

Application to Economic Organizations

33 28. The application of various provisions of the directive was clarified through conferences between SCAP representatives and Government officials.

34 29. A conference on 3 June 1946 discussed the status of non-ideological organizations established purely for profit whose by-laws discriminated in any way against foreign nationals. The Government was instructed to provide SCAP the names of all organizations which excluded foreign persons in Japan from trade, commerce or the exercise of their professions, so that the nature of these organizations could be considered when determining their status.

35 30. Government officials were also informed that organizations discriminating against foreign nationals and having any purpose in addition to that of making profit would be considered individually.

36 31. The application of the directive to economic organizations was further clarified in conferences held with Home Ministry officials on 5 and 12 June 1946. The Government was advised that no blanket authorization could be given to exempt certain classes of organizations from the directive but that the principle of creating the least possible disturbance in Japan's legitimate economic life would be observed. To that end the responsibility of the Government at that time in the application of the directive to non-political organizations was agreed to be limited to the following:

- (1) ^{rather} Any organization discovered to be of a type specified in the directive, no matter what its professed nature, must be immediately dissolved.
- (2) Certain stipulated categories of economic or cultural organizations must be screened to determine whether they were subject to the directive. For the time being no other bona fide economic or cultural organizations had to be considered.
- (3) The Government could ask exemption for any of the screened organizations found subject to the directive if all objectionable personnel were dismissed.

37 32. It was determined that the Government should screen the following categories:

- (1) Economic enterprises whose assets exceeded, in fair market value, ¥10,000,000 or whose production or gross sales exceeded ¥1,000,000 for any calendar year since 1937, or in the future exceeded these figures.

- (2) Financial organizations such as the Bank of Japan, all ordinary and special banks, trust companies, security exchanges and in addition those credit cooperatives, agricultural associations and loan companies whose assets exceeded ¥50,000,000.
- (3) All Chambers of Commerce, Control Associations, Control Companies, Control Unions, Commerce and Industry Associations and Councils, Insurance Associations, Special Companies, Eidan, National Policy Companies and similar companies, associations and organizations, associated with the economic life of Japan.
- (4) Quasi-governmental enterprises which were not clearly "government services."
- (5) Any enterprise or agency which, since 7 July 1937, was engaged in: the exploitation of occupied areas; any system of private monopoly; the development of a totalitarian economy in Japan; or propagandizing for aggressive war.

33. It was decided that the Government should first screen 18 specified banks, then munitions companies, national policy companies, special companies, special corporations, control associations, control unions, control companies, and agricultural cooperative associations.

34. At this time, as mentioned ^{IN THE} ~~in~~ Political Purge ^{SECTION,} ~~Extension of the Purge~~ (Paragraphs 42-47) the Government was instructed to prepare a comprehensive plan including: "c) the exclusion of all purged personnel from all other influential political or economic posts."

35. In pursuance of the policy underlying this instruction and in accordance with the definitions and agreements set forth above, (paragraphs 30-31) the Government was already screening the organizations specified in order to forestall the dissolution of these organizations under the provisions of SCAPIN 548 personnel found to be ultranationalists were removed in a manner that was similar to removal and exclusion under SCAPIN 550.

36. Under these circumstances the Japanese Government found it more practicable to propose including the screening of Economic organizations and the removal and exclusion of their undesirable officers within the scope of the proposed extension of the operation of the purge under the provisions of SCAPIN 550 rather than to continue administration of this important phase of the program under SCAPIN 548.

37. THE GOVERNMENT AGREED TO SUBMIT ITS PLAN ON 30 SEPTEMBER 1946

*Pratt
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could
be added
to SRS
memo
needs
classification*