

Exhibit 2797

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JAPANESE WAR PRODUCTION INDUSTRIES
Part I. Development of War Production Controls

Description

This study, in five parts, discusses the four major Japanese munition industries, aircraft, motor vehicles, shipbuilding and ordnance. The present introductory chapter outlines the over-all development of war production controls. In the whole study, corporate structure and the history of governmental control receive the major emphasis; the capacity, technological aspects of these industries are also discussed.

31 October 1945

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During the World War I Japan fought on the side of the Allies. Although Japan's military activities were limited, state expenditures were high (increasing from 668 million yen in 1913 to 1,591 million yen in 1921), and Japan entered a period of unprecedented prosperity. This prosperity was a result of the marked decrease of imports of manufactured goods from Western powers, the rise of Japanese exports, the substantial increase in munitions supplied to the Allies, and the spectacular expansion of the Japanese merchant marine and shipbuilding industry due to the world-wide shortage of bottoms

caused by the war. The sudden decrease of Western imports caused a rapid rise of new enterprises to replace them; this tendency was most conspicuous among the mining, machine and chemical industries.

3. The "Manchurian Incident;" Encouragement by Subsidy and Legislation in the Recent Past. Although a major Japanese aim during the Meiji era was to create a defense against foreign economic penetration and internal disturbance, it was realized that, in addition to devoting a large part of the limited capital resources of the nation to the development of strategic industries, it was also necessary to support manufacturing industries which were expected to compete against foreign products domestically or in the international market.

The textile industry was the most important of these export industries. In the first half of the 1920's textiles accounted for over half of the factory employment and almost half of the value of factory production. Textiles began to decline in importance slowly after 1925; by 1929 the industry still accounted for half of factory employment and 40 percent of the value of factory production. In the depression, production dropped sharply, but approximately the same proportion of employment was maintained until 1939. With some fluctuation, the textile industry's share of production continued to decline to about 30 percent in 1935 and 20 percent in 1939; thereafter the decline was even more rapid.

Although the expansion of heavy industry has of course, been closely related to the requirements of the military services, the reorganization in the period previous to the China War of the Japanese industrial structure, i.e., a marked shift from light to heavy industry, was also advocated to support the export market. Japanese exports, the argument went, have consisted almost exclusively of the products of light industry, a large proportion of which have been shipped to China and other backward nations. Should these nations become industrialized, it is probable that light industries would be established first, thus substantially reducing the Japanese export market. Accordingly, it was recommended that Japanese industrial reorganizations in

favor of heavy industry be carried out as the only means of enabling Japan to continue as an industrial nation.

For several months after the outbreak of the China Incident (7 July 1937), it is true, the Japanese economy remained ostensibly on a peacetime basis in practically all its aspects; wartime control measures were adopted only when strategic needs created urgent requirements.

As a result of the operation of these control measures and the inflationary fiscal policies of the government, an increasingly large portion of Japan's resources was steadily diverted into the strategic industries, to the detriment of the home industries and the export trade.

The export industries also suffered from increasing production costs and restrictions imposed in foreign markets against Japanese goods. By the end of 1936 the yen was beginning to depreciate. Since further depreciation of the yen would have increased the cost of the vast quantities of imported raw materials and machinery needed for the expansion of the heavy industries, the government in 1937 imposed import and exchange control measures^{1/} designed to restrict imports of "nonessential" materials and conserve Japan's foreign exchange reserves. Thus, even before the war it became obvious that Japan could not develop a "war economy" and also trade in manufactured goods in keeping with the avowed program of her rulers.

In order to develop industrial facilities vital to aggressive warfare, it was necessary to supply strategic industries with capital. The Temporary Capital Funds Adjustment Law of September 1937 was the first major step in this direction. Designed to channel the flow of new capital (and, therefore, materials) from nonessential to strategic industries, this act authorized the government to regulate the allocation of capital funds for the incorporation of new projects and for capital increases and debenture issues of various

^{1/} Law for the Temporary Control (or Regulation) of Imports and Exports, passed at a special session of the Diet in September 1937.

branches of industry. One result of the act was a noticeably marked shift of funds to the munitions industry by the end of 1939. For the period from September 1937 to December 1939, permission had been obtained and loans advanced for 3,330 million yen. Only 7 percent of this sum went to "C" class or non-urgent enterprises. Investments for the principal industrial categories in 1939 are presented in summary form in the following table:

TABLE I. INVESTMENTS AUTHORIZED UNDER THE TEMPORARY CAPITAL ADJUSTMENT LAW IN 1939
(in million yen)

	<u>Million Yen</u>	<u>Percentage</u>
Mining	587.0	13.9
Manufacturing	2,724.9	64.6
Agriculture	10.3	0.2
Fishing	13.7	0.3
Transportation	499.7	11.9
Commerce	42.3	1.0
Miscellaneous	<u>337.0</u>	<u>8.1</u>
Total	4,214.9	100.0

This shift did not mark a radical point of departure in Japan's industrial life; it was part of a well-defined trend. The "national defense" industries in 1931 accounted for only 34.6 percent of all promotion capital (including capital employed in new establishments, capital increase, and debenture issues), with the "nondefense" industries accounting for as much as 65.4 percent. By 1935 there was already a marked increase in the proportion of capital invested in heavy industries. In 1937 the position of "national defense" and "nondefense" industries was reversed as compared with 1931, the former accounting for 61.7 percent of the whole and the latter for 38.3 percent. High Japanese officials not only reported a trebling in the value of output of heavy industries in the 1931-35 period, but also claimed in 1942 that the productive capacities of the metal and machinery industries had increased thirteen and eleven times respectively over the levels of 1931.

Something of the effect which this trend must have had on Japan's consumption, economy, and industry may be learned from a study of the relationship between military and total Japanese government expenditure. In proportion to Japan's total expenditures under the General Act and China Incident Special Act, total estimated military expenditure rose from 47 percent in the last pre-war year, 1936-37 to a peak of almost 75 percent in 1937-38. The proportion declined slightly (to 73 percent) in 1939-40 and 1940-41. A considerable relative rise was again scheduled for 1941-42. The proportion of total estimated military expenditures remained at about 75 percent for 1942-43 and 1943-44, and rose to about 80 percent for 1944-45. Civilian consumption, which absorbed over 40 percent of the national income in 1941-42 accounted for under 20 percent in 1944-45.

4. National General Mobilization Law of 1938.^{1/} The National General Mobilization Law was adopted at the seventy-third session of the Imperial Diet on 24 March 1938. The "backbone of Japan's wartime national structure", it provides for the control and utilization of all human and commodity resources for purposes of "national defense". In time of war, it provides for government control of labor, raw materials, land, equipment, business agreements, investment and capital increases, prices, and publications; in time of peace, it provides for the conscription of labor, the training of technicians, and storage and conservation of materials, compulsory planning for wartime increases in production, and research and experiment. In addition the government was empowered to grant subsidies, guarantee a fixed rate of profit, or compensate for losses due to the enforcement of the law. (See Appendix Ia for the text of the more relevant provisions of the law.)

^{1/} Originally promulgated in 1938, and revised in 1941 (March) by virtue of Law No. 19, enacted by the Imperial Diet.

The far reaching and precedent-setting facets of the law are obvious from a perusal of Articles 16 and 18 together with their various subsections. The first two Sections of Article 16, for example, concerning "transfer" and "disposal" of industrial equipment, and the last Section of Article 16, "relating to the assumption, entrusting joint management, transfer, abolition or suspension of business, or changes in business objectives or consolidation or dissolution of corporations" constitute fairly adequate precedent for the Industrial Adjustment Law of 15 June 1943 and the Munitions Company Law of 17 December 1943 respectively. The much publicized Article 18, by giving the government legal right to order the formation of compulsory control organizations ("control associations" or "control corporations") set the pace for the "New Economic Structure" and the Major Industries Association Ordinance of 1 September 1941. The latter was, however, foreshadowed even earlier in the Major Industries Control Law of 1931.

In some quarters passage of the National General Mobilization Law was construed as the beginning of military control of all private industrial phases of Japanese life. Originally the law was to be invoked and enforced by Imperial Ordinance, without requiring action of the Diet. However, the decision to set up a National Mobilization Council of fifty members (largely from the two houses of the Diet) to review the measures applied under this statute tended to nullify its effectiveness as a weapon of the military in the struggle for nationalized industry. A much greater though more indirect influence was wielded by the larger and larger war budgets sponsored by the Army and Navy authorities. A number of military leaders wished to establish much more than this indirect control over the Japanese production system but the Zaibatsu offered a stubborn opposition to every measure which threatened to infringe upon their ownership and major prerogatives in the industries which they dominated.

As late as September 1941, a leading Japanese economic publication was able to sum up this period as follows:

"Japan's wartime controlled economy has hitherto been based on three important laws -- the Law for Temporary Control of Imports and Exports, the Temporary Capital Adjustment Law, and the National Mobilization Law, none of which contains clauses that give any inkling of planned economy."

It concludes:

"On the whole, even in 1940-41, Japan's economy was financed and operated by private enterprise, which disposed of profits and dividends with relatively slight government interference. Control, in the sense of comprehensive state plans enforced on industry, was still in embryonic form."

B. Japan's Wartime Production Control, 1941-1945

1. The "New Economic Structure" (Keizai Shin Taisei) and Major Industries Association Ordinance. The adoption of the "New Economic Structure" which was sanctioned by the Major Industries Association Ordinance of 1 September 1941 (see Appendix Ib for the text of the Ordinance) indicates the failure of the Army plan to introduce a drastic program for state regimentation of industry and the transformation of private cartels into public organs directed by government officials. Instead, the "new structure" combining the details of two alternative schemes submitted by the Japanese Economic Federation and the Japanese Chamber of Commerce and Industry was adopted. This plan was inherited by the Tojo Cabinet when it entered office on 18 October 1941. Theoretically, under the provisions of the Imperial Ordinance, the former private cartels had become public organs termed control societies (Tosai-kai) responsible to the Ministry of Commerce and Industry. The powers vested in the Ministry, however, were largely negated by its inability to appoint directors of its own choice as heads of the control societies. The president of the control society, by the terms of the ordinance, is chosen by a nominating committee of industrialists appointed by the competent minister. In turn, the president chooses the other officers and directors from people experienced in the industry. This committee tended to appoint as presidents of the various control societies the existing presidents of the leading cartels.

This fact does not mean that the old system was merely carried on under a new set of titles as has frequently been stated. On the contrary, the directors of the various control societies, as public officials, were reinforced with a large measure of coercive authority, embracing extensive statutory powers of appointment and dismissal, procurement of materials, funds, labor, and the disposal of finished products (see Chart I). In other words, former voluntary cartels now became compulsory. Opposition to this "reform" by small and medium-sized firms indicated the degree to which the giant monopolies were enabled to extend and entrench their powers within the "new economic structure."

Before long, supplementary legislation strengthened the control societies. By the terms of the Transfer of Administrative Authority Law of 18 February 1942, they were given the status of government agencies, a violation of their orders being considered a violation of law. (See Appendix Ib for text of this law.)

2. Ordinance for Extraordinary Wartime Administrative Authority to Act. The Ordinance for Extraordinary Wartime Administrative Authority to Act, which was made public on 17 March 1943, was a culmination of the bitter struggle that was waged around Premier Tojo's central demand for new and virtually dictatorial powers over administration of the war economy during the period of the eighty-first Diet session, January to March 1942. This conflict had generally been reported to have arisen out of the differing jurisdiction of the Ministries, the control societies, and the Cabinet Planning Board (Sogo-Keikaku-Kyoku). This Planning Board, an organ fathered by the military in 1937, was designed to function as an economic general staff and an agency of industrial mobilization. Its powers fluctuated as the political influence of the Army waxed and waned. (See Appendix Ic for statutes concerning organization and functions of the Planning Board.) Although Tojo evidently carried his main point, he was forced to accept a compromise whereby seven leading business representatives were attached to the Cabinet as an advisory council. (See Appendix Id for text of the Ordinance for Extraordinary Wartime Authority to Act.)

Article I of the ordinance empowered the Premier to give such directions as he might deem necessary in "the event special necessity arising in connection with the expansion of production of key war materials such as iron and steel, coal, light metals, ships, and airplanes." Article II and III further empowered the Premier, when required by the above "special necessity", to assume the duties of a State Minister or other official, or to instruct other statesmen or officials to assume such duties in respect to "labor, materials, motive power, and capital." By unifying authority over provision of labor, materials, power, and capital, for the above-mentioned five essential industries, the ordinance struck squarely at a previously existing division of authority between the Ministries of Commerce and Industry, Transportation and Communications and War and Navy and the control societies. That it was inadequate to secure the integration of production controls desired by Tojo is suggested by his formation shortly thereafter, of the Munitions Ministry, which he hoped could eventually centralize administration of all phases of war production.

3. The Cabinet Advisory Council. The setting up of the Cabinet Advisory Council, which was coupled with Imperial sanctioning of the preceding ordinance of 17 March, weakened the powers which Tojo was trying to secure for himself over the entire industrial life of Japan. (See Appendix Ie for regulations governing the Advisory Council.)

This council was made up of seven leading industrial or financial figures, each of whom was the president of one of the leading control societies. They held rank equivalent to Ministers of State and were empowered to participate in the Premier's conduct of administrative affairs with regard to expansion of wartime production and administration of the wartime economy of the Nation. In joint session with the Cabinet members, with the Premier as chairman, they constituted a Wartime Economic Council (Gunji-Keizai-in) empowered to advise the Premier concerning the enforcement of the Extraordinary Wartime Administrative Authority to Act and the operation of the wartime economy, as well as the execution of the government wartime policies.

Secretaries of the Supreme Economic Council were to "comprise the Cabinet chief secretary, the president of the Planning Board, the Chief of the Military Affairs Bureau, and the Chief of the Naval Affairs Bureau." (See Appendix If for regulations governing the Wartime Economic Council.)

The seven original members of the Cabinet Advisory Council were Adm. TOYODA Teijiro, President of the Iron and Steel Control Society, Minister of Commerce and Industry in the second Konoye Cabinet, and Foreign Minister in the third Konoye Cabinet; Viscount OKOCHI Masatoshi, President of the Industrial Machine Control Society, member of the House of Peers, and President of the Piken Research Institute; FUJIMURA Ginjiro, former Commerce and Industry Minister, President of the Industrial Equipment Management Corporation, and President of the Oji Paper Company; YUKI Toyotaro, President of the Bank of Japan and the National Financial Control Society; YAMASHITA Kamesaburo, President of the Yamashita Steamship Company; GOKO Kiyoshi, Chairman of Mitsubishi Heavy Industries, and Vice President of the Aviation Industrial Association; and SUZUKI Chuji, former manager of the Furukawa Electric Industry Company and President of the Metals Industry Control Society. Through the Council, an interlacing of Japanese industrial and military personnel and functions was effected on a new plane of administrative power and responsibility. The Cabinet Advisory system was retained by the Premiers who succeeded Tojo. A list of the most recent incumbents may be found in Appendix Ig.

4. Law for Industrial Adjustment. Shortly after the opening of the eighty-second Diet, on 15 June 1943, a law was passed to complete the conversion of Japanese industry to war production. The law established three groups of industry: (1) those peacetime industries, such as textiles, food, metals, and chemicals, which are able to contribute considerably to the enlargement of the armament industry by transferring factory workers and equipment to the armament industry; (2) the war industries, especially the heavy industries (as the five key of nucleus industries) the efficiency of which would be increased by the transfer of workers and equipment from industries of the first group; (3) those enterprises whose workers and equipment can contribute very little

to the expansion of the armament industry (i.e., the miscellaneous civilian consumption industries).

In mid-1943 the transformation of the first group and to some extent that of the third group was begun. By March 1944, the reorganization of these industries was said to have been completed. Then the Japanese government began to reorganize the second group. According to the decree of February 1944, reorganization of the machine industries began under a central committee and regional sub-committee established by the Munitions Ministry. By May 1944, the training and distribution of labor which was to be transferred to the industries of the second group from the industries of the first and third groups and the conversion of the equipment to be transferred from the first group was scheduled to be completed. The procedures employed in this transformation varied from industry to industry, but in general the "most productive" enterprises were merged either under one holding company or under several regional holding companies. Factory equipment which became available by shutting down enterprises of the first and third groups was to be purchased by the Peoples Reconstruction Bank and the Industrial Equipment Management Corporation, which placed this material at the disposal of the industries of the second group. To cover the cost incurred by these purchases and by the training of the transferred workers from various sources, it appears that from four to five billion yen had been pledged to this program by July of 1943 (exclusive of private consolidations or mergers).

The central bureaucratic powers which Tojo had secured for himself through legislative means were checkmated by concessions to industrialists aspiring to control of the war industries. Under the Law for Industrial Adjustment, therefore, power was concentrated in the large holding companies at the expense of smaller firms; the latter were indemnified with frozen credits, or deposits (interest being payable only after a period of five years), while the former received loans and other government encouragements.

Complete mobilization of economic resources under this conversion program was not achieved by the Japanese but the peak of its effectiveness was achieved in 1944 after the development of a strong Enterprise Adjustment Headquarters in the new Munitions Ministry (see below).

5. Ministry of Munitions (Gunju-sho). On 1 November 1943, a few days after the promulgation of the Munitions Company Law, the Ministry of Munitions was established. This Ministry took over the functions of the abolished Cabinet Planning Board and most of the war production powers formerly exercised by other ministries, such as the Ministry of Commerce and Industry. This move was made in order to unify control over war production industries in particular, and over all aspects of industrial life which contributed to these in general. Tojo himself assumed the position of Minister of Munitions and KISHI Shinsuke, heretofore Minister of Commerce and Industry, assumed the post of Vice Minister. (See Appendix Ih for list of Munitions Ministry personnel as of May 1945.)

Contrary to general belief and interpretation, the new Ministry was not given complete jurisdiction over all phases of war production. Administrative control of shipbuilding (naval and merchant) and naval ordnance was retained by the Navy Ministry (Kaigun-sho) and control of land ordnance, by the Army Ministry (Rikugun-sho). The Munitions Ministry was given general supervision over all other munitions production and over raw materials related to war production, whether industrial or agricultural, including authority to adjust prices. This control helped to solve the problems of conflicting jurisdiction over priorities and the placing of contracts.

In the interest of munitions production, the new ministry was accorded authority to use and manage directly private manufacturing facilities. This mandate, however, was carefully circumscribed in several respects. Its application was largely restricted to "designated enterprises" in accordance with provisions laid down in the Munitions Company Law. For other enterprises, supervision of labor, adjustment of wages, and supply of capital, was limited to powers authorized by existing laws of the competent ministries, that is the

Agriculture, Welfare, and Finance Ministries. In such matters, however, and in the control of prices the Munitions Ministry generally assumed authority whenever there was a case of doubtful jurisdiction.

The Munitions Ministry was composed of nine bureaus. Its Total Mobilization Bureau (Sodoin-kyoku) assumed most of the functions which previously had been performed by the Planning Board. These functions included the drafting of material for mobilization plans, investigation and study of jurisdictional administration and statistics. In addition, the Total Mobilization Bureau handled all the general supervisory activities of the Munitions Ministry, including those applying to the "designated enterprises". The other bureaus comprised Aerial Ordnance (Koku Keiki Sokyoku), Machinery (Kikai-Kyoku), Iron and Steel (Tekko-Kyoku), Light Metals (Keikin-zoku-Kyoku), Non-ferrous Metals (Hitetsu Kinzoku-Kyoku), Chemicals (Kagaku-Kyoku), Fuel (Neuryo-Kyoku), and Electric Power (Denryoku-Kyoku).

The major task of the Munitions Ministry was to speed up aircraft production and the Ministry was given general supervisory direction over the mining industry primarily in order to expand the output of metals (particularly light metals) for airplanes. Electric power, machine tools, chemicals, and fuel (petroleum and alcohol), as well as gas and coke, were turned over to the Ministry's control for the same reason. After the first set of designated enterprises was chosen, the Munitions Ministry rapidly became in effect an aircraft production board, although it performed other more general functions.

Consideration of the impact of these changes indicates that the unification of control and centralization of the war production program sought by Tojo through the Ordinance for Extraordinary Wartime Administrative Authority to Act was not fully attained. Some of the "old line" ministries (War and Navy) retained their former functions, and the control societies were strengthened instead of weakened. Tojo himself was replaced (17 November 1943)

in his post as Minister of Munitions by FUJIWARA Ginjiro,^{1/} former President of the Oji Paper Company (Oji Seishi) and long affiliated with the Mitsui interest (cf. Chart I and Chart II.)

6. Munitions Company Law. In anticipation of a large-scale increase in the production of munitions coincident with the consolidation of munitions administration, the renovation of the munitions regulatory mechanism, and the strengthening of labor mobilization, the Munitions Company Act was promulgated on 28 October 1943 and went into effect on 17 December 1943. (See Appendix II for text of the law.) Under this law selected companies were placed under the jurisdiction of the Munitions Ministry with the understanding that they were to be "responsible" for armament production. The first group of 17 January 1944, included 150 companies engaged in armament production, the so-called "front line" industries: aircraft, aircraft armament, general armament, shipbuilding, iron and steel, light metals, machinery and machine tools, electrical equipment, chemicals, fuel, rolling stock, and the automotive industries. Thirty-three of these companies were designated jointly by the Ministry of Munitions and the Ministry of War and Navy, among them the Mitsubishi Heavy Industries (Mitsubishi Jukogyo). Ten companies were designated by the Ministry of Munitions and by the Ministry of War, among them the Japan Diesel Company (Nippon Diesel K.K.). Seven companies were designated by the Ministry of Munitions and by the Navy, among them the Japan Steel Tube Company (Nippon Kokan K.K.). Seventy-eight other companies were designated by the Ministry of Munitions, among them the Nakajima Aircraft Works (Nakajima Hikoki) and the Japan Iron Works (Nippon Seitetsu). Eight companies were designated by the Ministries of War, Navy, and Transportation, among them the Hitachi Engineering Works (Hitachi Seisakusho). Ten companies were designated by the Ministries of the Navy and Transportation, among them the Harima Dockyard (Harima Zosensho), and four were designated by the Transportation Ministry. For the complete list of these 150 companies, classified according to industry, see Appendix Ij.

^{1/} Replaced by YOSHIDA Shigeru (19 December 1944), who was later replaced by Admiral TOYODA Teijaro (April 1945).

Subsequently a new selection of 424 munitions companies was named, and each company concerned received an official order to this effect by the appropriate administrative division of the Munitions Ministry on 25 April 1944. The addition of these newly selected munitions companies brought the total to 574. It was claimed that the Munitions Company Law had at last been put on a wartime basis, and a rapid increase of munitions production was anticipated. In the new group, certain basic industries having a direct relationship to the war effort were added: mining, gas, and electric power industries. A complete list of these is also available. (See Appendix Ik.)

The Munitions Company Law also had financial implications. In accordance with its provisions, a Banking Funds Investment Ordinance was promulgated in January 1944. Under this Ordinance, certain banks (supported by long-term loans from other small banks) were selected to finance each of the 574 large munitions companies designated under the Munitions Company Law. The Ordinance left open certain areas of flexibility both to the designated companies and to the banks. The former did not always secure the loans from the selected banks or use the funds obtained from such banks in the most productive way. The latter combined to provide funds to the designated companies on an orthodox credit basis, except when the government stepped in and used its special powers (under a 1940 decree) to order particular loans to be made, with government compensation for any losses. This Ordinance was followed by passage of the Emergency Munitions Financing Act in February 1944, whereby all the financial needs of each designated company were to be met by specified banking institutions who were to hold the deposits and audit the accounts of the companies to which they were linked. To some extent this new Act made the financial priorities under the Munitions Company Law of 1943 and the Ordinance of January 1944 available to a number of smaller factories not previously designated as munitions companies.

An important administrative aspect of the Munitions Company Law is the requirement that each designated company select a person responsible for production from among the officials of the company. When selection of a responsible person for production cannot be made, the government may appoint a person; when the person in charge of production does not fulfill the responsibility, the government may impose certain stipulated penalties. On 24 October 1944 the government decided to extend the Munitions Company Law to Korea and Formosa. An Imperial Ordinance and Ministerial Order to this effect were promulgated on 28 October. The enforcement of the law was expected to affect approximately forty companies in Korea and thirty in Formosa.

In summing up the impact of this act, it may be stated that the privileges enjoyed by the designated munitions companies exceeded or at least equalled, their responsibilities of a "national character". Otherwise it is unlikely that such politically and economically powerful companies as Mitsubishi Jukogyo would have been among them. The industrial sphere in which these companies were to operate was to be an expanding one. Priorities, raw materials, machine tools, labor, motive power, and capital were all being channeled into this field. According to the terms of the law, particularly Sections 8, 9, and 11, the big companies had extensive opportunities to absorb smaller or competing firms or to control them effectively by inserting one of the executives of the big company as the "responsible" director. The terms of the Munitions Company Law were carefully drawn so as to secure the necessary centralization of administrative control while reserving the large private interests the essentials of management control and providing them with further opportunity to absorb smaller companies.

7. Moves toward Regionalization and Decentralization

a. The Administrative Eloc System. The emphasis of the Munitions Ministry on centralized policy and administration in the war production field and the process of concentration, industry by industry, facilitated by passage of the Munitions Company Law were somewhat preceded by moves towards government decentralization and regionalization of war production. On June 28,

1943, following a special Cabinet session, the Information Board announced what it termed "another bold step aimed at streamlining the executive channels of the government to meet wartime needs." For administrative purposes under this new plan, effective July 1, Japan was to be divided into nine regions, variously termed "bloes", "districts", or "super local directorates." Each of the new administrative bloes was to incorporate within its area from two to six of the existing prefectures.

These bloes were to be staffed by the following officials: a Governor, appointed by and responsible only to the central government, to act concurrently as head of one of the prefectures; a District (or Bloc) Councillor (Chiho-Kyogikai) appointed by the central government and responsible to the Premier, to act as chief aide to the governor; and Regional Administrative Councils, composed of the prefectural governors, chiefs of special sections affiliated with each bloc administration, and vice-presidents, advisors, and others directly appointed by the central governments.

As president of the Regional Administrative Council, located in the most important capital of the bloc, the Governor was to act for the Premier to coordinate, control, and simplify the administrative affairs of each district. This reform, following shortly upon the acquisition of "special administrative powers" by the Premier, tended to strengthen these powers and extend them to the localities. It also had the effect of lessening duplication of function and personnel between the central government and prefectural bureaus and brought the central Ministries into very close contact with the bloc administrations the latter now coming increasingly under the guidance and management of the former. At the same time some 1900 functions formerly within the exclusive jurisdiction of the central government were transferred to the local authorities. Assembly of the Governors in periodic coordination conferences in Tokyo was calculated to complete the system. Certain practical necessities of efficient war production and military security apparently led to this reform. The nine administrative bloes (Gyosei-Chiho) corresponded to a considerable extent with the nine chief economic regions, the growth of which

had been encouraged by the Army authorities since the late thirties. In the Army scheme, a rounded development of each of the regions had been sought. New munitions plants, as well as factories processing raw and primary materials, were to be built with a view to lessening the concentration in congested areas, increasing the self-sufficiency of each of the nine economic regions, and expanding to munitions output. Ideally, these regions would not only have diversified munitions plants, but also adequate labor, motive power, raw and primary materials, and food. In practice regionalization of war production was limited and a few centers continued to account for the bulk of Japan's population and industry. Nevertheless, administratively the system was hailed along with the industrial conversion program, as a major achievement of Tojo's second year in office. On 12 January 1945, the Cabinet approved a five-point program to strengthen Japan's air defense and increase the production of munitions and food. Means to achieve these ends necessitated, first of all, closer coordination between the Presidents of the Regional Administrative Councils and the local Army and Navy commanders. Accordingly, the areas of the regional administrative districts and the Army districts were coordinated. Two new Army districts were created, and the Regional Administrative Councils and the areas over which they had jurisdiction were reduced from nine to eight. The six Army districts are now paralleled by the eight regional administrative districts, as shown in Table 2:

b. Office of the Superintendent-General (Sokan-Fu). On 8 June 1945 a system of Office of Superintendent-General was established in the eight regional administrative districts. The new system did not constitute a great change from the Regional Administrative Councils, which were abolished. The Superintendents-General took the place of the former Presidents of the Councils; jurisdictional areas of the Office of the Superintendents-General remained the same as those of the former councils. The system separated the post of Superintendent-general from that of Prefectural Governor, except in the case of Tokyo-to, Hokkaido and Shikoku. According to the Extraordinary War Measures Bill of 23 June 1945, however, much wider powers were now delegated from the

National Government to the Regions, including power to nullify provisions of the National General Mobilization Law and all subsequent legislation, particularly as they related to the administration of war production and the Munitions Superintendence Bureaus. (In this connection, see also the Civil Affairs Guide Administration of Production Programs in Japan.)

Table 2

NEW ARMY AND REGIONAL ADMINISTRATIVE DISTRICTS

<u>Army Districts</u>	<u>Regional Administrative Districts</u>	<u>Prefectures Included</u>
Northern	Hokkaido	Hokkaido and Karafuto
Tohoku	Tohoku	Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima
Eastern	Kanto-Shinetsu	Ibaraki, Tochigi, Gumma, Saitama, Chiba, Tokyo, Kanagawa, Yamanashi, Niigata, Nagano
Tokai	Tokai-Hokoruku	Gifu, Shizuoka, Aichi, Mie, Ishikawa, Toyama
Central	Kinki	Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama, Fukui
Central	Chugoku	Tottori, Shimane, Okayama, Hiroshima, Yamaguchi
Central	Shikoku	Tokushima, Kagawa, Ehime, Kochi
Western	Kyushu	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa

8. War Organizations Formed During Koiso's Administration

a. Supreme Council for the Direction of the War. (Saiko Senso Shido-kaigi).

In contrast with Tojo's attempts toward centralization within the national government, Premier Koiso Kuniaki, who assumed office on 20 July 1944, took a series of steps toward the division of authority in government. He created a number of new central councils and bodies which functioned in Japan until the surrender. The most important of the new bodies was the Supreme Council for Direction of War, set up on 5 August. Both military and political affairs were to be coordinated and organized by this body. Matters of production, especially those pertaining to aircraft, were also to come within the jurisdiction of the Supreme Council. The Cabinet was to deliberate with the Council on important wartime requirements. Members were to be cabinet ministers and high officers of the Army and Navy.

b. Parliamentary Vice-Ministry System. Koiso, on 1 September, renewed the Parliamentary Vice-Ministry System, the object of which was to "secure closer harmony between the government and the House of Peers and the House of Representatives, at the same time to obtain the collaboration of the people for a smoother working of government measures."

c. The "Little Cabinet." On 13 October, a body took shape which was referred to as the "Little Cabinet," since it was composed of Cabinet Vice Ministers. The Vice Ministers, who heretofore had had little authority, were to shoulder the political problems of the state in the same way that the Supreme Council for the Direction of the War was responsible for military and domestic strategy.

d. New Cabinet, Planning Board. On 27 October a new Cabinet Planning Board was formed. The old one, it will be recalled, was dissolved when its functions were assigned to the Munitions Ministry on 1 November 1943. It was composed of three sections and twelve directors. The first over-all director was Ueba Tetsuzo. The aims of the new board were to establish stronger ties between the Cabinet and the Supreme Council for the Direction of

the War and to draft the necessary measures for more effective prosecution of the war on the home front. The Premier was to act as its chief supervisor. (See Appendix II for a list of its most recent personnel.)

e. The Major Policy Joint Driving Council. To give further strength to the wartime Cabinet, the Major Policy Joint Driving Council was formed on 29 November. It was designed to coordinate the strategy of government administration, war policy, and production objectives. The activities of the new council were to correlate objectives of the Supreme Council for the Direction of War and the Cabinet. The President of the General Planning Board presided at the Council; other members were heads of Ministerial Bureaus.

The detailed story of the development of war production controls has not been carried in this study much beyond the end of 1944, when Premier Koiso assumed office. The most important recent changes, however, are summarized in Chart I. Subsequent changes during the Premiership of Admiral Baron Suzuki Kantaro have not altered the picture substantially.

APPENDIX Ia

NATIONAL GENERAL MOBILIZATION LAW^{1/}

Originally promulgated in 1938, and revised in 1941, by virtue of Law No. 19 of the same year which, after enacted by the Imperial Diet in February, was promulgated on March 1.

Article 1

The term "national general mobilization" as used in this law denotes the control and operation of human and material resources in order that the nation may be enabled to display its total power most effectively for the

^{1/} Source: Wartime Legislation in Japan, Tokyo, Nippon Shogyo Tsushin Sha, 1941.

realization of national defense purposes in time of war (including an incident corresponding with a war, the same applying correspondingly to the following parts).

Article 2

The term "general mobilization goods" in this law denotes things listed below: (1) armaments, war vessels, ammunitions, and other military goods, (2) garments, foodstuffs, beverages, and fodders which are necessary for national general mobilization, (3) medicines, medical instruments, other sanitary materials, and veterinary materials which are necessary for national general mobilization, (4) ships, airplanes, rolling stock and vehicles, horses, and other materials for transportation which are necessary for national general mobilization, (5) goods for communications which are necessary for national general mobilization, (6) engineering and building materials and goods for lighting systems which are necessary for national general mobilization, (7) fuels and electric power which are necessary for national general mobilization, (8) raw and other materials, machines and tools, equipment, and other goods which are necessary for the production, repair, distribution, and conservation of each of the foregoing stipulations, and (9) goods besides each of the foregoing which may be designated by Imperial Ordinances as necessary for national general mobilization.

Article 3

General mobilization businesses under this law denote those which are listed below: (1) Businesses relating to the production, repair, distribution, exportation, importation, and storing of general mobilization goods, (2) businesses relating to transportation and communications which are necessary for national general mobilization, (3) businesses relating to money and banking which are necessary for national general mobilization, (4) businesses relating to sanitation, veterinary sanitation, and relief, (5) businesses relating to education and training which are necessary for national general mobilization, (6) businesses relating to experiments and researches which are necessary for national general mobilization, (7) businesses relating to information and

educational campaigns which are necessary for national general mobilization, (8) businesses concerning guarding [security] which is necessary for national general mobilization and (9) businesses besides each of the foregoing which may be designated by Imperial Ordinances as necessary for national general mobilization.

Article 8

The Government, if necessary for national general mobilization, may issue necessary orders regarding the production, repair, distribution, transfer or other disposal, uses, consumption, holding, and movement of goods, in accordance with provisions of Imperial Ordinances.

Article 10

The Government, if necessary for national general mobilization in time of war, may use or expropriate or cause a person who administers general mobilization business to use or expropriate general mobilization goods, in accordance with provisions of Imperial Ordinances.

Article 11

The Government, if necessary for national general mobilization in time of war, may restrict or prohibit the establishment of corporations, capital increases, consolidations, changes in the purposes of businesses, floatation of debentures, or the second and subsequent calls for unpaid portions of capital; and may issue orders regarding disposition of corporation profits, writing off of fixed assets, or other matters concerning accounting; and also may issue orders against banks, trust companies, insurance companies, and others designated by Imperial Ordinances regarding the operation of their funds, or undertaking or guaranteeing monetary obligations.

Article 12

The Government, if necessary for national general mobilization in time of war, may make special arrangements, in accordance with Imperial Ordinances and irrespective of the provisions of Article 200 or 210 of the

Commercial Code, with respect to floatation of debentures or capital increase of a corporation engaged in a general mobilization business to meet expenses for equipment belonging to the said corporation.

Article 13

The Government, if necessary for national general mobilization in time of war, may manage or use or expropriate the whole or part of factories or workshops or vessels and other facilities belonging to a general mobilization business or other facilities which are convertible into it, in accordance with provisions of Imperial Ordinances.

In case of use or expropriation of things listed in the foregoing clause the Government may cause the owner of them to offer the operatives, or may operate patent inventions or registered utility models which are actually operated in the said facilities, in accordance with provisions of Imperial Ordinances.

The Government, if necessary for national general mobilization in time of war, may manage, use, or expropriate land, houses, or other establishments which are necessary for general mobilization businesses, or may cause a person who administers a general mobilization business to use or expropriate them, in accordance with provisions of Imperial Ordinances.

Article 14

The Government, if necessary for national general mobilization in time of war, may use or expropriate the mining rights or rights relating to the use of water, and may cause a person who administers a general mobilization business to operate patent inventions or registered new utility models or to use the mining rights or rights related to the use of water.

Article 16

The Government, if necessary for national general mobilization in time of war, may restrict or prohibit establishment or extension or improvement of equipment belonging to a general mobilization business, or may order

the establishment or extension or improvement of equipment belonging to a general mobilization business, in accordance with provisions of Imperial Ordinances.

Article 16 - (2)

The Government, if necessary for national general mobilization in time of war, may issue necessary orders concerning transfer or other disposal of, investments in, use and removal of, equipment belonging to a general mobilization business, in accordance with provisions of Imperial Ordinances.

Article 16 - (3)

The Government, if necessary for national general mobilization in time of war, may issue necessary orders relating to the assumption, entrusting, joint management, transfer, abolition or suspension of business, or changes in business objectives or consolidation or dissolution of corporations, in accordance with provisions of Imperial Ordinances.

Article 17

The Government, if necessary for national general mobilization in time of war, may cause the proprietors of the same or different kinds of enterprises to obtain approval of the Government regarding the conclusion or change or abolition of an agreement or agreements on control of the respective enterprises, or may order them to conclude or change or cancel control agreement or agreements among themselves, or may order the participants in the said agreement or agreements and nonparticipants to act in accordance with the said control agreement or agreements, in conformity with provisions of Imperial Ordinances.

Article 18

Article 18. Law No. 55, promulgated 1 April 1938.

If necessary for national general mobilization in time of war, the Government may, as prescribed by Imperial Ordinance, order owners of enterprises of the same kind or those of different kinds, which are general

mobilization services, to establish associations with the object of controlling said enterprises.

The association mentioned in the preceding paragraph shall be a juridical person.

If any person who has been ordered to establish (an association) as provided for in Paragraph 1 fails to do so, the Government may adopt necessary procedures with respect to the drafting of the articles of incorporation and otherwise concerning the establishment of the association.

When the association of Paragraph 1 has been formed and established, the Government may, as prescribed by Imperial Ordinance, cause those who are qualified to become members thereof.

The Government may cause the association mentioned in Paragraph 1 to apply for permission for the establishment or alteration of control regulations concerning the businesses of its members, or may order the establishment or alteration of control regulations, or may order the members to conform with the control regulations of their association.

Necessary matters relating to the association mentioned in Paragraph 1 shall be determined by Imperial Ordinance.

Revision of Article 18

Article 18. Law No. 19, promulgated 1 March 1941.

If necessary for national general mobilization in time of war, the Government, in accordance with provisions of Imperial Ordinance, may cause the proprietors of the same or different kinds of enterprises or their organizations to control the said enterprises or order them to establish an organization or corporation with the object of undertaking the control thereof.

An organization which is established under the foregoing provisions shall be a juridical person.

When persons who have been ordered to establish an organization in accordance with the provisions of Paragraph 1 have failed to establish it, the Government may take necessary measures regarding the preparation of articles of association or other matters relative to its establishment.

When an organization has been established in accordance with the provisions of Paragraph 1, the Government may cause persons who have qualifications as the constituent members of the said organization to become the constituent members of the said organization.

The Government may cause an organization which has been established in accordance with the provisions of Paragraph 1 to obtain approval of the Government regarding the adoption or change or abolition of its control regulations pertaining to enterprises of its constituent members (including the constituent members of the latter, this applying correspondingly to the following parts), or order it to adopt or change the control regulations or may order its constituent members or persons who are qualified to be its constituent members to act in conformity with the control regulations.

Matters pertaining to an organization or a corporation under the provisions of Paragraph 1 shall be prescribed by Imperial Ordinance.

2. In case the Government has ordered the transfer of facilities or rights or investment under the provisions of Article 16, Paragraph 2, or has ordered the transfer of an enterprise under the provisions of Article 16, Paragraph 3, necessary matters relating to the succession to obligations of the transferer or investor or disposition of their security shall be prescribed by Imperial Ordinance.
3. Regarding the transfer of facilities or rights, or investment under the provisions of Article 16, Paragraph 2; or transfer of an enterprise or consolidation of corporations under the terms of Article 16, Paragraph 3; or an organization or a corporation established in accordance with the provisions of Article 18, Paragraphs 1 or 3; the Government, in accordance with provisions of Imperial Ordinances, may set up exceptions pertaining to calculation of the standard of tax levy, or may make arrangements for reduction or exemption of taxes.

Article 25

The Government, if necessary for national general mobilization, may order a person who is engaged in the production or repair of general

mobilization goods or the administrator of an experimental and research institute to conduct experiments and researches.

Article 26

If necessary for national general mobilization, the Government, in accordance with provisions of Imperial Ordinances, may guarantee a certain fixed amount of profit or grant subsidy within the limit of its budget for a person who is engaged in the production or repair of general mobilization goods. In this case, the Government may cause the said person to produce or repair general mobilization goods or to install equipment necessary for general mobilization.

Article 27

The Government, in accordance with provisions of Imperial Ordinance, shall compensate losses that may arise from measures taken under the stipulations of Articles 8, 10, 13, 14, or Article 16, Paragraph 2; orders of exportation and importation issued according to the provisions of Article 9; orders regarding capital accommodation, subscription to securities, underwriting or purchase of securities, acceptance of obligations or guarantee of obligations under the provisions of Article 11; orders regarding the establishment or extension or improvement of equipment under the provisions of Article 16; or orders regarding commission, transfer, abolition, or suspension of an enterprise or orders requiring changes in the business purposes or dissolution of a corporation under the provisions of Article 16, Paragraph 3, except the cases under Paragraph 2 of this Article.

A person who administers a general mobilization business shall compensate losses that may arise in case of this use, expropriation or operation under the provisions of Article 10, Article 13, Paragraph 3 or Article 14, in accordance with provisions of Imperial Ordinances.

APPENDIX Ib

PRINCIPAL LEGISLATION AFFECTING THE POWERS OF THE CONTROL SOCIETY

MAJOR INDUSTRIES ASSOCIATION ORDINANCE^{1/}

Promulgated 29 August 1941

Effective 1 September 1941

Chapter I

General Rules

- Article 1. This ordinance concerns the control of organizations established for the purpose of controlling major industries. The kinds of major industries (subject to this ordinance) are cited in Article 18 of the National General Mobilization Law (including those industries referred to in the provisions of Imperial Ordinance No. 317 of 1938, hereinafter). Exceptions will be made for enterprises for which separate provisions are to be made.
- Article 2. A cabinet ordinance shall determine which major industries are subject to this ordinance.
- Article 3. The organizations established under the provisions of this ordinance are to be called control societies (Kai) or control associations (kumiai).

Any control society or control association, in designating its title, shall use the characters for control society or control association. An exception (as to the use of the characters) may be made when permission of the competent minister is obtained.

Chapter II

Control Societies (Kai)

- Article 4. For the purpose of developing the national economic power to the highest point, the control society shall aim to provide a unified synthetic control and management of industry concerned, and the society shall cooperate in carrying out national policy and the operation of the industry concerned on national lines.

^{1/} Source: Horoi Zousho, 1941, pp. 612-620.

Article 5. Control societies are to be established by each kind of industry.

Article 6. In order to accomplish the purpose (for which they are established) the control society shall perform the following functions:

- a. Plan with the government the national program for production and distribution in the industry concerned, the means for supplying the labor, raw material, capital, and other demands of the industry concerned.
- b. Control and guide production and the distribution in the industry concerned and the enterprises, belonging to the industry concerned, undertaken by the members and organizers of the member organizations of the society.
- c. Provide for the complete equipping of the industry concerned.
- d. Develop techniques, increase efficiency, unify the regulations, reform the management of the industry concerned and of the institutions undertaken by the members and the organizers of the member organizations for the development of the enterprises belonging to the industry concerned.
- e. Make investigations of and do research work for the industry concerned.
- f. Make investigations of the enterprises undertaken by the members and organizers of the member organizations of the industry concerned.
- g. Undertake the enterprises required for the accomplishment of the purpose of the control society besides those mentioned in each.

Article 7. Those who are qualified to be the members of a control society and subject to appointment by the competent minister are as follows:

- a. Those who are engaged in the industry concerned.
- b. Those organizations established by those who are engaged in the industry concerned.
- c. The organizations composed of those members mentioned in Section (a), the member organizations mentioned in Section (b), and the organizations composed of the organizations mentioned in Section (b).

Article 8. When the competent minister intends to establish a control society he shall order those who have the qualifications for membership, as provided in the preceding article, to organize a control society in accordance with the provisions of a Cabinet ordinance.

When there is an order from the competent minister to establish a control society in accordance with the provisions of the preceding paragraph, a general organization meeting should be called in accordance with the provisions of the Cabinet ordinance. After consideration of the Cabinet ordinance the meeting shall decide the statutes of the society and the other matters necessary to establish the control society. Then, approval of the society must be obtained from the competent minister.

Article 9. The following matters shall be written in the statute of the control society:

- a. Purpose.
- b. Title.
- c. Location of the office.
- d. Regulations concerning members.
- e. Regulations concerning officials.
- f. Regulations concerning meetings.
- g. Regulations concerning accounts.

Article 10. The existence of control society becomes effective when the approval mentioned in Paragraph 2, Article 8 is obtained, or when the statute of society is drawn up in accordance with the provisions of Paragraph 3, Article 18 of the National Mobilization Law.

The competent minister shall announce the purpose in establishing the control society and its statute when the approval mentioned in the preceding paragraph is obtained.

Article 11. When a control society is established all those who have the qualifications for membership are made the members of the control society.

Article 12. The following officials shall be appointed in a control society:

- a. President -- one
- b. Directors -- several
- c. Inspectors -- several
- d. Members of the Board of Trustees -- several

Two vice-presidents or less in addition to the officials mentioned in the preceding paragraph and one chief-director may be appointed in a control society depending on the statutes of the society.

Article 13. The president represents the control society. He controls and guides the industry concerned and manages all the affairs of the society.

The vice-presidents assist the president. The (first) vice-president, according to the sequence of the vice-presidents previously decided by the president, substitutes for the president when the latter cannot fulfill his duties. When the president's seat is vacant, the (first) vice-president performs the official duties of the president.

The chief-director assists the president and the vice-president and manages the affairs of the society. He substitutes for the president if the president and the vice-presidents are not able to fulfill their duties. He performs the official duties of the president if the seats of the president and vice-presidents are vacant.

The directors assist the president, the vice-presidents, and the chief-director, and they manage the affairs of the society accordingly. The (first) director, in accordance with the sequence of the directors previously arranged by the president, substitutes for the president in case the president, the vice-presidents, and the chief-director are not able to fulfill their duties. He performs the official duties of the president if the seats of the president, vice-presidents and the chief-director are vacant.

The inspectors investigate the financial conditions of the control society.

The members of the Board of Trustees give answers or their opinions to enquiries made by the president.

Article 14. The competent minister appoints the president of a society from among those who are nominated by the nominating committee.

The competent minister appoints members of the nominating committee from among those who have had experience with or have made special studies on the industry concerned.

The president appoints the vice-presidents, the chief-director, the directors, and the members of the Board of Trustees from those who have had experience with or have made special studies on the industry concerned.

Members of the Board of Trustees select the inspectors in accordance with the provisions of the cabinet ordinance. The appointments of the vice-presidents, the chief-director, and the directors have no effect unless the approval of the competent minister is obtained. When the competent minister has given the approval as provided for in the preceding paragraph and has made the appointments as provided for in paragraph 1, he shall make an announcement of the fact.

Article 15. The terms of the officials of the control society are as follows:

President	Three years
Vice-President	"
Chief-Director	"
Directors	"
Inspectors	Two years
Members of the Board of Trustees	Two years

The president may discharge the vice-presidents, the chief-director, and the directors, even during their terms of office, if he considers this act to be necessary.

The dismissal mentioned in the preceding paragraph has no effect unless the approval of the competent minister is obtained.

The competent minister shall announce the fact when he has given his approval.

Article 16. The president, the vice-presidents, the chief-director, and the directors shall not be engaged in other official duties or in commercial business. But an exception to the regulation may be made when the permission of the competent minister is obtained.

Article 17. The control society may give suggestions about the matters related to the industry to the ministers connected with the industry concerned.

Article 18. The control society may request from the members and organizers of the member organizations the submission of the necessary material for the investigation of certain facts concerning the industry concerned.

Those who are requested to submit certain material in accordance with the provisions of the preceding paragraph, must do so immediately.

Article 19. The control society may levy upon members assessments as provided for in the statutes of the society.

Article 20. When any other assessment is very necessary for the operation of the enterprise, depending on the provisions of the cabinet ordinance, the control society may levy such assessment, other than those already levied in accordance with the provisions of the preceding article. The control society may levy the assessment upon the entire body or a group of the members after the approval of the competent minister is obtained.

Article 21. The control society may levy fines, as provided in the statutes of the society, from those members who have violated the statutes or the controlling regulations.

Article 22. If there are people who fail to pay the assessments mentioned in Article 19 and 20, the municipality, town, or township may deal with the situation according to the regulations concerning the nonpayment of tax in that locality provided that the control society has made a request (to the authorities of the locality). In such a case the control society shall pay 4 percent of the amount collected (to the city, town, or township).

When there is no organized town or township, the corresponding (system) in the locality shall take the place of the town and township mentioned in the preceding paragraph.

The order of priority of claims for the assessments mentioned in the provisions of paragraph 1 is next to that of the municipality, town, or township tax or to the corresponding tax system. The time limitation of the payment of this levy shall be based upon the regulations governing the Chi-cho-son taxation in towns and townships.

Article 23. The control society shall establish the control regulations governing members and organizers of organizations having relations with enterprises belonging to the industry concerned.

Article 24. Revisions of the statutes and the establishment and revision of the control regulations shall not have effect until approved by the competent minister.

Article 25. The members and organizers of the member organizations of the control society must act in accordance with the control regulations.

Article 26. The control society may have the officials and other employees of the society investigate the business affairs, financial conditions, the account books, establishments, and other things of the members or of the organizers of the member organizations of the society if the society considers this act as necessary.

The members and organizers of the member organizations of the control society cannot reject or interfere or evade the investigations mentioned in the preceding paragraph.

When the control society has the officials and other employees of the society make the investigation according to the regulations of paragraph 1, the control society must provide the investigators with identification cards which shall certify their official positions.

Article 27. When the conduct of directors or managers and others who are in position to operate the business of the member corporations and of the corporations which organize the member organizations, is such as to fall under one of the following categories, and when they are considered to be interfering with the control and management of the industry concerned, the president of the control society of the industry concerned, may, with the approval of the competent minister, order the corporation to discharge officials. But, the chief director of a control association (Kumiai) which is a member of a control society is not subject (to this regulation).

- a. When the ordinance or the decisions based on the ordinance by an administrative government office are violated.
- b. When the public benefit is damaged.
- c. When the control regulations are violated.

Article 28. The president calls the regular general meeting of a control society once every year.

The president may call special general meetings any time when needed.

Article 29. The president makes the decision on the following matters after consultation at the general meeting:

- a. Alteration of the statutes of the society.
- b. Budget.
- c. The method of levying the assessment provided in Article 19 and 20.

Article 30. The president makes a report on the business, and he shall have the inspectors present the financial report of the control society.

Article 31. The government's administrative office may summon the control society, the members, or the organizers of the member organizations of the society to make their business reports whenever the office considers necessary; this office may have the officials (of the government administrative office) inspect the factories and other places. They may have the officials investigate the condition of the business, account books, documents, and other things according to the regulations of Article 31 of the National General Mobilization Law.

When the officials concerned (of the government office) are asked to make investigations and inspections, they must possess identification cards certifying their official position.

Article 32. The ministers connected with a control society may demand that the society investigate the business affairs of the industry concerned.

Article 33. The competent minister may demand that the control society operate a certain needed enterprise or alter the statute of the society or perform other necessary matters when he considers such acts necessary to control the operation of the industry concerned.

Article 34. The competent minister may give out the necessary orders to control society concerning the business and accounts of the society, and, in case of necessity, he may take over the management thereof.

The competent minister may have the inspectors make a report embodying the results of their investigation.

Article 35. The competent minister may discharge the president when the conduct of the latter violates the ordinances and decisions based on the ordinances or damages the public interest, and when he considers the president not fitted to control and manage the industry concerned.

The competent minister may discharge the vice-presidents, chief director, directors, inspectors, and the members of the Board of Trustees when the conduct of those men violates the ordinance or the decisions based on the ordinances, or when they damage the public interest.

The competent minister shall announce the fact when he has discharged the president, vice-presidents, chief-directors, or directors according to the regulations of the preceding paragraph.

Article 36. The control society may be dissolved by the order of the competent minister.

The competent minister must make an announcement of the fact when he has given the order mentioned in the preceding paragraph.

Chapter III

Control Associations (Kumiai)

Article 37. The control association should aim to control and manage the industry concerned in order to develop most effectively the entire economic power of the nation and to cooperate in carrying out the national plan for the industry concerned.

Article 38. The control association shall be organized by the various kinds of industry in a given district.

The district mentioned in the preceding paragraph, except in special cases, shall be determined in accordance with the divisions of local administration (to, fu, ken) or two or more divisions of the same.

Article 39. The control association shall undertake the following enterprises in order to accomplish its aim:

- a. Control and guide the production and distribution of the industry concerned in a district concerned; control and guide enterprises undertaken by the members of the association which belong to the industry concerned.
- b. Provide for the equipping of the industry concerned in a given district.
- c. Develop techniques, increase efficiency, reform the management and other activities of the institutions established by the members for the development of the enterprises belonging to the industry concerned.
- d. Invest and conduct research concerning the industry in the district.
- e. Inspect the enterprises undertaken by the members of the association.
- f. Undertake enterprises necessary to accomplish the purpose of the control association in addition to the functions mentioned in each preceding section.

Article 40. Those who are qualified for membership in the control association are as follows and may be appointed by the competent minister:

- a. Those who are engaged in the industry concerned in a given district.
- b. Those organizations composed of people who are engaged in the industry concerned in a given district.
- c. The organizations composed of the members and organizations mentioned in Sections (a) and (b), and the organizations composed of the organizations mentioned in the preceding section.

Article 41. When the competent minister intends to have a control association established, he shall order people who are qualified for membership in the control association in accordance with the provisions of the preceding article, to establish the association in a given locality in accordance with the provisions of the cabinet ordinance.

Article 42. The following matters shall be decided in the statutes of the control association:

- a. Purpose.
- b. Title.
- c. District.
- d. Location of the office.
- e. Regulations concerning the members of the association.

- f. Regulations concerning the enterprise and its operation.
- g. Regulations concerning officials.
- h. Regulations concerning meetings.
- i. Regulations concerning the treasury.

Article 43. The following officials shall be established in a control association:

Chief-director -- one
 Directors -- several
 Inspectors -- several
 Members of the Board
 of Trustees -- several

Two or fewer vice-chief-directors may be established in a control association, depending on the decision of the statutes of the association, in addition to the officials mentioned in the preceding paragraph.

Article 44. The chief-director represents the control association. He controls and guides the industry concerned and operates the business of the association.

The president of a control society appoints the chief-director of a control association which is under the jurisdiction of the former from among those who have had experience in or knowledge of the industry concerned. When the association has no connections with a control society, the competent minister shall appoint the chief-director of a control association from among those who have had experience in or knowledge of the industry concerned.

The chief-director chosen in accordance with the provisions of the first part of the preceding paragraph shall not assume office unless the approval of the competent minister has been obtained.

Article 45. The provisions of Paragraphs 2 and 4 to 6 of Article 13, and of Paragraphs 1 and 3 to 5 of Article 14 are to be applied to the vice-chief directors, directors, inspectors, and trustee members (of the control association).

Article 46. The terms of office of the officials of the control kumiai are as follows:

Chief-director	Three years
Vice chief-directors	"
Directors	"
Inspectors	Two years
Trustee members	"

The chief-director may discharge the vice-directors or directors of the association even during their terms of office if he considers this act necessary.

The dismissal mentioned in the preceding paragraph has no effect unless the approval of the competent minister has been obtained.

Article 47. The president of a control society may discharge the chief-director of a control association when the latter's conduct violates the ordinances or the decisions made by the administrative government in accordance with the ordinance, or when the chief-director is considered unfit for the control and management of the industry concerned.

The dismissal mentioned in the preceding paragraph has no effect unless the approval of the competent minister has been obtained.

Article 48. The control association may convene a general meeting of representatives in accordance with the provisions of the association; this meeting to take the place of the general meeting.

Articles 28 and 29 are to be applied to the general meeting of the representatives mentioned in the preceding paragraph.

Article 49. The control association is required to register according to the provisions of the cabinet decree.

The items which should be registered according to the provisions of the preceding paragraph, may not be applied to a third party unless these have been registered.

Article 50. The regulations of Paragraph 2 of Article 8, of Articles 10, 11, 17 to 26 and 28 to 34, of Paragraph 1 and 2 of Article 35 and also Paragraph 1 of Article 36 are to be applied to the control association. An administrative office of the government shall take the place of the above mentioned competent minister and the ministers connected (with the industry concerned). Exceptions are to be made in the provisions of Paragraph 2 of Article 10 and Paragraph 1 of Article 36.

Chapter IV

Miscellaneous Regulations

Article 51. When enquiries, reports, inspections, investigations, and orders concerned are of military importance, the Army or Navy Minister will take the place of the ministers connected with the industry concerned or the administrative government office and the competent minister mentioned in Paragraph 2 of Article 17, Paragraph 1 of Article 31, Article 32 (including the preceding articles to which the mentioned provisions are applied) and Article 33 (including the preceding articles to which Article 33 is applied, the same applying correspondingly to this article and Article 52).

When the Army or the Navy Minister intends to give an order according to the regulations of Article 33 he must discuss the matter with the authorized minister of the control society or of the control association.

Article 52. If the authorized minister of a control society or of a control association intends to give an order under the provisions of Article 33 he shall confer with the minister of army or navy, if the order concerned should affect military matters.

Article 53. In Chosen, Taiwan, Karafuto, and in the South Sea Islands (hereinafter these referred to "Outer-Territories"), the Chosen governor-general, the Taiwan governor-general, and the heads of the Karafuto government office and of the South Sea Islands government office shall take the place of the competent minister, the ministers directly concerned with the enterprise, and the authorized ministers of the control societies or of the control associations mentioned in this ordinance.

In the case of a control society composed of members who fall under one of the categories of Article 7 and who live in Outer-Territories (other than Japan proper) and people who live in Japan proper, the Chosen governor-general, the Taiwan governor-general, and the heads of the Karafuto government office and of the South Sea Islands shall take the places of the competent minister, the ministers connected with the control societies concerned and the authorized ministers of the control society and the control association only if the cases are concerned with the Outer-Territories regardless of the provisions of preceding articles.

The terms "fu", "yu", and "men" (municipality, town, and township) in Chosen, the terms "shi", "ka", and "sho" (municipality, town, and township) in Taiwan, and the "South Sea Island districts" in the South Sea Islands replace the terms "shi", "cho", and "son" (municipality, towns, and village) mentioned in Article 22.

The national tax in Chosen, the taxes of shi, ka, and sho in Taiwan, and the district tax in the South Sea Islands take the place of the shi, cho, and son taxes mentioned in Article 22. In Chosen 5 percent replaces the 4 percent mentioned in Article 22. The do (province) in Chosen, the shu or cho (province) in Taiwan, and the administrative divisions in Karafuto and in the South Sea Islands take the place of the to, fu, and ken (of Japan) mentioned in Article 38.

Except in the case of control societies mentioned in Paragraph 2, the government-general decree in Chosen and Taiwan and the government office decree in Karafuto and in the South Sea Islands take the place of the cabinet decree (of Japan) mentioned in this ordinance.

Article 54. The competent minister shall confer with the governor-general of Chosen or Taiwan, or the heads of the Karafuto government office or of the South Sea Islands government office if he intends to make the following decisions with respect to control societies mentioned in Paragraph 2 of the preceding article:

- a. If the appointments are made according to the provisions of Article 7 or according to the provisions of Paragraph 1 and 2 of Article 14. The appointments made in accordance with the provisions of Article 7 apply only to those who fall under one of the sections of the same article and who live in Outer-Territories.
- b. Orders made in accordance with the provisions of Paragraph 1 of Article 8, Article 33, and Paragraph 1 of Article 36. But the orders which are given in accordance with the provisions of Article 33 to be applied only to the enterprises operated in the Outer-Territories by the members or the organizers of the member-organizations.
- c. Approval made in accordance with Paragraph 2 of Article 3, in Paragraph 5 of Article 14, Paragraph 3 of Article 15, Article 16, Article 20, Paragraph 1 of Article 24 and of Article 27. When approval is given as provided for in Article 20 it applies to the levying of fines on those members who have their main offices and their important branch offices in Outer-Territories. Approval shall be made as provided for under the provisions of Article 27 if the dismissal of the officials of corporation-members and the corporations which organize the organized members of the control associations have their main office and their important branch offices in Outer-Territories.
- d. Dismissal shall be in accordance with the provisions of paragraphs 1 and 2 of Article 35.

Article 55. The governor-generals of Chosen and of Taiwan and the heads of Karafuto government office and of the South Sea Islands government office shall confer with the competent minister when they intend to make decisions with respect to the following acts:

- a. Orders issued as provided for in Article 33 to a control society mentioned in Paragraph 2 of Article 53.
- b. Orders issued under the provisions of Article 41 for the establishment of a control association in connection with an industry concerned for which there is a control society as mentioned in Paragraph 2 of Article 53.
- c. Orders given, according to the provisions of Paragraph 1, Article 36 and Article 50, applying to a control association which is a member of a control society as mentioned in Paragraph 2, Article 53.

Article 56. In addition to the matters mentioned in this ordinance, the cabinet ordinance shall settle, whenever necessary, other problems and issues which shall arise with respect to control societies and control associations.

Supplementary Rule

This ordinance shall have effect from the first of September 1941.

TRANSFER OF ADMINISTRATIVE AUTHORITY LAW^{1/}

18 February 1942. Law No. 15

(Established in accordance with Article 18 of the National Total Mobilization Law)

Article 1. Transfer of the governmental authorities.

The Government transfers to the Iron and Steel Control Society, to the Coal Control Society and to other Control Societies (established on basis of the Major Industries Organization Ordinance) National Policy Companies (Kokusaku Kaisha), to Corporations (Eidan) and to other public organizations, governmental authorities of granting authorizations and permissions in relation to the provisions of the National Total Mobilization Law, Exports and Imports Temporary Management Law, and various laws and regulations, except the authorities which belong to the administrative policy of the Government. Matters concerning allocations of production and distribution, supply of materials, which are decided by imperial ordinances, are to be conducted by the Control Organizations.

Article 2. Guarantee for execution of authority and placing the official's responsibility.

For the purpose of safeguarding the authorities of the control organizations, they are considered as government agencies. Any violation of their orders is considered as a violation of the particular law or regulation upon which their order is based. The officials of the control organizations are considered as government officials, and any negligence of **their** duties is considered the same as a negligence of government officials.

Article 3. Necessary matters related to the performance of the governmental authorities by the Control Organizations will be decided by imperial ordinance.

Article 4. Date of enforcement will be decided by imperial ordinance.

^{1/} Source: Keizai Tosei-ho Nempo, January - March 1942, pp. 33 - 40

IMPERIAL ORDINANCE COVERING AMENDMENTS 1/
TO THE ESSENTIAL INDUSTRIAL ORGANIZATIONS LAW
(Juuyoo sangyoo dantai reichuu Kaisei Chokurei)

(Revision of 26 June 1945; promulgated 4 July 1945)

I. In Article one, after "control", add the words, "and the necessary administration for it."

II. In Article four, after the words, "to contrive for the carrying out of generalized control", add, "and to carry out the necessary administration for it."

III. In order to achieve their objective, the control societies will conduct the following tasks:

1. Participation in the Government planning regarding production and distribution in the industries concerned, the demand and supply of material, capital, and labor to be used in these industries, and in other Government planning regarding the industries concerned.
2. Guidance of control regarding production and distribution in the industries concerned; also guidance of control of enterprises affiliated with such industries which are run by (control society) members or organizations of such members.
3. Firm establishment and adjustment of the industries concerned.
4. Cooperative purchasing of materials needed by members or organizations of members in enterprises affiliated with the industries concerned.
5. Cooperative marketing of materials produced by such members or organizations in enterprises affiliated with the industries concerned.
6. Cooperative calculation of the profit and loss of affiliated enterprises.
7. The making of provisions for the protection of the enterprises affiliated with the industries concerned and for the welfare of the workers, and other necessary provisions pertaining to the operation of the industries concerned.
8. Inspection of the enterprises affiliated with the industries concerned and the auditing of their accounts.
9. Providing for the development of affiliated enterprises, by such means as the improvement of technique, increase in efficiency, unification of system, and reform in administration.
10. Investigation and research regarding the industries concerned.

^{1/} Source: Domei to GEA, 3 July 1945

11. Making plans other than contained in the above clauses which are deemed necessary in carrying out the objectives of the control societies in their control of the industries concerned.
- IV. Clause 6 in Article 14, and Clause 4 in Article 15 will be eliminated.
 - V. Clause 2, Article 22: By specification in the articles of association, the president of a control society may select a deputy (dairinin) who will have authority to carry out, in place of the president, all judicial or non-judicial matters in relation to the duties of the business office of the control society.
 - VI. A bona fide third party may not be opposed by application of the limitations placed on the authority of the deputy in the preceding clause.
 - VII. Clause 2, Article 27: If the president sees that any action detrimental to the common interest is being carried out by a corporate member of the control society of one of the industries involved, or by the secretary or auditor of a corporation made up of a group of members, or by a member who audits the conditions of the . . . assets, and if such action is found to be of especial hindrance in the enforcement of control, then, upon the authorization of the Minister concerned, the president can order the release of that person through the corporation concerned.
 - VIII. Clause 3 of Article 35, and Clause 2 of Article 36 will be eliminated.
 - IX. Clause 2, Article 26: It is necessary that the control societies carry out a registration as specified by these provisions.
 - X. By the stipulations of the previous clause, if the matters which should be registered are not those which . . . [word missing] after registration, this cannot be used against a bona fide third party.
 - XI. In Article 38, under "Article 27", add "part two of Article 27."
 - XII. In the principal part of Clause 3 in Article 41, change the words "or Article 27" to read, "Article 27 or part two of Article 27". Make the same change in the conditional clause of the same Article.

By-Laws: This ordinance will be enforced from the date of promulgation. As for the registration which the control societies must carry out within the definitions of the enforcement of this ordinance, this will be specified by a Cabinet ordinance.

APPENDIX Ic

ORGANIZATION OF THE PLANNING OFFICE AND PLANNING BOARD^{1/}

ORGANIZATION OF THE PLANNING OFFICE (KIKAKU-CHO)

Imperial Ordinance No. 192
Promulgated 14 May 1937

Article 1. The Planning Office, under the control of the Prime Minister, is responsible for various duties as follows:

- a. The Office, in accordance with the orders of the Prime Minister, will draft plans for important policies of the government, as well as for the control and adjustment of such policies, and will report its opinion thereof to the government.
- b. The Office will examine the plans of important policies submitted to the Cabinet Council by each Cabinet Minister, and pass them on to the Cabinet with its own opinion and recommendation.
- c. The Office will make necessary investigations about important national policies and the control and adjustment thereof.
- d. The Office will present its opinions on the coordination of the budgets for various national policies of importance.

When it is necessary for the smooth execution of the duties mentioned above, the Office may request the government departments concerned to give necessary data or explanations.

Article 2. The Office will have the following personnel:

- 1 President (Shinnin rank)
- 1 Vice-President (Chokunin rank)
- 1 Secretary attached to the President (Sonin rank)
- 20 Investigation Officers . . (Sonin. Five may be Chokunin rank)
- 3 Secretaries (Sonin rank)
- 15 Assistant Investigation Officers (Sonin rank)
- 2 Executive Clerks (Sonin rank)
- 40 Clerks (Hannin rank)

The President will be appointed by the Emperor from among the Cabinet Ministers. The Secretary to the President will be appointed from among the Sonin rank officers of the Office.

^{1/}

Source: Bisson, T. A. Aspects of Wartime Economic Control in Japan, IPR, January 1945.

Article 3. In addition to the investigation officers stated in the preceding article, the Cabinet may appoint a number of investigation officers from among the high officials (Chokunin or Sonin rank) of the various Cabinet departments. The appointment of these investigation officers can only be made with Imperial sanction.

Article 4. The Office has a number of Councillors who take part in proceedings of the Office when required.

These Councillors are appointed by the Cabinet from among the Chokunin rank officers of various government offices. The appointment of such Councillors is subject to Imperial approval. These Councillors continue to hold their posts in the Ministries or Departments from which appointed.

Article 5. The Office has a number of Councillors who are required to take part in all general proceedings of the Office.

The Councillors are appointed by the Cabinet from among men of ability and experience. The appointments of the Councillors are made with Imperial sanction.

The Councillors who previously held no official rank are treated as Chokunin rank officials from appointment. Others, however, will be treated in accordance with the official rank held at time of appointment.

The term for Councillors is two years. Under special circumstances, however, they may be relieved of their posts before the expiration of the office term.

Article 6. The Office may appoint committees for the investigation of special matters.

The members of these special committees are appointed by the Cabinet from among men of ability and experience with Imperial sanction.

The members of these special committees are relieved of their posts when the investigations of the matters in question are completed.

Article 7. The President is responsible for the control of the duties of the Office. He has control over all the staff members and is authorized to appoint or dismiss officials of Hannin rank at his own discretion.

Article 8. The Vice-President will assist the President in the execution of the duties of the Office. He is expected to have direct control of all the duties of the Office.

Article 9. The Secretary to the President will take part in the secret proceedings of the Office in accordance with the order of the President.

- Article 10. The investigation officers are responsible for the investigation of matters specified by their superiors, and are required to draft plans or examine and deliberate upon any matters in question, abiding by the orders of those above them.
- Article 11. The secretary is charged with various office duties in accordance with the orders of his superiors.
- Article 12. The assistant investigation officers will assist the investigation officers in the execution of their duties and will play their part in various duties pertaining to the drafting of plans and the examination of any matters in accordance with the orders of their superiors.
- Article 13. The executive clerks will engage in the disposal of various affairs of the office in accordance with the orders of their superiors.
- Article 14. The clerks will engage in the general affairs of the office in obedience to the commands of their superiors.

ORGANIZATION OF THE PLANNING BOARD (KINAKU-IN)

Imperial Ordinance No. 605
Promulgated 23 October 1937

- Article 1. The Planning Board is under the direct supervision of the Premier and is required to:
1. Draft plans relative to the expansion and operation of Japan's national strength in time of peace or war and present them to the Premier stating reasons therefor.
 2. Investigate important plans to be submitted to the Cabinet by the Ministers of various departments of the Government which have important bearing upon the expansion and operation of Japan's national strength in time of peace or war, and present them to the Cabinet through the Premier stating its opinion therefor.
 3. Present its opinion to the Cabinet through the Premier regarding the control of important budget items which have important bearing on the expansion and operation of Japan's national strength in time of peace or war.
 4. Exercise its efforts to adjust and coordinate the functions of the various government officers pertaining to the establishment and execution of the national mobilization program.

Regarding the execution of 4 above, the Planning Board is authorized to request the government offices concerned to present necessary data or to give required explanations.

Article 2. The Planning Board has the following personnel:

- 1 President (Shinnin rank)
- 1 Vice-President (Chokunin rank)
- 6 Chiefs of Departments (Chokunin rank)
- 1 Secretary to the President (Sonin rank)
- 17 Secretaries (Sonin rank)
- 14 Investigation Officials (Sonin rank)
- 6 Junior Secretaries (Sonin rank)
- 2 Assistant Secretaries (Sonin rank)
- 4 Specialist and Technical Experts (Sonin rank)
- 57 Clerks (Hannin rank)
- 7 Specialists and Technical Experts (Hannin rank)

In addition to the regular members of the personnel stated in the preceding paragraph, a number of junior secretaries may be appointed from among the officials of Sonin or higher rank of various government offices concerned, through the recommendation of the Premier.

Article 3. The Planning Board consists of President's Secretariat and six departments (or sections): General Affairs, Civil, Financial, Economic, Communications, and Investigation Sections. The distribution of business among the Secretariat and various departments is done by the Premier.

Article 4. The Planning Board has a number of Councillors, who are to participate in the important affairs of the Board. The Councillors are appointed by the Cabinet, through the recommendation of the Premier.

Article 5. The Planning Board may appoint a commission or commissions in order to conduct required investigation of special matters.

The members of such a commission or commissions are appointed by the Cabinet, through the recommendation of the Premier, from among the men of suitable caliber.

When the investigation of special subjects is completed the members of the commission concerned will be relieved of their responsibilities.

Article 6. The President will supervise the important affairs of the Board and the personnel under his control, and he will have charge of the appointment or dismissal of officials of Hannin rank.

Article 7. The Vice-President will take care of the important affairs of the Board, assisting the President in executing the latter's duties.

Article 8. The chiefs of departments will have charge of the affairs of their respective departments, under the order of their superiors.

Article 9. The Secretary to the President will have charge of confidential matters considered by the Board in accordance with the orders of the President.

Article 10. The secretaries will take care of the general affairs of the Board in accordance with the orders of their superiors.

Article 12. The investigation officers will execute their duties pertaining to the investigation of certain subjects, drafting of plans relative to such matters, deliberation on plans referred to them for study, etc., under the order of their superiors.

Article 12 - 16. [These articles concern the duties of junior members of the Board and are omitted.]

Additional Rules:

- a. The present regulations will go into effect from the day of their promulgation (23 October 1937)
- b. The organizations of the Kikaku-cho (former Planning Office) and the Cabinet Resources Bureau have been abolished.

Appendix Id

ORDINANCE FOR EXTRAORDINARY WARTIME AUTHORITY TO ACT^{1/}

17 March 1943

Article 1. In the event of special necessity arising in connection with the expansion of production of key war materials such as iron, steel, coal, light metals, shipping, and airplanes in the conduct of the War of Greater East Asia, the Premier may give (directions) as he may deem necessary.

Article 2. In the event of particular necessity arising regarding the expansion of production of materials mentioned in the preceding article in the conduct of the War of Greater East Asia, the Premier may execute part of the duties of a State Minister concerning labor, material, motive power, and capital or instruct other statesmen to execute these duties.

Article 3. In prosecution of the War of Greater East Asia, in the event of a particular necessity arising in connection with the expansion of production of war materials as specified in Article 1 of this Act (and) proscribed in Article 2, the Premier may assume the duties of an administrative officer or of an official concerned with labor, materials, motive power, and capital or instruct officials of another administrative office to assume these duties.

^{1/} Source: Bisson, T. A., Aspects of Wartime Economic Control in Japan, IFR, January 1945

- Article 4. If necessary, as in the case of the preceding two articles, the Premier may instruct officials of one administrative office to work temporarily in the office of another administrator.
- Article 5. In the circumstances prescribed in Articles 2 and 3, should there be any occasion to apply penalties relative to duties [of one administrative official] doing work of another administrative office temporarily at the instruction of the Premier, such an administrative official [shall be under the direct jurisdiction of the Premier.]
- Article 6. All questions in connection with the enforcement of this act shall be decided by the Premier. This act shall come into force from the day of its promulgation.

Appendix Ie

THE CABINET ADVISORY COUNCIL^{1/}REGULATIONS GOVERNING THE ADVISORY COUNCIL

17 March 1945

- Article 1. A number of advisers within the Cabinet shall temporarily be appointed for the purpose of participating in the Premier's conduct of administrative affairs with regard to expansion of wartime production and execution of the wartime economy of the nation necessary for the successful prosecution of the War of Greater East Asia. The Cabinet Advisers shall be appointed by Imperial Order from among experts of high caliber.
- Article 2. The Cabinet Advisers shall be accorded treatment of Shinnin rank or (that of) Imperial appointment.
- Article 3. The Premier is hereby empowered to instruct officials within the Cabinet and also officials working within the Cabinet by virtue of Article 4 of the Extraordinary Wartime Administration Power Act to assist the Cabinet Advisers Council.

MEMBERS OF THE CABINET ADVISORY COUNCIL (Naikaku Komon)(Advisers with Shinnin rank)

Yoshisuko AIKAWA

Taketora OGATA

Ryozo ASANO

Gen. Sanenobu ONO

Aiichiro FUJIYAMA

Sotsuzo SAWADA

^{1/} Sources: FCC Radio Report on the Far East, W073; Special Report, Who's Who in Japan, 25 May 1945.

Viscount Takamasa HACHIJO

Yoshiaki HATTA

Masaji INOUE

Chuzo IWATA

Kotaro SENGOKU

Juichi TSUSHIMA

Vice Adm. Saburo YASUMI
(retired)

Appendix If

REGULATIONS GOVERNING THE WARTIME ECONOMIC COUNCIL^{1/}

- Article 1. The Wartime Economic Council shall be established within the Cabinet as a consultative organization of the Premier concerning the enforcement of the Extraordinary Wartime Administrative Power Act and operation of the wartime economy as well as the execution of other important policies of the Government.
- Article 2. The Wartime Economic Council shall be organized with a Chairman and a certain number of members. The Premier shall assume the post of Chairman. Members of the Wartime Economic Council shall comprise the State Ministers concerned and the Cabinet Advisers. State Ministers who shall be members or the Wartime Economic Council shall be nominated by the Premier.
- Article 3. The Council shall have Secretaries. The Secretaries of the Council shall comprise the Cabinet Chief Secretary, the President of the Planning Board, the Chief of the Military Affairs Bureau, and the Chief of the Naval Affairs Bureau.
- Article 4. (1) In order to insure the satisfactory functioning of the Administration during the War of Greater East Asia, the Administration shall be inspected and supervised from time to time.
- (2) The principal object of the system of inspection and supervision is to inspect and supervise the actual manner and conditions under which the Administration is conducted, especially in matters concerning the expansion of production and important policies of the Government.
- (3) In order to enforce this system, Administrative Supervisors shall be installed within the Cabinet. These Administrative Supervisors shall be appointed from among State Ministers and members of the Cabinet Advisory Council by Imperial Order.
- (4) Administrative supervision shall be subject to the supervision of the Premier.

^{1/} Source: Bisson, T. A. Aspects of Wartime Economic Control in Japan, IFR, January 1945

Article 5. All materials necessary for the functioning of the Wartime Economic Council shall be decided upon by the Premier.

The general work of the Wartime Economic Council shall be attended by the Cabinet Chief Secretary.

Appendix Ig

THE MUNITIONS MINISTRY (GUNJU-SHO) PERSONNEL^{1/}

Minister:	Adm. TOYODA Teijiro
Vice Minister:	SHIINA Etsusaburo
Parliamentary Vice Minister:	FUDA Takeo
Parliamentary Councillor:	MIKI Takeo

Munitions Ministry Advisers

ARAI Shoji	Baron ITO Bunkichi
FURATA Shunnasuka	MATSUMOTO Kenjiro
Vice Adm. GODO Takuo	Viscount OKOCHI Matatoshi
GOKO Kiyoshi	OYA Atsushi
ISHIKAWA Ichiro	YAMAGUCHI Kisaburo

Bureaus

General Mobilization Bureau:
(Sodoin-Kyoku)
Electric Power (Denryoku) Bureau:
Fuel Bureau (Keuryo):
Coal Department:
Iron and Steel (Tekko) Bureau:
Mining or Non-ferrous Metals Bureau:
Chemicals (Karaku) Bureau:
Machinery (Kikai) Bureau:

Directors

SHIINA Etsusaburo
AKAGI Mitsuo
MIBA Keiichi
KITANO Shigeo
Rear Adm. MINAGAWA Tadayasu
Rear Adm. KUBOTA Yoshio
YAMADA Hidezo
HASHII Shin

Aircraft Ordnance Bureau General:
(Koku Heiki So-kyoku)

Lt. Gen. ENDO Saburo

Enterprise Adjustment H. A. (Gigyo Seibi Honibu)

Director:	SUENAGA Tadishi
Adviser:	MATSUURA Shiro

Wartime Construction Corporation (Seuji Kensatsu Dan)

President:	KATO Kyohei
Director:	KONDO Masao (NAITO) Seion SHIMIZU Yonosuke
Secretaries:	HAYASHI Yoneshichi (TO) SHIMADA Hitoshi YOSHIHARA Takaji
Trustee:	KASHIMA Morinosuke

^{1/} Source: FCC, Radio Report on the Far East #73, 25 May 1945.

Munitions Superintendence (Control) Offices (Gunju Kanri-bu)

Hokkaido District (Sapporo)	
Chief:	KUMIGAI Kenichi
Tohoku District (Sendai)	
Chief:	MURUYAMA Tsurukichi
Kanto - Shinetsu District (Tokyo)	
Chief:	Gen. NISHIO Tuzo
Vice Chief:	Vice Adm. OBITA (KOBATO) Aiki
Supervisor:	MURAYAMA Michio
Tokai - Hokuriku District (Nagoya)	
Chief:	OBATA Tadayoshi (Churyo)
Vice Chief:	Lt. Gen. SAKAGUSHI Yoshitaro
Kinki District (Osaka)	
Chief:	YASUI Eiji
Vice Chief:	Lt. Gen. OKAZAKI Seizaburo
Chugoku District (Hiroshima)	
Chief:	OTSUKI Koreyoshi (Isei)
Vice Chief:	Lt. Gen. HARA Tomio
Shikoku District (Takamatsu)	
Chief:	KIMURA Masaharu
Kyushu District (Fukuoka)	
Chief:	TOZUKA Kuichiro
Vice Chief:	Vice Adm. HOKODATE Kaneya

Appendix Iii

MUNITIONS COMPANY ACT

The principal terms of the Munitions Company Act (28 October 1943) are as follows:

1. Under this law, munitions companies shall be those companies that engage in enterprises necessary (to supply) arms, aircraft, warships, and other war materials, and shall mean those designated by the Government, and the scope of the enterprises in the preceding clause will be prescribed by order.
2. Munitions companies, heeding the demands of the State for increased fighting strength, shall conform to the plans of the Government and shall assume responsibility in the carrying out of enterprises pertaining to sufficiency in munitions.
3. With regard to munitions companies, as fixed by the orders (of the Government), bans and restrictions imposed by laws shall be cancelled, obligations shall be removed, and also special regulations may be enacted in connection with procedures for permits, and so forth.
4. The Government, under the stipulations of these main points, in cases when it is deemed necessary to issue orders or to take measures, may, under the provisions of the orders, guarantee assistance as well as profits to munitions companies.

5. Munitions companies must select a person responsible for production from among the officials of the country. When selection of a responsible person for production cannot be made, the Government may appoint a person, in which case the person appointed shall become an official of the company. The person responsible for production will represent the munitions company, and is appointed to the office for the carrying out of obligations of increasing fighting power.
6. The munitions company, without the approval of the Government, may not dismiss the person responsible for production who was selected by the Government. The Government will designate to the munitions companies time, plans, quantities, and other necessary matters, and may issue orders embracing the manufacture and repair of goods necessary for sufficient war materials.
7. The Government, according to the provisions of the orders, may issue orders to munitions companies or take measures for the establishment of new precautionary and . . . precautionary installations, or for the expansion and improvement of these installations, the acquisition, storage, and movement of basic materials, the improvement of technique, the supervision of (trade) and labor, and other matters necessary to carry out the enterprise.
8. The Government may issue orders necessary for cooperation between the munitions company and those connected with carrying out the operation of cooperating factories and subsidiary factories, and other enterprises which the munitions company conducts.
9. The Government, according to the provisions of the orders, may issue to munitions companies orders necessary in connection with the taking over or taking custody of enterprises, the clarification (of articles of trust), or changes in the articles of incorporation, the delegation, transfer, or discontinuing or suspension of operations, the transfer of equipment, or (patent rights) belonging to an enterprise.
10. The Government may restrict or ban the munitions company from engaging in operations other than those designated by the Government.
11. The Government, according to the provisions of the orders, may issue orders necessary in connection with the amalgamation or dissolution of munitions companies.
12. The Government, in accordance with the stipulations of the orders, may issue orders to munitions companies necessary to effect the adjustment and management of funds.
13. Persons responsible for production, or persons in charge of production in accordance with the provisions of the orders, have the right to recruit workers as provided by the National Mobilization Law.
14. The staff and employees of munitions companies will be under the orders of the person responsible for production, or the person in charge of production.
15. The Government may issue orders to munitions companies, or take necessary measures regarding supervision.
16. With regard to the business matters of munitions companies, the Government may gather reports, as well as inspect or examine them.

17. When the person responsible for production, or the person in charge of production, does not fulfill his responsibility, or when the staff and other employees of the munitions company do not obey the orders of the persons responsible for production, or the persons in charge of production, the Government, in accordance with the provision of the order, will find the means of imposing the necessary punishment.

18. Necessary penal regulations shall be enacted.

19. These main points may be applied to companies other than those engaged in the enterprises set forth in the first clause.

Excerpt, pages I-7 - I-78, inclusive