## GHQ/SCAP Records(RG 331)
## Description of contents

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(1) Box no. 2205

(2) Folder title/number: (26)
International Trade & Industry Ministry - 7th Diet

(3) Date: Dec. 1949 - Apr. 1950

(4) Subject:

| Classification | Type of record |
|---|---|
| 620 | d, m |

(5) Item description and comment:
Includes Contents List

(6) Reproduction: (Yes) No

(7) Film no. Sheet no.

TITLE

1. BPA to Industrial Reconstruction Kodan Law.
2. Bill for Abolition of the Imperial Petroleum Company Law.
3. BPA of the Smaller Enterprise, etc. Cooperative Law.
4. BPA to Unfair Competition Prevention Law.
5. Bill re: Security for Loan from U. S. Counterpart Fund etc. for Electric Enterprise.
6. Explosives Control Bill.
7. Bill for Export Credit Insurance Law.
8. BPA to Ministry of International Trade and Industry Establishment Law.
9. Special Coal Mine Damage Rehabilitation Temporary Measures Bill.
10. Electric Enterprise Reorganization Bill.
11. Mining Bill.
12. Bill for Stone Quarrying.
13. Compilation of Lost Mining Ledgers and Other Temporary Measures Bill.
14. Commodity Exchange Bill.
15. Public Utilities Bill.

Bill

to be submitted for GS approval
Legislative Affairs Section, FOM
(TEL.57-6010)

December 20, 1949

1. FOM Number: 10

2. Name of Bill: Bill for Partial Amendment to the Industrial Reconstruction Kodan (Public Corporation) Law.

3. Competent Ministry: Ministry of International Trade and Industry

4. Date of Cabinet Approval: December 13, 1949

5. SCAP Section concerned: Mr. Fujii
ESS, ID, Industrial Committee

6. Remarks: (Reference:)
Industrial Reconstruction Kodan Law
(Law No. 57 of 1947)
Official Gazette No. 310, April 15, 1947

7. G.S Reviewers:
GS: ESS
AS/AFJ.

Received by GS
Date 12/20/49

(1)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CFG/vs

Subject: Draft Legislation

Capt. Guida
26-6076

Note No. | From: Govt Sec To: ESS Date: 21 December 1949

1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade & Industry.

2. Your prompt comment is requested.

1 Incl
Partial Amendment to the
Industrial Reconstruction
Kodan Law

C. W.

File: 010(21 Dec 49)ESS/FF

From: ESS To: Govt Sec

WPW/EMR/JWH/MS/eb
Mr. Jeffers, 26-6137
4 JAN 1950

2 | No objection is made to introduction in the Diet of the Partial Amendment to the Industrial Reconstruction Kodan Law as proposed by the Ministry of International Trade & Industry.

1 Incl:
n/c

-W.F.M.-

Read GS 1/6/49

(1)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JM/JW/CFG/vs

Subject: Draft Legislation

Capt. Guida
26-6076

| Note No. | From: Govt Sec To: LS/L&J Date: 21 December 1949 |
|---|---|
| 1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade & Industry.<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Partial Amendment to Industrial Reconstruction Kodan Law |

C. W.

P & P DIV

(1)

1. The basic law, The Industrial Reconstruction Public Corporation Law, Law No. 57, 1947, establishes a public corporation which has as its purpose the utilization of industrial equipment and materials to rehabilitate industry under the policies set up by the Economic Stabilization Board. Par 2 of Article 3 of the law provides that "Working Capital, shall, when necessary, be obtained by loan from the Reconstruction Finance Bank". The proposed amendment changes the sources from which loans may be obtained by providing that loans "may be obtained from a government organ or organs similar thereto".

2. The following part of the amendment is objectionable: "or organs similar thereto". This phrase is so vague that no clear meaning can be gained from it. A more precise definition is necessary.

3. The part of the law to be amended is printed in the Official Gazette as Paragraph 2, while the proposed amendment refers to the part to be amended as Paragraph 3.

Rec'd GS 12/27/49

1 Incl:
w/d

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

(1)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Economic and Scientific Section
APO 500

31 October 1949

INFORMAL
MEMORANDUM FOR: Mr. Heitaro Inagaki, Minister of International Trade and Industry

SUBJECT: Revision of Article 3, Paragraph 3, of the Industrial Reconstruction Kodan Law

1. Reference your memorandum, 19 October 1949, subject as above, in which you request consideration as to revision of the Industrial Reconstruction Kodan Law in order to permit borrowing from government controlled sources.

2. It is not believed that the Industrial Reconstruction Kodan has taken on any new projects for many months and has therefore not required additional funds for some time. It is further not anticipated that this Kodan will have need for further resources.

3. However, no objection is interposed to a change of the Law to permit borrowing from other government controlled sources of funds in the same manner as is being done in the case of Price Adjustment Kodan. Such borrowings will fall under budgetary controls exercised over all governmental borrowings.

W. F. MARQUAT
Major General, U. S. Army
Chief, Economic and Scientific Section

(1)

ECONOMIC AND SCIENTIFIC SECTION
Price and Distribution Division

13 September 1949

MEMORANDUM FOR RECORD:

PREPARED BY: H. N. Shabsin

SUBJECT: Amendment to Price Adjustment Public Corporation Law

1. The Price Agency has proposed revision of the subject law in two respects: The first will change the present language of Article 3, Par. 3, "shall be obtained by loan when necessary from the Reconstruction Finance Bank," to "may be obtained by loan." This change is made necessary because of the cessation of the loan functions of R. F.B. The proposed amendment is too general since it would authorize P.A.K. to make loans from any source. ESS/PD is of the opinion that the amendment should be limited and in the following language: "may be obtained by loan from appropriate government agencies." The second proposal changes the Japanese words, "rijicho" and "fuku-rijicho" as contained in Article 10, 11, 12, 14 and 34 to "sosai" and "fuku-sosai," respectively. Technically, the term "rijicho" is applied to a Chairman of a Board of Directors, while "sosai" is applied to a Governor or a President. The change in terminology will more accurately describe the functions and duties of the persons concerned.

2. As modified by Par 1, ESS/PD and ESS/Fin concur.

(1)

Bill

to be submitted for GS approval
Legislative Affairs Section, FOM
(TEL.57-6010)

January 28, 1950

1. **FOM Number:** 331

2. **Name of Bill:** Bill for Abolishment of the Imperial Petroleum Company Law

3. **Competent Ministry:** Ministry of International Trade and Industry

4. **Date of Cabinet Approval:** January 20, 1950

5. **SCAP Section concerned:**
Mr. L. W. Stach, Chief, Petroleum Branch,
Mining and Geology Division NRS

6. **Remarks: (Reference:)**
attached herewith
The Imperial Petroleum Company Law (Law No. 73, 1941)
The Commercial Code Art. 342, 343 (Law No. 48, 1899)
The Law for the Improvement of Penal Regulations of Economic Relations (Law No. 4, 1944)
The Registration Tax Law (Law No. 27, 1895)
The Corporation Tax Law (Law No. 28, 1947) (31 March 1947)
Official Gazette Extra 2

7. G.S Reviewers:
CS: NRS
ESS
NS/NJS
G-4/Petroleum

Received by GS

Date 1/27/50

(2)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JM/JW/CHK/ve

Subject: Draft Legislation

| Note No. | |
|---|---|
| 1. | From: Govt Sec To: LS/I&J Date: 28 January 1950<br><br>1. Immediate introduction of the attached draft bill in the Diet is proposed by International Trade & Industry Ministry.<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Bill for Abolishment of the<br>Imperial Petroleum Company Law |

Capt. Norris
26-6076

C. W.

P & P DIV

(2)

Subject: Bill for Abolishment of the
Imperial Petroleum Company Law

From: LS To: GS F.C.Goodman-2655-269
Date: 9 February 1950

2. This Section has no legal objections to subject bill. The bill is of primary concern to NRS and ESS/Finance.

1 Incl. w/d

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

Rec'd GS 2/11

(2)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHK/vs

Subject: Draft Legislation

Capt. Norris
26-6076

| Note No. | From: Govt Sec To: ESS Date: 28 January 1950 |
|---|---|
| 1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by International Trade & Industry Ministry.<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Bill for Abolishment of the<br>Imperial Petroleum Company Law |

C. W.

Mr. Herbster 26-60 70
WFM/EMR/JWH/LAH/ftk

0102 8 JAN 1950 ESS/PF

7 FEB 1950

| | |
|---|---|
| | From: ESS To: Govt Sec |
| 2. | ESS has no objection to the introduction of the draft bill for Abolishment of the Imperial Petroleum Company Law.<br><br>1 Incl<br>n/c |

W. F. M.

(2)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

# C H E C K S H E E T

(Do not remove from attached sheet) CW/JH/JW/CHM/ve

Subject: Draft Legislation

| Note No. | From: Govt Sec To: G-1/Petr. Date: 28 January 1950 |
|---|---|
| | Capt. Morris 26-6076 |
| 1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by International Trade & Industry Ministry. |
| | 2. Your prompt comment is requested. |
| | 1 Incl<br>Bill for Abolishment of the<br>Imperial Petroleum Company Law |

C. W.

P & P DIV

(2)

Capt. Travis 26-6123

From: G-4 To: Govt Sec Date: 3 FEB 1950

2. A review of the bill for abolishment of the Imperial Petroleum Company law inclosed with C/N #1 has determined that, insofar as can be seen, this legislation does not affect any phase of the petroleum industry for which G-4 is responsible.

1 Incl:
n/c

- - - - - - - - - - - - - - - - - - - - - - - - - - G. L. E. - - - - - - - - -

Rec'd GS 2/4/50

(2)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHM/vs

Subject: Draft Legislation

| Note No. | From: Govt Sec To: NRS | Capt. Norris 26-6076 Date: 28 January 1950 |
|---|---|---|
| 1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade & Industry.<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Bill for Abolishment of the<br>Imperial Petroleum Company Law | |

C. W.

P & P DIV

(2)

2. From: NR To: CS

Mr Stech 26-6709
NCS/RYC/DWS/jrm
Date: 1 FEB 1950

1. No objection is offered to introduction of the Bill for Abolishment of the Imperial Petroleum Company Law.

2. Imperial Petroleum Company was released from designation as an excessive concentration of economic power in January 1950. The proposed law will eliminate the Government domination, and special privileges accorded the Company under the articles of the Imperial Petroleum Company Law, and change its status to that of a normal private enterprise.

1 Incl
n/c

----------H. C. C.----------

(2)

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOR
(TEL. 57-6010)

February 11, 1950

1. FOR Number: 92

2. Name of Bill: Bill for Partial Amendment of the Smaller Enterprise, etc. Cooperative Law

3. Competent Ministry: Ministry of International Trade & Industry (Smaller Enterprises Agency)

4. Date of Cabinet Approval: February 7, 1950

5. SCAP Section concerned:
Mr. Delancy, Control Branch, ETP., ESS., GHQ.

6. Remarks: (reference:)
Smaller Enterprise, etc. Cooperative Law (Law No. 181 of 1949), Official Gazette No. Extra, June 1, 1949

7. G.S. Reviewers:

GS: ESS
GS/HJ

Received by GS

Date 2/11/50

3

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JK/JW/CHM/ak

Subject: Draft Legislation

| Note No. | From: Govt Sec To: [illegible] Capt. Morris 26-6076 Date: 11 Feb. 1950 |
|---|---|

1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade and Industry.

2. Your prompt comment is requested.

1 Incl
Bill for Partial Amendments to the Smaller Enterprise, Etc. Cooperative Law

C. W.

P & P DIV

3

FILE COPY

WEH/ECW/RW/TRD/14
T. R. Delaney 26-6665

From: ESS To: GS Date: 21 February 1950

2. 1. Reference is G/N 1 from GS to ESS, 11 Feb 50, requesting comment on draft bill for partial amendment to the Smaller Enterprise Cooperative Law (No. 181 of 1949).

2. ESS has no objection to proposed bill provided that the elimination of the word "General" from Article 55, paragraph 2 implies only the place of meetings, and shall not obscure the fundamental principle that each and every member retains the power to nominate and elect representatives. The Japanese text should be free from any such ambiguity.

1 Incl
n/c

- - - - - - - - - - - - - - - - - - - - - - - - - - W. E. H. - - - - - - - - - -

Referred to Ministry
thru Mr. Hoabe, CLCO.
2/22

Point clarified by Min.
Change not necessary 2/24

(3)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/nk

Subject: Draft Legislation

Capt. Morris
26-6076

Note No. | From: Govt Sec | To: LS/LAJ | Date: 11 Feb. 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade and Industry.

2. Your prompt comment is requested.

1 Incl
Bill for Partial Amendments to the Smaller Enterprise, Etc. Cooperative Law

C. W.

3

Subject: Bill for Partial Amendment to Smaller Enterprise, Etc., Cooperative Law.

From: LS To: GS F.C.Goodman-2635-269
Date: 18 February 1950

2. 1. The basic law, the Smaller Enterprise, Etc., Cooperative Law (Law No. 181 of 1949) provides in Article 35, Paragraph 2, that: "Representatives shall be elected in accordance with the articles of the cooperative at the general meeting from among members and be fairly distributed so as to be elected according to the locality of residence of members, kinds of business, etc." Subject bill would amend this article of the basic law by deleting the words "at the general meeting". Article 49 and Article 52 of the basic law provide that "at the general meeting only the matters informed of at least ten days prior to the general meeting shall be decided." If it is desired to elect the representatives at a special meeting the bill should provide that notification of the time, place, purpose, etc., of such meeting shall be given to each member.

2. This Section has no legal objections to the other provisions of subject bill.

Rec'd GS 2/21

inIncl. w/d

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

Referred to Ministry thru Mr Yoshi. CLCD. 2/22

3

no change required. Confirmed by Consumption. CB 2/24.

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOR
(TEL. 67-6010)

February 17, 1950

1. FOR Number: 119

2. Name of Bill: Bill for Partial Amendments to Unfair Competition Prevention Law

3. Competent Ministry: Ministry of International Trade & Industry (Patent Agency)

4. Date of Cabinet Approval: February 10, 1950

5. SCAP Section concerned:

Mr. E. C. Allan, Scientific & Technological Div., E.S.S.

6. Remarks: (Reference:)

1. The Law for the Prevention of Unfair Competition (Law No. 14 of 1934) is attached herewith.

7. G.S. Reviewers:

GS:
ESS
LS/LS

Received by GS

Date 2/17/50

(4)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: LS/L&J Date: 17 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to Unfair Competition Prevention Law

C. W.

P & P DIV

(4)

Fed Trade & Industry
Unfair Competition Law
2/17/50

From: LS To: GS L.A. Otto-2635-420
Date: 3 March 1950

2. 1. Legal Section has no objection to the subject bill, but suggests the following change:

Article 1, Par. 1, merely states that the injured person may demand the stoppage of the acts. It is suggested this provision be re-drafted so as to state expressly that an appropriate court may enjoin the acts mentioned upon application of a complainant. The existing law (Article 1, Par. 2) clearly says a court may order an offender to stop the acts.

Encl: w/d

Rec'd GS 3/4/50

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

4

DECLASSIFIED AUTH: SCAP SEC. 3(E) AND 3(D) OR (E) NNCC # 17012

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/ve

Subject: Draft Legislation

| Note No. | |
|---|---|
| 1. | Capt. Norris 26-6076<br>From: Govt Sec To: ESS<br>Date: 17 February 1950<br><br>1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Partial Amendments to Unfair Competition Prevention Law<br><br>C. W. |
| 2 | From: ESS To: GS<br>WFM/JHG'B/SCD/ECK/vmp<br>E.C. Allan - 26-8059<br>3 MAR 1950<br><br>ESS has no objection to the attached draft bill.<br><br>1 Incl<br>n/c<br><br>W.F.M. |

Rec'd GS 3/3

(4)

DISPATCH AND PRESS SEC. 3(E) AND 3(D) OR (E) NMG # 119012

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOR
(TEL. 57-6010)

March 4, 1950

1. FOR Number: 164

2. Name of Bill: Bill concerning Security for Loan from U.S. Aid Counterpart Fund etc. for Electric Enterprise.

3. Competent Ministry: Ministry of International Trade and Industry (Resources Agency)

4. Date of Cabinet Approval: March 3, 1950

5. SCAP Section concerned:
Mr. Leigh, Public Finance Division, ESS.
Mr. C. B. Cash, Utilities Branch, Utilities and Fuels Division, ESS.

6. Remarks: (reference:)
Amendment Law of Electric Enterprise Law
(Law No. 22, 1946): Official Gazette dated
Sept. 16, No. 140

7. G.S. Reviewers:

ES: —
FSS
LS/LJ

Received by 65

Date 3/4/50

(5)

DECLASSIFIED WITH PARTIAL SEC. 3(E) AND 3(D) OR (E) NND # 719012

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JH/JW/CHM/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec | To: ESS | Date: 4 March 1950

1. 1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Security for Loan from U.S.
Aid Counterpart Fund, etc.
for Electric Enterprise

C. W.

Mr. Leigh, 26-6062
WPM/ECH/SGH/rtk
18 MAR 1950

010(4 MAR 1950)ESS/FF

From: ESS To: Govt Sec

2. This Section has no objection to the proposed law.

1 Incl
n/c

W. P. M.

Read GS 3/18/50

5

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JW/JH/CHH/vo

Subject: Draft Legislation

Capt. Norris

Note No. | From: Govt Sec | To: LS/LAJ | 26-6076 | Date: 4 March 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Security for Loan from U.S.
Aid Counterpart Fund, etc.
for Electric Enterprise

C. W.

P & P DIV

(5)

Post Trade

3/4

Security for Loan from US
Art Contingent Funds for
Electric Enterprises

2 From: LS To: GS R.B. Appleton 2635-473
Date: 10 March 50

No legal objections.

Incl w/d

A. C. C.

(5)

to be submitted for GS approval
Legislative Affairs Section, HQ.
(TEL. 87-6030)

February 18, 1950

1. FOM Number: 131

2. Name of Bill: Explosives Control Bill

3. Competent Ministry: Ministry of International Trade & Industry

4. Date of Cabinet Approval: February 7, 1950

5. SCAP Section concerned:

Lt. Col. J.R. De Yonny, Plan and Policy Division, G-4

6. Remarks: (Reference:)

... See attached paper. .....

.....

.....

.....

.....

7. G.S. Reviewers:

GS:
G-2/PSD
ESS
LS/AJ
G4/PPD

Received by GS

Date 2/18/50

(6)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JH/JW/OHM/chn

Subject: Draft Legislation
Capt Norris

| Note No. | From: Govt Sec To: LS/LJ Date: 18 February 1950 |
|---|---|
| 1. | 1. Immediate introduction of the attached draft Bill in the Diet is proposed by Ministry of International Trade and Industry<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Explosives Control Bill |

C. W.

26-6076

P & P DIV

6

Bill Trade
2/18

Explosives Control

From: LS To: GS R H Neptune - 2635-479
Date: 9 March 1950

2. 1. This bill provides for complete governmental control over explosives.

a. It requires that manufacturers secure the permission of the MITI; that dealers secure the permission of the Governor; certain classes of persons are disqualified.

b. It authorizes the MITI to give orders to the manufacturer relating to his business or facilities and prescribes a penalty for failure to obey (Art. 9 and Art. 59);

c. It authorizes MITI or Governor to give orders relating to storing of explosives and prescribes penalty for failure to obey. (Art. 11 and Art. 59 and 60).

Rec'd GS 3/10

d. Permits from MITI or Gov are required and orders of MITI or Gov are authorized in matters regarding magazines.

e. Permits are required in the matters of transfer, transport, import, export, and consumption, of explosives.

f. MITI requires manufacturer to appoint "Supervisor of Explosives" from among persons licensed as such. There are three classes of such licensees, as well as two classes of licensees known as "Supervisors of Handling". These licenses are issued after examinations by Gov-MITI. Manufacturer must provide an "acting" supervisor from

(6)

among licensed persons in the absence of the Supervisor.

2 (cont'd) g. MITI is authorized to order the release from employment of the supervisor or acting supervisor in case "he is deemed unsuitable for the job" and sanction is provided by penalty up to 1 year imprisonment and 50,000 yen fine for failure to obey.

h. MITI is authorized to order stability tests and to prescribe manufacturers' safety regulations.

i. Actions, reports, bookkeeping, prohibitions, and inspections, in accordance with MITI order are provided for; payments of fees for 12 different classes of applicants under the bill are provided for.

j. Criminal penalties relating to almost every provision contained herein are provided.

k. Public hearings after notice are provided for by Articles 53, 54, and 56. This permits an aggrieved person to present his side of the matter. The authoritarian nature of the bill is somewhat mitigated by these provisions.

2. LS strongly objects to all the penal provisions which are sanctions for orders (authorized to be given by the Minister or Governor) which direct the business affairs of manufacturers, dealers, handlers, etc. A sufficiently severe sanction in such cases would be suspension or revocation of license. The penal provisions and the references therein to articles authorizing orders are as follows:

| Penal Art. | Article referred to authorizing order |
|---|---|
| Art. 59 | Art. 9 par 3; Art. 11 par 3; Art. 14 par 2; Art. 28 par 3; Art. 34; Art. 36 par 2. |

Under this law, a licensee could not even quit the business, without risking going to jail. For example - under Art. 9, the Minister could order the manufacturer to remodel or move his plant. In the event the manufacturer had finally become disgusted with bureaucratic control, and said "No, I won't move it. I quit. I give up," he is still subject to penalty of imprisonment and fine for violating the order.

3. a. Art. 14 has no par 2.

b. Art. 53 provides for public hearing and makes reference to Art. 27.

(6)

2 (cont'd) items 1 and 2. Art. 27 has no numbered items. It is believed this reference is intended to be to Art. 7.

g. Between Art. 17 and 19 is an "Art. 10", but none is marked "18".

1 Incl:
w/d

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) GS/JS/JS/CMS/cbs

Subject: Draft Legislation

Capt Norris
26-6076

| Note No. | From: Govt Sec To: GSS Date: 18 February 1950 |
|---|---|
| 1. | 1. Immediate introduction of the attached draft bill in the Diet is proposed by Ministry of International Trade and Industry<br><br>2. Your prompt comment is requested.<br><br>1 Incl<br>Explosives Control Bill |

C. W.

P & P DIV

(6)

Prof Bode & Federley
2/18/50

E. A. DeWindt - 26-6639

MMC/ABO/HSC/crd

Note No. 2 From: ESS To: Govt Sec Date: 8 MAR 1950

1. The Explosives Control Law as presented in the inclosed bill appears to be complete, with the following aspects being well covered: manufacture (and repair), storage (possession), transportation, sale (and use), and disciplinary action.

2. Transition from the old laws to the new ordinance should proceed with a minimum of difficulty if the procedure outlined in inclosed bill is followed. The bill, if passed, will certainly clarify and simplify explosives control, and will be a decided improvement over the much-amended group of measures now in force.

3. The above comments are based on the technical points involved, and not on any legal considerations.

1 Incl
n/c

- - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) cw/jm/rw/CMM/ckm

Subject: Draft Legislation

Note No. | From: Govt Sec | To: G-2/MSD | Capt Morris 26-6076 | Date: 10 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by Ministry of International Trade and Industry

2. Your prompt comment is requested.

1 Incl

Explosives Control Bill

C. W.

D

P & P DIV

6

Explosives Control Bill 4/18

(III)

CIS/PSD/EBR/HEP/sm

From: G-2 To: Govt Sec Date: 21 February 1950

2 PSD/G-2 concurs in the proposed bill for Explosives Control.

Incl 1 w/d

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

Rec'd GS 4/23

6

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec | To: G-2/PPD | Date: 20 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by Ministry of International Trade & Industry.

2. Your prompt comment is requested.

1 Incl
Explosives Control Bill

C. W.

P & P DIV

D

6

From: G-4 To: Gov Sec

Lt.Col.DeYoung 26-6041
Date: 21 FEB 1950

2 No objection is offered to the introduction of the attached draft bill in the Diet, as proposed by the Ministry of International Trade & Industry.

1 Incl
n/c

G. L. E.

6

Ltd.

21 February 1950

MEMORANDUM FOR: Captain Guida

SUBJECT: Bill for Explosives Control Law

1. Reference is subject Bill which has been submitted by the Ministry of International Trade and Industry.

2. Request amendment of subject Bill as follows:

a. Delete paragraph (4), Article 6, Chapter II in its entirety.

b. Amend paragraph (7), Article 44, Chapter III to read: "In case one has fallen under the provisions of items from (2) to (4) inclusive of Article 6;".

S. Hayashi

(6)

EXPLOSIVES CONTROL BILL FOM 131

1. Delete par (4), Art 6, Chapter II in its entirety.

2. Amend par (7) Art 44, Chapter III to read: "In case one has fallen under the provisions of items from (2) to (4) inclusive of Article 6;"

3. Objection is made to all the penal provisions which are sanctions for orders (authorized to be given by the Minister or the Governor) which direct the business affairs of manufacturers, dealers, handlers, etc.

| Penal Art. | Articles referred to authorizing order |
|---|---|
| Art 59 | Art 9 par 3; Art 11 par 3; Art 14 par 2; Art 28 par 3; Art 34; Art 36 par 2. |

4. Art 14 has no par 2.

5. Art 53 provides for a public hearing and makes references to Art 27, Items 1 and 2. Art 27 has no numbered items. It is believed that this reference is intended to be to Art 7.

6. Between Art 17 and Art 19 there is an "Art 10", but none is marked "18".

7. Under this law, a licensee could not even quit the business without risking going to jail. See Art 9.

- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

REVISED INSERT PAGES SENT
ESS, LS, 6-4) PPD 3/15/50

(6)

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOM.
(TEL. 67-6010)

Feb. 16 , 1950

1. FOM Number: 113

2. Name of Bill: Bill for the Export Credit Insurance Law.

3. Competent Ministry: Ministry of International Trade and Industry

4. Date of Cabinet Approval: Feb. 14

5. SCAP Section concerned: Mr. R. M. Catlin:
Money & Banking Branch, Finance Division, ESS.

6. Remarks: (reference:)
Law No. 102 of 1949 (Ministry of International Trade and Industry Establishment Law): Official Gazette dated May, 25, 1949, Extra 48,

7. G.S. Reviewers:
GS: FSS
AS/AJ

Received by GS

Date 3/16/50

(7)

No. 32

Date: Feb. 13, 1950

Title of ~~Cabinet Order~~ Law

Export Credit Insurance Bill

This draft ~~Cabinet Order~~ Law has been approved by the Administrative Management Agency.

Onogi Katsuhiko

Deputy Director ONOGI, Katsuhiko.

Administrative Management Agency.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. 1 From: Govt Sec To: ESS Date: 17 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Export Credit Insurance Bill

C. W.

WFM/PAM/mlm

2. From: ESS To: Govt. Sect. Date: 20 February 1950

No objection.

1 Incl.
n/c

* * * * * * * * * * * * * * * * * * * * W.F.M. * * * * * * * * * * * * * *

Rec'd 3/4/50

(7)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JM/JW/CHM/va

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: LS/IAJ Date: 17 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Export Credit Insurance Bill

C. W.

P & P DIV

(7)

Inter Trade & Fed..

2/17

R H Neptune - 2635-479
Date: 3 March 1950

From: LS To: GS

2

1. The Export Credit Insurance Bill;

a. authorizes the government to contract with an insurance company whereby it reinsures (for a premium) the insurance company against losses suffered from the following causes (risks inherent in export trade which cannot be relieved by ordinary insurance):

(1) restriction or prohibition of exchange transactions adopted by a foreign country after contract,

(2) restriction, prohibition, or cancellation of import newly enforced in buyer's country after contract,

(3) war in buyer's country,

(4) other causes beyond control of exporter or buyer which arise outside of this country, and

(5) cancellation, restriction, or prohibition of export in conformity with the Foreign Exchange Control Law (Law No. 228, 1949).

Rec'd GS 3/4/50

The insurable value is the price of goods as stated in the export contract.

The rate of premium is to be determined by Cabinet Order as

(7)

2 (cont'd) as to cover all insurance money paid plus administrative expenses.

The insurance company may appeal to the Minister and have a public hearing when it is dissatisfied with the amount of insurance money paid by the government under the re-insurance contract.

b. establishes the Export Credit Insurance Council, composed of no more than nine members appointed from government agencies and from among persons of learning and experience in the field of foreign trade and insurance, in the MITI to give its opinion to the Minister concerning the operation of this law.

2. There are no legal objections. LS did not consider the fiscal policy involved, which is the concern of ESS.

3. Attention is invited to the provisions for the "Council" which performs advisory functions to the Minister. Provision for such Councils has been recently discouraged both by SCAP and Japanese Government. It is suggested to hear the opinion of ESS, Fair Trade Practices Division, which raised serious objections to a similar Council in the case of the Tourist Hotel Law.

1 Incl:
w/d

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

(7)

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOA
(TEL. 67-6010)

March 3 , 1950

1. FOA Number: 163

2. Name of Bill: Bill for Partial Amendment to the Ministry of International Trade and Industry Establishment Law

3. Competent Ministry: Ministry of International Trade and Industry

4. Date of Cabinet Approval: February 24, 1950

5. MSAP Section concerned:

6. Remarks: (reference:)
See attached paper.
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.....

7. G.S. Reviewers:

CS:
ESS
NS/LS
NRS
CTS

Received by GS

Date 3/3/50

(8)

No. 42

Date: Feb 28 1952

Title of ~~Cabinet order~~ Law

Law for Partial Amendment to the Ministry of International Trade and Industry Establishment Law

This draft ~~Cabinet order~~ Law has been approved by the Administrative Management Agency.

Onoji Katsuhiko

Deputy Director ONOGI, Katsuhiko.

Administrative Management Agency.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHM/vs

Subject: Draft Legislation

Note No. | From: Govt Sec | To: LS/LAJ | Date: 4 March 1950

Capt. Norris
26-6076

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to Min. of International Trade & Industry Establishment Law, etc.

C. W.

P & P DIV

(8)

3/4

Subject: Partial Amendments to Ministry of International Trade & Industry Establishment Law, etc.

(1T1)

From: LS To: GS F.C.Goodman-2635-269
Date: 22 March 1950

2. 1. The provisions of subject bill deal with administrative changes within the Ministry of International Trade and Industry and are in the main technical in nature. The bill also amends the Law for Establishment of the Board of Smaller Enterprises and the Agency of Industrial Science and Technology Establishment Law.

2. It is to be noted that this Section by check sheet of 26 April 1949, set forth numerous discrepancies in the basic law (Law No. 102 of 1949). The subject bill does not cover any of the discrepancies mentioned in the aforesaid check sheet and, therefore, Legal Section maintains the points therein set forth.

3. The functions of the industry councils created, consolidated and changed by subject bill are policy matters of primary concern to ESS.

1 Incl. w/d

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(8)

C O P Y

Establishment Bill, Ministry of International Trade and Industry

F.C.Novotny: 2635-269
From: LS To: Govt Sec Date: 26 April 1949

2. 1. In Article 4, Item (8), the building of quarters is a function of the Construction Ministry.

2. In Article 4, Item 15, and Article 8, Item 2, the power is in conflict with those of the Foreign Ministry.

3. In Article 4, Item (40), the proposed power is an assumption of the functions vested in the Courts.

4. Article 7, Item (14) and Article 8, Item (6), are directly in conflict.

5. Article 11, Item (2) is a repetition of Item (1) and should be stricken in its entirety.

6. The Auxilary Organs in Article 22 appear to have overlapping functions. A study should be made by the Administrative Management Agency to determine which can be eliminated.

7. Article 28 is objectionable. It gives to the Minister an unrestricted power to set up local offices and sub-branches where he deems they may be needed. Such a blanket power to obligate and expend public funds is contrary to the intent of Article 85 of the Constitution.

8. Objection is made to Article 60. Both the title and body of the Article leave the impression that the Division has judicial powers. In addition the functions are very vaguely defined.

9. In the Supplementary Provisions, Par. 1, the effective date should be changed to 1 June 1949 to conform to other establishment laws, and to the effective date of the National Government Organization Law. Article 4 of Supplementary Provisions would then be unnecessary.

10. Due to the limited time available for review, only the more obvious discrepancies have been noted above.

1 Incl.
n/c

- - - - - - - - - - - - - - - - - - - - - - - - - - - - C.R.L. - - - - - - - - - - - -

8

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JM/JW/CHR/va

Subject: Draft Legislation

Capt. Morris
26-6076

Note No. From: Govt Sec To: ESS Date: 4 March 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to Min. of International Trade & Industry Establishment Law, etc.

C. W.

P & P DIV

8

Int'l Trade + Industry
Establishment Law.
3/4/50

WFM/ECW/mp
E.C.Welsh, 26-65[illegible]1
18 March 1950

From: ESS To: GS

2

1. Reference is C/N 1 from GS to ESS, 4 March 1950, requesting comment regarding a bill for partial amendment to three laws: a) Ministry of International Trade and Industry Establishment Law, b) The Agency of Industrial Science and Technology Establishment Law, and c) Law for Establishment of the Board of Smaller Enterprise.

2. There is no objection to the proposed action regarding the Law for Establishment of the Board of Smaller Enterprise. In fact, the preparation of this amendment has been carefully coordinated with Headquarters and is considered a desirable action.

3. There is no objection to the proposed action regarding the Agency of Industrial Science and Technology Establishment Law.

Recd GS 3/18/50

4. The proposed action regarding Articles 22, 41, 52 and 63 of the Ministry of International Trade and Industry Establishment Law, ~~These articles~~ refer to various industry councils which would have purposes and functions distinctly contrary to SCAP policy. Consequently, it is recommended that the Japanese Government be advised of such objectionable features of such proposed legislation.

5. It is recommended further that the Japanese Government

(8)

(4 Mar 50)ESS/FTP(AC),
Subj: Draft Legislation

18 MAR 1950

be advised of the desirability of dividing the proposed omnibus bill into its three appropriate parts so that the amendments to each of the separate laws can be acted upon their own merits. Such recommendation will likewise have the advantage of avoiding delay in action on the two unobjectionable proposals while the third proposal is being amended to be brought in accord with SCAP policy.

Incl
w/d

W. F. M.



8

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CHN/vs

Subject: Draft Legislation

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Note No. 1 From: Govt Sec To: NRS

Capt. Norris
26-6076
Date: 4 March 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the Ministry of International Trade & Industry.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to Min. of International Trade & Industry Establishment Law, etc.

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2 From: NR To: GS

Mr A. H. Solomon 26-6291
HCS/RYG/AHS/kk
Date: 13 MAR 1950

1. The amendments of interest to Mining and Geology Division, Natural Resources Section are as follows:

a. Establishment of additional Councils under Article 22 of the basic law for "Industrial Rationalization" and "Production Technique". Under the basic law these are established as auxiliary organs of the Ministry, and Cabinet Order 103 provides for appointment by the Minister" from among men of learning and experience" to" study and deliberate on professional matters" related to the purposes stated in the left hand column of the table.

Rec'd GS 3/14/50

b. Article 32 is amended to consolidate the Coal Control and Coal Production Bureaus into a Coal Industry Bureau, adding additional functions of mechanization and development of new pits, and fields and surveys of coal deposits. It changes the Development Division of the former Bureau into the Equipment Bureau of the newly consolidated Bureau.

c. Article 52, par 1, adds to the former Hot Springs Heat Utilization Council, the function of geological research, changing the name of the Council to Geological Research and Hot Springs Heat Council.

(8)

CN #2
(Cont)

2. The following comments are offered:

a. Amendments to Articles 22 and 52 create two new Councils and enlarge the functions of a third, Industrial Rationalization Council, Production Technique Council, and Geological Research and Hot Springs Heat Council. NR believes that such councils should not be indiscriminately set up, but only where the necessity of the situation demands such an interim organization pending the establishment of a government agency competent to undertake the functions sought to be performed. Careful study by NR mining and metallurgical personnel leads to the conclusion that the functions to be performed by the councils to be created and the enlarged council, are not necessary and will duplicate functions of existing governmental agencies or other legitimate quasi-public bodies. Geological research, for example, is properly a function of the Geological Survey in the Agency for Industrial Science and Technology. Objection is therefore made to the proposed amendments to establish the three councils mentioned.

b. The Amendment to Article 32 consolidates the Coal Control and Coal Production Bureaus into the Coal Industry Bureau. No objection is offered in view of the recent removal in large measure of controls over the coal industry.

1 Incl
w/d

- - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JW/JW/CHM/vs

Subject: Draft Legislation

Note No. 1 | From: Govt Sec | To: CTS | Capt. Norris 26-6076 | Date: 4 March 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to Min. of International Trade & Industry Establishment Law, etc.

C. W.

" 2 | From: CTS | To: Govt Sec | Mr. Ogden, 26-6086 | DATE: 6 MAR 1950

1. The proposed legislation in itself appears to have little direct effect on activities falling within the area of responsibility of this Section. The Chief, Civil Transportation Section, therefore, will interpose no objection to its passage.

2. The draft bill, however, appears to create a dual authority over the Customs Service. The bill will provide for direction and supervision of the Chief of the Customs House, regarding exports and imports, by the Ministry of International Trade and Industry. Direction and supervision of the Customs Service is at present a function of the Ministry of Finance.

Rec'd 3/10/50

3. The interests of MITI in Customs activities derive from the Foreign Exchange and Foreign Trade Control Law which stipulates that the Ministry shall use the Customs Service as an operating agency with respect to the export and import of goods, export and import licenses and bank certificates. CTS believes that these functions of the Customs Service for MITI should be governed by legislation under which the MITI will request the Minister of Finance to direct the Chief of the Customs House to perform the necessary functions, thus leaving the supervision and direction of the Customs House Service as the responsibility of the Ministry of Finance only. Dual responsibility or dual supervision of a subordinate Government agency can lead to confusion and inefficiency.

1 Incl
w/d

- - - - - - - - - - - - - - - - - - - - H. T. M. - - - - - - - - - - -

(8)

AMENDMENTS TO THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ESTABLISHMENT LAW, ETC. FOM 163

1. Articles 22, 41, 52 and 63 refer to various industry councils which would have purposes and functions distinctly contrary to SCAP policy. Furthermore, such councils would duplicate functions of existing ~~xxxxxxx~~ governmental agencies or other legitimate quasi-public bodies. Geological research, for example, is properly a function of the Geological Survey in the Agency for Industrial Science and Technology.

2. It is suggested that the proposed omnibus bill be divided into its three appropriate parts so that the amendments to each of the separate laws can be acted upon their own merits. This will lessen delay on the two unobjectionable proposals while the third proposal is being amended to be brought in to accord with SCAP policy.

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Comments of CS dated 4/26/49 not incorporated. Arrived too late but have been referred to min of ITI for consideration in next session.

CS 5/24

(8)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JH/JW/CFG/gb

Subject: Draft Legislation

From: Govt Sec To: ESS Date: 31 March 1950

Capt. Guido
26-6076

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

2. Your prompt comment is requested.

1 Incl
Amendment to Amendments to Ministry of International Trade and Industry Establishment Law, Etc.

C. W.

P & P DIV

(8)

FROM: ESS/TP(J.C. Joseph) TO: GS

Rand, 26-6597
WFM/ECW/JR/jd
DATE: 14 Apr 50

1. Reference is c/n dated 31 March 1950 from GS to NSS, subject: "Amendments to Ministry of International Trade and Industry Establishment Law, Etc.", advising that immediate introduction of subject bill in the Diet is proposed by the House of Representatives and requesting prompt comment.

2. The last paragraph of subject bill (bottom page 2) would amend the Supplementary Provisions of the basic ministry establishment law by inserting four new paragraphs after Paragraph 3 of said Supplementary Provisions. Proposed Paragraphs numbered 4, 5, and 6, appearing on the last page of subject bill, provide that the Minister may delegate part of his powers based on the Electric Enterprise Law (Law No. 61 of 1931) to the head of a local public body, that employees of the local office of the Electric Power Bureau of MITI who become employees of local public bodies shall retain their identification with the Electric Power Bureau, and that "articles in possession" of the local offices of the Electric Power Bureau of MITI may be transferred without compensation to local public bodies.

Recd GS 4/14

(8)

Subj: Draft Legislation 14 APR 1950

3. In view of the fact that the Japanese Government has ready for introduction into the Diet two laws providing for the reorganization of the entire electric power system of Japan, which laws expressly repeal the Electric Enterprise Law (Law No. 61 of 1931), abolish the Electric Power Bureau of MITI, and place authority in a Public Utilities Commission to be established, the provisions of subject bill, as referred to above, are inconsistent with such legislation and should be deleted. In the event that any provision is to be made for treatment of the duties, personnel, and property of the Electric Power Bureau, appropriate provisions may be added to the reorganization legislation.

1 Incl
w/d

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

Referred to Mr Okawa, HRLO, 4/14.
Suggested deletion of para 3 & 6
incl as proposed by Comm. in Legis.
Sec.

Deleted for securing text
submitted 4/15.



8

Bill

to be submitted for GS approval
Legislative Affairs Section, FOM
(TEL.57-6010)

December 8, 1949

1. FOM Number: 4

2. Name of Bill: Special Coal Mine Damage Rehabilitation Temporary Measures Bill

3. Competent Ministry: Ministry of International Trade and Industry

4. Date of Cabinet Approval: October 14, 1949

5. SCAP Section concerned:

N.R.S. M.G.D. Mr. Carroll

6. Remarks: (Reference:)

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7. G.S Reviewers:

Cleared 12/8/49
Previously Cleared 11/16/49
for introduction in 6th Session

Received by GS

Date 12/8/49

9

HR Amendment

CW/JW/JW/CHN/gb

Subject: Draft Legislation

Capt. Norris 26-6076

From: Govt Sec To: NSS Date: 30 March 1950

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

2. Your prompt comment is requested.

1 Incl
Amendments to Special Coal
Mine Damage Rehabilitation
Temporary Measures Law

Cy to NRS, LS/LJ

C. W.

DJC/sv
G. R. Roames 26-6580
18 APR 1950

From: NSS To: Govt Sec

2. 1. The proposed legislation "Special Coal Mine Damage Rehabilitation Temporary Measures Law" is opposed by the greater portion of the coal industry as being unfair in that it imposes a tax upon all coal mined within Japan. The only coal operators favoring the bill, a comparatively small portion of the entire coal industry, are those having mines where surface subsidence and other damage resulted because of improper mining practices during the war.

2. Damage to farm land, surface structures, etc., did occur and those damaged should be liquidated. However, simply because the damages were connected with the operation of a few coal mines, the entire coal industry should not be singled out and coal produced from mines as much as a thousand miles distant from where the damage occurred, be obliged to contribute.

3. The legislation proposes to set up what will undoubtedly be a large organization to administer the law and while considered as a temporary expedient, there is ample reason to believe that the idea of taxing the coal industry would be continued and the rate of tax increased at a later date.

Rec'd 4/18/50

(9)

BJC/av
G. R. Roames 26-6580

**Draft Legislation**

ESS Govt Sec 18 APR 1950

2 (cont'd) 4. The cost of production of coal in Japan is of great importance to the entire economy of the nation and is considered too high. This high cost is reflected in the cost of all manufactured products and is a handicap against efforts to build up foreign trade. Every effort possible should be made to reduce coal costs. ESS/UF is continually working with the coal industry toward that end.

5. Recommendation is made that the proposed legislation be disapproved and provision be made by the Japanese Government to take care of the payment for the damages as stated in the memorandum written by Mr. T. O. Kennedy to the Chief, ESS dated 16 Nov 1949, subject: "Settlement for Damage Resulting from Forced Coal Mining Operations required by JG for War Purposes" (incl 2).

2 Incls
1. n/c
2. As in par 5

---N. F. N.---

(9)

C
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P
Y

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Economic and Scientific Section

16 November 1949

MEMORANDUM FOR: Major General W. F. Marquat
Chief, Economic and Scientific Section

SUBJECT: Settlement for damage resulting from forced coal mining operations required by JG for war purposes

1. The estimated amount of damage totals ¥ 5 billion.

2. Damage was occasioned by operation of relatively few coal mines.

3. The plan proposed in legislation prepared for submission to present Diet session is impractical and undesirable because:

a. It would not definitely settle damage claims for the reason that complete rehabilitation is impossible.

b. An additional government bureau would be established to handle funds and direct rehabilitation work. This bureau would tend to perpetuate itself.

c. A special tax would be imposed upon all coal producers whether or not they were responsible for damage.

d. Precedent would be created for similar treatment of claims which could be expected against other industries.

4. Rehabilitation of damaged areas is in the nature of a public works project since arable lands, roads and fishing areas would be restored. On this basis the expense is largely a budgetary item of the national government.

5. The coal producers whose operations were responsible for the damage should be held responsible, in part, even though they correctly claim that they were forced into improper mining methods by government pressure.

6. Recommended Action:-

(1) Designate the appropriate governmental department to settle all claims.

(2) Require the coal producers responsible for damage to contribute one third of the total estimated amount of damage (¥ 5 billion) apportioned fairly to each producer who would be allowed to pay all or any part in cash immediately and the balance in bankable notes payable annually, with interest, over a five year period. The producer to receive from the government indemnity against further claims.

(9)

Incl 2

Memo for Chief, ESS, Subj: Settlement for damage resulting from forced coal mining operations required by JG for war purposes

(3) Claims for damages to be submitted within six months to the government. All such claims to be on an individual basis where nature of damage permits and by associations, villages or prefectures where damage is of community nature.

(4) Settlement of all claims to be effected within one year by payment to claiments by government of agreed amounts in return for proper receipts releasing government and coal producers from further claims.

(5) Such payments to be all or in any part in cash at the option of the government with balance in bankable notes payable annually with interest over a five year period.

Advantages of Proposed Plan:

(a) All claims will be settled promptly and definitely.

(b) Such rehabilitation as is possible will be undertaken and completed by claimants affected with resulting effectiveness and economy that would not be possible ff done by the national government either directly or by contract.

T. O. KENNEDY
Director
Production and Utilities

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JH/JW/CHM/cb

Subject: Draft Legislation

Note No. From: Govt Sec To: LS/LJ Capt. Norris 25-6076 Date: 30 March 1950

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

2. Your prompt comment is requested.

1 Incl
Amendments to Special Coal Mine Damage Rehabilitation Temporary Measures Law

Cy to GSS, NRS C. W.

P & P DIV

(9)

R H Neptune - 2635-479
Date: 10 April 1950

From: LS To: GS

2 1. LS commented by check sheet dated 22 November 1949 on the draft of this bill which was submitted to the previous Diet session. The objection stated in paragraph 3 of the above mentioned check sheet has been cured by this proposed amendment. The objections stated in paragraphs 4, 5, and 6 of said check sheet, however, are reiterated herewith. It should be noted that the objection mentioned in paragraph 6 was based upon Article 22, par 3, but the amendments renumber the articles so that the objection is now applicable to Article 24, par 3.

2. The proviso of Article 24, par 2, grants to the Minister the authority to assess damage liability against former mining right owners without regard to negligence or any legal basis whatsoever. This is a violation of Article 29 of the Constitution which sets out the property right principles, as well as of Article 76 which is the grant of judicial power.

3. In the event the objections of the bill as proposed by the amendments are met, LS recommends a general provision in the following sense: "any person aggrieved by the final order or decision of the Minister or government agency under this law is entitled to judicial review thereof, which review shall extend to the findings of fact as well as to questions of law".

1 Incl:
w/d

(9)

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

CW/JN/JW/CHN/gb

Subject: Draft Legislation

Capt. Norris
26-6076

Note 1 From: Govt Sec To: NRS Date: 30 March 1950

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

2. Your prompt comment is requested.

1 Incl
Amendments to Special Coal
Mine Damage Rehabilitation
Temporary Measures Law

Cy to ESS, LS/LJ C.W.

Maj C.S. Merriam, 26-8752
HGS/RVG/CSM/de
Date: 7 APR 1950

2 From: NRS To: GS

1. Reference checknote 2 on Checksheet from GS to NR, subject: Draft Legislation (Special Coal Mine Damage Rehabilitation Temporary Measures Law), 5 Nov 1949, in which NR outlined its objections to the proposed Bill.

2. Article 22 of the original Bill objected to by NR in the reference checknote is redesignated Article 24, in the present draft, and is amended so that it apparently limits the mines or companies subject to payment into the Rehabilitation Organization fund to those which caused the special damages. These damages are defined in the redesignated Article 3, Item 1, as those which occurred as a result of "orders issued by law or with administrative actions of a similar nature, as an emergency measure for the increased production of coal during the Pacific war to meet an urgent demand to carry out battles"; this further limits the type of damages to be paid for, but will place a most difficult task on the Rehabilitation Organization in determining which damages occurred as a direct result of these orders or administrative actions, and which have occurred as a result of subsequent mining operations. Such amendments, however, eliminate the objection previously made by NR to the Bill.

Rec'd GS 4/7/50

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GS #2
(Con't)

3. The amendment in the foregoing respect, however, should be accompanied by an amendment of Article 35(1), which was Article 31 of the original Bill, restricting the authority of the Minister to examine "working places in the coal industry" to those working places in coal mines in the areas affected by the special damages.

4. Objection however, is made to the amendment of paragraph 2 of Article 21, redesignated as Article 22, which changes the wording "carry out business" to "get the loan of funds". The Rehabilitation Organization, with authorization of the Minister, is given authority to loan funds for the purposes of carrying out the objects of the legislation. This may be the means of making serious demands on public funds to finance rehabilitation of the coal mines, and any such authority should not be free of the customary budgetary procedure, action of the Diet in approving the specific amounts needed for public purposes, or other checks on the use of public funds.

1 Incl
w/d

- - - -

To keep

Special Coal Mine Damage Rehabilitation Law, Special Coal Mine Damage Rehabilitation Bill has at last passed through the Diet. This law will have an inevitable effect on coal mines under free competition, and serious rivalry among mine operators is already anticipated to arise as the result of enforcement of the law. Coal industry is attaching importance to the development that might arise a hitch in the management of the Coal Federation.

Article 24 regulates payment as follows, which may arise many questions: Damaged mine must pay ¥20 per ton, and coal companies, which have damaged mine as well as non-damaged mine, must pay ¥20 for damaged mine, and ¥10 for non-damaged mine. Coal companies which have no connection with damaged mines are exempted from payment. Therefore, under free competition, coal companies will be handicaped that are trying to produce coal at the lowest cost. For instance, Mitsui, Mitsubishi, Seika, Furukawa and Meiji all have mines in Kyushu, Hokkaido or Joban, therefore, these companies have to pay ¥10 per ton for mines outside of Kyushu. Ratios of production by each of these companies in Kyushu and other coal fields are different.

Mitsui, Mitsubishi, Furukawa and Meiji maintain 2/3 of total production in Kyushu only, but Seika, on the contrary, maintain 2/3 of total production in Hokkaido. Consequently, speaking from ratio only, Seika stands in most disadvantageous position, namely: larger part of payment must be made from mines in Hokkaido which have no connection with damage.

Ratio of Mitsui and Mitsubishi are comparatively small, but amount of production of these companies are large, therefore, the payment will comparativbly be a burden to these companies. Estimated payment based on annual production is as follows:

Mitsui ¥ 97,000,000 - Seika ¥ 17,000,000.- Furukawa ¥ 18,000,000 -
Mitsubishi¥ 61,000,000 - Meiji ¥ 20,000,000
On the other hand, Hokkaido Colliery and Steamship Co., Joban Co., and Ube Kosan Co., which are exempted from payment, stand in very advantageous position. This will have a delicate effect on coal sale prices, that will probably create a keen rivalry in coal industyy. Nevertheless, even the special damage which has connection with public interest can receive 2/3 of rehabilitation expenditure from Gov't subsidy, and 10% from prefectural Gov't. Therefore, it is expected that the payment which will be made by big companies such as Mitsui, Mitsubishi, might not be so great as above figures show.

In spite of the existence of this law, damaged mines must be rehabilitated, therefore, the rehabilitation expenditure will easily be standardised by the decision of amount of payment such as ¥20 and ¥10, moreover, insecurity of management will be eliminated. Big companies take this payment into account of the whole management of the enterprise, so difference between ¥20 and ¥10 is not a serious matter. Nevertheless, companies that have damaged mines admit that the competitive power against Hokkaido Colliery and Joban Co will be weakened. Consequently, small mines in Kyushu must make payment, but will have weak sales competitive power, standing in most disadvantageous position.

Outcry for reorganization of coal industry is raising in some circles of Kyushu. The Coal Federatibn will probably face difficult situations.

(9)

To keep

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(9)

Translation from The Nihon Keizai, 2 May 1950

7 Mar
Copy to
Capt Guida
G-2

RECONTROL OF COAL PRICES

The Gov't is examining the actual circumstances of high price of coal through ESB and MITI. With the data increasing and the consolidation of them, the argument for recontrol of price of high-grade coal is intensified. This tendency is being watched with keen interest how it reflects on coal administration. According to the investigation made by authorities concerned, high price of coal is the hindrance to the development of heavy and chemical industries which are pivot of Japanese industries. To solve this problem, first of all, rationalization of coal mining must be emphasized; Secondly, as an urgent counter-measure, such as Gov't subsidy must be taken into consideration. For this premise, recontrol of coal price is deemed necessary.

The opinions pertaining to coal price problem maintained by ESB and MITI are as follows:

1. The cause of high price of high-grade coal is not only resulted from high cost of production at mines but from following reasons:

a. As a unit of enterprise each amount of production of high and low-grade coal must be put together to make it pay. Therefore, the loss yielded by low-grade coal must be covered by the gain yielded by high-grade coal, consequently, coal price will come comparatively high. Big operators generally produce high and low-grade coals, accordingly counter-measure for maintaining high price by them is successful at present.

b. Rationalization of coal industry and importation of high-grade coal at low price will bring about reduction of price, but seeing from present trend of foreign trade, absolute dependence on importation of coal is perilous.

c. Assuming that the importation from North China could be realized, the present import price is comparatively higher than level price maintained by other nations in the world. It can be said that the international competitive power of major industries will be weakened so much as the balance of price.

d. From these point of view, drastic measure is vital importance for the constitution of Japanese industry mainly with heavy and chemical industries. For immediate measure, execution of recontrol of coal price to check the raise of coal price, and at the same time appropriation of gov't subsidy to major industries are necessary. On the other hand it is also necessary to reduce coal price at plants to the level price maintained by the U.S., and England. In this case, an object of recontrol will be limited to 7 descriptions of coal which are under control of allocation at present, therefore, effect of price control will be hopeful.

(9)

Bill

to be submitted for GS approval
Legislative Affairs Section, FOR
(TEL. 57-6010)

April 10 ,1950

1. FOR Number: 197

2. Name of Bill: Electric Enterprise Reorganization Bill

3. Competent Ministry: Ministry of International Trade and Industry

4. Date of Cabinet Approval: April 8, 1950

5. SCAP Section concerned:
   Mr. Kennedy, Director, for Production and Utilities, ESS.
   Mr. Gillies, Deputy Chief of Fair Trade Practice Division.

6. Remarks: (reference:)

   1. The Law for the Elimination of Excessive Concentration of Economic Power (Law No. 207 of 1947)
   2. The Japan Power Generation and Transmission Company Law (Law No. 77 of 1938)
   3. The Law concerning Disposal of Debentures Bonds in Accordance with the Electric Power Control (Law No. 78 of 1938)

   As these reference Laws are to be abolished, they are omitted to be attached ~~were not attached~~ herewith

7. G.S. Reviewers:

Received by GS

Date 4/10

CS&: ESS
CTS
LS/L+S

(10)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JK/JW/CFG/vs

Subject: Draft Legislation

Capt. Guida

Doc No. From: Govt Sec To: ESS 26-6076 Date: 10 April 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to LS/L&J, CTS C. W.

P & P DIV

10

Mr. Roames 26-6580

GRR/sb

463( )ESS/UF Transmittal of Copies of Drafts of Two Laws

ESS Govt Sect

1 1. Transmitted herewith are copies of preliminary drafts for the Public Utilities Law and the Electric Enterprise Reorganization Law as submitted to ESS by the JG for information prior to the official submission of these two laws to the Government Section of SCAP by the JG.

2. In order to expedite the return of these preliminary drafts to the JG for Diet entertainment, ESS has previewed the above mentioned copies and have corrected them to read as desired by ESS. It is understood that the JG will submit to the Government Section of SCAP the preliminary drafts with the same wording as submitted to ESS for preliminary check. Should these drafts be so submitted, the corrections, as indicated by ESS, will enable the Government Section to review the drafts without necessity of further check with this Section.

2 Incls
1. Cpy draft PU Law
2. Cpy draft Elec Enterprise Reog Law

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

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CFC/vs

Subject: Draft Legislation

Capt. Guida

26-6076

Adm No. From: Govt Sec To: CTS Date: 10 April 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to ESS, LS/L&J C. W.

AIU & P DIV

(10)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JM/JW/CFG/va

Subject: Draft Legislation

Capt. Guida

Note No. From: Govt Sec To: LS/L&J Date: 26-6076 10 April 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to ESS, CTS C. W.

P & P DIV

(10)

4/10

Electric Enterprises Reorganization

(1951)

From: LS To: GS A C Oppler - 2635-582
Date: 15 April 1950

2

1. No legal objections

1 Incl:
w/d

Rec'd GS 4/15

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

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Fiels to 22 Nov 50 ltrs
and bills as cleared
19 April 50 with
no dif. atchd hereto
and minor typographical
interlineings.

FR

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CPG/vs

Subject: Draft Legislation

Capt. Guida
26-6076

Note No. From: Govt Sec To: NRS Date: 20 April 1950 revised

1. Immediate introduction of the attached/draft bill in the Diet is proposed by International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to CTS, LS/LnJ C. W.

(10)

4/20

Elec. Enterprise Reorg. Bill.

(M-T)

Lt Col N.P. Barnett 26-6810
HGS/WG/NPB/dk

2 From: NR To: Govt Sec Date:

29 APR 1950

NR has no objection to the revised draft legislation Electric Enterprise Reorganization Bill.

1 Incl
w/d

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

Reid GS 5/1

SECRETARIAT
NR

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CFG/ve

Subject: Draft Legislation

Note No. 1 From: Govt Sec To: CTS Capt. Guida 26-6076
Date: 20 April 1950 revised

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to NRS, LS/L&J

C. W.

From: CTS To: Govt Sec Mr. Delaney, 26-6124
Date:

2 The Chief of CTS interposes no objection, conditional to consideration of CTS comment on the Public Utilities Bill now before the Diet.

1 Incl
w/d

H. T. M.

Rec'd 6
4/26/50

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[illegible] SCAP SEC. 3(E) AND 3(D) OR (E) MMR # 719012

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JN/JW/CFG/vs

Subject: Draft Legislation

Capt. Guida

Note No. From: Govt Sec To: LS/LGJ Date: 26-6076 20 APRIL 1950 revised

1. Immediate introduction of the attached draft bill in the Diet is proposed by International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Electric Enterprise
Reorganization Bill

Cy to CTS, MRS

C. W.

P & P DIV

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Intl Ed + Ind

Electric Enterprises Nedgam.

4/20/50

From: LS To: GS A C Oppler - 2635-882
Date: 22 April 1950

2 1. No legal objection to these purely technical revisions.

1 Incl:
w/d

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

Rec'd GS
4/24/50

(10)

Bill

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to be submitted for GS approval
Legislative Affairs Section, FOA
(TEL. 87-6010)

February 20 , 1950

1. FOA Number: 135

2. Name of Bill: Mining Bill

3. Competent Ministry: Ministry of International Trade & Industry (Resources Agency)

4. Date of Cabinet Approval: February 10, 1950

5. SCAP Section concerned:

Mr. Solomon, Mining and Geology Div., NRS
Mr. Neptune, Legal Section

6. Remarks: (Reference:)

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7. G.S. Reviewers:

CS:
NRS
AS/AS
ESS

Received by GS

Date 2/20/50

(11)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CN/JH/JH/GHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec | To: LS/LHJ | Date: 20 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Mining Bill

C. W.

P & P DIV

(11)

1. This bill rewrites the Mining Law, repealing Law No. 45 of 1905. The Alluvial Mining Law (Law No. 13, 1909) and the Law Regarding Temporary Measures on Coal Mining Rights (Law No. 154, 1948) are also repealed. This draft bill

a. defines mining rights and mining leases, prescribes the methods of establishing them, sets out the limitations thereof, including the authority of the Bureau Chief to cancel, increase, or decrease the right or lease area; provides for registration thereof; and stipulates certain operational requirements;

b. provides for expropriation of land for mining purposes by the Bureau Chief;

c. provides for compensation of damages caused by mining, including provision for compromise and for conciliation;

d. establishes a Local Mining Council which is advisory to the Chief of the Bureau in most cases but in some cases receives matters from the Chief "for decision";

e. provides appeals to the Minister and to the Land Coordination Commission (established by a companion bill which has adequate provision for Court review) from dispositions by the Bureau Chief, including notice and hearing and the opportunity to present evidence;

f. establishes a schedule of fees; and prescribes penalties.

Briggs 4/3

2. LS has two main objections to the Mining law bill. Both are based upon the failure of the law to give full force to the property right principles of the Constitution (Art 29).

a. <u>Property rights shall be defined by law</u>: The law states

(11)

2 (cont'd) that a mining right is a real right and the provisions of the Civil Code relating to immovables apply. (Art 11). However, what amounts to arbitrary powers to reduce or cancel the mining right are given to the Bureau Chief. For example: (1) Articles 47 and 48 authorize the Chief of the Bureau to order an increase or a decrease in the area of the mining right; (2) Article 53 grants authority to the Bureau Chief to reduce or cancel a mining right "where the digging of mineral has become remarkably improper in comparison with public interest in general"; (3) Article 54 grants authority to the Chief of Bureau to cancel or reduce a mining right in case the digging interferes with another's mining operations and there is no other means to exclude the interference; (4) Article 83 authorizes the cancellation of the mining lease by the Bureau Chief. Broad powers other than those mentioned above are granted to the Bureau Chief whereby he makes decisions, issues orders, and directs the operations of mining, prescribing only a vague or indefinite basis (Art 35, 37, 38, 90-96, 81, 83).

b. Private Property may be taken for public use upon just compensation. For the past many years, minerals in Japan have been considered to be the property of the state. Mining rights have been granted to dig out those minerals, upon which event the minerals became the property of the mining right owner. Whether obtaining those minerals can in all cases be properly termed a taking "for public use" in the sense which would justify expropriation of land is extremely doubtful. Even if it be granted that expropriation is proper, some of the individual articles and the whole of the procedures set out in Chapter 5, (Articles 102-127) are objectionable. This law authorizes the Bureau Chief to expropriate land on the basis of his own decision. Expropriation of land has not previously been provided for in any law other than the general Land Expropriation Law. (Law No 29, 1900). LS strongly objects to the departure. Expropriation of land should be decided in the first instance by an organ which is neutral and impartial, and not by officials whose interest is in a particular field of enterprise. Minerals are important to the Japanese economy, but so are agricultural and forestry products as well as other natural resource products. The Agriculture Ministry could propose a law whereby his agencies could expropriate land for cultivation of food crops. The same could be done for exploiting other natural resources. Extreme confusion would almost certainly ensue. If a government agency interested in a specific field of enterprise should expropriate the land, a burden would be placed upon the landowner to appeal from such, in order to get the benefit of an impartial decision.

3. Other objections:

a. Articles 135 et seq. relating to damages do not clearly define the "damages" for which deposits are made.

b. Judicial review extending to the facts should be provided against decisions which are made by the Bureau Chief but which are not appealable to the Land Coordination Commission.

(11)

2 (cont'd) c. Article 222 (3), which makes punishable the failure to obey the order to change the operation plan, restricts a property right owner in the management of the property.

d. Article 224 makes an employer liable for the criminal act of his employee. Such liability should be rebuttable.

4. LS, NRS, and ESS representatives have discussed most of these objections with Japanese Government officials. There is general agreement among the GHQ representatives that the Japanese government proposals to meet them are not sufficient. The present Land Expropriation Law has been rewritten in draft form by Japanese government (Construction Ministry) and SCAP officials (ESS/Mr. Stanak) in an effort to improve that law in accordance with the property right provisions of the Constitution. That effort was independent of the drafting of the Mining Law and the Land Coordination Commission Law. It is obvious that these closely related propositions which involve the expropriation of land should be the subject of joint study and coordination by the Japanese government and SCAP officials concerned. Therefore, it is recommended that clearance of this bill be delayed until the next Diet session to permit the SCAP Sections and the Japanese government to bring the bill's proposals within the bounds of the Constitution.

1 Incl:
w/d

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

(11)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JK/JW/CHM/va

Subject: Draft Legislation

Capt. Norris

Note No. | From: Govt Sec | To: ESS | 26-6076 | Date: 20 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Mining Bill

C. W.

P & P DIV

D

(11)

Subj: Draft Legislation

From: Govt Sec To: ESS 20 Feb 50

Intl Trade + Industry
The Mining Bill

2 From: ESS To: Govt Sec

NMC/HBO/EFC/cc
Capt. J.F.Hamilton,
26-8951

Date: 7 MAR 1950

ESS has no objection to this proposed Mining Bill.

1 Incl
n/c

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

Recd 65
3/7/50

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CR/JN/JW/CHM/va

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec | To: NRS | Date: 20 February 1950

1. Immediate introduction of the attached draft bill in the Diet is proposed by the International Trade & Industry Ministry.

2. Your prompt comment is requested.

1 Incl
Mining Bill

C. W.

P & P DIV

(11)

2/20

Mining Bill
(S.T.L.)

Lt Col N.P.Barnett, 26-6910
NGS/NMR/WG/NPB/la
Date: 3 MAR 1950

From: NR To: GS

2 1. NR does not concur in the above proposed legislation for reasons outlined in Memorandum for Record, NR 615 (1 Mar 50)NG, subject "Draft Legislation, Mining Bill", 2 March 1950 (Incl 1) and Memorandum for Record, NR 313 (28 Feb 50)A, subject "Draft Legislation Mining Bill", 28 Feb 50 (Incl 3).

2. Reference par 1a, inclosure 3. Memorandum for record referred to was furnished GS on 16 July 49.

3 Incls
1. n/c
Added 2 Incls, 2 & 3
2 & 3. As indic par 1

- - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

NRS/NRD/FAI/DJE/mh
3 March 1950

NR 515 (3 Mar 50) Fe

MEMORANDUM FOR: Record

SUBJECT: Draft Legislation Mining Bill

1. The proposed Mining Bill still fails to adequately protect the interests of forest land owners.

2. The Forestry Agency reports that the revised bill includes most of the provisions they had recommended to MITI. It still fails to provide for the following items desired by the Forestry Agency.

a. Forest land owners would prefer restoration of their land to its condition prior to mining damage rather than receiving monetary compensation. It is recognized that such restoration may be at times impractical but should be provided for when feasible. Provisions of Articles 130, 131, and 132 are inadequate in this respect. (See item 8, NR/A M/R 28 Feb 50, Subj "Draft Legislation Mining Bill")

b. Provision should be made for deposits to cover compensation for damages due to mining for minerals other than coal. Deposits should be required in all instances to assure that land owners do not suffer loss when mining companies fail after damaging property. (See item 10, NR/A M/R, ibid.)

c. Provision should be made for reference of all applications for mining right permits to the prefectural governors. Only surface mineral cases now have to be referred.

3. In addition, NR/Fe believes that provision should be made for the following:

a. Article 107, Par 1 should include reference to Article 102 as well as "...the preceding two articles...." or in some other way provision should be made for appeals from land owners prior to use of permits under Article 102.

b. Article 193-3 should provide for one or more forestry representatives on each Local Mining Council because most mining affects forest land which comprises 68 percent of Japan's land surface.

c. NR/Fe agrees in general with comments of NR/MG (see item 1q, NR/MG M/R, 2 Mar 50, Subj "Draft Legislation Mining Bill") relative to Local

(11)

Mining Councils. It would appear from the Bill that the Local Mining Councils are given powers to make "decisions" (Articles 40, 56, 93-2, 101-3, 111-2). It is our understanding that the Councils are to be advisory in nature.

4. The public interest should be protected by provision for reference to the Land Coordination Commission in all cases rather than placing broad powers in the Chief of the Bureau of International Trade and Industry (see items 1g and 1i of NR/MG M/R ibid.).

Frank A. Ineson

FRANK A. INESON
Forest Economist
Forestry Division

Donald J. Haebach

D. J. HAEBACH
Scientific Consultant
Forestry Division

Copies furnished:
GS



(11)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Natural Resources Section

NR 615 (1 Mar 50)MG

HGS/RKC/AHS/jm
2 March 1950

MEMORANDUM FOR: Record

SUBJECT: Draft Legislation, Mining Bill

1. The following comments on material provisions of the Mining Bill are offered by Mining and Geology Division, NR:

a. Reference Memorandum for Record, NR 615 (16 Jul 49)MG, subject: Revision of Mining Law of Japan, Survey and Recommendations, 16 July 1949, prepared by Mr Royal R. Duncan, visiting mining law expert, and particularly paragraphs 6 and 8 of subject memorandum. In the comments to follow reference will be made to the pertinent conclusions of Mr Duncan.

b. Article 3, para 2 includes rejected ores or tailings which are stuck to land, as minerals. The language used is not clear, leaving open to question the physical conditions necessary to constitute such ores or tailings as minerals, and does not sufficiently define the same as mineral material abandoned by the operator.

c. Article 17 limits applications for mining rights to Japanese. This is in contravention to the conclusions of the Mining Law Revision Committee as indicated by the working Subcommittee to Mr Duncan and reported by him in the above mentioned memorandum for record under "Results", para 8b (7). The Foreign Ministry, responsible for this change of view, indicates that reciprocal rights should be included in treaties of commerce and navigation.

d. Article 18, para 1, fixes a period of two years' duration for prospecting rights, and four years as to petroleum, asphalt and natural gas. It is considered by NR that four years is too long a time for holding small prospecting leases on which only a limited amount of exploratory work could be undertaken in any case. Such a long term could easily lead to speculative "lease-grabbing" without intention of conducting exploratory work, since Article 21, para 2, requires a relatively simple showing by the applicant to qualify. The following wording is recommended for para 1 of Article 18:

> "The period of duration of prospecting right shall be two years from the date of its application, except in the case of the prospecting right for petroleum, asphalt or inflammable natural gas which may be granted at the discretion of the Chief of the Bureau of International Trade and Industry for a period not exceeding four years where special circumstances justify the longer term".

Encl #2

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e. Article 18, para 5, authorizes renewal of the prospecting right providing "further continuation of digging is necessary for ascertaining the status of mineral deposit". This does not state with sufficient clarity that the test for renewal is diligence and good faith on the part of the applicant. (Duncan Memorandum, para 8b (12).

f. Article 27, in substance, gives priority to a mining right applicant "who tops others in the date of mailing of application". No reason appears why the date of filing the application should not serve the purpose, regardless of date of mailing.

g. Articles 35, 37 and 38 give broad powers to the Chief of Bureau of International Trade and Industry to reject applications or order filing of applications for increase or decrease of the mining area, or applications for digging in place of prospecting, on grounds which are indicated by such expressions as "not proper in comparison with public interest in general", or "the position or shape of the land applied for digging is not proper for the rational development of a mineral", or when he "finds that the land applied for prospecting is "suitable" for digging". Such language does not lay down any standards, does not define rights or obligations, and confer on the government official too broad bureaucratic powers.

h. Articles 46, 48 and 90-96, again grant authority to the Bureau Chief on a vague and undefined basis that "it is necessary for rational exploitation of mineral", or "is not proper for the rational exploitation of mineral" to interfere in the case of owners of mining rights which are contiguous, and to arbitrarily order increase or decrease of the areas involved. Duncan Report, para 8a (6).

i. Article 53, granting authority to the Bureau Chief to reduce or cancel a mining right where "the digging of mineral has become remarkably improper in comparison with public interest in general", again vests too broad powers in such an official.

j. Article 55, para (2) permits the Bureau Chief to cancel the mining right when the mining right owner "has conducted mining operations not on the basis of the operation plan" as required by Article 63. This is clear interference of a bureaucratic nature in the operations of the mining right owner, as pointed out by Mr Duncan (para 6a (5)) in his conclusions.

In paragraphs (3) and (6) of the same article which invoke the penalty of cancellation for violation of provisions of the Mine Safety Law, the recommendations of Mr Duncan (para 6a (1)) are again disregarded since penalty would normally be provided in that law.

In paragraph (7) of the same article the same principle is applied to failure to pay the mine tax, whereas tax enforcement should be covered in the tax law.

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