2 The officers and employees of the Corporation may not concurrently be members of the Diet or of the assemblies of the local public bodies.

(Duty to keep secrecy)

Article 16. The officers and employees of the Corporation and those who have been its officers or employees shall not divulge secrets that came to their knowledge in the course of their duty, or abuse such secrets.

(Status of officers and employees)

Article 17. The officers and employees of the Corporation shall be regarded as personnel engaged in public service in accordance with laws and statutes.

2 The officers and employees of the Corporation are not the national public servants as prescribed in the National Public Servants Law (Law No. 120 of 1947)

(Scope and qualifications of employees)

Article 18. The employees shall be those who work on permanent basis and receive fixed remuneration, officers and temporary employees excluded.

(Standards for appointment and dismissal)

Article 19. Appointment or dismissal of employees shall be based on the results of their examination, on their record of performance, or on other evidences of their capacity.

(pay)

Article 20. The salary and wages of officers and employees shall be paid in proportion to the nature of their duties and their responsibilities.

2 The salary and wages of officers and employees shall be fixed in consideration of their living cost, payment for national public

service, and workers in private enterprises and other factors.

(Demotion and Dismissal)

Article 21. Except in cases where any employee falls under the provision of any of the following items, the President shall not demote or dismiss him against his will.

1 In cases of poor showing in the performance of his duties;

2 In cases where physical or mental troubles hamper execution of duties, or deprive him of the qualifications necessary therefor;

3 Any other case where necessary qualifications are wanting for his duties; and

4 In the case of reduction of business volume or other unavoidable circumstances in the operation.

(Suspension from Office)

Article 22 Except in cases where any employee falls under the provision of any of the following items, the President shall not suspend him from office against his will.

1 In cases where any mental or physical trouble of the employee claims his rest for a long term;

2 In the cases of indictment of any criminal charge.

The term of suspension from office as provided for in item 1 of the preceding paragraph shall be one full year. In case the said trouble ceases to exist during the term of suspension the employee in question shall be reinstated without delay; and in case the term of suspension expires he shall be dismissed.

The term of suspension as prescribed in paragraph 1 item 2 shall correspond to the period during which the said case is in dispute by the court concerned.

Any suspended employee shall not be engaged in business, though he shall

hold the status of an employee. Any suspended employee shall receive one-third of his salary during the term of his suspension.

(Service Standards)

Article 23. Any employee shall devote all his working hours and energy to the proper execution of his duties, except where designated as full-time official of the Workers' Union.

Article 24. Labor-management relations and wages, hours and working conditions of the employees of this corporation shall be subject to the collective bargaining procedures of Law NO._____entitled "Public Corporation Labor Relations Law".

Chapter IV Business

(Scope of business)

Article 25. The Corporation shall conduct the following business in order to attain the objective prescribed in Article 1:

1 Purchase of tobacco leaf, cigarette paper, salt, bittern, crude camphor and camphor oil;

2 Manufacture of tobacco and salt;

3 Sale of tobacco, cigarette paper, salt, bittern, crude camphor and camphor oil;

4 Business pertaining to guidance and encouragement of production to be offered to manufacturers of tobacco leaf, cigarette paper, salt, bittern, crude camphor and camphor oil.

5 Business pertaining to guidance and assistance to be offered to dealer in tobacco, cigarette paper, salt, bittern, crude camphor and camphor oil;

6 Business pertaining to export and import of tobacco leaf, tobacco, cigarette paper, salt, crude camphor and camphor oil;

7 Business pertaining to implementation of matters prescribed in

the Tobacco Monopoly Law, Salt Monopoly Law and Crude Camphor and Camphor Oil Monopoly Law, other than those prescribed in the preceding numbers;

8 Business incidental to business prescribed in the preceding numbers.

(Method of business)

Article 26. The Corporation shall, at the commencement of its business, determine the method of business and submit it to the Minister of Finance for approval. Any alteration thereof shall be subject to the same procedure.

Chapter V Accounting

(Accounting principle)

Article 27. For purposes of the accounting and book-keeping, the Corporation shall, until such a time as a legislation governing the accounting and book-keeping of public corporations may be enforced be deemed an administrative agency of the Government, and the provisions of the Finance Law (Law No. 34, 1947), Accounts Law (Law No. 35, 1947), National Property Law (Law No. 73, 1948) and of other statutes pertaining to Governmental accounts shall be conformed to by the Corporations;

~~2 In the case where the Corporation is deemed an administrative agency by virtue of the preceding paragraph the President of the Corporation shall be deemed the chief of a Ministry or of an Agency, the Corporation a Ministry or an Agency excepting when the Corporation is deemed a department in the Ministry of Finance by virtue of Cabinet Order.~~

Article 28. The Corporation shall, in order to keep clear record of the business management and of its financial status, keep account of the receipt and outlay and incidental increase or decrease or any change in its assets, on the accrual basis.

(Business year)

Article 29. The business year of the Corporation shall start April and end March of the following year.

2. The Corporation shall have its business-yearly account finally settled by May 31 of the following business year.

(Budget)

Article 30. The Corporation shall prepare a budget for each business year and submit the same to the Ministry of Finance.

2. The Minister of Finance shall, when the budget is submitted to by virtue of the preceding paragraph examine it, adjust it, if necessary, and submit it to the Cabinet decision.

3. The Cabinet when it has decided the budget in accordance with the preceding paragraph shall submit the same, together with the budgets of the State, to the Diet.

4. The form, content, appendices of the budget shall be provided for by Cabinet Order; the procedure for the formulation and submission of the budget etc. shall be determined by the Minister of Finance.

(Supplemental budget)

Article 31. Only when it is necessary and inevitable due to a cause arising after the formulation of the budget, a supplemental budget may be formulated in the same manner as budget, for submission to the Minister of Finance.

2. The provisions of Pars. 2-4 of the preceding article shall apply mutatis mutandis to the supplemental budget referred to in the preceding paragraph.

(Interim budget)

Article 32. When the budget submitted to the Diet by virtue of ~~of~~ Art. ~~23~~ 30 fails to be decided upon by the Diet before or on the commencement of the business year concerned, the Corporation may formulate an interim budget covering the period until the time the Diet makes decision, for submission to the Minister of Finance in the same manner as Art. ~~23~~ 30.

2. The provisions of Pars. 2-4, Art. ~~23~~ 30 of this Law and of Art. 30, par. 2 of the Finance Law shall apply mutatis mutandis to the case of the preceding paragraph.

(Settlement of Account)

Article 33. The Corporation shall prepare, for each business year, an inventory, balance sheet and a profit and loss statement, and shall submit the same to the Minister of Finance for approval not later than a month after the close of the settled account.

2. The Corporation when the approval of the Minister of Finance is obtained by virtue of the preceding paragraph shall without delay make public the inventory, balance sheet and profit and loss statement.

Article 34. The Corporation shall, in the manner similar to budget, prepare the statement of the settled account for each business year, and submit the same to the Minister of Finance.

2. The Minister of Finance when the statement of the preceding paragraph is received shall forward the same to the Cabinet.

Article 35. The Cabinet, in turn, shall forward the statement it received in accordance with par. 2 of the preceding article to the Board of Audit.

2. After the auditing by the Board of Audit the Cabinet shall submit, together with the statements of the settled account for revenues and expenditures of the State, the statement of the settled account of the Corporation to the Diet.

(Contribution of profits to the Government)

Article 36. The Corporation shall turn over its profits of each business year to the National Treasury.

2. The way of computing, and the procedures involved in turning over the profits referred to under Par. 1 shall be provided for by Cabinet Order.

(Loan)

Article 37. The Corporation may receive long term loan and temporary borrowing.

2. The ceiling for borrowings referred to in the preceding paragraph shall be set forth in the way of the budget.

3. The temporary borrowing referred to in Par. 1 shall be redeemed within the business year.

4. Long term loans may be accommodated from the Bank of Japan and temporary borrowings from the Bank of Japan and/or city banks.

Article 38. The Government may accommodate fund to the Corporation.

(Plan of redemption)

Article 39. The Corporation shall, for each business year, set up a plan for the redemption of long term loans referred to under Art. 31 Par. 1 for the approval of the Minister of Finance.

(Disposition of cash arising out of business)

Article 40. The regulations governing the disposition of cash of the National Treasury shall be conformed to by the Corporation in connection with cash arising out of its business operation.

2. Interest shall be paid, as may be decided upon by the Minister of Finance, on the deposit received by the Bank of Japan by virtue of the preceding paragraph.

3. The Corporation may, with the prior authorization of the Minister of Finance, deposit cash arising out of its business operation with banks other than the Bank of Japan.

(Books)

Article 41. The Corporation shall prepare books to be able properly and clearly to show the nature and details of its business and conditions of business operations and accounting.

(Restriction to the disposal of assets)

Article 42. The Corporation may not transfer, trade or put in mortgage its assets of substantial importance without the authorization of the Minister of Finance.

2. The scope of the assets of substantial importance referred to under the preceding paragraph shall be determined by the Minister of Finance.

(Restriction to the disposal of assets)

Article 43. The Corporation may not transfer, trade or put in mortgage its assets of substantial importance without the authorization of the Minister of Finance.

2. The scope of the assets of substantial importance referred to under the

preceding paragraph shall be determined by the Minister of Finance.

Article 44. The accounting of the Corporation shall be subject to auditing by the Board of Audit.

Chapter VI. Supervision

(Supervision)

Article 45. The Corporation shall be placed under the supervision of the Minister of Finance; Provided the Corporation shall be under the supervision of the Attorney General in regard to litigations in which the corporation is a party or participates.

2. The Minister of Finance may issue to the Corporation, orders concerning business necessary for supervision, whenever required.

(Dismissal of officers)

Article 46. The Minister of Finance may dismiss an officer of the Corporation when the latter has come to fall under any one of the following numbers:

1. When he has violated this law, Tobacco Monopoly Law, Salt Monopoly Law, Crude Camphor and Camphor Oil Monopoly Law, orders issued pursuant to these Laws, Articles of Incorporation, or Government's orders;

2. When he has been sentenced to criminal punishment heavier than confinement;

3. When he has been declared incompetent, or quasi-incompetent or adjudicated;

4. When he cannot perform his duty due to mental or physical disability.

(Report and auditing)

Article 47. The Minister of Finance may, when deemed necessary, order submission of reports from the Corporation, or let his staff enter the office of the Corporation to examine the business conditions, books, papers and other items that may be necessary. 2. When a staff member of the Ministry of

Finance enters the office of the
Corporation for examination, in accordance with the preceding paragraph, he shall carry a certificate to identify himself, and present it upon request to interested parties.

[redacted]

Chapter VII. Penal Provisions

Article 48. In any of the following cases, the officer of the Corporation who is involved in violation shall be subject to forfeit of not exceeding 100,000 yen:

1. In case the Corporation fails to obtain the authorization from the Minister of Finance when an authorization is required under this law.
2. In case the Corporation is engaged in such business as is not provided for under Art. 18.
3. In case of the failure of registration or of untrue registration.
4. In case of the violation of supervisory orders issued by the Minister of Finance in accordance with Art. 38, Par. 2.
5. In case the report of the preceding article fails to be submitted, or submitted falsely, or the examination of the same article is refused, disturbed or dodged.

Article 49. A person who has used the appellation same as or similar to the Japan Monopoly Public Corporation in violation of Art. 7 shall be subject to forfeit of not exceeding 10,000 yen.

Supplementary Provisions

Article 1. The date of enforcement of this law shall be fixed by Cabinet Order but not later than 1 April 1949.

Article 2. Procedures for the establishment of the Corporation, transfer of properties and personnel from the State to the Corporation, and other matters necessary for the enforcement of this law shall be provided for separately by law.

Article 3. (Pension)

In case a person in public service, to whom the Pension Law is applied at the time when this Law comes into force, becomes a member of the JNR without interruption, the Pension Law shall be applicable, with the necessary modifications for the time being, regarding him as one who continues to serve in his former position.

2. In case the person mentioned in the preceding paragraph becomes a public official again to whom such Law shall apply correspondingly, he shall be regarded as one who has served continuously.

3. The JNR shall be responsible for the Pension of the persons prescribed in paragraph 1.

Bill for the Japan Monopoly Public Corporation

9 October, 1948

Attorney General's Office.

Contents:

Chapter	I	General Provisions (Arts. 1-8)
Chapter	II	Monopoly Enterprises Council (Art. 9)
Chapter	III	Officers and Employees (Arts. 10-17)
Chapter	IV	Business (Arts. 18-19)
Chapter	V	Accounting (Arts. 20-37)
Chapter	VI	Supervision (Arts. 38-40)
Chapter	VII	Penal Provisions (Arts. 41 and 42)

Supplementary Provisions (Arts. 1 -[illegible])

Chapter 1. General Provisions

(Objective)

Article 1. The Japan Monopoly Public Corporation shall have, as its objective, the sound and efficient operation of monopoly enterprises in accordance with Tobacco Monopoly Law (Law No. 14 of 1904, the Salt Monopoly Law (Law No. 11 of 1905), and the Crude Camphor and Camphor Oil Monopoly Law (Law No. 5 of 1903).

(Legal entity)

Article 2. The Japan Monopoly Public Corporation (hereinafter to be referred to as the Corporation) shall be a juridical person.

(Office)

Article 3. The Corporation shall have its head office in Tokyo-to.

2 The Corporation may open its branch offices in necessary places with the approval of the Minister of Finance.

(Capitalization)

Article 4. The capital of the Corporation shall be the assets turned over by the Government on the effective date of this law.

2 The Government may make the subscription prescribed in the preceding paragraph by transfer of title to properties that now belong to the Monopoly Bureau Special Account.

(Registration)

Article 5. The Corporation shall make registration as prescribed by Cabinet Order.

2 Matters required to be registered in accordance with the preceding paragraph shall have no binding force on a third party prior to registrations.

(Tax exemption)

Article 6. The Corporation shall be free from income tax and corporation taxes.

2 To, Do, Fu, Ken, cities, towns, villages and the like shall not levy local taxes on the Corporation with the exceptions of the mine product tax, gas and electricity tax, timber transactions tax, entertainment tax, surtaxes of above taxes and the entertainment tax share.

(Restriction on the use of appelation)

Article 7. Persons other than the Corporation shall not be allowed to use the appellation of the Japan Monopoly Public Corporation or any other confusing names.

(Application mutatis mutandis of provisions concerning juridical persons)

Article 8. The provisions of Articles 44, 50, 54 and 57 of the Civil Code (Law No. 89 of 1896) and Article 35, paragraph 1 of the Non-litigent Case Procedure Law (Law No. 14 of 1898) shall be applicable mutatis mutandis to the Corporation.

Chapter II. Monopoly Enterprises Council

(Monopoly Enterprises Council)

Article 9. Monopoly Enterprises Council shall be established in the Ministry of Finance.

2 The Monopoly Enterprises Council (hereinafter to be referred to as the Council) may offer advice at the request of, or state its views to, the Minister of Finance, on matters pertaining to the business operation of the Corporations.

3 The Council shall be organized with councillors 6 in number, besides a Chairman.

4 The Chairman and Councillors shall be appointed by the Minister of Finance from those who are learned or experienced.

5 The Chairman and Councillors shall serve three years; Provided, at the time of creation of the Council, each two councillors shall be given the tenure of 1,2 and 3 years respectively. In case of vacancy prior to the expiration of the tenure of the Chairman or a Councillor, his successor shall serve for the remaining term.

6 The Chairman and Councillors may be reappointed.

7 Councillors shall not be paid for service; provided they may be paid a reasonable per diem equivalent to the time spent in order to attend meetings of the Council or spent in special service to the Council, and travelling expenses to and from such meetings or when assigned to such service.

8 Besides those provided for in above paragraphs matters necessary for the Council shall be prescribed by Cabinet order.

Chapter III. Officers and Employees

(Officers)

Article 10. The Corporation shall have as its officers a President, a Vice-President, five or more Directors and two or more Auditors.

(Duties and authority of officers)

Article 11. The President shall represent the Corporation and shall preside over its business.

2 The Vice-President shall represent the Corporation assist the President in the management of its business, act on behalf of the President in case of the latter's disability, and act as the President in case of vacancy of the latter's post.

3 Directors shall represent the Corporation Presi- dent and the

Vice-President in the management of its business, act on behalf of the President or the Vice-President in case of their disability, and act as President or Vice-President in case of vacancy of their posts.

4 Auditors shall audit the business of the Corporation.

(Appointment of officers)

Article 12. The President and the Auditors shall be appointed by the Minister of Finance.

2 The Vice-President and the Directors shall be appointed by the President with the approval of the Minister of Finance.

(Terms of office for officers)

Article 13. The term of office for the President, the Vice-President and Directors shall be four years, and that for Auditors shall be three years; Provided for the first appointment of Directors and Auditors a half of them shall be appointed for two years.

2 The President, the Vice-President, Directors and Auditors may be re-appointed.

(Appointment of agents)

Article 14. The President, the Vice-President and Directors may appoint agents with full power to act both in and out of court, in connection with the business of branch offices, from among the personnel of the Corporation.

(Restriction on holding of concurrent offices by officers and personnel)

Article 15. The officers and employees of the Corporation shall not hold posts as officers of profit-making organization, or engage in profit-making enterprise. ~~However, this shall not apply when otherwise approved by the Minister of Finance in case of officers, and by the President in case of personnel.~~

2 The officers and employees of the Corporation may not concurrently be members of the Diet or of the assemblies of the local public bodies.

(Duty to keep secrecy)

Article 16. The officers and employees of the Corporation and those who have been its officers or employees shall not divulge secrets that came to their knowledge in the course of their duty, or abuse such secrets.

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Article 19. Appointment or dismissal of employees shall be based on the results of their examination, on their record of performance, or on other evidences of their capacity.

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2 The salary and wages of officers and employees shall be fixed in consideration of their living cost, payment for national public

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Article 21. Except in cases where any employee falls under the provision of any of the following items, the President shall not demote or dismiss him against his will.

1 In cases of poor showing in the performance of his duties;

2 In cases where physical or mental troubles hamper execution of duties, or deprive him of the qualifications necessary therefor;

3 Any other case where necessary qualifications are wanting for his duties; and

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Article 22 Except in cases where any employee falls under the provision of any of the following items, the President shall not suspend him from office against his will.

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The term of suspension from office as provided for in item 1 of the preceding paragraph shall be one full year. In case the said trouble ceases to exist during the term of suspension the employee in question shall be reinstated without delay; and in case the term of suspension expires he shall be dismissed.

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hold the status of an employee. Any suspended employee shall receive one-third of his salary during the term of his suspension.

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7 Business pertaining to implementation of matters prescribed in

the Tobacco Monopoly Law, Salt Monopoly Law and Crude Camphor and Camphor Oil Monopoly Law, other than those prescribed in the preceding numbers;

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Article 26. The Corporation shall, at the commencement of its business, determine the method of business and submit it to the Minister of Finance for approval. Any alteration thereof shall be subject to the same procedure.

Chapter V Accounting

(Accounting principle)

Article 27. For purposes of the accounting and book-keeping, the Corporation shall, until such a time as a legislation governing the accounting and book-keeping of public corporations may be enforced be deemed an administrative agency of the Government, and the provisions of the Finance Law (Law No. 34, 1947), Accounts Law (Law No. 35, 1947), National Property Law (Law No. 73, 1948) and of other statutes pertaining to Governmental accounts shall be conformed to by the Corporations;

~~2 In the case where the Corporation is deemed an administrative agency by virtue of the preceding paragraph the President of the Corporation shall be deemed the chief of a Ministry or of an Agency, the Corporation a Ministry or an Agency excepting when the Corporation is deemed a department in the Ministry of Finance by virtue of Cabinet Order.~~

Article 28. The Corporation shall, in order to keep clear record of the business management and of its financial status, keep account of the receipt and outlay and incidental increase or decrease or any change in its assets, on the accrual basis.

(Business year)

Article 29. The business year of the Corporation shall start April and end March of t[illegible] following year.

2. The Corporation shall have its business-yearly account finally settled by May 31 of the following business year.

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Article 30. The Corporation shall prepare a budget for each business year and submit the same to the Ministry of Finance.

2. The Minister of Finance shall, when the budget is submitted to by virtue of the preceding paragraph examine it, adjust it, if necessary, and submit it to the Cabinet decision.

3. The Cabinet when it has decided the budget in accordance with the preceding paragraph shall submit the same, together with the budgets of the State, to the Diet.

4. The form, content, appendices of the budget shall be provided for by Cabinet Order; the procedure for the formulation and submission of the budget etc. shall be determined by the Minister of Finance.

(Supplemental budget)

Article 31. Only when it is necessary and inevitable due to a cause arising after the formulation of the budget, a supplemental budget may be formulated in the same manner as budget, for submission to the Minister of Finance.

2. The provisions of Pars. 2-4 of the preceding article shall apply mutatis mutandis to the supplemental budget referred to in the preceding paragraph.

(Interim budget)

Article 32. When the budget submitted to the Diet by virtue of ~~of~~ Art. ~~23~~ 30 fails to be decided upon by the Diet before or on the commencement of the business year concerned, the Corporation may formulate an interim budget covering the period until the time the Diet makes decision, for submission to the Minister of Finance in the same manner as Art. ~~23.~~ 30.

2. The provisions of Pars. 2-4, Art. ~~23~~ 30 of this Law and of Art. 30, par. 2 of the Finance Law shall apply mutatis mutandis to the case of the preceding paragraph.

(Settlement of Account)

Article 33. The Corporation shall prepa re, for each business year, an inventory, balance sheet and a profit and loss statement, and shall submit the same to the Minister of Finance for approva not later than a month after the close of the settled account.

2. The Corporation when the approval of the Minister of Finance is obtained by virtue of the preceding paragraph shall without delay make public the inventory, balance sheet and profit and loss statement.

Article 34. The Corporation shall, in the manner similar to budget, prepare the statement of the settled account for each business year, and submit the same to the Minister of Finance.

2. The Minister of Finance when the statement of the preceding paragraph is received shall forward the same to the Cabinet.

Article 35. The Cabinet, in turn, shall forward the statement it received in accordance with par. 2 of the preceding article to the Board of Audit.

2. After the auditing by the Board of Audit the Cabinet shall submit, together with the statements of the settled account for revenues and expenditures of the State, the statement of the settled account of the Corporation to the Diet.

(Contribution of profits to the Government)

Article 36. The Corporation shall turn over its profits of each business year to the National Treasury.

2. The way of computing, and the procedures involved in turning over the profits referred to under Par. 1 shall be provided for by Cabinet Order.

(Loan)

Article 37. The Corporation may receive long term loan and temporary borrowing.

2. The ceiling for borrowings referred to in the preceding paragraph shall be set forth in the way of the budget.

3. The temporary borrowing referred to in Par. 1 shall be redeemed within the business year.

4. Long term loans may be accommodated from the Bank of Japan and temporary borrowings from the Bank of Japan and/or city banks.

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(Plan of redemption)

Article 39. The Corporation shall, for each business year, set up a plan for the redemption of long term loans referred to under Art. 31 Par. 1 for the approval of the Minister of Finance.

(Disposition of cash arising out of business)

Article 40. The regulations governing the disposition of cash of the National Treasury shall be conformed to by the Corporation in connection with cash arising out of its business operation.

2. Interest shall be paid, as may be decided upon by the Minister of Finance, on the deposit received by the Bank of Japan by virtue of the preceding paragraph.

3. The Corporation may, with the prior authorization of the Minister of Finance, deposit cash arising out of its business operation with banks other than the Bank of Japan.

(Books)

Article 41. The Corporation shall prepare books to be able properly and clearly to show the nature and details of its business and conditions of business operations and accounting.

(Restriction to the disposal of assets)

Article 42. The Corporation may not transfer, trade or put in mortgage its assets of substantial importance without the authorization of the Minister of Finance.

2. The scope of the assets of substantial importance referred to under the preceding paragraph shall be determined by the Minister of Finance.

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2. The scope of the assets of substantial importance referred to under the

preceding paragraph shall be determined by the Minister of Finance.

Article 44. The accounting of the Corporation shall be subject to auditing by the Board of Audit.

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(Supervision)

Article 45. The Corporation shall be placed under the supervision of the Minister of Finance; Provided the Corporation shall be under the supervision of the Attorney General in regard to litigations in which the corporation is a party or participates.

2. The Minister of Finance may issue to the Corporation, orders concerning business necessary for supervision, whenever required.

(Dismissal of officers)

Article 46. The Minister of Finance may dismiss an officer of the Corporation when the latter has come to fall under any one of the following numbers:

1. When he has violated this law, Tobacco Monopoly Law, Salt Monopoly Law, Crude Camphor and Camphor Oil Monopoly Law, orders issued pursuant to these Laws, Articles of Incorporation, or Government's orders;

2. When he has been sentenced to criminal punishment heavier than confinement;

3. When he has been declared incompetent, or quasi-incompetent or adjudicated;

4. When he cannot perform his duty due to mental or physical disability.

(Report and auditing)

Article 47. The Minister of Finance may, when deemed necessary, order submission of reports from the Corporation, or let his staff enter the office of the Corporation to examine the business conditions, books, papers and other items that may be necessary. 3. When a staff member of the Ministry of

Finance enters the office of the Corporation for examination, in accordance with the preceding paragraph, he shall carry a certificate to identify himself, and present it upon request to interested parties.

[redacted]

Chapter VII. Penal Provisions

Article 48. In any of the following cases, the officer of the Corporation who is involved in violation shall be subject to forfeit of not exceeding 100,000 yen:

1. In case the Corporation fails to obtain the authorization from the Minister of Finance when an authorization is required under this law.
2. In case the Corporation is engaged in such business as is not provided for under Art. 18.
3. In case of the failure of registration or of untrue registration.
4. In case of the violation of supervisory orders issued by the Minister of Finance in accordance with Art. 38, Par. 2.
5. In case the report of the preceding article fails to be submitted, or submitted falsely, or the examination of the same article is refused, disturbed or dodged.

Article 49. A person who has used the appellation same as or similar to the Japan Monopoly Public Corporation in violation of Art. 7 shall be subject to forfeit of not exceeding 10,000 yen.

Supplementary Provisions

Article 1. The date of enforcement of this law shall be fixed by Cabinet Order but not later than 1 April 1949.

DECLASSIFIED BY: PUBL SEC. 3(E) AND 3(B) OR (E) NNDG # 775 012

Article 2. Procedures for the establishment of the Corporation, transfer of properties and personnel from the State to the Corporation, and other matters necessary for the enforcement of this law shall be provided for separately by law.

Article 3. (Pension)

In case a person in public service, to whom the Pension Law is applied at the time when this Law comes into force, becomes a member of the JNR without interruption, the Pension Law shall be applicable, with the necessary modifications for the time being, regarding him as one who continues to serve in his former position.

2. In case the person mentioned in the preceding paragraph becomes a public official again to whom such Law shall apply correspondingly, he shall be regarded as one who has served continuously.

3. The JNR shall be responsible for the Pension of the persons prescribed in paragraph 1.

DECLASSIFIED BUT PLEASE SEE 3(B) AND 3(D) OR (E) N.N.D.G # 775 012

JAPANESE GOVERNMENT

29 September 1948

A BILL

TO PROVIDE FOR THE ESTABLISHMENT OF A CORPORATION TO BE KNOWN AS JAPANESE NATIONAL RAILWAYS; TO PROVIDE FOR THE OBJECTIVE, BUSINESS, BOARD OF DIRECTORS, OFFICERS AND EMPLOYEES, FINANCE, LABOR RELATIONS, AND CONTROL OF THE JAPANESE NATIONAL RAILWAYS: AND FOR OTHER PURPOSES.

DECLASSIFIED BUT PLEASE SEE 5(E) AND 5(D) OR (E) NNDC # 775 072

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Remark:

1. This Bill (draft) is a tentative summation of items made in the form of a bill worked out by the Attorney General's Office.

2. Articles of this bill are not consecutive in numbering as the chapters have been worked out separately and begin with Article 1, Article 201, Article 301 etc., respectively.

3. Very few quotations from other laws are shown in this bill, which situation will be improved by later workings.

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Chapter I General Provisions

Article 1: (Objective)
The Japanese National Railways (hereinafter called "JNR") shall aim at independent operation of railway and all other incidental enterprises operated by the State with the Special Account of the Japanese Government Railway Undertakings and their development through autonomous and efficient operation for the benefit of the public.

Article 2: (Character as Juridical Person)
The JNR shall be juridical person.

Article 3: (Business Activities)
1. The JNR shall execute the following business affairs for the attainment of the objectives mentioned in Article 1:

1) Operation of the Japanese National Railways and other activities incidental thereto.

2) Operation of ferry services relative to the JNR and other activities incidental thereto.

3) Operation of motor transportation services relative to the JNR and other services incidental thereto.

4) Coal mining, power generation, transmission, and electric communication necessary to perform the services listed in the preceding three items.

5) Other business activities necessary for the attainment of the objectives mentioned in Article 1, than those provided for in the preceding items.

2. The JNR may manufacture, repair or purchase machines, tools and other materials relative to land transportation, carry out construction works, supervise business management or execute technical experiments and researches by the application of the general public insofar as such activities do not hamper the smooth operation of its business activities.

Article 4: (Office)
1. The JNR shall have its main office in Tokyo.

2. The JNR shall have its subordinate offices at necessary places.

Article 5: (Capital)
The capital of the JNR shall be the amount of the assets of the Special Account of Japanese Government Railways as of 31 March 1964, all of which shall be invested by the Government.

Article 6: (Exemption from taxation)

1. JNR shall be exempt from income taxes and juridical person taxes.

2. To, Do, prefectures, municipalities, towns, villages or other similar public entities shall exempt JNR from local taxes, except when approved by the Prime Minister and the Minister of Finance for special reasons.

Article 7: (Registration)

1. JNR shall be registered in accordance with the provisions of Cabinet Ordinance.

2. Any matter for registration as prescribed by the preceding paragraph shall not stand against any third party prior to its registration.

Article 8: (Provision for Application)

The provisions of Articles 44, 50 and 54 of the Civil Law shall be applied to JNR.

Chapter II - Board of Directors

Article 9: (Establishment of the Board of Directors)

There shall be established a Board of Directors (hereinafter called the "Board") in the Japanese National Railways.

Article 10: (Responsibilities of the Board of Directors)

The board shall audit the achievements of business operation and financial disposition of JNR and submit a report thereon to the Minister of Transportation based upon the results of the audit.

Article 11: (Organization of the Board)

1. The Board shall be composed of five (5) members including the Minister of Transportation.

2. The Board shall have a Chairman selected by mutual election from among the members.

3. The Board shall previously appoint an Acting Chairman from among the members, to fulfil the vacancy of the Chairman.

Article 12: (Appointment of Directors)

1. The members of the Board (hereinafter excluding the Minister of Trans- [illegible] as the member, to Article 206) shall be appointed by the Cabinet, with

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the consent of both Houses of the Diet, from among persons of the age of thirty-five or above, appearing to be persons who have had wide experience and distinguished views in transport, industrial, commercial, or financial matters.

2. If, in the case of the appointment of any director, the House of Councillors does not consent to the projected appointment to which the House of Representative consents, the consent of the House of Representatives shall, as in the case of Article 67, para. 2 of the Constitution of Japan, be the consent of both Houses of the Diet.

3. Any person who falls under the provisions of any of the following items may not become director:

1) Any incompetent or quasi-incompetent, or any bankrupt who has not been rehabilitated.

2) Any person who is convicted a penalty of imprisonment or more, or any person who, upon committing such crime as provided for in Chapter -- suffered a penalty.

3) Any member of the National Diet or any local assembly.

4) Officer of any political party (inclusive of any person who comes under the category within one year prior to his appointment).

5) Any person who is the seller of commodities or contractor to JNR or such other person, whatever title he may have, as vested with responsibilities or controlling power equal thereto or more, or any person who has important financial interests in such person or agency (inclusive of any person who came under such during the one year prior to his appointment).

6) The officer of any organization engaged in the same business as that mentioned in the preceding paragraph or such other person, whatever title he may have, as vested with responsibilities or controlling power equal thereto or more (inclusive of any person who came under such category during the one year prior to his appointment).

Article 13: (Term of Office of directors)

The term of office of the directors shall be four years. But a director who has filled the vacancy of another director shall remain in office during the remaining term of office of his predecessor.

Any member of the Board may be eligible for re-appointment. The terms of office of the members first taking office after the establishment of the JNR expire as designated by the Prime Minister at the time of nomination, one at the end of the first year, one at the end of the second year, one at the end of the third year and one at the end of the fourth year after the date of appointment.

Article 14: (Removal of directors)

1. The Cabinet may remove any of the directors with the consent of both Houses of the Diet, when it considers that the same director cannot perform his duties owing to physical or mental disabilities, or when he considers that he has acted against his duties, or committed a misconduct deemed unfit for the Board.

2. The provisions of Article 12, paragraph 2, shall apply to the case prescribed in the preceeding paragraph.

Article 15: (Remunerations for directors)

The compensation of the directors shall be that of a vice-minister.

Article 16: (Method of passing a resolution)

1. The Board shall not open proceedings and pass a resolution, unless the Chairman of the Board, or the person who acts in lieu of the Chairman as provided in Article 203, paragraph 3, and two or more member directors are present.

2. The matters to be discussed by the Board shall be decided by a majority of its attendants.

3. The Chairman shall give a decision when pros and cons are of the same number.

4. The Board may require any officer or employee of JNR to inquire necessary explanations.

5. The President and any other officer designated by the President may at any time attend a Board meeting and express opinions or make explanations.

Article 17: (Status of public service personnel)

1. The officers and employees of the Corporation shall be regarded as personnel engaged in public service in accordance with laws and statutes.

2. The officers and employees of the Corporation are not the national public servants as prescribed in the National Public Servants Law (Law No. 120 of 1947).

Article 18: (Labor-Management Relations)

Labor-management relations and wages, hours and working conditions of the employees of this corporation shall be subject to the collective bargaining prosedures of Law No. _____ entitled "Public Corporation Labor Relations Law."

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Chapter III - Officers and Employees

Article 19: (The scope of Officers)

Officers of JNR shall consist of the President, Vice-President, and the managers.

Article 20: (The duties of Officers)

The President shall represent the JNR and preside over the conduct of its business.

The Vice-president may, as provided by the president, represent the JNR, and shall assist the President, direct the affairs and, in the event of the President being absent, shall act on behalf of the President, and, if the presidency is vacant, shall perform his duties.

The managers may, as provided by the president, represent the JNR, and shall assist the President and the Vice-President, direct the affairs thereof, and in the event the President and the Vice-President are absent, shall act as their deputy, and perform the duties of the President and Vice-President when their posts are vacant.

Article 21: (The appointment of Officers and their terms of office.)

1. The President shall be appointed by the Cabinet from among the persons recommended by the Board.

2. The recommendations as prescribed by the preceding paragraph shall be based upon the decision by not less than four members notwithstanding anything in Article 16.

3. The Vice-President shall be appointed by the President with the consent of the Board of Directors.

4. The managers shall be appointed by the President.

5. The terms of office of the President and Vice-President shall be four years.

6. The President and Vice-President shall be eligible for re-appointment.

Article 22: (Qualification of Officers)

Any person who falls under the provision of any items of Article 12, paragraph 3 shall be disqualified for Officer-ship.

Article 23: (The Removal of President and Vice-President)

1. When the Cabinet considers that the President cannot perform his duties owing to physical or mental disabilities, or when it considers that he has acted against his duties or committed a misconduct deemed unfit for the Presidency, he may discharge him from office with the consent of the Board.

2. The provisions of Article 12, paragraph 2, shall apply to the consent prescribed in the preceding paragraph.

3. When the President considers that the Vice-President cannot perform his duties owing to physical or mental disabilities, or when he considers that he has acted against his duties or committed a misconduct deemed unfit for the Vice-Presidency, he may discharge him from office with the consent of the Board.

Article 24: (Ban of Officers holding other posts concurrently)

The officers shall not engage in any other business

Article 25: (Right of Representation)

In any case where the interest of the President, Vice-President or any manager is against that of JNR, such officer shall not have the right to represent the JNR. In such case the members of the Board shall represent JNR.

Article 26: (The appointment of attorney)

The President may appoint an attorney authorized to do all judicial or non-judicial acts regarding a part of the business of the JNR.

Article 27: (Scope and qualifications of employees)

1. The employees of JNR shall be those who work for the JNR on permanent basis and receive fixed remuneration, officers and temporary employees excluded.

2. Any person who falls under the provision of any item from 1 to 4 of Article 12, paragraph 3 shall be disqualified for employee-ship.

Article 28: (Standards for appointment and dismissal)

Appointment or dismissal of employees shall be based on the results of their examination, on their record of performance, or on other evidences of their capacity.

Article 29: (Pay)

1. The salary and wages of officers and employees shall be paid in proportion

to the nature of their duties and their responsibilities.

2. The salary and wages of officers and employees shall be fixed in consideration of their living cost, payment for national public service, and workers in private enterprises and other factors.

Article 30: (Demotion and Dismissal)

1. Except in cases where any employee falls under the provisions of any of the following items, the President shall not demote or dismiss him against his will:

1) In cases of poor showing in the performance of his duties;

2) In cases where physical or mental troubles hamper execution of duties, or deprive him of the qualifications necessary therefor;

3) Any other case where necessary qualifications are wanting for his duties; and

4) In cases where owing to unavoidable circumstances in the operation, excess of the staff has been brought about.

Article 31: (Suspension from Office)

1. Except in cases where any employee falls under the provision of any of the following items, the President shall not suspend him from office against his will:

1) In cases where any mental or physical trouble of the employee claims his rest for a long term;

2) In the cases of indictment on any criminal charge.

2. The term of suspension from office as provided for in item 1 of the preceding paragraph shall be one full year. In case the said trouble ceases to exist during the term of suspension the employee in question shall be reinstated without delay; and in case the term of suspension expires he shall be dismissed.

3. The term of suspension as prescribed in paragraph 1 item 2 shall correspond to the period during which the said case is handled by the court concerned.

4. Any suspended employee shall not be engaged in business, though he shall hold the status of an employee. Any suspended employee shall receive one-third of his salary during the term of his suspension.

Article 32: (Disciplinary Action)

(Being redrafted to limit scope to operational matters)

Article 33: (Extension of duty hours, over-time and holiday services)

(Negotiations between Labor and Transportation Ministries in process for re-drafting.)

Article 34: (Calcualting of working hours)

The working hours stipulated in Article 32 of the Labor Standard Law may be elaculated by applying a fixed ratio in accordance with the contents and nature of the service for those employees who are under the duty of crew services and other services of intermittent nature.

Article 35: (Rest in night hours)

Employees, being engaged in services of twenty-four hours shift, shall be given not less than four hours of rest within two times during the night.

Article 36: (JNR Labor Control Officer)

1. The supervision over the standard of working conditions of the employees of JNR shall be administered by the Railway Labor Arbitration Commission stipulated in Chapter 6 of the present law.

2. The JNR Labor Control Officers shall be appointed in the offices of the Railway Labor Arbitration Commission to attain the purpose mentioned in the preceding paragraph.

3. The JNR Labor Control Officers may inspect the business establishments of JNR and annex thereto, may demand submission of books and documents, or may inquire the persons concerned. In this case, however, a certificate showing authority shall be carried.

4. The JNR Labor Control Officer shall not disclose such confidential matters obtained through his service. This shall apply after the retirement from the office.

Article 37: (Status of Public Service Personnel)

The provision in Article 17 of the present law shall be applied to the employees of JNR.

Article 38: (Mutual Aid Association)

To the officers and employees of JNR, National Civil Service Mutual Aid Association Law and National Civil Service Calamity Compensation Law shall apply.

(Subject to further inter-Ministry negotiations to determine the Workmen's Accident Compensation Law, applicable to private industry, should be invoked instead.)

Article 39:

Out of the Charge on the National Treasury stipulated in the National Civil Service Mutual Aid Association Laws, business expenses shall be defrayed by the Treasury and others by the JNF as public corporation.

Bill for Japan National Railroad
(excerpt of provisions on accounting)

6 October 1948

Attorney General's office

Chapter V Accounts

(Accounting principles)

Article 40. The J.N. R. shall, until such a time as a legislation governing the accounting and bookkeeping of public corporations may be enforced, be deemed an administrative organ of the State as regards its accounting and book-keeping and it shall be in accordance with the provisions of the Financial Administration Law (Law No. 34 of 1947), the Accounts Law (Law No. 35 of 1947), the National Property Law (Law No. 73 of 1948), and laws and regulations pertaining to accounting.

2. In the case where the J.N.R. is deemed an administrative agency by virtue of the preceding paragraph the President of the J.NR. shall be deemed the Chief of a Ministry or of an Agency, the J.N.R. a Ministry or an Agency, excepting when the J.N.R. is deemed a department in the Ministry of Transportation by virtue of Cabinet Order.

Article 41. The J.N.R. shall account for earnings and expenses, the resulting increase or decrease of property and any changes a property on the accrual basis, in order to keep clear the state of operations and the financial conditions of its business.

(Business Year)

Article 42. The business year of the J.N.R. shall be each year from April through March of next year.

2. The J.N.R. shall complete its settlement of accounts for each business year by July 31 of the following business year.

(Budget)

Article 43. The J.N.R. shall prepare a budget for each business year and submit it to the Minister of Finance through the Minister of Transportation.

2. The Minister of Finance shall, upon receipt of submittal of the budget pursuant to the provisions of the preceding paragraph, consider it, make the necessary adjustments and obtain the decision of the Cabinet thereon.

3. The Cabinet shall, upon deciding the budget pursuant to the provision of the preceding paragraph, submit it to the Diet together with the State budget.

4. The form, contents and appended documents of the budget shall be provided for by Cabinet Order, the procedure for preperation and submittal

of the budget, etc. shall be determined by the Minister of Finance after consultation with the Minister of Transportation.

(Supplemental Budget)

Article 44. Only when necessary and unavoidable due to circumstances arising after preparation of the budget, the J.N.R. may prepare a supplemental budget according to the same procedure as for the preparation of the budget and submit it to the Minister of Finance through the Minister of Transportation.

2. The provisions of paragraph 2 - 4 of the preceding Article shall be applied mutatis mutandis to the supplemental budget pursuant to the provision of the preceding paragraph.

(Interim budget)

Article 45. In case the Diet has not approved the budget submitted pursuant to the provision of Article 504 before the commencement of the business year concerned, the J.N.R. may formulate an interim budget covering the period until the Diet makes decision, for submission to the Minister of Finance through the Minister of Transportation.

2. The provisions of paras. 2-4 of Article 502 and paragraph 2 of article 3 of the Financial Administration Law shall be applied mutatis mutandis to the case in the preceding paragraph

(Settlement of account)

Article 46. The J.N.R. shall prepare an inventory statement, a balance sheet and a profit and loss statement each business year and submit them to the minister of Transportation for approval within one month after the completion of the settlement of accounts.

2. When the approval of the Minister of Transportation has been received pursuant to the provision of the preceding paragraph, the J.N.R. shall make public notification of the Inventory statement, balance sheet, and profit and loss statement.

Article 47. The JN.R. shall prepare the settlement of accounts for each business year according to similar form to the budget and submit it to the Minister of Finance through the Minister of Finance.

2. The Minister of Finance shall, upon receipt of submittal of the settlement of accounts pursuant to the provision of the preceding paragraph, transmit it to the Cabinet.

Article 48. The Cabinet shall, upon receipt of the transmittal of the settlement of accounts of the J.N.R. pursuant to the provision of para 2 the preceding article, transmit it to the Board of Audit.

2. The Cabinet shall submit the settlement of accounts of the J.N.R. after audit of the Board of Audit to the Diet together with settlement of accounts of the national annual revenues and expenditures.

(Grant-in-aid)

Article 49. In case the J.N.R. has shown a loss and it is deemed specially necessary, the Government give a grant-in-aid within the amount of the said loss.

(Railroad bonds and borrowings)

Article 50. The J.N.R. may make long-term borrowing and temporary borrowing with the approval of the Minister of Transportation.

2. The maximum limit of long-term and temporary borrowings referred to in the preceding paragraph shall be prescribed in the budget.

3. The temporary borrowings referred to in par. 1 shall be redeemed within the business year.

4. The borrowings referred to in the preceding paragraph may be accommodated from the Bank of Japan and temporary borrowings from the Bank of Japan and/or city banks.

Article 51. The Government may loan funds to the J.N.R.

(Plan of redemption)

Article 52. The J.N.R. shall, each business year, prepare a plan of redemptions of long-term borrowings referred to in Par. 1 of Article 513 and obtain the approval of the Minister of Finance therefor.

(Disposition of case arising out of business)

Article 53. The regulations governing the disposition of case of the National Treasury shall be conformed to by the J.N.R. in connection with case arising out of its business operation.

2. Interest shall be paid on deposits received by the Bank of Japan by virtue of the preceding paragraph as may be decided on by the Minister of Finance.

3. The J.N.R. may, with the prior authorization of the Minister of Finance, deposit case arising out of its business operation with banks other than the Bank of Japan.

4. An accounting personnel of the J.N.R. may appropriate cash under his custody to disbursements to be made by the J.N.R. as provided for by Cabinet Order.

(Accounting books)

Article 54. The J.N.R. shall keep the necessary books in order to show adequately the nature and contents of the business and state of work operations and accounting.

(Restriction on disposal of property)

Article 55. The J.N.R. shall not transfer, exchange or pledge as collateral important property belonging to it without the approval of the Minister of Transportation.

2. The scope of important property referred to in the preceding paragraph shall be prescribed by the Minister of Transportation after consultation with the Minister of Finance.

(Supervision of the Minister of Finance)

Article 56. The Minister of Transportation shall get the concurrence of the Minister of Finance when he gives his approval to the inventory statement, balance sheet and profit and loss statement prescribed in par. 1 of Article 507, to reserve prescribed in paragraph 2 of Article 510, standards of allowances prescribed in Article 511, and to borrowings prescribed in paragraph 1 or 3 of Article 513.

(Audit of accounts)

Article 57. The accounts of the J.N.R. shall be audited by the Board of Audit.

Supplementary Provisions

1. (Date of enforcement)
This Law shall come into force as from 1 April 1949

2. (Transfer of assets)
The assets and capital of the Special Account of the former Japanese Government Railways undertakings shall be turned over to the JNR.

3. (Pension)
In case a person in public service, to whom the Pension Law is applied at the time when this Law comes into force, becomes a member of the JNR without interruption, the Pension Law shall be applicable, with the necessary modifications for the time being, regarding him as one who continues to serve in his former position.

4. In case the person mentioned in the preceding paragraph becomes a public official again to whom such Law shall apply correspondingly, he shall be regarded as one who has served continuously.

5. The JNR shall be responsible for the pension of the persons prescribed in the paragraph 1.

Public Corporations Labor Relations Act

Chapter I. General Provisions

Article 1. (Objective)

This Law is aimed at securing the utmost efficiency and uninterrupted operation of the public corporation for the promotion of public welfare and the protection of public interests by establishing the usages and procedures of collective bargaining in order to bring out an amicable and peaceful adjustment of grievances or disputes on working conditions, with the rights of organization and collective bargaining secured for the employees of the public corporation.

Article 2. (Scope of application)

Labor relations of employees of the public corporations shall be treated by this Law, and matters not provided by this Law shall be treated by the provisions of the Trade Union Law except Article 11 and Articles covering from 24 to 37 of the said Law.

Article 3. (Definitions)

The "public corporation" stipulated in this Law includes those undermentioned:

1. The Japanese National Railways
2. The Japanese Monopoly Public Corporation

2. The "employees" stipulated in this Law includes those who work for the public corporation on permanent basis and receive fixed remuneration; executive officers and temporary employees are excluded.

Article 4. (Duty of the parties concerned)

The both parties participating in the labor relations of public corporations shall, in view of the public character of the public corpora-

tion, positively exert their efforts to settle the case without delay for the adjustment on discord in labor relations.

Article 5. (Duty of the government)

The national government is responsible, in view of the public character of the public corporation, to exert its efforts for the adjustment of labor relations in public corporations.

Chapter II. Employees' Union

Article 6. (Organizing unions and affiliating with them)

Employees may organize or refrain from organizing trade unions and other organizations (hereinafter called "union"), or may affiliate with or refrain from affiliating with such unions, provided that those holding positions of supervision or management and those employed in confidential capacity shall not be permitted to organize unions nor affiliate with unions.

2. The scope of non-members provided by the proviso of the preceding paragraph shall be designated by Cabinet Order based upon recommendations of the Ministries concerned.

3. Those who are not the employees of the public corporation shall not be eligible to be members of the employees unions of the said public corporation nor to be elected as officers of such unions.

Article 7. (Prohibition of discriminative treatment)

No public corporation shall dismiss its employees nor exercise unfavorable treatment on them on such grounds that they are the members of unions, attempted to organize or affiliate with an union, are unaffiliated,

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or conducted legitimate action for unions.

Article 8. (Union staffs)

Union staffs shall be elected through secret ballot by the union members.

Article 9. (Full-time union staffs)

The public corporation shall be authorized to let its employees exclusively engage in union activities as officials thereof, provided that the number of such employees is subject to corporation's designation, and keep status as employees of the said public corporation. In this case, however, no compensation shall be given to such employees.

Article 10. (Inspection of union accounts)

The union shall regularly report its members on the accounts of the union.

2. Members of the union have the right to request the union to submit the report on the accounts or inspect thereof.

Chapter III. Collective bargaining

Article 11. (Scope of collective bargaining)

Collective bargaining issues between the public corporation and the union of its employees shall be limited within the scope of wages, working hours and other working conditions. Management of personnel affairs and other matters affecting the management and operation of the public corporation shall be excluded, provided that conditions directly affecting the safety of employees and the manner in which a reduction in personnel shall be effected may be dealt with.

Article 12. (Agents for collective bargaining)

Collective bargaining shall be carried out by bargaining agents of employees representing employees or their union's and bargaining agents of executive staffs or officials representing the public corporation.

2. No person except bargaining agents shall be authorized to engage in collective bargaining.

3. The number and final identity of bargaining agencies shall be designated by Cabinet Order.

Article 13. (Determination of the appropriate units for collective bargaining)

The public corporation and employees or its unions shall, by mutual deliberation, determine appropriate units for collective bargaining (hereinafter called "unit") for each side.

2. The public corporation and employees or its unions shall submit the slate of abovementioned units to the neutral members of the Central Labor Relations Committee by the 31st of January everyyear.

Article 14. (Selection of bargaining agents representing employees)

The bargaining agents representing employees in a unit shall be selected by the union composed of the majority of employees in the unit, if such union exists, after the will of unaffiliated employees was taken into consideration.

If no union composed of the majority of employees in the unit exists, employees in the said unit shall select the bargaining agents with the support of the majority of employees in the said unit.

Employees or Employees' union in the unit shall report to the neutral members of the Central Labor Relations Committee the names of bargaining agents selected in accordance with preceding two paragraphs by 15th of March every year.

Matters needed other than those provided by the preceding four paragraphs regarding the method of selecting bargaining agents shall be provided by the Cabinet Order.

Article 15.

A public corporation or its employees or their union members with complaints over the election for bargaining agencies provided by the first or the second paragraph of the preceding article have the right to file complaints with the neutral members of the Central Labor Relations Committee within five days after the notification provided by the third paragraph of the same article was made.

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The procedure of filing complaints provided by the preceding paragraph, the method to meet complaints and the decision shall be treated in accordance with the provisions of the cabinet order.

(Election for the bargaining agents representing a public Corporation for collective bargaining)

Art. 16 A public corporation shall determine the bargaining agencies in the unit by Mar. 15 and notify the neutral members of the Central Labor Relations Committee.

The ~~public Corporation Arbitration~~ neutral members of the Central Labor Relations Committee shall determine, in case there is no notification up to the abovementioned date, the bargaining agencies by Mar. 31 on its own accord.

(Issuance of certificates)

Art. 17 The neutral members of the Central Labor Relation Committee shall issue, at the request of those concerned, a certificate for them to be a unit or bargaining agencies.

(Frequency of collective bargaining)

Art. 18 The bargaining agencies shall hold collective bargaining at a fixed time once a year at least for the purpose of establishing a fair status on basic wages.

(Requisites for a labor agreement to come into effect)

Art. 19 It shall not come into effect as a labor agreement, if the labor agreement to be concluded between a public corporation and its employees unions (hereafter named labor agreement) does not clearly provide for the method of solving disputes and grievances concerning the labor agreement and how to do when the effective term of the labor agreement came to an end.

(In case the payment by the government is needed)

Art. 20 Those clauses of the agreement between a public corporation and its employees or their unions which necessarize newly the expenditure by the government shall be retroactively effective from the date designated by the agreement when the necessary constitutional measures for that expenditure have been completed.

Chapter V. Action of dispute.

(Banning of action of dispute)

Art. 21 The employees and their unions shall not engage in a strike, slowdown, [illegible]ng or any other acts hampering the normal operation of the public corporation, nor shall employees or other persons attempt, conspire to effect, instigate or incite such illegal actions.

Art. 22 Any employee who committed an action violating the preceding article shall not be authorized to allege their rights on employment to the public corporation.

Chapter VI. Mediation of grievances and disputes.

(Public Corporation Labor Relations Mediation Committee)

Art. 23 Mediation of grievances and disputes between a public corporation and its employees shall be carried out by the public Corporation Labor Relations Mediation Committee (hereafter named the Mediation Committee)

The Mediation Committee shall be under the jurisdiction of the Prime Minister and shall include the National Railways Labor Relations Mediation Committee (hereafter named the National Railways Mediation Committee) and the Monopoly Public Corporation Labor Relations Mediation Committee (hereafter named the Monopoly Mediation Committee), and these committees shall be set up in the central area and each district to be especially designated.

A committee established in each district (hereafter named a local mediation committee) shall take charge of the business in that district alone while the central mediation committee the duties covering two districts or more.

(Committeemen)

Art. 24 Each mediation committee shall be composed of three committeemen.

The committeemen of the preceding paragraph shall be appointed by the Prime Minister from among the candidates for committeeman who were selected according to the following procedure:

1. A public Corporation and its employees or their unions shall make up a list of five members to be recommended respectively as the candidates for the members and exchange that with each other.
2. Bargaining agencies on behalf of a public corporation shall select one candidate for members from among those enlisted by the employees or their unions while those on behalf of the employees shall select one candidate from among those enlisted by the public corporation.
3. Two candidates for members, selected by the provision of the preceding item, shall select the third candidate through their mutual deliberation.
4. On the occasion of the decision of the candidates for members of the mediation committee, provided by the preceding two items, each reserved candidate shall be concurrently selected.
5. Bargaining agencies on behalf of a public corporation and its employees shall present a list of candidates selected, according

to the provisions of the preceding four items, to the Arbitration Committee by Mar. 25 every year.

The term of office of a member of the mediation committee shall be one year, provided that he can be re-elected.

The members of the mediation committee shall be compensated for their functional expenses such as trip ones.

The members can receive an allowance provided by the cabinet ordinance.

Art 25 (Chairman of the Committee)

The chairman of the Committee shall be elected mutually by members of the Committee.

The chairman shall preside the business of the Committee and shall represent the Committee.

Art 26 (Executive Bureau)

The Mediation Committees shall have executive bureaus to exercise their business.

(Opening of mediation)

Art 27 The mediation committee shall undertake mediation in case the matter falls under one of the following items:

1. When both of the parties concerned apply for mediation to the mediation committee.
2. When both or one of the parties apply for mediation to the mediation committee on the basis of the provisions of the labor agreement.
3. When one of the parties apply for mediation to the mediation committee and the committee decides upon the necessity of undertaking mediation.
4. When the mediation committee decides upon the necessity of mediation from its authoritative point of view.
5. When the Transportation Minister or Labor Minister in regard to the labor relations of the Japan Government Railways and the Finance Minister of Labor Minister in regard to those of the Monopoly Corporation requests

the mediation committee to undertake mediation.

Art. 28 Matters, other than those in this chapter, needed concerning the mediation committee shall be provided by the Cabinet Order.

Chapter VI. Arbitration.

(Committee)

Art. 29 The arbitration of the grievances and disputes originated from the working condition within a public corporation such as wages of its employees, the interpretation and application of the labor agreement concerning those items and so on, together with the arbitration of the disputes around the determination of appropriate units for collective bargaining shall be undertaken by the Public Corporation Arbitration Committee.

(Organization of the Committee)

Art. 30 The Public Corporation Arbitration Committee (hereafter named the Arbitration Committee) shall be under the jurisdiction of the Prime Minister and shall be composed of by three members.

Art. 31 The neutral members of the Central Labor Relations Committee provided by the Trade Union Law (hereafter named the neutral members) shall elect those, up to seven, slated as the candidates for the members of the Arbitration Committee and determine three candidates thereof, from among the above-mentioned persons, under the approval of the public corporation and the union composed of the majority of its employees and

shall report to the prime Minister on the members.

In case there is no union organized by the majority of employees in the case of the preceding paragraph, the approval of the representatives, of employees, elected in accordance with the provisions of the ordinance shall be regarded as that of union.

In case the approval provided by the preceding two paragraphs failed to be reached, the neutral members shall determine the three candidates for the committee-men of their own accord and report to the Prime Minister.

The Prime Minister shall appoint the committeemen based on the report of the first or third paragraph.

Art. 32 The term of office of the members shall be three years.

The substitute members, however, shall take place of the rest of the remaining terms of office of his predecessors. Members can be re-appointed.

(Dismissal of committeemen)

Art 33 The Ministers of Labor, Transportation or Finance, when he recognizes that a committeeman is not to equal to his duty because of mental or physical disorder or that a committeeman violated his functional duty or committed a misconduct not becoming a member, can request the dismissal of that committeeman to the Prime Minister.

In the event that the abovementioned request is submitted to the Prime Minister, he shall be able to dismiss that committeeman, when he recognizes that such request is justifiable.

(Chairman)

Art. 34 The committee shall have a chairman, who shall be elected mutually from among the members.

The chairman shall control the business of the committee and shall represent the committee.

(Executive bureau)

Art. 35 The committee shall have an executive bureau.

The executive bureau shall arrange the business of the committee.

(Authority to establish regulations)

Art. 36 The committee can establish regulations with respect to its operation such as the procedure of arbitration.

(Opening of arbitration)

Art. 37 The Arbitration Committee shall undertake arbitration when the matter falls under one of the following items:

1. When both of the parties concerned apply for arbitration to the committee.
2. When both or one of the parties apply for arbitration to the committee according to the provisions of the labor agreement.
3. When the majority of the members of the mediation committee decide upon requesting arbitration for the dispute pending.
4. When the mediation failed to reach within three months.
5. When the Ministers of Transportation, Finance or Labor requests the Arbitration Committee of the arbitration.

(Decision of the Arbitration Committee)

Art. 38 Both of the parties concerned shall observe the decision of the Arbitration Committee as the final decision.

In case those clauses, of the decision by the Arbitration Committee provided by the preceding paragraph, need a new payment by the government, they shall retroactively come into effect from the date designated by the decision when the necessary measures for the payment have been completed.

The provision of the first paragraph shall not affect the right to appeal concerning judicial questions to a court.

(Suspension of unfair labor practices)

Art. 39 In case the Arbitration Committee resoluted that an action subject to violation of article 7 existed, the committee can direct the puglic corporation concerned the suspension of that action.

This directive, however, shall be issued only when it is needed in order to avert a remarkable damage or prevent an urgent violence in connection with the existing right relations or from other reasons.

(Applicable provisions)

Art. 40 These articles, covering from No. 28 to No. 31 and from No. 34 to No. 37, of the Trade Union Law and those No. 32, No. 33 and No. 43 of the Labor Relations Adjustment Law shall be applied mutatis mutandis for the Arbitration Committee.

Chapter VII Miscellaneous Rules.

(Compensation for expenses)

Art. 41 Those who were summoned for the mediation or arbitration of grievances or disputes shall be compensated for their expenses in accordance with the provisions of the cabinet ordinance.

(Penalties)

Art. 42 Those who violated the provision of article 21 shall be subject to immediate dismissal.

Supplementary rules.

Art. 1 This law shall come into effect from _____

Art. 2 The term of office of the members, of the Arbitration Committee, appointed firstly after the establishment of a public corporation shall be determined one, two and three years, respectively according to the determination by the Prime Minister.

Art. 3 The authorities, of administration offices, provided by articles No. 5, 6, 8 and 19 second paragraph of the Trade Union Law and those, of a Labor Relations Committee, provided by article 15 of the same law

shall be effectuated by the Arbitration Committee. In this case the resolution, of a Labor Relations Committee, provided by articles 6 and 8 shall not be needed.

Public Corporations Labor Relations Act

Chapter I. General Provisions

Article 1. (Objective)

This Law is aimed at securing the utmost efficiency and uninterrupted operation of the public corporation for the promotion of public welfare and the protection of public interests by establishing the usages and procedures of collective bargaining in order to bring out an amicable and peaceful adjustment of grievances or disputes on working conditions, with the rights of organization and collective bargaining secured for the employees of the public corporation.

Article 2. (Scope of application)

Labor relations of employees of the public corporations shall be treated by this Law, and matters not provided by this Law shall be treated by the provisions of the Trade Union Law except Article 11 and Articles covering from 24 to 37 of the said Law.

Article 3. (Definitions)

The "public corporation" stipulated in this Law includes those undermentioned:

1. The Japanese National Railways
2. The Japanese Monopoly Public Corporation

2. The "employees" stipulated in this Law includes those who work for the public corporation on permanent basis and receive fixed remuneration; executive officers and temporary employees are excluded.

Article 4. (Duty of the parties concerned)

The both parties participating in the labor relations of public corporations shall, in view of the public character of the public corpora-

tion, positively exert their efforts to settle the case without delay for the adjustment on discord in labor relations.

Article 5. (Duty of the government)

The national government is responsible, in view of the public character of the public corporation, to exert its efforts for the adjustment of labor relations in public corporations.

Chapter II. Employees' Union

Article 6. (Organising unions and affiliating with them)

Employees may organize or refrain from organizing trade unions and other organizations (hereinafter called "union"), or may affiliate with or refrain from affiliating with such unions, provided that those holding positions of supervision or management and those employed in confidential capacity shall not be permitted to organize unions nor affiliate with unions.

2. The scope of non-members provided by the proviso of the preceding paragraph shall be designated by Cabinet Order based upon recommendations of the Ministries concerned.

3. Those who are not the employees of the public corporation shall not be eligible to be members of the employees' unions of the said public corporation nor to be elected as officers of such unions.

Article 7. (Prohibition of discriminative treatment)

No public corporation shall dismiss its employees nor exercise unfavorable treatment on them on such grounds that they are the members of unions, attempted to organize or affiliate with an union, are unaffiliated,

or conducted legitimate action for unions.

Article 8. (Union staffs)

Union staffs shall be elected through secret ballot by the union members.

Article 9. (Full-time union staffs)

The public corporation shall be authorized to let its employees exclusively engage in union activities as officials thereof, provided that the number of such employees is subject to corporation's designation, and keep status as employees of the said public corporation. In this case, however, no compensation shall be given to such employees.

Article 10. (Inspection of union accounts)

The union shall regularly report its members on the accounts of the union.

2. Members of the union have the right to request the union to submit the report on the accounts or inspect thereof.

Chapter III. Collective bargaining

Article 11. (Scope of collective bargaining)

Collective bargaining issues between the public corporation and the union of its employees shall be limited within the scope of wages, working hours and other working conditions. Management of personnel affairs and other matters affecting the management and operation of the public corporation shall be excluded, provided that conditions directly affecting the safety of employees and the manner in which a reduction in personnel shall be effected may be dealt with.

Article 12. (Agents for collective bargaining)

Collective bargaining shall be carried out by bargaining agents of employees representing employees or their unions and bargaining agents of executive staffs or officials representing the public corporation.

2. No person except bargaining agents shall be authorized to engage in collective bargaining.

3. The number and final identity of bargaining agencies shall be designated by Cabinet Order.

Article 13. (Determination of the appropriate units for collective bargaining)

The public copporation and employees or its unions shall, by mutual deliberation, determine appropriate units for collective bargaining (hereinafter called "unit") for each side.

2. The public corporation and employees or its unions shall submit the slate of abovementioned units to the neutral members of the Central Labor Relations Committee by the 31st of January every year.

Article 14. (Selection of bargaining agents representing employees)

The bargaining agents representing employees in a unit shall be selected by the union composed of the majority of employees in the unit, if such union exists, after the will of unaffiliated employees was taken into consideration.

If no union composed of the majority of employees in the unit exists, employees in the said unit shall select the bargaining agents with the support of the majority of employees in the said unit.

Employees or Employees' union in the unit shall report to the neutral members of the Central Labor Relations Committee the names of bargaining agents selected in accordance with preceding two paragraphs by 15th of March every year.

Matters needed other than those provided by the preceding four paragraphs regarding the method of selecting bargaining agents shall be provided by the Cabinet Order.

Article 15.

A public corporation or its employees or their union members with complaints over the election for bargaining agencies provided by the first or the second paragraph of the preceding article have the right to file complaints with the neutral members of the Central Labor Relations Committee within five days after the notification provided by the third paragraph of the same article was made.

The procedure of filing complaints provided by the preceding paragraph, the method to meet complaints and the decision shall be treated in accordance with the provisions of the cabinet order.

(Election for the bargaining agents representing a public Corporation for collective bargaining)

Art. 16 A public corporation shall determine the bargaining agencies in the unit by Mar. 15 and notify the neutral members of the Central Labor Relations Committee.

The ~~public Corporation arbitration~~ neutral members of the Central Labor Relations Committee shall determine, in case there is no notification up to the abovementioned date, the bargaining agencies by Mar. 31 on its own accord.

(Issuance of certificates)

Art. 17 The neutral members of the Central Labor Relation Committee shall issue, at the request of those concerned, a certificate for them to be a unit or bargaining agencies.

(Frequency of collective bargaining)

Art. 18 The bargaining agencies shall hold collective bargaining at a fixed time once a year at least for the purpose of establishing a fair status on basic wages.

(Requisites for a labor agreement to come into effect)

Art. 19 It shall not come into effect as a labor agreement, if the labor agreement to be concluded between a public corporation and its employees unions (hereafter named labor agreement) does not clearly provide for the method of solving disputes and grievances concerning the labor agreement and how to do when the effective term of the labor agreement came to an end.

(In case the payment by the government is needed)

Art. 20 Those clauses of the agreement between a public corporation and its employees or their unions which necessarize newly the expenditure by the government shall be retroactively effective from the date designated by the agreement when the necessary constitutional measures for that expenditure have been completed.

Chapter V. Action of dispute.

(Banning of action of dispute)

Art. 21 The employees and their unions shall not engage in a strike, slowdown, soldiering or any other acts hampering the normal operation of the public corporation, nor shall employees or other persons attempt, conspire to effect, instigate or incite such illegal actions.

Art. 22 Any employee who committed an action violating the preceding article shall not be authorized to allege their rights on employment to the public corporation.

Chapter VI. Mediation of grievances and disputes.

(Public Corporation Labor Relations Mediation Committee)

Art. 23 Mediation of grievances and disputes between a public corporation and its employees shall be carried out by the public Corporation Labor Relations Mediation Committee (hereafter named the Mediation Committee)

The Mediation Committee shall be under the jurisdiction of the Prime Minister and shall include the National Railways Labor Relations Mediation Committee (hereafter named the National Railways Mediation Committee) and the Monopoly Public Corporation Labor Relations Mediation Committee (hereafter named the Monopoly Mediation Committee), and these committees shall be set up in the central area and each district to be especially designated.

A committee established in each district (hereafter named a local mediation committee) shall take charge of the business in that district alone while the central mediation committee the duties covering two districts or more.

(Committeemen)

Art. 24 Each mediation committee shall be composed of three committeemen.

The committeemen of the preceding paragraph shall be appointed by the Prime Minister from among the candidates for committeeman who were selected according to the following procedure:

1. A public Corporation and its employees or their unions shall make up a list of five members to be recommended respectively as the candidates for the members and exchange that with each other.
2. Bargaining agencies on behalf of a public corporation shall select one candidate for members from among those enlisted by the employees or their unions while those on behalf of the employees shall select one candidate from among those enlisted by the public corporation.
3. Two candidates for members, selected by the provision of the preceding item, shall select the third candidate through their mutual deliberation.
4. On the occasion of the decision of the candidates for members of the mediation committee, provided by the preceding two items, each reserved candidate shall be concurrently selected.
5. Bargaining agencies on behalf of a public corporation and its employees shall present a list of candidates selected, according

to the provisions of the preceding four items, to the Arbitration Committee by Mar. 25 every year.

The term of office of a member of the mediation committee shall be one year, provided that he can be re-elected.

The members of the mediation committee shall be compensated for their functional expenses such as trip cnes.

The members can receive an allowance provided by the cabinet ordinance.

Art 25 (Chairman of the Committee)

The chairman of the Committee shall be elected mutually by members of the Committee.

The chairman shall preside the business of the Committee and shall represent the Committee.

Art 26 (Executive Bureau)

The Mediation Committees shall have executive bureaus to exercise their business.

(Opening of mediation)

Art 27 The mediation committee shall undertake mediation in case the matter falls under one of the following items:

1. When both of the parties concerned apply for mediation to the mediation committee.
2. When both or one of the parties apply for mediation to the mediation committee on the basis of the provisions of the labor agreements
3. When one of the parties apply for mediation to the mediation committee and the committee decides upon the necessity of undertaking mediation.
4. When the mediation committee decides upon the necessity of mediation from its authoritative point of view.
5. When the Transportation Minister or Labor Minister in regard to the labor relations of the Japan Government Railways and the Finance Minister of Labor Minister in regard to those of the Monopoly Corporation requests

the mediation committee to undertake mediation.

Art. 28 Matters, other than those in this chapter, needed concerning the mediation committee shall be provided by the Cabinet Order.

Chapter VI. Arbitration.

(Committee)

Art. 29 The arbitration of the grievances and disputes originated from the working condition within a public corporation such as wages of its employees, the interpretation and application of the labor agreement concerning those items and so on, together with the arbitration of the disputes around the determination of appropriate units for collective bargaining shall be undertaken by the Public Corporation Arbitration Committee.

(Organization of the Committee)

Art. 30 The Public Corporation Arbitration Committee (hereafter named the Arbitration Committee) shall be under the jurisdiction of the Prime Minister and shall be composed of by three members.

Art. 31 The neutral members of the Central Labor Relations Committee provided by the Trade Union Law (hereafter named the neutral members) shall elect those, up to seven, slated as the candidates for the members of the Arbitration Committee and determine three candidates thereof, from among the above-mentioned persons, under the approval of the public corporation and the union composed of the majority of its employees and

shall report to the prime Minister on the members.

In case there is no union organized by the majority of employees in the case of the preceding paragraph, the approval of the representatives, of employees, electedin accordance with the provisions of the ordinance shall be regarded as that of union.

In case the approval provided by the preceding two paragraphs failed to be reached, the neutral members shall determine the three candidates for the committee-men of their own accord and report to the Prime Minister.

The Prime Minister shall appoint the committeemen based on the report of the first or third paragraph.

Art. 32 The term of office of the members shall be three years.

The substitute members, however, shall take place of the rest of the remaining terms of office of his predecessors. Members can be re-appointed.

(Dismissal of committeemen)

Art 33 The Ministers of Labor, Transportation or Finance, when he recognizes that a committeeman is not to equal to his duty because of mental or physical disorder or that a committeeman violated his functional duty or committed a misconduct not becoming a member, can request the dismissal of that committeeman to the Prime Minister.

In the event that the abovementioned request is submitted to the Prime Minister, he shall be able to dismiss that committeeman, when he recognizes that such request is justifiable.

(Chairman)

Art. 34 The committee shall have a chairman, who shall be elected mutually from among the members.

The chairman shall control the business of the committee and shall represent the committee.

(Executive bureau)

Art. 35 The committee shall have an executive bureau.

The executive bureau shall arrange the business of the committee.

(Authority to establish regulations)

Art. 36 The committee can establish regulations with respect to its operation such as the procedure of arbitration.

(Opening of arbitration)

Art. 37 The Arbitration Committee shall undertake arbitration when the matter falls under one of the following items:

1. When both of the parties concerned apply for arbitration to the committee.
2. When both or one of the parties apply for arbitration to the committee according to the provisions of the labor agreement.
3. When the majority of the members of the mediation committee decide upon requesting arbitration for the dispute pending.
4. When the mediation failed to reach within three months.
5. When the Ministers of Transportation, Finance or Labor requests the Arbitration Committee of the arbitration.

(Decision of the Arbitration Committee)

Art. 38 Both of the parties concerned shall observe the decision of the Arbitration Committee as the final decision.

In case those clauses, of the decision by the Arbitration Committee provided by the preceding paragraph, need a new payment by the government, they shall retroactively come into effect from the date designated by the decision when the necessary measures for the payment have been completed.

The provision of the first paragraph shall not affect the right to appeal concerning judicial questions to a court.

(Suspension of unfair labor practices)

Art. 39 In case the Arbitration Committee resoluted that an action subject to violation of article 7 existed, the committee can direct the puglic corporation concerned the suspension of that action.

This directive, however, shall be issued only when it is needed in order to avert a remarkable damage or prevent an urgent violence in connection with the existing right relations or from other reasons.

(Applicable provisions)

Art. 40 These articles, covering from No. 28 to No. 31 and from No. 34 to No. 37, of the Trade Union Law and those No. 32, No. 33 and No. 43 of the Labor Relations Adjustment Law shall be applied mutatis mutandis for the Arbitration Committee.

Chapter VII Miscellaneous Rules.

(Compensation for expenses)

Art. 41 Those who were summoned for the mediation or arbitration of grievances or disputes shall be compensated for their expenses in accordance with the provisions of the cabinet ordinance.

(Penalties)

Art. 42 Those who violated the provision of article 21 shall be subject to immediate dismissal.

Supplementary rules.

Art. 1 This law shall come into effect from _____

Art. 2 The term of office of the members, of the Arbitration Committee, appointed firstly after the establishment of a public corporation shall be determined one, two and three years, respectively according to the determination by the Prime Minister.

Art. 3 The authorities, of administration offices, provided by articles No. 5, 6, 8 and 19 second paragraph of the Trade Union Law and those, of a Labor Relations Committee, provided by article 15 of the same law

shall be effectuated by the Arbitration Committee. In this case the resolution, of a Labor Relations Committee, provided by articles 6 and 8 shall not be needed.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Legal Section

MEMORANDUM FOR: Government Section 24 September 1948

SUBJECT: NATIONAL PUBLIC CORPORATIONS

1. References are:

a. Instructions verbally transmitted to Legal Section to assist the Japanese in the preparation of legislation setting up the Japanese National Railways in a public corporation, legislation setting up the tobacco, camphor, and salt monopolies in public corporations and legislation granting to the employees of these corporations rights consistent with the letter from SCAP to the Prime Minister dated 22 July 1948, and

b. Oral request that this Section submit by 24 September 1948 a summary of action taken to date for presentation to the Supreme Commander.

2. The following action has been taken by Legal Section:

a. In conjunction with other interested Staff Sections, several conferences were held with representatives of the Japanese Government at which the program and objectives were explained.

b. The Japanese were asked to draft necessary legislation for introduction into the next session of the Diet.

c. A rough draft of a law establishing the Japanese National Railway Corporation has been prepared. This has not been shown to the Japanese but is being used for guidance in discussions with them. Copy of the draft is appended as Tab "A". This law:

insert B

B

(1) Establishes a non-stock public corporation for the purpose of acquiring and thereafter owning and operating the properties and undertakings now owned and operated by the Japanese Government Railways.

(2) Provides for management of the corporation by a board of seven directors, appointed by Prime Minister and confirmed by both houses of Diet; term of office of director three years, salary equivalent to that of a Vice Minister. Directors prohibited from having financial interest in any corporation engaged in transportation business and from having other interests that might prejudicially affect discharge of duties. (Suggestions CTS on directors appended as Tab "B".)

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24 September 1948
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(3) Provides corporation with requisite corporate powers, consistent with purpose for which formed. These are specifically enumerated in Article 3, Tab "A". In addition corporation given right of eminent domain consistent with existing law.

(4) Provides for submission of annual financial statements to Diet after review and approval by Minister of Finance; and for annual audit by Board of Audit as directed by Prime Minister.

(5) Provides for short term borrowing from the Government and for issuance of bonds for purposes stated in the law, ~~Article 4 (Tab A)~~, with principal and interest of bonds guaranteed by Government.

(6) Prohibits private investment in corporation other than by acquisition of bonds.

insert B

(7) Provides for payment of profits into national treasury at end of each fiscal year.

(8) Provides that labor-management relations including collective bargaining and arbitration procedures shall be governed by provisions of a separate law. ~~(See sub-paragraph C).~~

(9) Provides corporation shall, upon order of Cabinet, have power to take over and operate any supporting or connecting railways or other means of transport necessary to the functioning of the national railways when operation of such other carriers is suspended for any cause and the nation's transportation is thereby substantially interfered with; operation to be for period of emergency only with adequate compensation to owner of property affected.

(10) Provides corporation shall be subject to any tax or other levy imposed by Government.

(11) Provides for vesting in the corporation, on the effective date of law, of all properties, operations and undertakings of present government railways.

(12) Provides for appointment by Prime Minister of a commission of seven members (not more than three of whom are government officials) to resolve questions of ownership of property at time of vesting in corporations, with right of appeal to courts from decisions of commission.

24 September 1948
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(13) Provides corporation shall be liable for negligent acts of corporation or agents to same extent as a private juridical person.

(14) Provides penal clauses and repeals inconsistent laws.

d. A rough draft of a law establishing a non-stock public corporation to take over the properties and functions of the Tobacco Monopoly has been prepared. This has not been shown to Japanese but is being used for guidance in discussions with them. Copy of draft is appended as Tab "C". This corporation is given requisite corporate powers consistent with purpose for which formed. Provisions relating to labor are similar to those contained in railway corporation law. Rough drafts of similar laws establishing public corporations to take over properties and functions of salt and camphor monopolies are being prepared.

e. A rough draft of suggested broad principles for inclusion in a "National Negotiations Law for Public Corporations" has been prepared. This has not been shown to the Japanese but is being used for guidance in discussions with them. Copy of draft is appended as Tab "D". These principles:

(1) Provide as the objective of the law: "to systemize and provide orderly channels for the exercise of the collective bargaining processes by employees of public corporations so that they may fully avail themselves of rights guaranteed by Article 28 of the Constitution of Japan".

(2) Provide as the policy of the law: "to encourage the practice and procedure of collective bargaining that will result in written collective agreements insuring the friendly and peaceful adjustment of grievances or disputes that may arise out of differences as to wages, hours or other working conditions" and "to ensure the maximum efficiency and uninterrupted operation of public corporations in the interest of national health, safety, and welfare".

(3) Provide law shall be applicable to all employees of public corporations.

(4) Provide that high-ranking supervisory officials of public corporations whose status clearly identifies them with management of the corporation shall not be eligible to represent labor in the bargaining process.

(5) Provide that employees covered by law shall be prohibited from resorting to strikes, slow downs, ~~soldiering~~ or any other acts hampering the normal course of work of the corporation.

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(6) Provide for dismissal or loss of other employment rights and possible penal punishment for resorting to above prohibited acts.

(7) Provide for determination of representation of labor and management around bargaining table. ~~(Article 4, Tab "D")~~ Desired goal is that appropriate and fair representation be accorded all unions representing workers governed by law as well as workers having no union affiliation.

(8) Provide for annual meeting at fixed time between labor and management committees on issue of basic wages and for other meetings at request of either committee for purpose of exploratory discussions or for purpose of negotiation on specified issues.

(9) Provide that matters which may be bargained collectively shall be limited in scope to include matters relating to wages, hours of work and working conditions and excluding matters affecting operation of the public corporation except that conditions directly affecting safety of workers, even though related to operating procedures, as well as the manner in which a reduction in personnel shall be affected may be dealt with.

(10) Provide for ratification by Diet and appropriation of necessary funds before wage increase resulting from collective bargaining become effective where wage increases would involve expenditure of government funds not appropriated for that purpose.

(11) Provide for conciliation to be carried out under general auspices of neutral members of Central Labor Relations Committee.

(12) Provide for compulsory arbitration, in event agreement cannot be reached by negotiation and conciliation, on issues properly included within the negotiations agenda.

(13) Provide compulsory arbitration shall be conducted by a special panel of experts selected in one of the two methods set forth in Article 8, Tab "C".

(14) Suggest permanent labor management committee to facilitate cooperation on all matters and to establish appeals procedures for orderly settlement of routine grievances.

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(15) Provide that management be prohibited from discriminating in regard to hire or tenure of employment because of union activity of an employee.

(16) Provide that protective labor standards legislation and social security legislation shall be applicable to all public corporation employees.

e. The Japanese have submitted:

(1) Outline of Reorganization Plan of Government Railways (Appended as Tab "E").

(2) Reorganization of the Monopoly Bureau (Appended as Tab "F").

(3) Japanese National Railways Acts (Draft) (Appended as Tab "G").

f. Meeting was held 23 September 1948 between representatives of Legal Section, ESS and CTS. Drafts prepared by Legal Section, hereinabove dealt with, were discussed and formal comment of ESS and CTS is awaited.

g. Japanese are submitting additional drafts this date.

3. Upon receipt of comments and recommendations of CTS and ESS, on papers hereinabove dealt with, detailed drafts of the public corporation acts and accompanying labor legislation will be prepared. Thereafter meetings will be held between representatives of interested Staff Sections and a composite group of representatives of Japanese Government Agencies having a direct interest in the subject matter. The Japanese Government will be requested to finalize the legislation. The Legal Section drafts will be used for guidance in the discussions with the Japanese and for checking the Japanese legislation as submitted. In the event suitable legislation, embodying principles set forth in the Legal Section drafts, is not forthcoming from the Japanese within the time allowed, Legal Section drafts will be available for submission to the Japanese Government.

Alva C. Carpenter
ALVA C. CARPENTER
Chief, Legal Section

7 Incl.
1. Japanese Nat'l Railway Corp. Created (Tab A)
2. Top Organization Public Corp. to Manage & Operate Jap. Gov't Rlwys (Tab B)
3. Jap. Nat'l Tobacco Corp. (Tab C)
4. Suggested Broad Principles for Inclusion "Nat'l Negotiations Law for Public Corp." (Tab D)
5. Draft Japanese Nat'l Railways Acts (Tab E)
6. Draft Reorganization Monopoly Bureau (F)
7. Draft Outline Reorganization Plan of Gov't Rlwys (Tab G)

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Legal Section

MEMORANDUM FOR: Government Section

24 September 1948

SUBJECT: NATIONAL PUBLIC CORPORATIONS

1. References are:

a. Instructions verbally transmitted to Legal Section to assist the Japanese in the preparation of legislation setting up the Japanese National Railways in a public corporation, legislation setting up the tobacco, camphor, and salt monopolies in public corporations and legislation granting to the employees of these corporations rights consistent with the letter from SCAP to the Prime Minister dated 22 July 1948, and

b. Oral request that this Section submit by 24 September 1948 a summary of action taken to date for presentation to the Supreme Commander.

2. The following action has been taken by Legal Section:

a. In conjunction with other interested Staff Sections, several conferences were held with representatives of the Japanese Government at which the program and objectives were explained.

b. The Japanese were asked to draft necessary legislation for introduction into the next session of the Diet.

c. A rough draft of a law establishing the Japanese National Railway Corporation has been prepared. This has not been shown to the Japanese but is being used for guidance in discussions with them. Copy of the draft is appended as Tab "A". This law:

(1) Establishes a non-stock public corporation for the purpose of acquiring and thereafter owning and operating the properties and undertakings now owned and operated by the Japanese Government Railways.

(2) Provides for management of the corporation by a board of seven directors, appointed by Prime Minister and confirmed by both houses of Diet; term of office of director three years, salary equivalent to that of a Vice Minister. Directors prohibited from having financial interest in any corporation engaged in transportation business and from having other interests that might prejudicially affect discharge of duties. (Suggestions CTS on directors appended as Tab "B".)

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24 September 1948
Subj: National Public Corporations

(3) Provides corporation with requisite corporate powers, consistent with purpose for which formed. These are specifically enumerated in Article 3, Tab "A". In addition corporation given right of eminent domain consistent with existing law.

(4) Provides for submission of annual financial statements to Diet after review and approval by Minister of Finance; and for annual audit by Board of Audit as directed by Prime Minister.

(5) Provides for short term borrowing from the Government and for issuance of bonds for purposes stated in Article 4 (Tab A), with principal and interest of bonds guaranteed by Government.

(6) Prohibits private investment in corporation other than by acquisition of bonds.

(7) Provides for payment of profits into national treasury at end of each fiscal year.

(8) Provides that labor-management relations including collective bargaining and arbitration procedures shall be governed by provisions of a separate law (See sub-paragraph 6).

(9) Provides corporation shall, upon order of Cabinet, have power to take over and operate any supporting or connecting railways or other means of transport necessary to the functioning of the national railways when operation of such other carriers is suspended for any cause and the nation's transportation is thereby substantially interfered with; operation to be for period of emergency only with adequate compensation to owner of property affected.

(10) Provides corporation shall be subject to any tax or other levy imposed by Government.

(11) Provides for vesting in the corporation, on the effective date of law, of all properties, operations and undertakings of present government railways.

(12) Provides for appointment by Prime Minister of a commission of seven members (not more than three of whom are government officials) to resolve questions of ownership of property at time of vesting in corporations, with right of appeal to courts from decisions of commission.

24 September 1948
Subj: National Public Corporations

(13) Provides corporation shall be liable for negligent acts of corporation or agents to same extent as a private juridical person.

(14) Provides penal clauses and repeals inconsistent laws.

d. A rough draft of a law establishing a non-stock public corporation to take over the properties and functions of the Tobacco Monopoly has been prepared. This has not been shown to Japanese but is being used for guidance in discussions with them. Copy of draft is appended as Tab "C". This corporation is given requisite corporate powers consistent with purpose for which formed. Provisions relating to labor are similar to those contained in railway corporation law. Rough drafts of similar laws establishing public corporations to take over properties and functions of salt and camphor monopolies are being prepared.

e. A rough draft of suggested broad principles for inclusion in a "National Negotiations Law for Public Corporations" has been prepared. This has not been shown to the Japanese but is being used for guidance in discussions with them. Copy of draft is appended as Tab "D". These principles:

(1) Provide as the objective of the law: "to systemize and provide orderly channels for the exercise of the collective bargaining processes by employees of public corporations so that they may fully avail themselves of rights guaranteed by Article 28 of the Constitution of Japan".

(2) Provide as the policy of the law: "to encourage the practice and procedure of collective bargaining that will result in written collective agreements insuring the friendly and peaceful adjustment of grievances or disputes that may arise out of differences as to wages, hours or other working conditions" and "to ensure the maximum efficiency and uninterrupted operation of public corporations in the interest of national health, safety, and welfare".

(3) Provide law shall be applicable to all employees of public corporations.

(4) Provide that high-ranking supervisory officials of public corporations whose status clearly identifies them with management of the corporation shall not be eligible to represent labor in the bargaining process.

(5) Provide that employees covered by law shall be prohibited from resorting to strikes, slow downs, soldiering or any other acts hampering the normal course of work of the corporation.

(6) Provide for dismissal or loss of other employment rights and possible penal punishment for resorting to above prohibited acts.

(7) Provide for determination of representation of labor and management around bargaining table. (Article 4, Tab "D") Desired goal is that appropriate and fair representation be accorded all unions representing workers governed by law as well as workers having no union affiliation.

(8) Provide for annual meeting at fixed time between labor and management committees on issue of basic wages and for other meetings at request of either committee for purpose of exploratory discussions or for purpose of negotiation on specified issues.

(9) Provide that matters which may be bargained collectively shall be limited in scope to include matters relating to wages, hours of work and working conditions and excluding matters affecting operation of the public corporation except that conditions directly affecting safety of workers, even though related to operating procedures, as well as the manner in which a reduction in personnel shall be affected may be dealt with.

(10) Provide for ratification by Diet and appropriation of necessary funds before wage increase resulting from collective bargaining become effective where wage increases would involve expenditure of government funds not appropriated for that purpose.

(11) Provide for conciliation to be carried out under general auspices of neutral members of Central Labor Relations Committee.

(12) Provide for compulsory arbitration, in event agreement cannot be reached by negotiation and conciliation, on issues properly included within the negotiations agenda.

(13) Provide compulsory arbitration shall be conducted by a special panel of experts selected in one of the two methods set forth in Article 8, Tab "C".

(14) Suggest permanent labor management committee to facilitate cooperation in all matters and to establish appeals procedures for orderly settlement of routine grievances.

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(15) Provide that management be prohibited from discriminating in regard to hire or tenure of employment because of union activity of an employee.

(16) Provide that protective labor standards legislation and social security legislation shall be applicable to all public corporation employees.

e. The Japanese have submitted:

(1) Outline of Reorganization Plan of Government Railways (Appended as Tab "E").

(2) Reorganization of the Monopoly Bureau (Appended as Tab "F").

(3) Japanese National Railways Acts (Draft) (Appended as Tab "G").

f. Meeting was held 23 September 1948 between representatives of Legal Section, ESS and CTS. Drafts prepared by Legal Section, hereinabove dealt with, were discussed and formal comment of ESS and CTS is awaited.

g. Japanese are submitting additional drafts this date.

3. Upon receipt of comments and recommendations of CTS and ESS, on papers hereinabove dealt with, detailed drafts of the public corporation acts and accompanying labor legislation will be prepared. Thereafter meetings will be held between representatives of interested Staff Sections and a composite group of representatives of Japanese Government Agencies having a direct interest in the subject matter. The Japanese Government will be requested to finalize the legislation. The Legal Section drafts will be used for guidance in the discussions with the Japanese and for checking the Japanese legislation as submitted. In the event suitable legislation, embodying principles set forth in the Legal Section drafts, is not forthcoming from the Japanese within the time allowed, Legal Section drafts will be available for submission to the Japanese Government.

ALVA C. CARPENTER
Chief, Legal Section

7 Incl.
1. Japanese Nat'l Railway Corp.
Created (Tab A)
2. Top Organization Public Corp.
to Manage & Operate Jap. Gov't Rlwys (Tab B)
3. Jap. Nat'l Tobacco Corp. (Tab C)
4. Suggested Broad Principles for Inclusion
"Nat'l Negotiations Law for Public Corp." (Tab D)
5. Draft Japanese Nat'l Railways Acts (Tab E)
6. Draft Reorganization Monopoly Bureau (Tab F)
7. Draft Outline Reorganization Plan of Gov't Rlwys (Tab G)

A

A

JAPANESE NATIONAL RAILWAY CORPORATION

20 September 1948

I. Japanese National Railway Corporation Created.

For the purpose of maintaining and operating the properties and undertakings now owned by the Japanese Government Railways, a body corporate by the name of The Japanese National Railway Corporation is hereby created. The Board of Directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of the Board.

II. Directors

1. The Board of Directors of the Japanese National Railway Corporation shall consist of seven (7) members, one of which shall be the chairman of the board. The Chairman of the Board of Directors and the directors shall be appointed by the Prime Minister with the concurrence of both Houses of the Diet. In appointing the members of the board the Prime Minister shall designate the chairman. All other officials, agents and employees, shall be designated and selected by the Board.

2. The terms of office of the members of the Board of Directors shall be for three (3) years and in the event of a vacancy shall be filled by the Prime Minister in the same manner as the original appointment.

3. The Board of Directors may act notwithstanding the vacancy of one or more of the members thereof.

4. Four (4) members shall constitute a quorum for the transacting of the business of a board.

5. The salary of the members of the Board of Directors shall be equivalent to the salary of a Vice-Minister.

6. No director shall have a financial interest in any corporation engaged in the transportation of goods or passengers for hire or reward or any financial interest in or any contract or other business transaction of the corporation such as might effect prejudicially the discharge by him of his functions as a member of the Board of Directors.

7. The Board of Directors shall direct the exercise of all of the powers of the Japanese National Railway Corporation.

8. All members of the Board of Directors shall be persons who are experienced in transportation matters.

III. Powers of the Corporation Generally.

1. The Japanese National Railways Corporation (herein after called the Corporation) shall have the powers of a body corporate with perpetual succession and a corporate seal.

2. The corporation shall have the power to sue and to be sued;

3. The corporation shall have the power to acquire, hold and dispose of personal and real property for the purposes of the corporation;

4. The corporation shall have power to make contracts as provided by this law;

5. The corporation may adopt, amend and appeal by-laws for the operation

of the corporation, except as otherwise limited by law;

6. May dispose of any real or personal property whenever the Board of Directors considers such disposal necessary or convenient in the operation of the corporation.

7. The corporation shall have power in the name of the Japanese Government to exercise the right of expropriation of land or other property which is/or may be necessary for the operation of the business of the corporation. The expropriation of land authorized by this section shall be in accordance with the laws of Japan on this subject.

8. The corporation shall have the power to errect or build such facilities or manufacture such equipment as may be necessary in the conduct of the corporate business.

9. The corporation shall have power to negotiate with any other private or public corporation engaged in the transportation of passengers or goods and to extend financial and other assistance to such corporations for the purpose of creating a unified and economically sound system of transportation in Japan.

IV. Account Books and Annual Financial Statement; Review by the Board of Audit.

1. The Board of Directors shall cause proper accounts and other records in relation thereto to be kept by the Corporation and shall prepare an annual statement of such accounts in such form and containing such particulars as may be described by the Prime Minister, and submit such a financial statement annually to the Diet. Such a statement shall be reviewed and approved by the Minister of Finance prior to submission to the Diet. The

said annual statement shall be so framed as to provide as far as may be possible separate information as respects the principal activities of the Japanese Railway Corporation and in combination with the periodical statistics and returns rendered by the corporation to show as far as may be possible the financial and operating results of activities carried on by the corporation.

2. The accounts of the Corporation shall be audited by the Board of Audit in accordance with a scheme of audit approved by the Prime Minister and, as directed by the Prime Minister, these accounts may be separately audited in part or in whole by auditors appointed by the Prime Minister. The Board of Audit shall report the result of their audit at annual intervals to the Diet.

V. Finances.

1. The Board of Directors may borrow temporarily from the Japanese Government such sums as may reasonably be required for meeting the obligations of the Corporation or carrying out any of the functions required of the corporation by this bill.

2. The Board of Directors may, with the approval of the Minister of Finance, borrow money by the issue of Japanese Railway Corporation bonds, for any or all of the following purposes:

a. To secure funds for expenses incurred in connection with any program of work, the cost of which is properly chargeable to capital.

b. To provide working capital.

c. To secure funds to satisfy any right to compensation in connection with the expropriation of land as provided under Article III, (Par 7) hereof.

d. To redeem any bond issue previously issued by the Japanese National Railway Corporation.

e. For any other purpose for which capital allowances are properly applicable, including the payment of any money temporarily borrowed under Para 1 hereof.

3. Except as provided above, the JNRC will not borrow any money, nor shall private funds be invested in it.

4. The principle of and the interest on any Japanese National Railway Bonds created and issued under this Article shall be guaranteed by the Government of Japan. Whenever any sum of money shall be paid out by the Government of Japan to fulfill the guarantee provided for by the above, such payment shall be reported by the Minister of Finance to the Diet.

5. At the end of each fiscal year the proceeds derived by the JNRC from the transportation of passengers or goods for hire during that fiscal year shall be paid into the treasury of the Japanese Government, save and except such part of such proceeds as in the opinion of the Board of Directors of the corporation shall be necessary for the continued operation of the corporation business. A continuing fund of one billion yen is also excepted from the requirements of this section and may be withheld by the Board to defray emergency expenses and insure continued operation.

6. There shall be established a Rate Regulation commission which establishes the fares, tariffs and other charges to be made by the Japanese National Railways Corporation. The Rate Regulation Commission shall be composed of men of experience and transportation matters and shall be appointed by the Prime Minister on the recommendation of the Minister of Finance, and

shall have no other connection with the Japanese National Railways Corporation. Whenever the Rate Regulation Commission intends to establish fares or charges or to charge the same, it shall give adequate public notice of its intention and prior to fixing such fares or charges shall hear the opinions of any interested person or corporation concerning the reasonableness of such rates. Confirmation of all such rates and charges shall be by the Diet.

VI. Officers and Employees.

Officers and employees of the JNRC shall be appointed by the Board of Directors. The compensation of such officers and employees, and other matters relating to employment, including the arbitration of labor disputes, shall be governed by the provisions of the National Public Corporation Labor Management Law, (Law No._____of 1948).

VII. Emergency Powers.

Whenever the operators of supporting or connecting railroads or other means of transport necessary to the functioning of the JNRC are suspended from operation for any cause, so that the integral unity of the national transportation system is substantially interferred with, the Board of Directors shall report such fact to the Cabinet, which body shall, after due consideration, order and direct any such suspended railway or other transportation facility to be operated by the JNRC, so long as the emergency shall exist. In this situation, all of the provisions of this law shall apply to such railroads or transportation facilities, while they are under the control of

the JNRC. Adequate compensation and return shall be made by the JNRC to the owners of properties affected by this article upon the expiration of the emergency for any profit accruing to the JNRC as a result of such emergency operation.

VIII. Taxation.

The Japanese National Railway Corporation shall in no wise be exempted from any tax, impost or other levy of the Japanese Government.

IX. Transfer of Assets, Claims.

1. Upon the effective date of this act, all of the property operations and undertakings of the Japanese Government Railways shall vest in and succeed to the Japanese National Railway Corporation by virtue of this law. In any question of doubt as to the title or ownership of the Japanese Government to any such property or parts of property, determination of such doubt shall be made by a Transfer Commission which shall consist of seven persons to be appointed by the Prime Minister, not more than thee (3) of whom shall be officials of the Japanese Government. Any private person or private corporation who is or claims to be aggrieved by the ruling of such commission may appeal to the Tokyo High Court for judicial determination of its claim.

X. Responsibility of the Corporation.

1. The Japanese National Railways Corporation shall be liable to compensate in damages any person or corporation injured or suffering loss or damages to property, by reason of the negligent acts of the Japanese National Railway Corporation or of its servants or agents, in the same manner as if the Japanese

Railroad Law?

Railway Corporation were a private juridical person.

XI. Offenses: Fines and Punishment.

1. All general penal statutes relating to the larceny, embezzlement, conversion or to the improper handling, retention, use or disposal of public moneys or property of the Japanese Government, shall apply to the moneys and property of the Japanese Railway Corporation, and to moneys of the Japanese Government loaned or entrusted to the JNRC.

2. Any person who, with intent to defraud the JNRC, or to deceive any director, officer or employee of the corporation or any officer or employee of the Japanese Government (1) makes any false entry in any book of the Corporation or (2) makes any false report or statement for or to the corporation, shall upon conviction thereof, be fined not more than ¥100,000 or imprisoned for not more than five years or both.

3. Any person who shall receive any compensation, rebate or reward, or shall enter into any conspiracy, collusion or agreement, express or implied, with intent to defraud the JNRC or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than ¥ 100,000 or imprisoned not more than five years, or both.

XII. Repeal of Laws.

All laws or parts of laws in conflict with this law are hereby repealed, so far as they affect the operations contemplated by this law.

XIII. This law shall be effective on 1 April 1949.

B

TOP ORGANIZATION OF A PUBLIC CORPORATION TO MANAGE AND OPERATE
THE JAPANESE GOVERNMENT RAILWAYS

1. CTS believes that the top organization of public corporation to manage and operate the Japanese Government Railways should include the following:

a. A Board of Directors of five members should be appointed on a staggered plan, eligible for reappointment. Initially the five members would have to be appointed so that at the end of one year one member would be replaced, at the end of the second year the second member would be replaced and similarily until the first five years shall have elapsed.

b. Members of the Board should be appointed by the Prime Minister and subject to confirmation by one of the following three:

(1) The Diet.

(2) The House of Councillors.

(3) The combined transportation committees of the House of Councillors and House of Representatives.

c. The Board of Directors should meet monthly, or more frequently if called together by the chairman or by agreement of any three of the directors.

d. The Board of Directors should be responsible to the Government through the Prime Minister.

e. Members of the Board should receive a fee for attendance at meetings and should be reimbursed for all expenses incurred in connection with meetings. They should not receive other remuneration.

f. The members of the Board should be chosen from among bankers, lawyers, heads of major industrial enterprises, economists and commercial interests. The appointment should not be political. If feasible, the members should be so drawn so as to provide representation on the board at all times of one member from financial circles and one member from the legal profession. All members of the Board should be men with outstanding ability in their own fields and should have a deep sense of responsibility toward promoting the welfare of the people of Japan.

g. In addition to the Board of Directors, CTS believes that an Advisory Council should be established whose members would be drawn from various areas of interest within the Japanese economy. There should be representation on the council of three members each for:

(1) Agricultural interests.

(2) Industry.

(3) Mining.

(4) The professions (law, medicine, education, engineering).

(5) Labor.

(6) Finance and insurance.

(7) The people of Japan.

h. The members of the Council should be nominated by the segments of the economy which they represent (through associations or other organizations having to do with the particular segment of economy concerned) and confirmed by the Cabinet. The members representing the people should be appointed directly by the Prime Minister and confirmed by the Cabinet.

i. Membership in Council should be for a period of three years subject to reappointment. Membership by areas of interest should be on a staggered plan.

j. Members of the Council should receive no salary but should be paid a fee for meetings attended. Expenses incurred in connection with these meetings should be reimbursed.

k. Meetings of the Advisory Council should be held at the discretion of the chairman of the Board of Directors who should be empowered to refer to the council for study, by the council as a whole or by a segment of a council, problems pertaining to policy, plans, development and other matters.

THE JAPANESE NATIONAL TOBACCO CORPORATION

I. For the purpose of purchasing tobacco leaf for the manufacture of tobacco products and for the sale of such products to the public at a fixed price the Japanese National Tobacco Corporation is hereby created as a body corporate. The Board of Directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of the board. The sale of tobacco and tobacco products shall not otherwise be carried on in Japan, except as prescribed by the Board of Directors of the JNTC and shall be the sole monopoly of such corporation.

II. Directors

1. A Board of Directors of the Japanese National Tobacco Corporation shall consist of seven (7) members, one of which shall be the chairman of the board. The Chairman of the Board of Directors and the directors shall be appointed by the Prime Minister with the concurrence of both houses of the Diet. In appointing the members of the board the Prime Minister shall designate the chairman. All other officials, agents and employees, shall be designated and selected by the Board.

2. The terms of office of the members of the Board of Directors shall be for three (3) years and in the event of a vacancy the vacancy shall be filled by the Prime Minister in the same manner as the original appointment.

3. The Board of Director's may act notwithstanding the vacancy of one of the members thereof.

4. Members shall constitute a quorum for the transacting of the business of a board.

5. The salary of the members of the Board of Directors shall be equivalent to the salary of a Vice-Minister.

6. No director shall have a financial interest in any corporation engaged in the production of tobacco or tobacco products, financial interest in any contract or other business transaction of the corporation such as might affect prejudicially the discharge by him of his function as a member of the Board of Directors.

7. The Board of Directors shall direct the exercise of all of the powers of the Japanese National Tobacco Corporation.

8. All members of the Board of Directors shall be persons of experience in business matters.

III. Powers of the Corporation Generally.

1. The Japanese National Tobacco Corporation shall have the powers of a body corporate with perpetual succession and a corporate seal.

2. The corporation shall have the power to sue and to be sued;

3. To acquire, hold and dispose of personal and real property for the purposes of the corporation;

4. Shall have power to make contracts as provided by this law;

5. May adopt, amend and appeal by-laws for the operation

of the corporation, except as otherwise limited by law;

6. May dispose of any real or personal property considered by the Board of Directors whenever the Board of Directors considers such disposal necessary or convenient in the operation of the corporation.

7. Shall have power in the name of the Japanese Government to exercise the right of expropriation of land which is necessary for the operation of the business of the corporation. The expropriation of land authorized by this section shall be in accordance with the laws of Japan on this subject.

8. Shall have the power to erect or build such facilities or manufacture such equipment as are or may be necessary in the conduct of the corporate business.

9. The corporation shall have power to negotiate with any other private or public corporation engaged in the transportation of passengers or goods and to extend financial and other assistance to such corporations for the purpose of creating a unified and economically sound system of transportation in Japan.

IV. Account Books and Annual Financial Statement Reviewed by the Board of Audit.

1. The Board of Directors shall cause proper accounts in other records in relation thereto to be kept by the corporation and shall prepare an annual statement of such accounts in such form and containing such particulars as may be described by the Prime Minister, and submit such a financial

DECLASSIFIED E.O. 12958 SEC. 3(E) AND 3(B) OR (E) NNDG # 775 012

statement annually to the Diet. Such a statement shall be reviewed and approved by the Minister of Finance prior to submission to the Diet. The said annual statement shall be so framed as to provide as far as may be possible separate information as respects the principle activities of the Japanese Railway Corporation and in combination with the periodical statistics and returns rendered by the corporation to show as far as may be possible the financial and operating results of activities carried on by the corporation.

2. The accounts of the commission shall be studied by the Board of Audit in accordance with a scheme of audit approved by the Prime Minister and as directed by the Prime Minister these accounts shall be separately audited in part or in whole by auditors appointed by the Prime Minister. The Board of Audit shall report the result of their audit at annual intervals.

V. Finances.

1. The Board of Directors may borrow temporarily from the Japanese Government such sums as may reasonably be required for meeting the obligations of the corporation or carrying out the functions required of the corporation by this bill.

2. The Board of Directors may, with the approval of the Minister of Finance, borrow money by the issue of Japanese National Tobacco Corporation bonds, for any or all of the following purposes:

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 3(D) OR (E) NNDC # 773 012

a. To secure funds for expenses incurred in connection with any program of work, the cost of which is properly chargeable to capital.

b. To provide working capital.

c. To secure funds to ~~satisfy~~ any right to compensation in connection with the expropriation of land as provided under Section 7 hereof.

d. To redeem any bond issue previously issued by the Japanese National Tobacco Corporation.

e. For any other purpose for which capital allowances are properly applicable, including the payment of any money temporarily borrowed under Para 1 hereof.

3. Except as provided above, the JNTC will not borrow any money.

4. The principle of and the interest of any Japanese National Tobacco Corporation Bonds created and issued under this section shall be gauranteed by the Government of Japan. Whenever any sum of money shall be paid out by the Government of Japan to fulfill the gaurantee provided for by the above, such payment shall be reported by the Minister of Finance to the Diet.

5. At the end of each fiscal year the proceeds derived by the JNTC from the transportation of passengers or goods for hire during that fiscal year shall be paid into the treasury of the Japanese Government, save and except such part of such proceeds as in the opinions of the Board of