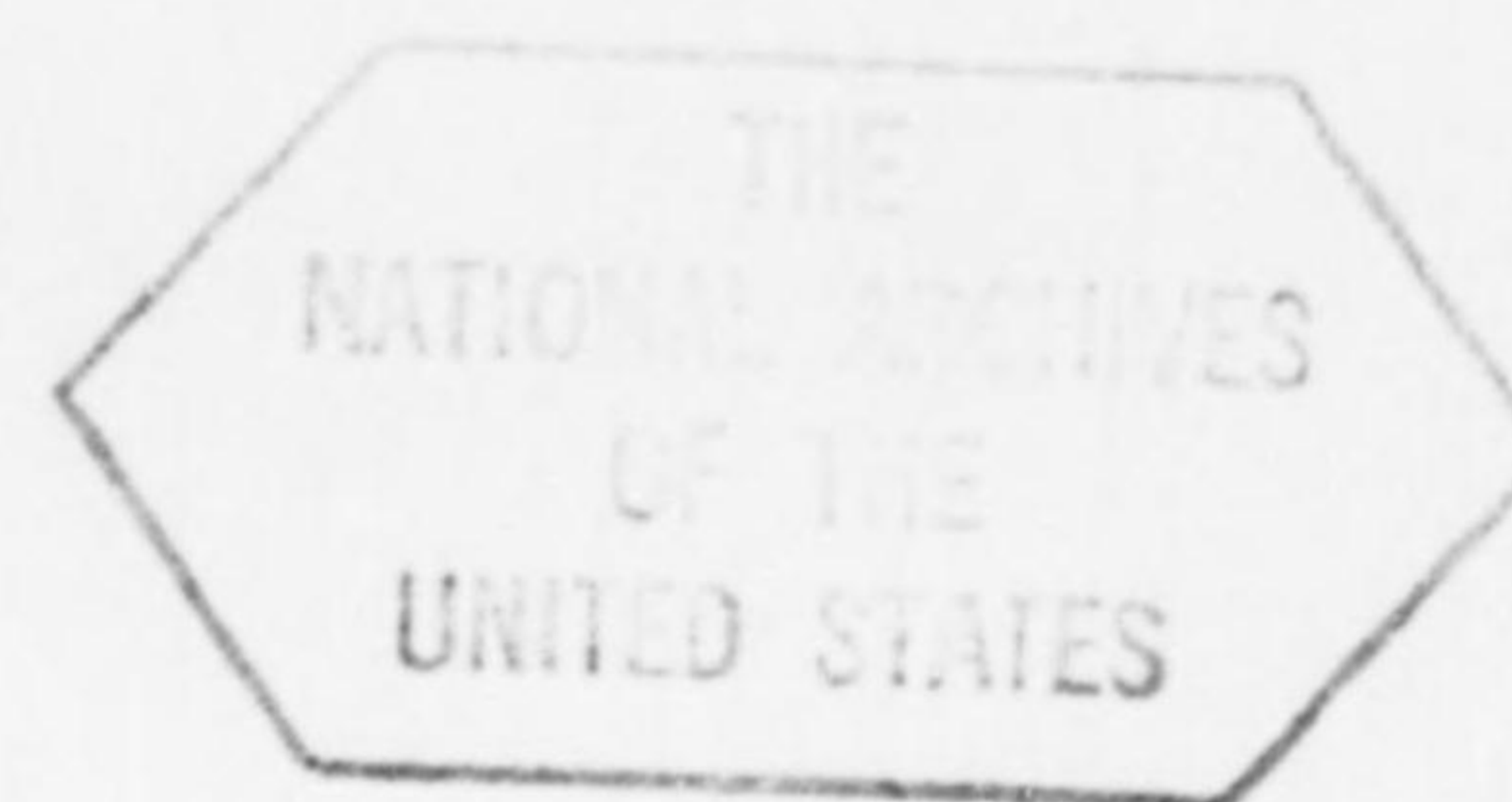


GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2205
- (2) Folder title/number: (19)
Economic Stabilization Board - 7th Diet
- (3) Date: Feb. 1950 - Apr. 1950

(4) Subject:

Classification	Type of record
324	d, m

- (5) Item description and comment:
Includes Contents List

(6) Reproduction: Yes No

(7) Film no. _____ Sheet no. _____

Title	Comment
1. Amendments to Temporary Demand and Supply Adjustment Law	LS (Neptune) No obj ESS (Wohl) No obj
2. Amendments to Economic Stablization Board Establishment Law	LS (Neptune) No obj CA (Pensworth) No comment GS/CS (MacCoy) No obj ESS (Harmon) No obj
3. Amendments to Economic Investigation Agency Law	LS (Otto) No obj Gs/CS (MacCoy) No obj ESS (Harmon) No obj CA (Pensworth) No obj
4. Foreign Investment Commission Establishment Bill	CTS (Ogden) No obj LS (Oppler) Obj ESS (Allison) No obj CPC (Tompkins) No obj GS/CS (MacCoy) Obj
5. Bill re Foreign Investment	CTS (Ogden) No obj LS (Oppler) No obj ESS (Allison) No obj CPC (Tompkins) NO obj DS (Diehl) No obj

Bill

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

February 4, 1950

1. FOM Number: 66
2. Name of Bill: Bill for Partial Amendments to the
Temporary Demand and Supply
Adjustment Law, etc.
3. Competent Ministry: Economic Stabilization Board
4. Date of Cabinet Approval: Februar 2, 1950
5. SCAP Section concerned:
Mr. H. Wohl, Controls Unit, Fair Trade Practices
Div., E.S.S., G.H.Q., SCAP.
6. Remarks: (reference:)
 1. Temporary Demand and Supply Adjustment Law
.... (Law No. 32 of 1946), Official Gazette No. 152,
Date October 1, 1946.
 2. Law concerning Partial Amendments to the
.... Temporary Demand and Supply Adjustment Law
.... (Law No. 23 of 1947), Official Gazette No. 297
.... Date March 29, 1947.....
7. G.S. Reviewers:

CS:

ESS
NS/KJ

Received by GS

Date 2/4/50

①

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) **CM/JR/JW/CHM/vs**

Subject: Draft Legislation

Capt. Morris

26-6076

Note No.

From: Govt Sec

To: **LS/LAJ**

Date: **4 February 1950**

1. Immediate introduction of the attached draft bill in the Diet is proposed by **the Economic Stabilization Board.**

2. Your prompt comment is requested.

1 Incl
**Partial Amendments to the
Temporary Demand & Supply
Adjustment Law, etc.**

C. W.

P & P DIV

From: LS

To: GS

R H Neptune - 2635-479
Date: 9 February 1950

2

1. The bill simply changes the date, terminating the validity of the bill, from April 1, 1950, to April 1, 1951. It should be noted, however, that the copy furnished to Legal Section is in error in its reference in Article 1 to "Law No. 52 of 1946". The reference obviously is meant to be made to Law No. 32, 1946.

2. There are no legal objections.

1 Incl:
w/d

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

Rec'd GS 2/11

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation ^{CW/JH/JB/CHN/vs}

Note No.

From: Govt Sec

To:

ESS

Date:

²⁶⁻⁶⁰⁷⁶
Capt. Norris

4 February 1950

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

2. Your prompt comment is requested.

1 Incl

Partial Amendments to
Temporary Demand & Supply
Adjustment Law, etc.

C. W.

P & P DIV

8

O

O

2

From: BSS

To: GS

Date: 8 February 1950

WFM
WFM/ECW/NW/1A
Henry Wohl - 26-6642

1. Reference is C/W No. 1, above, from GS to BSS, dated 4 February 1950, subject: Draft Legislation, requesting comment concerning the attached draft of "Partial Amendments to Temporary Demand and Supply Adjustment Law, etc."

2. BSS has no objection to the introduction of the subject draft law in the Diet.

1 Incl
n/c

Rec'd GS 2/10

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

Bill

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

March 17, 1950

1. FOM Number: 182
2. Name of Bill: Bill for Partial Amendments to
Economic Stabilization Board
Establishment Law
3. Competent Ministry: Economic Stabilization Board
4. Date of Cabinet Approval: February 17, 1950
5. SCAP Section concerned:
Mr. F.L. Whittington, Chief of Price & Distribution
Div. ESS
6. Remarks: (reference:)
Economic Stabilization Board Establishment Law
.....
(Law No. 164 of 1949) Official Gazette No. Extra
.....
61. 31 May 1949
.....
.....
.....
7. G.S. Reviewers:

CS: ESS
LS/AS
CS/CS

Received by GS
Date 3/17

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/JN/JW/CHN/vs**

Subject: Draft Legislation

Capt. Norris
26-6076

Note No.

From: Govt Sec

To: **LS/LWJ**

Date: **18 March 1950**

1. Immediate introduction of the attached draft bill in the Diet is proposed by **the Economic Stabilization Board.**

2. Your prompt comment is requested.

1 Incl

**Partial Amendments to
ESB Establishment Law**

Cy to ESS

C. W.

From: LS

To: GS

S E Neptune - 2635-479
Date: 31 March 1980

2

1. This bill alters the internal organisation and management of the functions of ESB. Four councils are added as auxiliary organs. The amendments are within the policy jurisdiction of ESB. Necessarily hasty review reveals no legal objections. It should be noted, however, that Paragraph 8 of the Supplementary Provisions is a mere statement of legislative intention and should not be construed as a delegation of legislative authority to the Cabinet to make the changes contemplated.

1 Incl:
w/d

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

Rec'd GS 4/3

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris

26-6076

Note No.

From: Govt Sec

To: **ESS**

Date: **18 March 1950**

1. Immediate introduction of the attached draft bill in the Diet is proposed by **the Economic Stabilization Board.**

2. Your prompt comment is requested.

1 Incl

**Partial Amendments to
ESB Establishment Law**

Cy to LS/LAJ

C. W.

Economic Stabilization Board
3/18/50

From: EBS

To: Government Section

WFM/PLW/JHE/rw

27 MAR 1950

2.

1. EBS offers objection to the following portions of the proposed draft: Article 34-(6) and 34-(7) of Section 2, Chapter IV, and those portions of the supplementary provisions in paragraphs 1 and 2 that refer to the "Prefectural Economic Investigation Division".

2. The reasons are as follows:

a. The proposed amendment accomplishes a reduction in status of an agency which is inconsistent with procedures in other agencies.

b. The obligation of coordination of planning and enforcement activities of the various ministries, National Rural Police, Maritime Security Agency, Procurators, etc., will be impossible if their status is reduced below the status of such other agencies.

c. The reduction in status has no budget or personnel implications and appears to be made for the purpose of rendering it inoperative in one of its most important functions.

✓3. In order to maintain its necessary position and to carry out its functions at the prefectural level, this office should be established as a prefectural bureau of the Regional Economic Bureau which, in turn, is the regional bureau of the Economic Stabilization Board.

Read 65
3/27/50

(18 Mar 50) Govt Sec 27 MAR 1950
Subj: Draft Legislation

2
Cont'd

4. ESS has no objection to any other portion of the proposed legislation.

5. It is recommended that the proposed amendments be changed as follows:

✓ a. In the amendment of contents, Chapter IV, Section 2, substitute "Bureau" for "Division".

✓ b. In the amendment of the Title of Section 2, Chapter IV; Articles 34-(6) and 34-(7) of Section 2, Chapter IV, substitute "Bureau" for "Division" in each reference.

1 Incl
n/c

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris

26-6076

Note No. From: Govt Sec To: Civil Affairs Date: 18 March 1950

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

2. Your prompt comment is requested.

1 Incl

Partial Amendments to
ESB Establishment Law

C. W.

PENSWORTH/wm

26-5860

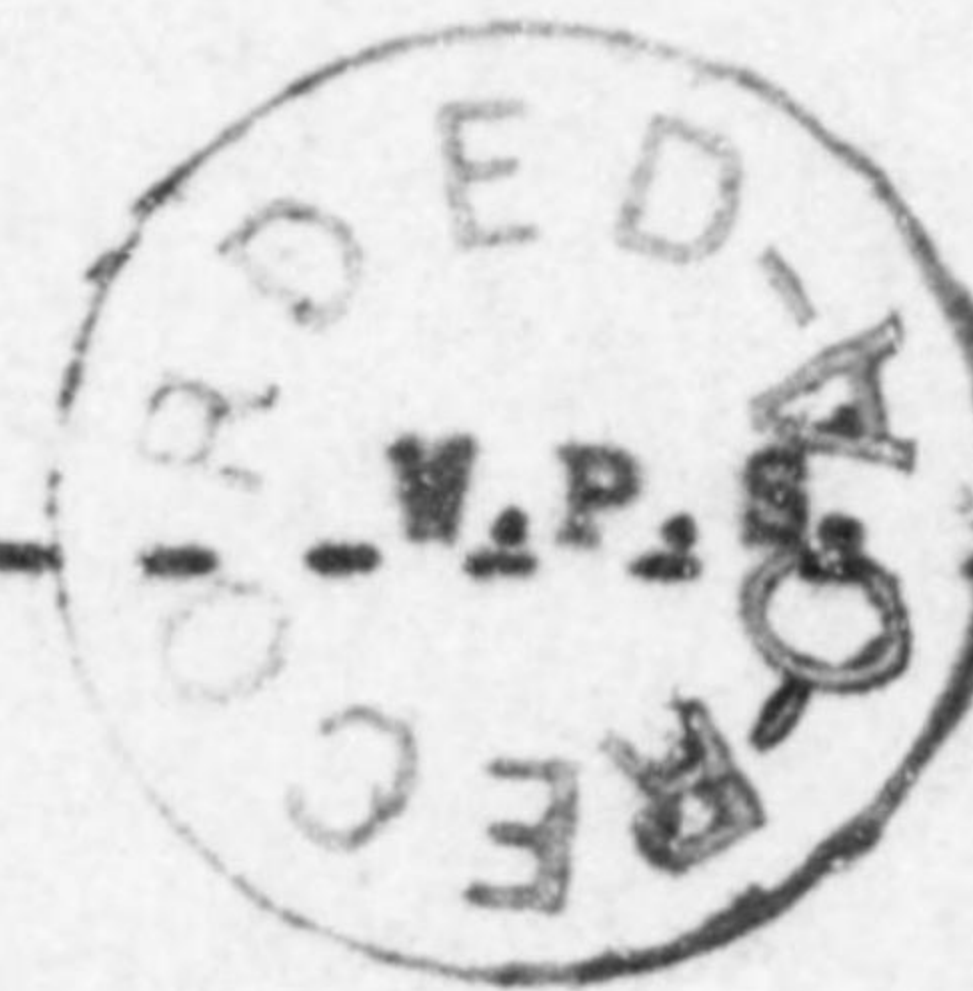
From: CAS To: Govt Sec Date: 24 MAR 1950

2

Due to the fact that the Economic Stabilization Board is a policy making organization, this section has had no occasion to observe its operations. The interests of this section in the proposed changes to the Economic Stabilization Board Law are confined to that portion of the law that deals with the Economic Investigation Agency. Copy of comments relative to the proposed change in the Economic Investigation Agency Law is attached.

2 Incls:

1. n/c
2. Check Sheet 18 Mar 50



Recd GS
3/25/50

C O P Y

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: Civil Affairs Sec. Date: 18 March 1950

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

2. Your prompt comment is requested.

1 Incl
Partial Amendments to
Economic Investigation
Agency Law

C. W.

MG 091.1(

)CAS-EP

PENSWORTH/wm

26-5860

Note No. From: CAS TO: Govt Sec Date:

2

1. Establishment of the Economic Investigation Agency in the Japanese Government has resulted in a marked improvement in the enforcement of economic laws. Civil Affairs units have continuously reported the increased effectiveness of this agency in coordinating the activities of the local enforcement agencies. It has been an effective liaison agency for Civil Affairs surveillance while at the same time allowing the maximum relaxation of controls on the part of the occupation forces. It is the belief of this section that the legislation proposed amending the Economic Investigation Agency Law and the Economic Stabilization Board Law will result in immediate deterioration of these enforcement activities. If it is the intent of this headquarters to completely eliminate economic controls at this time, that purpose would appear to be most effectively served by the complete elimination of this agency. As long as controls are required, any measure which results in drastically curtailing the effectiveness of the Economic Investigation Agency will almost certainly result in a drastic curtailment in the enforcement of economic laws.

2. Particular portions of the proposed legislation which appear to this section as those which will result in the devitalization of the Economic Investigation Agency are:

a. The reorganization of Prefectural Investigation Agency Bureaus into divisions of the Regional Economic Board with the consequent loss of prestige involved.

Incl 2

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheets)

File No.: AG 091.1()CAS-EP Subject: Draft Legislation, Cont'd.

Note No.	From:	To:	Date:
2 Cont'd	b. The deletion of the coordinating committees. In article 6 and 6(2) these committees are authorized at present to coordinate other local enforcement agencies, their elimination will probably result in the complete loss of leadership of the Economic Investigation Agency in local areas, if not in the complete lack of cooperation by local enforcement agencies.		

1 Incl
n/c

-----W. P. S.-----

C O P Y

CIVIL SERVICE DIVISION
Government Section

(ESA)

21 March 1950

SUBJECT: Bill for Partial Amendments to Economic Stabilization Board
Establishment Law

TO: Parliamentary and Political Division, Government Section, GHQ SCAP

1. Civil Service Division does not object to subject bill.

W. Pierce MacCoy
W. PIERCE MACCOY
Acting Chief

WPM/GWP/feh

Rec'd GS 3/22

AMENDMENTS TO ECONOMIC STABILIZATION BOARD ESTABLISHMENT LAW FOM 182

1. Objection is made to the following portions of the proposed draft: Article 35-(6) and 34-(7) of Section 2, Chapter IV, and those portions of the supplementary provisions in paras 1 and 2 that refer to the "Prefectural Economic Investigation Division". The reasons for these objections is as follows:

a. The proposed amendment accomplishes a reduction in status of an agency which is inconsistent with procedures in other agencies.

b. The obligation of coordination of planning and enforcement activities of the various ministries, National Rural Police, Maritime Security Agency, Procurators, etc., will be impossible if their status is reduced below the status of other agencies.

c. The reduction in status has no budget or personnel implications and appears to be made for the purpose of rendering it inoperative in one of its most important functions.

2. In order to maintain its necessary position and to carry out its functions at the prefectural level, this office should be established as a prefectural bureau of the Regional Economic Bureau which, in turn, is the regional bureau of the Economic Stabilization Board.

3. The following changes should be incorporated:

a. In the amendment of the contents, Chapter IV, Section 2, substitute "Bureau" for "Division".

b. In the amendment of the Title of Section 2, Chapter IV, Articles 34-(6) and 34-(7) of Section 2, Chapter IV, substitute "Bureau" for "Division" in each reference.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Guida

26-6076

From: Govt Sec

To: ESS

Date: 10 April 1950

revised

1. Immediate introduction of the attached/draft bill in the Diet is proposed by the Economic Stabilization Board.

2. Your prompt comment is requested.

1 Incl
Partial Amendments to
ESB Establishment Law

C. W.

P & P DIV

[Handwritten signature]
WFM/PLM/JSB/TV

11 APR 1950

From: ESS To: Govt Sec

- 2. 1. ESS offers no objection to the proposed legislation.

1 Incl
n/c

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

Bill

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

March 17, 1950

1. FOM Number: 181
2. Name of Bill: Bill for Partial Amendments to
Economic Investigation Agency Law
3. Competent Ministry: Central Economic Investigation
Agency
4. Date of Cabinet Approval: March 3, 1950
5. SCAP Section concerned:
Mr. R. Goodman, Enforcement Branch, Price &
Distribution Division, Economic
& Scientific Section, G.H.Q.
6. Remarks: (reference:)
..... Economic Investigation Agency Law.
..... Law No. 206. August 1, 1948.
..... Law No. 52 of May, 1949.
..... Law No. 103 of May, 1949.
..... Law No. 165 of May, 1949.
7. G.S. Reviewers:

CS:
ESS
LS/LJ
CS/CS

Received by CS
Date 3/17/50

3

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) *CK/JR/JW/CRH/gb*

Subject: Draft Legislation

Note No.

From: Govt Sec

To: *LS/LJ*

Capt. Morris
26-6076
Date: 17 March 1950

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

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendments
to Economic Investigation
Agency Law

Cy to ESS

C. W.

3/17

SUBJECT: Bill for Partial Amendments
to Economic Investigation
Agency Law

(ESB)

1.

2.

From: LS/LAJ

To: Govt Sec

L. A. Otto, Jr. 2635-420
Date: 1 April 1950

1. A necessarily hasty review reveals no legal objections.

2. Subject bill, together with the Bill for Partial Amendments to ESB Establishment Law (LS checksheet, 31 March 1950), reorganizes the EIA set-up on a restricted basis and more closely integrated with ESB. Regional Boards are replaced by bureaus which serve both agencies and the Price Board as well. Prefectural Boards are replaced by Prefectural Divisions under the Regional Bureau. The Economic Investigation Committees and Material Utilization Councils on national, regional and prefectural levels are abolished.

3. The term "agency" used throughout the bill is a mistranslation for "board", which is the term used in the basic law and prior amendments.

4. In Article 1 the term "et cetera" is vague and general and should be replaced by more explicit language.

1 Incl:
w/d

Rec'd GS 4/3

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet) CW/JR/JW/CHN/gb

Subject: Draft Legislation

Capt. Morris
25-6076

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

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

2. Your prompt comment is requested.

1 Incl
Bill for Partial Amendments
to Economic Investigation
Agency Law

Cy to IS/LJ

C. W.

P & P DIV

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/CHK/gb

Subject: Draft Legislation

Capt. Morris

26-6076

Note No.

From: Govt Sec

To: ESS

Date: 17 March 1950

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

2. Your prompt comment is requested.

1 Incl

Bill for Partial Amendments
to Economic Investigation
Agency Law

Cy to LS/LJ

C. W.

P & P DIV

Economic Investigation Agency

3/17

2. From: ESS To: Government Section WFM/FLW/JBH/rw
27 MAR 1950

1. ESS offers objection to the following portions of the proposed legislation:

a. Deletions of Article 6, Chapter I; Article 12, Chapter II and Article 17, Chapter III dealing with the establishment of an Economic Investigation Committee at central, regional and prefectural levels of the Economic Investigation Agency.

b. That portion of the first paragraph of the proposed draft consisting of the last two phrases which refers to "Prefectural Economic Investigation Division" and "Chief of Prefectural Economic Investigation Division".

c. Article 15, Chapter III; Article 32; paragraphs 2 and 3 of Article 33; Article 34 of Chapter V.

d. The amendments proposed by (a) will dissolve these committees. They are composed of representatives of the Attorney General's Office, Procurators' Offices, the Economic Stabilization Board, the Price Agency, the Economic Investigation Agency, National Rural Police, Ministry of Finance, Ministry of Welfare, Ministry of Agriculture & Forestry, Ministry of International Trade & Industry, Ministry of

Rec'd 65
3/27/50

(17 Mar 50)Govt Sec 27 MAR 1950
Subj: Draft Legislation

Transportation and Ministry of Construction. This headquarters approved the enactment of the law establishing the Economic Investigation Board pursuant to memorandum for Chief of Staff, OIG(20 Mar 48)ESS/PC, dated 29 March 1948. The principal reason for approval of such legislation was to obtain nationwide and coordinated planning and enforcement of economic controls following the dissolution of the National Economic Police. This type of coordination is essential to an orderly administration of economic laws and forms the principal point of contact for Regional Civil Affairs Teams in the regions and prefectures. Typical of the view of Regional Civil Affairs Teams is the Kanto region report for February 1950:

"If the EIA is to continue as an active investigation agency on economic violations, it appears essential to retain the coordinating council which is its main avenue for coordination of the police and procurators".

Its operation at the central level insures the issuance of coordinated programs to the field for implementation.

3. The proposed amendment accomplishes no budget or personnel economy.

4. The reasons stated by the Japanese government for the proposed amendment is their desire to eliminate all councils or committees created by legislative act which have no definite authority. These committees are authorized under present legislation to make recommendations to the Economic Investigation Agency concerning the administration of the Economic Investigation Agency Law and such other matters as may be directed by the Director General of Central Economic Investigation Agency. The reason cited is inapplicable to the operation of these committees.

5. The amendments under (b) and (c) refer to the change of the status of the Prefectural Economic Investigation Agency from an agency to a division of the Regional Economic Bureau. The changes are primarily effected by proposed amendments to the Economic Stabilization Board Establishment Law (subject of separate check sheet).

6. One of the primary functions of the Prefectural Economic Investigation Agency is to accomplish the functions set forth in paragraph 2. Coordination of the activities of these various agencies can not be effected by an organization whose status is below that of those whose cooperation is sought. No personnel or budget economy is effected. The proposed amendment serves only to reduce the status of the agency and the only effect will be to cause serious difficulty in carrying out its obligations.

(17 Mar 50) Govt Sec 27 MAR 1950
Subj: Draft Legislation

7. The prefectural offices of the Economic Investigation Agency should have the status of a bureau which is consistent with the organization of such other government agencies as Labor Bureau and Justice Bureau.

8. ESS has no objection to any other portion of the proposed legislation.

9. It is recommended that the proposed amendments to the EIA Law be changed as follows:

a. Amendment to Article 6, Chapter I deleted.

b. Amendment to Article 12, Chapter II deleted and the following substituted:

Article 12 "Regional Economic Investigation Agency" and "Director of Regional Economic Investigation Agency" amended respectively as "Regional Economic Bureau" and "Director of Regional Economic Bureau".

c. In the first paragraph (undesignated); Articles 15, 15-(2), 33-(2), 33-(3) and supplementary provisions Article 1-(2):

The words "Prefectural Economic Investigation Division" and "Chief of Prefectural Economic Investigation Division" shall be respectively "Prefectural Economic Investigation Bureau" and "Chief of Prefectural Economic Investigation Bureau".

d. Amendment to Article 17, Chapter III deleted and the following substituted:

Article 17 "Prefectural Economic Investigation Agency" and "Chief of Prefectural Economic Investigation Agency" amended respectively as "Prefectural Economic Investigation Bureau" and "Chief of Prefectural Economic Investigation Bureau".

1 Incl
n/c

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris

26-6076

Note No. From: Govt Sec To: Civil Affairs Sec. Date: 18 March 1950

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

2. Your prompt comment is requested.

1 Incl
Partial Amendments to
Economic Investigation
Agency Law

C. W.

AG 091.1(

)GAS-EP

PENSWORTH/vn
26-5860

Note No.

From: GAS

To: Govt Sec

Date: 24 MAR 1950

2

1. Establishment of the Economic Investigation Agency in the Japanese Government has resulted in a marked improvement in the enforcement of economic laws. Civil Affairs units have continuously reported the increased effectiveness of this agency in coordinating the activities of the local enforcement agencies. It has been an effective liaison agency for Civil Affairs surveillance while at the same time allowing the maximum relaxation of controls on the part of the occupation forces. It is the belief of this section that the legislation proposed amending the Economic Investigation Agency Law ~~and the Economic Stabilization Board Law~~ will result in immediate deterioration of these enforcement activities. If it is the intent of this headquarters to completely eliminate economic controls at this time, that purpose would appear to be most effectively served by the complete elimination of this agency. As long as controls are required, any measure which results in drastically curtailing the effectiveness of the Economic Investigation Agency will almost certainly result in a drastic curtailment in the enforcement of economic laws.

2. Particular portions of the proposed legislation which appear to this section as those which will result in the devitalization of the Economic Investigation Agency are:

a. The reorganization of Prefectural Investigation Agency Bureaus into divisions of the Regional Economic Board with the consequent loss of prestige involved.

Recd 6 3
3/25/50

AG 091.1(

)CAS-EP

Draft Legislation, Cont'd.

2 Cont'd

b. The deletion of the coordinating committees. In article 6 and 6(2) these committees are authorized at present to coordinate other local enforcement agencies, their elimination will probably result in the complete loss of leadership of the Economic Investigation Agency in local areas, if not in the complete lack of cooperation by local enforcement agencies.

1 Incl

n/c



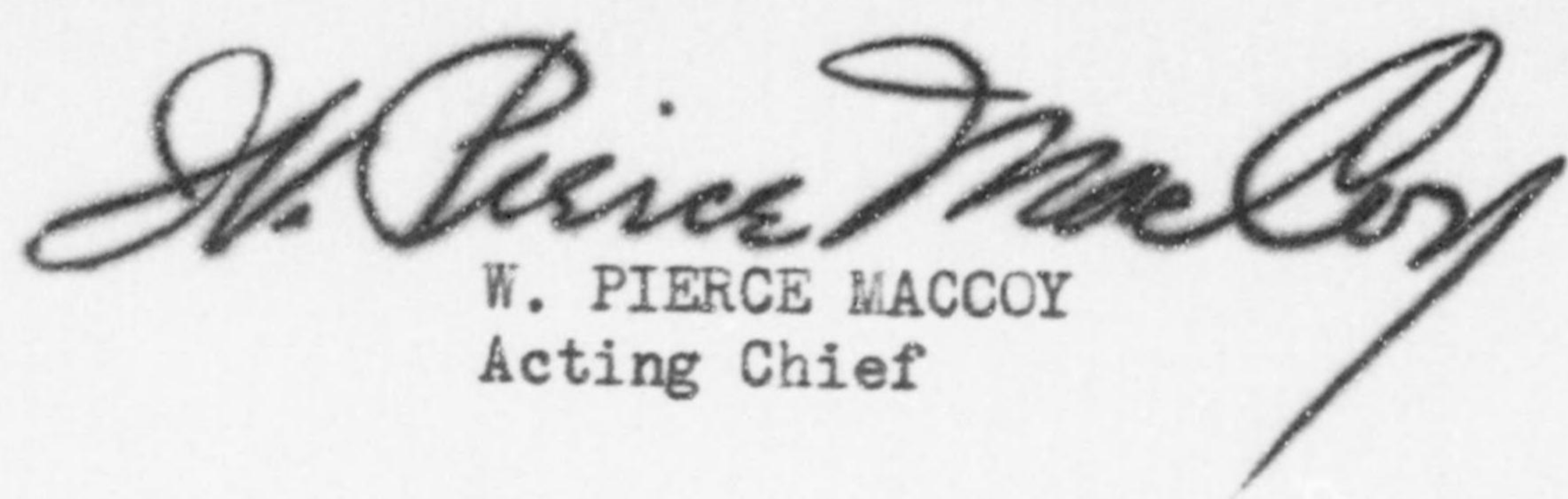
ESB

CIVIL SERVICE DIVISION
Government Section

21 March 1950

SUBJECT: Bill for Partial Amendment to Economic Investigation Agency Law
TO: Parliamentary and Political Division, Government Section, GHQ SCAP

1. Civil Service Division does not object to subject bill.


W. PIERCE MACCOY
Acting Chief

WPM/GWP/feh

AMENDMENTS TO THE ECONOMIC INVESTIGATION AGENCY LAW FORM 181

1. The proposed amendment accomplishes no budget or personnel economy. It serves only to reduce the status of the agency and the only effect will be to cause serious difficulty in carrying out its obligations.

2. The following changes should be incorporated in the proposed draft:

✓ a. The amendment to Article 6, Chapter I should be deleted.

b. The amendment to Article ~~13~~¹², Chapter ~~12~~ should be deleted and the following substituted:

Article 12 "Regional Economic Investigation Agency" and "Director of Regional Economic Investigation Agency" shall be amended respectively as "Regional Economic Bureau" and "Director of Regional Economic Bureau."

c. In the first paragraph of the proposed draft (undesignated), and in Articles 15, 15-(2), 33-(2), 33-(3) and supplementary provisions Article 1-(2):

The words "Prefectural Economic Investigation Division" and "Chief of Prefectural Economic Investigation Division" shall be respectively "Prefectural Economic Investigation Bureau" and "Chief of Prefectural Economic Investigation Bureau".

d. The amendment to Article 17, Chapter III should be deleted and the following substituted:

Article 17 "Prefectural Economic Investigation Agency" and "Chief of Prefectural Economic Investigation Agency" amended respectively as "Prefectural Economic Investigation Bureau" and "Chief of Prefectural Economic Investigation Bureau."

3. In Articles 6 and 6(2), the deletion of the coordinating committees is objectionable. These committees are authorized at present to coordinate other local enforcement agencies and their elimination will probably result in the complete loss of leadership of the Economic Investigation Agency in local areas, if not in the complete lack of cooperation by local enforcement agencies.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Guida

File No.

From: Govt Sec

To: Civil Affairs Sec.

Date: 26-6076
10 April 1950

revised

1. Immediate introduction of the attached/draft bill in the Diet is proposed by the Economic Stabilization Board.
2. Your prompt comment is requested.

1 Incl
Partial Amendment to
Economic Investigation
Agency Law

Cy to ESS

C. W.

P & P DIV

BASIC: Check Note from Govt. Sec. to Civil Affairs Sec.,
subj: Draft Legislation, dated 10 April 1950.

Economic Stabilization Board

Economic Investigation Agency

Revised text 4/10/50

*Need GS
4/22/50*

3

From: ESS To: GS

[Signature]
WFM/HFS/JA/LE
Mr. J. Harman, 26-6280
Date: 22 APR 1950

This section has no objection to the proposed partial amendment to the Economic Investigation Agency Law.

1 Incl - n/c

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Guida

File No.

From: Govt Sec

To: ESS

26-6076
Date: 10 April 1950
revised

1. Immediate introduction of the attached/draft bill in the Diet is proposed by the Economic Stabilization Board.
2. Your prompt comment is requested.

1 Incl
Partial Amendment to
Economic Investigation
Agency Law

Cy to Civil Affairs Sec.

C. W.

P & P DIV

[Handwritten signature]
WFM/VLH/BB/rw

From: ESS

To: Government Section

11 APR 1950

2.

1. ESS offers no objection to the proposed legislation.

1 Incl
R/c

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

CIVIL SERVICE DIVISION
Government Section

27 April 1950

MEMORANDUM FOR: Parliamentary and Political Division
Government Section

SUBJECT : Bill for Partial Amendment to the Economic Investigation
Agency Law

Civil Service Division does not object to the House of Representatives' proposed amendment to subject bill under date of 26 April.

W. Pierce MacCoy
W. PIERCE MACCOY
Acting Chief

WPM/GWP/feh

*Rec'd 65
4/28*

Hold

Bill

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

April 18, 1950

1. FOM Number: 205
2. Name of Bill: Foreign Investment Commission
Establishment ~~Law~~ *Bill*
3. Competent Ministry: Economic Stabilization Board
(Foreign Investment Commission)
4. Date of Cabinet Approval: April 18, 1950
5. SCAP Section concerned:
J.R. Allison, Director-Finance ESS 26-8723
6. Remarks: (Reference):
Cabinet Order No. 51. (15. Mar. 1949).....
" " No. 3 (18 Jan. 1950).....
" " No. 311 (18 Aug. 1949).....
Bill concerning Foreign Investment
(FOM 204)
7. G.S. Reviewers:

ES:
ESS
LS/LJ
CS/KS

Received by GS

Date 4/18/50

(4)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris

26-6076

Site No.

From: Govt Sec

To: CTS

Date: 20 April 1950

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

2. Your prompt comment is requested.

1 Incl
Foreign Investment
Commission Establish-
ment Law

C. W.

Mr. Ogden 26-6086

From: CTS

To: GS

Date:

2.

1. Reference is made to checknote from Government Section, dated 21 April 1950, subject: Draft Legislation - Bill Concerning Foreign Investment.

2. The Chief, Civil Transportation Section, will concur in the proposed Foreign Investment Commission Establishment Law but would like to see a representative of the Ministry of Transportation included in the membership of the Commission. While it is recognized that the Commission must consult the Minister of Transportation in connection with investments in the transportation field, it is felt that investments in transportation enterprises and allied industries can be of such importance as to justify Transportation Ministry representation on the Commission itself. The proposed membership apparently includes all other state agencies who could conceivably be concerned with investment of foreign capital in Japan. The Ministry of Transportation is particularly concerned with foreign investments in Japanese steamship companies, railways, automobile manufacturers, tire manufacturers, tourist hotels, etc. Investments in transportation enterprises have international significance beyond normal financial aspects of most foreign investments.

1 Incl
w/d

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

Rec'd GS 4/29

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Capt. Norris

26-6076

Note No.

From: Govt Sec

To: LS/L&J

Date: 19 April 1950

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

2. Your prompt comment is requested.

1 Incl

Foreign Investment
Commission Establish-
ment Law

Cy to FSS

C. W.

P & P DIV

ESB

Jr Invest Com Estab Bill
4/19.

From: LS

To: GS

A.C. Oppler-2635-582
Date: 25 April 1950

2.

1. This is a companion bill to the Foreign Investment Bill which has been commented on by Check Sheet from LS to GS this date.

2. Reference is made to the contents of above Check Sheet, particularly with regard to the relationship between the proposed legislation and Cabinet Order #51 of 1949. Although the Foreign Investment Commission referred to in subject bill was first established by Cabinet Order #51, the bill is primarily designed to "establish" that already functioning body as the agency for carrying out the provisions of the proposed Foreign Investment Law.

3. For the reasons stated in above referenced Check Sheet, LS objects to para 2 of the Supplementary Provisions of subject bill which deletes Articles 11 to 18 of the Cabinet Order. The deletion of these articles can only be achieved by an amendment of the Cabinet Order itself.

4. Also, LS strongly objects to para 4 of the Supplementary Provisions of the bill, wherein Article 34 of the Economic Stabilization Board Establishment Law is amended by eliminating the reference to Cabinet Order #51 and substituting therefor a reference to the proposed subject law. It is suggested that the proper way to handle this would be to add the "Foreign Investment Commission Establishment Law (Law No. _____ of 1950)" without disturbing the present reference to Cabinet Order #51 in Article 34 of the Economic Stabilization Board Establishment Law.

1 Incl. w/d

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

Rec'd 6/5
4/25

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: ESS

Date: 19 April 1950

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

2. Your prompt comment is requested.

1 Incl
Foreign Investment
Commission Establish-
ment Law

Cy to LS/lhj

C. W.

From: ESS

To: Govt Sec

WFM/JRA/mlm

Date: 19 April 1950

2.

ESS has no objection to the introduction of the attached draft bill in the Diet.

1 Incl.
n/c

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

Recd 65
4/24/50

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

23-6076

Note No. From: Govt Sec To: CPC Date: 19 April 1950

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

2. Your prompt comment is requested.

1 Incl
Foreign Investment
Commission Establish-
ment Law

C. W.

6470

Mr. Tompkins 26-6761

From: CPC/FP To: Govt Sec

21 APR 1950

2

CPC interposes no objection to the action proposed in paragraph 1 of C/N #1.

1 Incl
w/d

J.F.C.

Rec'd GS 4/21

52532

CIVIL SERVICE DIVISION
Government Section

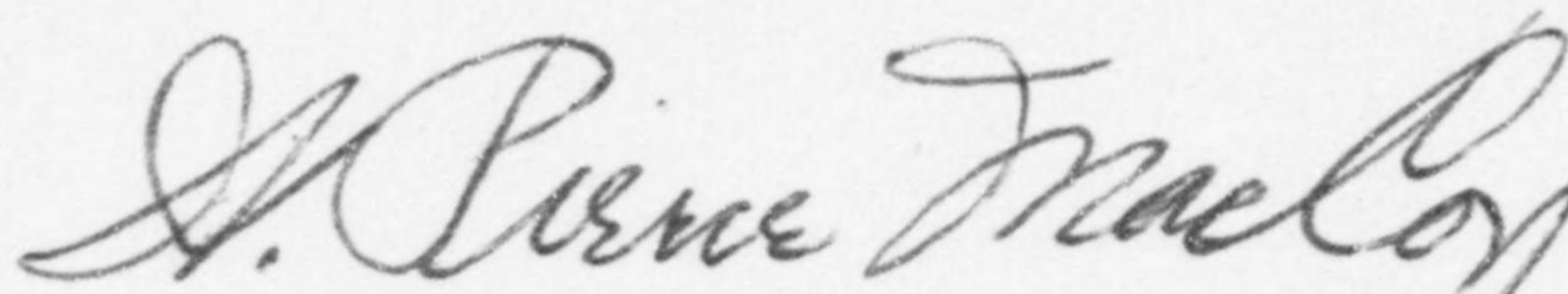
19 April 1950

MEMORANDUM FOR: Parliamentary and Political Division
Government Section

SUBJECT : Foreign Investment Commission Establishment Law

1. Objection is made to Paragraph 3 of Article 9 of subject bill because the concurrent employment prescribed is contrary to the language and intent of Article 101 of the National Public Service Law.

2. It is recommended that the Secretary General and personnel under the Foreign Investment Commission be exclusively personnel of such Commission and not be assigned from the ministries and agencies concerned. The divided supervision and control over the personnel as set forth in Paragraph 3 is not conducive to satisfactory performance.

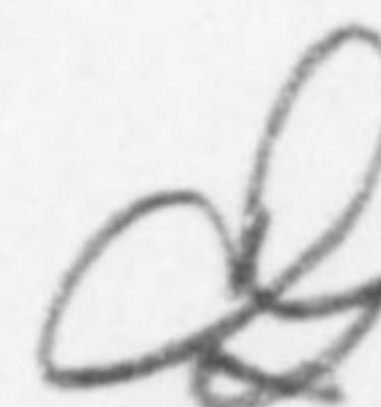


W. PIERCE MacCOY
Acting Chief
Civil Service Division

GWP:WPM:vr

Rec'd GS 4/19

*Discussed with Mr. Allain, ESS
by phone 4/22 and he concurs with
GS/CS. Info passed on to Ministry
the re. Karazawa same date.*



Bill

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

April 18, 1950

1. FOM Number: 204
2. Name of Bill: ^{Bill} Law concerning Foreign Investment

3. Competent Ministry: Economic Stabilization Board
(Foreign Investment Commission)
4. Date of Cabinet Approval: April 18, 1950
5. SCAP Section concerned:
J.R. Allison, Director-Finance, ESS 26-8723

6. Remarks: (reference:)

.....
See attached papers
.....
.....
.....

7. G.S. Reviewers:

CS:
ESS
DS
LS/LJ

Received by GS

Date 4/18/50

(5)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Note No. From: Govt Sec To: CTS Date: 21 April 1950

Capt. Guida
26-6076

1. Immediate introduction of the attached draft bill in the Diet is proposed by the Economic Stabilization Board.
2. Your prompt comment is requested.

1 Incl
Bill concerning
Foreign Investment

C. W.

2 From: CTS To: Govt Sec Mr. Ogden, 26-6086
Date:

1. Reference is made to CTS reply to G/N dtd 20 Apr 50 from GS, subject: Draft Legislation - Foreign Investment Commission Establishment Law,

2. The Chief, CTS, will interpose no objection to the passage of the Bill concerning Foreign Investment but considers it desirable to have representation on the Foreign Investment Commission of all ministries of the Japanese Government who have a major interest. This would include the Ministry of Transportation.

1 Incl
w/d

H. T. M.

Rec'd GS 4/19

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

Note to:

From: Govt Sec

To: LS/LAJ

Date: 19 April 1950

26-6076

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

2. Your prompt comment is requested.

1 Incl
Foreign Investment Bill

Cy to ESS, DS

C. W.

P & P DIV

ESB
4/19/50

Subject: Foreign Investment Bill

From: LS

To: GS

A. C. Oppler-2635-582
Date: 25 April 1950

2.

1. Up to now foreign trade in Japan has been conducted under strict control of the Occupation pursuant to SCAPIN #1961 of 14 January 1949, Subject: Business Activities of Non-Japanese in Japan. This directive was implemented by Cabinet Order #51 of 15 March 1949 issued under the Potsdam Declaration. Subject bill aims at improving the system and elaborating upon the principles, standards and procedures in the light of the experience gained during the past thirteen months.

2. The essential ingredients of the bill are already contained in Cabinet Order #51, under Article 11 of which the Foreign Investment Commission was established as the agency for carrying out its provisions. An important feature of the bill is the procedure for permitting payment to foreign investors in foreign exchange, whereas under Cabinet Order #51 no such provision was made.

3. Necessarily hasty review does not reveal any serious objection to the substantive provisions of the bill. However, an extremely serious question arises in connection with the form of the enactment. While heretofore the foreign investment program was regulated under a SCAP Directive and a Potsdam Ordinance issued pursuant thereto, in many respects the proposed Diet Legislation is actually designed to replace the Potsdam Cabinet Order.

(Continued)

Recd GS
4/25/50

Foreign Investment Bill

LS

GS

25 April 1950
A.C.Oppler-2635-582

2.
Contd.

4. The situation becomes even more complicated by the fact that Cabinet Order #51 went beyond a mere implementation of SCAPIN #1961, in that it contained additional provisions not required by the SCAPIN. A change or modification of the additional provisions by Diet Legislation might be unobjectionable provided that the Cabinet Order be amended accordingly by another Potsdam Cabinet Order before the law comes into effect. In no case, however, could or should the Diet legislation invalidate or change any provision of the Cabinet Order which clearly implements the SCAPIN. Cabinet Orders under the Potsdam Declaration, at least insofar as they implement SCAPINS, have supremacy as Occupation Law over Diet legislation. The danger involved in changing such Occupation Law by Diet legislation is so obvious that no further comment is needed. Any concession in this direction would undermine the authority of SCAP and cause untold legal confusion.

5. In the light of the preceding remarks it would appear that from a logical point of view two alternatives could have been chosen, either to refrain from enacting any Diet legislation in this field and amend the Potsdam Cabinet Order #51, or to repeal the SCAPIN and the Cabinet Order and leave the whole matter to determination by the Japanese Government and Diet legislation. However, ESS states that neither of these alternatives is feasible. Because of the tendency toward relaxation of occupation controls and the need for survival of these regulations after the termination of the Occupation, ESS does not believe that the continuation of an exclusive system of authoritative Occupation Directives and Potsdam Ordinances is advisable. On the other hand, the relaxation of controls has, in the opinion of ESS, not yet reached the point where SCAP control over foreign trade can be completely abandoned. The final validation of contracts and approval of licenses by SCAP is still considered a necessary requirement. Furthermore, subject bill does not include certain regulations of the Cabinet Order that are intended to apply only during the Occupation. This would appear to make the retention of those regulations advisable for the time being.

6. LS, insofar as the short time available for review permits, is under the impression that the substance of the bill does not violate or modify SCAPIN #1961 and the implementing provisions of Cabinet Order #51. In particular, the new feature of permitting payment in foreign currency in certain instances does not appear to be contrary to the SCAPIN, which under sub-para 3, item e, with regard to remittance of foreign exchange or goods outside Japan refers to "applicable Japanese Law" thereby leaving the door open to Diet legislation. However, LS does object to para 2 and 4 of the Supplementary Provisions for the

Foreign Investment Bill

LS

GS

25 April 1950

A.C. Oppler-2635-582

2.
Contd.

reason that these provisions declare parts of Cabinet Order #51 inapplicable or amend or delete them. Regardless of whether these parts are clear implementations of SCAPIN #1961 or so to speak, surplus regulations, GMR should in no case allow Diet legislation to change them. It may also be remarked that the deletion of the words "stocks and shares or" in para 4 of the Supplementary Provisions affects a portion of the Cabinet Order which is an express implementation of the SCAPIN. The deletion of these provisions is not possible without change of the SCAPIN. Furthermore, ESS has informed LS that this deletion is in any event unnecessary since the provision sought to be deleted has been reinstated in another part of the bill.

7. In conclusion, LS suggests the deletion of para 3 and 4 of the Supplementary Provisions. The anomaly of having both the Diet law and the Cabinet Order under the Potsdam Declaration contemporaneously in the text-books can only be met by amending Cabinet Order #51 by another Cabinet Order under the Potsdam Declaration so as to attain conformity with subject bill. The amendment, which may not include any change of provisions clearly implementing the SCAPIN #1961 should be carried out before the bill comes into effect.

1 Incl. w/d

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

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

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

Subject: Draft Legislation

Note No. : From: Govt Sec To: ESS Date: 19 April 1950
Capt. Norris
26-6076

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

2. Your prompt comment is requested.

1 Incl
Foreign Investment Bill

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

From: ESS To: Govt Sec WFM/JRA/mlm
Date: 19 April 1950

2. ESS has no objection to the introduction of the attached draft bill in the Diet.

1 Incl.
n/c

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

*Recd 65
4/24/50*

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

Note No.

From: Govt Sec

To: CPC

Capt. Norris

26-6076

Date: 19 April 1950

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

2. Your prompt comment is requested.

1 Incl

Foreign Investment Bill

C. W.

From: CPC/FP

To: Govt Sec

Mr. Tompkins 26-6761

21 APR 1950

2

CPC interposes no objection to the action proposed in paragraph 1 of C/N #1.

1 Incl

w/d

J.F.C.

Rec'd GS 4/4

52533

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: DS

Date: 19 April 1950

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

2. Your prompt comment is requested.

1 Incl

Foreign Investment Bill

Cy to ESS, LS/L&J

C. W.

2.

From: DS

To: Govt Sec

DS/WJS/CKH/WWD/fiw
W. W. Diehl 26-8096
19 April 1950

This bill meets with the approval of the Diplomatic Section.

W.J.S.

*Recd 65
4/20/50*