9. Article 38, Items 1 and 2: These two items should be deleted as unnecessary. Financial liability and possible loss of license would seem to be sufficient.

10. Article 39 should be deleted as unnecessary.

11. Following mistranslations have been discovered:

a. In Article 7, Item 2, "Interdict or quasi interdict" should read "Incompetent or quasi incompetent".

b. In Article 9, the last sentence should read: "The same procedure shall apply if he falls under the provisions of Article 7, Item (2), or requests cancellation of his license".

c. In Article 10, Para 2, last sentence, "he may be disposed of", etc. should read "the said disposition may be taken" etc.

d. Article 30, Para 1, should read: "The Central Architects Council and the Prefectural Architects Council shall be established in the Ministry of Construction and in To,Do,Fu, Ken (Prefectures) to respectively deliberate on decisions to be rendered with regard to dispositions effected by the Minister of Construction or Prefectural Governors as prescribed by this law, and to examine and deliberate on important matters concerning architects in response to inquiries of the Minister of Construction or prefectural governors."

- -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T CW/JN/JW/CMH/ak

(Do not remove from attached sheet)

Subject: Draft Legislation

Note No. | From: Govt Sec To: LS/LJ Date: 11 March 1950

Capt Norris
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
National Livestock
Exhibition Bill

Copy: ESS, NRS C. W.

P & P DIV

(12)

3/11

National Livestock Exhibition Bill

HR

From: LS/L&J To: GS R.T. BRUNCKHORST-2635-420
Date: 12 April 1950

2. 1. Subject bill provides that in the year 1950, "a government designated non-profit-making juridical person" may hold a National livestock exhibition financed by holding one horse race at each horse race track mentioned in said bill.

2. LS has no objections to subject bill, the policy behind which is a matter of concern to ESS and NRS.

Incl: w/d

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

fyi GS 4/13

12

Government Section
Buck Slip

3/11 1950

FROM: [illegible]
TO: INITIAL DATE

_____CHIEF.....
_____EX OFF.....
_____DEPUTY CHIEF.....
_____Col Wheeler.....
_____Chief Adm Div.....
_____Stat & Review.....
_____Civil Serv Div.....
_____Par & Pol Div.....
_____Public Adm Div.....
_____Public Aff Div.....
_____Personnel Clerk....
_____Chief Clerk.....
_____File.....

FOR:

_____INFORMATION
_____NECESSARY ACTION
_____ACTION (Prepare Reply)
_____APPROVAL
_____INITIAL
__✓__COMMENT OR CONCUR
_____RETAIN
_____RETURN
_____FILE
_____BURN

Okay

4/15

no objection from Local autonomy point of view

NE

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/JE/JW/CHH/nk

Subject: Draft Legislation

Note No. | From: Govt Sec | To: ESS | Date: 11 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

National Livestock Exhibition Bill

Copy: MRS, LS/LJ

C. W.

P & P DIV

12

HR

Livestock Exhibition
3/17

WFM ECW HW/SSM/gg
S.S. Moss, 26-6642
23 March 1950

From: ESS To: GS

2. 1. Reference is C/N 1, dated 11 March 1950, from GS to ESS requesting comment regarding the National Livestock Exhibition Bill.

2. Prior to the enactment of the Horse Race Law (Law No.158) private and governmental functions regarding horse racing were delegated to Horse Race Associations, non-profit making control associations operating in violation of SCAP policy. The present Horse Race Law (Law No.158) was enacted to conform to SCAP policy regarding the elimination of control associations.

3. ESS finds this proposed law objectionable on the grounds that

Recd GS 3/23

a. it constitutes a revival of the control association system in horse racing by permitting a non-profit making association, under a special exemption from the present Horse Race Law, to operate three horse races in 1950 for the purpose of raising funds needed for a private livestock exhibition,

b. such business activity regarding horse races would be in violation of the Trade Association Law, which law was passed

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

23 MAR 1950

to define the legitimate scope of activities of associations, in conformity with SCAP policy.

4. It is recommended that the Japanese be advised that the subject proposed legislation conflicts with Occupation policy as regards control associations and as regards the delegation of governmental authority to interested private associations.

Incl
w/d

W. F. M.

12

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

CW/JN/JW/CHN/nk

(Do not remove from attached sheet)

Subject: Draft Legislation

Capt Norris
26-6076

Note No. 1

From: Govt Sec To: NRS Date: 11 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
National Livestock Exhibition Bill

Copy: ESS, LS/LJ

Mr J. L. Cooper - 26-7949
HGS/MBW/JLC/daj
Date: 20 MAR 1950

From: NR To: GS

2 NR has no objection to the proposed National Livestock Exhibition Bill.

1 Incl
w/d

H.G.S.

Reed 6S 3/20

12

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/ak

Subject: Draft Legislation

Capt Morris
26-6076

Note No. 1

From: Govt Sec To: LS/LJ Date: 11 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
Fishing Vessel Law

Copy: CTS, NSS C. W.

P & P DIV

(B)

H. R.

Fishing Vessel Bill

4/11

K. Steiner 2635/479
Date: 15 April 50

From: LS/LAJ To: GS

2

1. Subject bill provides for a permit system for the building or conversion of fishing vessels. LS refers to par. 2 of its checksheet dated 8 March 1950, subject "Ship Building Bill". The considerations expressed therein are at least equally valid in regard to the building of fishing vessels. The Ship Building Bill was subsequently amended by instituting a notification system in lieu of the permit system originally contemplated. Such a notification system was necessary in that case in regard to construction of ships of a certain size in view of occupations requirements involved. If measures to avoid excess production in this field are necessary, they should be measures short of a drastic bureaucratic interference as envisioned in subject bill.

Read GS 4/18/50

2. According to Article 4 one of the standards for refusal of a permit is that the technical capacity of the ship yard or propulsion engine maker is deemed to be remarkably unfit for the construction or conversion applied for. The Minister of Agriculture and Forestry would thus be enabled to restrict the production of a certain shipyard or engine maker. Another standard is that the raising of the expenses required for the conversion, etc., is deemed to be remarkably difficult. Whether the Minister of Agriculture and Forestry should be authorized to use standards which are so far removed from the usual scope of the Ministry is a question of policy.

3. Article 30 contains the penal provision for violation of Articles 3 and 9. It is suggested that the wording of Article 30 be improved by inserting words to the effect that any person who has

(Cont'd)

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2 Cont'd) constructed or converted a vessel in violation of Article 3, etc., shall be punished.

4. LS objects to Article 32 because, in effect, this provision would create a conclusive presumption of guilt on the part of an employer (natural or juridical) for the criminal acts of his employees or agents even in cases where in reality the individual employer or the responsible officers of the juridical person are completely innocent.

Incl w/d

A. C. D.

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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/CHN/gb

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. From: Govt Sec To: NRS Date: 25 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
The Fishing Vessel Law

C. W.

Mr H. W. Yoe 26-8569
HGS/WCH/HWY/hd

From NR TO GS 7 APR 1950

1. Subject Draft Bill "The Fishing Vessels Law" provides for:

a. Requiring approval by the Minister of Agriculture and Forestry of all requests for the construction or conversion of fishing vessels over 15 meters in length and of all other fishing boats to be operated in fisheries licensed by the Minister of Agriculture and Forestry. Approval by the Prefectural Governor will be required in the construction of fishing boats under 15 meters in length and operated in a fisheries not licensed by the Minister of Agriculture and Forestry.

b. Requiring the Minister of Agriculture and Forestry or Governor to give this approval in all instances except where one or more of the following conditions exist:

(1) The number of vessels previously authorized and operating exceeds the number established as the maximum limit for the fisheries in which the vessel will operate;

(2) The capacity of the vessel for which the request has been made does not meet the capacity standards previously established for the types of fisheries in which the vessel will engage;

Sent GS 4/8

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(3) The authority to commence fishing has not been granted by the Minister of Agriculture and Forestry in those fisheries where such authority is required under the Fisheries Law No 267 of 1949;

(4) The construction or conversion planned in the application is not considered practicable in view of the technical capacity of the shipyard or of the engine manufactured;

(5) The financial arrangements for the construction or the conversion of the vessel is not considered satisfactory.

c. Eliminating the requirement that the Ministry of Transportation must approve the construction or conversion of all fishing vessels of over 20 tons other than factory ships, whaling ships, trawlers and fish carriers.

d. A system of registration of all fishing boats engaged in the fishing industry. Fishing vessels engaging in fisheries licensed by the Minister of Agriculture and Forestry will be registered with the Ministry of Agriculture and Forestry of the Central Government. Vessels engaged in other types of fisheries will be registered with the Prefectural Government.

e. The establishment of a system of inspection for fishing vessels. This inspection is voluntary and is conducted by the Minister of Agriculture and Forestry. This inspection includes inspection of the hull, engine, fishing facilities, storing and manufacturing equipment, electrical installations and navigational instruments. The inspection is to be made only on the request of the vessel owner. An inspection fee will be paid by such owners.

f. Authorizes the Ministry of Agriculture and Forestry to carry out research on fishing vessels, engines, machinery for fishing vessels, and other fishing vessel facilities. Provision is also made for the Ministry of Agriculture and Forestry to provide subsidies to juridical or natural persons to carry on trials of new fishing equipment developed through experimental work.

2. The Japanese Government must regulate the quantity of aquatic products taken by fishermen to prevent over-exploitation and depletion of marine resources to maintain maximum food production. For rational regulations of aquatic production it is necessary that the Ministry of Agriculture and Forestry know the number of vessels operating in Japan's various fisheries and their fishing capacity. Therefore, it is necessary that the Ministry of Agriculture and Forestry have some means of registering fishing vessels.

(13)

In Japan the regulation of the rate of aquatic exploitation involves placing limitations on the number of vessels permitted to operate in certain fisheries. "The Fisheries Law" of 1949 provides a system of rights and licenses issued by the Central and Prefectural Governments to accomplish this regulation. Provisions are also made for establishing maximum limits for the number of vessels to be licensed in various fisheries. The Ministry of Agriculture and Forestry is responsible for issuing these licenses; however if vessels are constructed prior to the granting of a license it results in extreme pressure being placed on the Ministry of Agriculture and Forestry to issue a license for these vessels even though they exceed the established maximum limit. In view of this license system it appears highly desirable that the Ministry of Agriculture and Forestry approve requests to construct fishing vessels prior to the commencement of construction. Japan's economic position makes it desirable that the government take action to assist fishermen in securing the maximum catch with the minimum expenditure of gear, fuel and materials. Also that assistance be given in insuring the maximum utilization of the catch.

3. ESSS/IND and CTS have indicated that it is necessary for the Ministry of Transportation to have approval authority for all ship construction of over 20 tons in Japan. Further that there is now in operation a system of inspection for all ships regarding safety factors and that research on vessel construction is being carried on by the Ministry of Transportation.

4. NR believes that while the general contents of subject draft bill are not objectionable from the fisheries standpoint, certain specific provisions grant unnecessary authority to the government for supervision of private enterprise, i. e., the Minister of Agriculture and Forestry's authority to reject an application because he is not satisfied with the financial arrangements for construction.

5. NR is of the opinion that subsidies provided for in Chapter 5 for the testing of new equipment should only be granted to recognized research agencies. If in special instances it is necessary to utilize private individuals to test equipment, special legislation should be enacted when needed.

6. NR recommends that in view of the facts and opinions set forth in paragraphs 2, 3, 4, and 5 above, subject draft bill "The Fishing Vessel Law" not be introduced in the Diet and that the sponsors be given an opportunity to draft a substitute bill providing for:

a. Submission of all applications for permission to construct or convert fishing vessels to the Ministry of Agriculture and Forestry or the appropriate Prefectural Governor. The size of the vessel and the type fisheries in which it will operate to be determining factors as to which will receive the application. The Minister of Agriculture and Forestry or the Prefectural Governor to be given authority to approve or disapprove these applications. Applications for vessels of over twenty tons, if approved by the MAF or Prefectural Governor, to be transmitted to the Ministery of Transportation for his final approval. Applications for vessels of less than twenty tons to be returned to the applicant by the MAF or Prefectural Governor if approved. All applications disapproved to be returned to the applicant with explanation of the reasons for disapproval. The applicant should be required to submit the application to build or convert to only one agency of the Government either the MAF or Prefectural Governor whichever is appropriate. The Ministry of Transportation to have the authority to approve or disapprove construction or conversion of all vessels of over twenty tons, with this authority limited to applications previously approved by the Ministry of Agriculture and Forestry or Prefectural Governor.

b. A system of registration by the Ministry of Agriculture and Forestry or Prefectural Government of all fishing vessels.

c. A means of assisting and encouraging fishing operators to construct efficient economical fishing vessels either by educational work or voluntary inspections. However, if inspections are used they should not duplicate inspections conducted by other agencies.

d. The limiting of research work by the Ministry of Agriculture and Forestry on vessel construction to problems peculiar to fisheries and not carried on at present by another agency of the Japanese Government.

1 Incl
w/d

H. G. S.

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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/JH/JW/CHH/ak

Subject: Draft Legislation

Capt Morris 26-6076

Note No. 1

From: Govt Sec To: NSS Date: 11 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
Fishing Vessel Law

Copy: CTS, LS/LJ

C. W.

P & P DIV

13

HR

Fishing Vessel Loan
3/11/50

E. C. Wingo, 26-8571
MMC/HBO/WT/mib

6 April '50

2 From: ESS To: Govt Sec

1. As now worded, Article 3 of Chapter II would give duplicate control of shipbuilding to the Minister of Transportation who presently has control, and to the Minister of Agriculture and Forestry who would be permitted the same control. The first part of Article 3 should be changed to state that any person who, under provision of Article 8 of the Temporary Vessel Control Law, intends to apply to the Minister of Transportation for permission to construct any powered fishing vessel or any person who intends to construct any powered fishing vessel, construction of which does not require permission from the Minister of Transportation under present laws, he first shall obtain approval thereof, etc.

Rec'd GS 4/6/50

2. In accordance with above, Article 8 of Chapter II should be omitted. Present control by Minister of Transportation over any phase of shipbuilding should not be cancelled.

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2 cont'd 3. Omit Article 21, Chapter 3. This would be a duplicate of a function now being carried on by the Minister of Transportation. All vessels should be registered by only one government agency, the same as any other country.

4. Omit Chapter IV entirely as it would be a duplication of inspections presently made by the Maritime Safety Board, MOT, under provision of Ship Safety Law.

5. Modify Article 25, Chapter 5. There is already in existence a Ship's Research Institute. This law would require the Minister of Agriculture and Forestry to build another such experimental laboratory the same as the one carrying on this work at an additional expense to the Government. Only such experimental research pertinent to fishing gear and facilities is necessary.

6. Omit Article 27 (Chapter V) as no subsidies should be given to private concerns or individuals. If Fisheries Agency desires experimental work, such work should be done by that agency or by recognized colleges, with funds specifically appropriated for that purpose.

1 Incl
n/c

W. F. NOYES, Lt., Col., AGD

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

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/nk

Subject: Draft Legislation

Note No. 1

From: Govt Sec To: CTS Date: 11 March 1950

Capt Norris 25-8078

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

The Fishing Vessel Law

Copy: ESS, LS/LJ C. W.

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

2

1. References:

a. Ministry of Transportation Establishment Law #257 of 1949

b. Provisional Shipping Administration Law #93 of 1937.

c. Maritime Safety Agency Law #28 of 1948.

d. Ships Law #214 of 1947.

e. C/N 2 from CTS to Govt Sec, 17 March 1950,
Subject: Draft Legislation - Shipbuilding Bill.

Read CS 3/31/50

2. The Chief, CTS, considers subject bill undesirable and basically contravening established policy. Various major features of subject bill and certain main objectives hereinafter specified are considered objectionable:

a. Article 1, the stated purpose of said bill gives to the Ministry of Agriculture and Forestry sole control over construction, regulation, inspection, and experiments in the field of fishing vessels. The latter includes fish carriers, reduction plants and shipyard work on fishing vessels, etc. The majority of these functions are now performed by the Ministry of Transportation, which it is presumed is settled policy, confirmed by the basic laws covering such activities, notably References 1 a, 1 b, 1 c and 1 d.

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2 (Cont'd) b. Article 3 requires the permission of the Ministry of Agriculture and Forestry, his approval of plans, etc...(or of the Governor for smaller boats), before construction or conversion of such boats can commence. Said functions are performed now and were in the pre-war period by the Transportation Ministry. To establish duplicate groups of marine engineers, architects, and inspectors when it is currently difficult to obtain qualified men for open positions is an invitation to less efficient and less uniform enforcement as well as a tremendous additional expense upon the taxpayers.

c. Article 4, the proposed "Standards for Construction" of fishing boats, constitutes unnecessary and undemocratic control as well as interference in the attainment of free enterprise in the ship construction and engine-making field. It is difficult to see the necessity of any Ministry holding the power to determine (by Item 4) who may build a fishing boat or a marine engine, so long as technical standards for safety, etc... are met. So too, standard No. (5) which permits the Minister to deny construction if he deems the purchaser incapable of paying for the job, is a provision which invades the private shipbuilders province, to give arbitrary control to the Government. The Ministry of Agriculture and Forestry already have control over the license matters set up as standards (1) (2) and (3) by other laws; therefore, only (4) and (5) above referred to would constitute the alleged standards.

d. Article 8 would exempt fishing boats from the requirements of the temporary Shipping Administration Law, Reference 1 (b), which will likely be supplanted by the new Shipbuilding Bill, Reference 1 (2), currently before the Diet. CTS concurred in the principles of said bill which requires no permission to construct a boat that otherwise conforms to established standards. The bill does not interfere with existing fishing controls.

e. Article 9, paragraph 3, would necessarily require an amendment if Article 3 of subject bill is eliminated.

f. Articles 22, 23, and 24 would create a new army of inspectors whose standards are to be fixed by ministerial ordinance to take over functions now handled by Japan's Coast Guard, the Marine Safety Agency. The latter must, of necessity, continue their functions having the primary responsibility for enforcing the Law for Safety of Life at Sea under National and International Laws and Treaties. The latter agency is currently unable to fill several

2 (Cont'd) vacancies requiring qualified Naval architects, engineers, and technicians. The innovation of subject bill, of turning such functions over to the Ministry of Agriculture and Forestry for fishing boats, cannot be said to follow other major nations.

g. Articles 26 and 27 are considered undesirable. The former could become the basis for control over the design of fishing vessels whereas Article 27 could readily serve as a subterfuge by which favored shipyards could be the recipients of the bounty provided for research, in effect another subsidy. Such provisions might be justified if a scarcity of such vessels existed. The fact is exactly the contrary. Competition, it is believed, will prove adequate incentive, coupled with the research and guidance of the Fisheries Agency to induce progress.

1 Incl
w/d

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

13

1. On matter of administration of natural control over fishing vessel construction as part of a conservation program, the requirement for permit applic by a vessel owner to the Ministry of Agriculture and Forestry appears to be inconsistent with the present trend of permitting local as far as possible public bodies to exercise direct supervision over matters within their areas, even though these matters may be limited by the standards in national laws. Recommend that prefectures and cities, so desiring to do so, be empowered to maintain their own licensing offices, with permission of the Ministry, granted on proof of technical capacity

Sub para (4) to be (13)

of personnel and an agreement to
report statistically to the
ministry.

THE FISHING VESSEL BILL HR

1. Article 1 gives to the Ministry of Agriculture and Forestry sole control over construction, regulation, inspection, and experiments in the field of fishing vessels. The latter includes fish carriers, reduction plants and shipyard work on fishing vessels, etc. The majority of these functions are now performed by the Ministry of Transportation, which it is presumed is settled policy. (See Ministry of Transportation Establishment Law, Provisional Shipping Administration Law, Maritime Safety Agency Law, and Ships Law)

2. Article 3 requires the permission of the Ministry of Agriculture and Forestry, his approval of plans, etc...(or of the Governor for smaller boats), before construction or conversion of such boats can commence. Said functions are performed now and were in the pre-war period by the Transportation Ministry. To establish duplicate groups of marine engineers, architects, and inspectors when it is currently difficult to obtain qualified men for open positions is an invitation to less efficient and less uniform enforcement as well as a tremendous additional expense upon the taxpayers. The first part of Art 3 should be changed to state that any person who, under provisions of Art 8 of the Temporayy Vessel Control Law, intends to apply to the Minister of Transportation for permission to construct any powered fishing vessel or any person who intends to construct any powered fishing vessel, construction of which does not require permission from the Minister of Transportation under present laws, first shall obtain approval thereof, etc.

3. Article 4 which sets up the proposed "Standards for Construction" of fishing boats, constitutes unnecessary and undemocratic control as well as interference in the attainment of free enterprise in the ship construction and engine-making field. It is difficult to see the necessity of an Ministry holding the power to determine (by Item 4) who may build a fishing boat or a marine engine, so long as technical standards for safety, etc ... are met. So too, standard No (5) which permist the Minister to deny construction if he deems the purchaser incapable for of paying for the job, is a provision which invades the private shipbuilders province, to give arbitrary control to the Government. The Ministry of Agriculture and Forestry already has control over the license matters set up as standards (1) (2) and (3) by other laws; therefore only (4) and (5) would constitute the alleged standards.

4. Article 8 would exempt fishing boats from the requirements of the temporary Shipping Administration Law, which will likely be supplanted by the new Shipbuilding Bill, currently before the Diet. Concurrence is made with the principles of said bill which requires no permission to construct a boat that otherwise conforms to established standards. The bill does not interfere with exisiting fishing controls.

(Article 8 should be omitted. Present control by the Minister of Transportation over any phase of shipbuilding should not be cancelled)

5. Article 9, para 3, would necessarily require an amendment if Art 3 of subject bill is eliminated.

6. Article 21 should be omitted because this would be a duplicate function now being carried on by the Minister of Transportation. All vessels should be registered by only one government agency, the same as any other country.

7. Articles 22, 23, ans 24 would create a new army of inspectors whose standards are to be fixed by ministerial ordinance ro take over functions now handles by Japan's Coast Guard, the Marine Safety Agency. The latter must, of necessity, continue their functions having the primary responsibility for enforcing the Law for Safety of Life at Sea under National and International Laws and Treaties. The latter agency is currently unable to fill several vacancies requiring qualified Naval architects, engineers, and technicians. The innovation of subject bill, of turning such functions over to the Ministry of Agriculture and Forestry for fishing boats, cannot be said to follow other major nations.

8. Article 25 should be modified. There is already in existence a Ship's Research Institute. This law would require the Minister of Agriculture and Forestry to build another such experimental laboratory the same as the one carrying on this work at an additional expense to the government. Only such experimental research pertinent to fishing gear and facilities is necessary.

9. Articles 26 and 27 are considered undesirable. The former could become the basis for control over the design of fishing vessels, whereas Article 27 could readily serve as a subterfuge by which favored shipyards could be the recipients of the bounty provided for research, in effect another subsidy. Such provisions might be justified if a scarcity of such vessels existed. The fact is exactly the contrary. Competition, it is believed, will prove adequate incentive, coupled with the research and guidance of the Fisheries Agency to induce progress. Under no conditions should subsidies be given to private concerns or individuals. If the Fisheries Agency desires experimental work, such work should be done by that agency or recognized colleges, with funds specifically appropriated for that purpose.

10. Article 30 contains the penal provision fot the violation of Articles 3 and 9. It is suggested that the wording of Art 30 be improved by inserting words to the effect thzt any person who has constructed or converted a vessel in violation of Article 3, etc., shall be punished.

11. Article 32 creates a conclusive presumption of guilt on the part of the employer (natural or juridical) for the criminal acts of his employees or agents even in cases where in reality the individual employer or the responsible officers of the juridical person are completely innocent.

12. This bill provides for a permit system for the building or conversion of fishing vessels, similar to the proposed provisions of the Shipbuilding Bill. The Shipbuilding Bill was subsequently amended by instituting a notification system in lieu of the permit system originally contemplated. Such a notification system was necessary in that case in regard to construction of ships of a certain size in view of occupation requirements involved. If measures to avoid excess production in this field are necessary, they should be measures short of a drastic bureaucratic interference as envisioned in the subject bill.

13. (See NRS C/S, par 2. The recommendation is in direct opposition to that expressed by ~~MR~~ ESS and CTS) (See also NRS C/S, par 6 (a))

14. On the matter of administration of national control over fishing vessel construction as part of a conservation program, the requirement for direct application by a vessel owner to the Ministry of Agriculture and Forestry appears to be inconsistent with the present trend of permitting local public bodies, as far as possible, to exercise direct supervision over matters within their areas, even though these matters may be limited by the standards in national laws. Recommend that prefectures and cities, so desiring to do so, be empowered to maintain, with permission of the Ministry, their own licensing officers; such permission to be granted on proof of technical capacity of personnel and agreement to report statistically to the Ministry.

- -

T. R. Delaney, 26-6124

Fishing Vessel Law #178 of 1950

CTS ESS

1 1. References are:

a. C/N 2 from CTS to Govt Sec., 30 Mar 50, subject: Fishing Vessel Law.

b. SCAPIN 1929 dtd 28 Aug 48.

c. Enforcement Regulations of Temporary Ship Administration Law #93 of 1937.

2. A problem has arisen with regard to requesting the Japanese government, particularly the Ministries of Agriculture and Forestry and of Transportation, to suspend action towards implementation and enforcement of subject law until procedures in effect carrying out SCAP directive 1929 and such other matters involving SCAP policy and objectives which are affected by said law, are reviewed and approved by SCAP sections concerned.

3. Subject bill referred by Govt Section to CTS, ESS, and LS for comment was objected to as contravening SCAP policy some thirty days prior to the close of the last Diet session (Reference 1-a, copy attached). CTS is informed that both LS and ESS likewise objected to the enactment of subject bill but that same was enacted into law. Being a Diet bill, the Attorney General's office is presumed not responsible for its conformance to SCAP directives.

4. CTS calls attention to SCAPIN 1929 implemented by Enforcement Regulations (Reference 1-b) which prohibits the construction of certain vessels without prior approval of the Supreme Commander. ESS/Industry Division has the responsibility of coordinating headquarters action concerning this SCAPIN and the Ministry of Transportation is the responsible Japanese agency concerned. Subject law alters such procedures and defines exemptions thereto (without having had prior consultation with SCAP sections concerned) and adds rigid controls and restrictions over the construction of certain vessels, engines, etc. CTS previously objected to the enactment of such controls into permanent legislation in its comment on the Shipbuilding Bill and again regarding subject law. The objections were sustained in the former case, but not in the latter - though both involve shipbuilding.

5. No showing has been made to justify the apparent needless duplication of functions to be created by subject bill which CTS called attention in its C/N, Reference 1-a, paragraph 2-f. Same will undoubtedly add a large burden to the Ministry of Agriculture and Forestry budget without increasing revenue or a decrease in the responsibilities of the Ministry of Transportation,

Government Section Copy

13

T. R. Delaney, 26-6124

Fishing Vessel Law #178 of 1950

CTS ESS

1 (Cont'd) all of which is inconsistent with the stabilization program outlined by the Supreme Commander in his letter to the Prime Minister of 19 December 1948. ESS/Public Finance Division is therefore concerned. G-2 is likewise concerned, having certain responsibilities over the inspection of vessels by the Marine Safety Agency to carry out occupation objectives and international conventions.

6. The restrictions against free enterprise in the shipbuilding industry created by subject bill, particularly Articles 3 and 4, are inconsistent with the objectives of CTS and presumably inconsistent with objectives of ESS/FTP. Such restrictions were not historically a function of the Ministry of Agriculture and Forestry. Some 500,000 fishing vessels come under these new controls. It is reliably reported that certain bosses who dominate medium and small scale fishing operations collaborated with the Ministry of Agriculture and Forestry in bringing about the enactment of subject law. A full disclosure of the facts may therefore be warranted. NRS/Fisheries Division disclaimed knowledge of the sponsorship at the time CTS comments were prepared (Reference 1-a).

7. In view of the extent to which subject law appears to be in conflict with SCAP policies and objectives, particularly SCAPIN 1929, CTS requests ESS, after consultation with GS and LS, to issue an informal memorandum to the Japanese government requesting that action towards implementation of subject law be temporarily suspended pending a meeting of interested SCAP sections to determine the full impact of the measure.

1 Incl
C/N 2 from CTS to GS,
dtd 30 Mar 50.

cc: GS
LS/LAJ
G-2/PS
NRS/Fisheries

H. T. M.

13

4/27/50

Joe —

There remains a certificate to be brought from the A.R. Legal Bureau by China certifying the constitutionality, legality and compliance with Occupation directives.

Jon

April 28, 1950.

To: Doctor Williams,
Government Section,
GHQ, SCAP.

From: IRIE, Toshio
Chief of the Legislative Bureau,
House of Representatives.

I consider that the Fishing-vessel Bill does not violate the directives of the Supreme Commander for the Allied Powers and the Constitution of Japan and more-over, the provisions of this Bill, other than those especially provided exceptions, also do not violate any other law.

Irie Toshio

4/27/50
no objection
approved by Gen W.
JKS

(13)

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

Capt. Norris
26-6076

Note No. | From: Govt Sec | To: [redacted] | Date: 13 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
Cleaning Business Bill

Cy to PHW, LS/Leg | C. W.

P & P DIV

14

3/13

Cleaning Business

H.R.

UFM/ECW/LMS/sm
L.N. Salwin, 26-6671
Date: 3 APR 1950

2 From: ESS To: GS

1. Reference is G/N 1 from GS to ESS dated 13 March 1950, requesting comment on a proposed Cleaning Business Bill.

2. ESS directs attention to the following features of reference draft legislation: the proprietor of a cleaning establishment is required to install unspecified "sanitary equipment", to be designated by Ministerial Order (Article 3); is prohibited from undertaking to clean or "otherwise deal" with clothing "in any place other than in the cleaning shop" (Article 3); is required to observe unspecified "sanitary measures", to be designated by Ministerial Order (Article 7) - a violation of which may subject his business to suspension (Article 14); twenty (20) percent of his employees must be "licensed cleaners" (Article 4) required to observe unspecified "sanitary measures", left to Ministerial Order, and compelled to undergo an examination by the prefectural governor (Article 8); such licensed workers are subject to disqualification for having committed "injustice in connection with cleaning business" or not being "suited for the business" (Articles 15 and 19); and, without indicating any standards, the bill leaves all matters pertaining to licensing, examinations and registration to Ministerial Order (Article 11).

Rec'd GS 4/3

3. As revealed by the features identified above, reference bill goes beyond the reasonable limits of its proclaimed purpose of

(14)

regulating the cleaning business in the interests of public health. It imposes onerous restrictions upon freedom of entry into business. It would prohibit the operation of an ordinary cleaning shop which collects articles and delivers them to a wholesale establishment for cleaning. Small retail entrepreneurs, without cleaning facilities on their own premises, would be eliminated. The requirement to furnish sanitary facilities is not defined in the law itself, but left to Ministerial Order. This would involve the exercise of legislative powers by executive order, contrary to Article 41 of the Japanese Constitution. Without any clear justification, the bill would compel every cleaning establishment to employ 20 percent of its workers from persons subject to examination and disqualification, within the unrestricted, discretion of a prefectural governor, on the ground that they committed any apparent justification, reference bill conflicts with the general SCAP policy of freedom of opportunity for private enterprise.

4. It is recommended that the Japanese Government be informed that reference legislation is objectionable for the foregoing reasons.

Incl
w/d

Cy to PSS/LAB

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

14

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/LAJ Date: 13 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
Cleaning Business Bill

Cy to PHW, ESS

C. W.

P & P DIV

14

3/13

Cleaning Business Bill

H.R.

2. From: LS/L&J To: GS L A. OTTO, JR. 2635-420 Date: 31 March 1950

1. a. Subject bill provides for the regulation of the "cleaning business", which by definition includes both laundries and dry cleaning businesses. It requires that a "cleaner", who may be either the proprietor or an employee, shall be provided in every business as a supervisor of other employees to see that sanitation and other provisions are complied with. These "cleaners" must pass an examination given by the prefectural governor, who also issues the licenses to those who are qualified. All shops must be registered with the prefectural governor, giving location, describing equipment, names of cleaners and other necessary matters. Any subsequent changes, including the closing of the shop, must be reported to the prefectural governor. There are provisions for inspection of shops used in the business and for their suspension or closing for violations of the law, and for the suspension or cancellation of cleaners' licenses. Before imposing suspension or cancellation, however, the governor must hold a public hearing. The proprietor must furnish his shop with equipment as required by Ministerial Order (of the Welfare Ministry). Matters concerning the license, examination, registration, and sanitation standards are also to be provided by Ministerial Order. In the supplementary provisions, proprietors are given until 30 June of 1951 to comply with the equipment requirements of Article 3, Par. 1. Further, existing proprietors who register when the law goes into effect may continue until

Rec'd GS 4/3

14

Cleaning Business Bill

LS/I&J GS 31 March 1950

2. (Contd) 31 December 1952 without an examination or license, providing they have the necessary experience (Sup. Prov. 3), and by continuing in the business for two years after registration may obtain a license without an examination (Sup Prov. 5). However, the governor may, after a public hearing, forbid anyone who operates under these supplementary provisions to continue in business in case he is deemed unfit or violates the sanitation provisions. The usual penalty provisions are included, with a maximum of ¥5,000 fine.

b. The subject bill is claimed to be necessary as a public health and sanitation measure. It is said that since the war standards in the laundry and dry cleaning business have deteriorated greatly due to lack of equipment and material and to the fact that many persons have gone into the business who lack necessary qualifications even as to the most elementary ideas of sanitation and hygiene. It is claimed that this is a matter of common knowledge and has also been reported by investigators of the Public Sanitation Bureau of the Welfare Ministry. Subject bill was drafted by the latter bureau in conjunction with Diet members.

2. LS submits that it is unnecessary and harmful to go to the extremes of regimentation provided in subject bill to achieve its desirable objectives. If this bill were enacted into law, it would apply even to the individual laundress who desires to operate her own business without any employees. In such an instance all the requirements as to examination, license and registration would apply. It is suggested that adequate sanitation laws, and their proper enforcement, would be sufficient to safeguard the public from the hazards which are said to exist. It seems incredible that the backers of this bill are willing to extend regimentation down to the traditional widow who "takes in washing" to support herself and her minor children. This bill is certainly another illustration of the tendency in recent legislation, repeatedly criticized by LS, toward bureaucratic control over all phases of Japanese economic and social life.

3. LS also has the following comments with reference to specific matters:

a. Mention is made throughout the bill to "Ministry Orders", without mentioning the Ministry concerned. It is recommended that the bill be clarified to indicate that the Welfare Ministry is intended.

b. Prefectural governors are given authority to enforce the law and to cause "officials concerned" to inspect shops, etc. It is not clear in the bill as to what branch of the prefectural government will actually perform inspections and handle other matters connected with examination, licenses and registration. It is intended, however, that these matters shall be handled

14

2. (Contd) by the local sanitation department. It is suggested that the bill be clarified accordingly.

c. Various articles give the Welfare Ministry authority to set standards. Article 3, Par. 1, permits the Ministry to stipulate the "necessary sanitation equipment"; Article 7, Item (4), the "necessary sanitary measures"; Article 11, Par. 2, "matters concerning cleaners' licenses, examination and registration." It is recommended that these provisions be made more explicit by including standards to serve as a guide. The present provisions are far too broad in the discretion given the Ministry.

d. LS objects to Article 9, Item (2), in its present form which provides that anyone "who has committed crimes or injustices in connection with the cleaning business" shall be denied licenses. Since this would authorize the prefectural governor to decide whether an individual has committed a crime, it is recommended that the term "committed" be changed to "convicted". In addition, the term "or injustices" is vague and unnecessary and should be deleted. Further, it is not clear whether persons who have committed crimes are to be automatically excluded, since Item (2) contains the additional condition "and are not suited for the business." If the intention is to exclude forever from the cleaning business any person once punished for a crime, it cannot be seen what kind of work remains open to ex-convicts, since all recent laws covering other professions contain similar clauses. The result will necessarily be relapse into criminality for those who are being barred from even the simplest type of work.

e. Under Article 10, it is stated that the cleaners' examination shall determine whether the applicant has the "necessary knowledge and technical skill for the business". Since the definition of the term "cleaning business" in Article 2 includes both the laundry and dry cleaning business, and both textile and leather goods, it is obvious that, if only one type of examination were to be held, many uneducated and untrained persons who are skilled only in ordinary laundry work would be unable to meet the requirements. It is, therefore, recommended that in Article 10, or in Article 11, par. 2 providing that the standards for examinations be by Ministerial Order, be amended so as to require that different types of examinations be held in accordance with the scope of the business in which the applicant intends to engage.

f. LS objects to Article 20 in its present form since it would in effect create a conclusive presumption of guilt against an employer, either natural or juridical. The following substitution is suggested:

2 (Cont'd) "In case where any representative, proxy, employee, or other worker of a juridical person or of a natural person commits any violation under the two preceding articles in the course of the business of the juridical person or the natural person, not only shall the offender be punished, but the juridical person or natural person concerned shall be liable to fine under the preceding two articles, unless it is proved that due care and supervision has been exercised over the business in order to prevent the aforesaid violation by the representative, proxy, employer or the worker."

3. In Article 2, the term "etc" following the word "benzine" is undesirable, and should be amended in both Japanese and English to read what is actually intended, namely "or other solvents".

4. The following mistranslations in the English version are noted:

a. Article 15 should read "The prefectural governor may suspend or cancel for a fixed period", etc.

b. Supplementary Provision 2, which reads "30 June of the 25th Year of Showa" should read "30 of June of the 26th year of Showa".

c. Supplementary Provision 3, which reads, "by the 31st of December", should read "until the 31st of December".

d. Provisional Article 4 should read as follows: "Any cleaner operating a cleaning business in accordance with the preceding provision may be forbidden to engage in his work by the prefectural governor, if he is deemed unfit or has violated the duties provided in Article 7. The provisions of Article 16 shall apply in this case." In the present English version, the last sentence is entirely omitted.

1 Incl:
w/d

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

(14)

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/CHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. 1 From: Govt Sec To: PH&W Date: 13 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
Cleaning Business Bill

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

Dr. Hirschy 26-8211
17 March 1950

2 From: PH&W To: Govt Sec

No objections are offered from a public health standpoint to the "Cleaning Business Bill" as proposed for introduction in the Diet.

1 Incl
n/c C. F. S.

Rec'd GS 3/18

14

HR

CLEANING BUSINESS BILL

1. In the proposed draft the proprieter of a cleaning establishment is required to install unspecified "sanitary equipment", to be designated by Minsterial Order (Art 3); is prohibited from undertaking to clean or "otherwise deal" with clothing "in any place other than in the cleaning shop" (Art 3); is required to observe unspecified "sanitary measures", to be designated by Ministerial ~~Ordinance~~ Order (Art 7) - a violation of which may subject his business to suspension (Art 14); twenty percent of his employees must be "licensed cleaners" (Art 4) required to observe unspecified "sanitary measures", left to Ministerial Order, and compelled to undergo an examination by the prefectural governor (Art 8); such licensed workers are subject to disqualification for having comitted "injustice in connection with cleaning business" or not being "suited for the business" (Articles 15 and 19); and, without indicating any standards, the bill leaves all matters pertaining to licensing, examinations and registration to Ministerial Order (Art 11).

2. As shown above, this bill goes beyond the reasonable limits of its proclaimed purpose of regulating the cleaning business in the interests of public health. It imposes onerous restrictions upon freedom of entry into cleaning business. It would prohibit the operation of an ordinary cleaning shop which collects articles and delivers them to a wholesale establishment for cleaning. Small retail entrepreneurs, without cleaning facilities on their own premise, would be eliminated. The requirement to furnish sanitary facilities is not defined in the law itself, but left to Ministerial Order. This would involve the exercise of legislative powers by executive order, contrary to Art 41 of the Japanese Constitution. Without any clear justification, the bill would compel every cleaning establishment to employ 20 percent of its workers from persons subject to examination and disqualification, within the unrestricted, discretion of a prefectural governor, on the ground that they committed any apparent justification, reference bill conflicts with the general SCAP policy of freedom of opportunity for private enterprise.

3. Mention is made throughout the bill to "Ministry Orders", without mentioning the Ministry concerned. This should be clarified.

4. Prefectural governors are given authority to enforce the law and to cause "officials concerned" to inspect shops, etc. It is not clear in the bill as to what branch of the prefectural government will actually perform inspections and handle other matters connected with examination, ~~licenses~~ lincenses and registration. These matters should be handled by the local sanitation department, and the bill should be clarified accordingly.

5. Various articles give the Welfare Ministry authority to set standards. Art 3, para 1, permits the Ministry to stipulate the necessary sanitation equipment; Art 7, Item (4), the "necessary sanitary measures"; Art 11, para 2, "matters concerning cleaner's licenses, examination, and registration". This provisions should be more explicit by including the standards to serve as a guide. The present provisions are far too broad in the discretion given the ministry.

6. Art 9, Item (2) provides that anyone "who has committed crimes or injustices in connection with the cleaning business" shall be denied lincenses. Since this would authorize the prefectural governor to decide whether an individual has committed a crime, it is recommended that the term "committed" be changed to read "convicted". In addition, the term "or injustice" is vague and unnecessary and should be deleted. Further, it is not clear whether persons who have committed crimes are to be automatically excluded, since Item (2) contains the additional condition "and are not suited for the business". If the intention is to exclude forever from the cleaning business any person once punished for a crime, it cannot be seen what kind of work remains open to ex-convicts, since all recent laws covering other professions contain similar clauses. The result will necessarily be relapse into criminality for those who are being barred from even the smiplest type of work.

7. Under Art 10, it is stated that the cleaner's examination shall determine whether the applicant has the necessary knowledge and technical skill for the business. Since the definition of the term "cleaning business" in Art 2 includes both the laundry and dry cleaning business, and both textile and leather goods, it is obvious that, iff only one type of examination were to be held, many uneducated and untrained persons who are skilled only in ordinary laundry work would be unable to meet the requirements. It is, therefore, recommended that in Art 10, or in Art 11, para 2, provisions be made to require different types of examinations be held in accordnace with the scope of the business in which the applicant intends to engage.

8. Article 20 allows for conclusive presumption of guilt against an employer, either natural or juridical. The following substitution is suggested:

> "In case where any representative, proxy, employee, or any other worker of a juridical person or if a natural person commits any violation under the two preceding articles in the course of the business of the juridical person or the natural person, not only shall the offender be punished, but the juridical person or natural person concerned shall be liable to fine under the preceding two articles, unless it is proved that due care and supervision has been exercised over the business in order to prevent the aforesaid violation by the representative, proxy, employer, or the worker."

9. In Art 2, the term "etc" following the word "benzine# is undesirable, and should be amended in both Japanese and English to read "or other solvents".

10. The following mistranslations in the English version are noted:

a. Art 15 should read "The prefectural governor may suspend or cancel for a fixed period", etc.

b. Supplementary provision 2, which reads "30 June of the 25th Year of Showa" should read "30 June of the 26th year of Showa".

c. Supplementary Provision 3 which reads "by the 31st December" should read "until the 31st of December".

d. Provisional Article 4 should read as follows: "Any cleaner operating a cleaning business in accordance with the preceding provision may be forbidden to engage in his work by the prefectural governor, if he is deemed unfit or has violated the duties provided in Article 7. The provisions of Article 16 shall apply in this case." In the present English version, the last sentence is omitted entirely.

- -

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/CPO/gb

Subject: Draft Legislation

Note No. From: Govt Sec To: LS/LSJ Date: 17 April 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

Cleaning Business Bill

cy to GSS C. W.

P & P DIV

(14)

HR

Clearing Business (Revised)
4/17/50

2 From: LS To: GS

Mr. L. A. Otto
Meiji 420
Date: 26 April 1950

LS is advised that subject bill is being withdrawn, and, therefore, returns same without comment except to note that the objections set forth in para 2 and para 3e to the original bill, in LS checksheet, 31 March 1950, are still pertinent with reference to the revised draft.

1 Incl
w/d

A. C. C.

Decl 6/5
4/26/50

14

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

CW/JM/JW/CPG/gb

(Do not remove from attached sheet)

Subject: Draft Legislation Capt. Guida

ESS 17 April 1950

26-6076

Note No. From: Govt Sec To: revised Date:

the House of Representatives.

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

2. Your prompt comment is requested.

Cleaning Business Bill

1 Incl

Cy to LS/LAJ

C. W.

P & P DIV

14

HR

Cleaning Business Bill.
Revised text
4/17/50

2

From: ESS

To: GS

WFM/RC/LMS/sm
L. M. [illegible], 26-6671
Date: 21 April 1950

1. Reference is C/N 1 from GS to ESS, dated 17 April 1950 requesting comment on a revised Cleaning Business Bill, and to C/N 2 from ESS to GS, dated 3 April 1950, objecting to the same bill in its original form.

2. ESS directs attention to the following features of the revised bill: the proprietor of a cleaning establishment is prohibited from undertaking to clean or "deal with" articles "in any place other than in the cleaning shop" (Article 3); the working force must include more than one "licensed cleaner" (Article 4), i.e., the proprietor and/or employees who undergo an examination by the prefectural governor (Article 9) and are required to observe undefined "necessary sanitary measures", left to prefectural ordinance (Article 7); and, without indicating proper legislative standards, the revised bill leaves all matters pertaining to licensing, examination and registration of cleaners to ministerial order (Article 10).

Rec'd 4/21/50

3. ESS again objects to the foregoing provisions on the same grounds as it did to the original bill. Articles 3, 4, 7 (item 4), and 10 (item 2) of reference bill are virtually identical with

14

(17 Apr 50)GS
Subj: Draft Legislation

Articles 3, 4, 7 and 11 of the original bill - to which objections were clearly set forth. The main objections were that the proposed legislation went beyond the reasonable limits of its proclaimed purpose of regulating cleaning establishments in the interests of public health, and imposed onerous restrictions upon freedom of entry into business. It prohibited the operation of a cleaning shop which collects articles and delivers them to a wholesale establishment for cleaning. Small retail entrepreneurs, without cleaning facilities on their own premises, would be eliminated. Without any clear justification, it compelled every cleaning establishment to include among its workers a large percentage of "licensed cleaners", who were subject to an examination and disqualification in the hands of the prefectural governor. It was pointed out that such legislation conflicted with general SCAP policy of freedom for opportunity for private enterprise.

4. Article 4 of the revised bill substitutes in place of the former requirement that 20% of the workers must be "licensed cleaners", the rule that there "shall be more than one in every cleaning shop". ESS objects to the "more-than-one" provision on the ground that it is arbitrary, unreasonable and discriminatory against smaller entrepreneurs. In view of the strong probability that most cleaning shops will not employ more than 10 persons, it is patently as onerous a restriction on the conduct of an ordinary business as the objectionable 20% requirement.

5. It is recommended that the Japanese Government be informed that the revised reference legislation is objectionable for the foregoing reasons.

Incl
w/d

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

CW/JR/JW/CPO/cb

Subject: Draft Legislation

Note No.

From: Govt Sec To: LS/LAJ Date: 28 April 1950

26-6076

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

2. Your prompt comment is requested.

1 Incl
Cleaning Business Bill

C. W.

Govt & P DIV

14

From: LS

To: GS

L.A.Otto-2635/420
Date: 1 May 1950

2

1. No legal objections.

2. Subject bill as revised omits most of the objectionable features of the two previous versions (check sheets, LS, 21 March 1950 and 26 April 1950). Examinations and licenses for laundry workers have been deleted. With reference to the dry cleaning business, employment of a licensed "Dry Cleaner" is required only in establishments where ten or more persons are employed. Whether personnel engaged in dry cleaning should be required to pass an examination and obtain a license is largely a matter of policy. Since this is not a skilled trade or profession, LS suggests that if licensing is necessary to enforce sanitation regulations, it would be preferable to license the operation of the business itself, rather than an employee.

rec'd GS 5/2

1 Incl
w/d

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

14

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: Engr. Sec. Date: 16 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
Partial Amendment to the
Surveying Law

Cy to LS/L&J, CI&E C. W.

P & P DIV

15

AG 061 (4 APR 1950)GR

Engr

Draft Legislation

Govt Sec

Maj Pillsbury
26-7582

4 APR 1950

2

1. References.

a. Surveying Law (Law No. 188, 1949).

b. Justification accompanying bill for amendment.

c. Surveying Law Enforcement Regulations (Government Ordinance No. 322).

d. Construction Ministry Ordinance No. 16

2. Approval of the proposed amendment to the Surveying Law (Law No. 188, 1949) is not recommended for the following reasons:

a. A group of Japanese who have engaged in minor and private surveying form the elements lobbying for the amendment. Under the Survey Law, these surveyors are permitted to engage in private surveying but are not permitted to engage in topographic work for the Construction Ministry or to do any surveying the cost of which is defrayed by Public Funds. The Survey Law applies only to public surveys which because of their nature require a greater accuracy and precision than do private or commercial surveys.

b. Properly trained and experienced persons should have no difficulty in passing the forthcoming examination scheduled under the Surveying Law, which will consist of seventy percent (70%) actual surveying knowledge and thirty percent (30%) surveying theories for both grades, surveyor and assistant surveyor. The preparation of nationwide examination for surveyor and assistant surveyor which will be held in twenty-three (23) major cities throughout Japan on 5 and 6 May 1950 is complete, and the registration was closed on 20 March 1950. The fairest method of appointing or certifying surveyors is by examination. The necessary background knowledge may be obtained by academic training and practical experience or even by practical experience alone but the only check that the candidate does have the necessary background is obtained by examining him. Rigid requirements or academic preparation ensure that the candidate possesses surveying theory.

d. Under the present law a steady flow of qualified personnel to practice surveying under the Construction Ministry of the Japanese Government is assured. It is believed that to momentarily reduce the standards to permit the influx of a number of unqualified personnel will lower the performance of the public surveyors as a whole.

Ferd GS 4/p

1 Incl
n/c

Copy to:
LS/L&J, CI&E

15

J. G. 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/JN/JW/CHN/vs

Subject: Draft Legislation

Capt. Norris 26-6076

Note No. From: Govt Sec To: CI&E Date: 16 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
Partial Amendment to
the Surveying Law

Cy to LS/L&J, Engr. Sec. C. W.

Mr. Trainor 26-5679

014
From: CIE To: Govt Sec Date: 23 March 1950

2 This Section has no objection to subject draft legislation.

1 Incl
n/c

-D. R. M.-

Recd GS 3/24/50

15

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CR/JK/JW/CHN/vs

Subject: Draft Legislation

Capt. Norris
26-6076

Note No.

From: Govt Sec To: LS/L&J Date: 16 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
Partial Amendment to
the Surveying Law

Cy to Engr. Sec, CI&E C. W.

P & P DIV

15

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: LS/LAJ Date: 16 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
Partial Amendment to
the Surveying Law

Cy to Engr. Sec, CI&E C. W.

P & P DIV

15

3/16

Partial Amendment to the Surveying Law

HR

From: LS/LAJ To: GS R.B. APPLETON-2635-473
Date: 22 March 1950

2.

1. No legal objections.

2. Subject bill proposes to extend for another year the period during which persons other than surveyors or assistant surveyors may engage in basic surveys and surveys for public projects notwithstanding the provisions of Article 48. Moreover, it proposes to make exceptions to the provisions of Article 50 (Qualification for Surveyor) and Article 51 (Qualification for Assistant Surveyor). The exceptions would permit persons "recognized as having proper knowledge and ability" by the Minister of Construction to qualify although they do not meet the high educational requirements and do not pass the examination prescribed in these Articles, provided that they have certain lower educational qualifications and/or a much larger number of years of actual surveying experience. These proposed changes in the qualifications for surveyors and assistant surveyors are policy questions of primary concern to Engineering Section, GHQ, and Legal Section expresses no opinion regarding them.

Encl: w/d

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

CIVIL SERVICE DIVISION
Government Section

16 March 1950

MEMORANDUM FOR: Parliamentary and Political Division,
Government Section

SUBJECT : Bill for Partial Amendment to the Surveying Law (HR)

Civil Service Division does not object to subject bill.

W. PIERCE MacCOY
Acting Chief,
Civil Service Division

Att.
WPM:GWP:rj

15

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: LS/LJ Date: 17 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
Law Concerning Partial
Amendments to Land
Improvement Law

Copy to GHS, USA C. W.

C

P & P DIV

16

3/17

Draft Law Concerning Partial Amendments to
Land Improvement Law

H.R.

From: LS/I&J To: GS

R.B. APPLETON-2635-473
Date: 1 April 1950

2.

1. Subject bill makes technical changes in the jurisdiction and powers of Land Improvement Districts and Leagues. Necessarily hasty review reveals no serious legal objections to the technical changes.

2. No opinion is expressed concerning the policy behind the bill, which is of primary concern to MRS.

Incl: w/d

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

Rec'd GS 4/3

16

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/JN/CHK/gb

Subject: Draft Legislation

Note No. | From: Govt Sec | To: ESS | Capt. Norris 26-6076 | Date: 17 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
Law Concerning Partial
Amendments to Land
Improvement Law

Cy to NRS, LS/LJ C. W.

P & P DIV

16

HR

Land Improvement

3/17/.

WFM/ECR/gz

From: ESS To: GS Date: 30 MAR 1950

2. 1. Reference is made to C/N 1, dated 17 March 1950, from GS to ESS requesting comment on the proposed law Concerning Partial Amendments to the Land Improvement Law.

2. The Land Improvement Law (law No. 195 of 1949) establishes Land Improvement Districts and Leagues which are associations or federations of associations possessing governmental powers with regard to the formulation and implementation of the government's agricultural land improvement program. These associations, or districts, are control associations in direct violation of SCAP policy regarding their elimination. The proposed amendment to this law, reference par. 1, above, will extend the jurisdiction of these control associations to pasture land management and improvement.

3. ESS, therefore, finds objectionable both the basic law and the proposed amendment, reference par. 1, above, as being in contravention of SCAP policy.

Rec'd 6 S 3/20

Incl
w/d
ncl ESS 18/51 _____ W. F. M. _____

16

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/CHS/gb

Subject: Draft Legislation

Capt. Morris
26-6076

Note No. | From: Govt Sec To: NRS Date: 17 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
Law Concerning Partial
Amendments to Land
Improvement Law

Cy to GS, LS/LJ C. W.

P & P DIV

(16)

5/17

Comment & Land Improvement Law

HK

2

From: NR To: GS

Miss D C Goodwin - 26-7949
RGS/MEW/JLC/DCG/mhk
Date: 28 MAR 1950

1. Reference is made to check sheet from NR to GS, NR-313 (14 Mar 50)A, subj: Pasture Bill, 14 March 1950.

2. Draft Law concerning Partial Amendments to Land Improvement Law, proposed by the House of Representatives, is the member bill referred to in par 2 of ref 1. It has two purposes:

a. To provide for pasture land improvement by group action on a basis and under procedures directly parallel to other types of land improvement work provided for in the original law.

b. To make certain technical and administrative changes in procedures as established in the original law to correct for problems which have arisen in administration of the law.

3. Except as noted in par 4 below, NR concurs in the proposed legislation and recommends that it be favorably considered.

4. The proposed amendment to Article 32, par 1 has the effect of removing from the law the quorum requirements for business conducted at a general membership meeting. In this connection it is necessary to point out that the English text appearing in the

16

C/S #2
(Cont)

Official Gazette (Extra No 78, 6 June 1949) was garbled. A correct translation, with the portion omitted in the original underlined, follows:

> "Except as otherwise provided for by this Law, the Articles of District or the by-laws, the proceedings of a general meeting of the membership shall be resolved by a majority of votes of the members present at which not less than half of the total members are present; in case of a tie, the chairman shall have a casting vote."

A translation of Article 32, par 1 as amended in the proposed draft corrected for this omission would read as follows:

> "Except as otherwise provided for by this Law, the Articles of District or the by-laws, the proceedings of a general meeting of the membership shall be resolved by a majority vote of the members present; in case of a tie the chairman shall have a casting vote."

NR recognizes the need for a certain amount of flexibility in specifying the size of a quorum, but objects to complete elimination of the principle of a quorum for general membership meetings. NR requests that this par be reworded as follows:

> "Except as otherwise provided for by this Law, the Articles of District, or the by-laws, the proceedings of a general meeting of the membership shall be resolved by a majority vote of the members present, provided that at least a quorum as defined in the Articles of District is present; in case of a tie the chairman shall have a casting vote."

1 Incl
w/d

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

16

Government Section
Buck Slip

3/17 1950

FROM: RAP

TO: INITIAL DATE

_____CHIEF..... .....
_____EX OFF..... .....
_____DEPUTY CHIEF..... .....
_____Col Wheeler..... .....
_____Chief Adm Div..... .....
_____Stat & Review..... .....
_____Civil Serv Div..... .....
_____Par & Pol Div..... .....
_____Public Adm Div..... .....
_____Public Aff Div..... .....
_____Personnel Clerk..... .....
_____Chief Clerk..... .....
_____File..... .....

FOR:

_____INFORMATION
_____NECESSARY ACTION
_____ACTION (Prepare Reply)
_____APPROVAL
_____INITIAL
__✓__COMMENT OR CONCUR
_____RETAIN
_____RETURN
_____FILE
_____BURN

other

No objection

RC

HR

AMENDMENTS TO THE LAND IMPROVEMENT LAW

1. The Land Improvement Law (Law No 195 of 1949) establishes Land Improvement Districts and Leagues which are associations or federations of associations possessing governmental powers with regard to the formulation and implementation of the government's agricultural land improvement program. These associations, or districts, are control associations in direct violation of SCAP policy regarding their elimination. The proposed amendment to this law will extend the jurisdiction of these control associations to pasture land management and improvement. Therefore, the basic law and the propose d amendment are objectionable in that they are in contravention of SCAP policy.

2. The proposed amendment ot Article 32, para 1, has the effect of removing from the law of the quorum requirements for business conducted at a general membership meeting. In this connection it is necessary to point out that the English text appearing in the Official Gazette (extra No 78, 6 Jun 1949) was garbled. A correct translation with the portion omitted in the original underlined, follows:

> "Except as otherwise provided for by this Law, the Articles of District or the by-laws, the proceedings of a general meeting of the membership shall be resolved by a majority of votes of <u>the members present at which</u> not less than half <u>the total</u> members <u>are</u> present; in case of a tie, the chairman shall have a casting vote."

Art 32, para 1 of the proposed amendment should be changed to read as follows:

> "Except as otherwise provided for by this Law, the Articles of District, or the by-laws, the proceedings of a general meeting of the membership shall be resolved by a majority vote of the members present, provided that at least a quorum as defined in the Articles of District is present; in case of a tie the chairman shall have a casting vote."

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(16)

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/JH/CHH/gb

Subject: Draft Legislation

Capt. Norris
26-6076

Note No. | From: Govt Sec To: LS/LJ Date: 20 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
Bill for Establishment
of Welfare Certificates
with Prizes

Cy to ESS, PHW C. W.

17

3/40

Establishment of Welfare Certificates with Prizes

N.R.

2

From: LS/L&J

To: GS

L.A.Otto 2635/420
Date: 4 April 50

1. The purpose of subject bill is to raise funds for private charities through the holding of lotteries. It provides for the establishment of juridical persons under authority of the Welfare Ministry, not more than one to a prefecture, to conduct sweepstake lotteries in conjunction with sporting events such as races or games on which betting is legal. The juridical persons are authorized to sell lottery tickets, known as "Welfare Certificates with Prizes", the gross proceeds to be divided as follows: 5% to the National Government; 5% to the local Prefectural Government; 25% to the Central Community Chest Committee; 15% retained by the juridical person; and 50% to purchasers of winning tickets. Other articles require that there must be a public notice of each lottery containing prescribed information previously approved by the Minister; tickets must bear certain prescribed data; the Minister may inspect the accounts of the juridical person and suspend operation if it fails to keep up its payments, and certain criminal penalties.

2. LS expresses no opinion on the question of whether or not the establishment of further lotteries is desirable as a matter of policy.

Hirig GS 4/5

3. Attention is invited to the fact that juridical persons established under subject bill will enjoy a monopoly within the prefecture in which each operates. Under Article 2, the Welfare Minister apparently has unlimited authority in selecting the organizations to be established. There are no standards either as to adequate financial backing or as to the good character of the personnel having an interest in the juridical persons or otherwise connected with the operation; both of these requisites would seem to be of the utmost importance 17

cont'd) in private organisations of this type, which handle large sums of the people's money, in order to maintain public confidence and to avoid corruption. It is recommended that such standards be provided in the bill, rather than to leave them to the discretion of the Ministry concerned. It is suggested that particular attention be given to the exclusion from any connection with these juridical persons of anyone who is associated with the sporting events involved in the lotteries, and anyone who has been convicted of crimes, particularly crimes concerning such events. For the same purposes it is recommende d that a provision be included making ineligible as prize winners in the lottery any one connected with the juridical person, or with the sporting event to which the lottery is tied, including actual participants in the sporting events and officials of the association that is sponsoring the event.

4. In Article 2 and various other articles mention is made of the "competent Minister", who is intended to be the Welfare Minister. It is suggested that the bill be clarified by including a special provision to this effect.

5. In Article 12, par. 1, it is required that the juridical person publish a notice as to each lottery, listing certain specified data, which must be "reported" to the Minister. It is the intention of the backers of the bill, by this provision as to "reporting", to require that before the notice is published its contents must be approved by the Minister. It is suggested that the text be clarified, since the term "report" does not of itself include approval.

6. Under Article 12, par. 1, item 2, it is required to include in the public notice a list of the banks where the prizes may be collected. There is no specific requirement in the bill that the juridical person operating the lottery must disperse prizes through banks. If such is the intention, however, as seems to be suggested by this reference, it is recommended that it be expressly included.

7. In Article 12, par. 1, item 1, it is suggested the term "name" be changed to "name of the lottery".

8. Under Article 16, a time limit of one year is established within which prizes must be collected. No mention is made as to what will be done with the prizes when winning tickets are not redeemed within the stipulated period. It would seem that the juridical person could retain such prizes for its own benefit, according to the present wording of the bill. Since elsewhere (Article 9) the juridical person's share is limited to 15% of the gross proceeds of sales, to maintain this policy it would seem preferable to provide for other disposition of unclaimed prizes, such as by turning them over to the Central Community Chest Committee.

(Cont'd) 9. Article 11 is intended to provide for the contingency where the sporting event connected with the lottery does not take place. The present wording, however, is confusing. It is suggested that it be changed to read as follows: "In case the race or game connected with the sale of welfare certificates with prizes in accordance with Article 5 has not been accomplished, owing to a mishap or for other reasons, the juridical person shall determine the order of winners by lottery and award the prizes accordingly to holders of said certificates."

10. Article 19 permits the Minister, in his discretion, to inspect the accounts of the juridical person. It is suggested that this provision be broadened to require an impartial audit for each lottery, and the approval thereof by the Minister. In addition it might be well to require annual financial reports to the Minister by the juridical person.

11. Article 18 requires the juridical person to deliver to the Central Community Chest Committee its share of the proceeds at a time designated by the Minister, but within three months after the sale of tickets is closed. It is suggested that this maximum period of time is too long. Since the share of the Community Chest is based on the gross proceeds with no deduction for expenses, it would seem that its share could be determined and paid within a relatively shorter period of time, almost simultaneously with the time for the payment of prizes.

12. Article 20, authorizing the suspension of business operations by the Minister, is objected to in its present form since it does not provide for notice and hearing.

13. Subject bill does not contain in its penal provisions the customary article imputing guilt to the juridical person for acts of its representatives. It is suggested that in a bill of this type, such a provision might be desirable.

14. There is a mistranslation of Article 21. In the Japanese text, the penal provisions contained in Article 21 of the English text are covered by two articles, Article 21 and Article 22. Article 21 should read as follows: "Any person who re-sells certificates in violation of Article 6, par. 2, shall be liable to penal servitude for not more than two years, or to a fine of not more than ¥50,000." Article 22 of the Japanese text is the same as Article 21 in the present mistranslation, except that items 1, 3 and 4 are renumbered items 1, 2, and 3 with the original item 2 omitted. In addition, in item 3 (of the Japanese version) the reference to Article 18 is apparently incorrect; from the context it would appear that Article 19 was intended.

15. The following mis-translations are noted: a. In Article 13, item 5, "Article 13" should read "Article 14".

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(Cont'd) b. Article 20 is not completely translated. It should read: "The competent Minister may order the suspension of business in case the juridical person does not make the payments or donations fixed by law, or has failed, without good reason to effect payment within the period of demand."

Incl w/d

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

17

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

CHECK SHEET

Subj: Draft Legislation

From: Govt Sec To: PHW

Capt. Norris 26-6076
Date: 20 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
Bill for Establishment
of Welfare Certificates
with Prizes

Cy to ESS, LS/LJ

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

From: PH&W To: Govt Sec

Mr. Metsker 26-8425
Date: 27 March 1950

2

1. Government operated lotteries are not uncommon in Europe and are common in South American countries as a means of public revenues. The use of legalized gambling for raising funds for public services has been generally rejected in the United States, although some States have legalized betting for revenue reasons.

2. It is estimated by the author of the proposed Bill that the Community Chest would receive some 200 million yen annually as the result of its 25% share in lottery proceeds, with the national and prefectural governments each receiving shares of 40 million yen. Some 400 million yen would be provided in prizes to winners of the lotteries, while the juridical persons operating the lotteries would receive some 120 million yen to cover their costs. Presumably the operator's share would be subject to tax.

3. PHW offers the following adverse comments on the proposed Bill:

Read GS 4/3

a. While at first glance it would appear advantageous to the Community Chest to have an additional source of income, dependency upon proceeds from legalized gambling for a major portion of funds for support of private welfare agencies is not desirable. In principle, at least, the community Chest must look to the general public for generous support of private charities on a purely voluntary

17

SUPREME COMMANDER FOR THE ALLIED POWERS

Draft Legislation

PH&W Govt Sec Mr. Metsker 26-8425
27 March 1950

2 (Cont'd) basis, with public awareness of responsibility for the support of private charities.

b. Use of the term "welfare" in the proposed Bill is objectionable. While it is true that the Bill proposes that a share of the proceeds will go to the Community Chest, and that shares would be expended for welfare purposes, the proposed use of the balance of funds could not be properly labeled for welfare purposes. It might be pointed out that the welfare of the few persons winning lotteries is affected positively, while on the other hand the welfare of the many persons who would support the lotteries but not win is affected adversely. It would appear, also, that the "welfare" of the persons operating the lotteries would be enhanced considerably. Whether the share of proceeds going to the national and prefectural governments could be interpreted as being for the "welfare" of the State and local communities is also questionable.

c. Control in Japan over juridical persons has been lax. There is no reason to suppose that controls over juridical persons engaged in the operation of lotteries would be more effective or efficient. The danger of such operations falling into the hands of professional gamblers or other unscrupulous promotors is evident.

4. PHW would offer no objections to the welfare provisions of proposed Bill subject to the following exceptions:

a. That the term "welfare" be deleted from the title of the Bill.

b. That lotteries be operated only by established agencies of government.

c. That all proceeds from publicly operated lotteries be considered as general revenue to be divided between appropriate national, prefectural and local governments, or that net proceeds be distributed in prizes on an equitable basis.

5. Passage of proposed Bill, subject to exceptions noted in para 4 above, is further questioned by PHW as being contrary to SCAP policy, as verbally expressed by Chief of Government Section in conversation with Chief of PHW Section, that no further forms of legalized gambling of any kind would be approved.

1 Incl
- w/d- - - - - - - - - - - - - - - - - C. F. S. - - - - - - - - - - -

17

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/CBM/gb

Subject: Draft Legislation

Note No. | From: Govt Sec | To: ESS | Capt. Morris 26-6076 | Date: 20 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
Bill for Establishment
of Welfare Certificates
with Prizes

Cy to LS/LJ, PHW

C. W.

P & P DIV

17

HR

Prepare Architecate with Prizes
3/30/50

File: 010(20 Mar 50)ESS/PF

From: ESS To: Govt Sec

ECLO Amem Gen
WFM/ECH/AMM/JRM/eb
Mr. Mosseler, 26-6148
30 MAR 1950

2

1. It is recommended that the attached draft bill, Bill for Establishment of Welfare Certificates with Prizes, be withheld from introduction in the Diet. Subject bill, as proposed by the House of Representatives, would authorize private groups to form as juridical persons for the purpose of conducting lotteries. Twenty-five percent of the money derived from the sale of chances would be donated to the Central Committee for the Community Chest and fifty percent would be used for the purchase of prizes for lottery winners. The juridical person would be entitled to keep an amount equivalent to fifteen percent of the total sales as its own income.

2. Article 187 of the Criminal Law prohibits the operation of lotteries by private organizations or persons. Although Article 1 of the Law for Establishment of the Certificates with Prizes authorizes the central and local governments to conduct lotteries as a temporary method of supplementing their normal revenues, no authority for conducting lotteries has been granted to private organizations.

Rec'd 6S
3/31/50

3. It is considered unwise to establish the precedent of authorizing private groups to conduct lotteries even though they may form juridical persons pledged to worthwhile purposes. Once an exception

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2
ont'd has been made numerous other organizations will request the same privilege. Such lotteries, unless operated under strict control, are subject to abuse and tend to arouse a gambling psychology on the part of the public.

1 Incl:
n/c

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

(17)

HR

ESTABLISHMENT OF WELFARE CERTIFICATES WITH PRIZES

1. Juridical persons established under this Bill will enjoy a monopoly within the prefecture in which it operates. Under Article 2, the Welfare Minister apparently has unlimited authority in selecting the organizations to be established. There are no standards either as to adequate financial backing or as to the good character og the personnel having an interest in the juridical persons or otherwise connected with the operation; both of these requisites would seem to be of the utmost importance in private prganizations of this type, which handle large sums of the peoples money, in order to maintain public confidence and to avoid corruption. It is recommended that such standards be provided in the bill, rather than leave them to the discretion of the Ministry concerned. It is suggested that particualr attention be given to the exclusion from any connection with these juridical persons of anyone who is associated with the sporting events involved in the lotteries, and anyone who has been convicted of crimes, particularly crimes concerning such events. For the same purpose it is recommended that a provision be included making ineligible as prize winners in the lottery anyone connected with the juridical person, or with the sporting event to which the lottery is tied, including actual participants in the sporting events and officials of the association that is sponsoring the event.

2. In Article 2 and various other articles mention is made of the "competent Minister", who is intended to be the Minister of Welfare. The bill should be clarified by including a special provision to this effect.

3. In Artciel 12, par 1, it is required that the juridical person publish a notice as to each lottery, listing certain specified data, which must be "reported" to the Minister. It is the intention of the proposers of the bill, by this provision as to "reporting", to require that before the notice is published its contents must be approved by the Minister. The text should be clarified on this point.

4. Under Article 12, par 1, item 2, it is required in the public notice to include a list of the banks where the prizes will be collected. There is no specific requirement in the bill that the juridical person operating the lottery must disperse prizes through banks. If such is the intention, however, it is recommended that it be expressly included.

5. In Article 12, par 1, Item 1, it is suggested that the term "name" be changed to "name of the lottery".

6. Under Article 16, a time limit of one year is established within which prizes must be collected. No mention is made as to what will be done with the prizes when winning tickets are not redeemed within the stipulated time. It would seem that the juridical person could retain such prizes for its own benefit, according to the present

wording of the bill. Since elsewhere (Art 9) the juridical person's share is limited to 15% of the gross proceeds of the sales, to maintain this policy it would seem preferable to provide for other disposition of unclaimed prizes, such as by turning them over to the Central Community Chest Committee.

7. Article 11 is intended to provide for the contingency where the sporting event connected with the lottery does not take place. The present wording, however, is confusing. It is suggested that it be changed to read as follows: "In case the game of race connected with the sale of welfare ~~kkkkk~~ certificates with prizes in accordance with Article 5 has not been accomplised, owing to a mishap or for other reasons, the juridical person shall determine the order of winners by lottery and award the prizes accordingly to holders of said certificates."

8. Article 19 permits the Minister, in his discretion, to inspect the accounts of the juridical person. It is suggested that this provision be broadened to require an impartial audit for each lottery, and the approval thereof by the Minister. In addition it might be well to have annual financial reports to the Minister by the juridical person.

9. Article 18 requires the juridical person to deliver to the Central Community Chest Committee its share of the proceeds at a time designated by the Minister, but within three months after the sale of the tickets is closed. It is suggested that this maximum period of time is too long. Since the share of the Community Chest is based upon the gross proceeds with no deduction for expenses, it would see that its share could be determined and paid within a relatively shorter period of time, almost simultaneously with the time for the payment of the prizes.

10. Article 20 is objectionable in that it does not provide for notice and hearing.

11. Subject bill does not contain in its penal provisions the customary article imputing guilt to the juridical person for acts of its representatives. It is suggested that in a bill of this type, such a provision might be desirable.

12. There is a mistranslation of Article 21. In the Japanese text, the penal provisions contained in Art 21 of the English text are covered by two articles, Article 21 and Article 22. Article 21 should read as follows: "Any person who re-sells certificates in violation of Article 6, par. 2, shall be liable to penal servitude for not more than two years, or to a fine of not more than ¥ 50,000." Article 22 of the Japanese text is the same as Article 21 in the present mistranslation, except that items 1,3 and 4 are renumbered 1,2 and 3 with the original ietm 2 omitted. In addition in Item 3 (of the Japanese version) the reference to Art 18 is apparently incorrect; it appears Art 19 was intended.

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13. The following mistranslations are noted:

a. In Art 13, item 5, "Article 13" should read "Article 14".

b. Article 20 is not completely translated. It should read: "The competent minister may order the suspension of business in case the juridical person does not make the payments or donations fixed by law, or has failed, without good reason to effect ~~th~~ payment within the period of demand."

14. The term "welfare" should be deleted from the title of the bill. Although the holders of winning certificates would have their "welfare" positively benefitted, those holding losing certificates would have their "welfare" seriously impaired.

15. The lotteries should be operated only by established agencies of the government. The danger of such operations falling into the hands of professional gamblers or other unscrupulous promoters is evident.

16. The proceeds from publicly operated lotteries should be considered as general revenue to be divided between appropriate national, prefectural, and local governments, or that net proceeds be distributed in prizes on an equitable basis.

17. Article 187 of the Criminal Code prohibits the operation of lotteries by private organizations or persons.

- -

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/gb

Subject: Draft Legislation

Note No. From: Govt Sec To: LS/LAJ Date: 12 April 1950

Dept. Guide
26-6076
Revised

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

Cy to ESS, PHAW C. W.

P & P DIV

(17)

HR

Benevolent Corporations Revised

4/12

2 From: LS To: GS

Mr. L. A. Otto
Meiji 420
Date: 26 April 1950

1. No legal objections.

2. Subject bill, as revised, substantially complies with suggestions in LS checksheet, 4 April 1950.

3. Attention is invited to Article 16, para 2, providing that expenditures shall not be more than 15% of the proceeds, and Article 18, providing that a commission not exceeding 10% of the proceeds may be paid for handling sales and distribution of prices. It is suggested that these provisions be clarified to indicate whether the commission is to be included within the 15% limitation on expenses, or is an additional authorized expenditure.

Recd GS 4/26/50

1 Incl
w/d

A. C. C.

17

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/CPS/EL

Subject: Draft Legislation

Capt. Guida
26-6076

Note No. From: Govt Sec To: ESS Date: 12 April 1950
revised

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

Cy to PHW, LS/LAJ C. W.

GS & P DIV

17

#R

Sale of Benevolent Certificates
Revised test
4/12

File: 010(12 Apr 50)ESS/PV

WFM/REF/AEM/JWM/eb
Mr. Hessler, 26-6148

From: ESS To: Govt Sec

20 APR 1950

2 1. It is recommended that the revised draft bill, Bill for Sale of Benevolent Certificates with Prizes for Promotion of Social Welfare Works, be withheld from introduction in the Diet. ESS objected to the original draft bill by check note dated 30 March 1950 on the grounds that it was unwise to establish the precedent of authorizing private groups to conduct lotteries even though they may form juridical persons pledged to worthwhile purposes. To date no authority for conducting lotteries has been granted to private organizations. Once an exception has been made numerous other organizations will request the same privilege. Such lotteries even though the law may specify that they be operated under strict government control, are subject to serious abuse and tend to arouse a gambling psychology on the part of the public.

Read 65
4/20

2. Although the revised draft of the bill attempts to strengthen government control over the proposed program, it continues to appear advisable not to make an exception to Article 187 of the Criminal Law, which prohibits the operation of lotteries by private organizations or persons.

1 Incl:
n/c

17

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CT/JL/JW/GTG/ED

Subject: Draft Legislation

Note No. | From: Govt Sec | To: PHW | Date: 12 April 1950 revised

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

Cy. to ESS, LS/LAJ C. W.

P & P DIV

17

Mr. Metsker 26 8425
Date: 21 April 1950

From: PHAW To: Govt Sec

2

1. Reference is invited to PHAW comments contained in C/N 2, dated 27 March 1950 to Govt Sec in answer to Govt Sec C/N dated 20 March 1950, subj: Draft Legislation - Bill for Establishment of Welfare Certificates.

2. PHAW comments, reference para 1 above, are generally applicable to revised draft bill.

3. PHAW considers it highly inadvisable for the Ministry of Welfare to be placed in the position of administering a national lottery system for the purpose of raising funds for private charitable purposes, as proposed in draft bill. Substitution of proceeds from lotteries for support of private welfare activities would negate the substantial gains made until this time by the Community Chest in fostering volunteer support of private philanthropies in Japan.

1 Incl
w/d

Rec'd GS 4/22

----------O. F. S.----------

17

Mr Hauge

Bud.

Suggest you call
Col Mallohan and explain to
him that at this stage we
hesitate to intervene directly
on ground that we do not like
this sort of gambling and
racketeering - legalizing bill
but in an effort to delay it
long enough to kill it at
this session and maybe have
an occupation - Connected
Reason for this discouraging
it wholeheartedly we want to
refer it to ESS/Fi and
ESS/IR for their views as to

its inconsistency with orderly taxation and fiscal policy.

Then refer it to ESS/IR and let them coordinate with ESS/Fi if advisable.

Question: could such law be construed as a delegation of the taxing power? 3/25

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Public Health and Welfare Section

20 March 1950

MEMORANDUM TO: Mr. Osborne Haugue
Public Affairs Division
Government Section, SCAP

SUBJECT: Draft of "Bill for the Establishment of Welfare Certificates with Prizes"

1. Attached is the draft of the bill to provide for a lottery based on races and games already legally authorized. It proposes to provide for a percentage of the income derived from sales of tickets to be turned over to the Community Chest.

2. This draft was brought to PH&W Section by Dr. Oishi, a member of the House of Representatives, for an expression of opinion on the part of the Chief of PH&W Section as to the advisability of introducing such a bill into the Diet.

3. Dr. Oishi was a sponsor of the Jai Alai Bill and the present draft seems to be a substitute for the unsuccessful Jai Alai Bill.

4. General Sams suggested that Government Section's comments relative to the attitude of that section on the legalization of gambling under the circumstances set forth in the draft be secured prior to any advice being given by PH&W Section to Dr. Oishi. General Sams suggested that Mr. Rizzo's views be obtained on this draft inasmuch as he was familiar with the question of the Jai Alai Bill. Mr. Rizzo suggested in a telephone conversation that the draft be delivered to Mr. Haugue for comment.

C. S. Mollohan

C. S. MOLLOHAN
Colonel, MC
Deputy Chief

Incl
a/s

17

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/gb

Subject: Draft Legislation

Note No. | From: Govt Sec | To: LS/LJ | Date: 20 March 1950 | Capt. Morris 23-6076

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

Bill for Exceptions to Payment of Retiring Allowances Following Abolition of Kodans

Cy to ESS C. W.

P & P DIV

(18)

A R.
3/10

Returning allowances to Koreans following abolition of Kodans

R H Neptune - 2635-479
From: LS To: GS Date: 30 March 1950

2 1. This bill provides for the payment of allowances to employees of Kodans who are retired as a consequence of the readjustment or abolition of Kodans. It makes such payment an exception to Cabinet Order #264, 1949. The above mentioned Cabinet Order was based upon SCAPIN #2003 which directed the Japanese Government to pay separation allowances to Government employees in an amount consistent with the funds provided in the budget for fiscal 1949-50. Other separation allowances were prohibited. This bill is contrary to the policy stated in the SCAPIN and, therefore, may be objectionable even though the SCAPIN apparently applies only to fiscal 1949-50.

1 Incl:
w/d

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

Read GS 3/31/50

18

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/gb

Subject: Draft Legislation

Capt. Norris
26-6076

Note No.	From: Govt Sec	To: ESS	Date: 20 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 Bill for Exceptions to Payment of Retiring Allowances Following Abolition of Kodans		

Cy to IS/LJ _____ C. W. _____

D

J. W. Harrison, 26-6070
WFM/ECH/JMH/ftk

O10(20 Mar 50)ESS/PF

From: ESS To: Govt Sec

24 MAR 1950

2. ESS objects to this draft bill for Exceptions to Payment of Retiring Allowances Following Abolition of Kodans because it is in violation of SCAPIN 2003 which was issued in accordance with the stabilization program.

1 Incl
n/c

Rec'd GS 3/24

_____W. F. M._____

above referred Okawa, NRLO,

3/29

CN

18

IF ATTACHMENT IS TO BE RELEASED, DELETE SEC. 3(E) AND 3(F) OR (E) ONLY. 776012

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/CRW/vs

Subject: Draft Legislation

Capt. Norris

Note No. From: Govt Sec To: ESS 26-6076 Date: 23 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
Partial Amendment to
Gasoline Tax Law

C. W.

P & P DIV

19

DECLASSIFIED AUTH: EXEC. ORDER 12356 SEC. 3(E) AND 3(D) OR (E) NNDS # 775012

3/23

AR.
Gasoline Tax

K.P.Sanow 26-8515
WFM/HS/KPS/lrk

(24 Mar 50)ESS/IR Draft Legislation

ESS Govt Section 24 March 1950

2. 1. Subject bill calls for reduction of the gasoline tax rate from 100% to 70%. Revenue from this tax is budgeted at 5.2 billion yen for the fiscal year 1950-51. Any reduction on the tax rate would seriously reduce the potentialities of this levy and prejudice the overall tax collections and balanced budget for 1950-51.

2. For the above reasons, ESS does not approve subject bill.

1 Incl
n/c

W.F.M.

Recd 6 S
3/27/50

19

DECLASSIFIED AUTH: PROJ SEC. 3(E) AND 3(D) OR (E) NNDG # 779012

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation CW/JA/JW/CMM/gb

Note No. | From: Govt Sec | To: LS/LJ | Date: 27 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

Amendment to National
Health Insurance Law

C. W.

Cy to ESS, PHW

26-6076
Capt. Morris

P & P DIV

20

DECLASSIFIED AND/OR RELEASED UNDER SEC. 3(E) AND 3(D) OR (E) NNDG # 775012

Subject: Amendment to National Health Insurance Law

From: LS To: GS F.C.Goodman-2635-269
Date: 25 April 1950

2.

1. The basic law, the National Health Insurance Law (Law No. 60 of 1938) provided that the term "the insurer" included the city, town or village which administered National Health Insurance and the association or juridical person which administers such insurance. Subject bill amends the basic law by eliminating the association or juridical person and making it mandatory for the city, town or village to operate National Health Insurance effective 1 January 1952. Subject bill contravenes the principle as well as the spirit of local autonomy in the following respect:

Read 6) 4/27/50

a. The placing of a mandatory obligation upon the city, town or village to operate National Health Insurance completely destroys the local option privileges now accorded municipalities.

b. Article 43 of subject bill which provides that "The Minister of Welfare may order the insurers, the Federation or Central League, and the prefectural governor may order the insurers or the Federation within the area of his government to make reports on their operations and properties; may inspect their conditions; and may order the

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(Cont'd)

2. Cont'd

amendment of the city, town or village ordinance, constitution of the association, or regulations of the corporate juridical person; and may give other orders of disposition necessary for the supervision."

c. Article 45 which provides that "When the prefectural governor considers that the decision of the city, town or village assembly or the resolution of the Federation or the act of its officers, concerning the National Health Insurance, is in violation of the law, the city, town or village ordinance, the constitution of the Federation, or the order or disposition of the Minister of Welfare or the prefectural governor or that it is, or is likely to be, detrimental to the public interest, he may reverse such decision or resolution or dismiss the officer".

d. Article 46 which provides that "When the Minister of Welfare considers that the resolution of the Central League or the acts of its officer is in violation of law, the constitution of the Central League, or the order or disposition of the Minister of Welfare or that it is, or is likely to be, detrimental to the public interest, he may reverse such resolution or dismiss the officer."

2. Article 17 of subject bill states that "The Kind, scope, period of payment, the amount of insurance benefits; the amount of the National Health Insurance tax; the amount of collection or payment, method of collection and reduction or exemption of the expenses provided for in Article 14, and other necessary matters concerning the insurance benefits, the National Health Insurance tax and the expenses provided for in Article 14 shall be decided by the ordinance". This article is legally objectionable in that there are no standards in the law itself to guide the drafters of the ordinance.

3. Article 18-4, Paragraph 2, is likewise legally objectionable as there are no standards in the law itself to guide the drafters of the cabinet order regarding traveling expenses, daily allowances and hotel charges of purveyors of medical care benefits who have been summoned by the Council.

2. Cont'd

4. Article 18-3 of subject bill makes it compulsory for the prefectural governor to establish a National Health Insurance Medical Care Fee Reviewing Council in each prefecture. Whether such Councils are necessary in view of the recent bill for Establishment of Social Insurance Councils, Social Insurance Medical Councils, etc., is a matter of policy and of primary concern to PHAN.

5. Subject bill amends Article 38, Paragraph 1, of the basic law to make the Establishment of National Health Insurance Federations mandatory in each prefecture. The bill also makes mandatory the establishment of a Central League of Country-Wide National Health Insurance Federations. The feasibility of such bodies and the policy matters involved are of primary concern to PHAN and ESS.

6. Article 36 of subject bill provides that "The Federation or the Central League may impose a penalty on the offender of its constitution in accordance with the provisions thereof". This provision is too vague, and in omitting any explanation about the nature of such penalty is legally objectionable.

7. Necessarily hasty review prevents more detailed examination of subject bill. However, the bill, in general, is objectionable as undemocratic and an attempt to exert national government control over local public entities contrary to the Constitution of Japan and to existing SCAP policy recently confirmed and corroborated.

1 Incl. w/d

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

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SCAP Ltr. dtd. 11 Feb. 1950, Subject: Sec. 3(E) and 3(D) or (E) NMCR [illegible] 113012

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/CHH/gb

Subject: Draft Legislation

..... Capt. Morris
25-6076

No. ; From: Govt Sec To: GS Date: 27 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
Amendment to National
Health Insurance Law

Cy to PHW, LS/LI ___ C. W. _____

P & P DIV

D

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3/27

Analysis & Natl Health Ins Law

HK

2.

WPM/HS/HCB/lrk
H.C.Bradshaw 26-3508
Date: 13 APR 1950

FROM: ESS TO: Govt Section

1. ESS objects to this bill for the following reasons:

a. The bill makes it mandatory that each city, town or village provide "National Health Insurance", whereas under the existing system of voluntary adoption many municipalities have not been willing to adopt the system.

b. The bill provides that each municipality must collect a National Health Insurance Tax, whereas existing municipal systems are financed by the collection of insurance premiums from those insured. The imposition of the National Health Insurance Tax would increase municipal collections by at least 11 billion yen and possibly by a considerably larger amount during 1950-51. This additional work might place a severe strain upon municipal tax officials whose duties in connection with other taxes will be greatly increased under the revised Local Tax Law.

Rec'd GS 4/13

c. The bill provides that National Health Insurance services must be rendered in accordance with regulations of the Ministry of Welfare and that revenues may be transferred from the general account in case tax collections are insufficient. This means that municipalities would be fully liable for large and sometimes fluctuating costs of medical care but would have little or no control over the services and

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Draft Legislation (Amendment to National Health Insurance Law) (Cont'd)

13 APR 1950

2 cont'd the costs involved.

d. The bill provides for the establishment of 46 prefectural federations and one Central Nation-wide federation which would require at least 400 million in subsidies from the National Government in addition to the 839 million, now provided in the budget (if the existing system of program subsidization remains in effect).

e. The National Health Insurance Law (Law No. 60 of 1938) currently provides for the administration of national health insurance alternatively by local city, town or village governments or by compulsory membership associations. The latter are control associations in direct violation of SCAP policy regarding their elimination. Reference amendment proposes to remove from the law the provisions for administration of insurance by control associations. These would be required to dissolve at a date to be fixed by Cabinet Order prior to 1 April 1952 with the rights and duties of the associations going to the city, town or village. BSS has no objection to this feature of the reference amendment. In fact, it is regarded as a necessary step in removing from the basic law a current feature which is in contravention of SCAP policy.

f. The basic law also currently provides that, in the administration of their functions, the Minister of Welfare shall be assisted by a Central Social Insurance Medical Care Council; the prefectural governor shall be assisted by a local Social Insurance Medical Care Council and a National Health Insurance Appeals Board; and the mayor of city, town or village shall be assisted by a National Health Insurance Advisory Council. The reference amendment would further require that in each prefecture there be set up a National Health Insurance Medical Care Fee Reviewing Council to assist the governor. This Section considers objectionable such provisions of both the basic law and the reference amendment as being in conflict with SCAP policy and particularly the intent of SCAPINs 1103, 1394 and 1860.

g. It is recommended that the Japanese Government be advised of the respects, indicated above, in which the basic law and the reference amendment conflict with Occupation policy.

1 Incl
n/e

- 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/CHN/gb

Subject: Draft Legislation

Capt. Norris
26-6076
Date: 27 March 1950

...e No. From: Govt Sec To: PHW

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 National
Health Insurance Law

Cy to ESS, LS/LJ

C. W.

2 From: PH&W To: Govt Sec

Mr Anton 26-7057
30 March 1950

1. The Public Health and Welfare Section does not concur with the attached draft of amendments to the National Health Insurance Law. It proposes measures that are contrary to the promotion of local autonomy and democratic procedures. By compulsion it imposes legal obligations on communities which they cannot meet because of lack of resources, facilities, and medical personnel. The proposal is a long step toward "State Medicine" which is contrary to policy decision given by SCAP to PH&W.

2. The proposals completely eradicate the local option principle now accorded to municipalities as to whether or not such municipalities may have a National Health Insurance program. Instead, the proposals provide for a pyramidal organizational structure whereby (1) each city, town and village shall without a local vote have a program; (2) each city, town and village shall belong to a Prefectural Federation; and (3) each Prefectural Federation shall belong to a Central Nation-wide League of Federations. Though the prime responsibility for the success of each program in each municipality shall rest with such municipality and shall be supported by a local tax, imposed and collected like other local taxes, the powers granted to these Prefectural Federations and to the Central League are of sufficient scope to effectuate conformity to the centralized plan. This change in policy of administering National Health Insurance in Japan cuts straight across the concepts of local autonomy which have been encouraged and

Recd 6S 3/31/50

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