

May 28, 1951.

Title of the Bill: Bill concerning Promotion of
Enterprise Rationalization.
(Presented by NAKAMURA Junichi)

I hereby certify that the above mentioned
Bill does not violate any Directive issued by
the Supreme Commander for the Allied Powers
and the Constitution of Japan, and that any
provision of this Bill, except those providing
for exceptions, does not contradict any other
law.

Foshio Irie

Chief, Legislative Bureau,
House of Representatives.

Revised

House of Representatives

May 28, 1951.

Bill concerning Promotion of Enterprise
Rationalization

(Presented by NAKAMURA Junichi)

Chapter I. General Provisions

(Purpose of this Law)

Article 1. The purpose of this law is to promote the rationalization of enterprise, by guiding and advising the elevation of technique and the improvement of the analyzed unit of raw materials and motive power as well as by aiding the speedy modernization of mechanical equipment and, thereby, to contribute towards the self-sufficiency of our national economy.

(Definition)

Article 2. The meanings of terms as described in each of the following items in this law shall be subject to those as provided for in each item concerned:

- (1) "Enterprisers" shall mean those engaged in manufacturing industry (electric utilities and gas utilities included), mining industry, transport business, civil engineering and other enterprises as provided for in Cabinet Order.

(13)

- (2) "Designated mechanical equipment" shall mean up-to-date or high efficiency mechanical equipment to contribute towards the promotion of the rationalization of enterprise as provided for Cabinet Order.
- (3) "Industrial Auxiliary facilities" shall mean roads, ports and harbors, cargo-handling facilities thereof and other auxiliary facilities necessary to conduct business and described in item 1.

Chapter II. Promotion of Elevation of
Technique.

(Granting of Subsidy, etc.)

Article 3. The competent Minister in the case deemed necessary to accelerate the elevation of technique, may in accordance with the provisions of a ministerial ordinance of the competent Ministry to encourage and foster researches for technique, trial manufacture of mechanical equipment or pilot plant projects grant subsidies to enterprisers and others (hereinafter referred to as "enterprisers, etc.") within the framework of budget or lease State-owned mechanical equipment or facilities by fixing a period of lease.

(Exception on Imposition of Income Tax and Corporation Tax)

Article 4. If in cases where enterprisers, etc. have received the granting of subsidies as provided for in the preceding paragraph enterprisers, etc. concerned have used the subsidies concerned for the capital expenditure aimed at by the subsidies concerned, sums equal to the sums used for the capital expenditure concerned shall in accordance with the provisions of a ministerial ordinance of the competent Ministry not be counted in the total amount of income or in the profit concerning the calculation of income in accordance with the provisions of the Income Tax Law (Law No.27 of 1947) or the Corporation Tax Law (Law No.28 of 1947) in the year or the business year to which the day of receipt of the granting concerned belongs; in this case, the provisions on the order based on the Income Tax Law with respect to the price of acquisition of assets acquired by the capital expenditure concerned and the provisions on the order based on the Corporation Tax Law with respect to the counting in the loss of the sum equal to a difference between the price of acquisition of assets acquired by the subsidy concerned and the price as listed in an inventory shall not apply.

2. The provisions of the preceding paragraph shall apply mutatis mutandis in cases where enterprisers, etc. have received the granting of subsidies from local public-bodies to encourage and foster reseraches for technique, trial manufacture of mechanical equipment or pilot plant projects.

Article 5. In case an enterpriser has reserved a part of his income as reserve fund for test and research in accordance with the provisions of a ministerial ordinance of the competent Ministry to use it for a capital expenditure for test and research as authorized by the competent Minister, the income tax or the corporation tax in the year or the business year when the reserve concerned was made shall be imposed upon deducting a sum equal to the reserved sum concerned from the total amount of income subject to the tax imposition or an income in the year or the business year concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry so far as blue forms as mentioned in Article 26-(4) paragraph 1 of the Income Tax Law (Blue Form) or in Article 25 paragraph 1 of the Corporation Tax Law (Blue Form) have been submitted.

2. In case an enterpriser who has undergone the application of the provisions of the preceding paragraph has failed to use a sum equal to the whole or a part of the reserve fund for test and research for the capital expenditure to conduct test and research as provided for in the same paragraph within 2 years from the day following the day of the termination of the year or the business year when reserved in accordance with the provisions of the same paragraph, the income tax or the corporation tax in the year or the business year to which the day after the lapse of two years from the day of the termination

of year or the business year when the reserve concerned was made belongs shall be imposed by adding a sum equal to the sum concerned which he has failed to use to the total amount of income subject to the tax imposition or an income in the year or the business year concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry.

3. The competent Minister in the case deemed especially necessary may in accordance with the provisions of a ministerial ordinance of the competent Ministry postpone within a period not exceeding a year the period as mentioned in the preceding paragraph during which a sum equal to the reserve fund for test and research shall be used for the capital expenditure for test and research; in this case, the provisions of the same paragraph shall apply with "the day after the lapse of two years from the day of the termination of the year or the business year when the reserve concerned was made" in the same paragraph reading "the day of the termination of the postponed period concerned".

4. In case an enterpriser who has acquired facilities for the test and research authorized by the competent Minister as mentioned in paragraph 1 (hereinafter referred to as "test and research facilities") by spending a sum equal to the whole or a part of the reserve fund for test and research has failed to use the test and research facilities concerned within 2 years from the day of acquisition of them for purposes of use aimed at

by them, the income tax or the corporation tax in the year or the business year to which the day after the lapse of two years from the day of the acquisition concerned belongs shall be imposed by adding to the total amount of income subject to the tax imposition or an income in the year or the business year concerned a sum equal to the sum deducted in accordance with the provisions of paragraph 1 (in case there is a sum added in accordance with the provisions of the preceding two paragraphs, a sum minus the sum) in accordance with the provisions of a ministerial ordinance of the competent Ministry.

(Reduction of or Exception from Immovable Property Tax)

Article 6. Local Public bodies may in accordance with the provisions of by-laws reduce or not impose the immovable property tax with respect to test and research facilities owned by enterprisers, etc.

Chapter III. Promotion of Modernization of
Mechanical Equipment, etc.

(Exception to Imposition of Income Tax and Corporation
Tax)

Article 7. In case a person who operates an iron and steel industry or coalmining industry has reserved a part of his income as the reserve fund for the modernization of mechanical equipment within 3 years from the day of the enforcement of this law for using it for an expenditure to acquire designated mechanical equipment as authorized by the competent Minister in accordance with the provisions of a ministerial ordinance of the competent Ministry, the income tax or the corporation tax in the year or the business year when the reserve concerned was made shall be imposed by deducting one half of the sum equal to the reserved sum concerned from the total amount of income subject to the tax imposition or an income in the year or the business year concerned in accordance with the provisions of ministerial ordinance of the competent Ministry so far as blue forms as mentioned in Article 26-(4) paragraph 1 of the Income Tax Law or Article 25, paragraph 1 of the Corporation Tax Law have been submitted.

2. The provisions of Article 5 paragraph 2 and paragraph 3 shall apply mutatis mutandis in cases as mentioned in the preceding paragraph; in this case, "a sum equal to the sum concerned which he has failed to use" as

mentioned in paragraph 2 of the same Article" shall read
"one half of the sum equal to the sum concerned which he
has failed to use" and, "the reserve fund for test and
research" and "the capital expenditure for test and
research" as mentioned in paragraph 2 and paragraph 3
of the same Article shall read "the reserve fund for
the modernization of mechanical equipment" and "the ex-
penditure to acquire designated mechanical equipment",
respectively.

3. In case an enterpriser as mentioned in paragraph 1
who has acquired designated **mechanical** equipment as
authorized by the competent Minister in accordance with
the provisions of paragraph 1 by spending a sum equal to
the whole or a part of the reserve fund for the moderniza-
tion of mechanical equipment has fallen under any one
of the following items, the income tax or the corporation
tax in the year or the business year to which the day
when he has fallen under any one of the following items
belongs shall be imposed by adding to the total amount
of income subject to the tax imposition or an income in
the year or the business year concerned a sum equal to
the sum deducted in accordance with the provisions of
paragraph 1 (in case there is a sum added in accordance
with the provisions of Article 5 paragraph 2 or paragraph
3 mutatis mutandis applied in the preceding paragraph,
a sum minus the sum) in accordance with the provisions
of a ministerial ordinance of the competent Ministry:

- (1) Where the enterpriser concerned has used the designated mechanical equipment concerned for purposes of use other than purposes of use aimed at within 3 years from the day of its acquisition;
- (2) Where the enterpriser concerned has failed to use the designated mechanical equipment concerned for the purposes of use aimed at within 2 years from the day of its acquisition.

4. In case an enterpriser as mentioned in paragraph 1 has acquired designated mechanical equipment as authorized by the competent Minister in accordance with the provisions of paragraph 1 by spending a sum equal to the whole or a part of the reserve fund for the modernization of mechanical equipment, the provisions of Article 5-(5) (Exception to Depreciation) of Temporary Management Law for Taxation (Law No.15 of 1946) shall not apply to the designated mechanical equipment concerned.

(Reduction of or Exemption from Immovable Property Tax)

Article 8. Local public bodies may in accordance with the provisions of by-laws reduce or not impose the immovable property tax with respect to designated mechanical equipment owned by an enterpriser.

(Exemption from Import Tax)

Article 9. In case an enterpriser has received an authorization

of the competent Minister within three years from the day of the enforcement of this law in accordance with the provisions of a ministerial ordinance of the competent Ministry and imported designated mechanical equipment as provided for in Cabinet Order within two years from the day of the authorization, the import tax to be imposed on the designated mechanical equipment concerned shall not be imposed in accordance with the provisions of a ministerial ordinance of the competent Ministry.

2. The competent Minister in case deemed especially necessary, may postpone the period as mentioned in the preceding paragraph during which designated mechanical equipment shall be imported, within a period not exceeding a year in accordance with the provisions of a ministerial ordinance of the competent Ministry.

3. In case an enterpriser who has undergone the exemption from the import tax in accordance with the provisions of the preceding two paragraphs, has fallen under any one of the following items, a sum equal to the amount of an import tax which has undergone the exemption shall be collected, from the enterpriser concerned, subject to instances as provided for in the State Tax Collection Law (Law No.21 of 1897):

- (1) Where the enterpriser concerned has used the designated mechanical equipment concerned for purposes of use other than purposes of use aimed at within 3 years from the day of its import;

- (2) Where the enterpriser concerned has failed to use the designated mechanical equipment concerned for purposes of use aimed at within two years from the day of its import.

(Promotion of Modernization of Industrial Auxiliary Facilities)

Article 10. An enterpriser in case he has deemed it necessary to adjust industrial auxiliary facilities for the rationalization of enterprise and in case the industrial auxiliary facilities concerned are public utilities and, simultaneously those the whole or a part of the expenses necessary for the work of which shall be borne by the State or local public bodies (Port Authority as provided for in the Port & Harbor Law (Law No.218 of 1950) included; hereunder the same shall apply) in accordance with the provisions of other laws or port and harbor cargo handling facilities, may demand the State or local public bodies to effect the adjustment of the industrial auxiliary facilities concerned on the part of the State or local public bodies, in accordance with the provisions of a ministerial ordinance of the competent Ministry.

2. The State or local public bodies, may with respect to the industrial auxiliary facilities the adjustment of which is demanded in accordance with the provisions of the preceding paragraph, within the framework of budget bear or supplement a part of expenses necessary for the work, provided that this shall not preclude the application of the provisions of other laws.

Chapter IV. Guidance and Advice in Improvement
of Analyzed Unit.

(End Analyzed Unit)

Article 11. The competent Minister in case deemed necessary for promoting the improvement of analyzed unit of raw materials for mineral and manufactured products or motive power (hereunder referred to as "analyzed unit") at factories or other business establishments (hereunder referred to as "factories, etc.") may make public the analyzed unit to be aimed at.

(Report on Analyzed Unit)

Article 12. The competent Minister in case deemed necessary for promoting the rationalization of enterprise may let enterprisers make a report on the analyzed unit with respect to major products of factories, etc. of the enterprisers concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry.

(Guidance on Improvement of Analyzed Unit)

Article 13. The competent Minister in case deemed necessary for promoting the rationalization of enterprise may make necessary guidance or advice with respect to the improvement of analyzed unit for enterprisers.

Chapter V. Miscellaneous Provisions

(standard for Authorization)

Article 14. The competent Minister shall effect the authorization as mentioned in Article 5 paragraph 1, Article 7 paragraph 1 or Article 9 paragraph 1 in accordance with the standard to be determined upon conferring with the Minister of Finance.

(Report and Inspection by Entry, etc.)

Article 15. The competent Minister in case deemed necessary for securing the proper and efficient enforcement of this law may demand enterprisers to report on necessary matters or let competent officials enter factories, business establishments or offices of enterprisers, inspect the business condition or books and documents and other necessary things or question persons concerned.

2. The Official as mentioned in the preceding paragraph shall carry an identification card showing his official status and indicate it to persons concerned.

3. The authority for inspection by entry or questioning as mentioned in paragraph 1 shall not be construed as having been recognized to search crimes.

Chapter VI. Penal Provisions

Article 16. Those who have failed to make a report in accordance with the provisions of paragraph 1 of the preceding

Article or made a false report, refused, obstructed or evaded inspection or made a false statement against the question shall be liable to a fine of less than 30,000 yen.

Article 17. In case a representative of a juridical person or a proxy, an employee and or any other person engaged in business, or a juridical person or an individual has committed offences as mentioned in the preceding Article with respect to the affairs of the juridical person or the individual, the fine as mentioned in the same Article shall be imposed on the juridical person or the individual in addition to the offender being punished; but in case there is a certification that a considerable attention and supervision concerning the affairs concerned have been exerted to prevent the offences concerned of representatives, employees and or any other persons engaged in business of juridical persons or individuals, this shall not apply with respect to the juridical persons or individuals.

Supplementary Provisions:

1. The day of enforcement of this law shall be fixed by Cabinet Order within a period not exceeding thirty days reckoning from the day of its promulgation.
2. The Law for Partial Amendment to the Customs Tariff Law (Law no. 110 of 1951) shall be partially amended as follows;

Paragraph 6 of the Supplementary Provisions to paragraph 8 of the Supplementary Provisions inclusive shall be deleted; paragraph 9 of the Supplementary Provisions shall be made paragraph 6 of the Supplementary Provisions; paragraph 10 of the Supplementary Provisions shall be made paragraph 7 of the Supplementary Provisions.

3. With regard to machines which are exempted from import duties according to the provision of paragraph 6 of the Supplementary Provisions of the Law for Partial Amendments to the Customs Tariff Law, the precedents under the former provisions shall apply.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Maj Gilda
50-5075

Note
No.

To: IS/LAJ

Date: 14 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill concerning Promotion
of Enterprise Nationalization

F. R. _____

P
P
P

Subject: Bill concerning Promotion of
Enterprise Rationalization

2. From: LS

To: GS

Date: 24 May 1951

G. M. Koshi, 57-8645

1. Legal Section offers the following criticism on the subject bill:

a. Under Articles 2 and 3, "the competent minister" is empowered to grant subsidies to certain "enterprisers and others" as may be designated by a Cabinet Order when he deems it necessary. Such broad delegation of legislative powers to the executive branch of the government has repeatedly been objected to as against the Constitution of Japan as well as in violation of Staff Memorandum No. 81 of 1947. Needless to emphasize that it may open the door to favoritism inasmuch as there is no standard provided for to guide the Minister in the exercise of his discretion.

b. Articles 4, 5 and 7 provides for exemption from income tax and corporation tax of so much of the subsidies and income to be expended for such a purpose as may be deemed necessary by the competent ministers. While a statute may exempt certain classes of persons, organizations or corporations, any discrimination must be made on the basis of reasonable and general standards to avoid arbitrary or capricious determinations in the individual case. The discretionary power given to the competent ministers under subject bill again is so unlimited that the aforementioned dangers are obvious. Although Article 14 provides that the competent ministers in exercise of their powers under this law "shall effect the authorization ... in accordance with the standard to be determined upon conferring with the minister of Finance", this provision does not seem to afford adequate protection. The standard should be spelled out in the law itself.

(Continued)

Bill concerning Promotion of
Enterprise Rationalization

2.

c. In Article 5, it is provided that the "competent minister" may grant subsidies "in accordance with the provisions of a ministerial ordinance of the competent ministry"; and in Article 4, 5, 7 and 9 certain exemptions from income tax, corporation tax, and import duties are provided for "in accordance with the provisions of a ministerial ordinance of the competent ministry," without specifying any standard to assure uniformity of practice. Under these provisions, each ministry is free to establish and follow its own standard, form, and procedure, which may result in confusion.

d. Articles 6 and 8 provide that the local entities may by their ordinances provide for exemption of certain property from property tax, and Article 10 states that the enterprisers may demand the state or local entities "in accordance with a ministerial ordinance of the competent ministry," to repair public "roads, ports and harbors, cargo-handling facilities" which are used by the private enterprisers in conduct of their business. These provisions also lack standards for uniform practice, and would open the way to corruption and favoritism.

1 Incl
w/d

----- A.C.C. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No. 1	From: Govt Sec 1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives. 2. Your prompt comment is requested. 1 Incl Bill concerning Promotion of Enterprise Rationalization	To: CTS	Date: 14 May 1951 Mr. Omand 26-6017
2	From: CTS 1. In so far as purely domestic enterprises are concerned, the Chief, CTS, has no objection to subject Bill, the stated purpose of which is "to promote the rationalization of enterprise by aiding the elevation of technique and the modernization of mechanical equipment, etc., * * * to contribute towards the self-sufficiency of our national economy." 2. The term "Enterprisers" is defined in Article 2 as those engaged in the manufacturing industry * * * transport business * * * and other enterprises as provided for in Cabinet Order." Article 3 provides that the competent Minister may grant subsidies "within the framework of budget" to encourage and foster researches for technique, trial manufacture of mechanical equipment, or pilot plant projects, or he may lease State-owned mechanical equipment or facilities by fixing a period of lease. 3. Article 3 would permit the granting of subsidy for ship construction and overseas shipping operations. CTS has been instrumental in securing clearance of Japanese vessels into some 47 foreign countries. Representations have repeatedly been made that overseas shipping operations are not being subsidized by the Japanese Government. Although subject Bill does not single out ship construction or overseas shipping operations for special subsidy payments, the terms of the Bill would permit subsidy payments to the builders of vessels for overseas operations as well as to operators of vessels in overseas service. Such subsidy payments would be contrary to established SCAP policy. 4. The Chief, CTS, recommends that subject Bill, as now drafted, not be cleared for consideration by the Diet. 1 Incl w/d	To: Govt Sec	Date: 26-6076

H. T. M.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Ref Guide

28-6076

Note
No.

From: Govt Sec

To: ESS

Date: 14 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill concerning Promotion
of Enterprise Nationalization

F. R.

2

From: ESS

To: Govt Sec

K. P. Sany 26-8515

WFM/LHM/KPS/tml

Date: 17 MAY 1951

1. Mr. Junichi Nakamura has prepared a draft bill for introduction into the Diet which contains several provisions contrary to the stabilization directive and the principle of a balanced budget. These are briefly summarized below:

a. The bill provides for subsidies by the national and local governments to foster research by private enterprises. The present budget contains no funds for such purpose.

b. Subsidies given under (a.) above would be tax exempt to the recipient individual or corporate enterprises. In addition the bill provides for exemption from the local government property tax for new imported capital equipment. These exemptions will reduce both national and local government tax revenues. In addition they represent hidden subsidies. If subsidies are considered desirable for such purposes, the Japanese Diet should incorporate these expenditures directly within the framework of a balanced budget.

c. Individuals and corporations would be allowed to amortize their expenditures for research or new imported capital equipment in a period of two to three years (through the use of a so-called "reserve fund") rather than the normal ten to twelve years amortization period. This will further reduce revenues from the income and corporation taxes.

Draft Legislation

ESS

Govt Sec

17 MAY 1951

2. (cont) d. Certain imported capital equipment would be exempt from the tariff. The present tariff law provides temporary exemption for this equipment during the present period of capital shortage in Japan. This law would make the exemption "permanent" in nature.

e. The bill would require the national and local governments to pay 50% of the expenses of capital improvements in connection with public utility and similar property. Here again the budget contains no funds for such purposes.

2. Inasmuch as the bill calls for expenditure of funds which are not contained in the present budget and would reduce tax revenues through tax exemption and increased depreciation allowances, the main provisions of the bill are contrary to the stabilization directive. For that reason, it is recommended that subject legislation not be cleared for introduction into the Diet.

1 Incl
n/c

----- W. F. M. -----

ECONOMIC AND SCIENTIFIC SECTION
Internal Revenue Division

WFM/LHM/KPS/tml
15 May 1951

MEMO FOR RECORD:

SUBJECT: Bill Concerning Promotion of Enterprise Rationalization

1. Mr. Junichi Nakamura has prepared a draft bill for introduction into the Diet which contains several provisions contrary to the stabilization directive and the principle of a balanced budget. These are briefly summarized below:

a. The bill provides for subsidies by the national and local governments to foster research by private enterprises. The present budget contains no funds for such purpose.

b. Subsidies given under (a.) above would be tax exempt to the recipient individual or corporate enterprises. In addition the bill provides for exemption from the local government property tax for new imported capital equipment. These exemptions will reduce both national and local government tax revenues. In addition they represent hidden subsidies. If subsidies are considered desirable for such purposes, the Japanese Diet should incorporate these expenditures directly within the framework of a balanced budget.

c. Individuals and corporations would be allowed to amortize their expenditures for research or new imported capital equipment in a period of two to three years (through the use of a so-called "reserve fund") rather than the normal ten to twelve years amortization period. This will further reduce revenues from the income and corporation taxes.

d. Certain imported capital equipment would be exempt from the tariff. The present tariff law provides temporary exemption for this equipment during the present period of capital shortage in Japan. This law would make the exemption "permanent" in nature.

e. The bill would require the national and local governments to pay 50% of the expenses of capital improvements in connection with public utility and similar property. Here again the budget contains no funds for such purposes.

2. Check note 2 indicates the reasons for objecting to the proposed bill and recommends it not be cleared for introduction into the Diet.

L. H. M.

K. P. Sanow
26-8515

ECONOMIC AND SCIENTIFIC SECTION
Internal Revenue Division

WFM/LHM/KPS/tml
15 May 1951

MEMO FOR RECORD:

SUBJECT: Bill Concerning Promotion of Enterprise Rationalization

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c. Individuals and corporations would be allowed to amortize their expenditures for research or new imported capital equipment in a period of two to three years (through the use of a so-called "reserve fund") rather than the normal ten to twelve years amortization period. This will further reduce revenues from the income and corporation taxes.

d. Certain imported capital equipment would be exempt from the tariff. The present tariff law provides temporary exemption for this equipment during the present period of capital shortage in Japan. This law would make the exemption "permanent" in nature.

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LHM
L. H. M.

K. P. Sanow
26-8515

May 12, 1951.

Title of the Bill: Bill concerning Promotion of
Enterprise Rationalization.
(Presented by NAKAMURA Junichi)

I hereby certify that the above mentioned
Bill does not violate any Directive issued by the
Supreme Commander for the Allied Powers and the
Constitution of Japan, and that any provision of
this Bill, except those providing for exceptions, does
not contradict any other law.

Joshio Inoue

Chief, Legislative Bureau,
House of Representatives.

Rec'd GS 5/14

*CSA: ESS
CTS
LS/LWS
GS/PA*

House of Representatives

May 12, 1951.

Bill concerning Promotion of Enterprise
Rationalization

(Presented by NAKAMURA Junichi)

Chapter I. General Provisions

(Purpose of this Law)

Article 1. The purpose of this law is to promote the rationalization of enterprise, by aiding the elevation of technique and the modernization of mechanical equipment, etc. and guiding and advising the improvement of the analyzed unit of raw materials and motive power and, thereby, to contribute towards the self-sufficiency of our national economy.

(Definition)

Article 2. The meanings of terms as described in each of the following items in this law shall be subject to those as provided for in each item concerned:

- (1) "Enterprisers" shall mean those engaged in manufacturing industry (electric utilities and gas utilities included), mining industry, transport business, civil engineering and other enterprises as provided for in Cabinet Order.

- (2) "Designated mechanical equipment" shall mean up-to-date or high efficiency mechanical equipment to contribute towards the promotion of the rationalization of enterprise as provided for in Cabinet Order.
- (3) "Industrial Auxiliary facilities" shall mean roads, ports and harbors, cargo-handling facilities thereof and other auxiliary facilities necessary to conduct business as described in item 1.

Chapter II. Promotion of Elevation of
Technique

(Granting of Subsidy, Etc.)

Article 3. The competent Minister in the case deemed necessary to promote the rationalization of enterprise, may in accordance with the provisions of a ministerial ordinance of the competent Ministry to encourage and foster researches for technique, trial manufacture of mechanical equipment or pilot plant projects grant subsidies to enterprisers and others (hereinafter referred to as "enterprisers, etc.") within the framework of budget or lease State-owned mechanical equipment or facilities by fixing a period of lease.

(Exception on Imposition of Income Tax and Corporation Tax)

Article 4. If in cases where enterprisers, etc. have received the granting of subsidies as provided for in the preceding

paragraph enterprisers, etc. concerned have used the subsidies concerned for the capital expenditure aimed at by the subsidies concerned, sums equal to the sums used for the capital expenditure concerned shall in accordance with the provisions of a ministerial ordinance of the competent Ministry not be counted in the total amount of income or in the profit concerning the calculation of incomes in accordance with the provisions of the Income Tax Law (Law No.27 of 1947) or the Corporation Tax Law (Law No.28 of 1947) in the year or the business year to which the day of receipt of the granting concerned belongs; in this case, the provisions on the order based on the Income Tax Law with respect to the price of acquisition of assets acquired by the capital expenditure concerned and the provisions on the order based on the Corporation Tax Law with respect to the counting in the loss of the sum equal to a difference between the price of acquisition of assets acquired by the subsidy concerned and the price as listed in an inventory shall not apply.

2. The provisions of the preceding paragraph shall apply mutatis mutandis in cases where enterprisers, etc. have received the granting of subsidies from local public-bodies to encourage and foster researches for technique, trial manufacture of mechanical equipment or pilot plant projects.

Article 5. In case an enterpriser has reserved a part of his income as reserve fund for test and research in accordance

with the provisions of a ministerial ordinance of the competent Ministry to use it for a capital expenditure for test and research as authorized by the competent Minister, the income tax or the corporation tax in the year or the business year when the reserve concerned was made shall be imposed upon deducting a sum equal to the reserved sum concerned from the total amount of income subject to the tax imposition or an income in the year or the business year concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry so far as blue forms as mentioned in Article 26-(4) paragraph 1 of the Income Tax Law (Blue Form) or in Article 25 paragraph 1 of the Corporation Tax Law (Blue Form) have been submitted.

2. In case an enterpriser who has undergone the application of the provisions of the preceding paragraph has failed to use a sum equal to the whole or a part of the reserve fund for test and research for the capital ~~ex~~penditure to conduct test and research as provided for in the same paragraph within 2 years from the day following the day of the termination of the year or the business year when reserved in accordance with the provisions of the same paragraph, the income tax or the corporation tax in the year or the business year to which the day after the lapse of two years from the day of the termination of the year or the business year when the reserve concerned was made belongs shall be imposed by adding a sum equal to the sum concerned which he has failed to use to the total amount of income subjects to the tax imposition or an

income in the year or the business year concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry.

3. The competent Minister in the case deemed especially necessary may in accordance with the provisions of a ministerial ordinance of the competent Ministry postpone within a period not exceeding a year the period as mentioned in the preceding paragraph during which a sum equal to the reserve fund for test and research shall be used for the capital expenditure for test and research; in this case, the provisions of the same paragraph shall apply with "the day after the lapse of two years from the day of the termination of the year or the business year when the reserve concerned was made" in the same paragraph reading "the day of the termination of the postponed period concerned".

4. In case an enterpriser who has acquired facilities for the test and research authorized by the competent Minister as mentioned in paragraph 1 (hereinafter referred to as "test and research facilities") by spending a sum equal to the whole or a part of the reserve fund for test and research has failed to use the test and research facilities concerned within 2 years from the day of acquisition of them for purposes of use aimed at by them, the income tax or the corporation tax in the year or the business year to which the day after the lapse of two years from the day of the acquisition concerned belongs

shall be imposed by adding to the total amount of income subject to the tax imposition or an income in the year or the business business year concerned a sum equal to the sum deducted in accordance with the provisions of paragraph 1 (in case there is a sum added in accordance with the provisions of the preceding two paragraphs, a sum minus the sum) in accordance with the provisions of a ministerial ordinance of the competent Ministry.

(Reduction of or Exemption from Immovable Property Tax)

Article 6. Local public bodies may in accordance with the provisions of by-laws reduce or not impose the immovable property tax with respect to test and research facilities owned by an enterpriser.

Chapter III. Promotion of Modernization
of Mechanical Equipment, Etc.

(Exception to Imposition of Income Tax and Corporation Tax)

Article 7. In case an enterpriser has reserved a part of his income as the reserve fund for the modernization of mechanical equipment within 3 years from the day of the enforcement of this law for using it for an expenditure to acquire designated mechanical equipment as authorized by the competent Minister in accordance with the provisions of a ministerial ordinance of the competent Ministry, the income tax or the corporation tax in the year or the business year when the reserve concerned was made shall be imposed by deducting a sum equal to the reserved sum concerned from the total amount of income subject to the tax imposition or an income in the year or the business year concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry so far as blue forms as mentioned in Article 26-(4) paragraph 1 of the Income Tax Law or Article 25, paragraph 1 of the Corporation Tax Law have been submitted.

2. The provisions of Article 5 paragraph 2 and paragraph 3 shall apply mutatis mutandis in cases as mentioned in the preceding paragraph; in this case, "the reserve fund for test and reserach" and "the capital expenditure for test and research" as mentioned in paragraph 2 and paragraph 3 of the same Article shall read "the reserve fund for the modernization of mechanical equipment" and "the expenditure to acquire designated mechanical equipment", respectively.

3. In case an enterpriser who has acquired designated mechanical equipment as authorized by the competent Minister in accordance with the provisions of paragraph 1 by spending a sum equal to the whole or a part of the reserve fund for the modernization of mechanical equipment has fallen under any one of the following items, the income tax or the corporation tax in the year or the business year to which the day when he has fallen under any one of the following items belongs shall be imposed by adding to the total amount of income subject to the tax imposition or an income in the year or the business year concerned a sum equal to the sum deducted in accordance with the provisions of paragraph 1 (in case there is a sum added in accordance with the provisions of Article 5 paragraph 2 or paragraph 3 mutatis mutandis applied in the preceding paragraph, a sum minus the sum) in accordance with the provisions of a ministerial ordinance of the competent Ministry:

- (1) Where the enterpriser concerned has used the designated mechanical equipment concerned for purposes of use other than purposes of use aimed at within 3 years from the day of its acquisition;
- (2) Where the enterpriser concerned has failed to use the designated mechanical equipment concerned for the purposes of use aimed at within 2 years from the day of its acquisition.

4. In case an enterpriser has acquired designated mechanical equipment as authorized by the competent Minister in

accordance with the provisions of paragraph 1 by spending a sum equal to the whole or a part of the reserve fund for the modernization of mechanical equipment, the provisions of Article 5-(5) (Exception to Depreciation) of Temporary Management Law for Taxation (Law No. 15 of 1946) shall not apply to the designated mechanical equipment concerned.

(Reduction of or Exemption from Immovable Property Tax)

Article 8. Local public bodies may in accordance with the provisions of by-laws reduce or not impose the immovable property tax with respect to designated mechanical equipment owned by an enterpriser.

(Exemption from Import Tax)

Article 9. In case an enterpriser has received an authorization of the competent Minister within three years from the day of the enforcement of this law in accordance with the provisions of a ministerial ordinance of the competent Ministry and imported designated mechanical equipment as provided for in Cabinet Order within two years from the day of the authorization, the import tax to be imposed on the designated mechanical equipment concerned shall not be imposed in accordance with the provisions of a ministerial ordinance of the competent Ministry.

2. The competent Minister in case deemed especially necessary, may postpone the period as mentioned in the preceding paragraph during which designated mechanical equipment shall be imported within a period not exceeding a year in accordance with the provisions of a ministerial ordinance of

the competent Ministry.

3. In case an enterpriser who has undergone the exemption from the import tax in accordance with the provisions of the preceding two paragraphs, has fallen under any one of the following items, a sum equal to the amount of an import tax which has undergone the exemption shall be collected, from the enterpriser concerned, subject to instances as provided for in the State Tax Collection Law (Law No.21 of 1897):

- (1) Where the enterpriser concerned has used the designated mechanical equipment concerned for purposes of use other than purposes of use aimed at within 3 years from the day of its import;
- (2) Where the enterpriser concerned has failed to use the designated mechanical equipment concerned for purposes of use aimed at within two years from the day of its import.

(Promotion of Modernization of Industrial Auxiliary
Facilities)

Article 10. An enterpriser in case he has deemed it necessary to adjust industrial auxiliary facilities for the rationalization of enterprise and in case the industrial auxiliary facilities concerned are public utilities and, simultaneously those the whole or a part of the expenses necessary for the work of which shall be borne by the State or local public bodies (Port Authority as provided for in the Port & Harbor Law (Law No.218 of 1950) included; hereunder the same shall

apply) in accordance with the provisions of other laws or port and harbor cargo handling facilities, may demand the State or local public bodies to effect the adjustment of the industrial auxiliary facilities concerned on the part of the State or local public bodies, in accordance with the provisions of a ministerial ordinance of the competent Ministry.

2. The State or local public bodies, may with respect to the industrial auxiliary facilities the adjustment of which is demanded in accordance with the provisions of the preceding paragraph, within the framework of budget bear or supplement a part of expenses necessary for the work, provided that this shall not preclude the application of the provisions of other laws.

Chapter IV Guidance and Advice in Improvement
of Analized Unit

(End Analized Unit)

Article 11. The competent Minister in case deemed necessary for promoting the improvement of analized unit of raw materials for mineral and manufactured products or motive power (hereunder referred to as "analized unit") at factories or other business establishments (hereunder referred to as "factories, etc.") may make public the analized unit to be aimed at.

(Report on Analized Unit)

Article 12. The competent Minister in case deemed necessary for promoting the rationalization of enterprise may let enterprisers make a report on the analized unit with respect to major products of factories, etc. of the enterprisers concerned in accordance with the provisions of a ministerial ordinance of the competent Ministry.

(Guidance on Improvement of Analized Unit)

Article 13. The competent Minister in case deemed necessary for promoting the rationalization of enterprise may make necessary guidance or advice with respect to the improvement of analized unit for enterprisers.

Chapter V. Miscellaneous Provisions

(Standard for Authorization)

Article 14. The competent Minister shall effect the authorization as mentioned in Article 5 paragraph 1, Article 7 paragraph 1 or Article 9 paragraph 1 in accordance with the standard to be determined upon conferring with the Minister of Finance.

(Report and Inspection by Entry, Etc.)

Article 15. The competent Minister in case deemed necessary for securing the proper and efficient enforcement of this law may demand enterprisers to report on necessary matters or let competent officials enter factories, business establishments or offices of enterprisers, inspect the business condition or books and documents and other necessary things or question persons concerned.

2. The official as mentioned in the preceding paragraph shall carry an identification card showing his official status and indicate it to persons concerned.

3. The authority for inspection by entry or questioning as mentioned in paragraph 1 shall not be construed as having been recognized to search crimes.

Chapter VI. Penal Provisions

Article 16. Those who have failed to make a report in accordance with the provisions of paragraph 1 of the preceding

Article or made a false report, refused, obstructed or evaded inspection or made a false statement against the question shall be liable to a fine of less than 30,000 yen.

Article 17. In case a representative of a juridical person or a proxy, an employee and or any other person engaged in business, of a juridical person or an individual has committed offences as mentioned in the preceding Article with respect to the affairs of the juridical person or the individual, the fine as mentioned in the same Article shall be imposed on the juridical person or the individual in addition to the offender being punished; but in case there is a certification that a considerable attention and supervision concerning the affairs concerned have been exerted to prevent the offences concerned of representatives, employees and or any other persons engaged in business of juridical persons or individuals, this shall not apply with respect to the juridical persons or individuals.

Supplementary Provisions:

1. The day of enforcement of this law shall be fixed by Cabinet Order within a period not exceeding thirty days reckoning from the day of its promulgation.
2. The Law for Partial Amendment to the Customs Tariff Law (Law No.110 of 1951) shall be partially amended as follows;

Paragraph 6 of the Supplementary Provisions to paragraph 8 of the Supplementary Provisions inclusive shall be deleted; paragraph 9 of the Supplementary Provisions shall be made paragraph 6 of the Supplementary Provisions; paragraph 10 of the Supplementary Provisions shall be made paragraph 7 of the Supplementary Provisions.

3. With regard to machines which are exempted from import duties according to the provision of paragraph 6 of the Supplementary Provisions of the Law for Partial Amendments to the Customs Tariff Law, the precedents under the former provisions shall apply.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Maj Guide

Note
No.

From: Govt Sec

To: LS/LAJ

Date:

26-6076
21 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Sale of Benevolent Certificates
with Prizes for Promotion of Social
Welfare Works

F. R.

P & P

Subject: Bill for sale of Benevolent Certificates with Prizes for Promotion of Social Welfare Works

From: LS

To: GS

Date: 29 May 1951
F. C. Goodman, 57-8488

2

1. This Section has no legal objections to subject bill, whose purpose is "to provide funds necessary for social welfare works, and contribute to the stabilization of social life and the improvement of social welfare by the sale of Benevolent Certificates with Prizes."

2. Attention, however, is invited to the fact that there are no penal provisions in the bill for failure of the juridical person to deliver to the designated community chest and other stated beneficiaries their share of the proceeds of the lottery tickets. While Article 252 or 253 of the Penal Code (Crimes of Fraudulent Appropriation) might be applicable, it is suggested that a specific penal provision covering any omission of delivery be inserted in the bill itself.

3. No comment is expressed on the policy questions involved which are of primary concern to ESS. Attention is, however, directed to the editorial in Nippon Times of 28 May 1951 on the Dog Racing Bill and its criticism of the increasing tendency of the Diet to use gambling as a source for government revenues.

1 Incl
w/d

----- A.C.C. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note
No.

From: Govt Sec

To: ESS

Date: 21 May 1951

Ref Guide
26-6076

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Sale of Benevolent Certificates
with Prizes for Promotion of Social
Welfare Works

F. R.

P
P
P

2

From: ESS

To: Govt Sec

B. N. [Signature] 26-6142
WFM/HR/BNL/ef
Date: 31 MAY 1951

1. It is recommended that clearance be withheld of the proposed Bill for Sale of Benevolent Certificates with Prizes for Promotion of Social Welfare Works.
2. The Bill proposes to authorize private juridical persons to conduct lotteries with 50 percent of the proceeds to go to the winners, 25 percent to the Community Chest agencies, 5 percent each to the National and Prefectural Governments, and the remainder, 15 percent, to the seller and sponsor for their expenses.
3. The proposed Bill is a duplicate of an existing lottery law (Law No. 144, 12 July 1948) in which 45 percent of the lottery proceeds go to the winner, 40 percent to the National and Prefectural Governments, and 15 percent to the sponsors (the National and Local Governments) for selling and printing expenses.
4. In principle, ESS does not approve of gambling or speculation, nor its use to obtain revenues for the government. Under the present lottery law, operated by the Government, there has been budgeted in the 1951-52 fiscal year \$2,772 million revenue and \$1,663 million expenditures, a net revenue of \$1,109 million. The actual net revenues to the National Government in the 1949-50 fiscal year were \$1,169 million and in the 1950-51 fiscal year, \$850 million, a decrease of 27 percent in revenues from that source.
5. The enactment of the proposed Bill would further reduce the estimated revenues to the National and Prefectural Governments from the existing lottery system, provide funds to welfare agencies in unknown amounts without relation to actual need or greatest benefit, and establish a precedent for other private organizations to conduct lotteries for any pet project.

SUBJ: Draft Legislation

CHECK SHEET

31 MAY 1951

6. Moreover, Article 16 of the proposed Bill would grant tax exemptions to the prize money won in the lottery. This tax exemption is in effect a hidden subsidy and would set a precedent for further exemptions in other similar areas and it reduces the revenue potentiality of the income tax.

7. As the proposed Bill would tend to reduce revenues to the National and Prefectural Governments, and grant tax exemptions on prize money won, both conducive to an unbalanced budget, ESS recommends against its introduction.

1 Incl
n/c

----- W. F. M. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No.	From:	To:	Date:	Initials
1	Govt Sec	PH&W	21 May 1951	Maj Guida 26-6076
	1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.			
	2. Your prompt comment is requested.			
	1 Incl Bill for Sale of Benevolent Certificates with Prizes for Promotion of Social Welfare Works			
		F. R.		
2	PH&W	Govt Sec	22 May 1951	Mr. Metzker 26-6988
	1. PH&W does not concur in draft legislation for Sale of Benevolent Certificates with Prizes for Promotion of Social Welfare Works.			
	2. Proposed legislation is similar to previous draft bills which have attempted to introduce organized gambling as a source of revenue in support of private welfare and charitable activities in Japan. PH&W has consistently opposed such legislation on the grounds that it is unnecessary and that its effect would be detrimental to the continued healthy growth of the Community Chest movement in Japan.			
	3. The Community Chest, inaugurated on a nationwide basis in 1947, has become an increasingly effective fund raising organization through which private welfare enterprise has been supported by voluntary contributions. The Chest has consistently met its national quota in succeeding annual campaigns, first jointly with the Japanese National Red Cross Society and in 1950 in a campaign conducted apart from Red Cross. Thus there is substantial evidence that the necessary financing of private welfare services in Japan can be met without resort to dependence upon gambling proceeds.			
	1 Incl w/d			
		C. F. S.		

May 18, 1951.

Title of the Bill: Bill for Sale of Benevolent
Certificates with the Prizes
for Promotion of Social Welfare
Works.
(Presented by AOYAGI Ichiro and
another)

I hereby certify that the above mentioned
Bill does not violate any Directive issued by
the Supreme Commander for the Allied Powers and
the Consitution of Japan, and that any provision
of this Bill, except those providing for exceptions,
does not contradict any other law.

Toshio Irie

Chief, Legislative Bureau,
House of Representatives.

Rec'd GS 5/21/51

*CS & : PMW
ESS
LS/LVS*

House of Representatives

May 19, 1951.

Bill for the Sale of Benevolent Certificates
With Prizes for Promotion of Social Welfare Works.

(presented by AOYAGI Ichiro and one other)

(Purpose)

Article 1. The purpose of this law is to provide funds necessary for social welfare works, and contribute to the stabilization of social life and the improvement of social welfare by the sale of Benevolent Certificates with prizes.

(Significance of the Certificate)

Article 2. In this Law, "Benevolent Certificates with prizes" (hereinafter referred to as "the Certificates") means the certificates the purchasers of which are deemed undoubtedly to have contributed the amount equivalent to twenty-five per cent of the face-value to social welfare works and those which are to be paid or delivered the prize money or article, by lottery or by the combination of lottery and the result of any contest or race as provided for by a Cabinet Order.

(Executor of the Sale)

Article 3. The sale of the Certificates prescribed in this Law shall not be executed by any person other than those

14

foundational juridical persons (hereinafter referred to as "the juridical person") whose purposes are to sell the Certificates or to conduct business concerned thereto, and which have been established by the authorization of the Welfare Minister in accordance with the provisions of Article 34 of the Civil Code. However, the juridical person may, if necessary, delegate the sale of the Certificates, or payment or delivery of the prize money or article, to a bank or other organs (hereinafter referred to as "the delegated organ") by the authorization of the Welfare Minister.

2. The contributed assets of the juridical person shall be not less than five million yen.

3. A person mentioned in any of the following items shall not become an officer of the juridical person:

- (1) A person who has been condemned to imprisonment without hard labor or any heavier punishment;
- (2) An incompetent or quasi-incompetent;
- (3) A bankrupt who has not been reinstated;
- (4) A person who has been fined for a crime committed in connection with a contest or race mentioned in the preceding Article;
- (5) An officer or employee of the juridical person which executes the contest or race mentioned in the preceding Article, and a participant or any similar person in such contests or races.

4. The provisions of Chapter 6 to Chapter 9 inclusive
(Sale of the

of the Social Welfare Service Law (Law No. 45 of 1951) shall not apply to the juridical person.

(Sale of the Certificate)

Article 4. When any juridical person intends to sell the Certificates, the authorization shall be obtained from the Welfare Minister by submitting a plan with statements on the following matters:

- (1) The name of the Certificate;
- (2) Total amount to be sold;
- (3) The face value of the Certificate;
- (4) The period for sale;
- (5) The method for decision of the winning Certificate;
- (6) The kind, name, and the date of the contest or race which shall be the standard for the decision of the winning Certificates;
- (7) The kind and amount of the prize money or article, and the number of winning Certificates;
- (8) The Method for distribution of the prize money or article in case the total proceeds are less than the total amount to be sold;
- (9) The name and address of the delegated organ if there is any such.

2. In case the Welfare Minister gives the authorization to the sale under the preceding paragraph, he shall designate the Community Chest Committee which is to be delivered the contribution in accordance with the provisions of Article 17 and Article 21.

(Name of the Certificate)

Article 5. The Certificate shall indicate that it is a Benevolent Certificate to be sold to provide the funds necessary for social welfare works, and in case the decision of the winning Certificate is done by the contest or race, the kind thereof, as provided for by a Cabinet Order, shall be included in the name of the Certificate.

(Face Value of the Certificate)

Article 6. The face value of the Certificate shall be of one kind, within the scope between ten yen and five hundred yen.

(Method for Decision of the Winning Certificate)

Article 7. The winning Certificate shall be decided by lottery, or by the combination of lottery and the result of a contest or race.

2. In cases which fall under the latter part of the preceding paragraph, a certain number of the Certificates, the number of which corresponds to that of the participants in the contest or race, shall be picked out by lottery from among the total Certificates sold, and the numerical order of the participants shall be attached to them; thus the order of the winning Certificates shall be decided by that of the participants with the attached numbers. However, in case the contest or race could not be effected by some accident, or the winning order thereto was unable to be decided, the winning order may be decided by lottery.

3. In case the number corresponding to the participants as prescribed in the preceding paragraph is less than twenty, twenty certificates shall be picked out. In such case, the Certificates to which the numerical order of the participants could not be attached shall be deemed as winning Certificates coming after the last in the winning order which was decided by lottery according to their order.

4. The juridical person may pay or deliver the prize money or article for those losing Certificates prescribed in the preceding three paragraphs, by re-drawing the lottery.

5. Any methods for deciding the winning Certificates other than those prescribed in the preceding four paragraphs, shall be provided for by a Welfare Ministry Ordinance.

(Limitation of Prize Money or Article)

Article 8. The total amount or price of prize money or article shall be the amount equivalent to fifty per cent of the total proceeds.

2. The highest amount or price of the prize money or article for one Certificate shall not be more than the amount equivalent to one hundred thousand times of its face value.

(Public Notification of the Sale)

Article 9. The juridical person shall, when the authorization for sale prescribed in Article 4 is obtained, immediately issue a public notification on the statements in the plan

and the Community Chest Committee designated in accordance with Article 4 paragraph 2.

2. No changes shall be made in the public notification after the sale is commenced.

(Matters to be stated in the Certificate)

Article 10. The Certificate shall bear the the following matters:

- (1) Name of the Certificate;
- (2) Name and address of the juridical person;
- (3) Name and address of the delegated organ if there is any such;
- (4) Face Value of the Certificate;
- (5) Name of series, number, or symbol necessary for the lottery;
- (6) Kind, name and date of the contest or race which shall be the standard for deciding the winning Certificate;
- (7) The prohibition of resale of the Certificates;
- (8) The matter mentioned in Article 12;
- (9) The matter mentioned in Article 13;
- (10) The fact that no acquisition of prize money or article by persons other than the original purchaser from the juridical person or from the delegated organ, or the heirs or other successors in general to the original purchaser.
- (11) Date when the right to claim the prize money or article lapses by prescription.

(Restrictions on the Sale of the Certificates)

Article 11. The selling price of the Certificate shall not, in whatsoever name, be lower nor higher than its face value.

2. No person shall resale the Certificate.

3. A person shall not purchase a Certificate under the circumstances falling under any of the following items:

(1) With regard to a Government employee in a post of supervising the sale of Certificatesany Certificate;

(2) With regard to an officer or employee in a post of the juridical person.....the Certificates sold by the juridical person concerned;

(3) With regard to an officer or employee of a delegated organ.....the Certificates which are handled by him;

(4) With regard to a participant in the contest or race provided for in Article 7 paragraph 2, an officer or employee of the juridical person which executes the contest or race, and a public servant supervising the contest or race.....the Certificates regarding which the winners are decided by the said contest or race;

(Contribution of Purchaser)

Article 12. Any person who has purchased the Certificate shall be deemed, by the said purchase, to have contributed the amount equivalent to twenty-five per cent of the face value of the Certificate to the Community Chest Committee designated in accordance with the provision of Article 4 paragraph 2.

(Reissuance of the Certificate)

Article 13. The reissuance of destroyed, lost or stolen Certificates shall not be made.

(Payment of the Prize Money of Article)

Article 14. The prize money or article shall, in exchange with the Certificate certifying its winning, be paid or delivered to the person who bought it directly from the juridical person or from the delegated organ or his heirs or successors in general, by the juridical person or the delegated organ who sold that Certificate.

(Prescription of the Claim for Prize Money or Article)

Article 15. The claim to the prize money or article of the Certificate shall lapse by prescription when it has remained unexercised for one year.

(Exemption of Tax)

Article 16. The Income Tax shall not be levied on the prize money or article.

(Obligatory delivery of the Juridical Person)

Article 17. The juridical person shall, when it has sold the Certificates, deliver the amount equivalent to twenty-five per cent of the total proceeds to the Community Chest Committee designated by the Welfare Minister, within one month after the termination of the period for sale.

(Obligatory Payment of Juridical Person)

Article 18. The juridical person shall, when it has sold the Certificates, pay the amount equivalent to five per cent of the total proceeds respectively to the national treasury and the prefectural government in which the main office of the said juridical person is located, within three months after the termination of the period for sale.

(Necessary Expenses of Juridical Person)

Article 19. The juridical person may, when it has sold the Certificates, pay the necessary expenses from the total proceeds within the extent of not exceeding fifteen per cent of the total proceeds.

(Commission of Delegated Organ)

Article 20. The juridical person may pay to the delegated organ the amount of not exceeding ten per cent of the total proceeds of Certificates which were sold, from the necessary expenses provided for^m the preceding Article, as a commission for the delegate business.

(Obligatory Contribution of Juridical Person)

Article 21. The juridical person shall, if there exists a surplus after making the payment under the provisions of Article 14 and Articles 17 to 20 inclusive from the total proceeds when it has sold the Certificate, contribute the said surplus to the Community Chest Committee designated by the Welfare Minister.

2. The juridical person shall, if there exists the prize money or article whose claim was lapsed in accordance with the provisions of Article 15, contribute to the Community Chest Committee under the preceding paragraph, the amount equivalent to the prize money, with respect to the prize money and, with respect to the prize article, the amount equivalent to its price converted into the money as fixed by the Welfare Minister.

(Report of Revenues & Expenditures and Settlement of
Accounts of Revenues & Expenditures)

Article 22. The juridical person shall submit a report of revenues and expenditures concerning the sale of Certificates within three months after the end of each period for sale, and a settlement of accounts of revenues and expenditures for the fiscal year concerned within three months after the end of each fiscal year, to the Welfare Minister, and shall obtain his approval.

(Witnessing Inspection)

Article 23. The Welfare Minister shall make the officials under his jurisdiction witness at the lottery provided for in Article 7.

2. The Welfare Minister may, when it is necessary to inspect the accounts of the juridical person, make the officials under his jurisdiction step into the office of the juridical person to make investigations and demand for the presentation or submitting of necessary books and documents.

3. When executing their authority provided for in the preceding two paragraphs, the officials concerned shall carry certificates verifying their status.

(Suspension of Business Cancellation of Authorization for Establishment)

Article 24. The Welfare Minister may suspend the business or cancel the authorization for establishment of the juridical person, in case it delays without justifiable reason the delivery under Article 17, the payment under Article 18, the contribution under Article 21, or the submitting of the report of revenues and expenditures or the settlement of accounts of revenues and expenditures under Article 22.

2. The Welfare Minister shall, when he intends to take the disposition under the preceding paragraph, hold a public hearing, requesting the representative of the said juridical person or a proxy thereof to be present.

3. The Welfare Minister shall, in case he holds the hearing under the preceding paragraph, notify the said juridical person one week in advance of the facts which are recognized as the reason for the disposition under paragraph 1 and of the date and place of the hearing.

4. The Welfare Minister may take the disposition under paragraph 1 without holding a hearing if the representative of the said juridical person or a proxy thereof does not present himself on the day of the hearing.

(Penal Provisions)

Article 25. Any person who has sold a Certificate without obtaining the authorization for sale under Article 4 or in violation of the order for suspension of business under the preceding Article, shall be liable to a penal servitude of not exceeding five years or a fine of not exceeding one hundred thousand yen.

Article 26. Any person who comes under any of the following items shall be liable to a fine of not exceeding fifty thousand yen:

- (1) Any person who has violated the provisions of each paragraph of Article 11;
- (2) Any person who has paid, delivered or received the prize money or article in violation of the provisions of Article 14;
- (3) Any person who has refused, impeded, or evaded the witnessing, investigation or the presentation or submitting of necessary books and documents

as provided for in Article 23.

Article 27. When a representative of the juridical person (including juridical persons other than those provided for in Article 3, and hereinafter the same in this Article) or proxy, worker and other employee of a juridical person or person has committed a deed of violation mentioned in the preceding two Articles in connection with the business of the juridical person or person, the said juridical person or person shall also be fined in accordance with the said Articles in addition to the violator. However, this shall not apply to the juridical person or person when it is certified that the officers of the said juridical person, or the said person (his legal representative if the person is without legal capacity), did not neglect to take considerable care to prevent the proxy, worker or other employee of the said juridical person or person from committing the said deed of violation.

SUPPLEMENTARY PROVISION

This Law shall come into force as from the day of its promulgation.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No.	From: Govt Sec	To:	Date:	26-6076 Capt Norris
1.	1. Immediate introduction of the attached draft bill in the Diet is proposed by ^{ESS} 2 February 1951			
	2. Your prompt comment is requested. House of Representatives.			
	1 Incl			
	Bill for Partial Amendment to Law for Payment of Cold Districts Allowances & Coal Allowance to Natl Public Service Personnel File No. ^{010(2 Feb 51)} ESS/TF			
	From ESS	To Govt Sec	C. W. WFM/EMR/ARD/em A.R. DeAngelis 26-6070 23 FEB 1951	
2	1. ESS objects to the introduction in the Diet of attached Bill for Partial Amendment to the Law for Payment of Cold Districts Allowance and Coal Allowance to the National Public Service Personnel. Objection is made to that part of bill which would extend application of the coal allowance to Aomori prefecture.			
	2. The Consumer Price Survey (Statistics Bureau of Prime Minister's Office) for period April 1949 to March 1950 lists the fuel expense per family in representative cities as follows:			
	Sapporo, Hokkaido (coal allowance presently applicable) ¥9,799			
	Tokyo, Tokyo-to (" " not " ") 5,726			
	Aomori, Aomori Prefecture (Coal Allowance not presently applicable) 5,551			
	Sendai, Miyagi Prefecture (coal allowance not presently applicable) 5,550			
	3. Above survey indicates fuel cost in Sapporo, Hokkaido where the coal allowance is presently applicable is approximately 75% higher than fuel cost in Tokyo, Aomori and Sendai where the allowance does not apply. The figures also indicate fuel cost in Tokyo is higher than in Aomori, and the Sendai cost is about the same as Aomori. Since Tokyo and Sendai are not eligible for the coal allowance there seems to be no valid reason for extending the allowance to Aomori.			

WFM/EMR/ARD/em
Mr. DeAngelis, 26-6070

010(2 Feb 51)ESS/PF

Draft Legislation

23 FEB 1951

ESS

Govt Sec

2
(cont'd)

4. Approval of this bill would encourage the presentation of additional special purpose legislation designed to favor particular groups and would make for further maladjustments in the pay structures. It is possible that adjustments are required in the coal allowance picture, but they should be made on the basis of a thorough survey rather than petition of a group of local government employees. Until such time, it is not advisable to change a national law on the basis of petitions submitted by local government employees.

5. Objection is also made to that part of the bill which would increase the coal allowance by about \$650 per ton (i.e., compute the payments on the basis of average retail market price instead of official retail price). The coal allowance was never intended to cover total cost of fuel requirements of government employees, but rather to cover only a part of the fuel requirements.

3. Furthermore, funds for such payment were not included in the calculation of the expenditure requirements in the budget already proposed and approved by SCAP.

1 Incl
n/c

-----W. F. M.-----

House of Representatives

January 30, 1951.

Bill for Partial Amendment to the Law for Payment of the Cold Districts Allowances and Coal Allowance to the National Public Service Personnel.

(Proposed by TANAKA, Isaji)

The Law for Payment of the Cold Districts Allowance and Coal Allowance to the National Public Service Personnel (Law No. 200 of 1948) shall be partially amended as follows:

In Art. 1, par. 2, "in Hokkaido" shall be amended as "in Hokkaido and part of Aomori prefecture designated by the National Personnel Authority."

In Art. 2, par. 2, "the official retail price" shall be amended as "the average official retail market price in Hokkaido."

Supplementary Provisions:

1. This Law shall come into force as from the day of its promulgation.
2. Steps shall be taken in order to enable payment of the Coal Allowance under the provision of Article 1, paragraph 2 as from the fiscal year of 1952-53.

TF

Revised text
15

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No.	From: Govt Sec	To: LS/L&J	Date: 2 February 1951	Capt Morris 26-6076
1.	1. Immediate introduction of the attached draft bill in the Diet is proposed by <u>House of Representatives.</u>			
	2. Your prompt comment is requested.			
	1 Incl			
	Bill for Partial Amendment to Law for Payment of Cold Districts Allowances & Coal Allowance to Natl Public Service Personnel C. W.			

P & P Div

From: LS

To: GS

F.C. Goodman 57-8488
5 February 1951

2

This Section has no legal objections to subject bill. The policy questions involved are of primary concern to ESS/Finance and GS/Civil Service Division.

1 Incl
w/d

-----A.C.C.-----

February 1st, 1951.

Title of the Bill: Bill for Partial Amendment to the Law for Payment of the Cold Districts Allowances and Coal Allowance to the National Public Service Personnel.

I, hereby, certify that the above mentioned Bill does not violate any Directive issued by the Supreme Commander for the Allied Powers and the Constitution of Japan, and that any provision of this Bill, except those providing for exceptions, does not contradict any other law.

Budgetary Measure.

As it seems difficult to make appropriation therefor in the Budget for the Fiscal Year 1951-52, the enforcement thereof is to be effected from the Fiscal Year 1952-53 on. The expenses, however, to be required in case the Coal Allowance is to be paid anew to a part of the personnel working in an area of Aomori Prefecture (a colder area than that which is a comparatively not cold area in Hokkaido) are estimated roughly at ¥80,000,000.

Yoshio, Miura

Chief of the First Division,
Legislative Bureau,
House of Representatives.

*for the Chief of the
Legislative Bureau.*

House of Representatives

January 30, 1951.

Bill for Partial Amendment to the Law for Payment of
the Cold Districts Allowances and Coal Allowance to
the National Public Service Personnel,

(Proposed by TANAKA, Isaji)

The Law for Payment of the Cold Districts Allowance and
Coal Allowance to the National Public Service Personnel (Law
No.200 of 1948) shall be partially amended as follows:

In Art.1, par.2, "in Hokkaido" shall be amended as "in
Hokkaido and part of Aomori prefecture designated by the
National Personnel Authority."

In Art.2, par.2, "the official retail price" shall be
amended as "the average official retail market price in
Hokkaido."

Supplementary Provisions:

1. This Law shall come into force as from the day of
its promulgation.
2. Steps shall be taken in order to enable payment of
the Coal Allowance under the provision of Article 1, paragraph
2 as from the fiscal year of 1952.

*Civil Service Division
has no objection.*

- J. S. G. [Signature]

House of Representatives

January 30, 1951.

Bill for Partial Amendment to the Law for Payment of
the Cold Districts Allowances and Coal Allowance to
the National Public Service Personnel.

(Proposed by TANAKA, Isaji)

The Law for Payment of the Cold Districts Allowance and
Coal Allowance to the National Public Service Personnel (Law
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In Art.2, par.2, "the official retail price" shall be
amended as "the average official retail market price in
Hokkaido."

Supplementary Provisions:

1. This Law shall come into force as from the day of
its promulgation.
2. Steps shall be taken in order to enable payment of
the Coal Allowance under the provision of Article 1, paragraph
2 as from the fiscal year of 1952.

CS: ESS
LS/LJ.
GS/GS

Read GS 2/2/51

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note
No.

From: Govt Sec

To: GSS

Date: ~~26-6076~~
26 May 1951

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendment to
Japan Monopoly Public Corporation
Law (Revised text)

F. R.

P & P

2 From: ESS

To: Govt Sec

H. Gregory. 16-6148

WFM
WFM/ESS/HNL/NOJef

Date: 4 JUN 1951

Reference is made to C/N 2, ESS to Govt Sec, dated 21 February 1951, subject as above, which recommended that subject bill be withheld from introduction to the Diet, and commented on some of the possible effects of the bill. The bill has not been significantly revised from the original version, and it is therefore again recommended that it be withheld from introduction to the Diet.

1 Incl
n/c

----- W. F. M. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note
No.

From: Govt Sec

To: LS/LAJ

Date: ~~20-8-70~~
23 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendment to
Japan Monopoly Public Corporation
Law (Revised text)

F. R.

Subject: Bill for Partial Amendment to Japan
Monopoly Public Corporation Law (Revised Text)

From: LS

To: GS

Date: 29 May 1951
F. C. Goodman, 57-3488

2. This Section has no legal objections to subject bill.

1 Incl
w/d

----- A.G.C. -----

May 26th, 1951.

Title of the Bill: Bill for Partial Amendment to
the Japan Monopoly Public
Corporation Law.
(Presented by NAITO, Tomoaki)

I hereby certify that the above mentioned Bill
does not violate any Directive issued by the Supreme
Commander for the Allied Powers and the Constitution
of Japan, and that any provision of this Bill, except
those providing for exceptions, does not contradict any
other Law.

Toshio Irie

Chief, Legislative Bureau,
House of Representatives.

Revised Text
Rec'd AS 5/28
CS 8:ESS

(16)

House of Representatives

May 26, 1951.

Bill for Partial Amendment to the Japan Monopoly
Public Corporation Law.

(Presented by NAITO Tomoaki)

The Japan Monopoly Public Corporation Law (Law No.255
of 1948) shall be partially amended as follows:

In Article 43-(18), "Post-offices on private banks"
shall be amended as "post-offices, private banks, or Agricul-
tural Cooperative Associations or Federations thereof which
carry on both the activities provided for in Item 1 and Item
2, Paragraph 1, Article 10 of the Agricultural Cooperative
Association Law (Law No.132 of 1947)."

SUPPLEMENTARY PROVISION

This Law shall come into force as from the day of its
promulgation.

YS

House of Representatives

May 26, 1951.

Bill for Partial Amendment to the Japan Monopoly
Public Corporation Law.

(Presented by NAITO Tomoaki)

The Japan Monopoly Public Corporation Law (Law No.255
of 1948) shall be partially amended as follows:

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shall be amended as "post-offices, private banks, or Agricul-
tural Cooperative Associations or Federations thereof which
carry on both the activities provided for in Item 1 and Item
2, Paragraph 1, Article 10 of the Agricultural Cooperative
Association Law (Law No.132 of 1947)."

SUPPLEMENTARY PROVISION

This Law shall come into force as from the day of its
promulgation.

YS

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Capt Norris

26-6076

Note No.

From: Govt Sec

To: ESS

Date: 2 February 1951

1.

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendment
to Japan Monopoly Public
Corporation Law

C. W.

010(2 Feb 51)ESS/PF

WFM/EMR/REP/NG/da

Mr. Gregory, 26-6142

Date: 21 FEB 1951

From: ESS

To: Govt Sect

2.

1. It is recommended that the attached draft bill, Bill for Partial Amendment to the Japan Monopoly Public Corporation Law, be withheld from introduction to the Diet.

2. Subject bill would permit the Monopoly Corporation to maintain cash deposits in those agricultural cooperative associations and federations which are presently authorized under law to make loans to and receive deposits of their members. Although the bill is sponsored by a Diet member, the government is supporting it on the basis that payments to tobacco farmers from these deposits rather than in cash or with checks drawn on private banks, as presently done, would be more convenient both for the farmer and the corporation.

3. The following comments on the bill are considered pertinent:

a. Centralized administrative control of government funds has been established as a fundamental part of the economic stabilization program. Effectuation of the provisions of subject bill would lead to a dissipation of this central administrative control of government funds by the Bank of Japan through withdrawal of some of such funds from the Bank by the Monopoly Corporation and their deposit with the agricultural cooperatives. The total amount allocated in the JFY 1951-52 budget for the purchase of tobacco leaf is substantial (¥ 22.5 billion), and while all of these funds would probably not be channelled to the tobacco farmer through the cooperatives, a large portion of the amount could very well be so diverted. While the overall effect on the stabilization program of

010(2 Feb 51)ESS/PF

Draft Legislation

21 FEB 1951

ESS

Govt Sect

2. (Cont'd) this particular deviation from stabilization policy with respect to the central administrative control of government funds would possibly not be particularly significant, the precedent so established would be a most serious one, and if followed in other areas -- for example in government purchase of major domestic food crops -- would result in impairment of SCAP-approved stabilization principles and programs originally laid down by Mr. Dodge. The bill would, of course, put more government funds at the disposal of the cooperatives, which would serve as a base for significant increase in the credit structure. Such an increase at this time would prove inimical to stabilization policy and objectives.

b. Furthermore, adequate methods of payment to tobacco farmers for their crops presently exist, although some of them are not utilized by the Monopoly Corporation. These include checks on private banks, checks on Bank of Japan branches and agents, of whom there are 500 throughout the country, cash withdrawn from Corporation accounts in such banks as are convenient to payment points, or postal transfer orders which are negotiable in any of the 14,000-odd post offices throughout the country. It is recommended that the Corporation explore all these methods of payment before urging the establishment of a new one.

c. Finally, payments made by the Corporation to tobacco farmers through agricultural cooperative accounts might tend to force the farmer to do his business through the cooperative, and to maintain an account of his own with the cooperative, whether he wishes to do so or not. They might also tend to force the independent farmer into the cooperative. Since the cooperatives are voluntary organizations, this would be prejudicial to their purpose and to the farmer's freedom of choice in the operation of his business.

1 Incl
n/c

-----W. F. M.-----

COPY

March 9, 1951

Mr. N. Gregory,
Public Finance Division,
ESS, SCAP

Dear Sir,

I beg to express my hearty thankfulness for your kind instructions which I received the other day.

The proposed Amendment Bill of the Japan Monopoly Public Corporation Law (Law No. 255 of 1948) is compiled through the initiatives of the Agricultural Study Club composed of two hundred and thirteen Diet members of both Houses. At present there are many districts where there is no branch of private banks or postoffices in those regions where most of tobacco cultivators live. So it is very very inconvenient for them to receive the payments of prices of leaf-tobacco which they delivered to the Corporation, while, on the contrary, it would be most convenient if they should receive those payments from the agricultural cooperative associations as these institutions transact banking business and they are now universally organized in rural districts. At present the private banks are authorized to deal those agent business by the Monopoly Corporation on the basis of the Law as it defines "private bank" could deal these payment business for leaf-tobacco cultivators. But, in reality, such procedure is in contradiction of true meaning of the Law as well as very inconvenient and impractical, so I desire to make clear the meaning and convenient through the amendment of the Law.

I shall be very much obliged if you kindly appreciate our intention and approve the proposed Amendment Bill.

Yours very truly,

/s/ Tomoaki Naito

Tomoaki Naito
Member of Representatives,
People's Democratic Party

COPY

March 9, 1951

Mr. N. Gregory,
Public Finance Division,
ESS, SCAP

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The proposed Amendment Bill of the Japan Monopoly Public Corporation Law (Law No. 255 of 1948) is compiled through the initiatives of the Agricultural Study Club composed of two hundred and thirteen Diet members of both Houses. At present there are many districts where there is no branch of private banks or postoffices in those regions where most of tobacco cultivators live. So it is very very inconvenient for them to receive the payments of prices of leaf-tobacco which they delivered to the Corporation, while, on the contrary, it would be most convenient if they should receive those payments from the agricultural cooperative associations as these institutions transact banking business and they are now universally organized in rural districts. At present the private banks are authorized to deal those agent business by the Monopoly Corporation on the basis of the Law as it defines "private bank" could deal these payment business for leaf-tobacco cultivators. But, in reality, such procedure is in contradiction of true meaning of the Law as well as very inconvenient and impractical, so I desire to make clear the meaning and convenient through the amendment of the Law.

I shall be very much obliged if you kindly appreciate our intention and approve the proposed Amendment Bill.

Yours very truly,

/s/ Tomoaki Naito

Tomoaki Naito
Member of Representatives,
People's Democratic Party

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No.

From: Govt Sec

To: ~~MRS~~

Date: 26-6076 ~~Sept Morris~~
2 February 1951

1.

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendment
to Japan Monopoly Public
Corporation Law

C. H.

2

From: NR To: GS

G H Ward - 26-8465
HGS/TER/JOC/GHW/mhk
Date: FEB 1951

NR favorably considers the attached Bill for Partial Amendment to Japan Monopoly Public Corporation Law proposed by the House of Representatives under date of 31 Jan 51.

1 Incl
w/d

----- H. G. S. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No.	From: Govt Sec To: <u>IS/IAJ</u> Date: <u>Cart Norris</u> <u>26-6076</u> <u>2 February 1951</u>
1.	1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amendment to Japan Monopoly Public Corporation Law C. N.

P & P Div

January 31st, 1951.

Title of the Bill: Bill for Partial Amendment to
the Japan Monopoly Public
Corporation Law.

I, hereby, certify that the above mentioned
Bill does not violate any Directive issued by
From: LS Supreme Commander for the Allied **5 February 1951**
To: GS **C.J. Smith, 57-8645**

2

- 1. No legal objections.
- 2. The bill is of primary concern to ESS/Finance.

1 Incl not contradict any other law.
w/d

-----A.C.C.-----

Yoshio, Miura

Chief of the First Division,
Legislative Bureau, House
of Representatives.

*for the Chief of the
Legislative Bureau.*

From: LS

To: GS

5 February 1951
C.J. Smith, 57-8645

2

1. No legal objections.
2. The bill is of primary concern to ESS/Finance.

1 Incl
w/d

-----A.C.C.-----

January 31th, 1951.

Title of the Bill: Bill for Partial Amendment to
the Japan Monopoly Public
Corporation Law.

I, hereby, certify that the above mentioned
Bill does not violate any Directive issued by
the Supreme Commander for the Allied Powers and
the Constitution of Japan, and that any provision
of this Bill, except those providing for exceptions,
does not contradict any other law.

Yoshio, Miura

Chief of the First Division,
Legislative Bureau, House
of Representatives.

*for the chief of the
Legislative Bureau.*

House of Representatives

January 31, 1951.

Bill for Partial Amendment to the Japan Monopoly
Public Corporation Law.

Naoto (D)

The Japan Monopoly Public Corporation Law (Law No.255 of
1948) shall be partially amended as follows:

In Article 43-(18), "Post-offices on private banks" shall
be amended as "post-offices, private banks, or Agricultural
Cooperative Associations or Federations thereof which carry on
both the activities provided for in Item 1 and Item 2, Paragraph
1, Article 10 of the Agricultural Cooperative Association Law
(Law No.132 of 1947).

Supplementary Provision

This Law shall come into force as from the day of its pro-
mulgation.

CN

CS:
NRS
ESS
LS/KW

Recd GS 2/2/51

House of Representatives

June 2, 1951.

Correction in
Bill for Conservation of Aquatic Resources.

(The following one item shall be added to Article 10.)

- (6) The designation done under the provisions of paragraph 1, or paragraph 3 shall be made in such way as the amount of the compensation provided for by the provision of the next Article which comes to be required by such designation shall not exceed the amount of budgetary appropriation in the budget passed by the Diet.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Capt Morris

26-6076

Note
No.

From: Govt Sec

To: ESS

Date: 5 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet
is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Conservation of
Aquatic Resources

F. R.

2

From: ESS

To: Govt Sec

W. E. Utter, 20-6155
WFN/NER/BNL/WKJ/ef
Date: 21 MAY 1951

1. It is recommended that clearance be withheld of the Bill for Conservation of Aquatic Resources, in its present form, since it requires the following expenditures which have not been provided for in the Budget for FY 1951-52:

a. Payment of compensation to individuals damaged by revocation of fishing authorizations by the Ministry of Agriculture and Forestry, amount of which is unlimited, since damaged parties are specifically allowed to bring legal action against the State, and may run into billions of yen according to the estimate of the Finance Ministry.

b. Payment of compensation to individuals who are ordered by the Ministry of Agriculture and Forestry to remove structures obstructing passage of fish in waterways, amount of which as in a. above, will be sizeable and unlimited since claims may be pressed by legal action against the State.

c. Payment of salaries for experts and other personnel to supervise and administer the program, requirement for which is as yet undetermined but which is estimated by the Finance Ministry to be substantial.

1 Incl
n/c

----- W. P. M. -----

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

don
Capt Norris

26-6076

Date: 5 May 1951

Note
No.

From: Govt Sec

To: NRS

Date: 5 May 1951

1

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl

Bill for Conservation of
Aquatic Resources

[Signature]
F. R.

2

From: NR

To: GS

Mr W. C. Neville 26-6218

EGS/WCN/HWY/hd

Date: 17 MAY 1951

NR has no objection to the introduction of the proposed draft "Bill for Conservation of Aquatic Resources" in the Diet.

1 Incl

w/d

[Signature]

E. G. S. -----

✓
3514

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No. 1	From: Govt Sec	To: LS/LAJ	Date: 5 May 1951 <i>Capt Morris</i> 26-6076
	1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.		
	2. Your prompt comment is requested.		
	1 Incl Bill for Conservation of Aquatic Resources		
	F. R.		

Subject: Bill for Conservation of
Aquatic Resources

From: LS

To: GS

Date: 9 May 1951
S.A.Reese, 57-8546

2.

LS has no legal objections to subject bill. However, it is noted that Article 4 of Chapter II delegates to the Minister of Agriculture and Forestry and/or the governors of the various prefectures very broad discretionary powers in prescribing by ministerial ordinance or regulations various restrictions on catching and collecting aquatic animals and plants and in providing penalties for violations thereof not to exceed two years' penal servitude or a fine of not more than ¥ 50,000. In fact, the powers of legislation conferred are so broad that either of the aforementioned components of the Government would be authorized by item 1 (3) to prohibit entirely without any limitation the possession or use of fishing boats. Under Staff Memorandum No. 81 of 1 October 1947 it appears that GS would determine the propriety of such a policy as contemplated by article 4.

1 Incl.
w/d

-----A.C.C.-----

Government Section
Buck Slip

5/10 1951

FROM: DPD
TO: INITIAL DATE

<input type="checkbox"/>	CHIEF.....	.....
<input type="checkbox"/>	EX OFF.....	.....
<input type="checkbox"/>	DEPUTY CHIEF.....	.....
<input type="checkbox"/>	Chief Adm Div.....	.....
<input type="checkbox"/>	Stat & Review.....	.....
<input type="checkbox"/>	Civil Serv Div.....	.....
<input type="checkbox"/>	Par & Pol Div.....	.....
<input checked="" type="checkbox"/>	Public Aff Div.....	.....
<input type="checkbox"/>	Public Adm Div.....	.....
<input type="checkbox"/>	Admin Asst.....	.....
<input type="checkbox"/>	Personnel Clerk...	.....
<input type="checkbox"/>	Chief Clerk.....	.....
<input type="checkbox"/>	File .....	.....

For: _____

<input type="checkbox"/>	INFORMATION
<input type="checkbox"/>	NECESSARY ACTION
<input type="checkbox"/>	ACTION (Prepare Reply)
<input type="checkbox"/>	APPROVAL
<input type="checkbox"/>	INITIAL
<input checked="" type="checkbox"/>	COMMENT OR CONCUR
<input type="checkbox"/>	RETAIN
<input type="checkbox"/>	RETURN
<input type="checkbox"/>	FILE
<input type="checkbox"/>	BURN

9/12

W. W. No. 12

April 30, 1951.

Title of the Bill: Bill for Conservation of Aquatic Resources.

I hereby certify that the above mentioned Bill does not violate any Directive issued by the Supreme Commander for the Allied Powers and the Constitution of Japan, and that any provision of this Bill, except those providing for exceptions, does not contradict any other law.

Budgetary Measure:

According to the Fisheries Agency, the expenses necessary for the enforcement of this Law are estimated as follows:

As the Law **has** been scheduled to be enforced from about December this year, in this fiscal year (for about four months), the expenses required for establishment of the Marine Resources Protection Sectional Committee are estimated at approximately ¥100,000, and other expenditures have been appropriated in the budget already approved.

Toshio Irie

Chief, Legislative Bureau,
House of Representatives.

House of Representatives

May 4th, 1951.

BILL FOR CONSERVATION OF AQUATIC RESOURCES

(Presented by ISHIHARA Enkichi)

Contents

- Chapter 1. General Provisions (Articles 1 - 3)
- Chapter II. Conserving and Nurturing of Aquatic Resources (Articles 4 - 28)
 - Section 1. Restrictions on Catching and Collecting of Aquatic Animals and Plants and Related Matters (Articles 4 - 13)
 - Section 2. Protected Areas of Water Surface (Articles 14 - 19)
 - Section 3. Conservation and Nurture of Anadromous Fish.
 - Section 4. Securing of Seedlings of Aquatic Animals and Plants
- Chapter III. Investigating Aquatic Resources
- Chapter IV. Subsidy
- Chapter V. Miscellaneous Regulations
- Chapter VI. Penal Regulations
- Supplementary Provisions

CS; NRS
ESS
45/2)

Recd CS
5/4/51

Chapter 1. General Provisions.

(Object of the Law)

Article 1. The object of this law is to conserve and nurture the aquatic resources and, by means of maintaining the results of the relative measures for the future, to contribute to the development of fishery.

(Applicability of the Law)

Article 2. Unless otherwise provided for, the provisions of this law shall not apply to such areas of water surface as are not appropriated for public use.

Article 3. To an area of water surface not appropriated for public use but forming a body with a contiguous area which is appropriated for public use, the provisions of this law shall be applicable.

Chapter II. Conserving and Nurturing of Aquatic Resources.

Section 1. Restrictions on Catching and Collecting of Aquatic Animals and Plants and Related Matters.

(Ordinance concerning Restrictions on Catching and Collecting of Aquatic Animals and Plants and Related Matters).

Article 4. The Minister of Agriculture and Forestry or the

Governor of a To, So, Fu or Ken,

Governor of a To, Do, Fu or Prefecture, in case he deems it necessary for the purpose of conserving and nurturing aquatic resources, may prescribe a Ministerial Ordinance or Regulations on such matters as are mentioned in the following items.

- (1) Restrictions on, or prohibition of, the catching or collecting of aquatic animals and plants;
- (2) Restrictions on, or prohibition of, the sale or possession of aquatic animals and plants;
- (3) Restrictions or prohibition in regard to fishing appliances or fishing boat;
- (4) Restrictions on, or prohibition of, the leaving or leaking of matters injurious to aquatic animals and plants, or the pollution of water in any other manner injurious to aquatic animals and plants;
- (5) Restrictions on, or prohibition of, the taking or removing of objects which are necessary for the conserving and nurturing of aquatic animals and plants;
- (6) Restrictions on, or prohibition of, the transplanting of aquatic animals and plants.

2. The Ministerial Ordinance or Regulations to be prescribed under the provisions of the preceding paragraph may give necessary penal provisions.

3. The penalty which may be prescribed in the penal provisions as mentioned in the preceding paragraph shall be penal servitude for not more than 2 years, a fine of

not more than ¥50,000, detention, a minor fine, or a combination thereof, in the case of a Ministerial Ordinance; and a penal servitude for not more than 6 months, a fine of not more than ¥10,000, detention, a minor fine, or a combination thereof, in the case of Regulations.

4. The Ministerial Ordinance or Regulations to be prescribed under the provisions of para. 1 may provide for the confiscation of the catches, fishing boat, fishing appliances, and the aquatic animals and plants as mentioned in item 6 of the said paragraph, which may be owned by or in the possession of an offender; and also for the collection of the price for the whole or part of the said articles have been owned by the offender, in case the same can not be confiscated.

5. The Minister of Agriculture and Forestry, when he is to prescribe the Ministerial Ordinance as mentioned in para. 1, must obtain the views of the Central Fishery Coordination Council.

6. The Governor of a To, Do, Fu or Prefecture, when the Regulations as mentioned in para. 1, must obtain the approval of the Minister of Agriculture and Forestry.

7. The Governor of a To, Do, Fu or Prefecture, when he is to prescribe the Regulations as mentioned in para. 1, must obtain the views of the Joint Sea-Area Fisheries Adjustment Committee, which covers all of such areas of sea surface as established along the coasts of the To, Do, Fu or Prefecture concerned, if the Regulations to be prescribed pertain to an area of sea surface