What was his opinion as to the adaptability of three Judges concerned to the post of Judge, considering from their everyday attitude toward the performance of their duties.

Additional Matters to be Investigated by the Supreme Court

1. Precedents handled by the Tokyo District Court during the past several months which were concerned with bail, suspension of the execution of detention or Sekifu. (Especially in criminal cases connecting with the occupational policy of the Allied Forces.)

2. Progress of the past negotiations with the Allied Forces about bail and suspension of the execution of detention concerning Ozu case.

3. Condition of medical equipments in the House of Detention concerned.

4. Examination of the physical condition of Ozu by a reliable doctor.

5. How the House of Detention used to treat criminals in the past in case they were released owing to suspension of the execution of detention.

6. Investigation as to whether or not the physician Nozaki did illegal or unjust acts, as there has been unfavorable rumours about him.

7. The condition on the enforcement of the instruction which was issued by the Allied Forces to shorten the term of unconvicted detention.

FROM MR. BABA TO: COL KADES
THRU: MR OGIHARA 27 Sept 47

BLAST THE UNDERGROUND'S POWER !

(Editorial of the Nihon Keizai
of the 25th September,'47.)

I

Since the end of the war, democracy has become the basis of thoughts and behaviours of all Japanese. In fact the democratic revolution has appeared on the broad surface of all politic, economic and social phases. And yet, we see many spots of old time remained here and there in our social life which should be only coloured by democracy. They are the existence of the old powers of the so-called 'underground,' which, depending upon the lives of many good people, are knotted intimately with each other in feudal relations. The "dark curtain" government influenced by these underground powers is no other than one type of the oligarchy, and, as the SCAP spokesman said on the 19th, it stands right against the democracy, and should be eradicated boldly by the whole nation. The powers of these underground seem very commonplace: they are those who are called 'violence party', gamblers, bosses, and gangsters of a certain locality. Some of them, embracing the influence in large organization, has some direct or indirect connection with the governmental authorities or some political parties. The minor ones are those who, living in some locality of a town or a village, extort some money or gifts from the good people under pretext of seasonal feasts, and sometimes, on the contrary, disturb the charity performances or common entertainments planned by the people. Their exortings are realized in various forms: directly or indirectly, positively

15

or negatively. Thus their existence, only begetting some social evils, has nothing worth economic or social. After the war, the confusion of the social order and the degradation of the economic conditions are much liable to spread these underground powers. So the public officials and the people should hold some bold attitude against them, and do constantly their utmost to eradicate such powers from the society.

II.

The Government has sometimes carried out the so-called 'violence-huntings,' getting some results to a certain extent; these projects should be repeated constantly and absolutely. They say some of the underground have so soon shaken hands in private with the officials on the way of the projects, and tried to bring the official plots to nought. If this is true, the public should naturally embrace some disappointment and indignation against them. The collusive relation between the police and the underground is known since long time: the police has utilized the influence of some undergrounds to control others, as "poison quells poison." Nowadays, on the contrary, many cases are known in which the underground utilize the influence of the police, the latter seeming to be content to be swayed by the former, as it is said "to go for mummies and get mummified." One of the great reasons why the good public did not shown much endeavour in appearance for the 'hunting,' lies in the fact that, the people, fearing some future troubles to be caused by them, did not like to cooperate with the police who gave no heat at all for those projects, and were often betrayed in their expectation.

To decide this problem, it is the most necessary to cut the collusive relation between the officials--at least those of the police

and the underground. Now the Government should adopt some plans opportune and resolute, by ameliorating some regulations or some procedures, to allow the superintendent of the police and other officials to control those powers on their responsibility.

III

To extinct absolutely the powers of the underground, the public should also give the help directly or indirectly. As the police power having been so weak, the public passed the underground affair over almost always untouched, as said in the Japanese proverb: "No curse from the god untouched." Not only the people involved there, but the inhabitants and all the groups of the same locality should give help en bloc to the personnels of the police, and encourage them in the project, and, if possible, they must endeavour themselves to extinct directly these powers. On this point, the public has been lacking in energy. As the spokesman of the SCAP said in the speech above-mentioned, to protect the New Constitution, the bold actions on the part of the public is mostly needed, each as an individual or as a group, confronting ~~with~~ those powers with all courage and the sense of justice. The negative attitude of 'god untouched' is not but the best warm bed for cultivating and spreading those powers.

By the way, the tendency to attract the juveniles in those circles has become intensified. It is the most important to prevent their entering into the Way of evil by means of the instruction and guidance from school and home. It is the most dangerous to keep the young in laissez-faire, neglecting the

suitable guidance, and that, by misunderstanding of the liberalism and democracy.

Once the powers of the underground or the 'dark curtain' are taken, the democracy becomes the property of the all nation: such powers should be attacked (from ~~on~~ both flanks of the government and the people.

- translated by M. Kamo -

MR 1220 of Meyers Gov Sec.

EJB/ljf
20 September 947

MEMO FOR FILE:

SUBJECT : Disposition of Certain Assets of Iron & Steel Sales Company.

Present :

Ministry of Justice
Mr. Tsuda
Mr. Kikuchi

Procurator's Office
Tokyo District
Mr. Watanabe

CLO
Mr. Fujiyama

ESS/FI/Liq.
Mr. Burns
Mr. Allison

CILC Auditing Commissioner
Mr. Fukushima

1. This conference was arranged to hear a report from the Ministry of Justice and the Tokyo District Procurator's Office on the illegalities connected with the disposition of assets of the Iron & Steel Sales Co., Ltd., as reported by the CILC on 21 August 1947, as set forth in inclosure No. 1.

2. The following decision and action will be taken:

a. With respect to transaction A) of Inclosure 1, Heigo Fujii will be charged on 23 September 1947 with violation of Paragraph 1 of Article 4 and Article 29 of Imperial Ordinance 74 of 1947. The penalty under Article 4 is not more than three (3) years imprisonment with labor or fine of not more than ¥30,000. Article 29 is the Enabling Article required to be added to the accusations.

b. With respect to transaction B) of Inclosure 1, investigation has not been completed, and several of the dates of registration of the transfer of the property have not been reported from the local prefectures. At this time, however, Mr. Y. Shii, Chief, General Affairs Section of Iron & Steel Co., and Mr. W. Abe, Director, have violated Paragraph 1 of Article 4. The representative of the Ministry of Justice promised an attempt to complete this investigation by 10 October 1947, at which time a further report will be made.

c. With respect to transaction C) of Inclosure 1, there is no violation of the Criminal Code. The Procurator reported that Mr. Chuo and Mr. Abe are brothers-in-law, their wives being sisters. The contract contained a repurchase clause in favor of Iron & Steel Sales Co. at the price of the contract and a clause prohibiting the sale of the property to anyone else. It was also stated that the property is presently used to house employees of the purchaser.

3. Simultaneously with the starting of the action on 23 September 1947 the Procurator's Office of the Tokyo District and the Ministry of Justice will make independent announcements of the action. It was agreed that copies of

* Due to floods (Chiba) Procurator Watanabe asks daily delay until he can return to Tokyo.

14-

BASIC: Memo for File, dated 20 September 1947, subject: Disposition of Certain Assets of Iron & Steel Sales Company

each statement would be delivered to Mr. Fukushima of CIIC not later than that date. The undersigned stated that every effort would be made to present such announcements to CI&E Section, Government Section and Legal Section so that the Japanese Press would be encouraged to give this matter the widest possible coverage. (Note: Mr. Fujii is a member of the House of Councilors.)

4. Permission is requested to bring this matter informally to the attention of CI&E Section (Maj. Daniel Imboden is suggested) as they were not in attendance at the first conference held in the Legal Section. It is also suggested at this time that it is not necessary to forward a check note to Government Section or Legal Section, but that a copy of this memorandum will be sufficient for the time being.

EDGAR J. BURNS
Chief, Liquidation Brandh

(ACE 7)

AUDITING COMMISSIONER
C.I.L.C.

Report of Examination
The Iron & Steel Sales Co. (Closed July 21, 1947)

Improper disposal of property
before and after the closure

Date of examination: August 5 - 21, 1947
Examined by : Mr. M. Oguchi

(1) Facts

In the course of examination of books and records of the Iron & Steel Sales Co. with the object to ascertain particulars of the cost of disposal of special articles received from the Government, the fact that the Company made disposal of property at the price totaling 770,000 yen before and after the closure was disclosed. The property in question was 403,253 Yen in total book value and 2,237,612 Yen in total acquisition price. The persons who bought the property from the Company were:

1) wife of the President of the Iron & Steel Sales Co.,
2) an industrial company composed of by high officials of the Iron & Steel Sales Co., and
3) an industrial company whose representative is a friend of one of the directors of the Iron & Steel Sales Co.

Particulars of the facts are as follows: -

A) Sale to Nobuko FUJII

Nobuko FUJII is the wife of Mr. Heigo FUJII, the Chairman of the board of directors of the Iron & Steel Sales Co. In the written contract of sale Mr. Heigo FUJII signs as the President and director of that Company.

Kind of property	:	House with a lot
Land	:	696.54 tsubo
Dwelling house, storehouse	:	71 tsubo
Acquisition by the Co.	:	Nov. 19, 1946
Acquisition Price	:	300,000 yen
Book value	:	60,000 yen
Sold at	:	100,000 yen
Receipt of proceeds entered	:	July 21, 1947 (Date of closure)
Written contract of sale	:	July 28, 1947
Registration of the transfer	:	July 28, 1947

Points in question:

1) Transaction after the closure without any authorization of this Commission.

2) Transaction which improperly benefits Nobuko FUJII and jeopardizes the interest of the Sales Co. and its creditors.

B) Sale to the Nanasei Industrial Co.

Directors Wazo ABE and Shigeru NOMURA, Auditor Hiroo HIRAOKA and 3 other officials of the Iron & Steel Sales Co. are promoters of the Nanasei Industrial Co. In the written contract of sale Mr. Wazo ABE represents the Nanasei Co. as director of that Company.

Kind of property	:	Woods, residential land and houses
Woods	:	2 tan 4 se 6 bu
Residential Land	:	996 tsubo 91 seki
Houses	:	592 tsubo 22 seki
Acquisition by the Sales Co.	:	Feb. 17, 1947 - M'ch 6, 1947
Acquisition price	:	1,646,932 Yen
Book value	:	305,453 Yen
Sold at	:	620,000 Yen
Receipt of proceeds	:	July 21, 1947 (Date of closure)
Written contract of sale	:	July 18, 1947
Registration of the transfer	:	Divided on July 29, August 5, 9, 19, 1947. Dates are unavailable for some of the transfer in the locality.

Points in question:

1) Selling price benefits the Nanasei Industrial Co. and jeopardizes the interest of the Sales Co. and its creditors.

2) Registration of the transfer after closure with no approval of this Commission.

C) Sale to the Chuo Industrial Co.

Director Teiichi SATO of the Chuo Industrial Co. is said to be in an intimate relation with Wazo ABE, director of the Sales Co.

Kind of property	:	Residential land and houses
Residential land	:	285.44 tsubo
Houses	:	62.50 tsubo
Acquisition by the Sales Co.	:	April 16, 1946 (Land) Oct. 29 - Nov. 14, 1946 (Houses)
Acquisition price	:	290,680 Yen
Book Value	:	37,800 Yen
Sold at	:	80,000 Yen
Receipt of proceeds	:	July 21, 1947 (Date of closure)
Written contract of sale	:	May 6, 1947
Registration of the transfer	:	May 6, 1947

Point in question:

1) Selling price benefits the Chuo Industrial Co. and jeopardizes the interest of the Sales Co. and its creditors.

(2) Opinion of Auditing Commissioner

a) The property in question is to be recovered immediately.

b) Expense necessary for the recovery is to be defrayed by individuals responsible for the disposal of that property.

CLOSED INSTITUTIONS
LIQUIDATING COMMISSION

T. Fukushima
Auditing Commissioner

THE CONSTITUTION OR THE DARK CURTAIN
(Kempo or Kuromaku?)

Press Conference of Civil Information and Education Section and Government Section. Statement made at 1000 hours on 19 September 1947.

The man in the street and the woman in the home are now engaged in a struggle to protect the new Constitution of Japan. But they are only beginning to appreciate the efforts and sacrifices which will be required if the Constitution is to be a living organism and a part of their everyday life.

More is needed than good intentions to prevent that charter of personal liberty and individual dignity from deteriorating into a mere political document full of eloquent phrases but empty of tangible meaning.

The road to oligarchy in Japan was paved with the good intentions of the many who were misled by the few. History must not be allowed to repeat itself.

To protect the Constitution requires courageous action. In many ways it may be more difficult than was establishing the Constitution. But it is the task of the people of Japan to protect it.

Democracy is a form of government which is never completely achieved. It grows gradually. A sheer oligarchy, such as Japan once was, could not be expected to become all at once an effective democracy, however much its institutions may have been revolutionized. Whenever a revolution against an oligarchy has occurred, its impact has meant the sudden overthrow of the established oligarchy rather than the sudden creation of an effective democracy.

On the other hand, a democracy can be overthrown and immediately turned into an oligarchy. To prevent this potentiality all the instruments of government must be under the complete control of the body of the citizens as a whole.

Therefore, in a democracy there is no space for a Kuromaku behind which a group or clique or gang can exercise any power of government or hamper its exercise.

That is the way of oligarchy. It is the antithesis of democracy. And those who condone it betray the Constitution.

The existence of this Kuromaku in Japan menaces the Constitution because in a democracy the people control through their elected representatives and only through them.

The French Republic, with the destruction of the old regime, proclaimed the inauguration of a most unqualified democracy. But the French people had to pass thereafter through many trials and conflicts before any kind of working democracy was attained. Counter-revolutionary forces continued to challenge the Republic.

The same situation prevailed in Japan after the revolution of 1868. But in Japan the more recalcitrant faction of the feudal ruling class and their retainers, who had been the chief obstructionists to reform, were unfortunately successful in their efforts to regain control of the government.

In place of fiefs, prefectures were established without local autonomy and completely subordinate to the central government. In many cases the governor of the newly created prefecture was simply the former feudal lord of that district or the senior official in the old regime. The highest positions in the government were reserved for the court nobility or the greater lords of the feudal aristocracy.

Unlike the French Revolution where the majority of the aristocracy were forced to emigrate, or suffered expropriation of their assets or were declared "enemies of the people", the feudal nobility of Japan actually strengthened their position in terms of political and financial power.

As a direct result of the failure of the people to exercise their skill, their strength, and their vigilance to support the democratic movement after the revolution of 1868 in Japan, the feudal aristocracy was simply transformed from territorial lords into financial magnates and, by close relations with the moneyed cliques, achieved effective domination over trade, finance, and industry.

Today Japan is undergoing another revolution — this time intended to establish a democratic system which will survive the perils of plutocracy.

The struggle of the new democracy to survive against the forces of the old order may be long and hard.

It is a struggle for the supremacy of law over the secret rule of the mobs, the gangs, and the racketeers which call themselves "societies," "associations," and "gumi", and dress themselves up with respectable fronts of diplomats, industrialists, and politicians.

The French Republic, with the destruction of the old regime, proclaimed the inauguration of a most unqualified democracy. But the French people had to pass thereafter through many trials and conflicts before any kind of working democracy was attained. Counter-revolutionary forces continued to challenge the Republic.

The same situation prevailed in Japan after the revolution of 1868. But in Japan the more recalcitrant faction of the feudal ruling class and their retainers, who had been the chief obstructionists to reform, were unfortunately successful in their efforts to regain control of the government.

In place of fiefs, prefectures were established without local autonomy and completely subordinate to the central government. In many cases the governor of the newly created prefecture was simply the former feudal lord of that district or the senior official in the old regime. The highest positions in the government were reserved for the court nobility or the greater lords of the feudal aristocracy.

Unlike the French Revolution where the majority of the aristocracy were forced to emigrate, or suffered expropriation of their assets or were declared "enemies of the people", the feudal nobility of Japan actually strengthened their position in terms of political and financial power.

As a direct result of the failure of the people to exercise their skill, their strength, and their vigilance to support the democratic movement after the revolution of 1868 in Japan, the feudal aristocracy was simply transformed from territorial lords into financial magnates and, by close relations with the moneyed cliques, achieved effective domination over trade, finance, and industry.

Today Japan is undergoing another revolution — this time intended to establish a democratic system which will survive the perils of plutocracy.

The struggle of the new democracy to survive against the forces of the old order may be long and hard.

It is a struggle for the supremacy of law over the secret rule of the mobs, the gangs, and the racketeers which call themselves "societies," "associations," and "gumi", and dress themselves up with respectable fronts of diplomats, industrialists, and politicians.

It is an age-old struggle by no means confined to Japanese society but confronting all peoples in all nations.

Let us not forget that the retreat to totalitarianism in Japan twenty years ago was started not by a direct attack against parliamentary government but by the corruption of public officials, alliances between political parties and the underworld, and false allegations concerning the imperfections of a free and democratic society.

It is a truism that government behind Kuromaku inevitably leads to government by assassination. This is graphically illustrated by the political murder of Prime Minister Inukai within five years after the Tanaka Cabinet embarked on its cynical program of political party corruption and police terrorism.

Fortunately for the people of Japan it is becoming increasingly obvious that the Diet, the Cabinet, and the Supreme Court are irrevocably determined to protect the Constitution against these mobsters of the old order who have sought to contimue an invisible oligarchy of boss rule.

The task of the Diet in investigating accusations concerning the hoarding of goods has been heavy. But it is a burden and a challenge which the Diet is meeting with tenacity of purpose and commendable resolution.

Similarly, the action of the Minister of Justice in suspending a procurator pending a decision as to his dereliction of duty in the case of a notorious racketeer has been salutary and courageous and has immeasurably strengthened the forces of law and order in Japan. It has also firmly established the principle that procurators must be above suspicion because their public office is a public trust — success in the discharge of their responsibility never fails to be measured by the public confidence in their integrity.

Nor has the Supreme Court, as the ultimate protector of the Constitution, flinched before the unpleasant task of probing the action of judges who through the misuse of judicial power removed the accused from the restraint exacted by law.

By this unprecedented action the new Supreme Court has justified the constitutional prohibition against the administering by an executive agency of disciplinary action against judges. It has demonstrated its ability and willingness to require the administration of justice without fear or favor.

In effect, the Court has enforced for the first time the mandate of the Constitution that all judges shall be independent in the exercise of their conscience — independent of the rings which hide behind the Kuromaku as well as independent of party politics.

And the Supreme Court has revealed to its great credit a vitality, a strength, and a will to maintain the equality of all men under the Constitution which should go far to tear the cloak of respectability off the official allies of underworld elements.

Thus we see in Japan the forces of democracy mobilizing to crush those enemies of the people who, working outside the government in clannish and clandestine combinations seek through pressure or intimidation to veer public officials from the clear path of duty.

The people of Japan are struggling toward democracy for the way of life that it sustains. Any monopoly of power is a threat to this way of life. For any group that is not subject to the control of the people is tyrannical.

And any political party breeding or condoning such groups is antagonistic to the way of democracy.

In fact, any political party with semi-secret auxiliaries deriving funds directly or indirectly from rings and rackets behind the Kuromaku is inherently anti-democratic.

Such a political party is putting its interest above the interest of the whole people. It is employing the machinery of democracy in order to encompass the destruction of democracy.

It is the eternal problem of democracy to eliminate such evil influences from the body politic, since they represent the entrenched greed and the deadhand of feudalistic Japan. Thus, no political party or candidate for public office may in good conscience accept contributions from any source whatever unless it is clear that the funds contributed have been legally acquired.

No society, organization or ring has a right to impose by force or threat of force any rules upon any man or woman in Japan, or seek through corrupt devices to pervert the processes of constitutional government, or to exert or be empowered to exert the authority entrusted by the people to their government.

Bold action is required to destroy these practices. Japan cannot stand still. It is for an aroused public opinion to ferret out such practices and bring to the bars of justice the guilty perpetrators.

The Constitution expresses the common hope of the Japanese people for an enduring democracy based on law.

The democratic principles embodied in the Constitution are not, however, self-enforcing. There is no self-operating mechanism which can be devised to give Japan democracy.

The Magna Charta of ancient England had no elaborate machinery to insure its enforcement. The Constitution of the United States had no clauses dealing with what should happen in the event that states might try to secede.

The principles of the Magna Charta survived and the Constitution of the United States survived because the people were determined that they should survive.

And the Constitution of Japan will survive because the people are determined to protect it from the callous and corrupt vice lords and their henchmen behind the Kuromaku, and those equally callous and corrupt government officials and the cultured well paid public intermediaries who serve as the puppets of these enemies of democracy.

For, as General MacArthur concluded in his formal statement on the second anniversary of Japan's surrender, "If liberty and public morality do not bring national stability, nothing can".

Conference in Government Section on 17 September 1947 at 3:00 p.m.

Present: Colonel Kades
Mr. McCormick
Mr. Aka
representing GS
Mr. Mibuchi, Chief Justice of the Supreme Court
Mr. Kishi, Secretariat of the Criminal Section, Supreme Court
Mr. Fujii, Secretariat of the Supreme Court
Mr. Higuchi, Chief of the Liaison Section of the Supreme Court Secretariat

COL KADES

Col. Kades: I'm sorry that I'm late but between the time that you telephoned and just before you arrived, I was called by the Chief of Staff to his office and I have just been able to leave his office now.

Mr. Mibuchi: The reason I called, I heard everything what happened yesterday, and this morning we held a Justice conference, and we decided to make investigation immediately on Ozu case and I came here to make this report to you.

Col. Kades: I am very happy to learn of the decision of the Court. I was very sorry that you were ill yesterday so that you weren't able to be present.

Mr. Mibuchi: I was suffering from a stomach ailment yesterday and I didn't have the strength to come. We had a Justice conference this morning and decided that we will investigate the Ozu case, but this afternoon we had a report from the Tokyo District Court that Mr. Ozu left the hospital on the 15th and on the 16th for four hours each and they just learned the fact, therefore, the release order was cancelled and it was asked that Ozu be returned. We cancelled the release after receiving the report this morning.

Col. Kades: Well -- is that all?

Mr. Mibuchi: No, we will carry on the investigation.

Col. Kades: I think it would be a pity if the investigation were not carried out with vigor and force for these reasons: In the first place, under the Constitution the executive is now prohibited from taking any disciplinary action in regard to judges, and this action by the Supreme Court seems to me -- in investigating the lower court -- to demonstrate clearly that the Supreme Court is willing and is able to discipline judges who betrayed their public trust. It fully justifies the framers of the provision of the Constitution who gave this power to the judges to administer their own internal discipline. It also seems to me it shows that the Supreme Court is showing to the people of Japan that all judges must be independent in the administration of ~~judges~~, and that Justs they must answer only to their own conscience independent of political pressure and independent of the corrupting influences of gangsters like Ozu.

Mr. Mibuchi: I want to state the fact that to maintain the independence of the judiciary system, we are trying to do everything possible ignoring the outside political pressure. When I met General MacArthur I pledged to him that the Supreme Court will try its best to maintain independence in the judiciary system sacrificing even their lives. I would like to make this pledge to you now.

12

Col. Kades: Well, I'm greatly impressed, Mr. Chief Justice, with the sincerity of your statement and with the solemnity of your pledge, and I really feel exhilarated by the statement you have just made.

Mr. Mibuchi: Thank you very much for your kind words.

Col. Kades: Your very welcome, I appreciate the words which you have spoken.

Mr. Mibuchi: We have cancelled the Ozu release and we have notified the procurator's office. We are now in the process of notifying Ozu himself. I believe Mr. Ozu will be imprisoned very soon.

Col. Kades: I think that the faster he is returned to jail the quicker the people of Japan, and the officials also of this Headquarters, will have their confidence in the judiciary restored because it isn't merely Mr. Ozu as a person who is involved. The fundamental issue is whether all people will be equal under the law, little petty thieves and criminals as well as leading gangsters and racketeers such as Ozu. All will be treated the same and no preference will be shown those who because of the size and the amount of money at their disposal are able to corrupt public life in Japan. If you have a few minutes I would like to add something, but I don't want to detain you if you must return to Odawara.

Mr. Mibuchi: I would like to listen.

Col. Kades: What you have just said to me is in direct contrast to a statement made by the Tokyo Procurators Office this morning and the Criminal Division of the Department of Justice regarding the action that they proposed to take in relation to the procurator. In the case of the two officials from the procurators office, they tried to defend the action of the procurators and to excuse the action. They were not aroused as to the seriousness and showed complete indifference as to whether or not he had been influenced by pressure brought to bear upon him. In contrast you have come here and instead of attempting to justify and excuse the judges, you have said that it is your firm resolution in the name of public decency to conduct a thorough investigation of their actions.

Mr. Mibuchi: We have decided to start a fair and just investigation on this judge, and I cannot say as to what kind of disciplinary action to take on the judges until I know the result of the investigation and I have no intention of protecting the action of the Judge, and I have no intention of interfering with the decision made by the judges, but we found out that Mr. Ozu was out of the hospital for two days, and therefore Ozu was ordered returned to prison.

Col. Kades: But as I understand it an investigation will be conducted to determine why he was released in the first place.

Mr. Mibuchi: Yes.

Col. Kades: What I would like to do if you are going to make an announcement of the fact that you are going to conduct such an investigation, that is, that the Supreme Court is going to investigate the action of the three judges in releasing Ozu in the first place; I would like to make a statement complimenting the Supreme Court -- a public statement, not in my name, but as spokesman for the Supreme Commander.

Mr. Mibuchi: The news will come out in the papers but I was not planning to make a public statement from the Supreme Court.

Col. Kades: No, but the news that the Supreme Court is conducting the investigation will be published?

Mr. Mibuchi: I believe that the news will be in the papers.

Col. Kades: Perhaps I'm not being clear. I didn't intend to say that the Chief Justice should make any announcement, but merely that the public would know that the judges who released Ozu are under investigation by the Supreme Court.

Mr. Mibuchi: The Japanese terminology between release and suspension of detention has a slight technical difference and therefore, a written definition of this would be better.

Col. Kades: There may be a technical distinction but the fact is that Ozu was given privileges not granted to other prisoners in Japan, and that on the basis of the record on which the trial court acted, either the judges were mentally incompetent or were corrupted by political or other pressures.

No prisoner in Japan is released because he is nervous, can't sleep and loss of appetite.

Mr. Mibuchi: If the prison does not have the facility to accommodate the particulars of a certain ailment, there have been from time to time cases where the prisoners are detained in certain hospitals and, of course, they have to meet certain conditions. I don't know whether it was proper to give the suspension of detention to the Ozu case or not and the Supreme Court will make an investigation in this matter.

Col. Kades: I am sure -- without anticipating the results of your investigation -- that when you see, as I have seen, the doctor's certificate in the case and the conditions under which Ozu was released, without any police officer whatever accompanying him to the hospital, without any police officer guarding him in the hospital that you will agree that the judges abused the discretion invested in them and should be asked for their resignations if not impeached by the Diet.

Mr. Mibuchi: I can not give you a definite answer as to what action will be taken against the judges until we complete the investigation I plan to give you the answer after we make the investigation.

Col. Kades: I understand -- has the Supreme Court been approached by Judge Oppler in regard to the Sekini case, another Oyabun?

Mr. Mibuchi: No, I don't think so.

Col. Kades: He is another racketeer analogous to Ozu. A warrant for his arrest was issued several weeks ago. He has not been arrested by the Metropolitan Police as yet. Now, that is entirely a matter between this Headquarters and not the Court, but --

Mr. Mibuchi: I believe the matter is in the Public Procurators Office.

Col. Kades: That is true but according to the police and according to the

newspapers, Sekini's lawyer says that he knows where Sekini is but he will not surrender him until he is ready, in his opinion, to surrender him. Now, it is my understand that the Supreme Court has jurisdiction to take disciplinary action against an attorney -- and although I am not acquainted with the ethics of the Japanese legal profession -- it strikes me as wholly unethical for a lawyer to conceal a criminal, who is desired by the police, and not disclose his whereabouts.

Mr. Mibuchi: I understand that under present Japanese law we can not take any action against the procurator unless they have certain basis, and the fact that Sekini is not arrested yet is not a matter of the Supreme Court. It is rather a matter of the Public Procurators Office, and they have ordered the police to make an arrest of Sekini.

Col. Kades: Isn't it a matter of the Supreme Court that a lawyer, a member of the Bar in Tokyo, representing Sekini -- not the procurators, but Sekini's lawyer knows his whereabouts, but refused to disclose them? Doesn't he have a duty under the ethics of the legal profession to disclose the whereabouts of a criminal. I don't ask for an answer now, but the question of requiring lawyers to perform their public duties should be considered, if not by the Supreme Court, by some agency of the judicial system in Japan.

Mr. Mibuchi: I will consider all the points that you have mentioned, and with regard to Sekini, I am not familiar with it, and I will make investigation and study the case.

Col. Kades: The only reason I mentioned Sekini and the only reason we have taken it up with the Supreme Court -- and the Ozu case -- is because in order to protect the Constitution and develop a democratic system in Japan, it is imperative that this unholy alliance between the gangsters of Japan and the underworld and persons in public life, in the procurators office, in the police force and in the courts, must be completely severed and broken, and those people behind the dark curtain must be brought under the rule of law.

We will look to the Supreme Court as the bulwark of the liberty of the people and the agency to expound the supremacy of the law, and as the branch of government that can best break that grip of the mobsters on the public officials.

Mr. Mibuchi: You can rest assured of the fact that we will do everything possible to carry out justice. I will try everything possible to eliminate the outside influences and we will do everything possible for the democratization of the Japanese people.

Col. Kades: I don't want to detain you any longer. I just want you to know that everything you do along the lines you just stated will have the full support of the Supreme Commander behind them. If there is anything that we can do to help, please don't hesitate to consult with us informally and we will be very glad to have a frank interchange of views at any time.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Civil Intelligence Section, G-2
PUBLIC SAFETY DIVISION

APO 500
15 September 1947

TO: CHIEF, Public Safety Division, CIS, G-2

THRU: CHIEF, Police Branch

SUBJECT: Investigation of the Oyabun (Boss) System

I. GENERAL

As a consequence of the police contributions investigation, conducted by Investigators of the Police Branch of this Division, during March 1947, investigation was instituted by the same Branch to determine to what extent the Oyabun (Boss) System exists in Japan today; its organization, method of operation, police connection, and effect upon the Economic Political and Social structure of a Nation under a Democratic Form of Government. The following report is made as a result of extensive investigation by Investigator H. Shupak and other Investigators of this Branch. This report is a compilation of information gathered from May 1947 to 26 July 1947, and does not include conclusions and recommendations.

1. Extent: The Oyabun, or Boss System, delves into every walk of Japanese life from the night soil collector up, and into, the Japanese Government.

2. Types: There are three (3) principal types of Oyabun Systems which are of main interest to this office, namely:

(1) KASHIMOTO (Gambling)
(2) TEKIYA (Street Stall)
(3) GURENTAI (Gangster)

They are most powerful and exert the most influence and pressure of the Oyabuns in Japan today.

3. Historical Brief: Some three hundred (300) years ago during the Tokugawa Era, gambling cliques were formed under a leader called an Oyabun (Boss). This Oyabun controlled all the gambling houses in a designated area, exacted tribute and acted in the capacity of a citizens' strong-arm squad to counteract the terrorist activities of the Tokugawa Police, who, at that time, served the Tokugawa Lords, and not the people. This group was known by the nameof KASHIMOTO and the title was handed down from father to son, or kept within the family circle.

11

Later, two (2) other groups were formed under Oyabuns called the TEKIYA and the GURENTAI. These groups illegally gained control over merchants and shop-keepers, exacted tribute in return for the privilege of operating and for "protection" against interference with the successful operation of their business.

II. KASHIMOTO (Gambling) Oyabun

1. Organization and Method of Operation.

a. Quiet Type: Each Oyabun has his own district which he controls and is accepted by the community as part of Japanese custom. His Kobuns (henchmen) exact monthly tribute and/or protection money from the gambling houses which the Oyabun divides among his Kobuns and families. They also operate gambling houses and/or restaurants, themselves. In certain districts of Tokyo-To there are what is known as Higher Oyabuns who lord it over two (2) or three (3) other Oyabuns. Each Oyabun has from three (3) to five (5) Kobuns under him, and often more.

b. Violent Type: This type usually acts as an intermediary, negotiates and arbitrates controversies involving Oyabuns which are inadvisable for the police to know about; such as, gambling debts, gambling grudges, spheres of influence, etc., for which a lucrative sum is collected.

2. Strength.

a. In Tokyo-To there are approximately fifty-seven (57) gambling Oyabuns and three thousand (3,000) gambling Kobuns. There has been no increase in the number of gambling Oyabuns in Tokyo-To since prior to the war. However, the number of Kobuns has increased considerably due mainly to the economic situation as it exists today, and the lack of employment.

b. In Osaka-To there are approximately twenty-one (21) gambling Oyabuns and nine hundred and twenty-one (921) Kobuns.

c. In Kobe City there are approximately twenty-three (23) gambling Oyabuns and two thousand eight hundred and fifty-three (2,853) Kobuns.

d. In Kyoto there are approximately sixteen (16) gambling Oyabuns and six hundred and fifty-seven (657) Kobuns.

3. Persons Involved:

a. Some of the Oyabun groups are composed of civil engineering and building workers, or night soil men. Each group has from ten (10) to two hundred (200) members. With the exception of a few, none of them have a definite occupation other than gambling.

b. The Oyabuns who operate under the guise of legitimate public works contractors, exact tribute from gambling houses and restaurants in various quarters under their influence. The rents and tributes from these establishments comprise their major means of livelihood.

c. Some of the Oyabuns make extra money by running Sumo wrestling matches or other shows in conjunction with street vendors.

d. The third (3rd) boss SAKAIME (real name, SHOJIBU MATSUYAMA) in Osaka has assets amounting to over three million yen (¥3,000,000). His followers keep a restaurant in IKOMA area, Nara Prefecture. SOIKUMA (real name, KIMAKICHI, NAGATA) also in Osaka, is rumored to be worth five million yen (¥5,000,000). His mistress also operates a restaurant. Both have accumulated their fortune by collecting the rents from their gambling establishments.

4. Police Record.

a. Out of the twenty-one (21) Kashimoto Oyabuns in Osaka, only three (3) have no police record. All the others, (18), have previous convictions of murder, assault or intimidation connected with gambling. Likewise, most of their followers have previous offenses of the same nature, and this is typical throughout Japan.

5. Influence.

a. Area: The "SAKUME-Gumi" group in Osaka, for instance, reigns widely over all Kinki and Kyshu districts in addition to Osaka Prefecture.

b. Political:

(1) The political ambitions of the Kashimoto Oyabuns in Tokyo is unknown at present.

(2) In Osaka, SAKAUME, mentioned above, has been active as a lobbyist affiliated with TOKONAMI belonging to the SEIYUKAI party. (Now Liberals). He supported the Liberals in the recent election andkept in close touch with two hundred (200) followers, and Sworn brothers (KANEJIRO SAKAMOTO) and six (6) others. He further entered into friendly relations with other bosses for the same cause. He supported BUNZO AKAMA, Osaka Prefectural Governorship Candidate, and FUKUZO NAKAYAMA, Liberal Party, candidate for the House of Representatives.

(3) DOIKUMA (KUMAKICHI NAGATA), heretofore mentioned, electioneered for TORAMATSU KONISHI (Boss of TORA-RAY-ASHI-gumi Co.), an unattached candidate for the House of Representatives.

(4) The SANSAI-KYODAI-KAI Association, supported TATSUJI YOSHIDA of the Socialist Party (Member of Association) in IMABARI Municipal Election, but was defeated. In addition, the Association supported Socialists candidates in the Prefectural and National elections.

(5) Comment: Because of the influence that the Bosses have among their people, and custom for chivalry, faithfulness and keeping of secrets, every political party is trying hard to win them over.

6. Collections.

a. Rents: Correct figures are not available, but it can be said that each group received from ten (10) to three hundred thousand yen (¥300,000) per month.

7. Other Fields of Endeavor.

a. Since the cessation of hostilities, many gambling oyabuns have extended their field of practice into other fields of illegal operation, such as practiced by the Tekiya and Gurentai organizations. Examples of these are SEKINE-Gumi and Ginza Shinchara in Tokyo.

III. TAKIYA OYABUN SYSTEM or ROTEN DOGYO KUMIAI.

1. Organization: Street-Stall Tradesmen's Cooperative Union. This particular organization applies mainly to the Tokyo area. The name "TAKIYA" is practically extinct, however, the system itself is much in force and is operating as Merchants' Associations, Cooperative Unions, Groups and Societies throughout Japan today.

2. Former President: Kinosuke Ozu (also Otsu)
No. 853, 1-chome,
Tsunohazu-machi,
Shinzuku-Fu

3. Strength:

a. General: The Tekiya Oyabun System is well organized in Tokyo with a central Headquarters controlling all Branches. It has been in operation for many years, but did not reach its present strength and influence until after the cessation of hostilities.

(1) Number: According to present statistics there are two hundred (200) Oyabuns (Bosses), seven thousand (7,000) Kobuns and twenty-two thousand five hundred and fifty-seven (22,557) followers in the Tokyo area.

4. Method of Operation.

a. Membership: The Tekiya has full control of the licensing and the privilege of opening street-stalls in Tokyo. Each Oyabun is answerable to the central office who makes final decisions as to licenses, fees and shops. All monies collected are turned into the Branch offices where a certain percentage is retained and the remainder turned over to the Central Headquarters.

b. Registration: There are approximately forty-five thousand (45,000) stalls registered with the Central Organization in Tokyo. Of these, eighty-eight percent (88%) are under the control of Oyabuns. The remaining twelve percent (12%), although free from paying tribute to local Oyabuns, do pay all taxes and fees to the organization.

c. Fees: The following fees are average and paid by all stall-keepers for the privilege of doing business in Tokyo:

30 Yen - Membership Fee
5 Yen - Monthly dues to Central Ass'n.
2 Yen - Monthly dues to Branch Office.
1.50 Yen - Daily paper expense.
50 Sen - Daily cleaning of stalls.
2-3 Yen - Daily Government Tax

d. Requirements: All persons desiring to open a business stall must first receive permission from the Central Headquarters where they must join and obtain a license. More information concerning this will be dealt with in subsequent paragraphs.

e. Licensing:

(1) Procedure: All stall vendors are sent to the Tokyo Street-Stall Tradesmen's Cooperative Union (Central Headquarters) where after joining, they are presented with two (2) license blanks to fill out. These blanks are then sent to the Local police station where the stamp of approval is given by the Chief, (This procedure makes joining compulsory and saves the police the task of handling the paper work). It is not possible to procure a license through other means. Application and license blanks are kept at the Cooperative Branch office only.

(2) Assignment of Stalls: The stalls are assigned by the Branch office of the Central Headquarters. The area covered by the Branch Office usually conforms to the area covered by the local police station.

(3) Police Relationship: The privilege of issuing the licenses is condoned by the police who also assign the areas that are to be utilized by the Tekiya.

f. Regulations Governing:

(1) Prior to the war there were no Ordinances or regulations governing street stalls.

(2) On 28 September 1946, the Metropolitan Police Board of Tokyo-To issued an order stipulating the regulation of street stalls by the district police chiefs, and is as follows:

"M.P.B. ORDINANCE NO. 10

"Stall-keeper control regulation, Article 1. In this regulation, the stall-keeper business means the business in which persons engage in work of selling, repairing or processing articles (including food and drink) at places the public people easy to pass through. The street-stalls can not be placed outside the quarter designated by Chief of Police Station.

"Article 3. Those who desire to commence business of street stall must be authorized by the chief of police station concerned (hereafter it is called the competent chief of police station) under whose jurisdiction the stall is set up in business. (In case of mobile stall, the permission must be obtained by the chief of police station under who jurisdiction the living houses of stall keepers locate.

"They are not admitted to ask for permission to open business at more than two designated quarters for standing street stall.

"Article 4. The street stalls are divided into two kinds, that is the standing street stalls and the mobile street stalls and one person (including family) can not open for two business at one time.

"Article 5. The standing stall keeper cannot open for business outside the quarter designated for the standing stalls. However, in case there is much room to open business at the quarter designated for the standing street stalls and any permission is obtained from the chief of the competent police the rule is not applicable.

"Article 7. No person other than those and their families who get permission can engage in business.

"Article 8. The following items must be observed while on business:

1. It is required to keep a membership certificate for guild and besides it is required to hand a shop sign which states address, name, shop name and authorized number on the shop front.

2. It is required not to deal with the controlled goods for distribution.

3. It is required to indicate the selling prices.

4. It is required to observe the controlling prices if there is any.

5. It is required to observe the items indicated by the Superintendent General and the Chief of competent police station.

"Article 9. The chief of police station if necessary from viewpoint of controlling can limit the kinds of goods and restrict the selling of them or make the stallers suspend business for a definite period or rescind the permission.

"Article 10. In case any person who got permission for business went out of business or died, it is required that the fact should be reported to the Chief of competent police station by the person questioned or his family.

"Article 11. Any person who engages in business must organize a guild and be under the control of the guild.

"Article 12. It is required to lay down a rule and get the permission of Superintendent General in case the guild is organized. The same is said in case the rule is to be changed. The following items must be fixed in accordance with the guild rule.

1. The method of selecting officers, term of office and power.

2. Items concerning income and outgo of expenses.

3. Items concerning the setting up of branch office.

4. How to dispose of the violators.

"Article 13. The guild can not impose burden on the member beside expenses regulated by the rule. However, in case the guild is going to impose rent, electric fee or fee for using facilities or other special burden, the permission of chief of competent police station is required.

"Article 14. The growth of any kind of power at the designated quarter is not recognized entirely.

"Article 15. In case it is necessary from viewpoint of controlling, the change of guild rule or the re-election of officers may be made.

"Supplementary Rule.

"This rule is put into force from the day of promulgation. The No. II Provisional Street stall business control regulation issued by the MPB in February 1946 is abolished.

"Those who are engaging in business at present and who got permission of the chief of police station at the time of the promulgation of this rule are admitted the continuance of validity until October 31, 1946.

"M.P.B. ORDINANCE NO. 18

"A part of regulation concerning the controlling of stall keeper business which is issued by the MPB in September 1946 and the issuance number of which is No. 19 shall be revised as follows and put into force on and from January 1, 1947.

December 24, 1946
Superintendent General
Mikio Suzuki

"Article 7. No other person can engage in business than those who are authorized."

(3) In January 1945 an order was issued by the MPB to district police chiefs that independent stall vendors, unions or associations would have to join a central organization covering all of Tokyo-To;

(4) Reasons given for this order were that by centralizing control over all stall keepers, the police, through the medium of the organization, would have better control over black-market activities, control of price levels, and would eliminate sectional strife and friction between independent Oyabuns and unions. For example, the Ginza Cooperative Honest Businessmen's Association, an independent Oyabun free-stallkeepers Association, was compelled to join the Central Organization against protest. This order was issued by the Economic Section, MPB, more than a year ago.

g. Taxation

(1) Authority to Collect: Relative to the authority of the Tekiya Organization to collect taxes in the Name of the Japanese Government, Tokyo-To Finance Regulation #1, Issued 15 March 1943, states that associations which are authorized by the Governor can collect taxes and shall receive a commission of 2 percent.

(2) Government Tax: The 2-3 Yen whic is collected daily from the stalls as tax for the Government, is turned over to the Central Headquarters which in turn, pays the Government once a year in a lump sum. This year the tax amounted to three million (¥3,000,000) yen. In the early part of May of this year, the Central Headquarters was asked to raise the amount to six million (¥6,000,000) yen. No Government employee or official assists in this collection.

h. Accountability of Funds and Audit of Books: The Tekiya Organization accounts to no one for its funds except to its own heads. Likewise no audit of this organization's books is made by either the Municipal, Prefectural or the National Government.

i. Amount of Taxes and Face Collected: The annual income of all street-stall associations in the Tokyo area can be estimated at approximately sixty-million Yen (¥60,000,000).

5. Influence.

a. Social:

(1) Public Opinion: Public opinion is definitely against this System, but it has had no recourse up to the present time because of the fear of bodily harm or violence by the Kobuns or "henchmen" of the Oyabuns.

The following letter submitted to the Allied Occupation Forces by a Japanese citizen is a typical example of what the average Japanese citizen thinks, knows and would be willing to say or write if he did not fear some sort of a reprisal:

"Railway Dormitory
Funskoshi-cho, Aki-gun,
Hiroshima Prefecture
24 May 1947

"To: Section in charge of Public Peace
General Headquarters for Allied Forces

"Subject: "Yakuza" or Rightist Vagrant Groups.

" You have already been acquainted with the recent press, I understand, that the chief of Police Department of Osaka Prefecture was threatened with life or death, be it true or not, because he was responsible for exercising a strict control on a black market.

"In this connection, I would like to call your attention to the fact that "Yakuza" or Rightist Vagrant Groups are still playing an important role against a wholesome program of Japanese democracy and peace of general public, the groups being decisively detrimental as, or rather more so that, the old "Tonari-Gumi" system might have been to democratization of Japan.

" 'Yakuza' is originally a gamblers' group, whose existence has become markedly noted since the latter part of Tokugawa Era. For instance, the names of Jirocho Shimizu, Chuji Eunisada, etc. have often been treated in popular stories or cinema as heroes who, according to folk legends, assisted the weak and poor against the strong oppressor. Although idealized in the legend, they were in fact vagrants who usually lived on gambling and blackmailing, organizing a group under a boss who had a respective sphere of influence or "nawa-bari."

"In the present days they have control over busy quarters of cities and towns, where any street vendor who wants to have his stall on the roadside or anyone who wants to run a restaurant, bar, cabaret or the like which is usually called "Mizu Shobai" (Gay Trade) in Japanese is required to obtain their understanding or approval by way of commission or "Terasen" paid.

"They have their influence penetrated into the political world, too. At one time a certain prefectural assembly was completely succumbed under their influence by threat of, for instance "Kokusui Kai" (National Party), Groups representative of this kind besides "Kokusui Kai" were "Kokuryu Kai" (Black Dragon Party) of Mr. Mitsuzu Toyama, which were dissolved by order of GHQ sometime ago.

"However, their influence has not subsided by mere dissolution of these parties, for smaller parties hidden from the public eyes are still in existence everywhere in Japan, behind the systematic black market, behind local political transactions, over threatening peaceful life or activities of good citizens. Police officers have become powerless before them, and tax officers are forced to modify their righteous tax program or often bribed helplessly by threat under the pressure of such influence. These are no exaggeration in the present day of Japan. The question of the chief of Police Department of Osaka Prefecture mentioned above in the first paragraph is but one example of many such instances, where, in most cases, resistance to such an influence is proved to be futile.

"If you once study the subject matter carefully, you will find how deeply they are rooted in the social system of Japanese life, how they are combined with the fascist element of the political power, and how stubborn and extensive their influence is. It is utterly impossible to expect for the Japanese authorities to remedy it under such situations, and yet there will be no true Democracy for Japanese without eliminating that influence.

"In order to establish peace-loving Japan in its real sense, therefore, I would like to entreat here on behalf of Japanese people that the GHQ purge directive be extended to such groups as mentioned above, strictly punishing and removing those who try to establish such influence, although it will accompany much difficulty in defining the groups as they are mostly private or secret ones unlike "Kokuryu Kai" and "Genyosha."

Yours respectfully,

/s/ Tekayuki Yokoro"

b. Persons Involved: For the greater part, approximately forty percent (40%) of the organization's members have police records and are either ex-convicts, or pimps and to a measure, ex-soldiers.

c. Property Infringement: Another main objection to the Tekiya Oyabun System has been their illegal possession of property without due process of law. A typical example of this is the Ozu-gumi case, which is presently being tried in both the Civil and Criminal Courts of Tokyo-To. In August 1945, the Ozu-gumi illegally obtained possession of a market lot at Shinjuku District and built shops and open-air markets on the lot. This action was challenged by the rightful owners, but to no avail due to the mishandling of the case by authorities. The case has been held in abeyance since the above date. This is only one case of many in Japan. In Osaka and Kobe the illegal possession of property was effectively handled by the police with the aid of the local Military Government Unit. Full possession of property was returned to the rightful owners within a short period of time. In Osaka this was accomplished by a Military Government order to the Governor. In Kobe, the Military Government ordered the police department to establish an Illegal Seizure Bureau to handle all complaints and then inserted an article in the local newspaper directing all complaints to this special bureau. A time limit was set for all offenders to vacate.

d. Economic:

(1) The Tekiya System:

(a) Controls blackmarket activities;

(b) Controls the price of everyday commodities;

(c) Controls the flow of goods through regular channels;

(d) Controls the opening and operation of private enterprise;

(e) Performs local government functions;

1. Issuance of licenses.

2. Collection of taxes.

(f) Establishes shops and buildings on private property without the consent and permission of the lawful owners.

e. Political:

(1) Voting: The Tekiya System has definite control of voting power and influence over other voters, by the mere fact of its huge membership.

(2) Ambitions: The political ambitions of one of Tokyo's outstanding Tekiya leaders was recently brought to light when KINOSUKE OZU, age 51, previously mentioned, was a candidate for the Diet on a Liberal Party ticket, and was defeated only by a very small margin. Previously, Ozu was rejected by other political parties because of his evil reputation and character. It is rumored that Ozu has contributed large sums of money to Support of the Liberal Party. It is also rumored that Ozu bought votes during his recent campaign for election but there is no evidence to substantiate this at the present time.

IV. TEKIYA INVESTIGATIONS AT OSAKA, KYOTO AND KOBE.

1. Osaka Tekiya Organization.

a. The strength of the Tekiya Oyabun Organization in Osaka consists of fifteen (15) Oyabuns and five hundred and twenty-nine (529) Kobuns. As a result of effective control, the influence of the Tekiya Organization has been greatly diminished. There are only approximately one hundred (100) road stalls left in Osaka. These are controlled by a Merchants Association and no difficulties have arisen with this organization.

b. Investigation of the largestest consolidation of street-stalls near the Osaka, Terminal revealed that a Merchants Association, by name, NANIWA SHOKAI, was a landlord of one hundred (100) shops and twelve (12) buildings. The following is a typical survey of the monies put out by those shops.

30 Yen monthly - Second-hand clothing Guild (Korean)

50 Yen Monthly - Cleaning Association (Chinese)

150 Yen Monthly - Merchants Association (Korean)

80 Yen Monthly - To the NANIWA SHOKAI (Chinese)

Taxes are collected by the Osaka Tax Bureau.

c. NANIWA SHOKAI: Naniwa Shokai claims that ten percent (10%) of its tenants, who are Chinese or Korean, have refused to pay rent. They have been paying three thousand (¥3,000) yen monthly to a Gurentai Association by the name of KODO-KAI, of which one MINORU OKAZOKI is the Oyabun, plus approximately twenty-thousand yen (¥20,000) monthly for payment of parties for the Oyabuns and their visiting friends.

2. Kyoto Tekiya Merchants Association.

a. Although stalls do not exist in Kyoto, all stores and shops are still under the control of Tekiya Oyabun. They operate under the name of Merchants Association. It was admitted by the Police that merchants, more or less, are obliged to belong to those Associations. The following is a table of payments made by the average shop-keepers in Kyoto to the Merchants Association;

500 yen - Membership Entrance Fee
50-200 yen - Monthly Membership Fee
20 yen - Monthly Tax services
10 yen - Monthly for Health Inspection Service.

Shops selling merchandise, in addition to these payments, pay five percent (5%) of the sales prices to the Association as a means toward price control. These Associations are collecting not only the taxes, but also performing the duties of the Health and Welfare Department of the City. At no time does any inspector of the Public Health and Welfare Department of Kyoto inspect or visit any of its restaurants.

3. Kobe Road-Stall Associations.

a. These number approximately one thousand (1,000) and are concentrated in one (1) area. There are about three (3) separate Merchant's Associations who exercise control. These stalls operate much

in the same method as those in Tokyo, wherein licenses are issued by the Association and taxes are also collected by the Association. It is interesting to note that along with the taxes the Association collects ten percent (10%) of the taxes as their commission. It was discovered that most of the stalls are on city property; that in spite of this, rent is collected and retained by the Merchants Association, with full knowledge of the Police Department.

b. Following is an average pay of a small stall to the Association. In this case, most stalls were approximately 8 x 10 feet in size:

1000 yen - Membership Entrance Fee.
50-120 yen - Monthly Membership Fee.
50 yen - Monthly to Trade Union.
4 yen - Daily to Cleaning Association
1000-2000 yen - Yearly Taxes
Plus extra taxation levy from time to time by the Association.

It is to be noted that the Association determines the amount of taxes each individual shall pay. Membership is compulsory. Police professed ignorance of the exhorbitant payments made by these small shopkeepers to Associations.

c. Shomei Kuniai - Cleaning Association: This is run by a man who calls himself a contractor by trade, although he has no office, and has never done any contracting business. He was formerly in the Japanese Air Corps. During interviews, investigators caught him in many lies. He is definitely the gangster type. He collects approximately five thousand yen (¥5000) daily for an alleged cleaning service. Twenty percent (20%) of this is supposed to be tax money. Neither he nor the Merchants Association could explain why they both collect taxes for the city from the same stall-keepers.

d. One, S. Ihara, an advisor to this Tekiya Organization, was elected to the Assembly in the early part of this year as a candidate of the Liberal Party.

V. GURENTAI (Gangster) OYABUN SYSTEM.

1. Organization

a. General: This system is by far the largest, strongest, and most influential of the Oyabuns. It is a new organization that has gained power as an aftermath of the past war. It was established along the same lines as our own gangs in the United States. Threats, force and violence are the tools with which they operate. In this manner they have set up many small domains within Tokyo and other cities of Japan. As yet, they have not organized. Each Oyabun has his own district from which he collects tribute and sometimes he loses this to another Oyabun who is stronger and covets his district. They are usually well-armed and do not hesitate to commit acts of violence or murder, if so ordered by their Oyabun. There is no limit to their depredations. They are hated and feared by the public.

2. Strength.

a. In Tokyo there are about one hundred and eighty-one (181) Oyabuns and approximately seven thousand three hundred and eighty-four (7,384) Kobuns and followers.

b. In Osaka there are fifteen (15 Oyabuns and five hundred and Twenty-nine (529) Kobuns

c. In Kyoto there are three (3) Oyabuns and two hundred and thirty-eight (238) Kobuns.

d. In Kobe there are about eighty-two (82) Oyabuns and six thousand four hundred and thirteen (6,413) Kobuns and followers.

e. Each Oyabun may have anywhere from five (5) to one thousand (1,000) Kobuns and followers under his control; however, the average is about fifty (50).

3. Method of Operation.

a. General: The Gurentai Oyabun exacts monetary tribute from all the bars, cabarets, dance-halls, theaters, restaurants and coffee shops in his respective district. To open a business in a district, the business man must give a large sum of money to the Oyabun to insure that his place will not be molested or damaged, and in some instances, himself, from being bodily harmed. Thereafter, he has to pay a monthly or weekly tribute to the Oyabun.

b. Collections: They vary depending upon the type of business. One theater in Tokyo is rumored to pay one hundred thousand Yen (¥100,000) monthly for "protection". The average monthly take from bars in Tokyo is from five thousand (¥5,000) to ten thousand (¥10,000)yen each. In the district of Ginza from HATTORI to SHIMBASHI alone, there are over one hundred (100) bars. The Kobuns make the collections, frequent the shops, bars, cabarets, etc., as a show of protection. In most cases they eat and drink without offering payment. They also exploit money from waitresses who have had an amour with them. Some of the shops, such as the bars, have organized and they make a lump payment to the Oyabun. In Osaka they collect anywhere from two thousand (¥2,000) to seventy-five thousand (¥75,000) yen for protection from a place of business.

4. Influence.

a. Persons Involved: Oyabuns and Kobuns are nothing more than down-right gangsters, composed of hooligans and jobless ruffians of the lowest degree. They are ill-natured, ill-conducted and have no respect for law. Some are self-styled police in their rackets while others act against the law in restaurants and cabarets. Most of them have been arrested at one time or another on charges of threat, violence, theft, injury or murder. Typical among these groups in Osaka is the "SHIMA-gumi" (approximately 200 members), "NANDO-KAI" (Approximately 50 members) and GOKURAKU-gumi" (Approximately 60 members).

b. Political: Little information is available as to the political influence and connections of this group. However, in Osaka, SADAKICHI HITOTSUMATSU (now Welfare Minister) is shown on the police records as being an advisor to this group and was backed by this group in the last election.

(Note: This should be investigated further.)

c. Public Opinion: The public is definitely against this form of gansterism, but powerless to do anything about it because of fear of violence or bodily harm. Without police support they have had to bow to the inevitable.

WILLIAM G. FRITZ
Police Administrator
Group #5

Conference in Government Section on 12 September 1947 at 1:30 p.m.

Present:	ESS--Anti-Trust and Cartels	Mr. Ortman, Mr. Rose
	CI&E	Mr. Sullivan, Lt. Passin
	ESS--Industry	Mr. Ries, Mr. Stanek
	ESS-Finance	Mr. Baron
	ESS-Labor	Mr. Collett
	ESS--Textile	Capt. Rathofer
	Legal Section	Mr. Carrington
	8th Army Procurement	Lt. Col. Fregosi
	CIS--Public Safety Division	Mr. Shupak, Mr. Fritz
		Major Johnson
	Controls Coordinating Committee	Miss Jackson
	Government Section	Mr. Meyers, Mr. Matsukata, Major Bieber

Mr. Meyers: Gentlemen, I don't like to start without Col. Fregosi, but since we are going to discuss the background and information which the various sections have in their own outfits, I think that we can proceed without feeling that Col. Fregosi will be slighted, and he can obtain the information later from me or from anyone of you gentlemen whom he wishes to contact.

I am afraid we will have to proceed along fairly strict lines of adherence to this agenda and the procedure that I have outlined on these mimeographed sheets, only for the reason that our time is limited and we have a tremendous amount of information to get across.

I have laid before you brief statements both of Public Safety Division, CIS, and our own preliminary investigations, intended merely as a minor background in case those of you who are here may not have a full background upon the subject or in case your own particular field has been rather narrow. These are of value both from the informational side and in addition from the present proposed operational angle.

If it is possible I think it is advisable for all of us when we discuss the studies that may have been made by the sections to be as brief as possible; and I would like to start off with ESS--Anti Trust and Cartels -- Mr. Ortman.

Mr. Ortman: Our interest in Oyabun system has stemmed from two of the functions of our Division which (1) is our interest in associations. One of the principal methods by which the Oyabuns have continued their control over various industries has been through various associations they have formed.

Another interest of our Division is in regard to the Anti-Trust Law. Many of the Oyabuns have promoted their control through reforming into companies. In many cases these companies are formed contrary to the Anti-Trust Law. Those are our principal interests in the matter.

The first case in which we came in contact with the Oyabuns was the street stall and local associations. It became quite evident that a number of individuals were being compelled to join c rtain associations in order to engage in business, whether the business was running a restaurant or running a beauty parlor or operating a street stall. I might add that that was against the intent of the SCAP policy in regard to associations. These associations were compelling individuals to pay dues, to conform to certain standards, to charge certain prices, and in general controlling the business of their members. That was the first place where we came in contact with the Oyabuns.

Another point was in regard to the construction industry. We came across an association there which was not composed of Oyabuns, which had actually no apparent direct relationship with Oyabuns, but the leaders of this association were attempting to maintain the status quo in the construction industry and in doing so they supported the Oyabun system. Many of them were connected with the Oyabuns very directly.

NOTE: "Gummi" should be spelled "Gumi" wherever it appears.

The labor was supplied by the Oyabuns. This association wasn't composed of any Oyabun, but it was working to their advantage and helping to maintain the Oyabun system in that way. Those are the two principal cases we have had come before us.

Mr. Rose: NRS recently worked with the Agricultural Cooperative Law. We are working on a Fisheries Cooperative Law and Consumers Cooperative Law and Commercial-Industrial Law and it is probable that there will be more, but we feel that the enactment of the legislation in itself will not only be useless but may well be dangerous in continuing the systems unless something is done.

Mr. Meyers: Do you have any further information in some detail on the problem with which you have been faced which would indicate the extent both of the influence of the Oyabun, the methods of their operations, their strength, their weaknesses and the degree to which they may tie into other fields other than your own.

Mr. Ortman: In connection with that we have collected a large amount of information in connection with these problems. We have collected a large amount of information on these organizations and Oyabuns in general -- more information than we could bring up here. We have definite information that shows the connection with certain of the political parties. We have information showing that we have high individuals in this Oyabun system who have run for public office in a large number of cases. We further collected information showing the strength of a number of these Oyabuns. We have personally interviewed six or ten of the large Oyabuns in the Tokyo area and found that they averaged five to six thousand Kobuns in most cases. We have found in a number of cases we have come across where they collect taxes. We have found a number of cases where they compelled -- under threat of violence -- their members to join these associations and abide by the rules of these associations.

Mr. Rose: We also have the results of field trips. We have found in the transportation system Oyabuns and in the harbor transportation and express work -- right across the board in all of the trades and industries.

You see in attempting to create an institution like a cooperative which presumably operates on democratic lines with the election of a head and directors and so on, and with the background of an Oyabun system, it is our fear that the forms of the cooperative will be used whereas the staff and the organization of the old Oyabun with none of the democratic features will actually be established, and since there is such insistence for the formation of the group type of activity in this country, it is almost essential that we have some form of a cooperative law in order not to create too great a hiatus in the country.

Mr. Meyers: Are there any questions to be asked of Mr. Rose and Mr. Ortman? If not will Lt. Passin or Mr. Sullivan speak next?

Mr. Sullivan: All of the information that has been gathered by the Plans and Policy Unit of CI&E has been gathered from Public Safety, ESS--Anti-Trust and Cartels and the Labor Division, so our information will be discussed by each sections. Lt. Passin has more information.

Lt. Passin: I'm rather in a strange position with reference to the problems here for the reason that we have no specific area of policy responsibilities. Our job is to throw as much light as possible on the characteristics of the Japanese social structure that may have something to do with all of these problems, and to go into problems of sociology and public reform. The only ripple of light that I could throw on the problem is first from the standpoint that find in rural areas and secondly from the standpoint of perhaps necessary cautions.

If I may start with the cautions first. The Oyabun-Kobun system is not just a system of corrupt or illegal activities. It is profound. Its profoundness lies in its wide-spread extent throughout Japan and its tremendous historical depth. Its essential characteristic lies in the hierarchical relationship between a set of individuals. What you have in Japan is that people normally expect to enter that relationship, because in almost every rural village of Japan for hundreds of years you have had persons of influence assuming this position of control, oof authority, of protection and so on over people of lesser influence and lesser position.

You can examine almost every section in Japan and you will find that to some extent the relationship between individuals tends to take on that form. Sometimes it is highly organized and sometimes it is not very organized. When you come to the urban situation it is highly specialized and organized in terms of the over-all picture of Japan. The point is that the great majority of the Japanese people expect that this is the natural form of social relations. That is why when you think of setting up cooperatives and you have a general fear that it will revert, I think it is a genuine fear. I think it is more than feasible. I think the problem is that the Japanese people expect it and are willing to acquiese.

You have another problem from the point of view that the urban population consists of the second sons. All of these people have grown up under such a system. In the rural area, the difference from the urban area is in the benevolent aspect of this situation. A rural Oyabun is really concerned with his people. You will find consistently that the rural Oyabun is more concerned with the benevolent aspect than the urban Oyabun may be. I think we have to remember that this dimension exists. It has deep roots in the thinking of the Japanese people. The notion of personal loyalty carries over from pre-feudal man. It is the notion of a necessary relationship between the lord and the retainer. I think you will find when we start attack the system that there will be a strong feeling in the initial instance to rally around the Oyabun and give protection and you will see the gangster effort resulting from this basic set of connections.

For example, when we talked to Kobun and asked what their feellings were with the Oyabun now that the Oyabuns were losing their land under the Land Reform Law, you would be astonished at the expressions of sympathy on the part of Kobun and their firm determination -- at least in their own minds -- to rally around the Oyabun and give him support.

Now, I want to do two things. I want to make sure this emphasis is clear. I think it would be a sad mistake to try to hit only the abuses of a system whose roots lie very, very deeply and which has tremendous tenacity.

Secondly, I want to talk briefly about the rural situation. You find that persons in authority in any phase of rural activity -- the cooperatives, the farmers' union, the mayor of towns -- all tend to take on the Oyabun type of position. Sometimes they are called Oyabun, sometimes they are not. The important thing is that they act very much the same way; that is, the people look to them for guidance and accept their orders in return for which they presumably are supposed to receive certain favors. You will find this in many agricultural associations. In the last elections, I suppose you all know in many cases you only had one candidate. By and large in these areas it was recognized that you had one Oyabun and so his word was generally followed. An important thing, I think, is that in most cases there is no physical violence involved in the feeling of loyalty. It is a spontaneous relationship of loyalty and obedience on the large part of the Japanese people to a situation they think is quite normal.

Mr. Meyers: Is that true in the rural area only or is it true also for an urban area?

Lt. Passin: It is true in the urban area considerably. You take the commercial types of Oyabun -- the shopkeepers who have for generations have been in certain towns of Tokyo. Many have extensive family connections involved. You will find places like Ome City which is a Tokyo Prefecture city, places around Kyoto, where for many generations all of the merchants, sometimes of one particular line of goods or sometimes all of the merchants, belong to the Oyabun system and except for a few instances where the older type of Oyabun exists there is no compulsion. The people grow up in the system and they take over from their family their position in whatever group it may be. They take over with their shop their relationship to the Oyabun and his family. The only case I looked into in any considerable detail there is no evidence of coercion, or any evidence of any feeling of restraint or oppression on the part of the Oyabun. That is something that they freely accept and are glad to have.

Now, when we get into the question of these gangster outfits you have a complex situation. In some instances they often take better care of their people. Insofar as that fact exists you can see another sort of loyalty. You have the development of a type of gangster ethics which is not even uncommon in the United States -- an honor among thieves. I think the element of personal loyalty as distinct from the element of coercion is strong and must be borne in mind at all times. The element of coercion and oppression you all know about. Everybody gets complaints about it. You can localize it. You can name the Gummi that uses force, but I think that this only part of the picture. The picture can only be rounded out by realizing the extent to which this is a voluntarily supported thing on the part of the Japanese people.

Well, I could go on and give you the details on how the Oyabun works, but it is very small scale stuff compared to the type of stuff you people have to face.

Mr. Meyers: I think it would be more advisable to go into the type of problem we have to face.

Lt. Passin: We have been making a study of the internal structure, and the organization closely parallels the highly organized Oyabun in the rural areas. The general hierarchy and the general chain of authority is not very different. Some of the gummi are fairly new in which case they haven't developed very extensively, as far as loyalties on the part of the Kobun, because they are new and they are not very different from hired labor or indentured help. But in some gummi the membership is traditional in all of the ranks through generations. Many of the Kobun have been in for two or three, four generations as far as they know about their family background. The position of leader of the gummi, the leader of the gummi, the Oyabun himself is handed down within one family from elder son to elder son. In the event that a proper person isn't available they resort to adoption. In the particular cases that have been looked at, there has been no adoption.

One I looked into: the present head was twenty-six years old, quite young, but his older brother died. You have beneath him two lieutenants or superintendents who are also traditional or in whose family lines the position is always traditional from the eldest son to eldest son. That has continued since -- this particular one that we are looking into started in the eighteen fifties. That position has continued in that family since that time. At the next level of the system you have groups of sort of foremen or strawbosses, the majority of whom have followed the tradition of their family in participating in the gummi. There are a few who have come in from the outside. When you get down to the lowest level you find large groups of new members have new Kobun who have entered into the system but a good percentage of them have had the same position their families have had for several generations.

Now, the general belief of the lower ranks is that obedience is automatically required. They are very formal. They go through ceremonies of entering the system and ceremonies to leave the system and ceremonies during the year to re-enforce the membership in the party and their solidarity. This is a rather small gummi and they have only 350. Some are as large as fifty thousand. This gummi doesn't use any pressure to keep people within it and they have lost very, very few people. Unionization was tried and this is one of these cases where the union organizers were beaten up and thrown out by the Kobun themselves, and they have not entered into any union. The gummi generally operates in construction work but on the side operates in gambling work to take care of their welfare aids. In some other gummi they don't bother with welfare, but in this particular gummi they spend a good deal of money on welfare. If a person is sick they take care of his family. They will send him to the hospital, they will help him fix up his house and things of that type. In the cases of large gummi you simply can't have that type of solidarity. The one case we know about we have taken interviews with the Kobun -- some of them got fearful after a while and we had trouble finding them -- in the interviews it was quite clear that their personal attitudes were quite loyal. It is quite clear that loyalty is a very, very primary consideration.

Mr. Matsukata: Excuse me, but on that study of that gummi that you made, what type of a gummi was it?

Lt. Passin: Basically a construction gummi with some gambling on the side. They may have other things on the side.

Mr. Matsukata: Does the Oyabun-Kobun relationship necessarily mean that their gummis are all loyal Kobun, because in listening to your explanation, I note more the impression of some types of family system, because very often the families have acquired different people in their trades. It got so big that it was called the gummi rather than the family system.

Lt. Passin: That is a very important point but this is a gummi. In many cases they are close to extended family type of enterprises. In some cases it is a very legitimate business. Some of them are very close to an organization in form.

Mr. Matsukata: Because you take the Black Dragon system which is certainly an Oyabun relationship and it is not handed down from generation to generation.

Mr. Meyers: Could you categorize the types of Oyabun-Kobun relationship, that is as they appear in various industries or various businesses legally or illegally.

Lt. Passin: Well, I don't think I could do it completely because I would like to fit all the things that people are finding out into what we have picked up on the thing. That is you can say there are some types relating to the family system. In the purest cases in the rural areas the Oyabun is simply the main house. That is one type and I think in the urban areas too, you can have extended enterprises that will run with an Oyabun but are an extended type of the family structure. I think another type would be one in which the relationship is based upon land in which the landlord is the Oyabun and his tenants are the Kobun. I think that is the major type. There are a lot of variations. I think another major type is one in which the organization performs a legitimate family function -- in rural areas it may be sawmills -- it may be the hiring out of day labor or various things of that kind. In towns it may be organizing commercial associations or guild-like units -- perhaps guild is the best term for them, guilds on the order of a feudal guild. Then I think you have a number of types that have developed from a guild type that become so close to the modern stock company organization that there is only one move till they turn into something like the Mitsubishi or other type of organization.

In the illegal types you have traditional illegal types. For instance, the gamblers that have an illegal position. You have the really illegal types -- people using this organization to engage in gangster activities. Any time some fellow gets an idea for a racket, he can organize some kind of a structure and use that for the basis of his operation. You have some of them that are far older so that even within the illegal enterprises you have variations. It is simply a type of relationship between individuals and can be applied to a wide variety of situations.

Mr. Meyers: Miss Jackson, are you representing ESS-Price Control or are you sitting for the Controls Coordinating Committee?

Miss Jackson: I am sitting in for the Controls Coordinating Committee, and have nothing to offer in that capacity.

Mr. Meyers: That brings us to ESS/Industry and Mr. Ries.

Mr. Ries: I think I am just going to sound off for the time being and Mr. Stanek has a very important subject to explain. We are, of course, to follow up Lt. Passin's ideas to follow up the legally illegal type of the Oyabuns system and its influence on the production of Japan. The Industry Division is mainly concerned with the productive capacity. We have met recently at various times over various kinds of disturbances caused by the Oyabun system. One of the latest examples was a strong disturbance of the coal mines down in south Kyushu where organized gangs belonged to the group of Oyabun -- to the gummi type and have

intimidated the workers inside the mines. We found out the police were unable to check the activities of these gangs who remained underground for considerable time. We were rather upset and are afraid that this kind of disturbance which apparently has a certain political background is going on and is going on to disturb this most vulnerable part of the Japanese economy.

Mr. Collett: We happened to meet with a group of people from Fukuoka that had a little more information on these gangs. It seems that after changing the thirty policemen in the particular area including the chief and thirty of the various policemen of that area -- putting in new ones with new instructions, these gangster raids suddenly dispersed, and not until that move was made were they able to cope with that situation at all.

Mr. Ries: I heard about that but we understand that other cases are started now. It is only an indication today of what may one day be a great menace.

The second thing we are interested in is that question of the distribution of materials which is strongly influenced in certain districts by the various gummis, or even I would say by types of Oyabun-Kobun groups which belong to the more benevolent group -- the rural group. Anyhow it is difficult to institute air-tight distribution even an air-tight allocation system with this type of shadow government, or with this type of sociological structure of the Japanese people still being around and influencing the general sociological structure of Japan.

The third and by far most important aspect of the gummi system from the viewpoint of our own division is the influence of the gummi system in the construction system and I would like Mr. Stanek to discuss this. He is a member of our construction branch.

Mr. Stanek: Well, we don't have too much on the gummis. I think probably Mr. Collett and Anti-Trust and Cartels have more dirty evidence than anyone. At any rate the Contractors Association is a continuation of the bureau from wartime and nothing was done. They merely changed their names. They call themselves the General Contractors Association, a very ultra-nationalistic group during the war, but at the present time they have been very exempt from any restrictions on construction or limitation of their activity. There is supposed to be an allocation of materials on all construction in Japan, but every time we find something going up that isn't supposed to be going up, you can always trace it back to the fact that some contractor is not only constructing it, but exactly how we don't know, but he is involved in the ownership. I suppose it is due to the same system. It seems most of our trouble in construction in Japan and persuading them to build houses and things they need instead of entertainment or black markets can all be traced back to the contractors. The contractors -- I don't know whether they condone this sort of thing, but all these gummis belong to these associations that are mixed up in this are mixed up in these markets and they raise cain with our allocations system. The permit system is working pretty well because the entire construction can be seen from a mile away and they are afraid somebody will be removed from office if they allow too much to go on. There is quite a bit of it that goes on yet, and the government officials, especially local, seemed to be very afraid of the gummi gangs, and they are afraid to stand up and say, "No, you can't have a building permit for this or that." Now, that undoubtedly works in some kind of an Oyabun system. We call them the contractors zaibatsu. They certainly have a lot of influence -- far too much for the good of the country. There is a rumor that they control eighty seats in the Diet, and it is not a questionable fact.

Mr. Meyers: Mr. Baron, you are from ESS--Finance?

Mr. Baron: I'm from the Public Finance. The only time we ever ran into anything was in the collection of taxes -- or income taxes. Up to recently the taxes were assessed by the local tax official and they made some extensive use of what I assume is called Oyabun, to assess the taxes down among their particular members. For example, one man

in charge of a number of street stalls would work with the tax office to assign the taxes to the collector on the various members of his little group. Since that time we have established a system reversing the assessment from the government to the individual and resulting in less use made in the Oyabun, and presumably, eventually it will die out in that particular activity.

Mr. Meyers: May I interrupt to ask a question. This reversal was made by the local government?

Mr. Baron: No, it was made -- it is a national law changing the system of tax collection from assessment by the government to a self-assessment system. It has no particular relationship to the Oyabun system, but under the old system the Oyabun was made use of by the local government officials in making assessments.

Mr. Rose: How about collection?

Mr. Baron: Collection may have been, in some cases, handled by the Oyabun to pay into the local tax bureau. However, it was on a very small scale because there are a large number of local tax bureaus. Just to what extent the Oyabun still makes his influence felt in the collection of taxes in this matter we don't know just now.

Mr. Meyers: This is only income tax - not a franchise tax of any kind?

Mr. Baron: Business tax -- income tax.

Mr. Ortman: We have information to the effect that the street stall association in the Ginza collected taxes, city taxes, which is levied on street stalls. The association collected this tax and paid on the lump sum, I believe, based on the fact that half the street stalls are operated every day. In other words if more than half the street stalls are operated every day the credit goes to the association.

Mr. Fritz: Unless it has changed within the last two months that is the general idea. The Oyabuns have been collecting the taxes and I think it is also shown in this summary too, and they have been collecting taxes for the government.

Mr. Baron: That is local. What I am thinking is in the national government taxes, primarily income taxes. There is no attempt to change the local system of taxes as yet.

Mr. Meyers: That clears that up. I was considerably puzzled.

Mr. Baron: I was speaking of the national government income taxes. You just can't switch that system around over night.

Mr. Meyers: Would you explain how under the old system the Oyabun was made use of to collect taxes?

Mr. Baron: Well, for example, you have a string of stalls. Some Oyabun -- I'm not familiar with this term, but I assume it was the head man or boss of those stalls -- and the local tax bureau figured that for that group or activity we think that such and such an income tax should be collected. The local boss will come in, figure out the total amount of the biggest business and he is to pay the largest tax there and on down the line, presumably the tail end brought up by the fellow doing the least business. That is the fundamental means by which the local tax collection bureau made use of this Oyabun. That is the collection of an income tax. I'm not speaking of a franchise or anything else.

Mr. Collett: There is approximately, a labor force in Japan of 14,000,000, and 3,000,000 of the 14,000,000 are controlled very strongly, or are a part of the Oyabun-Kobun system in a very strict sense. That is they have a person who is known as Oyabun and the younger brother also, all the way down the line to the Kobun. This is in two major categories.

First, in the construction industry which takes up maybe two-thirds of that group that is controlled or more. The other was commonly known as general labor suppliers who make a contract to a manufacturer or industrialist or some other kind of industrial plant, make a contract just

for labor and they furnish certain labor services to that manufacturer or industrialist. Usually those are menial tasks which the regular labor force of the plant do not perform. For instance in a steel plant, it may be the clean-up job around the plant. That is the usual jobs that this particular type involved,

Now, of the second there is a rather extreme -- most extreme -- form of control of labor by the Oyabun-Kobun system and that is what is known as the slave labor system. About a year ago, at this time, it was discovered that some 20,000 laborers were in actual enslavement in Hokkaido by this Oyabun system. They were working both for the contractors in Hokkaido and the coal mine. The way the system worked was briefly like this. They had their agents in Osaka primarily and Tokyo, the two main centers of operation. They would find some fellow out of work, or demobilized soldier, or somebody who was in need of a job. They would get him drunk or take him to some place and show him a very good time and make sure he passed out before the evening was over. He was loaded on to a train and he would usually wake up on the way or in Hokkaido. He was put in a prison barracks and inside the prison barracks was a regular stratified Oyabun-Kobun system. They had a very low floor where the original Kobun were brought in, and the next level for the ones who had been good boys and been promoted, and the top level where the foremen were, the top of the dormitory. The doors are locked at night, the windows are barred. These workers are taken out to work each morning, usually very early -- five or six o'clock -- they bring them back at seven or eight o'clock at night and lock them up. If they try to escape, they are shot or beaten very severely. All of this was excellently documented by CIC and Military Government in Hokkaido. There was a very vigorous drive on at that time to break up at least the slave labor aspect of this problem in Hokkaido. We believe it was taken care of, but there are indications that possibly it has come into existence again. It is going to require another investigation.

Mr. Rose: What kind of work do these people do?

Mr. Collett: Road work and work in the coal mines, and I'm not clear yet what type of work these particular workers do in these mines. We do know that the Coal Board reported some 26,000 of this type of workers.

Lt. Passin: What is the legal basis of the contract?

Mr. Collett: It is an advance contract. They give them this good time before they go up to Hokkaido. They hold that over them.

Lt. Passin: Do they have a written contract?

Mr. Collett: They don't bother with a written contract.

Lt. Passin: Have any court cases ever come up?

Mr. Collett: Only because CIC and Military Government sat right on top of the government in Hokkaido were we able to get any action at all.

Just to carry that one injustice a step farther, there is a very good indication that the gummi in Hokkaido, which controlled by that same method during the war the Korean and Chinese slave labor in the coal mines, are the ones involved in this activity in Hokkaido.

Mr. Meyers: May I ask -- that in order to prevent these cases from coming to court based on illegal contracts or no actual consideration, that there was not only the use of force against the individual laborer, but the police and government forces as well as the courts were tied into and bought off by it.

Mr. Collett: That can only be assumed from the fact that they took no action knowing the conditions existed.

This same group that controlled the slave labor during the time they had Chinese and Koreans in the coal mines in Hokkaido are also very influential in the political set-up in Hokkaido. One of them I know of was scheduled at one time to be general secretary to the

democratic party. He was purged the day he was to take over the job.

To go back to the general pattern. The construction industry is where they are most prevalent. There are very few cases in our evidence of the general picture of there being such a pure form of the Oyabun system. There are many which are made up of these second and third and forth sons which came from the rural areas, and therefore they are not nearly as close knit as the ones Lt. Passin is speaking of. Then a further development has been that since the end of the war, in the construction industry in particular, there has been wide-spread expansion in the various gummis as to the numbers of the people they had and therefore they have taken in a lot of unemployed, a lot of people who are not regular Kobun in the true sense and therefore are not part of this very close loyal relationship. As of a year ago I had an estimate of that situation in one of the larger prefectures in Japan. The top Oyabun in construction work in that prefecture stated that one half of their Kobun were not -- you might say regular loyal workers -- so that influx since the end of the war is creating an influence of changing at least the loyalty angle.

Mr. Rose: From what you have said I take it that you have to belong to a gummi in order to work on construction?

Mr. Collett: That is right. They have a complete monopoly on construction even for the occupation. Let's develop this a little father. It has interesting implications.

When it was necessary for Japan to mobilize all their labor force, they established two working patriotic organizations, organizations of workers. It is very interesting that one of them was for industrial workers and the other one was for construction and day laborers. In other words the Oyabun-Kobun or boss controlled labor in two separate national organizations.

Now, the one for construction workers and day workers was merely based upon the national system of control they had of the construction industry. All it was necessary to do was to change the name to Workers Patriotic Organization. The structure was all there for complete control of that group of workers. Now, since the end of the war there have been four separate efforts to break up that organization which was pre-war, war-time and post-war organization. They have changed their name four times -- they are the same organization.

Mr. Meyers: Have they changed their form?

Mr. Collett: They have not changed their form. Their form of organization has not changed. The first time they merely changed their name, the second time a few top leaders, the third time they changed a few more leaders and the forth time they had to clear leaders out way at the bottom because there was a purge involved, but they merely put other brothers in the organization. The form is still there and they still control them as strictly as they did before.

Lt. Passin spoke of the mutual benefits back and forth, that is the Oyabun taking care of the workers. They do take care of the workers in the construction field generally. They are able to very easily now because they are getting large contracts from the government on occupation force projects, construction in the private field is very lucrative now because there is such a demand for that sort of work, and the government has not been hesitant to pay them very large sums -- sometimes astronomical sums for the work they have been doing in the way of construction for the government. That makes it possible for these Oyabun to pay extremely good wages to the Kobun in the construction industry. In fact I think it is very true that they receiving the highest wages in Japan for any where near comparable work. Carpenters are known to get from 150 to 250 yen per day. I have heard of extreme cases of 700 yen per day. Now, along with that the construction people in the form of the Oyabun on the top levels are charging the government large quantities for welfare facilities, and the government so far has accepted their estimate that they have to buy food on the

black market, and they have taken black market prices and multiplied it by the number of workers to determine the amount of welfare they will have to get for extra rations. As a matter of fact we have found in many cases that the actual materials these workers do get, particularly if these groups have come in new since the end of the war -- they are not receiving much in the way of welfare goods and services. That is they actually do buy a tremendous amount of black market food and materials from the charges they make to the government but it is not being given to the workers.

Lt. Passin: Have you people found any evidence of Oyabun-Kobun on a large scale in any particular industry? I would like to give an example. A friend of mine told me he has been doing a study in a city between Tokyo and Yokahoma where the main industry is foundries, and he said the Oyabun-Kobun system is apparently prevalent throughout the entire region. Right down in the factories he said that every time he turned around, the question would be "Who is your Oyabun?" He said that evidently it is right inside the factory, and I wondered if you had any information.

Mr. Collett: No, there is evidence that in a lot of specific plants or in specific areas that the relationships do exist, and the consent, you might say is somewhat prevalent in the organization of unions. It does exist -- that idea of the Oyabun being even the union leader. It does exist in a lot of the unions. In particular in industrial plants we find that it is usually very strong. Say, you find a whole industry organizes and gets a labor union that may be strong, weak or medium. You may find one or two plants that don't join in and we have found those particular plants have extremely strong Oyabun-Kobun relationships -- strong enough that they can keep organization out of the plant although all similar plants in the industry have joined in.

Mr. Matsukata: Isn't it true too that if you don't belong to a certain Oyabun group that the black market rice and so on that a man has been able to obtain, which is also controlled by Oyabuns and Kobuns is not obtainable?

Mr. Collett: Right -- they use it very much as an economic weapon over people's heads. Particularly they are using it now as a method of coercion for the new people. They don't have to use it for the old timers. They show all kinds of favoritism to old timers. You have got a conflict between the new people that are not regular Kobun and the old people, but at the same time coercion is used against the new ones in the way of not giving them the same ration or any ration, if they don't fall in line and follow the example of the good old time Kobun. That coercion is strong and some of them even get the bad idea of wanting to join or to form a union among them, and we have several cases of the man being black-listed entirely from the industry or it can be as serious as the man being knifed or beat up very severely.

Mr. Stanek: Could you tie in the contractors association and this other labor outfit? Is there any intimate connection there?

Mr. Ortman: In that regard -- there are many, many tie-ups between this system and the contractors, for instance, but the two that come to mind is that one of the chief officers of the contractors association was a leader of this labor patriotic association to which Mr. Collett referred. He is at the moment an officer of the contractors association.

Mr. Collett: I have a more specific example than that. In one prefecture the man who was the head of the patriotic association there during the war, also who was the head of the third reorganization of the patriotic association was also chairman of the prefectural contractors association. He had both jobs. That man also is head of the horse-raising association in the prefecture. Before the House of Peers was abolished he was appointed a member of the House of Peers. In 1927 or '28 he won in a machine gun battle between the Tokyo Oyabun chiefs and the Kanagawa chiefs. His outfit won control of the large area half way between Kanagawa and Tokyo. There was a regular gang battle, and he won in the machine gun battle that resulted from that. I think he got two years in prison for it, but he is doing very well right now.

Mr. Rose: There are other tie-ups that we have found that aren't political. We have found inter-locking directors with the various supply organizations. For example, one lumber company. We don't know what kind of a labor structure they have, but we do know that the building is done through the black market or cost plus contract.

Mr. Collett: In that respect I ran into -- very accidentally -- one of the worst organizations that we have run into, and that is in the harbor transportation business which became a national organization. They made a monopoly of all transportation duties during the war, and they have a very strong labor boss system in this particular organization. That is the Ko-on Kishu. I happen to find out that the biggest lumber mills in Yokahoma is owned now by this same man.

One important issue as far as we are concerned is this. Although there are some 5,600,000 workers who belong to labor unions in Japan, to our knowledge there is only a few thousand that are in among the labor controlled 3,000,000.

Mr. Meyers: Capt. Rathofer isn't here. Mr. Richards said he couldn't attend.

Mr. Rose: He was very much interested in the stevedore end of the thing.

Mr. Meyers: Could you help out on that Mr. Rose?

Mr. Rose: I think Mr. Collett has outlined briefly what the score is there. We are also turning up some stuff that indicates the same kind of thing with regard to the express companies. It is pretty well organized on the same fashion.

Mr. Meyers: Mr. Carrington of the Legal Section?

Mr. Carrington: We have no facts to add to the evidence being submitted during this phase of the discussion.

Mr. Meyers: Col. Fregosi, could you add anything?

Colonel Fregosi: I don't believe so. Mr. Collett covers our standpoint very well. It reveals the problem that exists.

Mr. Meyers: Would you explain the special problem that Eighth Army has because it is charged with construction work?

Colonel Fregosi: Well, up to recently at the time of the procurement Kodan, procurement people had no concern as to how the work could be accomplished. The procurement man is the instrument of the Japanese Government, and presumably they take care of it or we appeal to the Japanese Government.

We were prevented by a directive from SCAP from requiring any performance or even the cost of the items procured. There is no written record -- the General Procurement Agency issued the memo. The idea there was to prevent us in our connection with procurement from admitting the procurement cost. That is still true as far as acknowledging any, or officially recognizing the cost or value of procurement, although we are now permitted to inquire into the cost and value of procurement. Any procurement system that is now to be established in the procurement Kodan, which will be set up step-by-step by myself, after approval of the Controls Coordinating Committee, particularly Mr. Ries, who is sort of grandfather and sees that everybody concurs; we intend to take steps to eliminate some of the obvious incorrect practices in the Japanese Government. On how far we can go we don't know -- that is toward cleaning out the system. But certainly where a conflict exists between executing procurement or cleaning out your system, the procurement must be executed. That is because the occupation force intends and desires to get what it wants. We have found from past experience, sometimes the hard way, that there is no sense of trying to combat some of the problems that come up on the grounds of ethics or any other reason if it is going to stop procurement. We have a series of steps in mind in connection with this construction and procurement relations.

Mr. Meyers: Could we defer that until the second part of the meeting?

Colonel Fregosi: I have a conference in G-4. I'm just going to mention that we have a set of steps that we intend to institute. Before they are formulated and issued to the Japanese they will be concurred in by ESS. I would like to mention what some of them are. I don't think they will solve the problem at all. They are only steps in the general direction. I will take them up when I return.

Mr. Meyers: Major Johnson, could you add anything to what Col. Fregosi said?

Major Johnson: Officially, no. Unofficially, I'm of the opinion that there has appeared without question a much greater interest in the volume of the cost of occupation as they are apprehended in the Japanese Government budget then there ever was before except with respect to the action taken probably on General MacArthur's own initiative, when he reduced the number of dependent houses from twenty thousand to something like eleven thousand, and deferred for one year the completion of the entire program (which you're probably all familiar with) and the belief that the volume of procurement may be a considerable slice in the additional budget which they are having to set up, a supplement to the budget. There may have been at one time and may still be certain demands of the occupation that would have to be met. I do believe that this thing is coming to bind tighter and tighter, and that policies if they are not adopted would better be adopted that will show where this thing is going to be sliced, and that possibly the occupation is going to have to accept a little smaller share immediately in order that it may have some share at all later on.

Mr. Meyers: Thank you very much. Mr. Fritz, do you wish to talk for Public Safety?

Mr. Fritz: Well, Mr. Eaton was supposed to have been here today. He could not come. Mr. Shupak has done most of the investigation on this, and I think most of it has been explainted already. However, we do have an abundance of material like ESS has that is available, and you are welcome to it and we have written reports. Other than that we haven't gone into it too deeply. We are mainly interested from the police angle, and the police may be tied up in it. We'd like to know and if any of the other sections should find out that the police are tied up, we'd like to know. We want to set up a democratic police system.

Mr. Rose: You think that the police don't have a great deal to do with it in most areas?

Mr. Fritz: We don't know. They are probably quite rare. Mr. Shupak has worked on it much more than I have and he might be able to help.

Mr. Shupak: As Mr. Fritz says a lot of the angles have been brought up. A few points showing the relation with the police and this system would be of interest.

First of all about the Oyabun system. Most of them operate, as a rule in a certain area. In other words it has boundaries set off. Any encroachment usually results in a gang fight. A different type is a construction Oyabun or high industry Oyabun. That doesn't apply to them. It is entirely different. My investigations have shown pretty close cooperation with the police all over Japan wherever I have been.

Another thing I did uncover to show the extent of these systems were two Oyabun announcements. One I picked up from the police chief. He handed it to me, apparently not knowing what it meant. This calling card or Oyabun announcement is sent out by an Oyabun. In other words, when a father or brother dies and the next one comes in, he sends out this announcement to other Oyabuns. These two announcements that we have as exhibits -- each one covers from ten to twenty prefectures and in each one of these prefectures there is a long list of Oyabuns. All of these Oyabuns are required by custom to send presents to this new Oyabun that is coming into effect. In other words, the Oyabuns wherever they go in this particular sphere that they know, they will always be

welcomed and all their problems taken care of by these different Oyabuns.

Mr. Meyers: May I interrupt to ask -- would that apply to the Kobun if he should travel into another district?

Mr. Shupak: I wouldn't know if it would go that far. It probably would go that far if the Oyabun he did work for gave him some recommendation or he had enough identification to prove he was a part of the household.

Mr. Matsukata: I heard that depends solely on the relationship of the two Oyabuns.

Mr. Shupak: On these announcements I have there is practically a hundred Oyabuns listed. Another point I would like to bring out -- the police have never heretofore been able to cope with the Oyabun system. They have taken the lesser of two evils and cooperated.

Generally speaking, when an Oyabun has committed a crime, it will be hidden. In return anything outside of their sphere will be turned over to the police. There's been a working cooperation between the police and Oyabun. I have no definite proof, but I know from what I have observed that police do receive monetary gifts, and in other respects goods, from these Oyabuns, and I got some of this from some pretty high officials. I got it from the lower levels and all levels. I'm pretty sure that it is a fact and naturally in view of that fact the police can not cope with the situation even today. I tried in my travels to kick the police around a little bit, and get them to do something about the situation. I have succeeded a little, especially in Osaka. They have started a drive and after the drive started the crime rate dropped very considerably. We have figures to show that they went right down, showing that a major part of the crime lies on the doorstep of Oyabuns and Kobuns.

I feel that today even in spite of the rest of these big men in the Oyabun system and in a lot of Oyabuns and in a lot of your Kobuns, it has not been scratching the surface. It should be attacked from a higher level.

Mr. Meyers: You say that the police have never been able to cope with the Oyabun-Kobun system. Did your investigation show why this was?

Mr. Shupak: First of all the police themselves would say they weren't strong enough for one thing, and then they have had influence far above and beyond the police. They had influence with the governors and other different agencies, besides the police, from whom the police took orders. Then, the police themselves are involved, so it is a matter of the lesser of two evils -- a situation they couldn't do very much about. Today I still don't feel they can cope with the situation.

Mr. Rose: Is that in part due to the fact that they have career status. They have no immediate responsibility in particular as the heads up here at the top level and everything is non-elective all the way down the line?

Mr. Shupak: Well, it is pretty hard to answer that. The only way I could possibly see is the police system officials would have to be changed or switched around.

Mr. Collett: Another question on this. I saw the announcement in the paper recently -- I imagine it tied in partly with this study -- of the arrest of several of these Oyabun including some seven hundred in Tokyo; and then I heard a not very well-informed person as far as I was concerned indicate that a lot of these people were held a few days or over night and then they were freed again, going back to their old racket. They had celebrations in their spheres when they came back and reported back to duty.

Mr. Shupak: I have no information. I can very well believe it. We have no records right now as to how many that were arrested were prosecuted. The case of Ozu was actually upon my own individual prompting of a police chief in a Shinjuku district. He told me personally that his men were afraid to raid, and on this particular raid, he had to go along and even the procurator told me he had a fear of taking proceedings against Ozu.

Mr. Meyers: Do you have anything else to add there? I know that Captain Rathofer has come and I'd like to know if you could in turn add anything to this background information which each of the various sections and divisions concerned have presented.

Captain Rathofer: No, I'm afraid I don't as a matter of fact. It is the first time I have heard of the father and son set-up. I don't think many in our division know about it. I don't believe we have run up against it.

Mr. Meyers: That brings us around to Government Section. We have presented these brief interim reports as prepared by Mr. Matsukata, and I would like to ask if he has anything else to add?

Mr. Matsukata: No, I don't think there is very much except I think that what Public Safety brought out in regard to the police -- that the police can't cope with it shows that these are not independent organizations. There is a much bigger network that works behind it and behind the political scene. The Japanese politician, since the Meiji Era, and before that controlled politics, and they control this. To see it broken up you can't go at it just from the criminal standpoint. It would just be at a low level and it must go all the way to the top.

Mr. Meyers: This concludes the first part of the program. I'm going to skip Item 3 because I believe your opinions have been indicated pretty clearly. That brings us to Item 4 -- the proposed steps to be taken by the various sections. I think it would be advisable to proceed in the same order that we proceeded before. I would like, however, to make a statement with respect both to the Government Section and with respect to CI&E before we start off with Mr. Ortman.

First of all -- so far as CI&E is concerned -- Mr. Sullivan left me a note stating that CI&E offers the use of all of its media and publicity in helping to publicize any aspect of the Oyabun-Kobun program which this group as a whole, I assume -- may decide upon; and since a very great part of this program seems to be educational and informational, that means we will have very, very powerful help.

Secondly, as far as the Government Section is concerned. I will bring up at the end what plans we have -- tentative plans that we have decided upon. Before that I would like to reiterate that this Section will use its influence for whatever it is worth, in backing the plans of other sections and the coordinated plans which I hope will evolve from the meetings of this sub-committee.

(A short intermission was taken)

Mr. Meyers: We have a lot of work to finish so I suggest we come back to order and finish up the second part of our program which ought to be the more explosive part.

Mr. Collett: Mr. Chairman, before we go on -- these general statements are important not from any particular specific information, but the general feeling and attitudes, or you might say the general feeling of the problem that I received working with this over a period of two years; that being that the whole system in construction is very closely knit from the top to the bottom, that their influence goes over a tremendously wide phase of activity, that in particular in construction, some of your worst cases of wide-spread black market activities are involved, that their influence in politics is extremely heavy as indicated by the eighty members in the Diet, and also any time anything is done which really hits a sore spot in this whole framework of organization, its reactions are immediate and from some very peculiar sources; from high government sources, from political sources; and from many different sources other than in the construction business and that there is every indication that it is highly organized from the top to the bottom, but also there is some very influential connections outside of the construction field.

Mr. Sullivan: Mr. Chairman, in regard to that I forgot to report that information that CI&E has that there are 528 shimbuns that are black market newspapers existing in Japan.

Mr. Meyers: Are those Oyabun sheets? Are they owned by one of these groups?

Mr. Sullivan: So we understand -- they are controlled.

Mr. Meyers: Have you had an opportunity to examine the registration and note whether the Oyabun himself would be listed as the owner?

Mr. Sullivan: No, this just came in yesterday.

Mr. Matsukata: The big newspapers like Asahi also is controlled by these Oyabuns too, politically.

Mr. Sullivan: That I don't know.

Mr. Meyers: Let me turn now to our basic part of the program: The proposed steps which the various sections or divisions of sections here feel (1) are necessary and (2) that they have already worked out to some degree and are in the process of either completing or taking. We'll start with ESS-Anti-Trust and Cartels, Mr. Rose.

Mr. Rose: Well, let me say briefly, at the national level we now have an anti-trust law and a federal trade commission, and we feel that it may be possible to keep unfair trade practices at a fair minimum after there has been a liquidation of the major associations. That is presuming additional steps are taken. Therefore we are very much concerned with the prefectural and local associations, and we are developing a policy in our Division. We are not in a position to outline it today. We hope to deliniate it in some detail and develop an informational program with CI&E and Government Section; and further to get it in sufficient detail so that the CI&E and maybe Government Section can take it down to the local government, to the Military Government, for implementation. We feel it cannot be done from this level directly. Now, that is the negative side of what we have to do.

We also, as I said, are participating in the enactment of a number of cooperative laws. We feel that it is tremendously important that an educational program be developed in ESS or within SCAP through every media that we can get our hands on to inform the individuals that can participate or are forced to participate in a cooperative movement as to their rights and privileges and as to the areas of appeal that they have, otherwise we feel that the whole thing will be a sort of a useless activity. Now, none of these cooperative laws have been enacted. The Agricultural Cooperative Law is before the Diet and is expected out within a month. NRS would know more about that than I. We haven't got the commercial and industrial or the consumers cooperative laws quite in shape. They should be out before the end of the year, however, ready for enactment. I think, however, that before they are enacted we could do a tremendous amount of work in developing an educational program. Those are the two sides. That is about as much as I can get in detail.

Mr. Ortman: I have nothing to add.

Mr. Meyers: Does anybody have any comments on this program, or any suggestions or ways in which they can tie in their own particular program to this?

Mr. Rose: That actually is so general, I don't think it is quite possible to make any specific suggestions, but the reason I was so anxious yesterday to get the program going is that we are faced with it in the immediate future, and I wanted to have a body to call on.

Miss Jackson: I have a question to ask. That is, what technique within the cooperative system assures that the Oyabun system is not in operation?

Mr. Rose: Well, you do have representation at the meetings if the charter is carried forth, for example. You have the election of officers.

Miss Jackson: I think that as fine as that is, it is a negative approach, and unless something positive is done to break the chain of so-called relationship, I can't see how you really get a breaking away from it by external form.

Mr. Rose: I don't see that you really have to have a breaking. I don't see that we possibly can have a breaking because it would create just a little too much trouble in the economy. Any trouble seems to be a mountain around here.

For example, in the Agriculture Association, we have had to concede that the existing Agriculture Association will have eight months to liquidate and probably thirty days would have been perfectly adequate. Resigning ourselves to some practical consideration, I think it is best as an educational program.

Mr. Collett: I think I can support that position generally in that we have found that although it certainly does not work a hundred percent, that organizations of labor unions in plants is an excellent antidote to this Oyabun-Kobun organization. It takes -- after you get that form, which is a different form than that they have been used to, and sometimes they use their Oyabun-Kobun relationships within a union, then after you have the organization it is much easier to create your democratic processes within that form -- and it does take hold gradually in this process which will take time and education. But you are, in the first place, creating a different form and a certain amount of break away goes along with the creation of the new form.

Miss Jackson: Well, within that new form is there any concerted attempt by any groups to more or less discredit the Oyabun from the point of view of the relationship?

Mr. Meyers: I will answer that by saying two things. First, that to CI&E belongs a great part of the credit actually for prodding the staff sections here to action -- CI&E and Mr. Sullivan himself is the person who forced the matter to our attention in a way that was more than just a tugging at our consciousness. CIME is establishing or will establish a publicity and informational program which must of necessity be based upon the policy decisions and staff actions to be taken by the staff sections. In other words, the reason for the existence of this subcommittee is to decide on the actions that CI&E can furnish all of its facilities to publicize, which is a large part of the program, which is inherent in Mr. Rose and Mr. Collett's remarks.

That is one part of it. The second part is this. It involves a difficulty which we will have to resolve -- what we mean by the Oyabun system and what part we intend to attack. That happens to be just a preliminary statement. I didn't want to make this statement until we had all discussed our method of approach. I really would like to save this particular statement until the end. I think those two positions are basic.

Mr. Rose: To define the area that we will probably be working in will be the farm area and the trade and home industry areas. Now, the construction industry is only subject to Federal Trade Commission Action. I don't see what more we can do on that unless we get the Military Government to prosecute them at the local level as well as at the national level. It is quite possible, however, that that could be incorporated in any educational program we have. They are definitely outside the law.

Mr. Meyers: Let me pick up again from here, and will Mr. Ries or Mr. Starak want to talk for Industry Division?

Mr. Ries: As far as I know, we in industry are more in a passive position than the other sections represented here. We are suffering under the Oyabun-Kobun system. We ourselves cannot develop any plans, and what we can do is give you all the assistance of our Division, trying to give you the necessary data and the necessary facts on which you or the other Divisions or Sections involved can plan the action which must be taken.

Mr. Meyers: How about ideas?

Mr. Ries: We are strongly working together with Anti-Trust and Cartels, and consider their way of approaching this specific subject something which we would certainly go along with. The other ideas will be specific to our industries. We are, as Mr. Stanek already outlined, very

much for breaking up the contractors association and trying to limit the power of the construction Oyabuns. That is one of the aspects which are thwarting us very much. We further have to leave the labor aspect to the Labor Division which is charged with this mission. That is more or less all that we are interested in at present. We are, of course, trying to develop certain ideas of our own as soon as we see the general framework set up by this sub-committee.

Mr. Rose: It would be helpful in those industries under your jurisdiction, if you could get some investigations going. As I understand it, the only discovery of the relationships we are talking about was found in the foundry industry, and case studies indicating whether that kind sort of structure is in industries or in large factories would be very helpful.

Mr. Ries: This we probably could do. The labor aspect of this question is handled by Labor and we are more or less concerned with the impact on production, but we are of course willing to go along with labor.

Mr. Meyers: May I insert a word here. I realize that jurisdiction is always a holy word but it seems to me that this problem, from everything everybody here has said, is a matter that extends beyond anyone's jurisdiction. I think it would be much more advisable -- and it is only a personal criticism -- if we conceived of ourselves in the sense of a general staff to attack this problem, and if any person has any ideas, or any person or sections has ideas that can aid another section, I think this is the place to bring them up or to suggest them -- either in detail or generally. I don't mean at this moment but in our future meetings. Has anybody objections to that. I would be delighted to hear any program.

Major Johnson: I would suggest that within the budget, reduce the amount of the money spent for construction, and control the construction on a better regulated basis, because one of the sources of great revenue to the gumi has been the overtime which the needs of the occupation have forced on the Japanese construction industry. Therefore that is a little blue sky up there which ought to help. Furthermore, I'd consider the advisability of inviting someone from the office of the chief engineer who is responsible for this construction to be represented in this committee. They have much more information along those lines because they approve all construction.

Mr. Meyers: I'd like to add a word here myself because Mr. Baron of ESS--Finance had to leave, but he presented two very important points -- some more of that blue sky which you mentioned.

One: Finance is working on a general administrative overhauling of the whole national tax system. They expect eventually to get into the local tax system to some degree, but at the moment they are engaged in overhauling the national tax system, one of the specific aims being to eliminate the Oyabun. Now, this is important -- that directive which has been lost in ~~Mac Arthur~~ for the last nine months will be issued today by the Chief of Staff making it illegal for the Japanese Government to pay other than official prices for anything. That includes all branches of the Japanese government. It saves Government Section a lot of work because one of the items I was supposed to take care of was to get that directive. That is a tremendous help to all of us, I think.

Now, Mr. Collett, would you like to continue with some of your plans?

Mr. Collett: This is sort of a general conclusion we have come to on action.

Since the Labor Oyabun-Kobun system is so complex and has such a tradition of long standing that no single action can ever be expected to be effective in eliminating the system. It is believed, as far as we are concerned that final success with respect to the labor Oyabun-Kobun will be obtained when a majority of those workers now controlled by the Oyabun system are organized into legitimate trade unions. Therefore all of our actions are directed towards that, more or less as an ultimate goal.

Now, the best that we can hope as far as we are concerned, is that the system can be so upset by attacks from all angles so that legitimate unionization therefore becomes possible. We have a list here of various actions that we think might upset the present control and system enough if carried through vigorously so that results can be obtained.

First is a large scale publicity program which I think everybody has talked about. One part that I mentioned to Lt. Passin while he was here is the possibilities of the word in Japanese -- Oyabun-Kobun. The idea that by publicity -- continual publicity -- eminating primarily from sources in this Headquarters the word become a word of degradation in the entire Japanese country. Now, that would have to be based on the idea that most of the people have a rather concrete concept of what it means in the way of social organizations. I have just made a very slight check and it is Lt. Passin's impression that to the ordinary Japanese, it usually means the gambling organizations, the construction gumis etc. It could very well be a concept that could be degraded as much as possible. Just smear it all over the country.

Now, in respect to the rural areas, Lt. Passin states that he got the general impression that the rural people didn't like the word and they also had an old time idea -- the old concept of it and it is something that may not be so good, and all it may need is a little push by general publicity on this thing. It is very broad and must be gotten rid of or Japan will never be democratized. That is just a suggestion on one specific thing in publicity.

I should have started off in the beginning. This program is somewhat preliminary right now by the Labor Division. They haven't been fully considered there. I think these will be adopted. Other parts of the publicity program will include enunciation of the labor Oyabun system as archaic and undemocratic, encouragement to other unions to organize this particular group of workers, and publicity which will be aimed to stimulate the Japanese into the enforcement of their laws which would make labor Oyabuns illegal.

That leads me into the next major step. There are several laws and ordinances -- major ones in some respects -- which are just now coming to fruition, which the Labor Division has been acting on which will affect the the labor Oyabun-Kobun system. The one that went into effect sometime ago was the so-called labor purge, which in effect was to eliminate from all influence in organizations concerned with labor, all the leaders of the war-time labor front. It went down to very low levels. We have a report on the people that are included in that purge and it is very nearly twenty thousand. Now, that will take out a lot of leadership all the way down the line. One thing we are going to have to do in regard to action now is to be sure it has been properly effectuated.

Next, employment laws now in the House of Representatives which includes a section outlining labor supply and business. Where there is a legitimate trade union it must be passed on by a government agency. On September 1 the Labor Standards Law went into effect. It provides a penalty of one to ten years imprisonment for forced labor and one year penalty for intermediate employment. The best example of that is a parent contracting away the working rights of the children. That is primarily in regard to prostitution. There are other penalties which will control Oyabun labor.

Another action in regard to that is that the Labor Standards Bureau which is just established is planning to put their entire staff on this Oyabun labor problem after the 1st of September. They will be somewhat limited in their activities because it is a new bureau and they are inspectors. They are going to have a system of inspectors that will blanket the entire country. The inspectors are new and untrained and at least at the beginning they won't be completely under the control of some of these bigger Oyabuns.

The Trade Union Law which has been in effect since March 1946 can be used as a basis for assisting in legitimate union organizations among this group of organized workers. We intend to [illegible] the assistance

of Public Safety Division, G-2 and Government Section for strict enforcement of criminal offenses in this field. There are many of them. There is a considerable amount of strong-arm violence, and often on certain cases of intimidation and coercion, which I think we would like to ask Government Section and G-2 to give us some assistance on.

The next major break-down is economic sanctions that is a result of the very lost administration of contracts -- government contracts, construction contracts which make up the majority of these particular groups of labor are able to pay extremely high wages and are able to give all kinds of black market goods as economic coercion in many cases and inducement in other cases.

We had down as action here until today the first step in the publicization of the Finance Division Directive and that is why we are very happy to hear about that being approved. In this connection we want to work very carefully and closely with Price Control and Rationing in any large scale black market program they may develop because we know that this particular group are tied very closely with that.

We are going to encourage the assistance of some of the labor unions in giving us, for instance, information in the programs as to how they would be able to, or what would prevent them from assisting in organizing this group of workers into legitimate trade unions. They have indicated already some of the obstacles -- the matter of coercion, of violence and if we can have them report any cases -- they have indicated that they are very willing to go along with this program and are very anxious to, but one thing they need right now is a very definite statement from SCAP. We are out to get this bunch. They are bad and should be eliminated. With that announcement from SCAP it puts them in a very strong position to go to work in this particular field.

We have just had in the last few weeks a conference with the labor and military government officers. They showed rather keen interest in this problem and program, and we feel that they can be very useful in encouraging law enforcement agencies in the local level to act in cases of known violence; and for them to encourage at the local level actions by the local unions in the actions of unionizing this group of workers. Also they should be able to do considerable on the local level in the way of publicity. That about covers the general program to date.

Mr. Meyers. Thank you very much. That is the most detailed statement we may have.

Mr. Matsukata: How can you degrade a statement like Oyabun, when Oyabun can also be referred to as Sensei just because a man is not of the low level. Sure, among the construction workers you will use Oyabun, but anybody that is a boss of a certain few laborers and he has a higher respect for the Oyabun will call them Sensei.

Mr. Collett: The term as I understand it has all the connotation of the whole system of feudalism in Japan. The same way that we degrade the feudalistic set-up in Japan, why isn't it a good idea to degrade the Oyabun?

Mr. Matsukata: Maybe that is true. I don't think because you use the term Oyabun that that brings any sharp idea of degradation.

Mr. Collett: That is the point. At present, it isn't because it is a tradition that in the labor Oyabun-Kobun you do not have a democratic organization among these workers. It has all the aspects of serf or slave labor. But the point is that the workers -- the government officials all the way up and down the line will argue with you for hours as to this being a very good system. That is why I say that one of the reasons why it should be a very strong publicity program from this level is the degrading of the whole system, is to create in their minds the concept that it is a bad system.

Mr. Meyers: I don't think the question Mr. Matsukata raises is the concept, but that there exists a necessity for tying up the phrase with particular practices which are regarded by SCAP to be evil practices in addition to the fact that as a social concept we may regard it as a bad social concept because it is such a feudal concept. That is a point I

would like to take up after we have finished. Do you have anything else that you would like to add?

Mr. Collett: No.

Mr. Carrington: I have only one suggestion to make. The reason I make it is because it doesn't seem to have been taken into consideration around here today. I was wondering whether any thought is being given to having the Japanese Government cooperate in this plan at all, or is it merely a frontal attack by this Headquarters upon this system. The reason I make that point in the discussion -- I have heard rumors that people in high places in the Japanese Government or in the police force are accepting tribute, or even if they are not accepting tribute, are not very desirous of seeing the system go; and the only reason you won't approach the Japanese Government to get their cooperation is because you admit before you attempted to do it that such an approach would be futile. It seems to me that you are admitting that our frontal attack is rather hopeless. I think the most we could do is to scratch the surface by various economic measures. Unless the Japanese Government impresses on the Japanese people, even to the extent of putting legislation on the books outlawing such relations as this, the attack can not succeed. I don't say it will do it over night, but after all you don't outlaw prostitution by putting a piece of legislation on the books, but it at least brings it out in the public eye as an illegal act.

There may be many people just on the edge of their Oyabuns either through a little pressure of the neighbor or because it serves some useful purpose, and it seems to me that if the Japanese Government put some legislation on the books outlawing this relationship, a lot of people would cease the relationship. I'm wondering why this discussion hasn't been in reference to that. The entire discussion seems to be what the SCAP sections are going to be doing. Since the beginning of the year I have seen attempts on the part of SCAP to make the ESB cooperate with the former cabinet and the present cabinet which doesn't seem to be too cooperative, and I'm convinced that no overall plan is going to work in this country unless you impress on the people in high places that such a proposal is aimed at a very vicious system. If the people high up in the government and the people in the system don't believe it is vicious, the task is hopeless.

Mr. Meyers: May I say that it is the Government Section's plan and it is our intention to draft either by ourselves or in conjunction with the Japanese Government legislation which will carry extremely heavy penalty.

Mr. Carrington: It hadn't been brought out here and I note from the general discussion I hear that it was an attempt by the SCAP sections and believe me I am not belittling, but it cannot be accomplished by SCAP alone. I believe there must be some people in the Japanese Government who believe this system is vicious.

Mr. Meyers: Yes, there are and also many others who are tied up in the system. Therefore this attack by SCAP is going to have to take the initial step in order to provide the penalties and the force to insure that the Japanese Governmental agencies will carry out in detail the plans evolved by the SCAP staff sections. Again I am going to come back to this point when it comes my turn to speak, and if there are no objections I'd like to hold down the discussion.

Mr. Carrington: I think by SCAP putting out regulations until the Japanese Government comes around to the thought that the system is vicious, any regulations we put out will be futile because it is putting the cart before the horse unless you have a government that sees it as a vicious system and is willing to see that the SCAP regulations are enforced. It seems to me that you are just putting the wrong foot forward. I think the Japanese Government has to be convinced, and then the SCAP regulations would logically follow, but I don't think any SCAP regulations except to the extent SCAP carried them out themselves -- I don't think they will be until the law enforcement authorities of the Japanese Government wants them carried out.

Mr. Rose: Some of the law is on the books.

Mr. Shupak: I'd like to make one short statement. The general impression seems to be that the Japanese Government or officials condone this system. I have found out that 95% of the people I have contacted have expressed a desire to see this system eliminated and that goes for high or low officials. I have never met one person in the high or low level -- I have talked to people on the street and shopkeepers and every single one of them have expressed consent to see this system eliminated.

Mr. Meyers: We have had indications that the police would much prefer to be independent and free from the way of political influence and economic influence as brought upon them by the Oyabun, and if we can aid the Japanese Government or force the Japanese Government into the position where we can see that the major evasions are closed to them, and see that the loopholes are closed by providing severe penalties for attempts to avoid the laws, then we are helping to bring about in some degree an accomplishment of our ends. I feel that a very large portion of the Japanese public would be delighted to see the end of the Oyabun-Kobun system. Certainly these little shopkeepers and the other people who are preyed upon by these gangsters -- certainly the people who are forced to contribute to forced celebrations that they have take place, certainly the average tax payer who gets an enormous amount of yen collected during the year -- these people would certainly be far happier to see these organizations broken up. I think we have to provide the guidance and the force to aid the elements in the Japanese Government and the Japanese people who want to get rid of this system, in getting rid of this type of organization.

Mr. Sullivan: It may be of interest to the group to know that we called a meeting of various Japanese Ministries and organizations last week -- the Home Ministry, the Ministry of Welfare, the Ministry of Justice -- Tokyo Metropolitan Police, the Tokyo Metropolitan Government, and the Labor Ministry and the Coal Board -- practically everybody that was interested in the thing. The general tempo of the meeting was one of condonement as far as they were concerned. The Labor industry seemed to be the most desirous of having the system eliminated -- that and the police system. After some statements that Mr. Collett made today, for instance -- well, the Coal Board deny the existence of an Oyabun-Kobun system and if any system did exist it was outside the mines and not inside the mines. They were interested, but the meeting finally ended up and an opinion was called and they said they were interested, for instance, from the standpoint of gangsterism, and that was about all that would indicate that the Japanese Government or the Japanese ministries knew of it. They will have to have some pressure brought upon them to do anything.

Mr. Collett: I didn't mean to give the impression that everybody was in favor of it that we had talked to. Most of the labor union people we talked to realize that it is very, very vicious and bad. They are frightened to death of what might happen to them bodily, and there is nothing they would like better then to see the thing broken up. That is the general feeling we have received.

Now, there are very vigorous condonements in support of the system, you might say, by primarily -- we have found -- old line bureaucrats in the Japanese Government who have been working in that same field for many years and over a period of time we have received the impression that it is a little more than just the idea of their general feeling that it isn't a bad system. Our general impression is that they're getting some other inducements to make those statements and take that position. There are others who are more or less recently in the government, who have come in with the advent of a new government or who have been a long time in the labor field themselves who are quite vigorously against the system. You have two really definite systems.

Mr. Meyers: I'm going to cut the discussion on this point short because we have other people from whom we want to hear and if there is any time for free discussion at the end of their statements, we will come back to this particular point because it raises a whole series of questions which are basic. I made my statement to you to indicate that we had not overlooked the very important point which you raised. Col. Fregosi, do you have anything that you would like to add on this point as to any program of your's?

Colonel Fregosi: I have a personal program. I represent no section, but it will be submitted to ESS and the Controls Coordinating Committee, so that nothing will be done without concurrence. I imagine some of these things might conflict with other plans. I would like to attack this problem, and will if I have your permission, from the standpoint of not any Oyabun or any group, but of the effect the group or such a group would have on my particular phase of work, procurement. It has a bad effect in some respects and others it is good, but if the food parts are overcome by the bad ones. You have groups of people dominated by other groups who are not particularly qualified to do a certain thing. Because of the domination they were able to come in and work on a contract which is procurement. Any dominated group or controlled group is not helping us any and we would like to eliminate it.

I propose to set up a system of pre-qualification of contractors and manufacturers. Whether or not we do anything with it depends on what the staff sections say. We have, at the present time, pre-qualified practically all the contractors who are qualified of taking work. In the present qualification sheet, he is required to show what equipment, he has, what technical specifications he has, the quantity of their past work, what performance he has rendered in the last ten years, etc. We hope to weed out the people who have just associated themselves with the groups, and whether they are good or bad groups.

I have heard mentioned gumi. Some of the big gumis may be of this strict type you speak of. If so this won't eliminate them. I don't think you can eliminate them. They may have some undesirable features, but they are contractors. They are dominated individuals but they are the contractors of Japan and they must be used. This will eliminate all manufacturers who are not manufacturers of industrial equipment. It will not eliminate the system if it exists among recognized contracting firms.

In the contracts I intended to draw up and have your approval of -- that could be used for Japanese procurement as well as occupation force procurement -- we will include those clauses as we have them in the United States. Some of them may not be applicable, but I am going to write up a whole series of clauses to comment on them and add to them. I have in mind such things as convict labor clauses, collective bargaining, no kick-back, no discrimination -- also for providing for a penalty where there is a violation of standard clauses of the contract. Another one that I think Labor Division would go along with is trying to get the unskilled labor which is the bulk of your labor used by your construction contractor obtained through the labor exchanges. Through the labor exchanges we eliminate a lot of this kick-back which might be the dues or fees of labor groups. All of that would be supplemental or explained to the contractors themselves through this publicity group. Carry the objectives of this type of program to the contractor because unless they understand that in the long run this increases their profits or prevents diminishing profits, you can't break it up.

We have already made a start with the General Contractors Association, and although they may be anti-something or other and have to be broken up, surprisingly enough they were very much interested in this when we first mentioned it because we appealed to them not on the basis as a bad social system in your country -- we proved to them that this hurts their profits. As a matter of fact in a reasonable length of time it will probably cause some of their twelve large contractors to go bankrupt. In other words your sub-contracting group which is not really a sub-contractor but a labor boss is becoming so powerful that he is beginning to outshine the general contractor. It is hard to get in touch with all of the contractors. We can reach twelve to twenty of them in Yokahoma and Tokyo but after several meetings they saw the point and started to carry out a program, pointing out to their own members that possibly labor bosses will not result in profits. Some of them have written in also that they see the difference between having a dominated working group for them and a free labor market. I don't know of anything else we can do in procurement because it is not basically our job.

Mr. Collett: What about the inspection system?

Colonel Fregosi: That is another point. The Board of Reconstruction has some 1400 field supervisors who were organized by Mr. Collett pretty much personally. They are supposed to perform the functions of a government auditor on the construction side. They haven't been mainly because they don't know what they are doing, and if they do they are not above taking a little graft themselves. But they can be used as a force to assure no kick-back, for the enforcement of all of the contract provisions, and that type of situation.

Mr. Meyers: Now, thank you very much. Mr. Shupak and Mr. Fritz have informed me that they are not able to make any statement as to the plans proposed by Public Safety Division. Would it be possible for you, either by the time of, or before the time of our next meeting to have formulated any plans and receive official approval in your head office on your part of the program?

Mr. Fritz: I will take that up with Major Smith.

Mr. Meyers: Fine. I am just going to briefly sketch in not more than five minutes what Government Section proposes to do.

(1) We believe that Mr. Carrington is right and that we have to proceed on the basis of law revision or law promulgation. We intend to suggest to the Japanese Government that a law be passed forbidding any private or quasi-governmental or semi-governmental agency of any kind on the local or national level to collect any taxes or any fees whatsoever. It should strike at the official basis and the official excuse for the existence of a great many of the Oyabun gumi associations of the time that are not contracted organizations.

Colonel Fregosi: You mean fees by the government except where designated by law?

Mr. Meyers: Well, the laws are going to be proposed to be changed.

Colonel Fregosi: Don't you have deductions from pay here which the contractor or employer is required to make that in effect would outlaw that?

Mr. Collett: Workmen's compensation.

Mr. Meyers: That will be drawn up to avoid any interference with such things as dues, check-off or insurance deductions. It will be worked out.

(2) I'd like to say at this point we are going to try to force registration by law of all of the Oyabun with the provision for extreme penalties, both fine and imprisonment for failure to register. I remark again that it is extremely difficult to term such legislature, but it is the intent not so much to register as to provide a weapon or club to use for prosecution.

(3) This will have to be worked out in conjunction with ESS--Finance in particular. I am going to try to see to it that legislation is promulgated to change the banking methods -- to require the banks, particularly the savings institutions, to fingerprint all of their depositors and to require both a hand and a character signature of the name to see if we can't trace some of these accounts in the banks.

(4) We are going to proceed on a reorganization and are proceeding on a reorganization of the national government ministries including those in which we feel the Oyabun system or relationship is strongest.

(5) We intend to impress upon the Ministry of Justice and the procurators the necessity for strict enforcement of the law, and for immediate and rapid prosecution of the violators of the law with emphasis upon the gangsters, the gamblers and other Oyabun engaging in definite illegal activities. I might mention in connection with the gambling organizations that some of our indications show pretty clearly that all of these Oyabuns have associations with gambling associations in one way or another.

(6) We intend to cooperate with whatever program is presented by Public Safety Division to try to get the police into a position to act independently. We think the basic agency will have to be used by the Japanese Government to force this law and root out the particular cases. I don't want to know what Public Safety will do, and we don't want them to feel that we are stepping into their particular jurisdiction until they have made up their minds.

Now, that is a brief definition of general plans which have not been worked out in detail as yet. I would like to close the meeting at this point, and state that I think we are just beginning. Before the time of our next meeting I will send to everyone who attended this meeting a mimeographed copy of the minutes of the meeting, and I will suggest three items on which I'd appreciate your criticism and any other points you feel should be added.

I feel that at the time of our next meeting we should come here with a fairly well-worked out criticism of the programs proposed by the various sections and in addition with proposals in which we feel we can aid the various sections and divisions of sections in formulating their program. Secondly, I think we have got to come to a decision on what aspects of the Oyabun program we want to attack and in what order. Thirdly, I think we should come with suggestions for a press conference and for the issuance of a statement to be made, if possible by the C-in-C and the various section chiefs. Whether that should be coordinated and should be a joint press statement or whether it should be otherwise, I don't know. I would appreciate your comments, and I'd appreciate any items that you gentlemen feel should be added to the agenda by the next meeting.

Mr. Rose: I think we should do something in terms of deliniating the attack. I mean to hit at certain aspects but with specific programs within each one of those areas.

Mr. Meyers: If there are no other comments I will close the meeting.

OYABUN-KOBUN SUB-COMMITTEE of Controls Coordinating Committee

Conference in Government Section on 12 September 1947 at 1:30 p.m.

Present:	ESS--Anti-Trust and Cartels	Mr. Ortman, Mr. Rose
	CI&E	Mr. Sullivan, Lt. Passin
	ESS--Industry	Mr. Ries, Mr. Stanek
	ESS-Finance	Mr. Baron
	ESS-Labor	Mr. Collett
	ESS--Textile	Capt. Rathofer
	Legal Section	Mr. Carrington
	8th Army Procurement	Lt. Col. Fregosi
	CIS--Public Safety Division	Mr. Shupak, Mr. Fritz
		Major Johnson
	Controls Coordinating Committee	Miss Jackson
	Government Section	Mr. Meyers, Mr. Matsukata, Major Bieber

Mr. Meyers: Gentlemen, I don't like to start without Col. Fregosi, but since we are going to discuss the background and information which the various sections have in their own outfits, I think that we can proceed without feeling that Col. Fregosi will be slighted, and he can obtain the information later from me or from anyone of you gentlemen whom he wishes to contact.

I am afraid we will have to proceed along fairly strict lines of adherence to this agenda and the procedure that I have outlined on these mimeographed sheets, only for the reason that our time is limited and we have a tremendous amount of information to get across.

I have laid before you brief statements both of Public Safety Division, CIS, and our own preliminary investigations, intended merely as a minor background in case those of you who are here may not have a full background upon the subject or in case your own particular field has been rather narrow. These are of value both from the informational side and in addition from the present proposed operational angle.

If it is possible I think it is advisable for all of us when we discuss the studies that may have been made by the sections to be as brief as possible; and I would like to start off with ESS--Anti Trust and Cartels -- Mr. Ortman.

Mr. Ortman: Our interest in Oyabun system has stemmed from two of the functions of our Division which (1) is our interest in associations. One of the principal methods by which the Oyabuns have continued their control over various industries has been through various associations they have formed.

Another interest of our Division is in regard to the Anti-Trust Law. Many of the Oyabuns have promoted their control through reforming into companies. In many cases these companies are formed contrary to the Anti-Trust Law. Those are our principal interests in the matter.

The first case in which we came in contact with the Oyabuns was the street stall and local associations. It became quite evident that a number of individuals were being compelled to join certain associations in order to engage in business, whether the business was running a restaurant or running a beauty parlor or operating a street stall. I might add that that was against the intent of the SCAP policy in regard to associations. These associations were compelling individuals to pay dues, to conform to certain standards, to charge certain prices, and in general controlling the business of their members. That was the first place where we came in contact with the Oyabuns.

Another point was in regard to the construction industry. We came across an association there which was not composed of Oyabuns, which had actually no apparent direct relationship with Oyabuns, but the leaders of this association were attempting to maintain the status quo in the construction industry and in doing so they supported the Oyabun system. Many of them were connected with the Oyabuns very directly.

NOTE: "Gummi" should be spelled "Gumi" wherever it appears.

The labor was supplied by the Oyabuns. This association wasn't composed of any Oyabun, but it was working to their advantage and helping to maintain the Oyabun system in that way. Those are the two principal cases we have had come before us.

Mr. Rose: NRS recently worked with the Agricultural Cooperative Law. We are working on a Fisheries Cooperative Law and Consumers Cooperative Law and Commercial Industrial Law and it is probable that there will be more, but we feel that the enactment of the legislation in itself will not only be useless but may well be dangerous in continuing the systems unless something is done.

Mr. Meyers: Do you have any further information in some detail on the problem with which you have been faced which would indicate the extent both of the influence of the Oyabun, the methods of their operations, their strength, their weaknesses and the degree to which they may tie into other fields other than your own.

Mr. Ortman: In connection with that we have collected a large amount of information in connection with these problems. We have collected a large amount of information on these organizations and Oyabuns in general -- more information than we could bring up here. We have definite information that shows the connection with certain of the political parties. We have information showing that we have high individuals in this Oyabun system who have run for public office in a large number of cases. We further collected information showing the strength of a number of these Oyabuns. We have personally interviewed six or ten of the large Oyabuns in the Tokyo area and found that they averaged five to six thousand Kobuns in most cases. We have found in a number of cases we have come across where they collect taxes. We have found a number of cases where they compelled -- under threat of violence -- their members to join these associations and abide by the rules of these associations.

Mr. Rose: We also have the results of field trips. We have found in the transportation system Oyabuns and in the harbor transportation and express work -- right across the board in all of the trades and industries.

You see in attempting to create an institution like a cooperative which presumably operates on democratic lines with the election of a head and directors and so on, and with the background of an Oyabun system, it is our fear that the forms of the cooperative will be used whereas the staff and the organization of the old Oyabun with none of the democratic features will actually be established, and since there is such insistence for the formation of the group type of activity in this country, it is almost essential that we have some form of a cooperative law in order not to create too great a hiatus in the country.

Mr. Meyers: Are there any questions to be asked of Mr. Rose and Mr. Ortman? If not will Lt. Passin or Mr. Sullivan speak next?

Mr. Sullivan: All of the information that has been gathered by the Plans and Policy Unit of CI&E has been gathered from Public Safety, ESS--Anti - Trust and Cartels and the Labor Division, so our information will be discussed by each sections. Lt. Passin has more information.

Lt. Passin: I'm rather in a strange position with reference to the problems here for the reason that we have no specific area of policy responsibilities. Our job is to throw as much light as possible on the characteristics of the Japanese social structure that may have something to do with all of these problems, and to go into problems of sociology and public reform. The only ripple of light that I could throw on the problem is first from the standpoint that find in rural areas and secondly from the standpoint of perhaps necessary cautions.

If I may start with the cautions first. The Oyabun-Kobun system is not just a system of corrupt or illegal activities. It is profound. Its profoundness lies in its wide-spread extent throughout Japan and its tremendous historical depth. Its essential characteristic lies in the hierarchical relationship between a set of individuals. What you have in Japan is that people normally expect to enter that relationship, because in almost every rural village of Japan for hundreds of years you have had persons of influence assuming this position of control, oof authority, of protection and so on over people of lesser influence and lesser position.

You can examine almost every section in Japan and you will find that to some extent the relationship between individuals tends to take on that form. Sometimes it is highly organized and sometimes it is not very organized. When you come to the urban situation it is highly specialized and organized in terms of the over-all picture of Japan. The point is that the great majority of the Japanese people expect that this is the natural form of social relations. That is why when you think of setting up cooperatives and you have a general fear that it will revert, I think it is a genuine fear. I think it is more than feasible. I think the problem is that the Japanese people expect it and are willing to acquiese.

You have another problem from the point of view that the urban population consists of the second sons. All of these people have grown up under such a system. In the rural area, the difference from the urban area is in the benevolent aspect of this situation. A rural Oyabun is really concerned with his people. You will find consistently that the rural Oyabun is more concerned with the benevolent aspect than the urban Oyabun may be. I think we have to remember that this dimension exists. It has deep roots in the thinking of the Japanese people. The notion of personal loyalty carries over from pre-feudal man. It is the notion of a necessary relationship between the lord and the retainer. I think you will find when we start attack the system that there will be a strong feeling in the initial instance to rally around the Oyabun and give protection and you will see the gangster effort resulting from this basic set of connections.

For example, when we talked to Kobun and asked what their feellings were with the Oyabun now that the Oyabuns were losing their land under the Land Reform Law, you would be astonished at the expressions of sympathy on the part of Kobun and their firm determination -- at least in their own minds -- to rally around the Oyabun and give him support.

Now, I want to do two things. I want to make sure this emphasis is clear. I think it would be a sad mistake to try to hit only the abuses of a system whose roots lie very, very deeply and which has tremendous tenacity.

Secondly, I want to talk briefly about the rural situation. You find that persons in authority in any phase of rural activity -- the cooperatives, the farmers' union, the mayor of towns -- all tend to take on the Oyabun type of position. Sometimes they are called Oyabun, sometimes they are not. The important thing is that they act very much the same way; that is, the people look to them for guidance and accept their orders in return for which they presumably are supposed to receive certain favors. You will find this in many agricultural associations. In the last elections, I suppose you all know in many cases you only had one candidate. By and large in these areas it was recognized that you had one Oyabun and so his word was generally followed. An important thing, I think, is that in most cases there is no physical violence involved in the feeling of loyalty. It is a spontaneous relationship of loyalty and obedience on the large part of the Japanese people to a situation they think is quite normal.

Mr. Meyers: Is that true in the rural area only or is it true also for an urban area?

Lt. Passin: It is true in the urban area considerably. You take the commercial types of Oyabun -- the shopkeepers who have for generations have been in certain towns of Tokyo. Many have extensive family connections involved. You will find places like Ome City which is a Tokyo Prefecture city, places around Kyoto, where for many generations all of the merchants, sometimes of one particular line of goods or sometimes all of the merchants, belong to the Oyabun system and except for a few instances where the older type of Oyabun exists there is no compulsion. The people grow up in the system and they take over from their family their position in whatever group it may be. They take over with their shop their relationship to the Oyabun and his family. The only case I looked into in any considerable detail there is no evidence of coercion, or any evidence of any feeling of restraint or oppression on the part of the Oyabun. That is something that they freely accept and are glad to have.

Now, when we get into the question of these gangster outfits you have a complex situation. In some instances they often take better care of their people. Insofar as that fact exists you can see another sort of loyalty. You have the development of a type of gangster ethics which is not even uncommon in the United States -- an honor among thieves. I think the element of personal loyalty as distinct from the element of coercion is strong and must be borne in mind at all times. The element of coercion and oppression you all know about. Everybody gets complaints about it. You can localize it. You can name the Gummi that uses force, but I think that this only part of the picture. The picture can only be rounded out by realizing the extent to which this is a voluntarily supported thing on the part of the Japanese people.

Well, I could go on and give you the details on how the Oyabun works, but it is very small scale stuff compared to the type of stuff you people have to face.

Mr. Meyers: I think it would be more advisable to go into the type of problem we have to face.

Lt. Passin: We have been making a study of the internal structure, and the organization closely parallels the highly organized Oyabun in the rural areas. The general hierarchy and the general chain of authority is not very different. Some of the gummi are fairly new in which case they haven't developed very extensively, as far as loyalties on the part of the Kobun, because they are new and they are not very different from hired labor or indentured help. But in some gummi the membership is traditional in all of the ranks through generations. Many of the Kobun have been in for two or three, four generations as far as they know about their family background. The position of leader of the gummi, the leader of the gummi, the Oyabun himself is handed down within one family from elder son to elder son. In the event that a proper person isn't available they resort to adoption. In the particular cases that have been looked at, there has been no adoption.

One I looked into: the present head was twenty-six years old, quite young, but his older brother died. You have beneath him two lieutenants or superintendents who are also traditional or in whose family lines the position is always traditional from the eldest son to eldest son. That has continued since -- this particular one that we are looking into started in the eighteen fifties. That position has continued in that family since that time. At the next level of the system you have groups of sort of foremen or strawbosses, the majority of whom have followed the tradition of their family in participating in the gummi. There are a few who have come in from the outside. When you get down to the lowest level you find large groups of new members have new Kobun who have entered into the system but a good percentage of them have had the same position their families have had for several generations.

Now, the general belief of the lower ranks is that obedience is automatically required. They are very formal. They go through ceremonies of entering the system and ceremonies to leave the system and ceremonies during the year to re-enforce the membership in the party and their solidarity. This is a rather small gummi and they have only 350. Some are as large as fifty thousand. This gummi doesn't use any pressure to keep people within it and they have lost very, very few people. Unionization was tried and this is one of these cases where the union organizers were beaten up and thrown out by the Kobun themselves, and they have not entered into any union. The gummi generally operates in construction work but on the side operates in gambling work to take care of their welfare aids. In some other gummi they don't bother with welfare, but in this particular gummi they spend a good deal of money on welfare. If a person is sick they take care of his family. They will send him to the hospital, they will help him fix up his house and things of that type. In the cases of large gummi you simply can't have that type of solidarity. The one case we know about we have taken interviews with the Kobun -- some of them got fearful after a while and we had trouble finding them -- in the interviews it was quite clear that their personal attitudes were quite loyal. It is quite clear that loyalty is a very, very primary consideration.

Mr. Matsukata: Excuse me, but on that study of that gummi that you made, what type of a gummi was it?

Lt. Passin: Basically a construction gummi with some gambling on the side. They may have other things on the side.

Mr. Matsukata: Does the Oyabun-Kobun relationship necessarily mean that their gummis are all loyal Kobun, because in listening to your explanation, I note more the impression of some types of family system, because very often the families have acquired different people in their trades. It got so big that it was called the gummi rather than the family system.

Lt. Passin: That is a very important point but this is a gummi. In many cases they are close to extended family type of enterprises. In some cases it is a very legitimate business. Some of them are very close to an organization in form.

Mr. Matsukata: Because you take the Black Dragon system which is certainly an Oyabun relationship and it is not handed down from generation to generation.

Mr. Meyers: Could you categorize the types of Oyabun-Kobun relationship, that is as they appear in various industries or various businesses legally or illegally.

Lt. Passin: Well, I don't think I could do it completely because I would like to fit all the things that people are finding out into what we have picked up on the thing. That is you can say there are some types relating to the family system. In the purest cases in the rural areas the Oyabun is simply the main house. That is one type and I think in the urban areas too, you can have extended enterprises that will run with an Oyabun but are an extended type of the family structure. I think another type would be one in which the relationship is based upon land in which the landlord is the Oyabun and his tenants are the Kobun. I think that is the major type. There are a lot of variations. I think another major type is one in which the organization performs a legitimate family function -- in rural areas it may be sawmills -- it may be the hiring out of day labor or various things of that kind. In towns it may be organizing commercial associations or guild-like units -- perhaps guild is the best term for them, guilds on the order of a feudal guild. Then I think you have a number of types that have developed from a guild type that become so close to the modern stock company organization that there is only one move till they turn into something like the Mitsubishi or other type of organization.

In the illegal types you have traditional illegal types. For instance, the gamblers that have an illegal position. You have the really illegal types -- people using this organization to engage in gangster activities. Any time some fellow gets an idea for a racket, he can organize some kind of a structure and use that for the basis of his operation. You have some of them that are far older so that even within the illegal enterprises you have variations. It is simply a type of relationship between individuals and can be applied to a wide variety of situations.

Mr. Meyers: Miss Jackson, are you representing ESS-Price Control or are you sitting for the Controls Coordinating Committee?

Miss Jackson: I am sitting in for the Controls Coordinating Committee, and have nothing to offer in that capacity.

Mr. Meyers: That brings us to ESS/Industry and Mr. Ries.

Mr. Ries: I think I am just going to sound off for the time being and Mr. Stanek has a very important subject to explain. We are, of course, to follow up Lt. Passin's ideas to follow up the legally illegal type of the Oyabuns system and its influence on the production of Japan. The Industry Division is mainly concerned with the productive capacity. We have met recently at various times over various kinds of disturbances caused by the Oyabun system. One of the latest examples was a strong disturbance of the coal mines down in south Kyushu where organized gangs belonged to the group of Oyabun -- to the gummi type and have

intimidated the workers inside the mines. We found out the police were unable to check the activities of these gangs who remained underground for considerable time. We were rather upset and are afraid that this kind of disturbance which apparently has a certain political background is going on and is going on to disturb this most vulnerable part of the Japanese economy.

Mr. Collett: We happened to meet with a group of people from Fukuoka that had a little more information on these gangs. It seems that after changing the thirty policemen in the particular area including the chief and thirty of the various policemen of that area -- putting in new ones with new instructions, these gangster raids suddenly dispersed, and not until that move was made were they able to cope with that situation at all.

Mr. Ries: I heard about that but we understand that other cases are started now. It is only an indication today of what may one day be a great menace.

The second thing we are interested in is that question of the distribution of materials which is strongly influenced in certain districts by the various gummis, or even I would say by types of Oyabun-Kobun groups which belong to the more benevolent group -- the rural group. Anyhow it is difficult to institute air-tight distribution even an air-tight allocation system with this type of shadow government, or with this type of sociological structure of the Japanese people still being around and influencing the general sociological structure of Japan.

The third and by far most important aspect of the gummi system from the viewpoint of our own division is the influence of the gummi system in the construction system and I would like Mr. Stanek to discuss this. He is a member of our construction branch.

Mr. Stanek: Well, we don't have too much on the gummis. I think probably Mr. Collett and Anti-Trust and Cartels have more dirty evidence than anyone. At any rate the Contractors Association is a continuation of the bureau from wartime and nothing was done. They merely changed their names. They call themselves the General Contractors Association, a very ultra-nationalistic group during the war, but at the present time they have been very exempt from any restrictions on construction or limitation of their activity. There is supposed to be an allocation of materials on all construction in Japan, but every time we find something going up that isn't supposed to be going up, you can always trace it back to the fact that some contractor is not only constructing it, but exactly how we don't know, but he is involved in the ownership. I suppose it is due to the same system. It seems most of our trouble in construction in Japan and persuading them to build houses and things they need instead of entertainment or black markets can all be traced back to the contractors. The contractors -- I don't know whether they condone this sort of thing, but all these gummis belong to these associations that are mixed up in this are mixed up in these markets and they raise cain with our allocations system. The permit system is working pretty well because the entire construction can be seen from a mile away and they are afraid somebody will be removed from office if they allow too much to go on. There is quite a bit of it that goes on yet, and the government officials, especially local, seemed to be very afraid of the gummi gangs, and they are afraid to stand up and say, "No, you can't have a building permit for this or that." Now, that undoubtedly works in some kind of an Oyabun system. We call them the contractors zaibatsu. They certainly have a lot of influence -- far too much for the good of the country. There is a rumor that they control eighty seats in the Diet, and it is not a questionable fact.

Mr. Meyers: Mr. Baron, you are from ESS--Finance?

Mr. Baron: I'm from the Public Finance. The only time we ever ran into anything was in the collection of taxes -- or income taxes. Up to recently the taxes were assessed by the local tax official and they made some extensive use of what I assume is called Oyabun, to assess the taxes down among their particular members. For example, one man

in charge of a number of street stalls would work with the tax office to assign the taxes to the collector on the various members of his little group. Since that time we have established a system reversing the assessment from the government to the individual and resulting in less use made in the Oyabun, and presumably, eventually it will die out in that particular activity.

Mr. Meyers: May I interrupt to ask a question. This reversal was made by the local government?

Mr. Baron: No, it was made -- it is a national law changing the system of tax collection from assessment by the government to a self-assessment system. It has no particular relationship to the Oyabun system, but under the old system the Oyabun was made use of by the local government officials in making assessments.

Mr. Rose: How about collection?

Mr. Baron: Collection may have been, in some cases, handled by the Oyabun to pay into the local tax bureau. However, it was on a very small scale because there are a large number of local tax bureaus. Just to what extent the Oyabun still makes his influence felt in the collection of taxes in this matter we don't know just now.

Mr. Meyers: This is only income tax - not a franchise tax of any kind?

Mr. Baron: Business tax -- income tax.

Mr. Ortman: We have information to the effect that the street stall association in the Ginza collected taxes, city taxes, which is levied on street stalls. The association collected this tax and paid on the lump sum, I believe, based on the fact that half the street stalls are operated every day. In other words if more than half the street stalls are operated every day the credit goes to the association.

Mr. Fritz: Unless it has changed within the last two months that is the general idea. The Oyabuns have been collecting the taxes and I think it is also shown in this summary too, and they have been collecting taxes for the government.

Mr. Baron: That is local. What I am thinking is in the national government taxes, primarily income taxes. There is no attempt to change the local system of taxes as yet.

Mr. Meyers: That clears that up. I was considerably puzzled.

Mr. Baron: I was speaking of the national government income taxes. You just can't switch that system around over night.

Mr. Meyers: Would you explain how under the old system the Oyabun was made use of to collect taxes?

Mr. Baron: Well, for example, you have a string of stalls. Some Oyabun -- I'm not familiar with this term, but I assume it was the head man or boss of those stalls -- and the local tax bureau figured that for that group or activity we think that such and such an income tax should be collected. The local boss will come in, figure out the total amount of the biggest business and he is to pay the largest tax there and on down the line, presumably the tail end brought up by the fellow doing the least business. That is the fundamental means by which the local tax collection bureau made use of this Oyabun. That is the collection of an income tax. I'm not speaking of a franchise or anything else.

Mr. Collett: There is approximately, a labor force in Japan of 14,000,000, and 3,000,000 of the 14,000,000 are controlled very strongly, or are a part of the Oyabun-Kobun system in a very strict sense. That is they have a person who is known as Oyabun and the younger brother also, all the way down the line to the Kobun. This is in two major categories.

First, in the construction industry which takes up maybe two-thirds of that group that is controlled or more. The other was commonly known as general labor suppliers who make a contract to a manufacturer or industrialist or some other kind of industrial plant, make a contract just

for labor and they furnish certain labor services to that manufacturer or industrialist. Usually those are menial tasks which the regular labor force of the plant do not perform. For instance in a steel plant, it may be the clean-up job around the plant. That is the usual jobs that this particular type involved.

Now, of the second there is a rather extreme -- most extreme -- form of control of labor by the Oyabun-Kobun system and that is what is known as the slave labor system. About a year ago, at this time, it was discovered that some 20,000 laborers were in actual enslavement in Hokkaido by this Oyabun system. They were working both for the contractors in Hokkaido and the coal mine. The way the system worked was briefly like this. They had their agents in Osaka primarily and Tokyo, the two main centers of operation. They would find some fellow out of work, or demobilized soldier, or somebody who was in need of a job. They would get him drunk or take him to some place and show him a very good time and make sure he passed out before the evening was over. He was loaded on to a train and he would usually wake up on the way or in Hokkaido. He was put in a prison barracks and inside the prison barracks was a regular stratified Oyabun-Kobun system. They had a very low floor where the original Kobun were brought in, and the next level for the ones who had been good boys and been promoted, and the top level where the foremen were, the top of the dormitory. The doors are locked at night, the windows are barred. These workers are taken out to work each morning, usually very early -- five or six o'clock -- they bring them back at seven or eight o'clock at night and lock them up. If they try to escape, they are shot or beaten very severely. All of this was excellently documented by CIC and Military Government in Hokkaido. There was a very vigorous drive on at that time to break up at least the slave labor aspect of this problem in Hokkaido. We believe it was taken care of, but there are indications that possibly it has come into existence again. It is going to require another investigation.

Mr. Rose: What kind of work do these people do?

Mr. Collett: Road work and work in the coal mines, and I'm not clear yet what type of work these particular workers do in these mines. We do know that the Coal Board reported some 26,000 of this type of workers.

Lt. Passin: What is the legal basis of the contract?

Mr. Collett: It is an advance contract. They give them this good time before they go up to Hokkaido. They hold that over them.

Lt. Passin: Do they have a written contract?

Mr. Collett: They don't bother with a written contract.

Lt. Passin: Have any court cases ever come up?

Mr. Collett: Only because CIC and Military Government sat right on top of the government in Hokkaido were we able to get any action at all.

Just to carry that one injustice a step farther, there is a very good indication that the gummi in Hokkaido, which controlled by that same method during the war the Korean and Chinese slave labor in the coal mines, are the ones involved in this activity in Hokkaido.

Mr. Meyers: May I ask -- that in order to prevent these cases from coming to court based on illegal contracts or no actual consideration, that there was not only the use of force against the individual laborer, but the police and government forces as well as the courts were tied into and bought off by it.

Mr. Collett: That can only be assumed from the fact that they took no action knowing the conditions existed.

This same group that controlled the slave labor during the time they had Chinese and Koreans in the coal mines in Hokkaido are also very influential in the political set-up in Hokkaido. One of them I know of was scheduled at one time to be general secretary to the

democratic party. He was purged the day he was to take over the job.

To go back to the general pattern. The construction industry is where they are most prevalent. There are very few cases in our evidence of the general picture of there being such a pure form of the Oyabun system. There are many which are made up of these second and third and forth sons which came from the rural areas, and therefore they are not nearly as close knit as the ones Lt. Passin is speaking of. Then a further development has been that since the end of the war, in the construction industry in particular, there has been wide-spread expansion in the various gummis as to the numbers of the people they had and therefore they have taken in a lot of unemployed, a lot of people who are not regular Kobun in the true sense and therefore are not part of this very close loyal relationship. As of a year ago I had an estimate of that situation in one of the larger prefectures in Japan. The top Oyabun in construction work in that prefecture stated that one half of their Kobun were not -- you might say regular loyal workers -- so that influx since the end of the war is creating an influence of changing at least the loyalty angle.

Mr. Rose: From what you have said I take it that you have to belong to a gummi in order to work on construction?

Mr. Collett: That is right. They have a complete monopoly on construction even for the occupation. Let's develop this a little father. It has interesting implications.

When it was necessary for Japan to mobilize all their labor force, they established two working patriotic organizations, organizations of workers. It is very interesting that one of them was for industrial workers and the other one was for construction and day laborers. In other words the Oyabun-Kobun or boss controlled labor in two separate national organizations.

Now, the one for construction workers and day workers was merely based upon the national system of control they had of the construction industry. All it was necessary to do was to change the name to Workers Patriotic Organization. The structure was all there for complete control of that group of workers. Now, since the end of the war there have been four separate efforts to break up that organization which was pre-war, war-time and post-war organization. They have changed their name four times -- they are the same organization.

Mr. Meyers: Have they changed their form?

Mr. Collett: They have not changed their form. Their form of organization has not changed. The first time they merely changed their name, the second time a few top leaders, the third time they changed a few more leaders and the forth time they had to clear leaders out way at the bottom because there was a purge involved, but they merely put other brothers in the organization. The form is still there and they still control them as strictly as they did before.

Lt. Passin spoke of the mutual benefits back and forth, that is the Oyabun taking care of the workers. They do take care of the workers in the construction field generally. They are able to very easily now because they are getting large contracts from the government on occupation force projects, construction in the private field is very lucrative now because there is such a demand for that sort of work, and the government has not been hesitant to pay them very large sums -- sometimes astronomical sums for the work they have been doing in the way of construction for the government. That makes it possible for these Oyabun to pay extremely good wages to the Kobun in the construction industry. In fact I think it is very true that they receiving the highest wages in Japan for any where near comparable work. Carpenters are known to get from 150 to 250 yen per day. I have heard of extreme cases of 700 yen per day. Now, along with that the construction people in the form of the Oyabun on the top levels are charging the government large quantities for welfare facilities, and the government so far has accepted their estimate that they have to buy food on the

black market, and they have taken black market prices and multiplied it by the number of workers to determine the amount of welfare they will have to get for extra rations. As a matter of fact we have found in many cases that the actual materials these workers do get, particularly if these groups have come in new since the end of the war -- they are not receiving much in the way of welfare goods and services. That is they actually do buy a tremendous amount of black market food and materials from the charges they make to the government but it is not being given to the workers.

Lt. Passin: Have you people found any evidence of Oyabun-Kobun on a large scale in any particular industry? I would like to give an example. A friend of mine told me he has been doing a study in a city between Tokyo and Yokahoma where the main industry is foundries, and he said the Oyabun-Kobun system is apparently prevalent throughout the entire region. Right down in the factories he said that every time he turned around, the question would be "Who is your Oyabun?" He said that evidently it is right inside the factory, and I wondered if you had any information.

Mr. Collett: No, there is evidence that in a lot of specific plants or in specific areas that the relationships do exist, and the consent, you might say is somewhat prevalent in the organization of unions. It does exist -- that idea of the Oyabun being even the union leader. It does exist in a lot of the unions. In particular in industrial plants we find that it is usually very strong. Say, you find a whole industry organizes and gets a labor union that may be strong, weak or medium. You may find one or two plants that don't join in and we have found those particular plants have extremely strong Oyabun-Kobun relationships -- strong enough that they can keep organization out of the plant although all similar plants in the industry have joined in.

Mr. Matsukata: Isn't it true too that if you don't belong to a certain Oyabun group that the black market rice and so on that a man has been able to obtain, which is also controlled by Oyabuns and Kobuns is not obtainable?

Mr. Collett: Right -- they use it very much as an economic weapon over people's heads. Particularly they are using it now as a method of coercion for the new people. They don't have to use it for the old timers. They show all kinds of favoritism to old timers. You have got a conflict between the new people that are not regular Kobun and the old people, but at the same time coercion is used against the new ones in the way of not giving them the same ration or any ration, if they don't fall in line and follow the example of the good old time Kobun. That coercion is strong and some of them even get the bad idea of wanting to join or to form a union among them, and we have several cases of the man being black-listed entirely from the industry or it can be as serious as the man being knifed or beat up very severely.

Mr. Stanek: Could you tie in the contractors association and this other labor outfit? Is there any intimate connection there?

Mr. Ortman: In that regard -- there are many, many tie-ups between this system and the contractors, for instance, but the two that come to mind is that one of the chief officers of the contractors association was a leader of this labor patriotic association to which Mr. Collett referred. He is at the moment an officer of the contractors association.

Mr. Collett: I have a more specific example than that. In one prefecture the man who was the head of the patriotic association there during the war, also who was the head of the third reorganization of the patriotic association was also chairman of the prefectural contractors association. He had both jobs. That man also is head of the horse-raising association in the prefecture. Before the House of Peers was abolished he was appointed a member of the House of Peers. In 1927 or '28 he won in a machine gun battle between the Tokyo Oyabun chiefs and the Kanagawa chiefs. His outfit won control of the large area half way between Kanagawa and Tokyo. There was a regular gang battle, and he won in the machine gun battle that resulted from that. I think he got two years in prison for it, but he is doing very well right now.

Mr. Rose: There are other tie-ups that we have found that aren't political. We have found inter-locking directors with the various supply organizations. For example, one lumber company. We don't know what kind of a labor structure they have, but we do know that the building is done through the black market or cost-plus contract.

Mr. Collett: In that respect I ran into -- very accidentally -- one of the worst organizations that we have run into, and that is in the harbor transportation business which became a national organization. They made a monopoly of all transportation duties during the war, and they have a very strong labor boss system in this particular organization. That is the Ko-on Kishu. I happen to find out that the biggest lumber mills in Yokahoma is owned now by this same man.

One important issue as far as we are concerned is this. Although there are some 5,600,000 workers who belong to labor unions in Japan, to our knowledge there is only a few thousand that are in among the labor controlled 3,000,000.

Mr. Meyers: Capt. Rathofer isn't here. Mr. Richards said he couldn't attend.

Mr. Rose: He was very much interested in the stevedore end of the thing.

Mr. Meyers: Could you help out on that Mr. Rose?

Mr. Rose: I think Mr. Collett has outlined briefly what the score is there. We are also turning up some stuff that indicates the same kind of thing with regard to the express companies. It is pretty well organized on the same fashion.

Mr. Meyers: Mr. Carrington of the Legal Section?

Mr. Carrington: We have no facts to add to the evidence being submitted during this phase of the discussion.

Mr. Meyers: Col. Fregosi, could you add anything?

Colonel Fregosi: I don't believe so. Mr. Collett covers our standpoint very well. It reveals the problem that exists.

Mr. Meyers: Would you explain the special problem that Eighth Army has because it is charged with construction work?

Colonel Fregosi: Well, up to recently at the time of the procurement Kodan, procurement people had no concern as to how the work could be accomplished. The procurement man is the instrument of the Japanese Government, and presumably they take care of it or we appeal to the Japanese Government.

We were prevented by a directive from SCAP from requiring any performance or even the cost of the items procured. There is no written record -- the General Procurement Agency issued the memo. The idea there was to prevent us in our connection with procurement from admitting the procurement cost. That is still true as far as acknowledging any, or officially recognizing the cost or value of procurement, although we are now permitted to inquire into the cost and value of procurement. Any procurement system that is now to be established in the procurement Kodan, which will be set up step-by-step by myself, after approval of the Controls Coordinating Committee, particularly Mr. Ries, who is sort of grandfather and sees that everybody concurs; we intend to take steps to eliminate some of the obvious incorrect practices in the Japanese Government. On how far we can go we don't know -- that is toward cleaning out the system. But certainly where a conflict exists between executing procurement or cleaning out your system, the procurement must be executed. That is because the occupation force intends and desires to get what it wants. We have found from past experience, sometimes the hard way, that there is no sense of trying to combat some of the problems that come up on the grounds of ethics or any other reason if it is going to stop procurement. We have a series of steps in mind in connection with this construction and procurement relations.

Mr. Meyers: Could we defer that until the second part of the meeting?

Colonel Fregosi: I have a conference in G-4. I'm just going to mention that we have a set of steps that we intend to institute. Before they are formulated and issued to the Japanese they will be concurred in by ESS. I would like to mention what some of them are. I don't think they will solve the problem at all. They are only steps in the general direction. I will take them up when I return.

Mr. Meyers: Major Johnson, could you add anything to what Col. Fregosi said?

Major Johnson: Officially, no. Unofficially, I'm of the opinion that there has appeared without question a much greater interest in the volume of the cost of occupation as they are apprehended in the Japanese Government budget then there ever was before except with respect to the action taken probably on General MacArthur's own initiative, when he reduced the number of dependent houses from twenty thousand to something like eleven thousand, and deferred for one year the completion of the entire program (which you're probably all familiar with) and the belief that the volume of procurement may be a considerable slice in the additional budget which they are having to set up, a supplement to the budget. There may have been at one time and may still be certain demands of the occupation that would have to be met. I do believe that this thing is coming to bind tighter and tighter, and that policies if they are not adopted would better be adopted that will show where this thing is going to be sliced, and that possibly the occupation is going to have to accept a little smaller share immediately in order that it may have some share at all later on.

Mr. Meyers: Thank you very much. Mr. Fritz, do you wish to talk for Public Safety?

Mr. Fritz: Well, Mr. Eaton was supposed to have been here today. He could not come. Mr. Shupak has done most of the investigation on this, and I think most of it has been explainted already. However, we do have an abundance of material like ESS has that is available, and you are welcome to it and we have written reports. Other than that we haven't gone into it too deeply. We are mainly interested from the police angle, and the police may be tied up in it. We'd like to know and if any of the other sections should find out that the police are tied up, we'd like to know. We want to set up a democratic police system.

Mr. Rose: You think that the police don't have a great deal to do with it in most areas?

Mr. Fritz: We don't know. They are probably quite rare. Mr. Shupak has worked on it much more than I have and he might be able to help.

Mr. Shupak: As Mr. Fritz says a lot of the angles have been brought up. A few points showing the relation with the police and this system would be of interest.

First of all about the Oyabun system. Most of them operate, as a rule in a certain area. In other words it has boundaries set off. Any encroachment usually results in a gang fight. A different type is a construction Oyabun or high industry Oyabun. That doesn't apply to them. It is entirely different. My investigations have shown pretty close cooperation with the police all over Japan wherever I have been.

Another thing I did uncover to show the extent of these systems were two Oyabun announcements. One I picked up from the police chief. He handed it to me, apparently not knowing what it meant. This calling card or Oyabun announcement is sent out by an Oyabun. In other words, when a father or brother dies and the next one comes in, he sends out this announcement to other Oyabuns. These two announcements that we have as exhibits -- each one covers from ten to twenty prefectures and in each one of these prefectures there is a long list of Oyabuns. All of these Oyabuns are required by custom to send presents to this new Oyabun that is coming into effect. In other words, the Oyabuns wherever they go in this particular sphere that they know, they will always be

welcomed and all their problems taken care of by these different Oyabuns.

Mr. Meyers: May I interrupt to ask -- would that apply to the Kobun if he should travel into another district?

Mr. Shupak: I wouldn't know if it would go that far. It probably would go that far if the Oyabun he did work for gave him some recommendation or he had enough identification to prove he was a part of the household.

Mr. Matsukata: I heard that depends solely on the relationship of the two Oyabuns.

Mr. Shupak: On these announcements I have there is practically a hundred Oyabuns listed. Another point I would like to bring out -- the police have never heretofore been able to cope with the Oyabun system. They have taken the lesser of two evils and cooperated.

Generally speaking, when an Oyabun has committed a crime, it will be hidden. In return anything outside of their sphere will be turned over to the police. There's been a working cooperation between the police and Oyabun. I have no definite proof, but I know from what I have observed that police do receive monetary gifts, and in other respects goods, from these Oyabuns, and I got some of this from some pretty high officials. I got it from the lower levels and all levels. I'm pretty sure that it is a fact and naturally in view of that fact the police can not cope with the situation even today. I tried in my travels to kick the police around a little bit, and get them to do something about the situation. I have succeeded a little, especially in Osaka. They have started a drive and after the drive started the crime rate dropped very considerably. We have figures to show that they went right down, showing that a major part of the crime lies on the doorstep of Oyabuns and Kobuns.

I feel that today even in spite o the rest of these big men in the Oyabun system and in a lot of Oyabuns and in a lot of your Kobuns, it has not been scratching the surface. It should be attacked from a higher level.

Mr. Meyers: You say that the police have never been able to cope with the Oyabun-Kobun system. Did your investigation show why this was?

Mr. Shupak: First of all the police themselves would say they weren't strong enough for one thing, and then they have had influence far above and beyond the police. They had influence with the governors and other different agencies, besides the police, from whom the police took orders. Then, the police themselves are involved, so it is a matter of the lesser of two evils -- a situation they couldn't do very much about. Today I still don't feel they can cope with the situation.

Mr. Rose: Is that in part due to the fact that they have career status. They have no immediate responsibility in particular as the heads up here at the top level and everything is non-elective all the way down the line?

Mr. Shupak: Well, it is pretty hard to answer that. The only way I could possibly see is the police system officials would have to be changed or switched around.

Mr. Collett: Another question on this. I saw the announcement in the paper recently -- I imagine it tied in partly with this study -- of the arrest of several of those Oyabun including some seven hundred in Tokyo; and then I heard a not very well-informed person as far as I was concerned indicate that a lot of these people were held a few days or over night and then they were freed again, going back to their old racket. They had celebrations in their spheres when they came back and reported back to duty.

Mr. Shupak: I have no information. I can very well believe it. We have no records right now as to how many that were arrested were prosecuted. The case of Ozu was actually upon my own individual prompting of a police chief in a Shinjuku district. He told me personally that his men were afraid to raid, and on this particular raid, he had to go along and even the procurator told me he had a fear of taking proceedings against Ozu.

Mr. Meyers: Do you have anything else to add there? I know that Captain Rathofer has come and I'd like to know if you could in turn add anything to this background information which each of the various sections and divisions concerned have presented.

Captain Rathofer: No, I'm afraid I don't as a matter of fact. It is the first time I have heard of the father and son set-up. I don't think many in our division know about it. I don't believe we have run up against it.

Mr. Meyers: That brings us around to Government Section. We have presented these brief interim reports as prepared by Mr. Matsukata, and I would like to ask if he has anything else to add?

Mr. Matsukata: No, I don't think there is very much except I think that what Public Safety brought out in regard to the police -- that the police can't cope with it shows that these are not independent organizations. There is a much bigger network that works behind it and behind the political scene. The Japanese politician, since the Meiji Era, and before that controlled politics, and they control this. To see it broken up you can't go at it just from the criminal standpoint. It would just be at a low level and it must go all the way to the top.

Mr. Meyers: This concludes the first part of the program. I'm going to skip Item 3 because I believe your opinions have been indicated pretty clearly. That brings us to Item 4 -- the proposed steps to be taken by the various sections. I think it would be advisable to proceed in the same order that we proceeded before. I would like, however, to make a statement with respect both to the Government Section and with respect to CI&E before we start off with Mr. Ortman.

First of all -- so far as CI&E is concerned -- Mr. Sullivan left me a note stating that CI&E offers the use of all of its media and publicity in helping to publicize any aspect of the Oyabun-Kobun program which this group as a whole, I assume -- may decide upon; and since a very great part of this program seems to me educational and informational, that means we will have very, very powerful help.

Secondly, as far as the Government Section is concerned, I will bring up at the end what plans we have -- tentative plans that we have decided upon. Before that I would like to reiterate that this Section will use its influence for whatever it is worth, in backing the plans of other sections and the coordinated plans which I hope will evolve from the meetings of this sub-committee.

(A short intermission was taken)

Mr. Meyers: We have a lot of work to finish so I suggest we come back to order and finish up the second part of our program which ought to be the more explosive part.

Mr. Collett: Mr. Chairman, before we go on -- these general statements are important not from any particular specific information, but the general feeling and attitudes, or you might say the general feeling of the problem that I received working with this over a period of two years; that being that the whole system in construction is very closely knit from the top to the bottom, that their influence goes over a tremendously wide phase of activity, that in particular in construction, some of your worst cases of wide-spread black market activities are involved, that their influence in politics is extremely heavy as indicated by the eighty members in the Diet, and also any time anything is done which really hits a sore spot in this whole framework of organization, its reactions are immediate and from some very peculiar sources; from high government sources, from political sources, and from many different sources other than in the construction business and that there is every indication that it is highly organized from the top to the bottom, but also there is some very influential connections outside of the construction field.

Mr. Sullivan: Mr. Chairman, in regard to that I forgot to report that information that CI&E has that there are 528 shimbuns that are black market newspapers existing in Japan.

Mr. Meyers: Are those Oyabun sheets? Are they owned by one of these groups?

Mr. Sullivan: So we understand -- they are controlled.

Mr. Meyers: Have you had an opportunity to examine the registration and note whether the Oyabun himself would be listed as the owner?

Mr. Sullivan: No, this just came in yesterday.

Mr. Matsukata: The big newspapers like Asahi also is controlled by these Oyabuns too, politically.

Mr. Sullivan: That I don't know.

Mr. Meyers: Let me turn now to our basic part of the program: The proposed steps which the various sections or divisions of sections here feel (1) are necessary and (2) that they have already worked out to some degree and are in the process of either completing or taking. We'll start with ESS-Anti-Trust and Cartels, Mr. Rose.

Mr. Rose: Well, let me say briefly, at the national level we now have an anti-trust law and a federal trade commission, and we feel that it may be possible to keep unfair trade practices at a fair minimum after there has been a liquidation of the major associations. That is presuming additional steps are taken. Therefore we are very much concerned with the prefectural and local associations, and we are developing a policy in our Division. We are not in a position to outline it today. We hope to deliniate it in some detail and develop an informational program with CI&E and Government Section; and further to get it in sufficient detail so that the CI&E and maybe Government Section can take it down to the local government, to the Military Government, for implementation. We feel it cannot be done from this level directly. Now, that is the negative side of what we have to do.

We also, as I said, are participating in the enactment of a number of cooperative laws. We feel that it is tremendously important that an educational program be developed in ESS or within SCAP through every media that we can get our hands on to inform the individuals that can participate or are forced to participate in a cooperative movement as to their rights and privileges and as to the areas of appeal that they have, otherwise we feel that the whole thing will be a sort of a useless activity. Now, none of these cooperative laws have been enacted. The Agricultural Cooperative Law is before the Diet and is expected out within a month. NRS would know more about that than I. We haven't got the commercial and industrial or the consumers cooperative laws quite in shape. They should be out before the end of the year, however, ready for enactment. I think, however, that before they are enacted we could do a tremendous amount of work in developing an educational program. Those are the two sides. That is about as much as I can get in detail.

Mr. Ortman: I have nothing to add.

Mr. Meyers: Does anybody have any comments on this program, or any suggestions or ways in which they can tie in their own particular program to this?

Mr. Rose: That actually is so general, I don't think it is quite possible to make any specific suggestions, but the reason I was so anxious yesterday to get the program going is that we are faced with it in the immediate future, and I wanted to have a body to call on.

Miss Jackson: I have a question to ask. That is, what technique within the cooperative system assures that the Oyabun system is not in operation?

Mr. Rose: Well, you do have representation at the meetings if the charter is carried forth, for example. You have the election of officers.

Miss Jackson: I think that as fine as that is, it is a negative approach, and unless something positive is done to break the chain of so-called relationship, I can't see how you really get a breaking away from it by external form.

Mr. Rose: I don't see that you really have to have a breaking. I don't see that we possibly can have a breaking because it would create just a little too much trouble in the economy. Any trouble seems to be a mountain around here.

For example, in the Agriculture Association, we have had to concede that the existing Agriculture Association will have eight months to liquidate and probably thirty days would have been perfectly adequate. Resigning ourselves to some practical consideration, I think it is best as an educational program.

Mr. Collett: I think I can support that position generally in that we have found that although it certainly does not work a hundred percent, that organizations of labor unions in plants is an excellent antidote to this Oyabun-Kobun organization. It takes -- after you get that form, which is a different form than that they have been used to, and sometimes they use their Oyabun-Kobun relationships within a union, then after you have the organization it is much easier to create your democratic processes within that form -- and it does take hold gradually in this process which will take time and education. But you are, in the first place, creating a different form and a certain amount of break away goes along with the creation of the new form.

Miss Jackson: Well, within that new form is there any concerted attempt by any groups to more or less discredit the Oyabun from the point of view of the relationship?

Mr. Meyers: I will answer that by saying two things. First, that to CI&E belongs a great part of the credit actually for prodding the staff sections here to action -- CI&E and Mr. Sullivan himself is the person who forced the matter to our attention in a way that was more than just a tugging at our consciousness. CI&E is establishing or will establish a publicity and informational program which must of necessity be based upon the policy decisions and staff actions to be taken by the staff sections. In other words, the reason for the existence of this subcommittee is to decide on the actions that CI&E can furnish all of its facilities to publicize, which is a large part of the program, which is inherent in Mr. Rose and Mr. Collett's remarks.

That is one part of it. The second part is this. It involves a difficulty which we will have to resolve -- what we mean by the Oyabun system and what part we intend to attack. That happens to be just a preliminary statement. I didn't want to make this statement until we had all discussed our method of approach. I really would like to save this particular statement until the end. I think those two positions are basic.

Mr. Rose: To define the area that we will probably be working in will be the farm area and the trade and home industry areas. Now, the construction industry is only subject to Federal Trade Commission Action. I don't see what more we can do on that unless we get the Military Government to prosecute them at the local level as well as at the national level. It is quite possible, however, that that could be incorporated in any educational program we have. They are definitely outside the law.

Mr. Meyers: Let me pick up again from here, and will Mr. Ries or Mr. Starak want to talk for Industry Division?

Mr. Ries: As far as I know, we in industry are more in a passive position than the other sections represented here. We are suffering under the Oyabun-Kobun system. We ourselves cannot develop any plans, and what we can do is give you all the assistance of our Division, trying to give you the necessary data and the necessary facts on which you or the other Divisions or Sections involved can plan the action which must be taken.

Mr. Meyers: How about ideas?

Mr. Ries: We are strongly working together with Anti-Trust and Cartels, and consider their way of approaching this specific subject something which we would certainly go along with. The other ideas will be specific to our industries. We are, as Mr. Stanek already outlined, very

much for breaking up the contractors association and trying to limit the power of the construction Oyabuns. That is one of the aspects which are thwarting us very much. We further have to leave the labor aspect to the Labor Division which is charged with this mission. That is more or less all that we are interested in at present. We are, of course, trying to develop certain ideas of our own as soon as we see the general framework set up by this sub-committee.

Mr. Rose: It would be helpful in those industries under your jurisdiction, if you could get some investigations going. As I understand it, the only discovery of the relationships we are talking about was found in the foundry industry, and case studies indicating whether that sort of structure is in industries or in large factories would be very helpful.

Mr. Ries: This we probably could do. The labor aspect of this question is handled by Labor and we are more or less concerned with the impact on production, but we are of course willing to go along with labor.

Mr. Meyers: May I insert a word here. I realize that jurisdiction is always a holy word but it seems to me that this problem, from everything everybody here has said, is a matter that extends beyond anyone's jurisdiction. I think it would be much more advisable -- and it is only a personal criticism -- if we conceived of ourselves in the sense of a general staff to attack this problem, and if any person has any ideas, or any person or sections has ideas that can aid another section, I think this is the place to bring them up or to suggest them -- either in detail or generally. I don't mean at this moment but in our future meetings. Has anybody objections to that. I would be delighted to hear any program.

Major Johnson: I would suggest that within the budget, reduce the amount of the money spent for construction, and control the construction on a better regulated basis, because one of the sources of great revenue to the gumi has been the overtime which the needs of the occupation have forced on the Japanese construction industry. Therefore that is a little blue sky up there which ought to help. Furthermore, I'd consider the advisability of inviting someone from the office of the chief engineer who is responsible for this construction to be represented in this committee. They have much more information along those lines because they approve all construction.

Mr. Meyers: I'd like to add a word here myself because Mr. Baron of ESS--Finance had to leave, but he presented two very important points -- some more of that blue sky which you mentioned.

One: Finance is working on a general administrative overhauling of the whole national tax system. They expect eventually to get into the local tax system to some degree, but at the moment they are engaged in overhauling the national tax system, one of the specific aims being to eliminate the Oyabun. Now, this is important -- that directive which has been lost in the mill for the last nine months will be issued today by the Chief of Staff making it illegal for the Japanese Government to pay other than official prices for anything. That includes all branches of the Japanese government. It saves Government Section a lot of work because one of the items I was supposed to take care of was to get that directive. That is a tremendous help to all of us, I think.

Now, Mr. Collett, would you like to continue with some of your plans?

Mr. Collett: This is sort of a general conclusion we have come to on action.

Since the Labor Oyabun-Kobun system is so complex and has such a tradition of long standing that no single action can ever be expected to be effective in eliminating the system. It is believed, as far as we are concerned that final success with respect to the labor Oyabun-Kobun will be obtained when a majority of those workers now controlled by the Oyabun system are organized into legitimate trade unions. Therefore all of our actions are directed towards that, more or less as an ultimate goal.

Now, the best that we can hope as far as we are concerned, is that the system can be so upset by attacks from all angles so that legitimate unionization therefore becomes possible. We have a list here of various actions that we think might upset the present control and system enough if carried through vigorously so that results can be obtained.

First is a large scale publicity program which I think everybody has talked about. One part that I mentioned to Lt. Passin while he was here is the possibilities of the word in Japanese -- Oyabun-Kobun. The idea that by publicity -- continual publicity -- eminating primarily from sources in this Headquarters the word become a word of degradation in the entire Japanese country. Now, that would have to be based on the idea that most of the people have a rather concrete concept of what it means in the way of social organizations. I have just made a very slight check and it is Lt. Passin's impression that to the ordinary Japanese, it usually means the gambling organizations, the construction gumis etc. It could very well be a concept that could be degraded as much as possible. Just smear it all over the country.

Now, in respect to the rural areas, Lt. Passin states that he got the general impression that the rural people didn't like the word and they also had an old time idea -- the old concept of it and it is something that may not be so good, and all it may need is a little push by general publicity on this thing. It is very broad and must be gotten rid of or Japan will never be democratized. That is just a suggestion on one specific thing in publicity.

I should have started off in the beginning. This program is somewhat preliminary right now by the Labor Division. They haven't been fully considered there. I think these will be adopted. Other parts of the publicity program will include enunciation of the labor Oyabun system as archaic and undemocratic, encouragement to other unions to organize this particular group of workers, and publicity which will be aimed to stimulate the Japanese into the enforcement of their laws which would make labor Oyabuns illegal.

That leads me into the next major step. There are several laws and ordinances -- major ones in some respects -- which are just now coming to fruition, which the Labor Division has been acting on which will affect the the labor Oyabun-Kobun system. The one that went into effect sometime ago was the so-called labor purge, which in effect was to eliminate from all influence in organizations concerned with labor, all the leaders of the war-time labor front. It went down to very low levels. We have a report on the people that are included in that purge and it is very nearly twenty thousand. Now, that will take out a lot of leadership all the way down the line. One thing we are going to have to do in regard to action now is to be sure it has been properly effectuated.

Next, employment laws now in the House of Representatives which includes a section cutlining labor supply and business. Where there is a legitimate trade union it must be passed on by a government agency. On September 1 the Labor Standards Law went into effect. It provides a penalty of one to ten years imprisonment for forced labor and one year penalty for intermediate employment. The best example of that is a parent contracting away the working rights of the children. That is primarily in regard to prostitution. There are other penalties which will control Oyabun labor.

Another action in regard to that is that the Labor Standards Bureau which is just established is planning to put their entire staff on this Oyabun labor problem after the 1st of September. They will be somewhat limited in their activities because it is a new bureau and they are inspectors. They are going to have a system of inspectors that will blanket the entire country. The inspectors are new and untrained and at least at the beginning they won't be completely under the control of some of these bigger Oyabuns.

The Trade Union Law which has been in effect since March 1946 can be used as a basis for assisting in legitimate union organizations among this group of organized workers. We intend to ask the assistance

of Public Safety Division, G-2 and Government Section for strict enforcement of criminal offenses in this field. There are many of them. There is a considerable amount of strong-arm violence, and often on certain cases of intimidation and coercion, which I think we would like to ask Government Section and G-2 to give us some assistance on.

The next major break-down is economic sanctions that is a result of the very lost administration of contracts -- government contracts, construction contracts which make up the majority of these particular groups of labor are able to pay extremely high wages and are able to give all kinds of black market goods as economic coercion in many cases and inducement in other cases.

We had down as action here until today the first step in the publicization of the Finance Division Directive and that is why we are very happy to hear about that being approved. In this connection we want to work very carefully and closely with Price Control and Rationing in any large scale black market program they may develop because we know that this particular group are tied very closely with that.

We are going to encourage the assistance of some of the labor unions in giving us, for instance, information in the programs as to how they would be able to, or what would prevent them from assisting in organizing this group of workers into legitimate trade unions. They have indicated already some of the obstacles -- the matter of coercion, of violence and if we can have them report any cases -- they have indicated that they are very willing to go along with this program and are very anxious to, but one thing they need right now is a very definite statement from SCAP. We are out to get this bunch. They are bad and should be eliminated. With that announcement from SCAP it puts them in a very strong position to go to work in this particular field.

We have just had in the last few weeks a conference with the labor and military government officers. They showed rather keen interest in this problem and program, and we feel that they can be very useful in encouraging law enforcement agencies in the local level to act in cases of known violence; and for them to encourage at the local level actions by the local unions in the actions of unionizing this group of workers. Also they should be able to do considerable on the local level in the way of publicity. That about covers the general program to date.

Mr. Meyers. Thank you very much. That is the most detailed statement we may have.

Mr. Matsukata: How can you degrade a statement like Oyabun, when Oyabun can also be referred to as Sensei just because a man is not of the low level. Sure, among the construction workers you will use Oyabun, but anybody that is a boss of a certain few laborers and he has a higher respect for the Oyabun will call them Sensei.

Mr. Collett: The term as I understand it has all the connotation of the whole system of feudalism in Japan. The same way that we degrade the feudalistic set-up in Japan, why isn't it a good idea to degrade the Oyabun?

Mr. Matsukata: Maybe that is true. I don't think because you use the term Oyabun that that brings any sharp idea of degradation.

Mr. Collett: That is the point. At present, it isn't because it is a tradition that in the Labor Oyabun-Kobun you do not have a democratic organization among these workers. It has all the aspects of serf or slave labor. But the point is that the workers -- the government officials all the way up and down the line will argue with you for hours as to this being a very good system. That is why I say that one of the reasons why it should be a very strong publicity program from this level is the degrading of the whole system, is to create in their minds the concept that it is a bad system.

Mr. Meyers: I don't think the question Mr. Matsukata raises is the concept, but that there exists a necessity for tying up the phrase with particular practices which are regarded by SCAP to be evil practices in addition to the fact that as a social concept we may regard it as a bad social concept because it is such a feudal concept. That is a point I

would like to take up after we have finished. Do you have anything else that you would like to add?

Mr. Collett: No.

Mr. Carrington: I have only one suggestion to make. The reason I make it is because it doesn't seem to have been taken into consideration around here today. I was wondering whether any thought is being given to having the Japanese Government cooperate in this plan at all, or is it merely a frontal attack by this Headquarters upon this system. The reason I make that point in the discussion -- I have heard rumors that people in high places in the Japanese Government or in the police force are accepting tribute, or even if they are not accepting tribute, are not very desirous of seeing the system go; and the only reason you won't approach the Japanese Government to get their cooperation is because you admit before you attempted to do it that such an approach would be futile. It seems to me that you are admitting that our frontal attack is rather hopeless. I think the most we could do is to scratch the surface by various economic measures. Unless the Japanese Government impresses on the Japanese people, even to the extent of putting legislation on the books outlawing such relations as this, the attack can not succeed. I don't say it will do it over night, but after all you don't outlaw prostitution by putting a piece of legislation on the books, but it at least brings it out in the public eye as an illegal act.

There may be many people just on the edge of their Oyabuns either through a little pressure of the neighbor or because it serves some useful purpose, and it seems to me that if the Japanese Government put some legislation on the books outlawing this relationship, a lot of people would cease the relationship. I'm wondering why this discussion hasn't been in reference to that. The entire discussion seems to be what the SCAP sections are going to be doing. Since the beginning of the year I have seen attempts on the part of SCAP to make the ESB cooperate with the former cabinet and the present cabinet which doesn't seem to be too cooperative, and I'm convinced that no overall plan is going to work in this country unless you impress on the people in high places that such a proposal is aimed at a very vicious system. If the people high up in the government and the people in the system don't believe it is vicious, the task is hopeless.

Mr. Meyers: May I say that it is the Government Section's plan and it is our intention to draft either by ourselves or in conjunction with the Japanese Government legislation which will carry extremely heavy penalty.

Mr. Carrington: It hadn't been brought out here and I note from the general discussion I hear that it was an attempt by the SCAP sections and believe me I am not belittling, but it cannot be accomplished by SCAP alone. I believe there must be some people in the Japanese Government who believe this system is vicious.

Mr. Meyers: Yes, there are and also many others who are tied up in the system. Therefore this attack by SCAP is going to have to take the initial step in order to provide the penalties and the force to insure that the Japanese Governmental agencies will carry out in detail the plans evolved by the SCAP staff sections. Again I am going to come back to this point when it comes my turn to speak, and if there are no objections I'd like to hold down the discussion.

Mr. Carrington: I think by SCAP putting out regulations until the Japanese Government comes around to the thought that the system is vicious, any regulations we put out will be futile because it is putting the cart before the horse unless you have a government that sees it as a vicious system and is willing to see that the SCAP regulations are enforced. It seems to me that you are just putting the wrong foot forward. I think the Japanese Government has to be convinced, and then the SCAP regulations would logically follow, but I don't think any SCAP regulations except to the extent SCAP carried them out themselves -- I don't think they will be until the law enforcement authorities of the Japanese Government wants them carried out.

Mr. Rose: Some of the law is on the books.

Mr. Shupak: I'd like to make one short statement. The general impression seems to be that the Japanese Government or officials condone this system. I have found out that 95% of the people I have contacted have expressed a desire to see this system eliminated and that goes for high or low officials. I have never met one person in the high or low level -- I have talked to people on the street and shopkeepers and every single one of them have expressed consent to see this system eliminated.

Mr. Meyers: We have had indications that the police would much prefer to be independent and free from the way of political influence and economic influence as brought upon them by the Oyabun, and if we can aid the Japanese Government or force the Japanese Government into the position where we can see that the major evasions are closed to them, and see that the loopholes are closed by providing severe penalties for attempts to avoid the laws, then we are helping to bring about in some degree an accomplishment of our ends. I feel that a very large portion of the Japanese public would be delighted to see the end of the Oyabun-Kobun system. Certainly these little shopkeepers and the other people who are preyed upon by these gangsters -- certainly the people who are forced to contribute to forced celebrations that they have take place, certainly the average tax payer who gets an enormous amount of yen collected during the year -- these people would certainly be far happier to see these organizations broken up. I think we have to provide the guidance and the force to aid the elements in the Japanese Government and the Japanese people who want to get rid of this system, in getting rid of this type of organization.

Mr. Sullivan: It may be of interest to the group to know that we called a meeting of various Japanese Ministries and organizations last week -- the Home Ministry, the Ministry of Welfare, the Ministry of Justice -- Tokyo Metropolitan Police, the Tokyo Metropolitan Government, and the Labor Ministry and the Coal Board -- practically everybody that was interested in the thing. The general tempo of the meeting was one of condonement as far as they were concerned. The Labor industry seemed to be the most desirous of having the system eliminated -- that and the police system. After some statements that Mr. Collett made today, for instance -- well, the Coal Board deny the existence of an Oyabun-Kobun system and if any system did exist it was outside the mines and not inside the mines. They were interested, but the meeting finally ended up and an opinion was called and they said they were interested, for instance, from the standpoint of gangsterism, and that was about all that would indicate that the Japanese Government or the Japanese ministries knew of it. They will have to have some pressure brought upon them to do anything.

Mr. Collett: I didn't mean to give the impression that everybody was in favor of it that we had talked to. Most of the labor union people we talked to realize that it is very, very vicious and bad. They are frightened to death of what might happen to them bodily, and there is nothing they would like better then to see the thing broken up. That is the general feeling we have received.

Now, there are very vigorous condonements in support of the system, you might say, by primarily -- we have found -- old line bureaucrats in the Japanese Government who have been working in that same field for many years and over a period of time we have received the impression that it is a little more than just the idea of their general feeling that it isn't a bad system. Our general impression is that they're getting some other inducements to make those statements and take that position. There are others who are more or less recently in the government, who have come in with the advent of a new government or who have been a long time in the labor field themselves who are quite vigorously against the system. You have two really definite systems.

Mr. Meyers: I'm going to cut the discussion on this point short because we have other people from whom we want to hear and if there is any time for free discussion at the end of their statements, we will come back to this particular point because it raises a whole series of questions which are basic. I made my statement to you to indicate that we had not overlooked the very important point which you raised. Col. Fregosi, do you have anything that you would like to add on this point as to any program of your's?

Colonel Fregosi: I have a personal program. I represent no section, but it will be submitted to ESS and the Controls Coordinating Committee, so that nothing will be done without concurrence. I imagine some of these things might conflict with other plans. I would like to attack this problem, and will if I have your permission, from the standpoint of not any Oyabun or any group, but of the effect the group or such a group would have on my particular phase of work, procurement. It has a bad effect in some respects and others it is good, but if the food parts are overcome by the bad ones. You have groups of people dominated by other groups who are not particularly qualified to do a certain thing. Because of the domination they were able to come in and work on a contract which is procurement. Any dominated group or controlled group is not helping us any and we would like to eliminate it.

I propose to set up a system of pre-qualification of contractors and manufacturers. Whether or not we do anything with it depends on what the staff sections say. We have, at the present time, pre-qualified practically all the contractors who are qualified of taking work. In the present qualification sheet, he is required to show what equipment, he has, what technical specifications he has, the quantity of their past work, what performance he has rendered in the last ten years, etc. We hope to weed out the people who have just associated themselves with the groups, and whether they are good or bad groups.

I have heard mentioned gumi. Some of the big gumis may be of this strict type you speak of. If so this won't eliminate them. I don't think you can eliminate them. They may have some undesirable features, but they are contractors. They are dominated individuals but they are the contractors of Japan and they must be used. This will eliminate all manufacturers who are not manufacturers of industrial equipment. It will not eliminate the system if it exists among recognized contracting firms.

In the contracts I intended to draw up and have your approval of -- that could be used for Japanese procurement as well as occupation force procurement -- we will include those clauses as we have them in the United States. Some of them may not be applicable, but I am going to write up a whole series of clauses to comment on them and add to them. I have in mind such things as convict labor clauses, collective bargaining, no kick-back, no discrimination -- also for providing for a penalty where there is a violation of standard clauses of the contract. Another one that I think Labor Division would go along with is trying to get the unskilled labor which is the bulk of your labor used by your construction contractor obtained through the labor exchanges. Through the labor exchanges we eliminate a lot of this kick-back which might be the dues or fees of labor groups. All of that would be supplemental or explained to the contractors themselves through this publicity group. Carry the objectives of this type of program to the contractor because unless they understand that in the long run this increases their profits or prevents diminishing profits, you can't break it up.

We have already made a start with the General Contractors Association, and although they may be anti-something or other and have to be broken up, surprisingly enough they were very much interested in this when we first mentioned it because we appealed to them not on the basis as a bad social system in your country -- we proved to them that this hurts their profits. As a matter of fact in a reasonable length of time it will probably cause some of their twelve large contractors to go bankrupt. In other words your sub-contracting group which is not really a sub-contractor but a labor boss is becoming so powerful that he is beginning to outshine the general contractor. It is hard to get in touch with all of the contractors. We can reach twelve to twenty of them in Yokahoma and Tokyo but after several meetings they saw the point and started to carry out a program, pointing out to their own members that possibly labor bosses will not result in profits. Some of them have written in also that they see the difference between having a dominated working group for them and a free labor market. I don't know of anything else we can do in procurement because it is not basically our job.

Mr. Collett: What about the inspection system?

Colonel Fregosi: That is another point. The Board of Reconstruction has some 1400 field supervisors who were organized by Mr. Collett pretty much personally. They are supposed to perform the functions of a government auditor on the construction side. They haven't been mainly because they don't know what they are doing, and if they do they are not above taking a little graft themselves. But they can be used as a force to assure no kick-back, for the enforcement of all of the contract provisions, and that type of situation.

Mr. Meyers: Now, thank you very much. Mr. Shupak and Mr. Fritz have informed me that they are not able to make any statement as to the plans proposed by Public Safety Division. Would it be possible for you, either by the time of, or before the time of our next meeting to have formulated any plans and receive official approval in your head office on your part of the program?

Mr. Fritz: I will take that up with Major Smith.

Mr. Meyers: Fine. I am just going to briefly sketch in not more than five minutes what Government Section proposes to do.

(1) We believe that Mr. Carrington is right and that we have to proceed on the basis of law revision or law promulgation. We intend to suggest to the Japanese Government that a law be passed forbidding any private or quasi-governmental or semi-governmental agency of any kind on the local or national level to collect any taxes or any fees whatsoever. It should strike at the official basis and the official excuse for the existence of a great many of the Oyabun gumi associations of the time that are not contracted organizations.

Colonel Fregosi: You mean fees by the government except where designated by law?

Mr. Meyers: Well, the laws are going to be proposed to be changed.

Colonel Fregosi: Don't you have deductions from pay here which the contractor or employer is required to make that in effect would outlaw that?

Mr. Collett: Workmen's compensation.

Mr. Meyers: That will be drawn up to avoid any interference with such things as dues, check-off or insurance deductions. It will be worked out.

(2) I'd like to say at this point we are going to try to force registration by law of all of the Oyabun with the provision for extreme penalties, both fine and imprisonment for failure to register. I remark again that it is extremely difficult to term such legislature, but it is the intent not so much to register as to provide a weapon or club to use for prosecution.

(3) This will have to be worked out in conjunction with ESS--Finance in particular. I am going to try to see to it that legislation is promulgated to change the banking methods -- to require the banks, particularly the savings institutions, to fingerprint all of their depositors and to require both a hand and a character signature of the name to see if we can't trace some of these accounts in the banks.

(4) We are going to proceed on a reorganization and are proceeding on a reorganization of the national government ministries including those in which we feel the Oyabun system or relationship is strongest.

(5) We intend to impress upon the Ministry of Justice and the procurators the necessity for strict enforcement of the law, and for immediate and rapid prosecution of the violators of the law with emphasis upon the gangsters, the gamblers and other Oyabun engaging in definite illegal activities. I might mention in connection with the gambling organizations that some of our indications show pretty clearly that all of these Oyabuns have associations with gambling associations in one way or another.

(6) We intend to cooperate with whatever program is presented by Public Safety Division to try to get the police into a position to act independently. We think the basic agency will have to be used by the Japanese Government to force this law and root out the particular cases. I don't want to know what Public Safety will do, and we don't want them to feel that we are stepping into their particular jurisdiction until they have made up their minds.

Now, that is a brief definition of general plans which have not been worked out in detail as yet. I would like to close the meeting at this point, and state that I think we are just beginning. Before the time of our next meeting I will send to everyone who attended this meeting a mimeographed copy of the minutes of the meeting, and I will suggest three items on which I'd appreciate your criticism and any other points you feel should be added.

I feel that at the time of our next meeting we should come here with a fairly well-worked out criticism of the programs proposed by the various sections and in addition with proposals in which we feel we can aid the various sections and divisions of sections in formulating their program. Secondly, I think we have got to come to a decision on what aspects of the Oyabun program we want to attack and in what order. Thirdly, I think we should come with suggestions for a press conference and for the issuance of a statement to be made, if possible by the C-in-C and the various section chiefs. Whether that should be coordinated and should be a joint press statement or whether it should be otherwise, I don't know. I would appreciate your comments, and I'd appreciate any items that you gentlemen feel should be added to the agenda by the next meeting.

Mr. Rose: I think we should do something in terms of deliniating the attack. I mean to hit at certain aspects but with specific programs within each one of those areas.

Mr. Meyers: If there are no other comments I will close the meeting.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

11 September 1947

MEMORANDUM FOR THE DEPUTY CHIEF, GOVERNMENT SECTION

THROUGH: Mr. Oppler, Courts and Law Division

SUBJECT: Interim Report on Oyabun System

OYABUN is a general name for a boss but literally translated OYA means parent and BUN could be translated as part or substitute. This being the case, the customs connected with the family system play a great part in the so-called OYABUN system. OYABUN is a term usually referred to by people of lower class in reference to a labor boss. In higher circles the same individual may be referred to as sensei (teacher) or taisho (general), sensei being used by people of certain scholastic standing, businessmen and in certain art circles, Taisho being used by militarists. This parallels children referring to their parents as OYA.

Before the Meiji Restoration there were two types of OYABUNS, one type located in the village and the other in the cities where the Tonosamas (feudal lords) were located. The prime purpose of the village OYABUN was to protect the village from outside influences. This was accomplished through strong-arm methods. The people used by the OYABUN are referred to as KOBUN, KO meaning small. The social standing of the KOBUN was clear-cut, being below the standing of the farmer or the merchant, who was considered the lowest social class. These people obtained their source of income through gambling and subsidy received from the OYABUN. Here it must be noted that the OYABUN was not necessarily considered as of the same class as the KOBUN, for at any time if the village head found it necessary to accomplish certain objectives, he called upon the OYABUN to help him do this. Thus, putting the OYABUN in a position to be respected in a formal way by all people.

The later type of OYABUN existed in the feudalistic system. Although the clans had their generals and warriors, farmers and tradesmen, they usually found it necessary to have an OYABUN who controlled a great number of KOBUNS in order to collect taxes or to arrest criminals. These KOBUNS were of the gambling and strong-arm type. The OYABUN received his authority to make such arrests by the granting of a piece of rope from the shogun or daimiyo. When the criminal was arrested it was a custom to tie him with this rope and bring him to the proper authority. The relationship between the OYABUN and the KOBUN is one of fear and of economic necessity. The OYABUN, granting cash payments, reimbursed his KOBUNS in goods necessary for the KOBUN's daily life needs. This same situation exists today. Since the Meiji Restoration this OYABUN-KOBUN relationship has gone into the field of politics, economics and into the police system, in addition to the Army and Navy during the past 90 years.

Today with the development of political parties, one finds the political parties having OYABUNS who aid the party by posting election posters and spreading the necessary information to elect Cabinet and Diet members. Without such a group it would take many more organizations and funds. Furthermore, certain OYABUNS have much to say about the policy. The payment to these OYABUNS is very secret and an examination of his bank funds reveal nothing. Along with this, it is also found that the Cabinet itself has always had an OYABUN, the funds for such an OYABUN coming out of the secret Cabinet fund.

It should be noted here that members of the Diet and Cabinet would refer to these people as Sensei (teacher). The Foreign Office, today controlling the construction works, is closely knit with the OYABUNS controlling construction business. Without these OYABUNS it is stated that it would be impossible to come anywhere near accomplishing the construction of dependent housing and other construction required by the occupation forces. The common misunderstanding that the OYABUN is a person of lower class needs to be corrected in that without certain funds and concessions being made by the Foreign Minister himself, it would be impossible for department heads and subordinate people to move these large contractors or OYABUNS. This does not mean that there are exceptions to this rule.

The metropolitan and other local police have always relied upon the OYABUNS to furnish them necessary information of the underworld. When a murderer escapes from a district such as Hokkaido and is known to be in the Tokyo area, the police sometimes completely rely on the OYABUN knowing the individual's whereabouts. As to whether the OYABUN will turn over the criminal to the police authorities is dependent on the relationship between the OYABUNS of the areas concerned. In most cases OYABUNS, being somewhat of a competitive organization, have certain groups with which they cooperate in certain areas and certain groups with which they would do everything within their power to take over the other OYABUN's area of jurisdiction.

With the police pay-scale and the government worker's pay-scale as low as it is today the OYABUN business is better off than during the war. It would be a loss of face to government officials of certain standing not to be able to eat rice once or twice a day. With no ration of rice today it is absolutely necessary and it is readily attainable to buy rice on the black market. Here we run into the OYABUNS that control the black market. Most of the black market rice coming from the country is channeled by means well known to police and government officials. The actual rice that the majority of people in the municipal areas are eating today is the extra ration given to all farmers. Farmers have not always eaten rice three times a day, rather they have substituted many staple foods that they may have grown on their own small plots of land between their rice paddies

and on any other available land. Therefore the difference between the ration given farmers as compared to the ordinary population is all put on the black market. The average government worker and policemen who enjoys this rice is willing to give certain concessions in order to keep in line with the OYABUNS.

The OYABUN that controls the stalls in large cities are at times considered as a legal aid. The obtaining of licenses and materials being mostly taken care of by the OYABUN's contacts. For this aid, the stall owners are willing to pay the fee that is required of them. (This being a complicated matter in having to go through both the police and city hall)

In all OYABUN-KOBUN relationship, the order given by the OYABUN is law and if he deems it necessary to have murder or violence committed he will give the order to the responsible persons. This makes the Tekihataitai in reality inseparable, as an independent organization.

Conclusion: Any attempt to outlaw such organization or personnel relationships between OYABUN and KOBUN would be almost impossible. The one way this could possibly be done is to establish strict control on bank accounts, expenditures of party funds, and close surveillance on all contracts handed out by the CLO.

Mr. M. Matsukata
National Government Division

CONFIDENTIAL

Magazine Translation

SOURCE : Shinso September Issue, 1947.

SUBJECT: "What is Karoku TSUJI, a Kuromaku of the Liberal Party?" written by Sanroku TSUKUDA.

GHOST OF THE POLITICAL WORLD, KAROKU TSUJI

Even in America there was a person named Al Capone who it has been said was the president of midnight America. Accordingly, in Japan which is not so democratized as America, there are many persons having the actual power of Al Capone, in spite of the fact that they do not assume a post such as a president or chairman of the political affairs research committee of the party. They are not only hidden behind the scenes but also are operating the party itself with his actual power. In our country where feudalistic remedies remain, to a great extent such Kuromakus have been rampant in every field of society. Its typical example was Mitsuru TOHYAMA. It is really a funny phenomenon in a world where "government of the people" has been advocated.

From the examination of such Kuromakus the following conclusion is to be clearly elicited. That is, the Kuromakus are monetary contributors to political parties or an intermediaries between contributors and the parties, and the purgees are acting behind the scene in a considerable measure. In other words, we can disclose the essential character of the capitalistic, political party by examining into the Kuromakus' persons.

By the way, with the development of the Seko Case connected with concealed and hoarded goods to the problem of contributions to political parties, the name of Karoku TSUJI rose to the surface about the middle party of July. What is he on earth?

According to the information of the press, Karoku TSUJI is a powerful Kuromaku in political circles, superior in the Liberal party and a big politician who had provided election funds to the Liberal party. And still, some quarters presents him as a former private secretary of the late General Kodama, and one of the greatest bosses during the period of Meiji, Taisho and Showa ages. Anyway, we feel that an outline of this strange person came to be vaguely understood, with the current Seko case.

The existence of such a person may surprise the general public, but those who have been familiar with him for a long time only whisper, "The Gifu lantern is moving around again." This is his nick-name, because he was born in Gifu and the lantern of Gifu is noted as governing the dark night moving along with the wind. In these days when, with the new Constitution effecuated, bright politics are promised and the responsibility of a political party as a representative of the people, is aggravated, such a person like a cave-dweller still is wriggling around the background of the political world in actuality.

CONFIDENTIAL

8

DESCRIPTION AND CAREER OF THIS GHOST

Tsuji, born at Misato-Village, Inaba County, Gifu Prefecture in 1877, is now at 71 years of age. He does not appear an old man of seventy years old, with flowing locks and rosy face. At least he seems younger by ten years. He is always amiable in contacting with others and especially shows an attitude of sympathy with young men. Thereupon, even if you see him once or twice, you don't understand that he has so much potential power in the Liberal Party.

Before graduating from secondary school in Kano-machi, his native place, he came to Tokyo. It is said that he was once a navy (codel laborer). He went over to China at 22 years of age. It was just the time when Japanese Imperialism commenced to advance on the China Continent. Before lone he obtained a huge profit there, and with the outburst of the Russo-Japanese war he is said to have been on the staff of the late General Gentaro KODAMA getting his favor, and also he is said to have participated in the expedition against aborigines in Formosa as a dummy general. During the ?Taisho period he had the title of the President of the Oriental Trade Company, and became the secretary of the late Prime Minister, Kei HARA. Contacting prominent persons in political circles, he was regarded as a ghostly person. Leading the lobby of the Seiyu-kai from those days, secretly moving behind political scenes, he came to wield a wizard-like political ability as a dummy general of Tokonami, Kuhara and Hatoyama. At the same time he had a special formidable ability in collecting political funds. In the face of the Seiyu-Hon-to (political party), he guided the situation behind Tokonami; namely, it is said that he collected information from politicans, to whom he gave money without stint, which had been piled in the special room of the railway hotel he had reserved. He was on congenial terms with Kuhara in meddling with the political world on a monetary power, basis, and these two, becoming sympathizers of the 2-26 Incident through Zei NISHIDA, manipulated young officers a great deal. In this Incident only Kuhara was apprehended by the Military Police, but TSUJI was not apprehended.

Hatoyama was usually treated like a servant-boy by Tsuji, and every time he visited Tsuji's home at Kaga-machi, Ushigome Ward, he was scolded by Tsuji, and listened to his preaching. It is said that when Hatoyama returned to Japan from a trip to Germany and Italy, he sent a report of his coming home to Tsuji by wire from abroad the ship.

He has, nevertheless, no ambition to become a Diet member or a Minister. He is a strange person enjoying money, women and dark politics. He has ten concubines, but has not a wife. Moreover, these concubines are not mere petty women. Among them there were hostesses of the first-class Machiai such as "Yoshie" and "Kanemura" at Tsukiji or a teacher of dancing, named Asae. He exploited all the incomes of those Machiais. In addition, a certain intelligent sister of some professor of the university, who had graduated from the Women's College, was also made his concubine. His villa at Zushi where he got a clinical interrogation recently, called Ohhama Villa located next to Yoshintei, is also a house of his concubine.

CONFIDENTIAL

Thus, on the basis of power of money and women he advanced to politics. He enjoys turning out and bringing up Diet men; to make and split political parties and to trifle with the staffs,thereof. Thereupon, various sorts of persons frequented ceaselessly in his main house at Kaga-machi, Ushigome Ward. A certain Iwata of the Taika-kai(meaning the "Great Culture Society" and one ofuultra-nationalists' organizations) had Tsuji built an exercise-hall for Judo (Japanese wrestling) in Tsuji's house. In this hall political bullies of the right wing frequented as well as military policemen. Tsuji is said to have acquired information for manipulating these fellows ingeniously.

It is funny to say that such persons as Kanichiro KAMEI and Kenzo ASAHARA who have risen to the surface and connected with the Seko CASE, also frequented his house.

Having no ambition nor ideological conscience except for enjoying such a political hobby, he was willing to shake hands with anybody if monetary relations require it. Therefore, he had contacted such reactionaries as Mitsuru TOYAMA and Ryozo UCHIDA and is said to keep a considerably close connection with bureaucrats.

Various classes of persons such as Diet-men, black-marketeers or officials call on him. He distributes money without stint to those who want it. There are not a few persons who have been able to become Diet members thanks to his favor, and were brought up by his personal influences. Accordingly, it is naturally to assume that he came to have a voice over these politicans.

Some quarters say that Karoku TSUJI is the sole person in Tokyo who can raise over ten million yen for funds within one night. This may be one of the powerful reasons why he has grown so famous.

CHARACTERISTICS OF THE GHOST

In the directory, Karoku TSUJI has only such simple titles as the President of the Japan Chemical Industry Company, Chief of the Japan's Chemical Industry Inquiry Institute and Chief of the Japan's Chemical Fur Inquiry Institute, all of which are not so well-known, and yet, were the origin of his big money-makings.

This company was set up around 1937 as the one dealing in fibre material, with its office at Tamachi, Akasaka and with its factory and inquiry institute at Setagaya Ward. About that time, the press reported such fabricating inventions that gasoline is made from watter or woolen yarn is made of straw. It goes without saying that such inventions are absolutely false. The pretending inventor, however, showed the experiments of these fabrications to others, according to which it seemed true that such inventions were completed. It was then, that Tsuji turned his attention to these inventions. Obtaining the right of experiment thereof immediately, he brought it to his inquiry institute. But, a chief of the technical division of the said inquiry institute, of excellent talent, promptly proved that they were only sleights of hands, exclosing their falseness. Tsuji, nevertheless, tried all-out efforts to buy off that division chief with such baits as spirits, women and money, for the purpose of letting him contend that those inventions were not false but true. But that division chief bitterly refused the proposition of Tsuji,

CONFIDENTIAL

CONFIDENTIAL

stirred so much over the attitude of Tsuji that he threatened to beat Tsuji's head. Thus, Tsuji, giving up convincing him eventually, brought off another doctor, a certain SAITO. Then, fortunately for Tsuji, this doctor of not so excellent ability, could not understand sleight of hands in these fabricating inventions. Making use of this situation, Tsuji made him operate the experiments thereof before the Emperor through the influences of Prince Takamatsu and Saneatsu ICHIJO (also involved in the current Seko case). Thus, those inventions proved creditable for the world, and accordingly, greedy persons invested in these inventions one after another. In such a way Tsuji could collect over ten million yen before lone. But as a matter of fact, these inventions failed to develop. Immediately thereafter he announced to the public that he had sufferred from the failure of this enterprise much more than others because he had been forced to buy the rights, and in consequence, other investors could but be silent as to their own damages. Thus, he was not accused of the crime for fraud, but was enjoying dark politics as before. And furthermore, he swore stirringly to the press that he had a good conscience in every respect.

It is his boast that he has never been involved in any crimes; "As I have made no previous offences you may contact with me without any fear or vigilance, "whenever he tried to plan any suspicious intrigue.

In the current Seko case also, it is to be presumed that he had participated after preparing himself not to fall into the clutches of the law. Therefore, though he appeared on the surface like an iceberg in the current case, he will probably disappear serenely into the other side of dark world. Such is a figure of "Ghost" Karoku Tsuji.

CONFIDENTIAL

THE OYABUN (BOSS) SYSTEM

The following is the result of a cursory investigation of Public Safety Division's files bearing on police activities in relation to the System.

The OYABUN system is the remnants of a set of feudal mechanics to which local and national effort has been mobilized since national cultures emerged in oriental countries. This vicious system, born of necessity, remains. The Oyabun are no longer hereditary. They are the strongest individuals in the mass. Predatory in nature and purpose, they divide the denser population centers in much the same manner as our gangsters divided territory in Chicago, New York and other cities during the Prohibition era.

City governments have utilized them to assist in taking care of the tedious details of licensing for certain classes of business. The economic conditions of the times have greatly assisted the mushroom growth of the Oyabun during the post-surrender period. Almost every business is conducted outside the law and actually borders on, if not in fact is, black market. Sudden acquisition of surplus funds has led to the gangsters donating sizeable sums to political parties and obtaining political backing and influence.

The police have been forced into a neutral position by the pressure of businessmen and Oyabun and political parties, which in turn bring pressure to bear on the police. The police find themselves in the unenviable position of being between the jaws of a vise.

The Oyabun is divided into three divisions, namely: KASHIMOTO (gambling), TEKIYA (racketeers - licensing of all street stalls and itinerant vendors) and the GUHENTAI (gangsters).

KASHIMOTO

This is the oldest and has a tradition in Japanese customs. Each Oyabun has his own district. He exacts tribute from the gambling houses which he divides among his Kobun (underlings) and his family. They also operate gambling houses themselves and/or restaurants. They are respected and unmolested by the other types of Oyabun in spite of the fact that the gambling profession is a lucrative one, due to the deep-rooted respect of the Japanese for tradition.

Nothing is known at present of any corrupt and secret connections with the police.

Influence is limited to district and local affairs. They are not organized and operate independently. The general public does not hold them in ill repute.

TEKIYA

This group controls and licenses all street stalls and itinerant vendors. This practice is condoned by the police although it is not provided so by law. They are well organized with a central office controlling all offices in Tokyo-to. This system has also been accepted by Japanese as a necessary evil.

The privilege of issuing licenses is condoned by the police who also assign the areas that are to be controlled by the Tekiya Oyabun. Every Oyabun is answerable to the central office who makes final decisions as to the licenses, fees and shops. All monies collected go to the central office who in turn divides the money among the different Oyabuns and pays the salaries of underlings. Large sums are paid by street vendors for the privilege of opening a stall and they are required to pay daily rental fees plus contributions on various pretexts.

Apparently no books are kept, nor audits made by the municipal governments. For instance, the Tokyo Municipal Government has requested ¥6,000,000 from the Oyabun for this year's contribution of taxes, etc. Public Safety estimates the actual funds collected by the Oyabun to be in the neighborhood of ¥60,000,000.

In view of the fact that police permit this system to operate to the extent of issuing districts to be controlled by the Tekiya, contributions of money to the police must be assumed although no concrete evidence is available at present. According to the police, there are no such contributions.

Public-opinion is definitely against this system, but being sanctioned by the police as well as being operated by unscrupulous gangsters, the public has no recourse.

The far-reaching control of the Tekiya system in the lives of thousands of merchants as well as their own large numbers of members, indicates the influence an organization of this type must have economically and politically. Their control of rations, supplies and prices, indicate the influence they have on the national economy.

GURENTAI

This system is by far the largest, strongest and most influential of the lot. It was established as an aftermath of the past war and along the same lines as our own gangs in the United States. They exact monetary tribute from all bars, cabarets, theaters, etc. In return, the businessmen assure their places from being molested and/or damaged, and in some cases from being bodily harmed.

There is no evident relationship with the police, it being the opinion of the investigator (Public Safety) that the police are powerless to combat this system without assistance. It is quite possible there are some corrupt connections but these probably are isolated cases.

The influence of the Gurentai far exceeds the other two systems. The monetary take is enormous and runs into millions. They are constantly growing stronger and more influential. It was noted in one report that the TEKIYA and GURENTAI organizations have given their full support to the Liberal Party in Japan. Much money and effort have been spent to place Liberal candidates in office. The Naniwa Shokai is a large Gurentai association. The advisor of this organization has been S. Hitotsumatsu, a member of the Liberal party, who

has since been elected to the position of Welfare Minister (for further political activities, both Liberal and Socialist, see report).

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

An informal resume based on material gathered from Public Safety Division and other sources would indicate:

1. There is a definite hookup between the Oyabun and political parties, particularly the Liberal Party.

2. A revision in the municipal government licensing law (see MPB regulation No. 10, Article 3, also order issued by the MPB in January 1945, re initiation of central organization covering stall vendors' association

3. The Oyabun largely influences commodity prices.

4. It controls contractors.

5. It has illegally seized innumerable properties.

6. Procurators through fear and influence brought to bear on them permit arrestees to go unprosecuted.

7. It impedes production through terroristic activities.

8. It affects the land reform program.

Recent press coverage reports that the Oyabun system threatens to "loom again" .....is fostering the growth of "fascist elements", ...is connected with political leaders .....establishes a sort of hero who gangsters on the part of Japanese children .....and slows up industrial production thru organized bands molesting workers.

CONCLUSION

This system, if permitted to continue and expand, well can effect an economic as well as a political stranglehold on the country as a whole.

Definition and Description of Oyabun and Kobun

OYABUN is a general name for a boss but literally translated OYA means parent and BUN could be translated as part or substitute. This being the case, the customs connected with the family system play a great part in the so-called OYABUN system. OYABUN is a term usually referred to by people of lower class in reference to a labor boss. In higher circles the same individual may be referred to as sensei (teacher) or taisho (general), sensei being used by people of certain scholastic standing, business men and in certain art circles, Taisho being used by militarists. This parallels children referring their parents as OYA.

Before the Meiji Restoration there were two types of OYABUN, one type located in the village and the other in the cities where the Tonosamas (feudal lords) were located. The prime purpose of the village OYABUN was to protect the village from outside influence. This was accomplished through strong-arm methods. The people used by the OYABUN are referred to as KOBUN, Ko meaning small. The social standing of the KOBUN was clear-cut, being below the standing of the farmer or the merchant, who was considered the lowest social class. These people obtained their source of income through gambling and subsidy received from the OYABUN. Here it must be noted that the OYABUN was not necessarily considered as of the same class as the KOBUN, for at any time if the village head found it necessary to accomplish certain objectives, he called upon the OYABUN to help him do this. Thus, putting the OYABUN in a position to be respected in a formal way by all the people.

The later type of OYABUN existed in the feudalistic system. Although the clans had their generals and warriors, farmers and tradesmen, they usually found it necessary to have an OYABUN who controlled a great number of KOBUNS in order to collect taxes or to arrest criminals. These KOBUNS were of the gambling and strong-arm type. The OYABUN received his authority to make such arrests by the granting of a piece of rope from the shogun or daimiye. When the criminal was arrested it was a custom to tie him with this rope and bring him to the proper authority. The relationship between the OYABUN and the KOBUN IS one of fear and of economic necessity. The OYABUN, granting cash payments, reimbursed his KOBUNS in goods necessary for the KOBUN's daily life needs. This same situation exists today. Since the Meiji Restoration this OYABUN-KOBUN relationship has gone into the field of politics, economics and into the police system, without mentioning the Army and Navy during the past 90 years.

Today with the development of political parties, one finds the political parties having OYABUNS that aid the party by posting election posters and spreading the necessary information to elect Cabinet and Diet members. Without such a group it would take extreme organizations and funds. Furthermore, certain OYABUNS have much to say about the policy. The payment to these OYABUNS is very secret and an examination of his bank funds reveals nothing. Along with this, it is also found that the Cabinet itself has always had an OYABUN, the funds for such an OYABUN coming out of the secret Cabinet fund.

It should be noted here that members of the Diet and the Cabinet would refer to these people as Sensei (teacher). Without these OYABUNS it is stated that it would be impossible to come anywhere near accomplishing the construction of dependent housing and other construction required by the Occupation Forces. The common misunderstanding that the OYABUN is a person of lower class needs to be corrected in that without certain funds and concessions being made by men of ministerial rank, it would be impossible for department heads and subordinate people to move these large contractors or OYABUNS. (This does not mean that there are exceptions to this rule.)

The metropolitan and other local police have always relied upon the OYABUN to furnish them necessary information of the underworld. When a murderer escapes from a district such as Hokkaido and is known to be in the Tokyo area, the police sometimes completely rely on the OYABUN knowing the individual's whereabouts. As to whether the OYABUN will turn over the criminal to the police authorities is dependent on the relationship between the OYABUNS of the areas concerned. In most cases OYABUNS, being somewhat of a competitive organization, have certain groups with which they cooperate in certain areas and certain groups with which they would do everything within their power to take over the other OYABUN's area of jurisdiction.

With the police pay-scale and the government worker's pay-scale as low as it is today the OYABUN business is better off than during the war. It would be a loss of face to government officials of certain standing not to be able to eat rice once or twice a day. With no ration of rice today it is absolutely necessary and it is readily attainable to buy rice on the black market. Here we run into the OYABUNS that control the black market. Most of the black market rice coming from the country is channeled by means well known to police and government officials. The actual rice that the majority of people in the municipal areas are eating today is the extra ration given to all farmers. Farmers have not always eaten rice three times a day, rather they have substituted many staple foods that they may have grown on their own small plots of land between their rice paddies and on any other available land. Therefore the difference between the ration given farmers as compared to the ordinary population is all put on the black market. The average government worker and policeman who enjoys this rice is willing to give certain concessions in order to keep in line with the OYABUNS.

The OYABUN that controls the stalls in large cities are at times considered as a legal aid. The obtaining of licenses and materials being mostly taken care of by the OYABUN's contacts. For this aid, the stall owners are willing to pay the fee that is required of them. (This being a complicated matter in having to go through both the police and city hall.)

In all OYABUN-KOBUN relationship, the order given by the OYABUN is law and if he deems it necessary to have murder or violence committed, he will give the order to the responsible persons. This makes the Gurentai Bakuto in reality inseparable, as an independent organization.

Conclusion: Any attempt to outlaw such organization or personnel relationships between OYABUN and KOBUN would be almost impossible. The one way this could possibly be done is to establish strict control on bank accounts, expenditures of party funds, and close surveillance on all contracts handed out by the CLO.

C
O
P
Y

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

AG 386.3 (11 Jan 46)GD

11 January 1946

MEMORANDUM FOR: IMPERIAL JAPANESE GOVERNMENT

THROUGH : Central Liaison Office, Tokyo.

SUBJECT : Disposition of Equipment and Supplies of the Japanese Armed Forces Between the Dates of 14 August 1945 and 2 September 1945.

1. Evidence has come to the attention of this Headquarters indicating that a large scale attempt to dispose of the supplies and equipment of the Japanese Armed Forces was made between the dates of 14 August 1945 and 2 September 1945. Actions such as the above are not considered to fall within the spirit of the Potsdam Declaration.

2. You will therefore furnish this Headquarters the following information:

a. A complete list of all equipment, supplies and materials of the Japanese Armed Forces which in any way were transferred from possession of the Japanese Armed Forces between the dates of 14 August 1945 and 2 September 1945. Information will also be included to show the location of the supplies and equipment at the time of transfer, their present location if known and the persons or agencies receiving them.

b. A complete file of English translations of all orders concerning disposition of property of the Japanese Armed Forces which were issued between the dates of 14 August 1945 and 2 September 1945 inclusive.

c. A list of the names of the officials of the Imperial Japanese Government or any agencies thereof who were responsible for the promulgation of the orders mentioned in paragraph 2b above.

3. A preliminary report will be forwarded to this Headquarters within 10 days from the date of receipt of this directive. A final complete report will be submitted on or before 10 February 1946.

FOR THE SUPREME COMMANDER:

H. W. Allen (sgn)
H. W. ALLEN (tpd)
Colonel, A.G.D.,
Asst. Adjutant General.

4

A LIST PERTAINING TO CHIEFS (KAO YAKU) OF OK AREA
(Gamblers & semi-gamblers)

GAMBLERS

Family Name	Chief	Oyabun	Assistant Oyabun	Kobun
Koganei	1	10	34	58
The House of Ogawa		1	1	4
Hibunya	1	11	30	62
House of Kosei		9	21	36
House of Ryoke	1	8	6	24
Separate House of Ryoka		11	8	39
House of Yukihara	1	12	20	62
House of Ochiai	1	13	23	38
House of Sumiyoshi	1	8	10	15
House of Ikei	1	8	7	26
Sekine gang	1	18	23	90
House of Kyowa		7	3	23
Yanagi gang		1	2	1
House of Toshida	1	5	3	21
House of Joman	1	11	16	40
House of Enomoto	1	7	16	27
House of Maekawa	1	13	10	15
House of Shichara	1	6	8	19
House of Kanai		3	4	13
House of Takinokawa		3	7	13
Morikawa gang	1	6	5	34
Shinsei Nippon		6	2	10
Owakai	1	5		22
House of Taboya	1	1	3	20
Takagi gang	1	3	2	13
House of Nakashinden		4	7	6
House of Saito	1	4	4	6
House of Tatamiya	1			8
Separate House of Tatamiya		4	4	9
House of Kanemachi	1	6	1	11
Kaneyanagi gang		1	2	15
House of Hara		1	2	7
House of Otawa		2	2	4
House of Todoroki		1	4	5
House of Mimotosugi	1	1	2	12
House of Suzuki	1	5	2	7
House of Senju		1		5
House of Nakasugi		1		6
House of Nikko		4	3	2
House of Takebe		2	1	
House of Ryogoku				
TOTAL 37 HOUSES	22	224	98	828

OQ

SEMI-GAMBLERS

Family Name	Chief	Oyabun	Assistant Oyabun	Kobun
House of Iishima		3	5	20
House of Kineya Usami		4	10	25
Gijinto (party)	1	12	4	30
House of Aizuya	1	3		17
House of Kawaguchiya		1	3	15
Ashio gang		1		5
House of Dewaya		1	1	4
Ochidori gang		1	2	5
House of Kyokuto Sakurai (Sekiguchi)	1			7
Otsu gang	1	2		4
House of Midokoro		1	5	8
House of Koshuya		2	2	1
House of Anegasaki		3		5
House of Hakasa		1	5	4
Shibayama gang (House of Teijiya)		3	5	10
House of Joshuya		1	1	6
Matsuda gang	1	1		7
Yamabaru Kogyo bu (production dept.)		2		2
Reiganshima kekka		1	1	9
House of Shinkado		1		3
Separate House of Asakusa		1	3	4
Total 20 Houses	5	45	48	191
Combined Total 57	27	269	146	1019

As both of the decision of the Cabinet Meeting of August 14, 1945 concerning the emergency Disposition of Goods and Materials for Military Use held by the Military etc. and the Decision of the Cabinet Meeting of August 28, 1945 concerning the Annulment of the same were kept in absolute secrecy, they were not published by the cabinet, and concerning their communication to the lower organizations, they should be thoroughly communicated by notification by the respective Ministers, if necessary. The Minister of War and the Minister of the Navy communicated them through the channel mentioned in the annexed papers. It is not clear as yet whether there are the Ministers other than the said Ministers who communicated those Decisions.

Date: September 29, 1947

(Signed) YOSHIO SUZUKI /a/

Ministerof Justice

* * * * * * * * * * * *

Concerning Annulment of the Decision relating to the Emergency Disposition of Goods and Materials for Military Use held by the Military etc.

(Decided by the Cabinet of August 28, 1945)

The decision of the cabinet of August 14, 1945, concerning the emergency disposition of goods and materials for military use held by the military etc. shall be annuled.