

27

CENTRAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Public Affairs Division

3 September 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Laws and Regulations Applying to Practice by Foreign Lawyers in Japan

GOVT SEC

1. An amendment to the Lawyer's Law (Article 7, Tab A) which became effective on 1 September stipulates procedures whereby foreign lawyers may be permitted to practice in Japan. Under terms of the amendment the Supreme Court is empowered to authorize (a) limited practice by foreign lawyers, and (b) unrestricted practice, including the right to appear in any Japanese court. The limiting provision would permit authorized foreign lawyers to perform only those matters "relating to a foreign national or laws of foreign countries." Those admitted to unrestricted practice would be required to have a "proper knowledge of Japanese law." The article also provides that any action by the Court to grant or to cancel the right to practice must be referred for "hearing" to the Japan Federation of Bar Associations, a provision which does not, however, empower the Federation to accept or reject applications.

2. The Supreme Court is empowered by the law to determine the conditions under which foreign lawyers may engage in limited or unrestricted practice. Although procedures have not yet been formally announced the Court is proposing creation of a five member Selection Committee with authority to "conduct the examination or selection" of foreign lawyers. (See Tab B.) The Court is also deliberating general rules governing application procedures. (See Tab C.) These rules state merely that approval will be accorded "those who have passed the examination". (Article 2.)

3. Alfred Oppler, chief of the Legislative and Justice Division, Legal Section, believes that the Selection Committee as it is eventually constituted will act on applications for limited practice in Japan without dependence on formal examinations. He considers it likely, however, that applicants for unrestricted status as lawyers will be required to pass some kind of written examination concerning Japanese law and judicial procedures.

4. In addition to the procedures referred to above SCAP has established procedures whereby foreign lawyers may be licensed to represent foreign concerns and United Nations nationals in Japan. Specific conditions under which any such SCAP-licensed lawyer may practice are stated in the authorization document issued by the Headquarters. (See Tab D.)

5. Any qualified non-Japanese lawyer may apply for a SCAP license through the Foreign Investment Board of ESS. About 12 lawyers have been licensed by SCAP and a number of applications are currently under consideration. At present the licensing procedures are reported to require about six weeks' time.

OSBORNE HAUGE
Chief, Public Affairs Division

49

31 August 1949

MEMORANDUM FOR THE RECORD

SUBJECT: G-2's Request to Work in SIB

1. G-2's request, made through Colonel Bratton, to work within the SIB was referred to General Whitney by Major Napier in the form of the attached memorandum.

2. General Whitney considered that integration of G-2 into the SIB would be very inappropriate, and so instructed Major Napier. Later, General Whitney discussed the matter informally with General MacArthur.

3. Thereafter, General Whitney's instruction to Major Napier was that:


a. It is highly inappropriate for G-2 to integrate itself with the SIB, and this will not be permitted;

b. No agency of SCAP should attempt to integrate itself with any agency of the Japanese Government;

c. Any information that G-2 desires from the files of the SIB should be requested through GS since GS is and will continue to be the only SCAP contact with the SIB; and

d. The chief of the SIB should be informed that his reporting channel is to GS and that he is under no obligation to furnish information outside this channel.

1 Incl .
Ref Memo re G-2 Request


Jack P. Napier
Maj AGD

Handwritten initials
JL
077

47

COPY

30 August 1949

MEMORANDUM FOR: Chief, Government Section

SUBJECT: Telephone Call from Col. R. S. Bratton

Colonel R. S. Bratton, Chief of Counter Intelligence Division, G-2, in a telephone conversation with Major Napier this forenoon requested that Major Napier present the following matters to General Whitney:

- a. That the existence in the Attorney General's Office of the Japanese Government of an organization which had considerable information concerning a large number of Japanese associations and organizations had recently come to the attention of G-2;
- b. That it was G-2's understanding that this information had not been analyzed to determine the real political color "red to light pink, etc." of each organization and its leaders;
- c. That General Willoughby considered such analysis of this information to be necessary in the interests of the Occupation, but did not want to direct the Attorney General to do it before coordinating the matter with Government Section;
- d. That G-2 had experts who would be put to work at the Attorney General's Office on the information available there in file and to be gathered by the Attorney General;
- e. That G-2 would also furnish the Attorney General's Office with certain critical items such as paper and office supplies used in this work;
- f. That the Japanese could gather this information and evaluate it much better than the GHQ organization, but that the Attorney General's Office needed the help of G-2, and GHQ needed all the information that could be gathered on these associations and societies; and
- g. That of course the Japanese should not do thought control work, but that this was 1949--not 1945 and the orientation of the Occupation had changed.

Jack P. Napier
Maj AGD

COPY

Anal 1

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 August 1949

MEMORANDUM FOR MR. HAUGE

SUBJECT: CTS Proposal for Division of Hokkaido into Three
New Prefectures

1. The problem of proper planning for Hokkaido warrants careful study. Being Japan's sole undeveloped area, it is consequently the only large potential source for increased indigenous supply of food and industrial raw materials. As such it has invited comment from all policy planners for Japan. There are those who would discontinue all outside financial aid, since the Japanese have failed to solve the basic overpopulation problem by settling 25 to 30 million persons in Hokkaido. Other experts see in any rational development of the island colossal results which would solve practically all pressing economic problems. Disregarding exaggerations, there are certain but limited benefits to be obtained from intelligent exploitation of the area, and these should now be sought after more actively by the Japanese Government with whatever aid and counsel SCAP can supply.
2. Historically, separatist sentiments in Hokkaido go back well before the war. Although never on the scale of a serious popular movement, they were indications both of a frontier temper in the inhabitants and a resentment toward the Japanese Government for real or fancied neglect of the area during its former status as a territory. While it is still treated somewhat differently from the rest of Japan and has the denomination of "do" rather than "kan", for most practical purposes Hokkaido is now on the same footing as other prefectures. A local Communist party platform for establishing a Republic of Hokkaido was not taken seriously by the general public.
3. Proposals for dividing the area into several prefectures are not new and, before the Occupation, represented a possible method for breaking away from territorial status. One argument advanced for such division, the benefit of increased physical and administrative convenience to result from bringing remote sections nearer to the capital, overlooks the fact that the island is now administered through 14 branch offices which bring people as close in time to a responsible seat of government as existing transportation and communications permit. The financial saving is questionable. Three new prefectures would need to set up similar branch offices to maintain comparable functions, and would add the expense of two additional legislative and top level administrative groups, without necessarily increasing the quality of services rendered.
4. Up to the present there may have been a technical, fiscal advantage of dividing Hokkaido. Under existing tax formulae, three separate prefectures would have obtained a somewhat larger share of national revenue than is now received by the whole island. However, implementation of the Shoup Plan by

realistic appraisal and satisfaction of local financial needs promises through tax reform to give more substantial, well-directed aid to the local government and consequently the whole community than could have resulted from a small increase in national grants attended by the confusion of political division.

5. Development of Hokkaido most frequently is pictured in terms of a greatly increased population. If such immigration settles on existing agricultural land, a net decrease in food exports to the other three main islands of Japan, will result. Opening of new land, establishment of industries to utilize indigenous raw materials from forests, mines, and fisheries, and the building of cities will require introduction of large amounts of outside capital, which must precede, not follow, a great influx of people. Government-sponsored financial development in terms of large, long term public works projects will be more efficiently administered if the island remains under a single administration. NRS should be consulted on these aspects of the problem.

6. Whether Hokkaido should be broken up is not primarily a SCAP concern. As well as can be determined, the Japanese Government does not favor dividing Hokkaido into three new prefectures. In view of future improvement in transportation and communications throughout Japan, the trend will be, if any boundary changes are made, to consolidate existing prefectures for reasons of economy and efficiency of administration.

7. It is recommended that no action be taken toward change of political boundaries in Hokkaido. However, future consideration should be given toward methods for realizing Hokkaido's potential economic capacity in the course of implementation of the Shoup Plan.

8. The following is a draft reply to General Fox's note:

"1. Division of Hokkaido into three prefectures would not necessarily result in either increased economy or efficiency of local government. Unrest among the inhabitants stems back to former financial and political neglect by the Japanese Government when the area had territorial status. For most practical purposes Hokkaido is now on an equal footing with other prefectures.

"2. The present problem in Hokkaido is basically an economic one. NRS undoubtedly can furnish expert guidance on long term plans for development of local resources, which would appear to be a prerequisite to any substantial increase in population or in productivity of the area.

"3. In the immediate future it may be expected that the economy of Hokkaido will receive most beneficial stimulation through implementation of the tax reforms suggested by Dr. Shoup. The receipt of adequate revenue to maintain local government services such as schools and police, enlargement of limits on local borrowing for capital improvements, and a rationalization of the methods for allocation of central government aid to long term reclamation and development projects will undoubtedly be reflected in an all around improvement in the lot of the inhabitants of the area and encourage the introduction of badly-needed private capital and voluntary migration of people from the other three islands."

NICKOLAS COTTRELL
Chief, Local Government Branch

GOVERNMENT SECTION
CIVIL SERVICE DIVISION

Admin

30 August 1949

MEMORANDUM FOR: Major J. P. Napier, Executive Officer, Government Section
SUBJECT : Government Transportation--Memorandum of 27 August 1949
from Major Wayne G. Mann to Miss J. Baker, GS

1. Your attention is invited to the attached memorandum dated 27 August 1949 on the subject, "Government Transportation", which was addressed by Major Wayne G. Mann to Miss J. Baker, GS. This memorandum indicates that Miss Baker secured a recreation jeep on 24 August 1949 and retained the vehicle 37 minutes overtime.
2. A check with Miss Baker brings to light the following information: As a member of the Civil Service Division she did not have Wednesday afternoon off and, therefore, was at her place of work until 1700 on 24 August 1949. Further, Miss Baker states that she did not leave her billet on 24 August following her return from work, and that she did not have a recreation vehicle from the motor pool.
3. In view of the fact that abuse of the privilege of using recreation vehicles under Staff Memorandum 32, SCAP and FEC, 27 March 1947, may possibly be maintained as a mark against her record, if and when she has future use for recreation vehicles, and thus cause her to be denied this privilege, it is requested that Major Mann be advised of the error in his records and requested that such error be corrected in favor of Miss Baker. A check of the telephone directory indicates that there are four J. Bakers and three Bakers with J. as a first initial plus another initial; therefore, it is perfectly possible, as has evidently happened, that some other individual with the same first initial and last name is responsible.

W. PIERCE MacGOY
Deputy Chief
Civil Service Division

WPM:jb
Attachment

My signature is submitted below:

J. Baker
J. Baker

154

M

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Public Administration Division

30 August 1949

MEMORANDUM FOR MAJOR NAPIER

SUBJECT: Kotobukiya Whiskey Company

1. The Osaka office of the National Taxation Bureau transferred the case of the Kotobuki Whiskey Company to the Procurator's Office for prosecution on 2 July 1949, alleging corporation tax evasion for the year 1947-8.
2. The company reported an income of 5,561,065.00 yen and paid corporation tax amounting to 2,115,910.00 yen. Actual income was determined to have been 25,194,455.00 yen on which an additional 13,665,243.00 yen should have been paid.
3. Charges were drawn against the Kotobukiya Company; TORII Shinjiro, head of the firm; OKAWA Nobuo, chief of general affairs; and SAKUDA Kozo, an assistant to OKAWA. After investigation, only the company itself and OKAWA were indicted. They were charged with violation of Articles 48 and 51 of the Corporation Tax Law (Law No. 28, 1947). The penalty demanded by the Procurator's Office was a fine of 30,000,000.00 yen against the company and one year's confinement for OKAWA.
4. On 27 August 1949, the District Court of Osaka found them guilty of the charge and fined the Kotobukiya Company 30,000,000.00 yen. OKAWA was sentenced to eight months' confinement with execution suspended for a period of three years.
5. No appeal has been made. The above information was furnished by UENO Hiroshi, Economic Section No. 2, Attorney General's Office, in charge of prosecution.

J. D. M.
J. D. M.

153

\$1,490,000 is appropriated for the
Purchase of newspapers, magazines
books etc, under project 162.

C D + E has no complete record of
the purchases. But roughly 800
subscriptions have been placed for
the Tokyo area. = Records are in
Washington only.

DM

RECEIVED TO CONSTRUCTION LIBRARY USE BY OTHER AGEN

FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D. C.

Publications

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Public Administration Division

22 August 1949

MEMORANDUM FOR MAJOR NAPIER

SUBJECT: Newspapers and Periodicals in Government Section Library

1. For the library, Government Section has subscribed to four newspapers to be received by airmail; 18 newspapers, 15 periodicals, and the Congressional Record to be received by regular mail.
2. The Department of the Army (per radio WAR 80491) advised Government Section that \$1,800 would cover cost of the above and proposed charging it to Project 162. Mr. H. P. Black, GARIOA, concurred in the expenditure, and General Whitney radioed approval on 7 December 1948.
3. These publications are kept in Government Section library, available to the Office of the C-in-C, Chief of Staff, and various SCAP Sections. Final disposition of them is to the Diet Library where they become part of a permanent file.
4. The list of publications and the Quartermaster contract price of each is attached.

J. D. M.
J. D. M.

1 Incl:
List of Publications
w/QM contract price

131

NEWSPAPERS (Via Air Mail)Q. 1 Contract Price

1. Chicago Tribune	\$344.05	
2. Christian Science Monitor	93.20	
3. New York Times	393.70	
4. Washington Post	504.00	
TOTAL (4 Newspapers)		\$1,334.95

NEWSPAPERS (Via Surface Mail)

5. Albany Times - Union	19.50	
6. Atlanta Journal	18.20	
7. Baltimore Sun	15.00	
8. Boston Globe	21.00	
9. Cincinnati Enquirer	22.80	
10. Denver Post	18.00	
11. Houston Chronicle	21.60	
12. Los Angeles Times	26.40	
13. Milwaukee Journal	23.30	
14. Minneapolis Tribune	23.40	
15. New York Herald Tribune	22.00	
16. New York World Telegram	15.00	
17. Philadelphia Bulletin	19.00	
18. Richmond Times - Dispatch	17.00	
19. St. Louis Post Dispatch	22.50	
20. San Francisco Chronicle	25.00	
21. Seattle Post - Intelligencer	27.00	
22. Wall Street Journal	20.00	
TOTAL (18 Newspapers)		376.70

PERIODICALS (Via Surface Mail)

23. Atlantic Monthly	4.50	
24. Business Week	5.70	
25. Colliers	4.00	
26. Far Eastern Survey	5.00	
27. Foreign Affairs	4.50	
28. Fortune	9.00	
29. Harpers	4.35	
30. Newsweek	3.25	
31. Pacific Affairs	3.60	
32. Pathfinder	1.50	
33. Saturday Evening Post	4.90	
34. Survey Graphic	4.75	
35. Time	11.00	
36. U. N. Bulletin	2.90	
37. U. S. Dept. of State Bulletin	5.00	
38. U. S. Dept. of State Documents and State Papers	3.00	
39. U. S. News and World Report	4.00	
TOTAL (17 Periodicals)		80.95

TOTAL ESTIMATED COST

\$1,792.60

Incl #1

Memos to Sec Chiefs
Index to Purge

18 August 1949

Purge

MEMORANDUM FOR: Major Napier

SUBJECT : G-2 Request Investigation by SIB

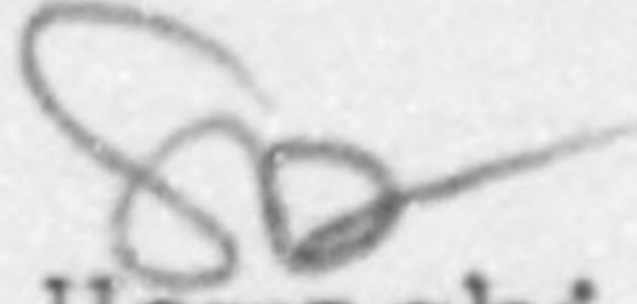
1. On 17 August Mr. Yoshikawa, SIB informed the undersigned that he had been requested by G-2 to conduct an investigation on certain "Japanese subversive organizations". Concerning the above request Yoshikawa asked if it were within the jurisdiction of SIB to conduct such an investigation.
2. Mr. Yoshikawa was advised by Major Napier in the following points:
 - a. SIB is a Japanese Government agency specifically assigned the task of administering SCAPIN 548 and 550, i.e. control of organizations and observation of purgees. This agency will not conduct "thought control" activities in the old sense. ✓
 - b. SIB should give full cooperation to all SCAP and GHQ Sections by submitting all information available within its files. ✓
 - c. If a request is made to SIB by any SCAP or GHQ Section involving an investigation outside its jurisdiction wholehearted cooperation should be given insofar as time and available investigative machinery permit. ✓
3. At approximately 1130 hrs., 17 August Yoshikawa was called on to confer with Col. Smith, G-2 and was ordered by latter to obtain the following information.
 - a. Pertinent facts concerning Minshu Shugi Yogo Domei, Jimmin Kaiho Tomonokai and Fujin Minshu Club.
 - b. Personal history of MATSUOKA, Yoko, her recent activities and political ideology.
 - c. Have complete information by 1700 this date.
4. Yoshikawa gave following reply to above query:
 - a. SIB desires to give full cooperation to G-2 in any request; however, SIB has been assigned the mission of administering provisions of SCAPIN 548 and 550. The subject of thought investigation in general does not fall within its jurisdiction.
 - b. Yoshikawa did not believe the above organizations had registered under the Organizational Control Order; however, he would check the SIB files.
 - c. It would be impossible to complete investigation by 1700 hrs. with personnel and investigative machinery available to SIB.

149a

d. The investigation of MATSUOKA would be one of individual ideology of police type and SIB would have to have proper GHQ authorization to conduct such an investigation.

5. It was agreed by Col. Smith and Yoshikawa that the latter would have all available information ready by 1330 hrs. this date and the matter of proper authorization would be considered by G-2.

6. At 1320 hrs. Mr. Yoshikawa received a telephone call from Mr. Tsuchiya, Japanese Liaison Section, stating that Mr. Shimonouchi would pick up the available information from SIB at approximately 1330 hrs. Mr. Shimonouchi arrived at SIB and took away the information as per foregoing telephone conversation.


S. Hayashi

Statistics and Review Branch

14-00000

Flag Display

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

17 August 1949

MEMORANDUM FOR THE RECORD:

On 16 August 1949 a representative of the Japanese Liaison Bureau asked whether it was permissible to display the American flag and to play the American national anthem at a Japanese social function where the Japanese flag and national anthem would also be used. The question was raised in connection with a proposed home-coming party to the members of the Japanese swimming team when it returns to Japan from the United States about 3 September 1949, to be tendered by the Swimming Federation, the Amateur Athletic Association, the Olympic Federation and the Japan American Club, all of which are Japanese organizations.

In reply to this question the Supreme Commander has stated that the Japanese are, of course, at liberty to display the American flag and to play the American national anthem as a sign of friendship and respect, and further that he would prescribe no set regulation or protocol in the matter, leaving it to the good sense and discretion of the Japanese to treat these symbols with the proper regard.

/s/Courtney Whitney
/t/COURTNEY WHITNEY
Brigadier General, U. S. Army,
Chief, Government Section.

46

11 August 1949

MEMORANDUM FOR: Major Napier

SUBJECT: Article appearing in the Shinso (Truth) Magazine,
Concerning the Appeal Board

1. That Yoshida made statements to the effect that there was going to be a large-scale clearance of purgees during his stumping tour in the last election, is clearly evidenced by an article which appeared in the Mainichi Shimbun dated 11 Jan 49 which reads:

"Premier Yoshida disclosed yesterday that the Government was contemplating a large-scale clearance of purgees in political, financial and local government circles, especially those who had been purged simply because they held posts of town and village chiefs during the war. The disclosure was made in a press interview on a train carrying the Premier from Okayama to Kochi during an election campaign.

"He further revealed that the Government has organized a screening appeal commission. BABA TSUNEGO, FURUSHIMA KAZUO AND ITAKURA TAKUZO have been chosen to nominate a chairman for the commission, the Premier said. 'The Government wants to release immediately from purge those who held the posts of village and town chiefs during the war and who are capable of contributing to the sound, healthy growth of local government,' the Premier said. The Government will at the same time consider the release of persons in political circles who have been purged because of nominal involvement in purge clauses, it was said."

This statement by Yoshida was given prominent newspaper coverage in Japan and created wishful thinking and hope for reinstatement from the purge.

2. Drafts of ordinances necessary for the establishment of the appeal committee (second appeal board) were prepared by Attorney General Ueda and the members informally nominated were:

- NAKADA Kaoru (Member of the Japan Academy) (See Tab 1)
- KITAZAWA Shinjiro (Professor of Waseda University) (See Tab 2)
- WATANABE Tetsuzo (President of the Toho Motion Picture Company)
(See Tab 3)
- AKIYAMA Konosuke (Member of the Administrative Reform Committee)
(See Tab 4)
- AOKI Kinichi (President of the Shinagawa White Brick Company)
(See Tab 5)
- TANIMURA Tadaichiro (Former Attorney General) (See Tab 6)
- KOJIMA Yoshio (Lawyer belonging to the Tokyo Bar Association)
(See Tab 7)

148

Memo for Major Napier (cont.)

3. Then on 8 February 1949, the Public Office Qualifications Appeal Board consisting of seven members "from qualified men of standing and experience" was formally established by Cabinet Order No. 39. NAKADA Kaoru, who was informally nominated as a member of this Appeal Board, declined his nomination. The reason that he declined nomination was probably due to his advanced age, as he is at least 72 years old.

Deleting NAKADA's name, the remaining six persons with the addition of another person, KOBAYASHI Yoshio, were officially named members of the Appeal Board by said Cabinet Order. (See Tab 32)

4. After the official establishment of the Appeal Board, its members conferred with General Whitney. (See Memorandum for Record dated 11 March 1949, subject: "Conference Between General Whitney and Public Office Qualification Appeals Commission".)

Substantial portion of this Memorandum reads:

"General Whitney told the Commission that the Purge Directive was issued to the Japanese Government, not as a punitive measure, but in an earnest effort to benefit and improve political, social and economic conditions for the Japanese people by providing an opportunity for new and democratic leadership. He emphatically declared that in spite of rumors and counter-rumors, there is no alteration of purge policy by the FEC either at hand or contemplated. Moreover, General Whitney stated that if the question of alleviation of the terms of the Purge were brought before the FEC at this time, such a proposal would not only fail to be adopted but incident discussion might even result in further tightening of purge provisions.

"The General, in referring to the work before the Appeal Commission advised strict adherence to the terms of the purge ordinances and cautioned against attempts which would be made by selfish interests to bring special benefits to individuals in spite of provisions of the Directive to the contrary. He reminded the Commission that the Supreme Commander's desire for justice in administration of the purge, as in all other matters, would insure equity for all persons. General Whitney added that if any instances of gross injustice or erroneous designation existed, and he assumed that there might be some such cases, then the Commission should by all means remedy such inequalities in accordance with procedures made precedent by earlier appeal bodies."

5. Because of campaign promises recklessly made and the wishful thinking of affected individuals, in addition to rather confusing reports from the United States, purged persons of all categories have presented appeals in great numbers on the premise that the Board would examine the structure of the legislation implementing the Purge as well

Memo for Major Napier (cont.)

as individual injustice under the present implementation. By 31 May 1949, some 31,266 purgees filed their appeals with the Appeal Board.

6. After the overwhelming victory of the Democratic Liberal Party in the January election gaining majority seats in the Diet, and while Yoshida was deliberating on the choice of Ministers for his Cabinet, according to the Jiji Press dated February 5, 1949, well-informed Democratic Liberal sources revealed that Yoshida had plans for enlisting the service of a purgee for the post of Finance Minister. Among the purged financial leaders who were believed to be considered were:

MUKAI Tadaharu - former chairman of the board of directors, Mitsui Holding Company. (See Tab 8)

KANO Hisaakira - former director of the Yokohama Specie Bank. (See Tab 9)

TSUSHIMA Juichi - One time Finance Minister. (See Tab 10)

YANAGITA Seijiro - Ex-vice Governor of the Bank of Japan. (See Tab 11)

Newspapers from that date to just very recently never failed to publish articles contending that Premier Yoshida was negotiating to obtain the release of above individuals in addition to others, on the argument that services of these individuals were in dire need to aid in the recovery of economic stability.

7. During the selection of new members for the Bank of Japan, Policy Committee (Tokyo Shimbun dated 9 May 1949), names of two purgees appeared as possible candidates. These two were:

KANO Hisaakira

YAMAMURO Sobun - Former president of the Mitsubishi Trust Company (See Tab 12)

8. This wishful thinking that purgees were going to be re-instated because their services were needed in the economic reconstruction was relentlessly put forth and argued by certain quarters in the political world.

The Yomiuri Shimbun, dated 13 May 1949, carried some new names of purged individuals who were needed for economic reconstruction of Japan. Said newspaper stated in substance:

"It is stated in well-informed quarters that half of the 450 completed cases of Appeal Board, will be reinstated. It can be believed that due to the necessity of use of service of qualified financial experts in the economic reconstruction of Japan, contemplation for revising the interpretation of the scope of purge is expected.

Memo for Major Napier (cont.)

"Of those expected to be released from the purge are:

MUKAI Tadaharu - Former President of the Mitsui Company, Main Office
GOTO Keita - Former President of the Tokyo Railway Express Co. (See Tab 13)
IWASAKI Hikoyata - Former Vice-President of Mitsubishi Co. (See Tab 14)
MURATA Shozo - Former President of the Osaka Steamship Co. (See Tab 15)
KANO Hisakira - Former Director of Yokohama Specie Bank.
KAWAKAMI Jotaro - Former Socialist Party Member. (See Tab 16)"

At one time or another, the Yoshida Government requested the release of these individuals from the purge, but obviously such request could not be granted.

9. The Appeal Board to the present date has not yet deliberated on the appeals submitted by economic purgees or leading figures in the political world. In June 1949, the Appeal Board submitted a plan for revised criteria in judging the appeals of the economic purgees. The arguments set forth in this plan were not convincing. (See Memorandum for Major Napier dated 31 June 1949, subject: Review of Paper on "Examination of Appeals from Purgees in Economic Circles.")

10. Names of other individuals not already mentioned above which appeared in the Shinso article as being pushed by the Yoshida Government for reinstatement from the Purge are:

TAKASAKI Tatsunosuke -- Former president of Manchuria Heavy Industry (See Tab 17)
ASANO Ryozo - Formerly director of Asano Central Company. (See Tab 18)
FUJIYAMA Aichiro - Formerly director of Formosan Development Co. (See Tab 19)
NISHIYAMA Tsutomu (Ben) - Formerly president of Central Bank of Manchukuo (See Tab 20)
OYACHI Noboru - Formerly chief of London Branch, Mitsui Branch. (See Tab 21)
SUZUKI Sakaye - Formerly president of the Tokyo Marine Insurance Company (See Tab 22)
KOBAYASHI Ichizo - Former Commerce & Industry Minister (See Tab 23)
ISHII Mitsujiro - Former secretary and councillor of Taiwan Government (See Tab 24)
OBAMA Toshie (Ritoku) - Former director and managing editor of Domestic & Foreign Commerce Reporter (See Tab 25)
ISHIDA Reisuke - Former standing director of Mitsui Trading Co. (See Tab 26)
MIWA Juso - Formerly director of Liaison Bureau of IRAA (See Tab 27)

Memo for Major Napier (cont.)

KAMEI Kanichiro - Formerly lecturer at Keio University.
(See Tab 28)
KONO Mitsu - Former director of the Imperial Rule Assistance
Political Society. (See Tab 29)
SUGIYAMA Motojiro - Formerly one of the leaders of the Farmers
Movement. (See Tab 30)
ARAKI Mikichi - Formerly director of Bank of Japan. (See Tab 31)

11. It is undeniable that Yoshida made irresponsible statements concerning possible reinstatement of purged individuals. This is only one of the many campaign "promises" the Democratic Liberal Party made which it has not been able to fulfill.

That Yoshida and his government have until quite recently made statements to the press implying that some purged economic and political leaders are essential to the reconstruction of Japan is apparent. Confused reports carried by the American press have not helped clarify this situation. But it can also be understood, that political parties, perhaps excepting the Japan Communist Party, will give intimation to the press and the public that "something" is going to be done to reinstate purged economic and political leaders to curry their and their followers' favor, knowing full well that "no change" can be contemplated on the Purge in the immediate or near future. Practically, every one of the political parties, except the Communist Party, have seen their party men purged. Obviously, the Communist Party will capitalize as much as possible on any suggestion or action taken to obtain the reinstatement of a purgee.

In one exception, the Communist Party is supporting reinstatement of a purgee, MATSUMOTO Jiichiro. He was a recommended candidate of the Tojo election of 1942 and also an official in the Daiwa Patriotic Society, a Category "C" organization. We do not see Shinso calling him a "war criminal"!

(31 Tabs)

M. Uchiyama

5 January 1949

NAKADA, Kaoru

POSITION UNDER CONSIDERATION: Member of the Appeals Board (Proposed)

STATUS UNDER SCAPIN 550: Screened and passed 14 December 1948

POLITICAL AFFILIATIONS: Unknown

BIOGRAPHICAL OUTLINE:

NAKADA was born in 1877 in Yamanashi Prefecture. From 1902 until 1937 he was a professor in the Law Department of Tokyo University. During the period from 1927 to 1930 he was Den of that department. From 1938 to 1941 he was a member of the Board of Directors of the Oriental Cultural Research Institute, an organization founded by the Foreign Ministry in 1929.

Continuously since 1925 NAKADA has been a member of the Imperial Academy, now known as the Japan Academy, and this post is his only significant post in public affairs at the present time.

10 January 1949

KITASAWA, Shinjiro

POSITION UNDER CONSIDERATION: Member of Appeals Board (proposed)

STATUS UNDER SCAPIN 55C: Passed 14 April 1947

BIOGRAPHICAL OUTLINE:

Born in 1887 in Tokyo. After graduation from Waseda University, subject continued his education in the United States, receiving an MA at North Carolina University and Ph. D. at John Hopkins University. He became a professor at Waseda University in 1915 and at Kishio University in 1939 and still holds both of these educational positions. During the period of 1940 and 1945, he was additionally Dean and Director of Waseda University.

KITASAWA is a member of the Japan Economic Association, Japan Cultured Men's Society, Japan Science Promotion Society and the Central Labor Relations Board. He has written several articles and books on economics.

5 January 1949

WATANABE, Tetsuo

POSITION UNDER CONSIDERATION: Member of Appeals Board (Proposed)

STATUS UNDER SCAPIN 550: Screened and passed 12 March 1947

POLITICAL AFFILIATIONS:

From 1936 to 1940 WATANABE was a member of the Minsei To and is now a member of the Democratic-Liberal Party.

BIOGRAPHICAL OUTLINE:

WATANABE was born in 1885 in Osaka. Graduated from Tokyo Imperial University in 1910 and after three years abroad, from 1914 to 1926 he was professor of economics at Tokyo Imperial University. He became a Director of the National Chamber of Commerce and concurrently a Director of the Tokyo Chamber of Commerce in 1926, and remained in these positions until 1934.

WATANABE served one term in the House of Representatives (1936 - 1937). From September, 1938 to May, 1943, he was Chairman of the National Central Association of Mutual Aid Financial Guild. He served as Vice-Chairman of the Closed Institutions Liquidation Committee from February 1946 to February 1947. In January 1948, he assumed the presidency of the Toho Motion Picture Company, which company was involved in a widely publicized labor-management dispute in 1948. He is widely known in GHQ as an excellent host whose English is good and conversation interesting and is believed by the Japanese to be one of their most influential champions in that quarter and in labor-management disputes.

7 January 1949

AKIYAMA, Konosuke

STATUS UNDER SCAPIN 550: Passed 24 April 1947

BIOGRAPHICAL OUTLINE:

AKIYAMA was born in 1884 in Tochigi Prefecture. He studied at Keio University, Oberlin College and Yale and in 1910 graduated from Wake Forest. He entered the Japan Sugar Manufacturing Company in 1910 and rose to the executive level in this and other companies, in the following sequence:

1927 - 1935	Standing Director, Mitaka Sugar Mfg. Co.
1937 - 1944	Director, Nitto Chemical Industry Co. Director, Taiyo Fishery Co.
1939 - 1946	Managing Director, Japan Sugar Mfg. Co.
1943 - 1944	Vice-President, Nitto Chemical Industry Co.
1944 - 1946	Director, Taiwan Pulp Industry Co. Auditor, Japan Sugar Distributing Co. Auditor, Japan Packing Co.
1944 - 1948	Director, Japan Fertilizer Co.
1946 - 1948	President, Japan Sugar Mfg. Co. Director, Jiji Press Councillor of the Board of Trade

An evidence of his affluence is the fact that he at one time donated ten million yen to Keio University.

AOKI, Kinichi

STATUS UNDER SCAPIN 550: Passed 8 January 1949

POLITICAL AFFILIATIONS: Unknown

BIOGRAPHICAL OUTLINE:

AOKI was born 14 February 1898 in Shizuoka City, Shizuoka Prefecture. He graduated from the Tokyo Commercial College in 1922. In 1927 subject became the Manager of the Shinagawa White Brick Company and Standing Director in 1934 and rose to President of the same company in 1938. He still retains this position. Since 1938, AOKI has been President of two additional companies: The Shinagawa Enterprising Company and the Ashibetsu Mining Company. His present post in the Government, which he has held since 1946, is that of Member of the Reconstruction Finance Committee of the Cabinet.

AOKI belongs to the following clubs:

1. Japan Industry Club
2. Economic Comrade Club
3. Marunouchi Club
4. League of Japan Operator's Association
5. Josui Kai
6. East Asia Economic Laboratory -- Subject contributed ¥3,000 to this organization.

Subject travelled to China and Korea from 1939 to 1941 for the purpose of surveying mining operations.

10 January 1949

TANIMURA, Tadaichiro

POSITION UNDER CONSIDERATION: Member of the Appeals Board (Proposed)

STATUS UNDER SCAPIN 550: Passed 26 March 1947

BIOGRAPHICAL OUTLINE:

TANIMURA was born on 5 April 1887 in Kagoshima Prefecture. He practiced law from 1919 until 1946, during which time he was a member of the Japan Bar Association and the President of that organization in 1938. From July 1944 to September 1945, subject was a member of the Japan Lawyers Patriotic Society and in 1946 he was appointed Vice-Minister of Justice. Since February 1947, TANIMURA has been a member of the Central Economic Reconstruction and Re-organization Committee.

TANIMURA made trips to Manchuria and North China in 1939 for the purpose of inspecting the judicial systems.

10 January 1949

KOJIMA, Yoshio

POSITION UNDER CONSIDERATION: Member of Appeals Board (Proposed)

STATUS UNDER SCAPIN 550: Passed 7 January 1948

BIOGRAPHICAL OUTLINE:

Subject was born in 1898 in Nagano Prefecture. He was a probationary judge in 1922 and 1923, and a regular judge from December 1923 to April 1924. Since that time, KOJIMA has been a practicing attorney and member of the Tokyo Lawyers Association. From 1944 to 1947, he was a Director of the Nation-wide Pen Control Guild and since 1947 has been a Director of the Japan Political Economy Laboratory.

MUKAI, Tadaharu

STATUS UNDER SCAPIN 550: Purged, 13 September 1946

Reasons: Advising Director of Southern Development Co. (Nanyo Taishoku K.K.)

Chairman, Mitsui Trading Co. (Mitsui Bussan K.K.)

Standing Director, Mitsui Partnership (Mitsui Gansai K.K.)

Chairman, Showa Aeroplans Co. Ltd. (Showa Hikoki K.K.)

Representative Director, Mitsui Shippin Co. (Mitsui Senpaku K.K.)

POLITICAL AFFILIATIONS: None

BIOGRAPHICAL OUTLINE:

MUKAI was born in Tokyo, 26 January 1885 and graduated from Tokyo Higher Commercial School in 1904. The same year, he joined the Mitsui Bussan Company (Mitsui Trading Company) and has held position in this company of Manager for the Dairen and London branches. Subject became Managing Director of Mitsui Bussan in 1934 and three years later, Director of the Head Office. In 1939, MUKAI was appointed Chairman of the Board of Directors of the said company.

MUKAI was a member of the Imperial Society in 1941 and a member of the Imperial Rule Assistance Association, Political Association of Great Japan in 1942. He has belonged to the Tokyo Club as Director and has held position of Auditor of the International Culture Development Association since 1946 to present. It is recorded that subject contributed ¥5000.00 to the Imperial Rule Assistance Association in 1942. Also, MUKAI was Director for two years (1942-1944) of Tokyo Keisatsu Koen Kai (Tokyo Police Assistance Association).

MUKAI's other positions held between 1933 to 1945 are:

Tokyo Chamber of Commerce - Member
Japan Economic Federation - Director
Kokusaku Kenkyu Kai (Association to Study Japanese National Policy) - Director

Other than travelling to London and Dairen, representing Mitsui Bussan Kaisha (Mitsui Trading Company), subject has visited Shanghai, China, France, Germany, Belgium, Italy, Spain, Sweden, Denmark, Norway, United States and Russia, for business purposes. MUKAI went to Java in 1940 (August) as a delegate to attend the Japan-Dutch Economic Parley.

SOURCE: "201" file
Questionnaire

KANO Hisare (Formerly Viscount)
(Hisakira)

PURGE STATUS: Purged as Managing Director of Yokohama Specie Bank.

Born: August 1886
Inherited family property in 1919.

Education: Graduated from Political Department of Tokyo Imperial
University in 1911.

1. Was Assistant Manager of Yokohama Specie Bank (Osaka Office).
2. Was Manager and Councillor of Calcutta and London Branch of Yokohama Specie Bank.
3. Was formerly Managing Director of Yokohama Specie Bank. (1943)
4. His younger sister married GOTO Funeo, and prior to the war GOTO was Agriculture and Forestry Minister. This younger sister is the mother of ASO Tagakichi (Yoshida, Shigeru's son-in-law).
5. His older sister is married to TACHIBANA Tanetada.

TSUSHIMA, Juichi

Designated: 24 August 1946

Reason : President of North China Development Company

Address : 62 Shimonibancho, Kojimachi-ku, Tokyo

BIOGRAPHICAL OUTLINE:

1. Born January 1888, Takamatsu City.
2. Graduated from Law College, Tokyo Imperial University-1912.
3. Councillor Finance Ministry, Secretary to Finance Ministry.
4. Member, Delegation to Chinese Tariff Special Conference, 1925.
5. Finance Commissioner stationed abroad 1927.
6. Attache, Embassies in England, France and U.S.A.
7. Member of Delegation to the 8th League of Nations Assembly, Geneva 1927.
8. Delegation to International Conference for Abolition of Import and Export Prohibitions and Restrictions, Geneva 1927 and 1928.
9. Member of Economic Consultative League of Nations 1928.
10. Member of Delegation to London Naval Conference 1930.
11. Delegate to Reparations Conference at Lausanne 1932.
12. Director, Finance Bureau, Finance Department 1934.
13. Vice-Minister of Finance 1934-36.
14. Vice-Governor of Bank of Japan 1942.

YANAGIDA (YANAGITA), Seijiro, former President of Bank of Japan

Source: (Who's Who)

1. Born in 1893 in Tochigi Prefecture.
2. Graduated from the Economic Department of Tokyo Imperial University in 1917, after which he joined the Bank of Japan and served as President of the Kyoto and Kobe Branch of the bank.
3. Other offices: Supervisor, London Branch, Head of Foreign Postal Money Orders Bureau of the main office, Director of Foreign Affairs Bureau, Bank of Japan (May 1942).

Purged for position in:

1. Director of Overseas Fund Bank (13 Feb. - 30 Sept. 45)
2. Vice-President of Yokohama Specie Bank (Jun. - Oct. 45)

YAMAMURO, Sobun

STATUS UNDER SCAPIN 550: Purged, 23 September 1947

REASONS FOR PURGE : Auditor, Mitsubishi Honsha (Mitsubishi Central Company) - Dec. 1937 - Oct. 1944

Auditor, Mitsubishi Jyukogyo K.K. (Mitsubishi Heavy Industry Company) Jul. 1937 - Sep. 1945

President, Mitsubishi Shintaku K.K. (Mitsubishi Trust Company) Jun. 1936 - Oct. 1945

Auditor, Mitsubishi Denki K.K. (Mitsubishi Electrical Machinery Co., Ltd.) Nov. 1938 - Sep. 1945

POLITICAL AFFILIATIONS: None

BIOGRAPHICAL OUTLINE:

YAMAMURO was born 21 October 1880 at Kumamoto Prefecture. His business career is as follows:

Mitsubishi Bank Ltd.	Manager, New York	1917-1920
Mitsubishi Bank Ltd.	Manager, London	1920-1923
Mitsubishi Bank Ltd.	Managing-Director, Tokyo	1929-1936
Mitsubishi Heavy Ind. Co.	Auditor	1933-1946
Mitsubishi Trust Co., Ltd.	Director	1935-1936
Mitsubishi Trust Co., Ltd.	Chairman, later President	1936-1945
Mitsubishi Economic Research Institute	Chief Director	Since 1936
Mitsubishi Estate Co., Ltd.	Director	1937-1940
Mitsubishi Co., Ltd.	Auditor	1937-1940
Mitsubishi Chemical Ind. Co.	Auditor	1938-1946
Mitsubishi Electric Machine Company	Auditor	1938-1946
Tokyo Maritime Insurance Co.	Auditor	1939-1946
Mitsubishi Estate Co.	Chairman, later President	1940-1945
Mitsubishi Mining Co.	Auditor	1940-1946
Kotoku Kisso Co. (Real Estate)	Director	1940-1946
Kitazato Medicine Mfg. and Exporting Co., Ltd.	Director	1947 to present
Japan Cereal Mfg. Co., Ltd.	President	1948-to present

13 May 1949

GOTO, Keita

STATUS UNDER SCAPIN 550: Purged, 22 September 1947
Reason: President, Tokyo Kyuko Dentetsu K. K.
(Tokyo Express Tramway Co., Ltd.)

In addition, he was Director, Great Japan Industrial Patriotic Association and Adviser, Asia Development League of Great Japan.

POLITICAL AFFILIATIONS: None

BIOGRAPHICAL OUTLINE:

GOTO was born 18 April 1882 at No. 921, Tonodo, Aoki-wara, Chisagata-gun, Nagano Prefecture. His business career is as follows:

TOKYO YOKOHAMA DENTETSU (Tokyo Yokohama Electric Railway Co., Ltd.)	Managing Director	1920-1936
TOKYO KOSOKU TETSUDO (Tokyo High Speed Railway Co., Ltd.)	Standing Director	1933-1941
TOKYO YOKOHAMA DENTETSU K.K. (Tokyo Yokohama Electric Railway Co. Ltd.)	President	1936-1942
NIPPON KOGYO K.K. (Japan Real Estate Insurance Co. Ltd.)	President	1937-1944
IWATE KOZAN K.K. (Iwate Coal Mine Co. Ltd.)	Director	1938-1944
JONAN NORIAI JIDOSHA K.K. (Jonan Bus Co. Ltd.)	President	1939-1942
TEITO KOSOKUDO KOTSUBEIDAN (Metropolis High Speed Transportation Corp.)	Director	1941-1944
NIPPON JIDOSHA KOGYO K.K. (Japan Automobile Industry Co. Ltd.)	President	1942-1944
NAIKAKU (Cabinet)	Adviser	1943-1944
NAIKAKU (Cabinet)	Minister of Transportation and Communications	1944-1944 Feb. Jul.
TOKYO KYUKO DENTETSU K.K. (Tokyo Express Tramway Co. Ltd.)	Chairman of Board of Directors	1944-1946
NIPPON KOGYO K.K. (Japan Real Estate Insurance Co. Ltd.)	President	1946 to present

GOTO also belongs to the following organizations:

Foundational Juridical Person "Nippon Medical College"	- Director
Imperial Gift Foundation "Society of Relief and Aid for Soldiers"	- Member of Conference Committee, Tokyo
Tokyo Chamber of Commerce & Industry	- Vice President
Japan Manchuria Business Association	- Vice President
Great Eastern Asia Establishment Committee	- Member
Asia Development of Great Japan	- Adviser
Tokyo Metropolitan Protection Committee for Wounded Soldiers Employment	- Vice-President

GOTO made two trips to China to inspect traffic conditions there.

SOURCE: Questionnaire

IWASAKI, Hikoyata

Designated: 22 September 1947

Reason : Vice-President of Mitsubishi Central Company
(Dec. '37 - Nov. '45)

Address : 7 Tatsuka-cho, Hengo-ku, Tokyo

Born : September 1895

BIOGRAPHICAL OUTLINE:

1. Graduated from Literary College of Tokyo Imperial University, 1920.
2. Went to England for study 1922.
3. Has been with Mitsubishi since 1926.
4. Visited South America for inspection 1930.
5. Vice-President, Mitsubishi & Company, 1942
Director, Mitsubishi Bank "
Mitsubishi Heavy Industries "

13 May 1949

MURATA, Shozo

STATUS UNDER SCAPIN 550: Purged, 23 September 1947
Reason: President, Osaka Shosen K.K.
(Osaka Steamship Co. Ltd.)

POLITICAL AFFILIATIONS: None

BIOGRAPHICAL OUTLINE:

MURATA was born 6 October 1878 at 60 Kami-dori, 2-chome, Shibuya-ku, Tokyo and graduated from Tokyo Higher Commercial School. He was appointed Minister of the Railway Ministry in July 1940, and Communications Minister in September 1940. In 1941, subject was Minister to both the Railway and Communications Ministry and for one year (1942 - 1943), he was Advisor to the War Ministry. Subject was Ambassador Extraordinary and Plenipotentiary from 1943 to 1945. MURATA was appointed Member of the House of Peers from 1939 to 1945. Since 1945 to present, MURATA has been Chairman for the NIKKA KEIZAI KYOKAI (China and Japan Economic Investigation Committee).

SOURCE: Questionnaire

KAWAKAMI, Jotaro

REASON FOR FURGE: Recommended Member of the Diet (1942 Elections)

OTHER FURGEABLE POSITIONS:

October 1940 - June 1945

Director, Imperial Rule Assistance Association.

May 1942

Committeeman, The Imperial Rule Assistance Political Consolidation Preparation Committee.

NOT FURGEABLE BUT HELD POSITION:

December 1940

Adviser, Kobe Branch of the Imperial Rule Assistance Association.

May 1942

Councillor, The Imperial Rule Assistance Political Association

The Political Association of Great Japan

(Who's Who - 1942)

Member of the Parliament

Lawyer

BORN: 3 January 1889 in Tokyo. Son of Shintaro

CAREER:

Graduated from Tokyo Imperial University (Political) in 1915. Lecturer at Rikkyo University, Professor at Kansai Gakuin. Elected member of the Parliament three times since 1928. Provisional Capital Adjustment Committee. Member, Central Price Committee

ADDRESS: 18 Shinbashi, 5-chome, Shiba-Ku, Tokyo.

27 April 1949

TAKASAKI, Tatsunosuke

STATUS UNDER SCAPIN 550: Purged, 30 December 1947

REASONS FOR PURGE

- : Director, Vice-President and President of MANSHU JYUKOGYO K.K. (Manchurian Heavy Industry Company)
- Chairman, ANTO KEIKINZOKU K.K. (Anto Light Metal Co., Ltd.)
- Chairman, FUSHIN TANKO K.K. (Fushin Coal Mine Co., Ltd.)
- Chairman, HOKUHYO TANKO K.K. (Hokuhyo Coal Mine Co., Ltd.)
- Director, HONKEIKO BAITETSU K.K. (Honkeiko Coal & Iron Co., Ltd.)
- Chairman, KAKUKO TANKO K.K. (Kakuko Coal Mine Co., Ltd.)
- Auditor, MANSHU DENGYO K.K. (Manchurian Electrical Works Co., Ltd.)
- Chairman, MANSHU HIKOKI SEIZO K.K. (Manchurian Aeroplane Mfg. Co., Ltd.)
- Chairman, MANSHU JIDOSHA SEIZO K.K. (Manchurian Automobiles Mfg. Co., Ltd.)
- Chairman, MANSHU KEIKINZOKU K.K. (Manchurian Light Metals Co., Ltd.)
- Chairman, MANSHU KOZAN K.K. (Manchurian Mines Co., Ltd.)
- Chairman, MITSUZAN TANKO K.K. (Mitsuzan Coal Mine Co., Ltd.)
- Chairman, SEIAN TANKO K.K. (Seian Coal Mine Co., Ltd.)
- Chairman, SHOWA SEIKOSHA (Showa Steel Mfg. Works Ltd.)
- Chairman, TOHENDO KAIHATSU K.K. (Tohendo Development Co., Ltd.)*

POLITICAL AFFILIATIONS: None

BIOGRAPHICAL OUTLINE:

TAKASAKI was born 7 February 1885 at Sankamaki-mura, Mishima-gun, Osaka Prefecture. He graduated from Business College in Los Angeles and also studied at Stanford University. His business career is as follows:

TOYO SEIKAN K.K. (Oriental Canning Industry Co.,Ltd.)	Exec.Director	1931
TOYO KOHAN (Oriental Canned Food Tinsplates Manufacturing Company)	Managing-Director	1934
TOYO SEIKAN K.K. (Oriental Canning Industry Co.,Ltd.)	General-Manager	1935
SHOKURYOHIN KANZUME SEIKAN KOGYO KUMIAI (Assn. of the Can Mfg. Industrialists for Canned Foods)	Chairman of the Board of Directors	1938-1941
NIHON OHKAN CORK KOGYO KUMIAI (Japan's Crown Cape Makers' Assn.)	Chairman	1940-1941 May May
MANSHU JYUKOGYO KAIHATSU K.K. (Manchurian Heavy Industry Develop- ment Co.,Ltd.)	Director Vice-President	1940-1941 Jun. Feb. 1941-1942
MANSHU JYUKOGYO KAIHATSU K.K. (Manchurian Heavy Industry Develop- ment Co.,Ltd.)	President, Con- currently Honorary President of 13 Affiliated Cos.	1942-1945 Dec. Aug.
SHUKA MINKOKU SEIFU KOEN KEIZAI IIN KAI (Economic Comm. in North Eastern District of Chinese Govt)	Technical Advisor	1946
CHUKA MINKOKU SEIFU SHIGEN IINKAI TOHOKU BENJI SHO (Natural Resources Comm. in North-Eastern District in Chinese Government)	Advisor	1947

TAKASAKI is a member of the following clubs:

Nippon Kogyo Club - Businessmen's Social Club
Nippon Kanzume Kyokai - To promote Canning Industry
Dainihon Suisankai - To promote Aquatic Industry
Teikoku Chikusankai - To raise Live-Stock Industry
Kansai Kogyo Club - Businessmen's Social Club in Kansai District
Osaka Kogyo Kai - Research Institute on Industrial Promotion
Osaka Shoko Kyokai - Liaison Organ Among Industrialists in Kansai

TAKASAKI went to Mexico and the United States in 1911 until 1916 and was employed by the International Fishing Company. He returned to Japan and set forth again in 1924 and remained in the United States until 1937. This time, subject went to study the business situation on canning and can making. In 1940, TAKASAKI made a trip to Italy and Germany as an Economic Adviser on the Japan's Economic Mission. Subject has also visited Formosa, Korea, Manchuria and North China for business purposes.

ASANO, Ryozo

Designated: 6 November 1947

Reasons : 1. Director of Asano Central Co. (Jun.'44 - Sep.'45)
2. Vice-President, Japan Steel Pipe Co., Ltd.
(Sep.'40 - Jun.'42)
3. President, Chintao Steel Mfg. Co., Ltd.
(Nov.'43 - Apr.'46)

Address: 10 Mita Tsuna-machi, Shiba-ku, Tokyo

Born : August 1889, Tokyo

BIOGRAPHICAL OUTLINE:

1. Graduated from Harvard University in 1912.
2. Present post - Chairman, Daido Cement Co., President, Toyo S.S. Company, Toyo Marine Transportation Company, Toyo Shoji K.K., Toyo Securities Company, Asano Stone Industry Co., Vice-President, Portland Cement Company, Tsurumi Harbor Ry. Company, Managing-Director, Nippon Cement Company, Director, Kokusai S.S. Company, Asano Dozoku Company, Tokyo Bay Reclamation Company, Imperial Hotel, Kanto Hydro-Electric Co., Iwaki Colliery Company, Asano Trading Company. (1942)

FUJIYAMA, Aiichiro

Designated: 13 September 1946

Reason : Auditor of Formosan Development Company
(Dec.'36 - Nov.'44)

Address : 14 Shirokane Imazato-cho, Shiba-ku, Tokyo

Born : 22 May 1897

BIOGRAPHICAL OUTLINE:

1. Graduated from Political Department, Keio University, 1922.
2. Studied in Europe and America.
3. Present Post: President, Japan Sugar Distribution Company, President, Nippon and Tokyo Chamber of Commerce and Industry, President, Dai Nippon Sugar Mfg. Company, Shusei-sha, Nippon National Cash Register Company, Director, Taiwan Takushoku K.K., Kokka Conscription Ins. Company, Nikka Life Insurance Company, East Manchuria Ind. Company, Tokyo Stock Exchange, Councillor, Central Council, I.R.A.A. since May 1941. (1942)

NISHIYAMA, Tsutomu (Ben)

Designated: 28 August 1946

- Reasons : 1. President of Central Bank of Manchukuo
(May '40 - Aug. '45)
2. Director of Yokohama Specie Bank
(Mar. '38 - Apr. '39)

BIOGRAPHICAL OUTLINE:

1. Born 1885 in Kochi-ken.
2. Graduated from Tokyo University of Commerce in 1907.
3. Joined Yokohama Specie Bank.
4. Manager, Hongkong, Canton, Dairen, Kobe and New York branches.
5. Manager of Osaka branch 1937 and Director of same 1938.
6. Financial Commissioner to New York despatched by Finance Office, 1942.

OYACHI Noboru

PURGE STATUS: Purged as Director of the Mitsui Bank

Born: November 1893

Education: Graduated from Keio University (1916).

1. Inherited family property in 1929.
2. Was Deputy Chief of Foreign Section and later became Deputy Chief of Foreign Business Section of Mitsui Main Office of the Bank.
3. Was Chief of London Branch of Mitsui Bank and then became Chief of Foreign Section.
4. Became Standing Director of the Mitsui Bank.

20 May 1949

MEMORANDUM FOR: Chief, Government Section

1. SUZUKI Sakaye was provisionally designated in August 1947 by the Japanese Government as a purgee for the reason that he held during the critical period policy-making positions in the following listed economic organizations within the scrutiny of the Japanese Ordinances implementing SCAPIN 550:

- a. Mitsubishi Central Company (MITSUBISHI HONSHA)
Auditor (February 1943 to September 1945);
- b. Mitsubishi Trust Company Ltd. (MITSUBISHI SHINTAKU K.K.)
Auditor (December 1939 to September 1945);
- c. Tokyo Maritime Insurance Company Ltd. (Tokyo KAIJO
HOKEN K.K.) - Chairman (March 1944 to March 1945).

No counter-evidence was submitted by Mr. SUZUKI although he was fully advised of his right to protest provisional designation and to submit argument on his own behalf. Therefore, SUZUKI was duly designated 25 September 1948 as a purgee, and until 22 April 1949 he did not appeal from such designation.

2. SUZUKI had, until the present papers were presented, appeared to be one of those persons who had best adjusted his future course after having been removed from public office by the purge. He had always been recognized as one of Japan's most successful businessmen, and that recognition of his ability is supported by the dominant position he now holds in at least seven prosperous organizations dealing in fields as varied as insurance, hotel operation and medicine export.

3. Seven persons only were removed from public service in the Mitsubishi Central Company. SUZUKI was one of these, as he was one of the four Mitsubishi Trust Company officers designated and one of eight policy officials of the Tokyo Maritime Insurance Company removed. Examination of subject's questionnaire discloses nothing to refute the presumption that he fully supported the policies of the Mitsubishi Zaibatsu who trusted policies of the more important companies of their economic empire to his judgment from 1939.

JACK P. HAPLER
Maj AGD

21 May 1949

KOBAYASHI, Ichizo -- Member, House of Peers

STATUS UNDER SCAPIN 550:

Purged on 24 August 1947 as Advisor of the IRRA in 1940, a Category "D" organization. Also as Minister of Commerce and Industry from 20 July 1940 to 2 April 1941, Category "C" of the Ordinance.

BIOGRAPHICAL OUTLINE:

Born January 3, 1873 in Hirazagi-mura, Yamanashi Prefecture. Graduated from Keio Gijuku College.

Held executive positions in the following:

1907	Managing Director, Hanshin Express Company
1927	President, Hanshin Express Company
1928	Vice-President, Tokyo Dentoo (Light) Co.
1933	President, Tokyo Dentoo (Light) Co.
1940	Chairman, Tokyo Dentoo (Light) Co.
1940	President, Tokyo Takarasuka Opera Co.
1940	Director, Tokyo Jiji Newspaper
30 Oct. 1945 to 8 March 1946	Minister of State and President of the Rehabilitation of War Calamity Dept.

KOBAYASHI is at present advisor of the SETO NAIKAI Sightseeing Company (Inland Sightseeing Co.).

ISHII, Mitsuiro

Purged as Director of Asahi Shimbun

Address: 5862 Oi Kaneko-machi, Shinagawa-ku, Tokyo

Born : 1889, Fukuoka-ken

BIOGRAPHICAL OUTLINE:

1. Graduated from Kobe Higher Commercial School, 1912. Tokyo Higher Commercial School, 1914.
2. Chief Public Peace Section, Metropolitan Police Board.
3. Secretary and Councillor of Taiwan Government.
4. Visited Europe and American - 1920-1922.
5. Managing-Director of Asahi Shimbun, 1942.

8 June 1949

OBAMA, Toshio (Ritoku)

STATUS UNDER SCAPIN 550:

Purged 26 June 1947 as Director and Chief of Editorial Dept. CHUGAI SHOGYO SHIMBUN SHA (Foreign-Domestic Commercial Newspaper Co.) from 1937 to 1942, Category "G" of the Ordinance.

BIOGRAPHICAL OUTLINE:

Born December 3, 1889 in Takeshi-machi, Izuno City, Shimane Prefecture. Graduate of Waseda University.

July 1915	Secretary to Mr. Saburo Shimada, Speaker of House of Representatives.
August 1921	Economic News Writer of CHUGAI SHOGYO SHIMPO SHA (Foreign-Domestic Commercial Newspaper Co.) (Staff Writer).
January 5, 1931	Vice-Chief of Editing Office of the CHUGAI SHOGYO SHIMPO.
January 24, 1934	Chief of Editing Office
January 23, 1937	Director concurrently Chief of Editing Office.
February 6, 1942	Managing Director
February 6, 1942	Editor-in-Chief
February 5, 1942	Councillor of the Keizai Club or Economic Club.
August 1942	Councillor of the KOKUSAIHO GADDAI (International Law Association) (Honorary title)
April 14, 1943	Councillor of Waseda University
May 31, 1943	Councillor of the YOKUSAN UNDO SENDEN HONBU (Headquarters for Propaganda of Imperial Rule Assistance Movement).
January 29, 1945	President, NIPPON SANGYO KEIZAI SHIMBUN SHA (Japan Industry & Finance Newspaper Company).
November 1, 1944	Councillor of the Institute of Social and Moral Sciences (ZIMBUN KAGAKU KENKYUZYO OF Waseda University).
October 4, 1945	Member of the Board of Directors of Waseda University

November 1, 1945

Director of KYODO TSUSHIN SHA
(Kyodo News Service)

March 13, 1946

President, NIHON KEIZAI SHIMBUN SHA
(Japan Finance Newspaper Co.)

July 23, 1946

Director of NIHON SHIMBUN ^{KYOKAI}
(Japan Press Society)

ISHIDA, Reisuke

Designated: 24 September 1947
Reason : Representative Director, Mitsui Trading Co., Ltd.
(Dec. '39 - Dec. '41)
Address : 81 Aoyama Minami-cho, 5-chome, Tokyo
Born : 1886

BIOGRAPHICAL OUTLINE:

1. Graduated from Tokyo Higher Commercial School, 1907.
2. Entered Mitsui & Company.
3. Manager, Bombay branch 1924.
4. Calcutta; Dairen; New York; Director 1933.
5. Managing-Director 1939.
6. Representative-Director 1942.
7. Mitsui Bussan Kaisha since 1939.
8. Councillor, Central Council, I.R.A.A.

Name: MIWA, Juso

Dec. 1894	Born
1920	Graduated from Tokyo Imperial University (Faculty of Jurisprudence)
	Lawyer
	Secretary-General of the Labor Farmers Party
1929	Secretary-General of Japan Farmers Party
1930	Secretary-General of All Japan Farmer Mass Party
1931	Central Executive Committee of Social Mass Party
April 1937	Member of the House of Representatives
Dec. 1940	Chief of the Liaison Department of I.R.A.A.
Jan. 1941	Director of the Welfare Bureau and Planning Bureau, Great Japan Industrial Patriotic Association (DAI NIPPON SANGYO HOKOKUKAI)
April 1942	Member of the House of Representatives

KAMEI, Kanichiro

1. Parliamentarian
2. Born: November 1892.
3. Graduated Law College, Tokyo Imperial University 1917.
4. Secretary, Commercial Bureau, Foreign Office.
5. Consulate, Antung, Tientsin, New York.
6. Secretary, Information Bureau.
7. Joined Nippon Dempo Tsushin-sha.
8. Lecturer, Keio University.
9. 1942 - Member of Parliament
Chief East Asia Department, Planning Bureau
I.R.A.A.

KONO Mitsu

PURGE STATUS: Purged as director of Greater Japan Industrial Patriotic Society, and Imperial Rule Assistance Political Society.

Born: March 1897

Education: Graduated from Pol. Dept., Tokyo Imperial University (1922)

1. Former member of House of Representatives (Elected 3 times since 1936).
2. Was correspondent for Tokyo and Osaka Asahi Newspaper.
3. Was instructor at Doshi Sha University (1924).
4. Former vice-president of All Japan Federation of Labor Union.
5. Former vice-president of National Congress of Industrial Union.
6. Attended the 20th International Labor Conference at Geneva as labor representative in 1935.

SUGIYAMA, Motojiro

REASON FOR PURGE:

Recommended member of the Diet (Tojo Election - 1942)

Subject, after being designated as purgee, is suspected to have served as counsellor of the National Farmers Union (Zenkoku Nomin Kundai) in violation of the purge ordinance. He is presently under investigation by the Procurators' Office.

Parliamentarian

Dentist

Born: 18 November 1885 at Osaka

CAREER:

Graduated from Osaka Agriculture School in 1903.
Assistant Engineer, Agriculture Society of Wakayama-ken.
Graduated from Theology Department, Tohoku Gakuin, Sendai in 1909.
Preached Christianity in Fukushima-ken.
Engaged in Farmer Movement with Toyohiko Kagawa.
Was member of the Parliament.

ADDRESS:

37 Ajiro 2-chome, Fuse-shi, Osaka-Fu. (Who's Who - 1942)

ARAKI Eikichi

PURGE STATUS: Purged as Vice-President of Bank of Japan

Born: April 1891

Education: Graduated from Political Department of Tokyo Imperial University.

1. After graduation, started to work for Bank of Japan.
2. Worked with Business Bureau attached to Inspector of the New York Agency of Bank of Japan.
3. Was director of Investigation Section of Fukushima and Kobe Branch Office of Bank of Japan.
4. Was Inspector of New York Agency of Bank of Japan.
5. Became Chief of Foreign Exchange Bureau and Business Bureau of Bank of Japan.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Public Administration Division

2 August 1949

MEMORANDUM FOR MAJOR HAPLER

SUBJECT: Preliminary Report on Biographical Material

The following biographical material is available in Government Section:

- A. Statistics and Review Branch, Public Administration Division
1. 201 file on important Japanese.
 2. Questionnaires on Fugees.
 3. Questionnaires on all who have been screened by Government Section.
 4. Questionnaires on all who have been screened by Japanese Government (available from Government).
- B. Operations Branch, Public Administration Division
1. Questionnaires on Zaibatsu Appointees.
 2. Questionnaires on Japanese Government appointments (included also in 4, above - available from Japanese Government).
- C. Library (filed shelf 30 and 37)

<u>Subject</u>	<u>Date</u>	<u>Location</u>
1. Friendly Japanese	21 Aug 45	Shelf 37
2. Japanese Government Officials	1937-1945	Shelf 37
3. Prominent Persons in Japan	14 Aug 45	Shelf 37
4. Who's Who	1941-1942	Shelf 37
5. Economic who's Who	Jan 1944	Shelf 37
6. Japan-Manchoukuo Year Book (page 917)	1940	Shelf 30
7. Zaibatsu Appointees	Jun 1949	Operations Br.
8. Appointments to Gov't	June 1949	Operations Br.
9. Orient Year Book	1942	Shelf 30
10. Japan Who's Who	1948	Shelf 30

D. Lists of Persons holding official and semi-official positions

<u>Subject</u>	<u>Date</u>	<u>Location</u>
1. Japanese Government Officials	1937-45	Shelf 37
2. Prefectural Governors	1 Feb 46	Shelf 37
3. Prefectural Government Organization	1943	Shelf 37
4. Who's Who by Office	Feb 45	Shelf 37
5. Japanese Government Organization Report	Current	Shelf 37
6. Japan Manchoukuo Year Book (page 896)	20 Sep 39	Shelf 30
7. List of Office Holders in Category C Organizations	Current	Statistics and Review Br.

J. D. K.

23 July 1949

M

Police

MEMORANDUM FOR MAJOR NAPIER

KIMURA Shiroshichi called 1500 to report on his conference with State Minister Higai Senzo.

Mr. Kimura's conclusion was that Mr. Higai had no definite plan on police reform at the present stage, but is studying and collecting data.

Mr. Kimura will make a full report Monday morning.

JDM
JDM

141A

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

Ryukyus

22 July 1949

MEMORANDUM FOR GENERAL WECKERLING

SUBJECT: Provisional Government Assemblies in the Ryukyus

CONFIDENTIAL

1. The plan outlined in the proposed directive establishing assemblies for provisional governments seems logical and adequate in every respect. A question might, however, be raised concerning the advisability of designating these as government "assemblies" since all members will be appointed rather than elected.

2. Traditionally, an assemblyman is an elected representative. Since legislative bodies will eventually be established by the elective process might it not be advisable to preserve the "assembly" designation for use following general elections? Suggest that consideration be given to some such designation as legislative council until such time as elected bodies are established.

h

OSBORNE HAUGH
Chief, Public Affairs Division

Noted:

Chief, Parliamentary
and Political Div.

Deputy Chief, GS

141

CONFIDENTIAL

Ryukyus

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

20 July 1949

MEMORANDUM TO MR. HAUGE

SUBJECT: Assemblies for Provisional Governments in the Ryukyus

1. The attached plan, providing assemblies for provisional governments in the Ryukyus, does not make absolutely clear for what reason assemblies are being established. If a degree of genuine representative government is intended, the proposed plan is something of a farce inasmuch as the so-called assemblymen, implying representation, are appointed by the respective governors. Under any name whatsoever, such a group is nothing more nor less than an executive council, appointed by and solely responsible to the chief executive officer. In colonial America, such councils were appointed by the royal Governors with the approval of the Crown. In no case was such an executive council ever represented as being an assembly. All colonies also had assemblies which in all cases were elected by that portion of the general public that met electoral qualifications. The attached plan does not establish assemblies in the true sense of that word.

2. I do not know that the framers of the plan have as their objective the establishment of popular assemblies. If they want representative government, the people should elect their assemblymen in the respective districts. On the other hand, if they want such advisory groups as described in the attached document, then they should designate them "executive councils" rather than "government assemblies".

3. The details in the attached plan, if applied to a system of executive councils, seem to be logical and adequate.

JW
JUSTIN WILLIAMS
Parliamentary & Political Division

140A

20 July 1949

CONFERENCE REPORT: Mr. Suzuki, Mr. Masaki, Interpreter, Mr. Hauge
and Mr. Cottrell.

SUBJECT: Local Autonomy Agency Matters

1. Prefectural Newspaper in Niigata. Mr. Suzuki presented a copy of an editorial of 13 July 1949, Nippon Times (See Attachment I) on this subject, entitled "Governor Breaks Directive by SCAP." He requested that Government Section advise Major Imboden, CI&E, that there was nothing of a dangerous nature in the Niigata paper and that it was similar to prefectural and municipal publicity issued by local authorities on subjects relating to official matter. In most instances such publications have been issued with the encouragement and support of Military Government officials in the area. Mr. Suzuki, however, agreed that while the form might be unobjectionable it was possible for the content of the Niigata paper to be of a nature that either placed the local government in the newspaper business in competition with regular publications or to be of such a biased nature that it amounted in effect to a political organ of the governor of the prefecture. He will, after studying a number of back copies, determine whether he wishes Government Section to take up the matter with CI&E.
2. Elected Public Official Holding Other Government Position. Mr. Suzuki requested that Mr. Hauge present his position on the following matter to Mr. Gordon Peterson, Civil Service Division, Government Section. The National Public Service Law (See excerpt - Attachment II) would forbid a number of well qualified and desirable individuals now occupying an elective public office from serving upon the Local System Inquiry Committee (established by a Cabinet Order, Attachment III) while it would be possible under United States governmental practice to utilize the services of these individuals, either as expert witnesses before the committee or as advisers to the committee on an informal basis. Mr. Suzuki feels that it will be possible to obtain whole-hearted cooperation and real value from them only by according the prestige of serving on the committee itself. He requests that an exception be made in this case.
3. A Conference of Mayors of Japanese Cities, 7 July. A report of the main points covered during this conference was submitted (See Attachment IV). Several amendments to the Local Autonomy Law were suggested. Although couched in local terms, the mayors raised many of the same problems as were discussed by the prefectural governors in their conference held in Tokyo.
 - a. The mayors were interested in helping small merchants obtain financial aid through either relaxation of credit requirements for bank loans or by official recognition of credit unions which could act as guarantors for such loans.

b. In the field of city planning, aid from the national government was requested in the form of subsidies for public improvements such as water supply and sewerage systems.

c. Many of the mayors were opposed to passage of local public safety by-laws, feeling that these would be used by local communistic groups to stir up demonstrations against municipal government. They desire that the national government state publicly that such local ordinances were not unconstitutional but would prefer that the national government meet the problem by passage of a single national public safety law covering assemblies and demonstrations. Mr. Suzuki believes that the latter would not be desirable.

d. The mayors wish to work out methods for handling mass violence, with the aid of the national government in the form of a subsidy to cover the expenses of moving police from one municipality to another in times of trouble. They also wish that the statutory limitations upon the number of police should be raised and that without increasing total personnel, police officials be moved from over-staffed rural villages to large industrial centers where unrest is expected.

e. The severance of villages amalgamated into larger political units by the Japanese government during the War, has given rise to a problem of interpretation of Article 2, Para. 5 of a supplement to the Local Autonomy Law, contained in Law 179, 20 July 1948. This passage requires that the results of a referendum for the severance of a political unit from a larger body, should be referred to the prefecture assembly. Mr. Nolan, 8th Army, Military Government Headquarters, has consistently maintained that action taken by the prefectural assembly should be confined solely to determine that the referendum was held in a regular and legal manner. Mr. Suzuki states that in a number of instances the referendum has been sponsored against the real interests of the local group by political leaders, often communists who wish to use the severed unit as a spring-board for entering the prefectural assembly or the Diet. Often the smaller unit will subsequently not be capable of self support. He believes that a proper construction should be that the prefectural assembly should act as a final forum in which the practicality of the change is discussed and determined in the best interests of the prefecture and all of the citizens directly affected. He believes that should the issue come to court, any judge would construe the wording of the Japanese text of the law in the manner indicated. He further points out that Mr. Hauge was inclined to the same view a few weeks ago when he was approached by a mayor of a city in Nagasaki prefecture where the problem involved the severance of the village entirely surrounded by the rest of the municipality. On the strength of Mr. Hauge's opinion, several prefectural assemblies have already rejected local referenda upon grounds of impracticability. Mr. Suzuki wishes that Government Section consult Mr. Nolan with the view to setting a uniform policy which can be passed on through the Local Autonomy agency to the prefectural assemblies. Mr. Suzuki is considering two other possible methods of handling the problem. The first would be for the petition for severance

to be submitted in the first instance to prefectural assemblies and only after this body has approved the plan would it be submitted in the form of a referendum to the voters. A second alternative might be to enlarge the qualifications for voting in the referendum to include not only residents of smaller units but also all voters within the city or larger political division. In this case hardly any changes would be made as city voters have consistently been in favor of keeping as much area as possible within the city limits. Mr. Suzuki will submit the Japanese text and verified English translation of pertinent section of the law.

He

NIHON TIMES Wed. July. 13, 1949

GOVERNOR BREAKS DIRECTIVE BY SCAP

Head of Niigata Prefecture Gets Newspaper Out Despite Ban

By TAMOTSU MURAYAMA

In flagrant violation of one of the first SCAP directives to the Japanese Government, Governor Shohei Okada of Niigata Prefecture is controlling and directing a newspaper with a circulation of between 400,000 and 500,000.

On September 24, 1945, SCAP informed the Japanese Government to take steps forthwith "to eliminate government created barriers to dissemination of news and to remove itself from direct or indirect control of newspapers and news agencies."

Governor Okada's paper, although called "Kencho Bayori," or "Prefectural Government Reports," is actually a periodical almost solely devoted to news and views beneficial to the governor.

4-

The page tabloid, in its latest issue, devoted only 35 lines for the voice of the people of Niigata.

So far as could be learned yesterday, the national government is doing nothing regarding Governor Okada's paper.

Criticizing publication of a newspaper by a prefectural government, the editor of Shimbun-no-Shimbun, a journal for newspaper editors and publishers declared yesterday that it should not be the business of governors to operate newspapers. Government officials should be in the position of being criticized by the people and not vice versa, the editor declared.

What the Governor of Niigata is doing, the editor charged, is nothing more than trying to lead Japan back to the days of feudalism.

Attachment I,

NIPPON TIMES Wed. July 14, 1949

IMBODEN WATCHES FREE PRESS PROBE

Niigata Journal Invades Field of Private Enterprise

BY FRANK L. WHITE Acting Chief of AP Tokyo Bureau

A monthly publication with a circulation of more than 400,000 operated by the Niigata Prefecture, was termed government invasion of private enterprise by a SCAP official.

The publication "Kencho Dayori" (Prefectural Government Reports) has described by the editors and publishers trade journal "Shimbun no Shimbun" as actually devoted to news and views beneficial to Governor Shohai Ikada. Prefectural funds support the periodical which carries no advertising.

Major Daniel C. Imboden, chief of SCAP's Press and Publications Division of the Civil Information and Education Section, said he is following closely an investigation launched by the Japanese Government to determine if the publication is violation of SCAP directives for establishment of a free press in Japan. The probe was launched as a result of the Shimbun no Shimbun story.

Major Imboden holds the view that a periodical of this type, since it carries local news stories and some foreign news, could not be regarded in the same light as publications such as state and federal agricultural and other "bulletins" in the United States.

Major Imboden said such publications give government control over news, violate principles of press freedom and "invade the field of private enterprise".

Japanese daily newspapers are under strict allocation of newsprint supply due to scarcity. The Niigata prefectural periodical is printed on the type of machine made paper which has a free market. This type of paper is usually made in Japan only for so called "slicks" due to high cost.

Pursuant to the National Public Service Law, the National Personnel Authority hereby establishes the following rule concerning elective public office;

June 29, 1949. President of National Personnel Authority

ASAI Kiyoshi

Rule No. 14-5 of the National Personnel Authority

(Effective date: June 29, 1949)

Elective Public Office

1. The elective public office referred to in the Law and rules shall be construed to indicate offices held by these enumerated below:

- (1) Members of the House of Representatives;
- (2) Members of the House of Councillors;
- (3) Chiefs of local public entities;
- (4) Members of assemblies of local public entities;
- (5) Members of Boards of Education; and
- (6) Members of Agricultural Land Commissions of Metropolis, Hokkaido, urban and rural prefecture and of Agricultural Land Commissions of cities, towns and villages (exclusive of those members designated without public election).

2. Any one occupying the elective public office on and after the effective date of the amended provision of Paragraph 2, Article 102 of the Law, who is a part-time constituent member of the duly established commission ("Iinkai"), council ("singikai"), committee ("kyogikai") or other similar organs of the national government under law or orders

ATTACHMENT 2

(exclusive of their secretarial staff), or part-time Committee-man ("I-in"), Adviser ("Komon"), Councillor ("Sanyo"), or the like established by law or orders, may continue to hold the office concerned until its present term expires.

3. Except in the case as prescribed in the preceding paragraph, employees shall not occupy any elective public office concurrently with their government position on and after July 1, 1949.

4. In case an employee actively occupying elective public office on and after July 1, 1949 under the provision of Paragraph 2 is separated from that public office, the appointing officer of the employee concerned shall immediately report to that effect to the National Personnel Authority.

Cabinet Order concerning the Local System
Inquiry Committee (Cabinet Order No. 123
of 1949)

The Cabinet establishes this Cabinet Order in accordance with the provisions of Article 16, paragraph 2 of the Prime Minister's Office Establishment Law (Law No. 131, 1949).

Affairs under its jurisdiction

Article 1

The Local System Inquiry Committee (it shall be referred hereafter to as the Committee) shall inquire into and deliberate on the important affairs concerning local administration system upon request of the Prime Minister.

Organization

Article 2

1. The Committee shall be composed of within forty members.
2. When it is necessary to inquire into special matters, the Committee may have temporary members.

Article 3

1. The committeeman and temporary committeeman shall be appointed by the Prime Minister upon assistance of the Director of the Local Autonomy Agency, from among persons concerned to local public bodies, personnel of the administrative organs concerned and men of learning and experience.
2. The committeeman shall not be in full time service.

Article 4

1. A person, who is elected by mutual vote of the committeemen as a chairman of the Committee, shall preside over the committee.
2. A person, who is elected by mutual vote of the Committeemen as a vice-chairman thereof, shall assist the chairman

ATTACHMENT 3

and shall, when there is any hindrance on the part of the chairman, perform on his behalf the duties devolving upon him.

Department

Article 5

1. The chairman may establish necessary department in the Committee for the purpose of allotting the affairs under its jurisdiction.
2. The chief of the department shall be nominated by the chairman from among the committeemen.
3. The committeeman who shall belong to a department shall be nominated by the chairman.
4. When there is any hindrance on the part of the chief of a department, a committeeman, who has been nominated beforehand by the chairman, shall perform on his behalf the duties devolving upon him.

Participation of the member of the Local Autonomy Committee

Article 6

A member of the Local Autonomy Committee may, when he considers to be necessary, attend the Committee or its department and speak thereat.

General affairs of the Committee

Article 7

The general affairs of the Committee shall be dealt with by the Local Autonomy Agency.

Sundry Rules

Article 8

Except those provided for in the preceding each Article, necessary matters concerning the proceedings of the Committee and its department shall be determined by the chairman.

Supplementary Provisions

1. This Cabinet Order shall come into force as from June 1, 1949.
2. Regulation governing the Organization of the Local System Inquiry Committee (Imperial Ordinance No. 472, 1946) shall be abolished.

Regarding the Principal Opinions in All
Japan Mayors' Conference.

On the 7th July a session of All Japan Mayors' Conference was held. Principal opinions as were expressed by mayors as their desideratum are as follows:

1. with regard to legislation of bylaw concerning with public safety

The Military Government of the Occupied Forces has suggested mayors, through the government of Metropolis, district, urban and rural prefectures, to establish a bylaw concerning with public safety. Moreover, it was stated that, should any disturbance occur without such by-law promulgated, the mayors concerned must be held responsible therefor. In connection with the legislation of this bylaw a considerably difficult problem is taking place. It is to be noted that only 25 cities out of the entire number throughout Japan have such bylaw already enacted, but majority of cities have to legislate from now on. It is desired that the central government establish a national law instead of leaving with such critical legislation submitted in the hands of individual cities.

2. with regard to amendment to Article 2 of the Supplementary Provision of Local Autonomy Law.

Problems for division of towns and villages which were amalgamated during the war time are occurring in various places. The definition of the term of determination as cited in the Article 2 of the Supplementary Provision of Local Autonomy Law which reads in part (The determination on division or union of a

ATTACHMENT 4

city, town or village must pass through the resolution of the assembly of Metropolis, district, urban or rural prefecture after valid voting by inhabitants), is not to be interpreted to mean only approval first it also includes a veto. Hitherto it was so understood that despite a majority of inhabitants' valid votes would have been obtained, a division can not be approved provided the issue would have been disapproved by the assembly of Metropolis, district, urban or rural prefectures. Nevertheless, however, a notice has been circulated, of late, in amendment to the above opinion to the effect that an assembly of metropolis, district, urban or rural prefectures is functioned only to investigate the form of inhabitants' voting but has no power to veto the outcome of the voting which has been validly completed. An issue of division may be able easily to derive valid votes in favour merely by an instigation of a small number of bosses. However, this being a critical problem of city-policy for a city, it is desired that an amendment shall be effected to the Article 2 of the Supplementary "revisions of the Local Autonomy Law.

3. With regard to the "Recall System"

Due to the abuse of recall-system against its real purport many inconveniences are taking place in way of operating local autonomous administration. It is desired that, with regard to the recall system, the requisite terms for voting shall be made stricter for instance by the way of increasing the necessary number of votes, as much as stricter measure is taken in the way of assuring the sign of inhabitants.

4. With regard to 6-3 system.

Due to total elimination of subsidy from the national treasury,

cities are suffering from a heavy financial pressure. It is desired that the central government endeavor to appropriate such subsidy for 6-3 system in the coming session of extraordinary list of October. It is also desired that, pending appropriation of such subsidy on the budget, an elastic measure as to adopt 5-day-a-week system be arranged pertaining to the enforcement of compulsory education.

5. with regard to the autonomous municipality police.

(1) As all mayors have a keen desire for fostering and strengthening the local autonomous municipal police, it is desired that the central government endeavor, in the occasion of reorganization of police system as reported, so that even in minor cities, a system of autonomous entirety be retained

(2) It is desired that number of police officers be increased coupled with the equipments completed.

(3) As it is difficult for local public bodies to accommodate expenses necessary for local autonomous police owing to insufficiency of financial resources, it is desired that a Measure for new financial resources be taken as much as in the event of a critical case happening within the area under jurisdiction of a local autonomous police, the entire amount of expenses be allotted by the National Treasury. As a means for obtaining financial resources, it is suggested that the revenue that may be yielded from the sources of penalty, additional assessment, as well as confiscated articles be made the revenue of local municipalities.

6. with regard to rehabilitation of calamity damages and city planning projects.

(1) Consequent upon the retrenchment of Treasury subsidy to the

rehabilitation-works of calamity damages and city planning projects ensuing from the enforcement of economic 9-point plan, execution of these works had been made impossible. On the other hand, the government is contemplating to secure the volume of works reducing the rate of subsidy and increasing the burden of local public bodies. It is desired that as much as the Treasury subsidy is appropriated in the supplementary budget, such expenses be disbursed from the U. S. counter-part aid fund for Japan.

(2) It is desired that in as much as calamity damages invariably occur in our country every year, a radical counter-measure for prevention of calamity damages be mapped out and execute the same forcibly.

7. with regard to construction of the peoples' dwelling houses.

(1) The number of houses prearranged for construction for this fiscal year is 25,000. Isn't it possible to increase this number?

(2) Of the expenses required for building the peoples' dwelling houses, $\frac{1}{2}$ is from the Treasury allotment and $\frac{1}{2}$ belongs to the local burden. In this connection, it is desired that against the amount of the local allotment, a "residential bank" be established or a disbursement be made from the counter-part aid fund for Japan.

(3) It is desired that a bond flotation with a financial backing of the Deposit Bureau be approved for the total amount of local allotment.

8. with regard to local distribution tax:

(1) It is desired that reducing the amount of local distribution tax the same be restricted to the minimum extent in

order to accomplish the function of financial adjustment, and in lieu of this a surtax on income tax be created.

(2) It is desired that the (Law concerning special Cases to Local Distribution Tax) by which a drastic retrenchment on local distribution tax had been presented, promulgated in May last, shall be abolished and a measure for enhancing the amount of the distribution tax be taken with ⁱⁿ this fiscal year, restoring the rate into the fixed rate as is prescribed in the Distribution Tax Law.

9. With regard to Local Bonds:

- (1) It is desired that the amount of bonds floatable for this fiscal year be enlarged.
- (2) It is desired that all local bonds be credited by the funds of Deposit Bureau on long term (5 years unredeemed and repayable in 20 years) and in low interest.
- (3) The direct financing system of postal annuity and welfare annuity be reinstated.

10. With regard to adjustment and distribution of tax-resources.

(1) The distribution of taxing resources among the central government and local government is unequitable. In respect to distribution of taxable resources, it is favourable to the former and against the latter's interests. It is necessary to eliminate the subordinative relation of cities, towns and villages to Metropolis, District, urban and rural prefectures. It is desired that such efficient independent tax as admission tax be transferred to cities, towns and villages.

11. With regard to Medium and minor enterprises-counter-measures and unemployment relief.

A strong government arrangement is desired for counter-

measures to medium and minor enterprises as well as to
unemployment relief.

6 July 1949

NR
tax

MEMORANDUM FOR: Major Napier

SUBJECT: Shoup Tax Mission

1. Members of the Mission include the following:

Senior Members of Mission

Dr. Carl Sumner Shoup, Chairman of Mission
Dean Howard R. Bowen - University of Illinois - *local-Govt*
Prof. William S. Vickery - Columbia PhD - *theorist - Income*
Prof. William G. Warren - Columbia PhD - *corporation - with English*
Prof. Stanley S. Surrey - University of California PhD - *appeals, tax laws*
(formerly Chief Legislator Counsel for U. S. Treasury Dept.)

Research Associates

Jerome B. Cohen - City College, City of New York PhD - *Income*
Rolland F. Hatfield, Dept. of Taxation of the State of Minnesota - *local tax*

2. Arriving in early May, the Shoup Mission planned to make approximately four months' comprehensive study of the entire Japanese national local tax structure, and will outline a plan for the revenue of the Japanese tax system along more equitable, modern and productive lines. According to Dr. Shoup, the Mission will make recommendations to help achieve economic stability in accordance with the policy expressed in the nine-point Economic Stabilization Program, and provide Japan with a stable tax system--one which need not be changed for several years, which will remove more serious inequities that exist in the present system, which will give financial support to the already accepted policy of strengthening local autonomy and which will facilitate the efforts that are being made to improve the administration of the tax system and stimulate the vigorous enforcement of the tax laws.

3. In general terms, the problems the Mission is studying are: adequacy of revenue; distribution of tax; and evaluation of the amount of tax paid by individuals and groups.

4. One specific problem to be considered is the Sales Transaction Tax. At the time of the formation of the 1948-1949 General Account Budget (March and June of 1948), it was believed that the existing tax structure would not produce sufficient revenue to offset the General Account expenditures required. In line with the balanced budget policy of SCAP, the Japanese Government was advised that it should submit a new tax legislative proposal that would permit a balance in the General Account for 1948 and 1949. The Japanese proposed a 1% tax on all transactions except export

Dr. Cohen

135A

Memo for Major Napier (Cont.)

sales, certain staple foods, sales of gold bullion, silver, etc. The Government felt that further direct tax would not be effective in producing additional revenue. The Sales Transaction Tax Law was enacted on 1 September 1948, and with minor amendments is still in force.

About the Sales Tax, Dr. Shoup commented:

"My attitude towards Sales Tax is the same as that for any other tax. You cannot judge any one tax by itself. It must be judged in the light of the total tax system. Transaction Tax or Sales Tax might have a certain place in one tax system and an entirely different place in another. You cannot judge any single tax until you have the whole picture."

J. D. McWherter, Jr.

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

1 July 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Newspaper Report of Clash between Communists and Police in Fukushima-ken

1. Yomiuri Shimbun today carries an account of a clash occurring yesterday between Communists and police in Taira, Fukushima prefecture, which resulted in injuries to several persons.

The trouble occurred, according to the account, when the Iwaki district committee of the Communist party was ordered by Taira police to remove a bulletin board from the plaza in front of the railway station. More than 50 Communist committee members called at the police station at 1540 hours to protest the order. Almost immediately fighting broke out between the Communists and 30 police who were in the station. One Communist was arrested and jailed.

At 1600 hours approximately 400 Communist reinforcements arrived, took over the police station, released the Communist who had been arrested, and confined two policemen in his place. About 200 Communists continued to occupy the station.

Negotiations were begun with Chief of Police Honda, through the Public Safety Committee, which resulted in a compromise agreement to postpone removal of the bulletin board for three days and to drop charges against the Communist who had been arrested. In the course of continued negotiations, with the Communists demanding compensation for their injured, 30 policemen were virtually confined to the station. Upon receiving word, however, that armed national rural police had been dispatched by Fukushima prefectural headquarters to quell the disturbance, they dispersed at about 2340 hours.

2. A second account by Yomiuri reported a meeting yesterday at 1600 hours of the Fukushima prefectural assembly which was visited by about 330 representatives of labor unions, who carried red flags, six of which they hung over the assembly hall. After prefectural employees were unable to persuade the labor representatives to leave, the meeting adjourned at 1625 hours.

When the demonstrators continued to occupy the hall, Fukushima police arrested four on charges of obstruction of public business and evicted the others. Those arrested were Tadao Suzuki, 21, no occupation, Kosaku Ohashi, 24, railway employee, Tadayoshi Takahashi, 21, farmer, and Kikuichiro Hayakawa, 21, employee of the Koriyama Engine Shed.

Edna Ferguson
EDNA FERGUSON

42

M

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

30 June 1949

MEMO FOR MAJOR NAFLER

SUBJECT: Conference with Major Young, G-1, re: Funds Allocation for
Diet Delegation

1. In a conference with Major Young early this afternoon, three GS representatives (Melvin, Loeb, Williams) received an explanation of the tie-up in funds for the visit of the Diet delegation to the United States.
2. Major Young stated emphatically that necessary funds for the trip cannot be made available out of fiscal 1949 accounts, and that 1950 funds will not be available until Congress approves the new budget sometime during July. Specifically, money for travel and for the \$210 cash advance to each member of the delegation must come from 1950 appropriations. Major Young was just as emphatic as to the cause of the tie-up, namely, the statement in Radio Z-14695, dated 24 June 1949, that the date of departure of the Diet delegation would be "soonest after four July", i. e., after the end of fiscal 1949. He contends that Radio Z-14695 should have been coordinated with him, in which case, he said, it never would have been dispatched containing a departure date after 30 June.
3. Further effort to procure 1949 funds would be useless, according to Major Young, because the accounts are closed as of 27 June. For this reason, he vetoed the suggestion of communicating with Washington today by telecom.
4. Major Young said that all these points were thoroughly explained to the Chief of Staff yesterday afternoon.

J.W.
P&P Div.

CR-133 4/2

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

*File
No further
action necessary.*

28 June 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Return of Books to Nosake (or Nozaki), Shinichi

1. Ryukyus Military Government Section (Mr. W. E. Monagen, Jr.) informally advised that records of the Foreign Office of the Japanese Government do not indicate receipt of books from Mr. Nozaki.
2. The Foreign Office advises that books were purchased by the Foreign Office from persons returned to Japan on the Gripsholm. Further information was requested - the full name of the official of the Foreign Office in whose custody the books were returned, as well as his official capacity, and the contents of the library.
3. In the event Mr. Nosaki's books were confiscated, the Foreign Office advises that inquiry was made of the Customs Office in Yokohama, however, since that office burned last year no record was available.
4. Records of the Foreign Office indicate that Mr. Nozaki was repatriated as a commercial representative and not as an official of the Japanese Government.

Edna Ferguson
EDNA FERGUSON

4/

**GENERAL HEADQUARTERS
FAR EAST COMMAND**

CHECK SHEET

JW/WEM/dc

(Do not remove from attached sheets)

File No:

Subject: Return of Books to NOSAKE (or NOZAKI), Shinichi

Note
No.

From: RMG

To: GS

Date: 27 April 1949

1

1. On a recent TDY to Ryukyus Command Mr. Walter E. Monagan of this office visited the MG Detachment at Hirara City, on the Island of Miyako, Southern Ryukyus and there met a Mr. NOSAKE, Shinichi, present head of the Public Relations Office, Miyako Provisional Government.

2. Mr. NOSAKE stated that he had formerly been employed by the Japanese Government in New York City and while there accumulated a library of books. He returned to Japan on the exchange ship Gripsholm in 1942. Mr. NOSAKE says that his books were returned in custody of the Foreign Office of the Japanese Government and that they are still in the possession of the Foreign Office. Mr. NOSAKE requested assistance in recovering the books and stated that he would make them available for borrowing if they are returned.

3. It is requested that the Foreign Office be queried as to the validity of the claim of NOSAKE.

4. If it is established that the claim is valid, GS assistance in making possible the return of these books would be appreciated. If returned Ryukyus Military Government Section can assist in making arrangements for shipment of the books to the Ryukyus.

J.W.
-----J.W.-----

JW/WEM/dc

Return of Books to NOSAKE (or NOZAKI), Shinichi

RMG

GS

27 April 1949

1

1. On a recent TDY to Ryukyus Command Mr. Walter E. Monagan of this office visited the MG Detachment at Hirara City, on the Island of Miyako, Southern Ryukyus and there met a Mr. NOSAKE, Shinichi, present head of the Public Relations Office, Miyako Provisional Government.

2. Mr. NOSAKE stated that he had formerly been employed by the Japanese Government in New York City and while there accumulated a library of books. He returned to Japan on the exchange ship Gripsholm in 1942. Mr. NOSAKE says that his books were returned in custody of the Foreign Office of the Japanese Government and that they are still in the possession of the Foreign Office. Mr. NOSAKE requested assistance in recovering the books and stated that he would make them available for borrowing if they are returned.

3. It is requested that the Foreign Office be queried as to the validity of the claim of NOSAKE.

4. If it is established that the claim is valid, GS assistance in making possible the return of these books would be appreciated. If returned Ryukyus Military Government Section can assist in making arrangements for shipment of the books to the Ryukyus.

-----J.W.-----

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET

(Do not remove from attached sheets)

JW/WEM/dc

File No:

Subject: Return of Books to NOSAKE (or NOZAKI), Shinichi

Note From: HMG
No.

To: GS

Date: 27 April 1949

1

1. On a recent TDY to Ryukyus Command Mr. Walter E. Monagan of this office visited the MG Detachment at Hirara City, on the Island of Miyako, Southern Ryukyus and there met a Mr. NOSAKE, Shinichi, present head of the Public Relations Office, Miyako Provisional Government.

2. Mr. NOSAKE stated that he had formerly been employed by the Japanese Government in New York City and while there accumulated a library of books. He returned to Japan on the exchange ship Gripsholm in 1942. Mr. NOSAKE says that his books were returned in custody of the Foreign Office of the Japanese Government and that they are still in the possession of the Foreign Office. Mr. NOSAKE requested assistance in recovering the books and stated that he would make them available for borrowing if they are returned.

3. It is requested that the Foreign Office be queried as to the validity of the claim of NOSAKE.

4. If it is established that the claim is valid, GS assistance in making possible the return of these books would be appreciated. If returned Ryukyus Military Government Section can assist in making arrangements for shipment of the books to the Ryukyus.

-----J.W.-----

27

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section
Public Administration Division

27 June 1949

MEMORANDUM FOR MAJOR NAPIER

SUBJECT: Public Attendance at Shinjuku Gardens

1. The Imperial Garden at Shinjuku, Tokyo, was opened to the public on 21 May 1949 as a National Park. Admission charges were for adults, 20 yen; for children, 10 yen.

2. According to ISHIGAMA Koshiro, Chief of Planning Section, National Park Division, Ministry of Welfare, the attendance from 21 May 1949 to 24 June 1949 was:

Adults	63,030
Children	26,201
Total	89,231

3. Beginning 1 July 1949, a report of the number of persons visiting the park will be submitted each month.

JDM
J. D. M.

CR-132

41

MK R1330
Monopoly 6

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

23 June 1949

MEMORANDUM

for Record

SUBJECT: Violation of possession of foreign cigarettes.

Based on an article appearing in the Asahi newspaper 18 June 1949, titled "Enforcement of Foreign Tobacco Violation", a conference was held in Government Section with the following attending:

Mr. Moss, ESS, Internal Revenue
Mr. Matsukata, Government Section
Mr. Osabe, Supreme Procurator's Office
Mr. Tamura, Information Section Chief,
Tobacco Monopoly Bureau.

The article in Asahi stated that beginning July the Monopoly Bureau was to start an all-out campaign to enforce the law which calls for three years and/or 300,000 yen fine for those individuals possessing foreign cigarettes. It further stated that from the latter part of February through April they had confiscated 2,955 cartons of American cigarettes from individuals. They estimated that approximately 2,000,000,000 cigarettes were circulated during the past year.

The conference was called with the object of determining how the Monopoly Bureau planned to enforce their program. Mr. Tamura stated that actually no definite plans had been laid but that they had tentatively planned to call conferences of all restaurant, dance hall and cabaret owners in the early part of July to warn them that they were going to enforce the law. In order to enforce the law, Monopoly Bureau inspectors were to be mobilized. The interpretation given by the procurators' office as to jurisdiction of the Monopoly Bureau inspectors is very limited. This coincides with the view of the Headquarters, which recently notified the Transportation Ministry that the railway police regardless of their judicial police powers did not have the right to search and seize baggage in the possession of an individual or in the station without a warrant. If this same interpretation is to be applied to the Monopoly Bureau inspectors, as the procurators rightfully think it should be, such inspectors would have no right to stop

39-A

any individual or to search and seize for the purpose of eliminating the use of foreign tobacco. The estimated loss in taxes is approximately 100,000,000 yen.

Complete agreement was reached with Mr. Bass and all present in the conference that this was purely a Japanese program and that if a Japanese agency concerned so desired to enforce the Monopoly Law, Article 66, it was for them to coordinate their work with the necessary agencies, namely, Monopoly Bureau, National Rural Police, and the Supreme Procurator's Office. After they had conferred and agreed on a uniform plan, approval and suggestions could be requested of GHQ, but not until such time.

Aside from the cigarettes that are presently being smuggled from Formosa and Korea, it is questionable as to whether the cigarettes given by Occupation personnel or trader personnel to Japanese nationals can subject the Japanese national to penal servitude under the Japanese laws. GHQ Circular No. 26 forbids Occupation personnel from giving or selling so-called Occupation goods. Therefore, under the Japanese law implemented, it would be a violation for Japanese nationals to possess cigarettes obtained from Occupation personnel. Circular No. 26 does not cover trader personnel who have access to cigarettes or any other items procured from OSA stores of the same category. Accordingly, as such goods are not construed as Occupation goods, they are not subject to the Japanese law forbidding possession of Occupation goods. Recent Provost Court rulings have shown that goods given to the Japanese without remuneration are not subject to confiscation or penal servitude of the individuals concerned.

At present, the Japanese "Peace" cigarette is sold for 6 yen per, the Occupation cigarette is sold for 7½ yen per. The slight difference in cost seems to obstruct the sales of "Peace" cigarettes. Recent editorials have pointed to the fact that if the Monopoly Bureau would better their quality of cigarettes, it would lead to a gradual elimination of such vast quantities of American cigarettes being used by the Japanese. The Monopoly Bureau states that the tobacco leaf in Japan at the present standard could not possibly produce cigarettes of the same caliber.

Under the present Occupation conditions, any attempt to eliminate the sale of American and foreign cigarettes on the Japanese market would be impossible short of unlimited privilege to import such cigarettes legally, including all the necessary tariff.

The representative of the Monopoly Bureau stated that ESS in coordination with CIE, is attempting to force Monopoly Bureau to expend 100,000,000 yen in the publicity of "Peace" cigarettes and therefore eliminate the consumption of foreign cigarettes. This, in the estimation of the Monopoly Bureau, is a total waste of money due to the present quality and conditions existing in the tobacco markets of present day Japan.

Conclusion:

A conference will be held of all necessary Japanese government agencies concerned to establish a firm policy on the enforcement of the Monopoly Bureau Law. As this is purely a Japanese problem, it is concluded that no further action is necessary on the part of this Headquarters.

MAKOTO MATSUKATA

U. Agre
ON

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

3 June 1949

MEMORANDUM FOR THE RECORD:

1. The inclosed Memorandum (Incl. #1) from the Chief of the Special Examination Committee of the House of Representatives to the Chief of the Government Section contains a number of questions concerning the change of Presidency of the Showa Denko Company in 1947.

2. In order to provide the information requested by the Committee, a conference was held 30 May 1949, the following attending:

Mr. Frank Rizzo, Deputy Chief, Government Section
Major Roy A. Harris, Parliamentary & Political Div., Government Section
Sakae HAYASHI, Government Section (Interpreter)
Ryosaku KAJI, Committee Chairman
Kozo INOMATA, Committee Director
Teruzaburo MYOREI, Committee Chief Secretary
Zenichi YAMANISHI, Committee Secretary

3. At this meeting, Mr. Rizzo conveyed substantially the information contained in the Memorandum for the Record dated 27 May 1949 (Incl. #2) attached.

ROY A. HARRIS
Major, USAF
Parliamentary & Political Division

2 Incls:

- Incl #1 - Memo to Gen. Whitney
fr Chief of Examination
Committee of H.R., 10 May 49.
Incl #2 - Mr. Rizzo's Memo for Record,
27 May 49.

GOVT SEC

38

COPY

May 10, 1949

To : Brigadier General Courtney Whitney
Chief of the Government Section.

From : Ryosaku Kaji.
Chairman of the Special Committee for Examination
of the House of Representatives.

Subject : Inquiry about the resignation of Mr. Satoru Meri from
the presidency of the Showa Denko Company and the
appointment of Mr. Setsuzo Hinojara as a new president.

Concerning the change of the presidency of the Showa Denko., the
Illegal Property Transaction Investigation Committee of the House of Repre-
sentatives summoned as witnesses the following persons:

Mr. Tadao Sasayama, Chairman of the Holding Company Liquidation
Committee.

Mr. Iwajiro Noda, an executive committee of HCIC.

Mr. Kejiro Sushiro, the then Vice-president of the Industrial Bank.

Mr. Yoshimoto Ninomiya, the then director of the Reconstruction
Finance Bank.

Mr. Setsuzo Hinojara, president of the Showa Denko Co.

Mr. Satoru Meri, ex-president of the said Co.

Mr. Teranosuke Ichimura, a managing director of the said Co., etc.

As there are some differences among the testimonies by these witnesses
and there are also unclear points about what the instructions of GHQ were,
the Examination Committee takes the liberty of asking you to investigate the

Incl # 1

following points by referring to Major Zybura, the then Chief of the Surveillance Branch of the Anti Trusts and Cartels Division of ESS and Mr. Barkley Henderson, the then Chief of the Liquidation Branch of the said Division:

I. Concerning the audit of the Showa Denko Co.:

- a. Whether or not Major Zybura audited the Showa Denko Co. in the presence of Mr. Mori, president of the Co., about in the middle of February, 1947?
- b. What was the findings of the audit?
- c. What measures were taken after the audit? What instructions were given?
- d. Was Mr. Mori's resignation partly due to the findings of this audit?

II Concerning the resignation of Mr. Mori:

- a. Was Mr. Noda of HCIC strongly instructed by Major Zybura to make Mr. Mori resign from the presidency? Was this instruction confirmed by Mr. Henderson?
- b. Was Mr. Minamiya of the RFB at about the same time told by Major Zybura that the President of the Showa Denko should be changed?
- c. Is it true that Mr. Mori, after having been told by Mr. Sasayama about his resignation, went to Major Zybura in order to have this information confirmed by him and the latter told that ESS had not especially given any instruction to HCIC, but the will of HCIC was identical with that of ESS. Is this fact true?

- d. Was there a talk about that, if any unrest should be produced among the employees of the company in connection with the resignation of Mr. Mori, GHQ would be ready to suppress it?
- e. Mr. Mori was later released from purge. What was the reason why Mr. Mori had to be hurriedly removed from the presidency before his purge became definite?

III Concerning the process of the appointment of Mr. Hinchera to the presidency of the Showa Denko Co.:

- a. It seems that about in the middle of March, a list of three candidates for the presidency of the Showa Denko Co. was made by GHQ and RFB -- namely Mr. Setsuzo Hinchera, the then president of the Nihon Suiso K.K.; Mr. Otami Isomura, the president of the Hodogaya Kagaku Kagyo K.K.; Mr. Bunpei Imai, who was the president of the Shinetsu Kagaku K.K. (a designated purgee). Was RFB ordered by GHQ to select these three candidates or did RFB ask GHQ to approve the selection of these candidates, in bringing a list thereof?
- b. Were the conditions of selecting the president of the Showa Denko Co. -- "a man experienced in chemical industry", "freshman" etc. -- presented by GHQ? Or were these conditions presented by RFB?
- c. Immediately after the list of the three candidates, which was allegedly approved by GHQ, had been brought to NCIC (about in March 15-16), Mr. Sassyama is said to have expressed his opinion to Major Zybura and Mr. Henderson through Mr. Noda saying:
"It will be considerably difficult to select a new president from outside the company. After the resignation of Mr. Mori, therefore,

the company should be managed through a representative system of directors without appointing a president. In order to correct lax accounts, a capable director to be in charge of accounts should be appointed."

This proposal was seemingly not approved. Was really held such a parley?

What was the reason why his proposal was not approved?

a. It is said that:

About on March 22, Major Zybura and Mr. Henderson came to HCIC and said: "The measures must be urgently taken to appoint the president of the Showa Denko Co."

Mr. Sasayama replied: "It is difficult to select a president in a hurry. Allow us time."

Major Zyburq and Mr. Henderson said: "A good president will not be necessarily found by waiting one or two days. It must be done urgently."

Was there such a fact as mentioned above?

e. In what process was Mr. Hinchara selected from among the three candidates?

f. It is said that:

"On March 26, as the directors of the Showa Denko Company strongly opposed to the appointment of Mr. Hinchara, Major Zybura and Mr. Henderson gave an instruction to HCIC to hold the general meeting scheduled for March 28 without fail. HCIC was authorized to say that the appointment of Mr. Hinchara was based on the instruction of CHQ.

Is the above-mentioned fact true?

- g. Before the banks and HCLC started to select the new president, Mr. Hinchara talked about his probable appointment to the presidency to his closest intimates and this fact was known to a part of the public. RFB had not been directly ordered by GHQ to select the new president. Nevertheless Mr. Hinchara told Mr. Ninomiya of RFB that it was the intention of GHQ to appoint a new president. In view of these facts, it is supposed that Mr. Hinchara directly appealed to GHQ to appoint him president. What is the truth about it?

III. Concerning the sweeping away of Mori color from the Showa Denko Co.:

- a. On April 3, the new president Hinchara, together with several directors, made a courtesy visit to Mr. Henderson at his office room on the occasion of the appointment of the former to the presidency. Mr. Henderson gave the words of encouragement to all. As they wanted to leave, Mr. Henderson called back Mr. Hinchara and said to him: "You are appointed the president on approval of GHQ. Consequently hereafter GHQ deems you responsible for the matters concerning the Showa Denko for good or evil. Do your best and exclude the staff tinged with Mori-colour."

Mr. Hinchara then said to Mr. Henderson: "Please, tell the other persons, too, about the exclusion of Mori color." Then Messrs. Nakamura and Matsumoto were called back. To these persons, Mr.

Henderson repeated the matters concerning the exclusion of Mori
Color.

Is the above-mentioned fact true?

- b. Immediately after that, allegedly on instruction of GHQ about 20
persons including directors were dismissed. What was the reason
why the Mori color had to be swept away after Mr. Mori himself
had resigned?

/s/ Ryosaku Kaji
Ryosaku Kaji

Chairman of the Examination
Special Committee of the
House of Representatives.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

27 May 1949

MEMORANDUM FOR THE RECORD:

The enclosed informal memorandum from the Chairman of the Special Examination Committee of the House of Representatives to the Chief, Government Section, contains a number of questions concerning the resignation of Mr. Satoru Mori and the appointment of Mr. Setsuzo Hinchara as President of the Showa Denko Company in 1947. The memorandum states that these questions arose in the course of the Committee's investigation of the case and requests information on the basis of which some differences in the testimony received from various witnesses and some "unclear points about what the instructions of GHQ were" may be clarified.

Since the two officials of the Anti-Trust and Cartels Division of Economic and Scientific Section, GHQ, SCAP who acted for the Division concerning this matter have returned to the United States, it is not possible to answer the Committee's questions by direct reference to these officials, but the present Chief of the Division, Mr. Welch, on the basis of a thorough examination of information contained in the files of his Division, and also inquiries among officials now in the Division who have personal recollection of some of these matters, has transmitted information on the basis of which most of the questions raised by the House of Representatives Committee are satisfactorily answered. This information is arranged below in chronological order.

1. On 22 January 1947 an inspection of the Kawasaki factory and Tokyo head office of the Showa Denko K. K. was conducted by personnel of ESS/AC headed by Major Zybura. This inspection disclosed that the Kawasaki plant had failed to post in its books the record of expenditures since 31 October 1946 and that the records in the head office had not been posted beyond 31 December 1946. Expenditures during those periods included disbursements from the proceeds of an RFB loan in the amount of ¥799,200,000 which had been approved in SCAPIN 2157-A dated 7 September 1946. These disclosures as well as Mori's vulnerability under SCAPIN 550 indicated that a change in the management of Showa Denko K. K. was appropriate.

2. Between 1 March and 10 March ESS/AC notified the Holding Company Liquidation Commission of this decision. This decision was communicated by the HCIC to Mr. Mori before 10 March, and upon receipt of such notification Mr. Mori submitted a letter of resignation to Mr. Ichimura, managing director of Showa Denko K. K.

3. About 5 March 1947 the RFB and the IFB (who were the largest creditors of Showa Denko K. K.) were requested by ESS/AC to submit nominations for the

GOV'T SECTION

Incl #2

37

the presidency of Showa Denko K. K. This request was accompanied by a statement to the effect that such candidates should possess the following qualifications:

- a. Must be individuals not connected with the former management or with any Zaibatsu.
 - b. Must have knowledge and experience in the chemical fertilizer industry.
 - c. Must have administrative experience and ability.
4. On either 15 or 17 March the RFB and the IFB submitted to ESS/AC the names of the following three candidates:
- (1) Mr. Isomura, President, Hodogoya Kagaku Kogyo.
 - (2) Mr. Hinchara, President, Nippon Suiso Kogyo.
 - (3) Mr. Imai, Vice-President, Shinetsu Kagaku Kogyo.

At the time this list was received the RFB and the IFB officials who submitted the list were told that it should also be presented to the HCIC and this was done on the same day.

5. ESS/AC had no objection to any of the three men named in paragraph 4 above and instructed the HCIC to put into office the candidate recommended by the RFB and the IFB, the two largest creditors of Showa Denko. On 22 March representatives of ESS/AC visited the office of the HCIC and indicated that it was advisable to make a final selection from the list of candidates at an early date in view of the stockholders' meeting to be held on 28 March, and that the name of the candidate agreed upon should be presented at that meeting. On the same date (22 March) the HCIC informed the RFB of ESS/AC's desire for early action in the matter.

6. On 23 March Mr. Hinchara was notified by Mr. Ninomiya, director of RFB, that he was being recommended by the RFB and the IFB as the candidate to replace Mr. Mori. ESS/AC had informed the HCIC that the agreement on the part of RFB and IFB that Mr. Hinchara was the most desirable candidate was acceptable to GHQ. On 23 March Mr. Hinchara called at the home of Mr. Sasayama (HCIC) to verify the information he had received from Mr. Ninomiya, but since Mr. Sasayama was out Mr. Hinchara called at the office of the HCIC the following day for the same purpose.

7. Mr. Hinchara was elected a director of the Showa Denko K. K. at the shareholders' meeting of 28 March 1947, along with an additional director and two auditors. Immediately after the shareholders' meeting the Board of Directors met and elected Mr. Hinchara president of the company.

8. On 31 March 1947 Mr. Hinochara and three other directors of the Showa Denko K. K. called at the ESS/AC office to report results of the shareholders' meeting and to receive instructions, if any. Mr. Henderson was absent on that day so Mr. Hinochara and the other directors of the Showa Denko K. K. made another call on 3 April 1947 for the same purpose.

9. At the meeting on 3 April Mr. Hinochara was informed that he was responsible for efficient management of the company and for increasing production, and should take such steps as were necessary to eliminate personnel who would not cooperate fully in attaining such objectives, with specific reference to elimination of Mori influence.

F.R.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

MAIN FILE

[Handwritten signature]
Budget

27 May 1949

MEMORANDUM FOR THE RECORD:

In Check Note No. 1 attached hereto Government Section proposed the issuance of a formal SCAP memorandum to the Japanese Government designed to (1) force the Government to operate strictly within the 1949-50 budget, including the proper use of funds within the budgetary items as appropriated, (2) prevent supplemental appropriations, and (3) control the use of funds appropriated for Occupation purposes which may not be needed for such purposes. The Economic and Scientific Section in Check Note No. 2 rejected this proposal as inadvisable. Inasmuch as matters affecting Japanese public finances are a primary responsibility of the Economic and Scientific Section, the decision of that Section is controlling. Nevertheless, Government Section remains convinced of the desirability of the action proposed for the purpose of checking irresponsible actions by Japanese Government officials who have authority to incur obligations or expend public funds, or to cause public funds to be obligated or expended.

Government Section is in complete agreement with the ESS objection to "a directive to enforce a directive" on the grounds of both policy and doubtful efficacy (ESS Check Note No. 2, paragraph 2) but considers that the Government Section proposal could not properly be so termed for the items listed in paragraph 2 of Government Section's Check Note have not previously been transmitted to the Japanese Government in any directive known to the Section. Examples of memoranda instructing the Japanese Government to carry out some specific phase of an existing directive are not lacking. On 11 May 1949 the Japanese Government was handed a SCAP memorandum (SCAPIN 2003) directing it "to take the necessary measures to establish standard allowances to be paid to Government employees separated from Government service consistent with the amount of funds provided for such allowances in the consolidated balanced budget adopted for the fiscal year 1949-50 in accordance with the United States Government Interim Directive on economic stabilization." On 19 May 1949 the Minister of Finance was handed an informal memorandum calling his attention to a SCAP memorandum of 2 February 1949 (SCAPIN 1968) and stating that "It is, therefore, a matter of extreme urgency that necessary implementing measures be taken at once." Both of these memoranda originated in the Economic and Scientific Section.

The U. S. Interim Directive on economic stabilization is a statement of objectives and, therefore, broad in its terms. It could be sabotaged by numerous acts of omission or commission which in themselves would not be actionable under either Japanese law or Occupation directives. The items listed in the Government Section Check Note having to do with the maintenance of a balanced budget and observance of strict economy are only the more obvious ones to which Economic and

CS FILE

Scientific Section could no doubt readily add, for as ESS Check Note No. 2 observes, there are "scores of devious devices" whereby prescribed budgetary procedures are violated.

In ESS Check Note No. 2 it is stated that the Supreme Commander has repeatedly told the Prime Minister of Japan that the policy of requiring Japan to operate under a balanced budget is irrevocable and unequivocal, and that the Chief, Economic and Scientific Section has repeated these instructions to the various Ministers of the Government concerned with economic activities. Yet the present attitude of high Government officials, as reported by Government Section in Check Note No. 1 and recognized by ESS in Check Note No. 2, is to regard existing budget limitations as being subject to circumvention or amendment when deemed necessary.

The pressures to which the Government is subject are so numerous and so powerful that proposals which would unbalance the budget, call for supplemental appropriations or cause the misuse of budgeted funds will continue to occur with disturbing frequency. Only within the last forty-eight hours proposals were presented in Diet Committees which would have entailed the expenditure of funds not provided in the budget, and attempts were made to support them by reference to "contingency funds" alleged to exist in the budget which had been provided for entirely different purposes. Typical of the pressures present are the demands which have already been publicly voiced for allocation of budgetary savings expected to be realized from discontinuance of reparations removals.

Imbued with such an attitude and faced with such pressures the Japanese officials charged with carrying out the requirements of Point No. 1 of the 9-Point Program obviously need the guidance, support and authority of a directive which would define for them the limits of permissible action in connection with budgetary matters.

Government Section agrees with the ESS view that pending the development of an "unassailable system of budgetary controls in Japanese law and regulation" informal SCAP surveillance and clearance on budgetary and fiscal matters are indispensable to insure adherence to basic principles, and did not intend that these procedures be superseded by a single directive, as ESS seems to think. Were the proposed directive issued, surveillance would, of course, have to continue, but the existence of such specific written instructions and prohibitions, the breaching of which would render the responsible officials liable to prosecution, would in itself be a tangible deterrent to sabotage of the program for selfish political gain or other motive.

In the absence of such an instrument the Government Section believes that it will not be very long before this Headquarters will be under pressure to condone some serious infraction of budgetary policy as a "fait accompli" or to authorize supplemental appropriations in order to avoid a grave governmental crisis.

copy furnished:
Chief, ESS

CW
C.W.

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

14 June 1949

MEMORANDUM FOR THE CHIEF, GOVERNMENT SECTION

SUBJECT: Statements by Cabinet Ministers Concerning Supplementary Budget

1. Officials of the Local Autonomy Agency have supplemented a detailed oral report concerning the three-day conference of prefectural governors, concluded on Sunday, with brief written extracts from statements made by Cabinet Ministers in reply to questions raised by prefectural governors.

2. According to the written record, Cabinet Ministers on several occasions sought to assure money-short prefectural governors that additional funds for disaster relief, unemployment relief, etc, would be provided in a "supplementary budget".

a. When the governors of Akita and Mie prefectures complained of the elimination of subsidies to individual land owners whose property had been damaged by floods, the Minister of Agriculture and Forestry replied: "We will make efforts to take some measure to deal with this problem in the next supplementary budget".

b. When the Governor of Kanagawa urged the appropriation of additional unemployment relief funds, the Minister of Labor declared: "We will do so in compiling the supplementary budget".

c. All governors protested the elimination of education subsidies and asked, "Does the central government intend to include it in the supplementary budget"? The Prime Minister replied, "The national government hopes to take appropriate steps in compiling the supplementary budget, but we cannot be too optimistic". The Finance Minister enlarged on the Prime Minister's statement by saying: "If we get a surplus in the current budget, we want, in the first place, to reduce taxes, and then to use surplus funds for subsidies to recover from disasters and the 6-3-3 education system".

3. Of interest also is the statement of the Minister of Construction when he was asked what was being done to increase available housing: "A considerable fund is expected to be allocated for this purpose from the Counterpart Fund".

Noted KR
15 June 49
noted by General Whitney
File with m/R on
Budget memo
to ESS
See memo
on

Osborne Hauge
OSBORNE HAUGE
Chief, Public Affairs Division

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

CHECK SHEET

WFM/af

(Do not remove from attached sheets)

Proposed Directive to Forbid Excessive
Subject: Expenditures by the Japanese Government.

File No.:

Note No.:

From: ESS

To: GS

Date: 22 May 1949

2

1. The interest of Government Section in the vital problem of insuring that Japanese government expenditures be held within the limits of budgeted appropriations is appreciated and the analysis of the attitude of government officials contained in your memorandum is most accurate. The reluctance of the Japanese to operate under a balanced budget is a matter of long standing.

2. It is believed, however, that the issuance of a "directive to enforce a directive" would be contrary to Occupation policy and that such a directive, if issued, would have no significant effect upon the future actions of Japanese government officials in connection with any contemplated continuing efforts to engage in inflationary financing.

3. The Supreme Commander has on numerous occasions repeated to the Prime Minister that the SCAP policy of requiring Japan to operate under a balanced budget is irrevocable and unequivocal. Under explicit directions from General MacArthur I have repeated these instructions to the various Ministers of the Government concerned in the economic activities of the nation. Mr. Joseph Dodge stated specifically to Japanese officials that continued United States financial aid is postulated upon the success of the Japanese government in attaining domestic stabilization to include the continuance of operations under the balanced budget principle.

4. On 19 December 1948, the Supreme Commander sent a letter to the Prime Minister transmitting the contents of the Interim Directive of the United States Government on the subject of economic stabilization in which the Japanese government is directed to adopt the necessary measures "to achieve a true balance in the consolidated budget at the earliest possible date by stringent curtailing of expenditures and maximum expansion in total government revenues, including such new revenue measures as may be necessary and appropriate." The Chief, Government Section, and executives of his section also have demanded strict adherence to the balanced budget principle by the Japanese and have supported actions initiated by other SCAP sections to force conformance with the stated objective.

5. A national budget is an extremely complicated document. There are more than 8000 items in the 1949-50 Japanese budget, all inherently and intricately related to the problem of insuring government operation within available income. The format of the budget contains many features with which the Japanese are not completely familiar and which they inadvertently violate. On the other hand, there are scores of devious devices which can be and are adopted by certain uncooperative public officials when it serves their interests to violate the prescribed budgeting procedures.