct substandards of living; or

4. To maintain essential production.

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Under such a program price increases or subsidies would be granted only to the extent required by wage increases for the above purposes.

During the war, and immediately following the war, the United States found it necessary to have such provisions in its stabilization program in order to make it workable. The Economic Stability Act of 1949, now pending before the Congress contains these same criteria for wage adjustments.

The present basis for price determination in Japan will lead to wage inequities, since some industries have substantial cushions out of which to grant wage adjustments and others do not. An overall and careful study seems advisable.

48-HOUR WEEK FOR GOVERNMENT EMPLOYEES

This drastic and abrupt change in the face of unemployment was totally unjustified. I strongly urge that immediately the workweek for Government employees be reduced to not more than a net 40-hour workweek and that continued study be given to determine whether a further reduction in the workweek is advisable. (If this is done, using the reasoning that unemployment is a justification, it would prove most helpful in regaining the confidence of the Japanese workers.)

COMMUNISM IN JAPANESE UNIONS

Many top union positions in Japan are occupied by Communists, or by people following the Communist Party line. This situation has grown to serious proportions and should receive immediate attention. I recommend as follows:

1. That a committee of prominent trade union leaders from the United States as proposed by Secretary Tobin be sent to Japan immediately with an adequate secretariat and staff. That they tour Japan, visit with Japanese labor leaders, and speak to labor audiences, in an effort to improve democratic practices in Japanese trade unions and expose the techniques and practices of the Communists.

2. That resources, such as paper, mimeograph machines, printing and other essentials be made available to anti-Communist forces working inside the labor movement in Japan.

3. Discontinuance of the practice of appointing Communists to to Government positions, but have labor given adequate recognition through non-Communist, genuinely democratic labor leaders.

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Leaders of the Democratization League and other Anti-Communist leaders should receive recognition.1/

4. That churches and other appropriate outside organizations be utilized.

MINIMUM WAGE

Because of the wide spread in Japanese wage levels and because of the total inadequacy of present Japanese wages from the point of view of standard of living, I would strongly urge the enactment of a minimum wage, maximum straight time hour law to help alleviate the suffering and low wage level of workers.2/

EXCHANGE OF TRADE UNIONISTS

I strongly recommend that a program of sending Japanese trade unionists to the United States be inaugurated immediately. Under this plan, Japanese trade unionists would be placed for periods of three or four months in comparable American unions (i.e., Japanese textile workers in an American textile union). The Japanese would thus be able to observe at first hand how free, democratic trade unionism operates. They would see how shop stewards handle grievances, how collective bargaining works, how union meetings are conducted, how union officers are democratically elected, etc. I firmly believe that this is an effective way to instill democratic principles in Japanese trade unions and hence in the entire Japanese society.

1/ The advisability of completely eliminating Communism is a question of tactics. We should avoid making martyrs out of them. Therefore, as a matter of tactics the first steps should be to reduce them to a minimum but perhaps not eliminate them entirely.

2/ I shall make specific recommendations on the National Public Service Law after it has been carefully analyzed by our legal staff and by our administrative personnel people for purposes of comparison with the Civil Service Act here in the United States.

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MAY 13 1949

In reply refer to
ILS

My dear Mr. Gibson:

Thank you for sending me, with your letter of March 31, 1949 a copy of your report and recommendations concerning the labor situation and trade union movement in Japan. Recognizing, as we do, that satisfactory solutions of these problems are essential to the success of the occupation of that country, we are most grateful to you for making your helpful, objective study of this complex matter available to the Department.

As you are aware, the Departments of State, Army and Labor have recently raised again with General MacArthur the advisability of extending to Japanese telecommunications workers the full rights of collective bargaining now granted to other government enterprise workers. You will have noted that this position, which is in keeping with your recommendations, has not yet received the support of General MacArthur. The recommendations in your report are receiving the closest study in this Department in an effort to determine how they may best be implemented in order to counteract Communist influences in the Japanese trade union movement. We are looking forward to receiving your specific recommendation on the National Public Service Law ~~NPSL~~ after you have completed the studies mentioned in your report.

~~I shall be glad to discuss further with you the important problem of the labor situation in Japan.~~

Sincerely yours,

James E. Webb

~~Under Secretary~~

Clyde F. Roberts Jr.

Appl. SS
Rev.
Dist.
Dist.

The Honorable
John W. Gibson,
Assistant Secretary of Labor.

S/S
MAY 13 1949

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The Secretary has requested that I handle this matter for the Department, and I will be glad to discuss steps looking to the effectuation of proposals mutually acceptable to our Departments with you at any time.

Sincerely yours,

Under Secretary

P.B.S.
ITP:ILS:PBSullivan:apg
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DC/R

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

G. DIVISION OF NORTHEAST ASIAN AFFAIRS
APR 21 1949
DEPARTMENT OF STATE

United States Political Adviser
for Japan

Tokyo, April 12, 1949

No. 216

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(For Department Use Only)

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Subject: Opposition of Union to Deconcentration of Tokyo Shibaura Electric Company

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report on a series of conversations between an officer of this Mission and representatives of the Federation of Tokyo Shibaura Labor Unions regarding the projected sale by the company of 28 plants and laboratories in accordance with a preliminary order handed down by the Holding Company Liquidation Commission on February 18, 1949.

The representatives of the Federation first called on March
1/ 21 to present a petition (copy enclosed) to me in my capacity as Chairman of the Allied Council for Japan. Identical copies of the petition were presented to the other members of the Council, and, in response to an inquiry from Mr. Patrick SHAW, member for the United Kingdom, Australia, New Zealand, and India, I requested certain background information from the Deconcentration Review Board, which information was furnished in the form of a copy of the Board's recommendations to General MacArthur regarding the
2/ Tokyo Shibaura case (copy enclosed). The substance of the information contained in the Board's memorandum to General MacArthur, together with a summary of the Holding Company Liquidation Com-
3/ mission's proposed order of February 18 (copy enclosed) based on that memorandum, was transmitted to Mr. Shaw.

Representatives of the Federation have subsequently called several times to elaborate on their views regarding the proposed reorganization, and in one instance to present an additional copy of the petition previously circulated among the members of the Allied Council, with the request that it be transmitted to the Secretary of State. They were told that, in view of the position of this Mission as a section of General Headquarters, such petitions could not properly be transmitted to Washington through this office, but that they were free to send the document through international mails. I feel, however, that the petition and the arguments of the Federation are of sufficient interest to be called to the attention of the Department.

The

FILED
MAY 20 1949

894.5043/4-1249

Confidential File

CONFIDENTIAL

ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

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The proposed order of February 18 provided that, since Tokyo Shibaura is an excessive concentration within the meaning of Law No. 207 of 1947, the Company should be required to dispose of 28 plants and laboratories, "with the exception of such tools or equipment as may be necessary to meet current Occupation objectives," but that the Company should be allowed to reacquire the shares of Toshiba Sharyo (Rolling Stock) K.K., which shares are at present being held by the Holding Company Liquidation Commission for disposal under Ordinance No. 233 of 1946. The order provided further that Toshiba should submit a plan for financial reorganization under Law No. 40 of 1946, "Enterprise Reconstruction and Reorganization Law," within 30 days after transmittal of a final deconcentration order, and that the financial reorganization should be considered a part of such final order.

The petition of the Federation of Toshiba Unions, in summary, opposed the proposed order on the grounds that the operations of Toshiba are closely interwoven and the liquidated factories cannot therefore be reintegrated into profitable operations; that vital productive processes will be damaged; that the proposed merger with Toshiba Sharyo runs counter to the aims of the Deconcentration Law; that, should deconcentration in fact be necessary, it should take the form of breaking the company into light and heavy industrial companies; and that mass unemployment will result from enforcement of the order in its present form.

The Deconcentration Review Board, in its recommendations to General MacArthur, noted that Toshiba is the largest Japanese producer of vacuum tubes, and that, although it is at present in a less dominant position than before the war, it would nonetheless exercise "a far greater influence" than currently "if it were to utilize fully its existing plant facilities." The Board therefore concluded that Toshiba should be required to dispose of 28 factories and laboratories.

Mr. Roy S. CAMPBELL, Chairman of the Deconcentration Review Board, answered the Federation's objections more fully in a recent conversation with an officer of this Mission. The merger with Toshiba Sharyo, he said, would not neutralize the effects of the loss of 28 plants and laboratories, and the overall effect should therefore be to leave Toshiba a lesser concentration of economic power than at present. The mass unemployment visualized by the Federation, he added, is not likely to materialize in view of the fact that the plants in question should be taken up by Toshiba's competitors, and can be quickly and efficiently integrated into their operations. The merger with Toshiba Sharyo Mr. Campbell defended on the grounds that the reorganization of Sharyo into a fully owned subsidiary was a wartime measure designed to facilitate governmental supervision, and that, since the plant was fully integrated into the Toshiba Fuchu works, the artificial wartime structure should not be perpetuated.

The representatives of the Federation of Labor Unions are unimpressed by most of these arguments. They point out that the

clause

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clause allowing the retention of "such tools or equipment as may be necessary to meet current Occupation objectives" is being interpreted liberally by the Company, which is busily stripping the plants against the day when the final order is received. The Company, they say, has apparently received assurance that the order may be expected soon, and has argued in a brief filed with the Yokohama District Court (a copy of which was shown to an officer of this Mission) that the present labor contract must be cancelled in view of new conditions to result from the expected order.

Representatives of the Federation note further that the Board's arguments regarding the validity of the proposed order as a deconcentration measure are unsound, in view of the fact that most of the plants to be disposed of are at present operating at a fraction of their capacity, and that removal of tools and equipment to plants retained by the Company will mean that Toshiba's total production is as large as before, even without the addition of Toshiba Sharyo. They point out further that the Board's recommendations are based on Toshiba's potential capacity, and that those recommendations thus go counter to the Board's own ruling of last September to the effect that "no Order should be issued under the Deconcentration Law unless there is a showing of a prima facie case that the company 'restricts competition or impairs the opportunity for others to engage in business independently in any important segment of business.'" If Toshiba is indeed an excessive concentration, they say, the only reasonable means of remedying the situation would be to break the company into successor companies, each with a smaller actual output, rather than potential output, than the mother company.

The Federation's representatives generally conclude their arguments with the statement that the present order is a step toward industrial rationalization rather than a deconcentration measure. If rationalization is necessary, they say, it should be faced squarely rather than disguised as deconcentration under the auspices of the Holding Company Liquidation Commission and the Deconcentration Review Board. Further evidence that rationalization is being passed off as deconcentration, they say, may be seen in the closely related case of the Hitachi Industrial Company. Hitachi has been ordered to dispose of 19 plants, none of which is at present in operation.

The representatives of the Toshiba Federation have been remarkably outspoken in their objections to "government by suggestion" as practiced by this Headquarters. The present system, they say, makes it impossible for a petitioner to determine the actual responsibility for actions of the Japanese Government. Thus, in the present case, they approach the Anti-trust and Cartels Division, Economic and Scientific Section, General Headquarters, which refers them to the Holding Company Liquidation Commission as the interested Government agency. The Commission in turn tells them that

it is

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it is powerless in the face of recommendations from the Deconcentration Review Board, and suggests that they call upon the latter body. The Board, noting its terms of reference, states that it is an advisory and not an administrative body, and sends the petitioner back to the Anti-trust and Cartels Section. Although the Federation is apparently confident that power actually rests with the Deconcentration Review Board, spokesmen who have approached this Mission express considerable discouragement at their inability to find clear lines of responsibility.

Respectfully yours,

W. J. Sebald

Enclosures:

1. Copy of Petition from Federation of Toshiba Labor Unions to Mr. W. J. Sebald.

2. Copy of Memorandum from Deconcentration Review Board to General MacArthur, dated January 25, 1949.

3. Copy of Proposed Order of Reorganization to Tokyo Shibaura Denki K.K., dated February 18, 1949.

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EGSeidensticker, Jr.:rc

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Enclosure No. 1 to Despatch No. 216 dated April 12, 1949 from United States Political Adviser for Japan, Tokyo, on the subject "Opposition of Union to Deconcentration of Tokyo Shibaura Electric Company."

(COPY)

PETITION

Mr. W. J. Sebald

Minister Plenipotentiary of the U.S.A.

Allied Council for Japan.

RE: DECENTRALIZATION OF THE TOSHIBA ELECTRIC COMPANY

PETITION OF THE FEDERATION
OF TOSHIBA UNIONS

MEMBERSHIP - 30,000

UNCLASSIFIED

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Enclosure No. 1 to
Despatch No. 216,
April 12, 1949.

RE: Decentralization of Tokyo Shibaura Electric Co., Ltd.

Recently, the Tokyo Shibaura Electric Co., Ltd., has received from the Holding Liquidation Commission, a draft of the final directive, ordering its decentralization under Law 207-1947-Decentralization of Economic Power. Following is the gist of the order:-

1. In order to facilitate the decentralization of excessive economic power embodied in the Tokyo Shibaura Electric Co., 28 of its factories and laboratories must be detached.

2. However, a merger is permitted of its sponsored company, the Toshiba Rolling Stock Co., Ltd. (Toshiba Sharyo K.K.).

We understand that the policy of decentralization has been altered somewhat in cases where such action is detrimental to production and the welfare of Japanese economy.

Following are some reasons which compel us to oppose the detachment of the 28 factories after thorough scientific research by experts.

1. The entire 44 factories of the Shibaura Electric Co., are strongly interwoven in a reciprocal relationship and the severing of the factories can only end in disorganization and added expenditure with nothing to gain in the end. The remaining factories cannot be speedily reorganized and the resultant loss of time alone is contrary to the realization of the Nine Principles laid down by SCAP for Japan's recovery.

2. Enterprises of a vital character which will suffer:

   1. Supplies for Occupation Forces.
   2. " " Domestic use-vital.
   3. " " Electric Power Industry.
   4. " " Railways.
   5. " " Steel mills, etc.

3. The merger of the Toshiba Rolling Stock Co., is a direct contradiction of the Decentralization Law for it rather encourages centralization of monopolistic economic power. All workers are well aware

of the

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Enclosure No. 1 to
Tokyo's Despatch No. 216,
April 12, 1949.

above fact and believe that the measures taken are for the benefit of management. Therefore, we bring these facts to your attention, as we know that your interest in the development of Japan to be sincere.

4. If there is need for dismembering the company it may be divided into two parts:- Heavy electrical industry and light electrical industry. This suggestion will eliminate upheaval and save untold misery, time and money. There is comparatively weak reciprocity in the relation between heavy and light electrical manufacturing at the Shibaura Electrical Company.

5. Lastly, but not the least of all, it must be borne in mind that 7,000 workers will be thrown on the streets. Even with their present income life has reached the stage wherein they barely are able to keep alive, therefore, the discharge of the workers will be fought fiercely. Those divorced from the lives of the people, although well-meaning, are often found to pass upon legislation that throttle their very lives. The entire background of the oppression of the Japanese workers before the war and their present situation must be taken into consideration.

6. Japanese workers cannot go backward; they cannot remain static; there is only one path then to follow--they must go forward, just as the rest of Asia is doing--striving for a better life! Without a doubt you can easily see that the elimination of the 28 factories merely means that various selfish interests wish to lower the standards of the Japanese workers--that means to kill them. This we know is not your wish.

/s/ TOMOKI, YAMASHITA

Chairman of the Central Executive Committee

Federation of the Toshiba Unions,
sole organization
greatest number of Toshiba employees.

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Enclosure No. 2 to Despatch No. 216 dated April 12, 1949 from United States Political Adviser for Japan, Tokyo, on the subject "Opposition of Union to Deconcentration of Tokyo Shibaura Electric Company."

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(COPY)

DECONCENTRATION REVIEW BOARD

25 January 1949

MEMORANDUM FOR: General Douglas MacArthur
Supreme Commander for the Allied Powers

SUBJECT: Matter of Tokyo Shibaura Denki K. K.
(Tokyo Shibaura Electric Company, Ltd.)
HCLC No. 237

RECOMMENDATION: The Board Recommends that this Company not be Required to Divide into Separate Companies, but that it be Ordered to Dispose of 27 Plants, and that it be Permitted to Retain its Interest in Two Subsidiaries

1. Tokyo Shibaura Denki K. K. is a large manufacturer of electric machinery, equipment and appliances. It is one of the three large companies in Japan producing heavy electric power apparatus and a complete line of electrical equipment and appliances. As a long line producer, this company's products closely parallel those of its two principal competitors, Mitsubishi Denki and the Hitachi Seisakusho K. K.*, except that Tokyo Shibaura is a leading producer of electric lamps and vacuum tubes. The company owns 43 plants of which 35 were acquired during or subsequent to 1940. It employs approximately 30,000 people and has about 14,000 stockholders. The HCLC holds shares or voting rights representing approximately 38% of the company's outstanding stock.

2. The Board has reviewed the basic file, which included a draft of Proposed Order of Reorganization (November 1948) recommended by ESS/AC and separate memoranda submitted to the Board containing the comments and recommendations of HCLC. The Board has considered also a memorandum from ESS/AC dated 8 November 1948 relating to restraints of trade in the electrical equipment industry of Japan and a memorandum from ESS/AC dated 15 January 1949 commenting upon recommendations of HCLC. In addition the Board has conferred with the Industry Division of ESS, Civil Communications Section, officials of the HCLC and the company, inspected four of company's main plants, and has studied the competitive situation in the principal lines of the company's business.

3. The draft of the Proposed Order of Reorganization recommended by ESS/AC finds that Tokyo Shibaura Denki K. K. is an excessive concentration of economic power within the meaning of Law 207, and orders the

* See Board's recommendation to SCAP in the Matter of Mitsubishi Denki 31 December 1948 and Hitachi Seisakusho Kabushiki Kaisha 24 January 1949.

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the elimination of such excessive concentration of power by the establishment of five successor companies and the dissolution of the existing company.

4. Included in the factors mentioned by ESS/AC bearing on the designation of the company were: the acquisition of many plants subsequent to 1939, its large size and productive capacity, ownership of stock in many other companies, its former Zaibatsu connections, together with restraints of trade and monopolistic practices, and membership in control associations.

5. The HCLC does not agree with the plan for breaking up the company as proposed by ESS/AC but recommends that Shibaura be ordered to dispose of its plants.

6. In its previous recommendations the Board discussed the relative competitive positions of Hitachi, Mitsubishi Denki and Shibaura as the three long line producers of electrical equipment and appliances. The statistics furnished the Board indicate that Shibaura faces strong competition from the other two long line companies and from other more specialized producers in all important items produced by it. Shibaura in the past under certain conditions appears to have manufactured as high as eighty (80) percent of the vacuum tubes produced in Japan. Since the conclusion of the war, however, a large number of companies have entered this field. Although at present Shibaura produces approximately 35% of the Japanese output, its relative position has been greatly reduced and the companies now engaged in the manufacture of these items should insure a reasonable degree of competition in the future.

7. The Board concurs in that portion of the Proposed Order as recommended by ESS/AC which finds Shibaura to be an excessive concentration of economic power within the meaning of Law 207. The Board does not agree with the recommendation of ESS/AC that the company be reorganized into five successor companies. In general the proposed reorganization would require the segregation of the company's activities by transferring to separate companies the lamp and tube business, radio equipment and parts, electrical machinery and equipment, electric fixtures and appliances, and dies and cutters. The Board does not believe that this action is required by law or that it would improve the competitive situation in these industries to any appreciable degree.

8. The Board recognizes, however, that if Shibaura were to utilize fully its existing plant facilities it would be in a position to exercise a far greater influence in its respective fields than is indicated by its present production. The Board concurs with the recommendation of HCLC that the company be required to dispose of certain plants, many of which are now idle or are being operated on a reduced scale. This action should not only make such plants and equipment available for use by competing enterprises or for other

purposes

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purposes, but should also, together with the action contemplated with respect to the disposition of the company's affiliates under other laws and ordinances, limit substantially the extent to which Shibaura might restrict or control competition in the future.

9. Two of Shibaura's subsidiaries, Toshiba Sharyo and Kyodo Tatemomo, are closely related to the company's operations. The securities of these companies, owned by Shibaura, are now held for disposition by the HCLC. Toshiba Sharyo, a wholly owned subsidiary of Shibaura, owns and operates a plant which is located in the compound of Shibaura's Fuchu Works, in which it builds electric locomotives. Much of the engineering for the Sharyo company is performed by Shibaura's engineering staff. Some of the buildings owned by these two companies are devoted to common usage. This subsidiary was organized in 1945 and acquired Shibaura's locomotive division pursuant to an order issued by the former Japanese Government. Shibaura also has 60% of the stock of Kyodo Tatemono, which was organized to acquire and manage the office building in central Tokyo, previously occupied by Shibaura. This building was built on land owned by Shibaura and is now occupied by the United States Army.

10. The Board recommends that this company not be required to divide into separate companies, but that an Order be issued requiring the company to dispose of the following plants, with the exception of such tools or equipment as may be necessary to meet current Occupation objectives: Asahikawa, Nagai, Kamo, Odasakae, Tsukagoshi, Moji, Imabari, Tondabayashi, Same, Akita, Matsukawa, Niigata, (Niizu Nuttari), Maebashi, Gumma, Mobara, Adachi, Ebara, Shonan, Ohito, Kawagishi, Kobe, Aboshi, Gosen, Washizu, Oigawa, Kariya and its biophysical laboratory. The Order should provide that the disposition of these plants shall be supervised by HCLC.

11. The Board recommends that HCLC not dispose of the securities of Toshiba Sharyo and Kyodo Tatemono, and that appropriate action be taken to permit Tokyo Shibaura to retain its interest in these companies or the property owned by them.

DECONCENTRATION REVIEW BOARD

By:_____
Roy S. Campbell, Chairman

Copied 25 Mar 49 KP

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Enclosure No. 3 to Despatch No. 216, dated April 12, 1949, from United States Political Adviser for Japan, Tokyo, on the subject "Opposition of Union to Deconcentration of Tokyo Shibaura Electric Company."

(COPY)

HOLDING COMPANY LIQUIDATION COMMISSION

. . . . . .

In the Matter of:	Date: 18 February 1949
Tokyo Shibaura Denki Kabushiki Kaisha (Tokyo Shibaura Electric Company, Ltd)	HCLC No. 237
Designated under Art. 3 of Law No. 207 of 1947	PROPOSED ORDER OF REORGANIZATION

1. The Holding Company Liquidation Commission, hereinafter referred to as the "Commission," having designated Tokyo Shibaura Denki Kabushiki Kaisha hereinafter referred to as "Shibaura," as an excessive concentration of economic power on 8 February 1948, pursuant to the powers granted to it by virtue of the provisions of Article 3 and in accordance with the standards adopted under the provisions of Article 6 of Law No. 207 of 1947: Elimination of Excessive Concentrations of Economic Power Law; Shibaura having entered its appearance to the proceedings by the filing of formal notice pursuant to Article 14 of the Rules of Procedure issued under said Law; and having filed its statements with respect to the applicability of the Standards for Excessive Concentrations in Industrial Fields adopted pursuant to said Law.

2. NOW, THEREFORE, having considered such statements, documents, and recommendations as were filed by parties to the proceedings, and all of the facts before it, the Commission finds and orders:

3. That Shibaura is an excessive concentration of economic power within the meaning of Law No. 207 of 1947: Elimination of Excessive Concentrations of Economic Power Law.

4. That Shibaura shall dispose of the following plants, with the exception of such tools or equipment as may be necessary to meet current Occupation objectives: Asahikawa, Nagai, Kamo, Odasakae, Tsukagashi, Moji, Imabari, Tondabayashi, Same, Akita, Matsukawa, Niitsu, Nuttari, Maebashi, Gumma, Mobara, Adachi, Ebara, Shonan, Ohito, Kawagishi, Kobe, Aboshi, Gosen, Washizu, Oigawa, Kariya, and Bio-physical and Chemical Laboratory; provided that the disposition of the above plants shall be supervised by and shall be subject to the approval of the Commission.

5. That Shibaura may reacquire the shares of stock in Toshiba sharyo Kabushiki Kaisha now held by the Commission for the purpose

of

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of effecting a merger with Toshiba Sharyo K.K., provided such merger can be effected pursuant to the provisions of Law No. 54 of 1947.

6. That Shibaura shall submit its plan of financial reorganization pursuant to the provisions and requirements of Law No. 40 of 1946: Enterprise Reconstruction and Reorganization Law, within 30 days after Final Order or such other period as shall be approved by the Commission; which plan of financial reorganization, when approved, shall become a part of the Final Order in this Matter and Shibaura is hereby ordered and directed to carry out and abide by said plan of financial reorganization as approved.

7. That upon execution of the Final Order in this Matter and the closing of proceedings pursuant to Article 51 of the Rules of Procedure issued under Law No. 207 of 1947, the file in this Matter shall be transferred to the Fair Trade Commission for surveillance. This Order shall be without prejudice to any investigation or course of action which the Fair Trade Commission or the Public Procurator General shall commence or to any decision, judgment or other ruling which the said Commission or the High Court of Tokyo may render under Law No. 54 of 1947: Anti-Monopoly Law; and shall not constitute a defense or evidence in refutation of charges, if any, made in any proceedings under said Law or Cabinet Orders issued thereunder.

8. For the purpose of supervising execution of this Order, any duly authorized representative of the Commission or its successor, on reasonable notice to Shibaura, its successors or assigns, shall be allowed (1) reasonable access to its books, ledgers, accounts, correspondence, memoranda and other records and documents (2) to interview its officers or employees, who may have counsel present, and (3) to request reports as may from time to time be reasonably necessary for the execution of this Order.

9. That this Order shall have no effect on rights of preference of creditors who have claims on loans which have arisen for business between the date of designation and the date of Final Order, as provided for in Article 5 of Law No. 208 of 1947. All creditors claiming such preference shall file notice of their claims with the Commission within fifteen (15) days after the date of Final Order, specifying the amount, date, purpose and unpaid balance. Preferred claims, if any, shall be stipulated by separate order.

10. Jurisdiction of this matter is retained for the purpose of enabling any interested party to apply to the Commission or its successor for such further orders or directions as may be appropriate for the construction or execution of this Order, for the amendment, modification or termination of any of the provisions thereof, and for punishment of violations thereof.

(Tadao Sasayama)
Chairman

Holding Company Liquidation Commission

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DIVISION OF
NORTHEAST ASIAN AFFAIRS
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PETTITION.

RE: DECONCENTRATION OF TOKYO SHIBAURA ELECTRIC CO.

ATTENTION: DEAN ACHESON, ESQ.
SECRETARY OF STATE,
U. S. STATE MINISTRY,
WASHINGTON, D. C.

GBR

FEDERATION OF TOSHIBA LABOR UNIONS
MEMBERSHIP: 30,000

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND [redacted] # 760050

Re; Decentralization of Tokyo Shibaura Electric Co., Ltd.

Recently, the Tokyo Shibaura Electric Co., Ltd., has received from the Holding Liquidation Commission, a draft of the final directive, ordering its decentralization under Law 207-1947-Decentralization of Economic Power. Following is the gist of the order:-

1. In order to faciliate the decentralization of excessive economic power embodied in the Tokyo Shibaura Electric Co., 28 of its factories and laboratories must be detached.

2. However, a merger is permitted of its sponsored company, the Toshiba Rolling Stock Co., Ltd. (Toshiba Sharyo K.K.).

We understand that the policy of decentralization has been altered somewhat in cases where such action is detrimental to production and the welfare of Japanese economy.

Following are some reasons which compel us to oppose the detachment of the 28 factories after thorough scientific research by experts.

1. The entire 44 factories of the Shibaura Electric Co., are strongly interwoven in a reciprocal relationship and the severing of the factories can only end in disorganization and added expenditure with nothing to gain in the end. The remaining factories cannot be speedily reorganized and the resultant loss of time alone is contrary to the realization of the Nine Principles laid down by SCAP for Japan's recovery.

2. Enterprises of a vital character which will suffer:

   1. Supplies for Occupation Forces.
   2. " " Domestic use-vital
   3. " " Electric Power Industry
   4. " " Railways
   5. " " Steel mills and etc.

3. The merger of the Toshiba Rolling Stock Co., is a direct contradiction of the Decentralization Law for it rather encourages centralization of monopolistic economic power. All workers are well aware of the above fact and believe that the measures taken are for the benefit of management. Therefore, we bring these facts to your attention, as we know that your interest in the development of Japan to be sincere.

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Re: Decentralization of Tokyo Shibaura Electric Company.

TS 10[illegible]

4. "If" there is need for disembering the company it may be divided into two parts:-Heavy electrical industry and light electrical industry. This suggestion will eliminate upheaval and save untold misery, time and money. There exists comparatively weak reciprocity in the relation between heavy and light electrical manufacturing in the Shibaura Electric Co.

5. Lastly, but not the least of all, it must be borne in mind that 7,000 workers will be thrown on the streets! Even with their present income life has become almost intolerable. They are barely able to keep alive. Therefore, the discharge of the workers will be fought fiercely. Those divorced from the lives of the people are often apt to pass legislation that throttles the workers lives. The entire background of the workers must be taken into serious consideration.

6. Japanese workers cannot go backward; they cannot remain static; then there is only one path to follow - they must go forward, just as the rest of Asia is doing-striving for a better life! Without a doubt you can easily see that various 28 factories up for disembering means that selfish interests are at work. To close the factories means to kill the workers-this we know is not your wish.

Chairman of the Central Executive Committee

T. Ishikawa

Federation of the Toshiba Unions,
sole organization embracing the
greatest number of Toshiba employees.

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Rec'd April 13, 1949
8:47 a.m.

DEPARTMENT OF STATE

APR 13 1949
INTERNATIONAL LABOR AND
SOCIAL AFFAIRS - ILS

FROM: Moscow

TO: Secretary of State

NO: 908, April 13

Soviet press April 13 carries 1/2 column Tokyo Tass despatch reviewing MacArthur's refusal permit Jap Trade Union representatives attend Soviet Trade Union's 10th Congress, and quoting press statement this subject issued April 12 by Soviet element ACC.

ent Department 908, repeated Tokyo 20.

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STANDARD FORM NO. 64

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RM/R

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Bond

DATE: May 9, 1949

FROM : NA - Mr. Green

SUBJECT: Tokyo's 229 of April 14, 1949

General Headquarters felt compelled to turn down the request, supported by the Departments of State and Labor, for Japanese representatives of non-communist labor unions to attend the Indore conference, in view of another request, made almost simultaneously by the communist-dominated NCIU, to send representatives to the all-union Central Council of Trade Unions at Moscow and to the next convention of the WFTU in Milan. GHQ fears that to do otherwise would provide communist elements in Japan an opportunity to raise charges of discrimination.

Since the NCIU's request has been vigorously sponsored by the Soviet member of the Allied Council, USPOLAD believes that the Communists are attempting to force an issue on GHQ with regard to present and future Japanese participation in international gatherings. Heretofore the Soviet Government has assumed a hostile attitude toward any form of Japanese representation or observation at international conferences, such as at the recent broadcasting conference at Mexico City. The new Soviet tactic appears to be the sponsorship of Japanese participation in Soviet and Communist-controlled conferences so that if, as is likely, GHQ does not approve Japanese attendance at communist-controlled conferences USSR will raise charges of unfair discrimination in SCAP's direction of Japanese affairs. In order to justify its denial of Japanese attendance at communist-sponsored meetings outside of Japan, USPOLAD proposes, "In the absence of instructions from the Department, to take the view that it is at present undesirable for Japanese representatives to attend such meetings when it is apparent that they are predominantly of a political nature."

USPOLAD's position seems sound and no action believed necessary. Mr. Dunning agrees.

Attachment:

Despatch #229 fr Tokyo

This Document Must Be Returned to RM/R Central Files

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DEPARTMENT OF STATE

Memorandum of Conversation

DIVISION OF
NORTHEAST ASIAN AFFAIRS
MAY 1 5 1949
DEPARTMENT OF STATE

DATE: May 9, 1949

SUBJECT: Labor Problems in Japan.

894.5043/5-949

PARTICIPANTS: Mr. Robert T. Amis, Chief of Labor Relations and Education Branch, Labor Division, Economic and Scientific Section, SCAP.
Mr. Philip B. Sullivan, ILS
Mr. Bradford Coolidge, DRF

COPIES TO: Mr. Max Bishop, NA
Mr. Marshall Green, NA
Mr. Robert Barnett, OFD
Mr. Burr Smith, EP
Mr. Philip B. Sullivan, ILS

Note: Mr. Amis and a group of five Japanese visited Washington briefly after attending the Pittsburgh meeting of the ILO Coal Mines Committee. The five Japanese were as follows: Makoto Watanabe, deputy director-general of the Coal Board of the Commerce and Industry Ministry; H. Teramoto, chief of the Labor Standards Bureau of the Labor Ministry; Asago Yamamoto, director in chief of the Labor Department of the Mitsui Mining Company; Yasuhiro Goh, of the Commerce and Industry Ministry, who served as interpreter; and Takeo Muto, chairman of the Japan League of Coal Miners' Unions, the largest coal miners' union with a membership at the end of 1948 of more than 260,000. Some of their observations in other conversations are reported parenthetically below.

Status of Labor Division

Mr. Amis stated that the Division is very weak in personnel having actual trade-union experience. He hoped that, as a result of contacts between Messrs. Muto and John L. Lewis, the UMW will supply a man for his staff to work with the Japanese coal unions. He also expressed the hope that other American trade-union personnel may be added to his staff. In this connection, he held that labor experts assigned to Japan should be integrated into the Labor Division instead of having separate status, as has been suggested in the case of a proposed AFL Far Eastern representative. He anticipated that labor representatives with status independent of the Labor Division would multiply the latter's problems by providing an alternative and possibly conflicting source of guidance

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for Japanese labor. Mr. Sullivan questioned whether, especially in view of the Killen episode, American trade-union personnel might be easily procurable for staff positions in the Labor Division.

As for the proposal to send a trade-union delegation to Japan for a short-term mission, Mr. Amis perceived no objections, apparently differing with the SCAP position that acceptance of such a mission would make it difficult to refuse similar delegations from other FEC countries. Mr. Amis suggested in this connection that even a Soviet trade-union delegation could do little more than is already being done by the well-staffed Soviet mission in Japan, which, he stated, maintains close liaison with Japanese labor leaders.

The status of the Labor Division within SCAP was indicated by Mr. Amis' statement that the Division was by-passed during the formulation in Headquarters of the new Japanese budget. Since the new budget is an integral part of the economic stabilization program and because of the impact of both on the Japanese labor situation, Mr. Amis indicated that the Division might well have been consulted.

Economic Stabilization Program

Mr. Amis foresaw a period of turbulent labor relations for the next several months as a result of the inauguration of the economic stabilization program. (This view was separately supported by the Japanese in his party, some of whom anticipated "chaos" favorable to Communist advances not only in the labor movement but also generally. None of the group seemed to have a clear idea of the ultimate benefits expected to accrue to Japan, having their eyes fixed only on the near future.) Mr. Amis continued that he personally welcomed the prospect as an opportunity for Japanese labor and management to reach a definitive delimitation of the balance of bargaining power, provided that SCAP did not step in to stop or prevent strikes. In Mr. Amis' view, the trade-unions would benefit from losing a few strikes and consequently gaining a realization of the limitations of their power. He did not appear to be greatly concerned over the prospect of Communist advances in the trade unions on the basis of labor's unsatisfied grievances, apparently feeling that the approach to the question of Communist influence in the unions lay in a fundamental revision of trade-union organizational practices from the ground up.

(The present coal strike in Japan illustrates some facets of the impact of the stabilization program. According to the Mitsui representative, the corporation finds it necessary to cut wages 20 percent in order to survive without the prospect of subsidies, loans, or price adjustments to help meet payrolls. The union chairman, asserting that average mine wages are now slightly below the national average, declared that the workers could not absorb the wage reduction at the same time that the cost of living is due to rise, food prices by perhaps 30 percent. Both men realized that loss of the strike by the union would tend to increase the danger of possible capture of the union by the Communists through growth of Communist influence among the rank and file.)

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The Anti-Communist Movement in Trade Unions

The anti-Communist Democratization Leagues are regarded with some reservations by Mr. Amis, who stated that they tend to be a purely political movement and to lack a positive trade-union program. Their leadership and organization is no more democratic than in most other Japanese trade unions, which in the main are controlled from the top down by a handful of smart and aggressive leaders. Some of the Democratization League leaders are definitely reactionaries. In addition, Mr. Amis expressed misgivings over the tendency of the Leagues to split existing unions, saying that while such splits may be inevitable and have some desirable effects they tend not only to weaken labor's position as a whole but also to increase the Labor Division's difficulties in developing strong and sound unionism.

Asked about the developing tie between the anti-Communist labor movement and the Socialist Party, Mr. Amis commented that Socialist prestige has fallen so low that he doubted whether the party would make substantial progress in gaining general labor support for some time to come. He considered it inevitable, however, that Japanese trade unions will resort increasingly to political action, and stated that at the time he left Japan the Labor Division was preparing a pamphlet for trade union dissemination recommending, in effect, the type of political activity pursued by American trade unions.

(Comments of the Japanese labor leader, Mr. Muto, whose union is an independent and has followed moderate policies, paralleled Mr. Amis' views on the Democratization Leagues and the Socialist Party.)

Revision of the Trade Union and Labor Relations Adjustment Laws

Mr. Amis said that the Yoshida government produced draft revisions that would have very seriously restricted existing labor rights and the exercise thereof. He personally reviewed the drafts and struck out restrictive features. The bills presently before the Diet, according to Mr. Amis, contain needed amendments designed to rectify a number of evils that have arisen under the existing legislation. One of the most important of these is the great dependence of Japanese unions on employer support, specifically in the form of salaries of an excessive number of full-time union officials, all manner of facilities, and the use of company time for unnecessary union business. Another undesirable practice is the inclusion in union membership of personnel whose functions properly identify them with management. As a result of such distortions, there has been a high degree of collusion between management and labor, as in an example mentioned by Mr. Amis of both parties combining to force subsidies from the government.

The proposed revision of the labor laws would deny their protection and benefits to unions not meeting standards which are clearly drawn with respect to the above points. Enforcement would be through the labor relations committees, which Mr. Amis considered adequate to the task. Mr. Amis stated that he personally had screened all candidates for the Central Labor Relations Committee and that local MG teams had followed suit for the prefectural committees. The inclusion of such few Communists as are to be found among the

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labor members on the committees was felt to be necessary if the labor side were to be representative. Only one of the seven labor members of the present Central Labor Relations Committee is a Communist, compared to at least two on the previous committee.

These and other projected revisions, in Mr. Amis' view, will not adversely modify labor's status nor will they greatly hinder Communist influence in labor. He found labor leaders generally pleased and relieved with the final version, although they and the left wing parties will continue to oppose the changes pro forma. Mr. Amis considers that the unions generally are capable of raising the funds necessary to support their officers and activities, and that they will benefit in the long run from the resulting independence.

As for public service legislation, Mr. Amis commented that in his opinion the right to strike should be restored to government enterprise workers, for without that right collective bargaining is empty. He considered that restoration of the right to strike would hold no danger, for as long as the occupation lasts it has the power to prevent or halt strikes at any time, and once the occupation is over the Japanese will pass laws to suit themselves. While the present public service legislation is in effect, he stated, the Labor Division tends to oppose extending the scope of the public corporation device to give government employees some labor rights. The one exception was in the case of the Communications workers, who, he felt, should be given a status parallel to that of the government railroad and monopoly employees.

OIR:DRF:WBCoolidge:tk

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND [redacted] # 760050

DIV OF PUBLIC LIAISON
PVI
to NA 5/26/49
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PETITION

DIVISION OF
NORTHEAST ASIAN AFFAIRS
MAY 27 1949
DEPARTMENT OF STATE

To: President of State, USA.

Dear Sir,

As is stated in the accompanying papers, an order was issued by the Commander, U. S. Fleet Activities, Yokosuka, Japan, to the labor union leaders and officers in Yokosuka area to sign and submit an affidavit.

Our efforts have been consistently dedicated to the construction of a peacefully-inclined, democratic Japan under the rights and obligations by the Potsdam Proclamation, the 16-point principle of the Far Eastern Commission on labor movement in Japan, and by the New Japanese Constitution.

We here venture to bring to your attention and consideration the question whether the following situation is possible in a country where democratic principles are fully guaranteed.

1. To force labor leaders to sign an affidavit pledging non-affiliation to and non-support of a specific political party.

2. To arbitrarily regard a person as connected with a specific political party, if and when he refuses to sign his affidavit.

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3. To recognize that a statement made after a declaration to the above effect is signed freely and voluntarily without threats, duress, or coercion being brought to bear on him.

It is our firm conviction that any person should not sign a statement of such a nature, and that no one should be subject to anxiety, inconveniences, or disadvantages by the sole reason that he refuses to sigh the statement.

We earnestly petition that you will consider our present situation and take a proper action so that we may be able to work without anxiety for the rebuilding of a peaceful, democratic Japan.

Yours obediently

WADA JIRO, Jirô Wada

Chairman, United Metal Workers of Japan.

Its affiliates:
All Japan Metal Workers' Union.
All Japan Electrical Machine Workers' Union.
All Japan Ship-building Workers' Union.
All Japan Auto Industry Workers' Union.
All Japan Electric Wire and Cable Industry Workers' Union.
Federation of Tokyo Shibaura Electrical Machine Company Workers' Unions.
Federation of Hitachi Electrical Machine Company Workers' Unions.
Yahata Iron Refinery Workers' Union.

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(Z)

The following papers, translated into Japanese, were delivered to each local union in Yokosukaarea, through the police station, on April 14, 1949.

RESTRICTED INFORMATION SHEET.

Data:

Name:_____ Age:_____

last first

Date of Birth _____ Place of Birth _____

Citizenship

Height

Weight

Color of Hair

Identifying marks, scars, etc:

Present Address:_____

District Chome

Previous Employment:

(1) Present employer:

Address:

Name of Immediate superior:

Nature of business:

Name of the union and sponsor:

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND [redacted] # 760050

Political affiliation of sponsors.

Position presently held in the union.

(2) Name of employer immediately preceding present one:

Address:

Name of Immediate superior:

Nature of business:

Name of the union and sponsor:

Political affiliation of sponsors:

Position presently held in the union:

Travel outside Japan:

Country visited:

Length of visit:

Purpose of visit.

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CERTIFICATION:

I am not a member of, affiliated with, or associated in any way with any of the below listed foreign or domestic types of organizations, associations, movements, groups or combination of persons:

1) Communist, fascist, totalitarian, or subversive;

2) Those which practise, seek to practise, or advocate denial by force, violence, or intimidation to any person, group of persons, or class of persons, within Japanese territory of any right or rights which the Constitution of Japan guarantees or protects by either or both Federal and Prefectural governments;

3) Those which practise, seek to practise, or advocate alteration through or with the aid of force, violence, or intimidation of the existing form of government of Japanese territory, or of the existing economic, social or political order within it;

4) Those which have adopted a policy of advocating or approving the commission of acts of force or violence to deny persons their rights under the Constitution of Japan or have sought to alter the form of government of Japan by unconstitutional means.

I agree in consideration of the United States Naval authorities in Japan granting recognition to the union of which I am a member,

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official or representative, to report any change in my status (including the joining, affiliation, or association with the previously mentioned types of organizations) to the Commander, U. S. Fleet Activities, Yokosuka, Japan.

This statement is signed freely and voluntarily without threats, duress, or coercion being brought to bear on me with knowledge that any false representations appearing herein will subject me to prosecution for false certification.

Fully appreciating the foregoing, I hereby certify that the statements herein are true.

Given under my hand this _____ day of 1949.

_____

Signature

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The Content of the Interview of labor union Leaders with a representative of the U.S. Fleet Activities, Yokosuka, Japan.

---

1) Date and Time: 9:20 -- 12:00 A.M. April 12, 1949.

2) Chairmen or secretaries-general of the following labor unions were present at the interview:

Hodogaya chemical workers union;

Japan Transport workers union;

Uraga dockyard workers union;

Municipal office workers union;

Tajimi labor union;

Local, government railway workers union;

Local, Electric industry workers union;

Local, National communications workers union;

Construction workers union;

Local, Occupation Forces employees union;

Keihin express workers union;

Kwanto electrical workers union;

Local, Electric industry's generation and Transformation workers union.

Yokosuka transport workers union.

3) The contents of the interview.

Lt. Commander Grears (this spelling is uncertain), Adjutant, Commander, U . S. Fleet Activities, Yokosuka, Japan, said at the out-

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set of the interview that the union representatives were invited that day by order of the Naval Base Headquarters, and proceeded to explain the contents of the papers written in English.

He produced a printed paper, that is, a copy of the certification paper in which union leaders have to put down their names, nationality, affiliation to political parties, and to fill up items regarding their affiliation to, if any, or association with any subversive organization.

Chairmen and secretaries-general of the above unions were given three copies of this paper each and were asked to submit all of the three copies to the Headquarters.

He added that if any person present did not care to sign the statement, he was free to submit it unsigned.

After this, he said to the following effect through an interpreter:

"Japanese family system is incompatible with Communism. Communism is doomed to failure here in this country because its tenets are diametrically opposed to the family system. .....

"If Japan takes a definite course toward democracy, she is sure to prosper in a few years, and trade unions will be stronger and will be in a position to do good to the whole nation. ....

"Your trade unions are doomed to collapse in your quest after

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such a system as Communism, and we are not in a position to tolerate such a situation. ..... "

After this statement was made, Commander of the Military Police told the representatives as follows through an interpreter:

"Today we wanted your appearance here because we desired to obtain information, political and organizational. .....

"We are not in a position here to declare to which political parties you are free to affiliate. However, we have a right to decide what kind of men are to be allowed to work within the Base. We want you to answer the name of organizations to which you are affiliated. You are free either to sigh the statement or to refuse to do so. ..... "

He began to explain what are to be put down in the papers in detail after item after item, and then the following declaration was made:

"If a false statement is made in the papers , you have to be responsible for it legally. I want you fully to understand the following passage: 'This statement is signed ..... with knowledge that any false representation appearing herein will subject me to prosecution for false certification' .....

"You are not forced to sign your statement. However, if you sign it, the statement must be true. Otherwise, you will be prosecuted for misrepresentation. So, you need not sign your statement, if you are not quite sure of your statement. ....."

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"It is possible that your present representation might be false in the future. In that case, you have to inform that a change has been made in the statement. In case, you neglect this notification, you are also subject to prosecution. I understand that you have fully appreciated all that is said above. Ask me immediately if you have any question. If you should be prosecuted in the future, your statement in court that you did not understand fully that time will not be valid and will never be given any legal consideration. ....."

4) Questions and Answers.

Q: "Is this order made nationally or is it restricted to this area?"

A: "For the time being, this order is restricted to Yokosuka area. But, in the near future, the Army will also adopt the same policy. This form of statement is peculiar to this area, but a similar form is being adopted in some areas by SCAP order."

Q: "What is the scope of persons that have to submit the statement?"

A: "This time, it is only those who are here now who have to submit the statement. We have no room here to have all the people present at a time. So, we will call in others later. In the future, we will have all the union leaders submit the statement. When a union officer has quitted his post, a new officer has to submit his statement. When he retires from his post, his statement is still valid."

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Q: "When a union officer quits his post, and work as a union member, does his statement remain valid?"

A: "Yes, it is."

Q: "What will be the relation in the statement with regard to the central headquarters, branch , and local?"

A: "In that case, thos who have to submit the statement come up here and ask imdividually."

Q: "When a new election is made, have we to contact your office voluntarily?"

A: "Yes."

Q: "How are you going to treat us whe we become mere union members?"

A: "In that case, if you make a report, you will be relieved ofthe responsibility of the consequesnces of your having signed your statement."

After a while the above statement was corrected in the following way:

"In case new officers are elected to take the place of the old, the latter have to report a change in their position, and your statement will be invalidated so far as the relation between your actions as a union

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member and your signing the statement is concerned.

Q: "There are items that we are not in a position to answer on our own personal responsibility. So, before answering such items in the statement, we have to consult our union. Therefore, we want you to give us time."

A: "Then, we will wait till Saturday morning. Those who do not submit the signed statement by that time, will be regarded as having connections with organizations mentioned in the statement."

Q: "But, then your promise that we are free to sign the statement or to refuse to sign it runs counter to what you have said now."

A: "If you don't have any connection with such organizations, we believe you can sign your statement."

Thus ended the interview, and the representatives of the unions asked the translation of the papers for furthers study. Then, it was promised that the translation would be made available to them by the morning of April 13. The interview ended at noon and the representatives made an appointment for another interview at 9:00 A.M. April 15.

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QUESTIONS AND ANSWERS MADE AT AN INTERVIEW
WITH A REPRESENTATIVE OF THE
LABOR SECTION, GHQ-SCAP.

This interview was made on April 18.

1) Visitors to the Labor Section, GHQ-SCAP.

Mr. Shinjiro Yamakawa, Chief of Education and Propaganda section, Headquarters of the National Shipbuilding Workers Union;

Mr. Haruo Kihara, Chairmam of the Kanto District Council of Shipbuilding Workers Unions.

Received by Bratty, Labor Section, GHQ-SCAP.

2) Questions and Answers:

Q: "We have come here to ask some questions about the signing of affidavits in Yokosuka area."

A: "We have heard ofthat. I have a copy of the statement. This is a tentative attempt, and not a permanent one. That is not the policy of the General Headquarters, and is now under investigation. When the matter has been made clear, we will notify the result to you."

Q: "What is your opinion on that question?"

A: "That is against the opinion either of the GHq or of the Labor Section. As for details, we still need closer investigation.

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I believe that they have no right to do that. But, now I am not in a position to declare so definitely. If it is made clear that it is within their authority to demand your signature on the statement, we hope you will sign the statement. Labor policy in Japan is decided here by the Labor Section, and not by the Commander of the U. S. Fleet Activities, Yokosuka."

Q: "It is required that we sign the statement by 15. In case we fail to sign it, we will be regarded as having connections with the organizations specified in the statement. What do you think of this?"

A: "I hope you not to sign it. But, I am saying this tentatively. If you are asked to sign the statement, you may reply that you will not sign it according to the counsel given tentatively by the Labor Section not to sign it. I hope that this "tentatively" will become "permanently". I hope you will be in contact with Mr. Shigeno."

END.

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STANDARD FORM NO. 64

CONFIDENTIAL

file

Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Butterworth

DATE: May 31, 1949

FROM : NA - Mr. Bishop

SUBJECT: Australian Resolution Before FEC

The Australian Resolution, extending the provisions of FEC 045/5 (Principles for Japanese Trade Unions) to workers in Japanese Government enterprises, was passed by the Steering Committee this morning by a vote of 6 to 1, the United States opposing and the Netherlands, Philippines, USSR and China abstaining. It is now before the Commission, and an early vote is to be expected.

If adopted, the Australian Resolution would reverse the position publicly taken by SCAP and seriously undermine his prestige. I believe that, notwithstanding our objection to certain aspects of the National Public Service Legislation, this Government is left with no course but to oppose the Australian Resolution if and when it comes to a vote. It is accordingly recommended that the accompanying instruction be sent to General McCoy.

In view of your memorandum to Mr. Rusk of May 19 (which I understand Mr. Thorp is still holding), proposing that he call in the Australian Ambassador in an effort to persuade the latter to withdraw or table his Government's Resolution, you may wish to show Mr. Rusk the draft instruction.

Enclosure:

Draft instruction to U.S. Member, FEC.

FE:NA:MGreen/pm

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June 1, 1949

In reply refer to
NA

CONFIDENTIAL

MEMORANDUM FOR UNITED STATES MEMBER,
FAR EASTERN COMMISSION

With reference to the Australian policy proposal on the labor rights of Japanese Government workers, contained in SC-318/19, the United States Member is authorized to vote against it if and when it is brought to a vote in the Commission.

W. Walton Butterworth
Director for Far Eastern Affairs

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CONFIDENTIAL

FE:NA:MGreen/pm
5/31/49

Seen and approved by
Mr. Rusk and handed to
me by Mr. Smith.

CV

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050

DEPARTMENT OF STATE
RECEIVED
JUN 23 1949
DIVISION OF
COMMUNICATIONS AND RECORDS

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DIV OF PUBLIC LIAISON
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to NA 6/17/49

1949 JUN 13 PM 5 09

PETITION

DIVISION OF
NORTHEAST ASIAN AFFAIRS
JUN 15 1949
DEPARTMENT OF STATE

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DEPARTMENT OF STATE

ATTENTION: Dean Acheson, Esq.

Secretary of States,

U. S. Ministry of States.

RE : Deconcentration of the Tokyo Shibaura Electric Company, Ltd., Kawasaki, Japan.

(2)

FROM : Federation of Toshiba Labor Unions
No. 72 Horikawa-cho, Kawasaki-shi,
Kanagawa Prefecture, J A P A N.

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DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050

P E T I T I O N

With reference to the deconcentration proposal to the Tokyo Shibaura Electric Company, Ltd. pursuant to the Law of Deconcentration of Excessive Economic Power, we have forwarded you our petition letter immediateley after the announcement of the draft directive thereof dated Feb. 18.

On the other hand, the Federation of Toshiba Labor Unions and its federated unions have made strong appeals to the public in order to give them go through the unions' right argument counterproposed.

As a result, the subject of the problem was taken by both the House of the Diet in their due agenda and the essential fact of the case got increased understanding of the general people of this country; The House of Representatives took up the subject to its agenda at the meetings of the Economic Stabilization Committee on April 28 and May 19, and the House of Councillors at its plenary session on May 19 in a form of urgent question by one of the member councillors.

However, still being on a stage of a mere draft at present, the directive plan could not draw any conclusion at the Diet as expected, but effected with its theoretical basis being objectively bared as weak after answers given by the Holding Company Liquidation Commission. A matter to be marked there was the answers could not make the questioner convinced in any way.

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Apart from the legal and technical mistakes that the directive has in itself, which had been pointed out by us on the stages when the announcement was made, the question as to whether the directive be applicable to the company is now becoming a serious social and economic question.

The Radio's broadcast debate society also took up the subject and writers made reports and criticisms on the matter in the "ASAHI WEEKLY","CHORYU"(Currrent),"RODO HYORON" (Labor Review),"RODO KEIZAI JUMPO"(Labor Economic Journal), "RODOSHA"(Laborers),"NIHON SHUHO"(Japan Weekly) respectively in recent numbers, and "CHUO KORON"(Central Review) is reported under arrangement.

The To-Shiba's deconcentration proposal has also attracted big concerns among the ranks of the workers especially in the Electric Industry Unions, the National Federation of Coal Miners' Unions, the Federation of All Miners' Unions, the Japan Transportation Company Workers' Union and in the Toho and Shochiku Motion Picture Companies' Unions

As the companies to which these unions' mabers are belonging having recieved no directive as yet to the deconcentration measures, they fear the odd way of its application to the To-Shiba Company will likely result serious effect to their dooms.

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Facing the near possibility of the decisive directive being issuable unaltered, we hereby wish to draw your attention to the public opinion upheaval as stated, and to reiterate making our petition in order you may get further deliberation on the matter.

Your high attention and expedite action will oblige.

Yours sincerely,

Federation of Toshiba Labor Unions

Tomoki Yamashita

vice-Chairman

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

Action Assigned to NA
Action Taken no action

DIVISION OF
NORTHEAST ASIAN AFFAIRS

JUN 28 1949

United States Political Adviser
for Japan

DEPARTMENT OF STATE

Tokyo, June 17, 1949

Office Symbol NA
Officer M Green
Copy to DC/R file

Subject: Deconcentration of Tokyo Shibaura Electric Company.

The Honorable
The Secretary of State,
Washington.

894.5043/4-1249

Sir:

I have the honor to refer to this Mission's despatch no. 216 of April 12, 1949, "Opposition of Union to Deconcentration of Tokyo Shibaura Electric Company", and to report that the February 18 draft order (forwarded with that despatch), to which the Federation of Electric Unions has objected strenously, was approved without amendment by the Holding Company Liquidation Commission on June 16, 1949.

Immediately after transmittal of the final order, the Federation announced plans for one-day protest strike, and reiterated its opposition to the order on the grounds that it would not contribute to economic deconcentration but would only give rise to mass unemployment. Representatives of the Federation have informed an officer of this Mission that the Federation plans to appeal to the Prime Minister and if necessary to the courts pursuant to the provisions of the Deconcentration Law (Law no. 207 of 1947). It may be noted in this connection, however, that the legal right of the Federation to resort to such measures is doubtful, in view of the fact that, under the SCAP-approved "Rules of Procedure under the Elimination of Excessive Concentrations of Economic Power Law", labor unions are considered "parties to the proceedings" rather than "interested parties"; only "interested parties" are guaranteed the right of appeal under the Deconcentration Law.

In view of the fact that the Federation may be expected to take further action, there is enclosed herewith as of possible interest to the Department a copy of a petition dated May 25, 1949 from the Chairman, President of the Congress of Industrial Unions of Japan,

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DOS - ITP Unit
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RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

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Japan, sent, it is understood, to various interested agencies, including the Far Eastern Commission. The petition reiterates the arguments put forth in an earlier petition from the Federation of Toshiba Unions (forwarded with our despatch no. 216) and notes that the case has aroused considerable controversy in the Diet, the press, and the labor movement.

The opposition of labor to the reorganization of Toshiba is ostensibly based on a belief that the measure is in fact aimed at streamlining rather than deconcentrating Toshiba. The Toshiba Federation is clearly afraid of the mass unemployment likely to result if 28 Toshiba plants are liquidated as contemplated in the order, and believes that its bargaining position would be considerably stronger if the problem were faced squarely as one of industrial rationalization, rather than disguised as deconcentration and consequently backed by the prestige and authority of the Deconcentration Review Board.

Although the need for rationalization of the Toshiba Electric Company is rather generally recognized, the question of whether rationalization under the auspices of the Holding Company Liquidation Commission (and by implication the Deconcentration Review Board) is appropriate and ethical has come in for a good deal of discussion in the press, and in the Diet. On April 28 and May 19, the Economic Stabilization Committee of the House of Representatives held rather inconclusive hearings on the subject, and on May 18 the Vice Premier and the Attorney General were queried on the floor of the House of Councillors regarding the motives behind the proposed order.

Mr. SASAYAMA Tadao, Chairman of the Holding Company Liquidation Commission, who appeared as a witness before the House Committee, was hard put to justify the order as a deconcentration measure. On April 28, Representative MAEDA Masao, Democratic Liberal, requested Mr. Sasayama's opinions "precisely as to the point where the disposal plan differs from the Company's rationalization plan." Considerable criticism had been aroused, he said, by "the fact that in many respects the decentralization plan calling for the disposal of 28 plants is identical with the Company's rationalization plan".

Mr. Sasayama stated only that the two plans were "not identical", but offered no details supporting his argument. Subsequently, when asked much the same question by Representative KATSUMATA Seiichi, Social Democrat, Mr. Sasayama again asserted that the proposed order was not "entirely identical" with the Company's rationalization plans. "In the case of enterprise adjustment," he continued, "facilities of disposed plants may be transferred to the main plants. In the case of decentralization, however, this is out of the question.....It cannot be gainsaid that decentralization has something in common with the idea underlying enterprise adjustment, but I reject any suggestion that the two are identical."

Mr. Sasayama's

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND [redacted] # 760050

Mr. Sasayama's argument is somewhat weakened, however, by the fact that transfers of machinery, rejected in his testimony as "out of the question," are specifically provided for in the reorganization order (transmitted with our despatch no. 216), and are in fact being carried out, according to representatives of the Toshiba Federation of Labor Unions. Mr. Sasayama admitted, moreover, that the "deconcentration" order was written with an eye toward possible investment by the International General Electric Corporation in a streamlined Toshiba. It would therefore appear that, if the Federation's position is accepted as resistance against rationalization disguised as deconcentration, rather than opposition to rationalization or to deconcentration as such, its case is a strong one.

Diet members also voiced misgivings regarding the reorganization order on the grounds that it violates the four principles for deconcentration laid down by the Deconcentration Review Board, especially the principle that activity in numerous unrelated enterprises does not in itself constitute evidence of excessive concentration of economic power, as well as on the grounds that amalgamation with Toshiba Sharyo (Tokyo-Shibaura Rolling Stock Company) constitutes a step towards increased industrial concentration in violation of Law no. 207. The attempts of Mr. Sasayama and of Vice Premier HAYASHI Joji to justify the proposed order were considered unconvincing.

Respectfully yours,

Cloyce K. Huston
Charge' d'Affaires ad interim

Enclosure:

Copy of Petition by Kan Makoto,
dated May 25, 1949.

Parchment mat to the Department.

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EGSeidensticker, Jr:pf

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DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050

Enclosure No. 1 to Despatch No. 392 dated June 17, 1949 from the United States Political Adviser for Japan, Tokyo, on the subject "Deconcentration of Tokyo-Shibaura Electric Company".

(COPY)

PETITION

May 25, 1949

Subject: Deconcentration of Tokyo-Shibaura Electric Company, Ltd., Kawasaki, Japan

To: :

From : Makoto Kan, President, Congress of Industrial Unions of Japan

Dear Sir:

On Feb. 18 1949, the Holding Company Liquidation Review Commission has announced, in accordance with a draft directive issued by the 5-member Review Board of Deconcentration commissioned here by the esteemed Government of U.S.A., disposition of 28 plants of the Tokyo-Shibaura Electric Company, Ltd., and of merger of the Toshiba Rolling Stock Company to the former.

The draft directive, however, does not in any way meet the aim of dimemberment of the Zaibatsu cliques, but, on the contrary, it stimulates monopolistic concentration of enterprises in this country. Moreover, the proposed disposition will result to collapse production of the company giving rise to a lot of unemployed.

As a result, the To-Shiba issue has raised many controversies among Government members, in the Diet and on journalism. It is now becoming a serious social and economic question in this country.

The Congress of Industrial Unions of Japan is also strongly interested in this problem of wrong implementation of the policy under the Deconcentration Law.

Nevertheless, all prospects show an announcement of the unaltered decisive order is to be made to the company in the immediate nearness. Under the circumstances, we wish to draw your attention on the matter and especially on what the Holding Company Liquidation Commission had done in this country in accordance with a directive of the aforementioned Board.

Eagerly expecting your expedite action, we remain,

Yours truly,

President, Congress of Industrial Unions of Japan.

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AAG

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Sebald
NA - Mr. Bishop

DATE: June 29, 1949

FROM : NA - M. Green mg

SUBJECT:

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In the course of a confidential talk this morning with Hepler of SCAP's Labor Division, Hepler raised the question of the State Department having a labor attache assigned to its Tokyo Mission. I took the opportunity to sound him out on Paul Jackson and gained the impression that Jackson did not stand in good odor in the Labor Division. According to Hepler, Jackson "pouted" for the last two years over his failure to be appointed Chief of the Labor Relations Branch and he did very little work. Hepler thought Jackson had a good deal of ability but was prone to look at the labor picture solely from management's point of view.

Since it would appear that Jackson would not be welcome in the Labor Division, his usefulness as a possible attache is questioned. Under the circumstances do you consider it worthwhile writing to Mr. Huston re Jackson? It might be wiser to devote our energies toward finding somebody else.

MG - You know my views on Jackson. The above appear to end his usefulness as the prospective Labor Attaché must be acceptable to Labor Div. or he will be of no use to us & might get us into a lot of trouble with SCAP. I suggest another candidate. — WB

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