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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Civil Communications Section

REPORT

ON

SURVEY OF

JAPANESE

POSTAL SYSTEM

15 February 1949

Postal Affairs

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Civil Communications Section
APO 500

15 February 1949

This report on a survey of the Japanese Postal System summarizes in general its development, organization, functions, current conditions and problems, probable future conditions and problems, and is prepared for dissemination to interested occupation agencies. This report is pursuant to paragraph 2a of Section II, General Orders No. 6, 18 April 1948, General Headquarters, Supreme Commander for the Allied Powers.

for GEORGE I. BACK
Brigadier General, Signal Corps
Chief, Civil Communications Section

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INTRODUCTION

Postal communications is as old as writing. In its modern forms it has become far more technical than the average user of the mails can realize, and thus persons not engaged in postal service have come to take it for granted. This survey has been conducted by postal specialists, but it has been written in language and in form understandable to persons whose fields of interest may very as much as do the many Sections of GHQ, SCAP.

The Japanese Postal System is unique in several respects. It is less than 80 years old, and was born overnight. In lieu of the knowledge of several centuries of experience upon which western systems have been built, the Japanese system improvised procedures based upon ancient Chinese and Japanese customs on the one hand, and upon European systems of 1870 on the other. Delivery of mails has been complicated in Japan by the unusual street and house designation system, by extraordinarily fast growth of cities, by recurring natural disasters, and by a series of wars, the latest of which resulted in the defeat of the country. In other conquered countries, Germany for instance, the conqueror became the Government; in Japan the nationals were given their own government under the surveillance of the conqueror, and thus, among other duties, had to administer their own postal service. Finally, the Japanese Postal System has as adjuncts the administration of the largest savings bank and the largest industrial insurance company in the country. All of the foregoing have caused the surveillance of the Supreme Commander for the Allied Powers to be conditioned by circumstances heretofore never faced in history.

Foot notes, annexes and appendices have been dispensed with in the interest of less difficult reading for non-technical persons. All charts and tabulations are included within the text.

SECTION I

General Development of the Postal System

1. Historical Background

A Japanese Department of Communications publication in 1935 entitled "A Short History of Posts in Japan" indicates that some sort of communications was carried on in the empire even in the mythological days, but that the first case in historical record of mails and carriers dates to the reign of the Emperor Sujin (96-29 BC), which emperor "dispatched military commanders to different parts of the country to announce the establishment of peace and order all over the land." Passing reference is made in this same publication to the state of communications in the years 200, 646, 859-922, 1584 and 1663, AD, to what, in the opinion of the Japanese author, were organized instances of mail and carrier service. Established postal systems in any way comparable to those of western nations are not actually encountered before 1867 or 1871, but there is reliable cross reference to rather well organized carrier and mail systems in the late Tokugawa era. These Tokugawa communications and carrier systems carried mostly official mail but in the middle 19th century were also, at high cost, transporting private correspondence.

2. Meiji Restoration

The "opening" of Japan to world trade, the subsequent overthrow of the Tokugawas and the restoration of the emperor in 1867 brought about a need for an immediate intensification of postal activities. This need was apparently realized by the powerful interests who are presumed to have been behind the Restoration. Fortunately, a capable postal man was available at the time of the restoration, Mr. Hisoka Maejima. Maejima is reported to have traveled extensively in the United States and Europe and to have brought back with him certain western concepts which may be presumed to have fitted nicely with the desires of the powers behind the throne for the quick building up of both the empire and its various adjuncts including the postal system. Maejima's concept was influenced considerably by the European mail systems then in effect, particularly the Belgian and German, with the result that the early establishment of the Japanese post office followed along similar lines. There is no doubt that Maejima was highly capable nor is there any doubt, as will be shown hereafter, that he laid the foundations of a good postal system. In 1901, on the 25th anniversary of Japan's adhesion to the Universal Postal Union. Maejima was elevated to the Peerage with the title of Baron. His influence still remains in much of the postal terminology, since he coined the word "yubin" for post and "yubinkitte" for postage stamp, etc.

March 1871 saw the beginning of the present postal system under Maejima, it having taken three to four years since the Restoration for him firmly to establish his policies. Postage stamps were apparently first used in that year. Whereas there were only 27 places of posting mail in

all Japan (12 in Tokyo, 7 in Kyoto, 8 in Osaka), and only letters might be posted in that year of 1871, there are today 13,976 ordinary and special post offices in the mainland of Japan. The early postal routing on the line of Tokyo to Osaka has been so developed that today there is no such thing as rural free delivery in Japan, every householder being entitled to and receiving home delivery not only of letters but of all classes of mail.

3. Early Organization and Reorganization

The Japanese post office was under the charge of the Governor General of Home Affairs in 1867. In 1881 it was placed under the control of the Department of Agriculture and Commerce and on 18 December 1885, all communications and shipping, including post offices, was established under the new Department of Communications. Several times since 1885, the Department of Communications has been changed, splitting into separate postal and telecommunications directorates general in 1887, merging again in 1890, but again separating in 1897 and as late as 1925, but always merging. The separation by law on 1 June 1949 of the postal and telecommunications ministries of the Japanese Government will therefore be no new happening.

4. Tendency to Adopt European Type System

Certain types of European postal operations were particularly adaptable to Japan. The financial aspects of the Japanese economy in 1875 were still feudal, and the establishment of a system of postal savings and of a postal money order system in that year were of significant help in bridging the gap between the old and the new, and at the same time of providing a modern savings and funds transmittal system to an otherwise backward nation. As early as 1891 provision was made for the purchase of Government securities through post offices, and the Postal Savings Bank Law of 1905, as amended, regularized not only the purchase and sale of Government securities by post offices, but the custody of such securities for patrons. This law of 1905 was ultimately expanded to include not only savings, but the withdrawal of savings by postal transfer orders which was in effect the poor man's checking account. Regulations under this law fostered the sale of postal savings certificates in 1941, and postal savings stamps in 1942. Also fostered were wartime lotteries, administered by the post office, in connection with these savings certificates and stamps. Interest rates, maximum and minimum savings permitted, and data concerning the various types of money orders will be discussed hereinafter.

Studies begun as early as 1897 led to the expansion of postal service to include Postal Life Insurance 1916, Postal Annuities 1926, payment of Government pensions 1923.

European postal systems may be said to date from the Roman period, and despite setbacks from time to time had become well established in the 18th and 19th centuries. The American system was able to benefit from the European backgrounds, and even the earlier systems represented the results of slow growths over relatively long periods. A Japanese postal system of course existed for the wealthy in the late Tokugawa era, but may be said to have been created overnight insofar as its modern manifestation is concerned.

Certain good fortune attended the founding of the modern Japanese postal system, however, for the 30,000,000 people of Japan in 1867 not only did not use the new system, but most of them, being unable to read and write, did not even understand it. Contemporary cartoons of 1871 depict street letter boxes festooned with cobwebs. The efficacy of the work of Baron Maejima and his successors is in part represented by the following growth:

	1869	1871	1877	1897	1902
Number of Post Offices	0	180	3,893	4,274	5,485
Personnel Employed, MOC	No Record	313	7,555	47,992	68,967

The advances reflected in the above tabulation were accomplished during a regime descending from undemocratic to totalitarian to war-lordism. Enormous difficulty existed in mail delivery due in part to the fact that 90% of the streets in Japan are not designated by name, that house numbers in any block are chronological by date of building, and that several families may live in one dwelling. That the Japanese Postal Service did not completely collapse at the end of World War II is perhaps the outstanding comment upon it.

SECTION II

Overall Picture of Japanese Postal System

1. Comparison with U. S. Postal System

Comparison of the Japanese postal service with the United States Post Office involves all the tediousness of comparing the two countries. As early as 1621, with a colonial population of only 200,000, it was possible to mail a letter from Boston to New York for 30 cents. At that time in Japan, only the central government and the daimyos had courier service, and this only for official dispatches. The American Revolution established Benjamin Franklin as first Postmaster General in 1775. The United States Post Office has always operated on a non-profit basis, and has grown from a $100,000 business with 75 post offices in 1780 to a billion dollar concern with 45,000 post offices and 5,000 stations serving 138,000,000 people in 1945. U. S. postage stamps were inaugurated by Abraham Lincoln, an erstwhile postmaster, in 1847. Japanese postage stamps appeared in 1871.

The Japanese Revolution did not occur until 1867, if revolution it may be called, and three years later there were only 3 post offices with only 27 mail boxes. Sixty-five years later, just before Japan embarked upon its China incident, Japan was serving 70,000,000 people with 11,108 post offices. At the surrender of Japan in 1945, and despite a dropping off in the number of offices in the latter part of the war, the post office was serving 80,000,000 people from 13,449 post offices. With one post office per 3000

population, the U. S. Post Office was promptly and efficiently delivering all types of mail matter and operating a relatively small postal service system. With one post office per 6000 population, the Japanese Post Office was less promptly and less efficiently delivering all types of mail matter, but was also actively engaged in postal savings, government securities, life insurance and annuities, the while being only part of the Ministry of Communications, which had extensive operations in telephone, telegraph and radio.

An informed official of the Postal Bureau, Ministry of Communications, whose accomplishments include the publishing of a book on the U. S. Post Office System has indicated that the following, in his opinion, were noteworthy differences between the U. S. and Japanese systems:

a. Accounting in general, with particular reference to the fact that the U. S. postmaster is compensated on the basis of the volume of matter passing through his office. The Japanese postmaster is generally paid based on the length of his service. It is conceivable that a Japanese postmaster would continue to draw master's pay if reassigned to a low grade clerical job, whereas a low grade clerk would continue to draw clerical pay if assigned to a master's job.

b. U. S. has general delivery and rural free delivery, whereas every Japanese householder has his mail delivered to his door.

c. U. S. postal clerks work standard shifts and hours; Japanese clerks frequently have overnight duty of 16 hours every third day with the second day off.

d. U. S. post office delivers 5½ days a week; Japanese post office delivers 7 days a week.

e. The U. S. Postmaster General was a former mail carrier and has worked up through the ranks. Ninety-five per cent of Japanese post office officials comparable to U. S. supervisors are graduates of Tokyo Imperial University or equivalent. The possibility of working up through the ranks of the Japanese post office is very small.

f. U. S. cities have a delivery system based upon street names and house numbers; Japanese cities have a delivery system based on unnamed streets and upon houses numbered chronologically by construction with the city sub-divisions being the ward the cho (several blocks) and the chome (a single block).

g. U. S. post office is predominently engaged in mail activity with a very small postal savings business; the Japanese post office in addition to mail activity handles the largest savings bank in Japan, the largest industrial insurance company in Japan, a very large annuity insurance business, the sale and custody of Government bonds, the sale of postal savings certificates and stamps upon which lotteries are based, a postal transfer and money order system, the receipt of taxes, and the payment of Government pensions.

h. U. S. Post Office employs 458,000 people; Japanese Post Office employs 92,000 in its mail facilities.

i. In each U. S. city there is one post office with a number of branches or stations; in a large Japanese city such as Tokyo there will be as many as 40 to 50 independent delivery post offices, plus a varying number of non-delivery post offices which are comparable to United States Post Office stations and branches.

j. In the U. S. mail matter is generally written on or wrapped in a good grade of paper which can withstand considerable wear; Japanese mail matter is generally written on or wrapped in an inferior paper which readily tears and which is not suitable for machine cancellation, processing, etc.

k. The U. S. post office employee has a professional attitude toward his work, and while organized, generally may be stated not to feel that the Government owes him an easy living; the Japanese post office employee is very well organized in unions which are suspected to be dominated by radical elements - his attitude toward his work is that the Government owes him an easy living and that his welfare comes before the prompt delivery of the mails.

It must be concluded that while the Japanese postal service could not be compared favorably with that of the United States, it was satisfactory to the average Japanese, and to his militaristic leaders.

2. Growth of the Japanese Postal System from 1936 to 1945

Historians have indicated that the Japanese decision for conquest was made as early as 1927. The building up of the war potential thereafter, particularly from 1936, was essential from the Japanese viewpoint, and would thus entail the building up of services which were corrollary or contributing. The postal service was built up as follows (figures for 1946, 1947 and 1948 included for comparison):

GROWTH TABULATION, WAR YEARS, 1936 - 1945 (1945 - 1948 ADDED)

Comparison Factor	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Post Offices, Ordinary	335	378	386	391	412	449	486	503	529	533	554	562	568
Post Offices, Special	10,594	11,055	11,392	11,713	12,866	13,115	13,270	13,588	13,709	12,748	13,145	13,351	13,408
Employed in Post Offices	73,485	79,536	82,625	86,351	88,724	91,855	87,866	86,229	87,738	79,009	83,488	-	90,828
Ord. Mail Handled (000,000)	4,788	4,764	4,315	4,586	4,487	4,487	4,754	-	-	-	2,501	2,334	2,500
Parcels Handled (000,000)	72	81	90	101	103	104	107	-	-	-	32	31	-
Railway Mail Mileage	13,556	13,732	13,964	14,100	14,349	14,494	14,815	-	-	-	15,392	14,773	16,725
Railway Mail Cars	707	701	730	743	777	783	781	774	777	643	724	741	683
Personnel Employed:													
Postal	-	-	-	87,008	89,399	92,655	88,534	86,885	88,405	79,610	84,123	-	91,455
Savings	23,319	25,166	30,043	36,955	43,528	53,012	56,585	58,150	67,151	67,106	68,068	71,045	69,494
Insurance	28,442	28,241	31,516	34,423	38,074	43,978	48,978	49,752	51,609	49,884	50,857	53,132	53,164
Postal Savings:													
Accounts (000)	49,237	54,166	74,222	85,431	95,786	110,161	133,698	163,702	193,790	202,400	197,021	185,396	189,786
Balances (¥000,000)	3,483	3,891	4,739	6,153	7,915	9,975	13,044	18,973	30,375	47,152	53,280	53,451	69,465
Interest Paid (¥000,000)	95	96	112	142	187	228	277	389	545	804	-	-	-
Yen - Dollar Rate ($)	.2895	.2881	.2849	.2344	.2344	.2344	.2344	.2344	.2344	.0667	.0667	.0200	.0037
Postal Life Insurance:													
Policies (000)	25,765	28,200	32,284	37,358	46,082	54,561	65,261	74,808	83,309	88,928	88,301	89,875	91,643
Ins. in Force (¥000,000)	3,634	4,196	5,301	6,735	9,057	11,401	14,566	17,645	21,465	24,420	25,600	45,207	123,967
Premiums Recd. (¥000,000)	21	24	28	34	43	53	69	84	104	119	131	390	806
% of Prem. Spent for Oprs.	15	16	16	16	16	16	15	14	13	18	39	71	62
Postal Annuities:													
Policies (000)	369	394	424	526	685	921	1,226	1,519	1,768	1,881	1,982	1,962	1,866
Premiums Recd. (¥000,000)	88	98	113	147	217	373	638	927	1,410	1,919	2,467	2,466	2,286
Annuities Pd Out (¥000,000)	30	32	34	44	64	102	157	225	292	352	416	415	386
% of Prems.Spent for Oprs.	2	3	2	2	2	2	2	2	1	2	4	51	25
MOC Revenue (¥000,000)	312	332	392	423	479	519	560	721	804	1,100	1,228	3,212	13,391
MOC Expenditures (¥000,000)	268	280	323	366	402	462	530	603	686	766	1,319	4,394	16,220

SECTION III

Organization of the Japanese Postal System 1945 - 1948

1. Analysis of the Ministry of Communications - Postal

In order that the organization and manning of the MOC may be set forth in a single document, the organization chart at the end of this Section has been especially prepared as of 20 December 1948. It must be recalled that those bureaus concerned with telecommunications have no part in this postal survey, therefore, it may be stated that the Vice Minister, the Directors of the Postal, Post Office Life Insurance, and Postal Savings Bureaus together with the Director of the Inspection Division, constitute the top level key personnel insofar as the Japanese postal services are concerned. It must not be concluded, however, that the Section Chief subordinates of these Bureau Directors are unimportant and thus their names are also set forth. It will be noted that the organization chart of the Japanese Ministry of Communications also sets forth the names of the Directors of the 10 Communications Bureaus throughout the country who, as has been explained, are the intermediate geographic or regional Directors of the system. Insofar as CCS has been able to ascertain, there are no incompetent key postal men reflected in the Ministry chart. As in any organization, some men are more competent than others, however, no attempt will be made in this study to grade one postal official above another. Complete personal histories of key officials are presumably on file with Government Section, SCAP.

2. Tokyo Communications Bureau

The Tokyo Communications Bureau of the Ministry of Communications has been chosen for analysis in this survey because it is the largest and most important of all the ten such field bureaus of the Ministry.

Insofar as Postal Affairs are concerned key personnel of the Tokyo Communications Bureau would be the Director and the Chiefs of the Postal, Savings and Insurance, and Inspection Divisions together with the General Affairs Division. Just as in the case of the Ministry, the Section Chiefs who are subordinate to the Division Chiefs mentioned above are no less important from the postal viewpoint. The names of all key personnel of the Tokyo Communications Bureau are set forth on the organization chart of that Bureau which is inserted at the end of this Section. No attempt will be made to grade one postal official above another since, as in the case of the Ministry of Communications, CCS believes that all are at least fairly competent in the discharge of their duties. Their personal histories are presumably on file in Government Section, SCAP.

The establishment of a separate Ministry of Postal Services on 1 June 1949 will terminate the organizations represented by the two charts set forth in this Section. The new Ministry setup is discussed in Section VII of this survey.

ORGANIZATION CHA
JAPANESE MINISTRY OF COMM
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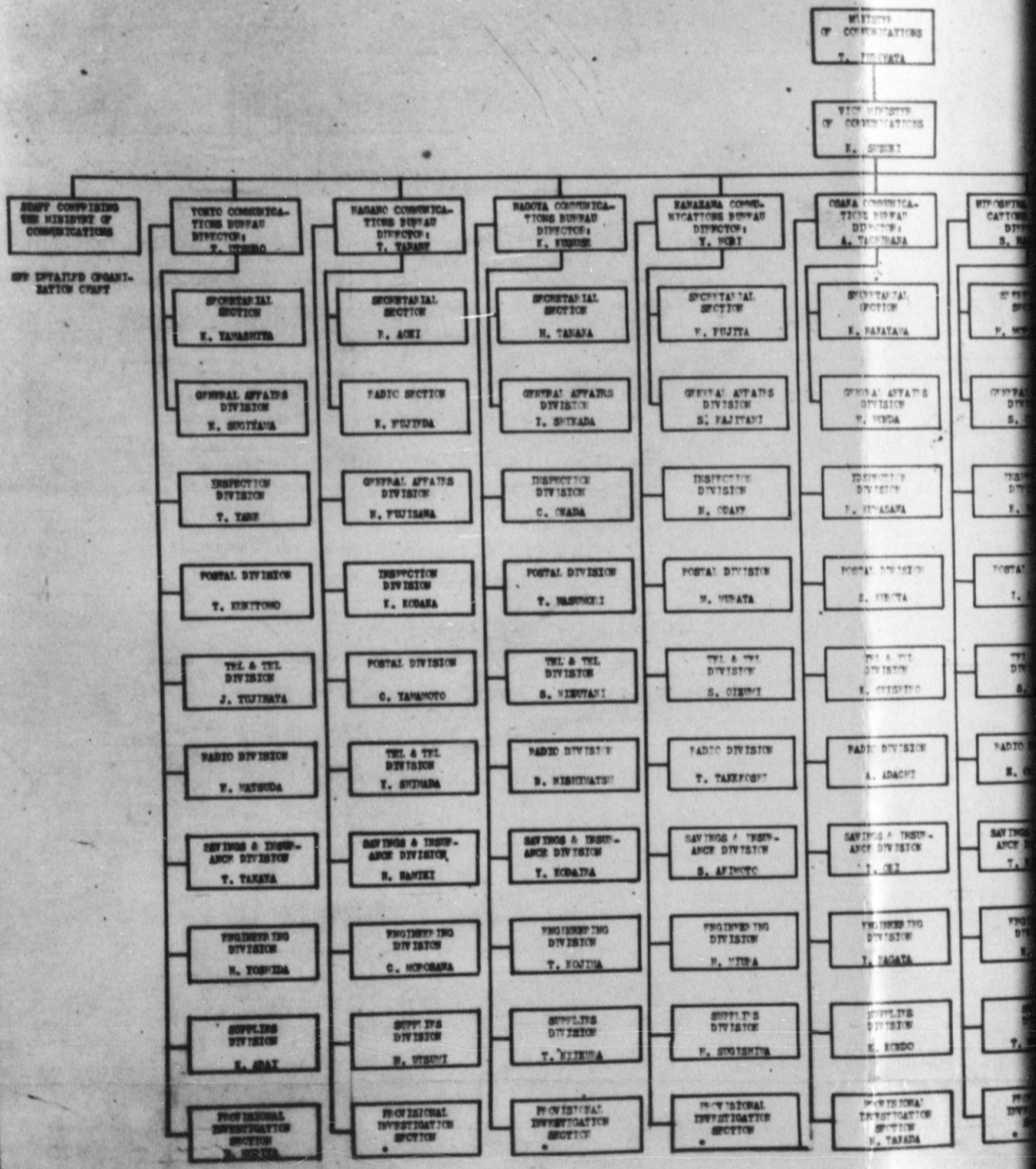

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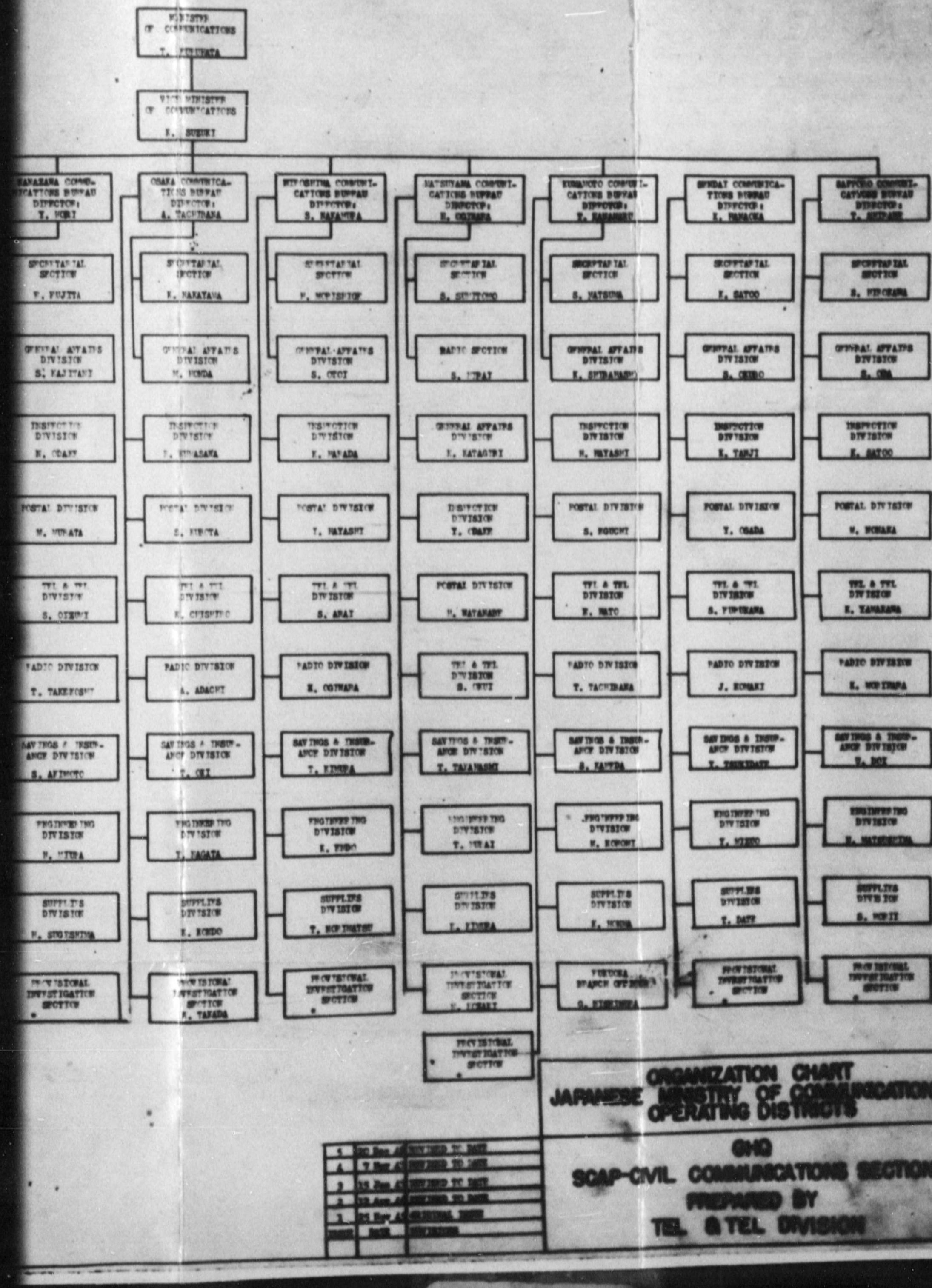
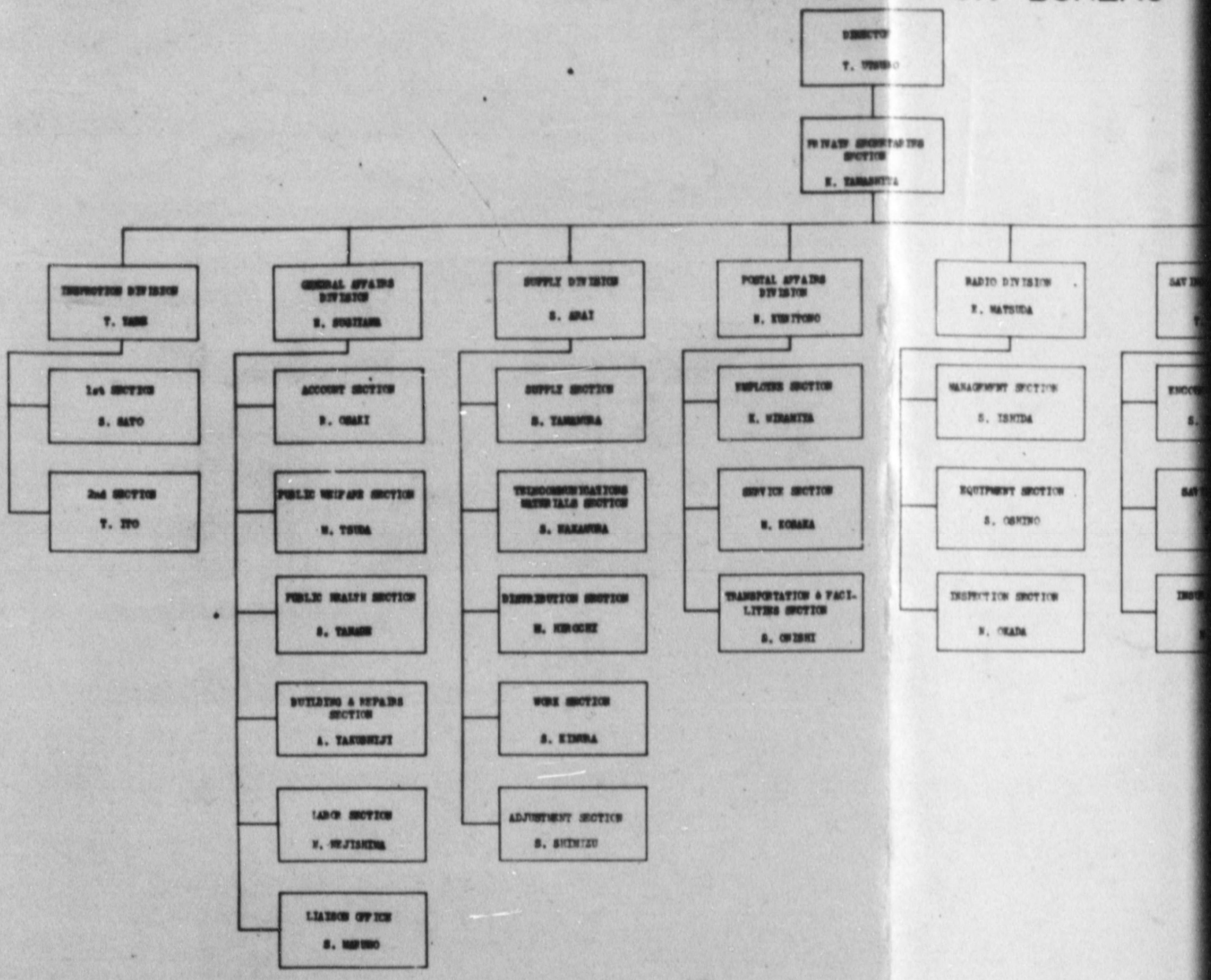
ORGANIZATION CHART
E MINISTRY OF COMMUNICATIONS
OPERATING DISTRICTS



ORGANIZATION CHART
JAPANESE MINISTRY OF COMMUNICATIONS
OPERATING DISTRICTS

GHQ
SCAP-CIVIL COMMUNICATIONS SECTION
PREPARED BY
TEL & TEL DIVISION

ORGANIZATION CHART
TYPICAL COMMUNICATION BUREAU
TOKYO COMMUNICATION BUREAU



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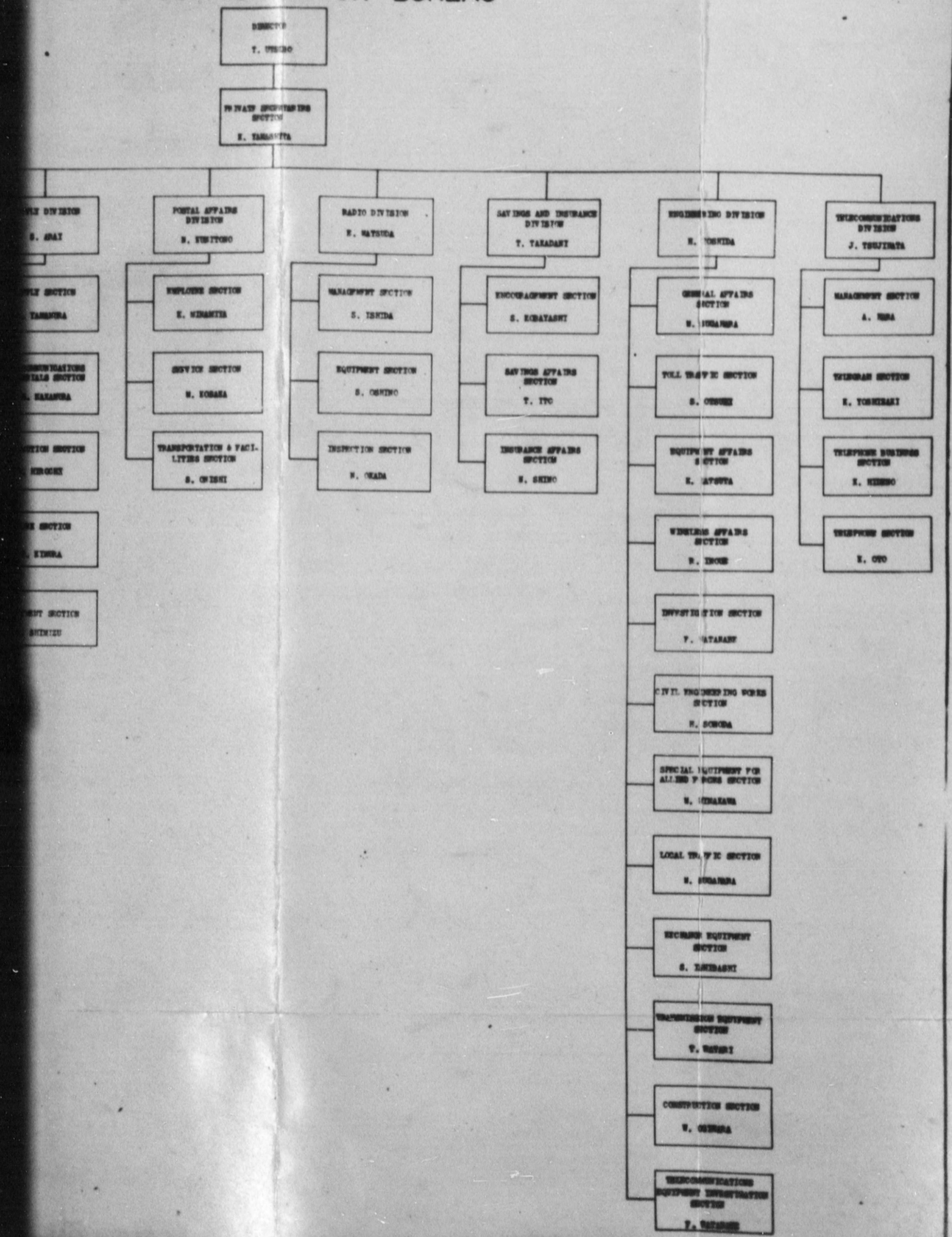
GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
CIVIL COMMUNICATION SECTION

SUBMITTED BY:	APPROVED BY:

ORGANIZATION CHART
TYPICAL COMMUNICATION BUREAU
TOKYO COMMUNICATION BUREAU



SECTION IV

Analysis of MOC Bureaus Dealing with Postal System

1. Postal Bureau

The director of the Postal Bureau is the highest official in the MOC dealing exclusively with the collection and delivery of mail. He has Service, Planning, Transport and Foreign Posts Sections on his staff, as well as a Public Relations Division. His relationship with the Directors of the Savings and Life Insurance Bureaus is perhaps closer than with those of the bureaus dealing exclusively with telephone, telegraph and radio, but it will be recalled that the local post office in any town will almost always be the location of the public telephone and telegraph facilities as well. The other Bureaus of the Ministry, with which the public does not come in contact, nevertheless render an important service to the Postal Bureau: Labor Bureau, General Affairs Bureau, Supplies Bureau as well as the Building and Repairs Division.

For simplicity, it will be stated that Postal Bureau is the ultimate staff organization of which the route mail carrier and the street letter box are the outward manifestation to the public. It supervises the mail activities of the ten Communication Bureaus, which in turn supervise the 13,976 post offices in Japan. More formally, the Postal Bureau establishes, and supervises execution of, plans, rules and procedures for the collection, processing, exchanging and delivery, domestically and internationally, of the various classes of mail. Its scope extends from adhesions to international postal conventions to designing and issuing the uniform and equipment of the mail carrier. Personnel training, design and printing of stamps, contract procurement of transportation, and publicity, are included in its functions. Despite the unique customs of Japan, the Postal Bureau may be said to render through its several types of post offices, a service to the public comparable in effect to that rendered by the postal services of many countries whose postal history is two or three times as long as Japan's.

For the purpose of this survey, the Postal Bureau will be inquired into through the means of a commentary on the post office system. From the three post offices located in Tokyo, Kyoto and Osaka in 1871, there has grown a system which, through the vicissitudes of the Chinese, Russian, First and Second World Wars, has constantly expanded. The following figures will indicate the growth of the first fifty years:

	1869	1871	1877	1887	1892	1897	1902	1907	1912	1916	1920
Number of P.O.s	0	180	3893	4524	4251	4274	5485	6685	7243	7506	7952
Sq.Miles per P.O.	-	820	38	32	35	27	22	20	20	20	19
Estimated No. of Postal Personnel (000)	-	2	6	8	9	24	35	38	42	44	53

The 30,000,000 people in Japan in 1871 posted a few thousand pieces of mail; by 1920, the population had reached 57,000,000 and the mail volume 7,300,000,000, or more than one piece of mail per week per capita. The growth of the mail service of the Japanese post offices, and the increase in usage by the population continued through the war years of 1936-1945, probably reaching the peak in 1944, when there were 14,238 post offices and possibly 5,000,000,000 pieces of mail handled. The surrender and readjustment had the effect of reducing mail handled volume to approximately 2,400,000,000 pieces for 1948. Not only did 1948 reflect a decline to about half of peak volume, but more ominously for Japan, it reflected an increase in postal personnel employed to 92,000 almost double the 1920 figure. Also employed in 1948 were 122,000 savings and life insurance personnel. This study will not undertake to analyze the underlying faults in a national economy wherein the Post Office mail volume is halved during a period when Post Office employment is more than doubled. Suffice it that the golden age of the Japanese Post Office appears to be coincident with that of the Japanese economy, namely the period between the Peace of 1920 and the Earthquake of 1923.

The Postal Bureau and its entourage grew great through the adoption of an institution peculiar to Japan, the Special Post Office.

There are two types of post offices in Japan, one type being designated as ordinary and the other as special. The primary differences are in the manner of handling personnel, finances and in the appointment of postmasters, particularly involving eligibility requirements. During the past two years many complaints have been made by employees individually and collectively through the All Japan Communications Workers' Union against the operation of the Special Post Office System. Complete abolishment of the system is demanded on the ground that it is feudalistic, undemocratic, and unfair to employees in that working conditions are bad and they can entertain no hope for promotion. The Japanese Government has made a study of the system and has decided on some changes, designed to eliminate the objectionable features, but retaining what are considered some of the most undemocratic elements. The purpose of this survey is to furnish a general outline of the two systems as they have been operated in the past and to set forth actions undertaken by the Japanese Government intended as measures to reform the Special Post Office System.

a. Ordinary Post Offices.

1. The position of postmaster is filled by a classified Government official, appointed in the regular way of selecting general officials. He is subject to transfer at the pleasure of the Minister of Communications.

2. All employees are paid their compensation by the Government on established scales.

3. There is no commission or discount allowed the postmaster on the sale of postage and revenue stamps.

4. Quarters and equipment are furnished by the Government.

5. Miscellaneous expense items are handled by lump sum allowances, but the funds are subject to the public accounting and auditing system.

b. Special Post Offices.

1. The postmaster is selected and appointed from the standpoint of financial ability to furnish quarters, equipment and capital with which to operate the office. This is termed "The System of Free Appointment." An applicant's moral background, education and ability are apparently given only minor consideration.

2. The postmaster is appointed to serve at a specific office and for an indefinite period.

3. Financial and property requirements, including the furnishing of buildings and equipment, render the position of special postmaster virtually hereditary, being passed from father to son for generations in many instances.

4. Expenses are handled under what is termed "Free Funds" and disbursements are not subject to the public accounting and auditing system. This includes salaries of employees.

5. The postmaster is required to use his personal funds to purchase stamp stock for the conduct of his office.

6. The postmaster formerly received a commission on the sale of postage and revenue stamps and there is no restriction as to territory in which he is permitted to effect sales.

7. The postmaster receives commissions on new Postal Life Insurance and annuity contracts.

8. While the basic salary is below the scale for classified officials, special postmasters receive other allowances under the same scale as classified officials in ordinary post offices.

9. Buildings owned by postmasters and used as post office quarters are exempt from taxation. Many postmasters reside in a building used by them as post office quarters.

In the larger cities mail delivery and collection service is rendered practically altogether through ordinary post offices. Independent special, non-delivery, offices operate within the delivery territory of other offices, there being instances where more than twenty are located in the territory of one ordinary office. In the smaller cities, delivery and collection service is rendered through special post offices to a much larger extent than ordinary offices. Independent non-delivery special offices are also operated within the territory of special offices performing delivery and collection service.

There are 568 ordinary post offices in operation. As of 31 December 1948, there were 13,408 special post offices in operation, 5,288 performing collection and delivery service and 8,132 without such service. The latter operate as finance units, but accept matter for mailing. It will be seen from the foregoing that only 4 per cent of the post offices in Japan are under the supervision of classified Government officials, while 96 per cent are conducted by officials selected under the so-called "System of Free Appointment" and are subject to such undemocratic and feudalistic practices as may be found to exist in the Special Post Office System.

A Ministerial Committee, comprising 11 officials of director level in the Ministry of Communications, with the Vice-Minister as chairman, has made a study of the Special Post Office System. The study has included coordination with the Central Labor Relations Board, the Special Postmasters Association and the All Japan Communications Workers' Union. Conclusions of the Committee have been in effect that "whole-sale abolition of the Special Post Office System" is neither warranted nor practicable; that the system has defects which should be corrected, but the System of Free Appointment should be retained. Changes undertaken as a result of the study include:

a. Financial status and property ownership are no longer to be considered in determining eligibility for appointment as a special postmaster.

b. Under the revised mail law private property in use by the postal establishments is no longer exempt from taxation.

c. Employees in special post offices are paid salaries by the Ministry of Communications in the same manner and on the same scales as employees in ordinary post offices, and are eligible for appointment as postmaster.

d. The Government is to own or lease post office quarters and equipment.

Potential benefits provided by the changes undertaken have been largely annulled by the attitude of the special postmasters and their association toward leasing or selling buildings to the Government. It is stated by Japanese officials that a large percentage of special postmasters own the building in which the post office is located and as a general rule will not rent or lease beyond their tenure of office at any figure. It is further represented that the Government is virtually forced to consider an applicant's ability to furnish quarters and equipment when making appointments, due to their inability to acquire such items except through the special postmasters who own them in most instances. This condition practically eliminates employees and makes a farce of their purported eligibility for the position) who, in reality, cannot hope to become postmaster.

It is further represented that those special postmasters who do not own the building used are able to negotiate rental rates much more favorable than could be done by the Government, which further hampers the plan to furnish quarters due to exorbitant rates demanded by building owners. Many items of

operating supplies are procured through activities of the Special Postmasters' Association and it is represented by Japanese officials that procurement by the Government would be much more expensive. Briefly, the special postmasters are opposing strenuously any move to change or abolish the present system and the Government appears to yield to their demands on all material points. There is every indication that they, as individuals and through their association, exercise strong influence with the Cabinet and National Diet.

As a step toward eliminating objectionable features of the Special Post Office System, a plan has been outlined and suggested to the Director of the Postal Bureau whereby all non-delivery special post offices located in the ten largest cities would be converted into branches, or stations, of the delivery office in whose territory they are located. The plan involves 1,152 non-delivery special post offices which would become operating units of the 105 ordinary offices performing collection and delivery service in the urban areas under consideration. The material benefits offered by the plan include:

a. The supervisor in charge of each station as well as all other workers would be classified employees of the main office and under control of the postmaster there.

b. There would be no independent post offices operating within the delivery jurisdiction of another office.

c. Accounting would be greatly simplified, as the stations would be units of the main office for that purpose and accounts now submitted direct to Communications Bureaus by the special postmasters would be discontinued.

d. Commissions formerly allowed the special postmasters on the sale of postage and revenue stamps would be eliminated, as sales would be as a unit of the main office and no commissions are allowed such offices. According to information furnished by the Ministry of Communications, commissions allowed postmasters on postage and revenue stamps average well above 40,000,000 yen a year for the entire country. No figures are available covering that information for the 1,152 special post offices presently being considered for conversion to stations of ordinary post offices.

e. As all station employees would be under the main office, the force would be flexible and could be shifted to meet emergencies at the main office or stations.

f. Many activities, such as pay roll records, personnel records and welfare activities could be centralized in the main office.

g. Canvassing for insurance and postal savings business would be handled from a centralized unit in the main office, leaving station personnel free to devote full time to actual operational duties. (Canvassing and collection activities are presently handled largely through ordinary offices performing delivery and collection service).

In discussing the plan, Ministry of Communications officials bring up numerous items as obstacles, including a general tendency to insist that more personnel will be required, which is not the case. While there may be instances where some additional personnel will be necessary at main offices because of centralization there of certain activities now handled independently at each special post office, there is a potential saving at every special office involved and in all units now required to process any feature of accounts or reports, as station business will be consolidated and reported by the main office.

A major problem is the matter of procuring quarters and equipment. The Government, however, is already committed to a policy of owning or renting such items over the entire country. The National Budget for the fiscal year 1948-1949, contained an item of 110,918,000 yen for rent of buildings.

The primary obstacle at this time is political opposition by the special postmasters. They have a strong organization and exercise a powerful influence in the Diet and with Ministry of Communications officials. It is hoped that the opposition will be overcome to the extent of adopting the plan involving the ten largest cities. A similar plan, but differing somewhat in details, is contemplated for the smaller cities, towns and villages.

SECTION IV

2. International Postal Service

A. Establishment and Background

In one respect, the concurrent opening of Japan and the establishment of the Japanese post office were fortitous, in that in the year 1869 the various nations of the world had come to the realization that some form of international mail regulations were necessary. Whereas other nations had struggled for several hundred years without organized international mail service, Japan practically had its international service handed to it over-night. An 1869 convention of delegates from fifteen countries failed to agree on the establishment of a working system; however, a convention at Berne, Switzerland in 1874, resulted in the creation of the International Postal Union in the following year, and Japan joined it in 1876.

Several of the large European colonizing nations, in conjunction with extra-territorial privileges extended them by Japan prior to the Restoration, had already established their own international post offices in seaports, such as Yokohama, Kobe and Nagasaki, but international postal service through these foreign territorial post offices was one sided and not in favor of Japan. The United States had such a post office in Yokohama but since the Americans had made no colonization efforts and few extra-territorial demands, they were favored by the Japanese above other countries. An American-Japanese treaty of 1873, resulted in the withdrawl of the American foreign post office in 1875. The French and British Foreign post offices were not withdrawn until some years later after it had become apparent that Japan's adherence to the

Universal Postal Union made them unnecessary. Parcel Post International Conventions were effected with Hong Kong in 1879; Canada, 1890; Germany, 1894; England, 1896; France, 1898 and Japan finally adhered to the Union Parcel Post Convention in 1902.

Japan later executed so-called international postal agreements with such countries as Korea, North China (later Manchukuo), Formosa and other South Sea Islands but the international nature of these agreements soon disappeared as these foreign countries "annexed" themselves to Japan.

B. International Postal Service During the War Years, 1936-1945

Japanese international mail service was handled by the Foreign Post Section of the Postal Bureau. The volume of international mail ran to over 100,000,000 pieces at the beginning of the Japanese war years, commencing about 1936, but the international aspect of it dwindled thereafter. In 1941, Japan's international mail volume was reported 580,000,000 pieces, of which 561,000,000 were exchanged with North China, Korea and other dependencies and practically nothing with foreign countries. Commencing with the suspension of collect-on-delivery mail service between Japan and Poland in June 1936, the Japanese international mail volume diminished as the war effort became more intense. At the time of the surrender in August 1945, all forms of Japanese foreign mail was suspended.

C. International Postal Service, 1945-48

The readjustment period after the surrender precluded all international exchange of mail until 10 September 1946 when limited service was authorized by SCAP to all countries except Germany. This new international service, however, was restricted to postal cards to and from Japan, one way gift parcels to Japan and the mailing from Japan such scientific and professional publications as were approved by the Supreme Commander for the Allied Powers. International volume for the month of December 1948 reached a grand total of 655,000 pieces received and 484,000 dispatched. This December figure represents a considerable seasonal increase resulting from Christmas and holiday gifts and greeting card exchanges but in no way compares with the 1941 volume of 580,000,000 pieces. As the rehabilitation of Japan progresses, the international mail service will be permitted to expand by SCAP in accordance with the international trade volume. The service now includes letters and post cards, with some restrictions, both to and from Japan, commercial papers, prints, samples and small packets and parcel post. International money orders, international insured and COD mail have not yet been reestablished due to the fact that no formal international rate of exchange for yen has been established. The ultimate restoration of Japan as a peaceful trading nation is expected to increase the international mail volume to possibly one-half of the 1941 peak.

3. Inspection Division

The Inspection Division of MOC, as reorganized early in 1948, reports through the Secretariat directly to the Minister, and has, in effect, equal

status with the Bureaus of the Ministry. The Postal Inspection function of this Division has been streamlined and modernized through efforts of the Civil Communications Section begun in 1947. For possibly 1,500 years or more, the Japanese have organized their nation in many respects in accordance with even older Chinese concepts. One of these Chinese concepts was the division of the country ultimately into villages under a headman, and each village into groups of 4 or 5 families under a lower headman. Responsibility for wrong-doing or crime within the 4- or 5-family group was squarely upon the group. A member of such a group was supposedly constrained from crime because some member or his entire group would suffer. There are established cases of fathers or brothers being executed for the crimes of their families. With the passing of the years, there came the custom of covering up the crimes within the group or village, probably to save innocent relatives from the wrath of the law. This covering up found its way into the Japanese Postal System, for it was only natural for a postmaster to obliterate the evidence of a crime by his underlings since the postmaster would otherwise innocently suffer if he reported the crime.

Such covering-up or "whitewashing" was encountered by SCAP, CCS, in its early investigations. Also encountered was an unfortunately fatalistic attitude on the part of the average Japanese patron of the postal service if his mail was rifled. He knew his complaint to the local postmaster would never reach higher levels where corrective action might be taken. There had been an Inspection Division, or its equivalent at Ministry level for years, but the actual work was supposedly done by the Inspection Sections of the ten local Communications Bureaus. The system was suspected of being replete with collusion, and thus the new Inspection Division in the MOC, divided into four Sections concerned with 1, Post Offices; 2, Telecommunications; 3, Life Insurance and Savings; and 4, Mail Inspection.

Celerity, certainty, and security in the handling of mails while in the custody of a postal administration are recognized essential factors for the proper operation of any postal service. Of the three necessary elements, the security feature is highly important. Without adequate security measures, other features of a postal service, regardless of how efficient they may be, lose their effectiveness. There is no indication that the security feature has ever received any worthwhile attention in the Japanese Postal Service. Officials of the Ministry of Communications attempt to explain this condition by contending that in prewar years complaints of losses or riflings were negligible. Regardless of whether that condition actually existed, the fact remains that when the Postal Division of CCS was activated, it was found that a definite need for security measures existed as officials of the Ministry of Communications were helpless to combat the ever-increasing instances of thefts and other mistreatment of mail matter.

During the war and for a period after the cessation of hostilities, the Japanese Post Office Service deteriorated a noticeable degree due to inexperienced personnel, shortage of equipment and supplies, and lack of adequate quarters. These circumstances and the critical economic condition of the

resulted in numerous thefts, riflings, and other mistreatment of mail matter. Extremely loose methods of accounting for Government funds also resulted in the loss of tremendous sums by embezzlements. The Japanese Postal Service has never had a group of postal experts whose duties were to advise the Minister as to the needs of the service, prevent waste of material and manpower, enforce measures relative to mail security, and consult with administrators on the many problems of the postal service.

Preliminary investigation showed conclusively that a modern complaint system should be established to reduce the number of losses of mail matter chargeable to theft and other causes. As the Ministry of Communications did not have properly trained men to make investigations in connection with losses, ten outstanding Japanese postal employees were selected and trained to operate and administer the new complaint system, these ten trained men to be used as a nucleus for later establishment of a Postal Inspection Service to make all postal investigations in the Ministry of Communications. Suitable complaint forms together with complete instructions have been prepared and the Ministry of Communications under surveillance of SCAP, CCS have cooperated in the placing of the new complaint system in effect.

Due to the magnitude of this new project which changed the procedure throughout the entire postal service, the new complaint system was started on 1 March 1948 in the Tokyo area. The Sendai area was opened on 1 May 1948, followed by successive establishment of units in the remaining field bureau areas.

Detailed instructions concerning the handling and completion of complaint forms have been sent to all post offices. Study of the complaints previously received at various post offices revealed that in 50% of the cases the addressees had received the articles. Under the new system, the addressee is interviewed immediately to determine whether a loss actually occurred before any extensive inquiry is made at intermediate post offices. By following this procedure, fully 50% of all investigations are eliminated with substantial savings in time and manpower. Also, under the new system, no inquiry is made at intermediate post offices on complaints concerning ordinary letters or parcels and mail matter of no value such as post cards, prints, etc. By eliminating those complaints where the articles were found to have been delivered, and those where inquiry would be to no avail or would serve no practical purpose, approximately 75% of all investigations have been eliminated at intermediate points. In addition, no record of complaints will be kept at any post office or postal unit where the new system is in effect. All records will be kept at offices of the Inspection Service. Previously, manifold records were kept of each complaint at all postal units and it was not uncommon to discover six or more records of the same complaint at one post office. In Tokyo Central and Tokyo Railway post offices between 1300 and 1500 man hours were consumed each month in the preparation and signing of useless records.

Considerable publicity has been given the new complaint system since its inception and public reaction appears to be most favorable.

The new complaint system is an important step in the modernization of the Japanese postal system. Heretofore, complaints from patrons were discouraged by postal employees rather than encouraged, it being the consensus that complaints brought discredit to their office. The Government itself was held in such awe that the general public refrained from calling attention of competent authorities to these irregularities. Today the mailing public is receiving definite answers to its inquiries within a reasonable length of time as a result of the new complaint system, and every effort is being made to assure patrons that their complaints will be given prompt and personal attention. Postal employees and supervisors have been instructed that patrons must be treated with every courtesy and respect, that the post office is operated for the people, and that postal employees are public servants.

Although additional employees will be required to perform this work in the Inspection Division of the Ministry, no general increase in personnel will be required. The savings of manpower hours through efficient management and the elimination of unnecessary records will release a sufficient number of employees from various post offices and postal units who can be transferred to the Inspection Division.

Since the establishment of the new Complaint System in March 1948, much progress has been made in the investigation of complaints and the apprehension of persons responsible for postal violations. Previously it was the policy of the Ministry, when investigating matters of this type, to exert every effort in the recovery of stolen and illegally obtained funds, but little or no attention was given to the punishment of the offenders. Only in severe and flagrant cases were the violators turned over to law enforcement agencies for prosecution. At present, however, the Director of the Inspection Division has issued orders that every investigation wherein an offender is apprehended must be reported to the Public Procurator for prosecution in accordance with the law. Every effort is still being made to recover stolen funds, and to effect reimbursement to the mailing public and/or the Ministry of Communications. For the first time in the history of Japan successful investigations are also being made incident to the theft and rifling of ordinary letters and parcels.

Approximately 6,000 complaints concerning the theft or other mistreatment of mail matter are investigated each month. Of this number, 80% of all letters and parcels reported to have been lost or stolen are located or found to have been delivered. Complainants are advised promptly, usually within fifteen days, as to the results of the investigation.

It must not be inferred that the Japanese postal inspection service will be exclusively assigned to the apprehension of criminals. The decline of morals after a war, especially in a defeated country, naturally results in an increase in crime. Considerable mail depredations are now encountered but with continued success in prosecution of offenders the rate is expected to decline. When a stabilized condition is achieved, the Inspection Bureau will be devoting possibly no more than 10% of its time and energy to criminal work. The Bureau, under the Ministry of Postal Services Establishment Law No. 244, of 1948, will among other duties; inspect and investigate all business

and services of the Ministry, accumulate and analyze public opinion concerning the Ministry and prepare drafts of laws and regulations concerning service and criminal investigations.

Functions of the Postal Inspection Bureau in the Ministry of Postal Services, in addition to continuing criminal investigations, will include responsibility for service and miscellaneous investigations and for keeping the Minister advised as to general conditions and needs of the service through a medium not under the influence of intermediate operating and administrative agencies, thus enabling him to proceed in an orderly manner to eliminate any waste, extravagance and inefficiency.

The Inspector General of an Army looks into all phases of Army organization and operation; the Director of the Inspection Bureau will do the same for the Ministry of Postal Services.

4. Postal Savings Bureau

Postal savings and money orders were introduced in 1875, the savings aspect being modeled on the system as then existing in England. In 1905 the postal savings service was extended to include the purchase, sale, and custody of government securities, and in 1906 postal transfers were introduced, which are identical in function with a postal money order in that they afford a means of transmitting money, and similar in character to postal savings as the credit balance bears interest. It must be noted, however, that societies, associations, and even government agencies utilized the postal transfer accounts, since these latter bodies are not limited as to maximum balance, and as late as 1945 and 1946 we find societies and even business enterprises taking their money out of regular banks and putting it into postal transfer accounts in order to avoid possible freezes by the Government. Postal savings certificates and postal savings stamps were introduced in 1941 and 1942 in connection with wartime lottery enterprises conducted through the post offices. Twenty-nine postal savings branches serve all of Japan, maintaining ledgers and accomplishing all necessary administration, but individual transactions by depositors are initiated at individual post offices.

Originally the amount of ordinary savings per depositor was limited to ¥500 but this amount has been increased through the years particularly since the end of the war due to yen depreciation, and stands since August 1946 at ¥10,000. However, this maximum limit does not apply to public bodies and as a matter of fact the limitation has never been strictly enforced since the centralized method of maintaining accounts does not provide a ready method of detecting violations. Apparently one of the reasons for non-enforcement was that the maximum limitations were originally imposed through the interest of private banking interests with which Ministry officials had no sympathy.

The original interest rate of 3%, compounded annually for ordinary savings accounts, increased to 7.2% in 1881 and has since declined gradually to the current rate of 2.64%.

The growth of the postal savings system is illustrated by the following tabulation covering Japan and its overseas territories:

Date	No. of Accounts	Amount (yen)
31 December 1875	1,843	15,224
31 December 1900	1,883,262	24,015,138
31 December 1910	11,687,047	183,513,763
31 December 1920	23,781,640	847,003,707
31 December 1930	38,090,496	2,349,315,174
31 December 1936	48,185,149	3,352,389,391
31 December 1938	72,269,501	4,424,983,446
31 December 1939	83,307,427	5,657,890,729
31 December 1940	93,855,668	7,377,586,478
31 December 1941	106,274,770	9,087,517,092
31 December 1942	126,803,836	11,884,217,965
31 December 1943	155,457,757	16,970,505,728
31 December 1944	188,828,396	26,822,334,764
31 December 1945	200,999,770	39,828,334,764
31 December 1946	198,429,640	52,925,339,295
31 December 1947	184,614,793	51,362,761,910
31 December 1948	191,186,149	72,141,806,108

The growth of the domestic postal transfer system is illustrated by the following statistics:

Date	No. of Accounts	Balances (yen)
1906	6,000	1,000,000
1916	85,000	16,000,000
1926	248,000	376,000,000
1936	479,000	84,000,000
1941	736,000	255,000,000
1943	800,000	471,000,000
1944	803,000	631,000,000
1945	797,000	1,212,000,000
31 December 1946	798,112	949,297,173
31 December 1947	800,000	1,105,289,841
31 December 1948	801,831	1,917,979,736

In the case of the ordinary savings in the first tabulation above, the tremendous expansion in the 10-year period 1936-1945 reflects the Japanese Government's success in drawing off surplus money for the prosecution of the war. Yearly quotas were constantly set and exceeded. The readjustment and subsequent increase following the surrender represent largely yen depreciation. In the case of the postal transfer accounts in the second tabulation above, the great volume during the war years was due principally to the use of transfer accounts by government agencies and financial institutions in receiving and disbursing the proceeds of bond sales, war loans, and other financing incident to military operations. The yen depreciation subsequent to the surrender, of course, tended further to swell balances subsequent to 1945.

The Ministry of Communications transfers surplus savings funds and postal transfer funds from the prime depository, Bank of Japan, to the Deposit Funds Management Bureau, of the Ministry of Finance in accordance with a SCAP directive of 1946 in order that central investment by the Government of all such surpluses may be accomplished.

No discussion will be entered here into the types of savings and postal transfer accounts other than to state that the end results achieved were and remain satisfactory from the Japanese viewpoint since the great majority of savings are concentrated in these postal accounts which far exceed the combined deposit balances of all commercial savings accounts in the regular banks of the country.

Administratively, the post offices in which savings and transfer transactions are initiated report to one of the 10 Communications Bureaus established throughout the country, which bureau receives and audits daily post office reports, forwards consolidated reports to the Tokyo Savings Branch and individual vouchers on the savings and transfer accounts to the appropriate savings branch which maintains the individual ledger involved. The various savings branches which maintain these individual ledgers are responsible directly to the Savings Bureau of the Ministry of Communications and are not subordinate to the 10 district Communications Bureaus. The normal complications accruing where transactions may be initiated in any one of 14,000 post offices but where the appropriate deposit or withdrawal may be posted in only the specific one of the 29 savings branches involved naturally causes some arrearage in bookkeeping but the populace appears satisfied and the end results are apparently justified since the maintenance of only 29 sets of books is far more administratively efficient than the maintenance of some 14,000 odd sets. The great drawback in this system becomes apparent only when a major catastrophe like the earthquake of 1923 or the bombings of 1945 results in mass destruction of these central ledgers. The Hiroshima Savings Branch had 29,000 transfer ledgers alone destroyed in the explosion of the atom bomb and has to date been able to restore only 9,000 for a restoration percentage of 31% A further illustration is the following chart on the numbers of ledgers and records destroyed countrywide as of 31 October 1946:

Type	No. Destroyed	No. Wholly Reconstituted	No. Partly Reconstituted
Savings Ledgers	50,680,000	8,285,000	11,027,000
Transfer Ledgers	213,500	79,000	---
Bond Custody Ledgers	2,050,000	59,000	---
Bond Custody Cards	146,782,000	98,842,000	---
*TOTALS	199,725,500	107,365,000	11,027,000

*An interesting commentary on the savings habits of the Japanese people is the number of ledgers destroyed in the tabulation above, namely, 199,725,500. At the time of the destruction there were probably less than 80 million people in the country. The tabulation in Section II Overall

Picture of the Japanese Postal System, which reflects, among other information, the fact that at the end of 1948 there were 191 million savings accounts with a total deposit of ¥72,141,806,108 should be further considered in the following light:

a. The yen depreciation subsequent to September 1945 (one yen unofficially equals $0.0037 at this time) had two effects; firstly, the normal effect of vastly increasing so-called "sleeper" ledger accounts. It is estimated by officials of the Ministry of Communications that 40% of all postal savings ledgers in the system today are "sleeper" in that they have not reflected transactions for at least 5 years. The further surprising fact is submitted by the Ministry of Communications officials concerning these "sleeper" accounts, namely that the average balance involved is ¥8 each. It has been determined that the transportation costs in many cases to make the trip to a post office to collect the balance due of ¥8 would actually exceed the ¥8, and thus some 3 billion yen aggregate is on the books of the postal savings system in accounts which will never be withdrawn. The Ministry estimates that the cost of administering the "sleeping" 40% of all ledgers runs to only about ¥1,600,000 a year whereas the income from investment of the 3 billion yen involved would be about 600 million yen a year. Japanese law causes "sleeping" accounts of 10 years' duration to revert to the Government.

It is interesting to note that the postal savings system is now so well organized that stipulated amounts may be deposited through a door to door collection service operated by each post office. The postal savings system and the postal transfer system are important factors in the function of the Japanese national economy. The savings functions provide and encourage the national habit of thrift and the transfer system gives low cost facilities for the settlement of mail order and other small commercial transactions, payment of insurance premiums, installments and bills, collection of municipal and prefectural taxes, and the handling of financial operations generally affecting the public and the Government.

Neither system will ever entirely recover from the destruction of ledgers in 1945 but the operation of the 10-year reversion-to-Government law will ultimately arbitrarily write off the present inefficiencies and inadequacies resulting from improper records.

5. Postal Life Insurance Bureau. Studies begun in 1908 resulted in the passage by the Diet in 1916 of a Postal Life Insurance Law. Post Office annuities were inaugurated in 1926. Industrial life insurance in Japan, in its underlying general principles, differs very little from that carried on in other countries. The Government's motive in undertaking the enterprise is said to have been solely the promotion of the welfare of the masses. It has the following characteristics quite unknown to the systems in other countries:

a. It was a government monopoly until October 1946. Competition from private companies since that time has been insignificant. Placing the advantages of life insurance within the reach of all, it was undertaken by the government with a view to keeping it clear of the evils

which are said to arise from keen competition when left in the hands of private undertaking.

b. Approximately fourteen thousand post offices in all parts of the country act as agencies in connection with field activities (such as canvassing, collecting premiums, etc.), thereby effecting a material saving in administrative charges and conveying the benefits of this convenient and simplified form of life insurance to persons of limited means throughout the country.

c. It is proprietary in form, but the fund is a special account kept separate from the general account of the Treasury, and the policyholder has a share in surplus of income over disbursements.

Investment of the life insurance reserve fund was administered by the Life Insurance Bureau up to 29 January 1946 at which time the Ministry of Finance was directed by SCAP to terminate all direct lending and investment activities and to deposit with the Deposit Funds Management Bureau all funds that were available or might later become available for investment. Prior to this time, investment of the life insurance reserve fund was based on the theory of financial decentralization or more exactly, "Back to the place of origin in exact proportion to which such place has contributed towards the formation of the fund" - a root principle by which this enterprise was strictly guided in the matter of investments. The investment of these funds was also strictly restricted to social welfare works so that they could not be utilized to the exclusive benefit of the more prosperous elements of the population. All the routine field work such as canvassing, paying claims, collecting premimums, etc., is done by post offices, adequate supervision being exercised by ten regional Bureaus of Communications in their respective districts. Seven life insurance branches strategically located throughout Japan receive life insurance applications from post offices and complete the necessary forms including policies, policy ledgers and premium record pass books. In addition, these branches make administrative reviews of claims and formulate sales promotion plans for new insurance. The Actuarial Section of the Post Office Life Insurance Bureau, MOC, provides scientific statistical tables, efficiently produced by the card punch method, which marks the official ambition to get into close touch with the varying sociological conditions surrounding industrial insurance. English publications on industrial insurance have been generaous, in their praise of the exhaustive tables produced by this Section of the Japanese post office insurance enterprise.

Insurance policies are either "Whole Life" or "Endowment". The maximum amount set for insurance policies has been increased from the original maximum limit of ¥250 to the current ¥25,000 limit to compensate for the increasing rise in the cost of living. The maximum amount of annuity policies has been increased from ¥2,400 to ¥24,000. Life insurance premiums are payable monthly or yearly with a choice of three methods; the most popular being the one in which premiums are collected at the homes of policy holders by collectors from post offices, secondly, by payment of premium direct to the post office, and thirdly, by transfer of the

premium amount from the policy holder's transfer savings account to the life insurance bureau's account. Annuity premiums are paid yearly, semi-annually, or monthly by the above methods of payment. No medical examination is required, but all applicants must be personally interviewed by an official of the post office. There is no restriction as to occupation or residence. Should death occur during the first policy year all the premiums paid are returned. If death occurs during the second policy year, one half the sum insured is payable. Immediate full benefit, however, is granted if the insured person dies by accident or from one of certain specially enumerated diseases covered by law relating to the prevention of infectious diseases.

Insurance policy loans are granted, but the sum to be advanced must not be more than 70% of the existing surrender value of the policy, and not more than 50% of premiums paid. Amount of annuities paid must be subtracted from premiums paid before a loan is granted. Loans must not be less than ¥500 at one time.

Three hundred and twelve health consultation centers have been established throughout Japan for the benefit of policy holders. These centers were transferred to the Welfare Ministry in 1944 under a common welfare program necessitated by the war. Ministry of Welfare is to pay to the Ministry of Communications a sum of ten million yen over a period of 10 years for these facilities. The Life Insurance Bureau retains the privilege of sending policy holders to these centers for necessary clinical care. This comparatively modern medical service provided the services of over 31,000 doctors and 10,000 dentists. Free medical advice was furnished to policy holders as well as greatly reduced hospital rates. This service has been partially reduced in scope due to the devastation resulting from the war.

Development of industrial insurance under the administration of the Post Office Life Insurance Bureau has been phenomenally successful as evidenced by the growth of the enterprise. The following figures illustrate this growth:

	Number of Policies	Amount of Insurance	Monthly Premium Income	No. of Policies per 1000 of Pop
March 1917	261,469	¥ 24,508,560	¥ 107,994	5
March 1920	1,599,715	153,169,954	696,278	29
March 1930	14,528,019	1,949,938,004	11,580,039	211
March 1940	37,357,913	6,752,862,456	33,712,873	455
March 1945	83,631,360	21,538,102,756	104,127,042	988
March 1948	86,054,573	44,161,152,971	232,572,036	1,102

Under existing economic conditions, this enterprise has been adversely affected by inflation as have so many other government enterprises with spiraling cost of operations. Administrative costs are inordinate in comparison with premium revenue. For the year ending 31 December 1948, approximately 83% of each premium was expended for operations. A recent

increase in the maximum limit of ordinary life insurance from ¥10,000 to ¥25,000 has stimulated sales and greatly increased premium revenue which will help offset the accumulated reserve deficit, and if contemplated new business goals are successfully completed, and present price levels maintained conforming to the current salary scale, a surplus should be realized in reserve funds by 1951. The Life Insurance Bureau is anxious to regain control of administering investments of their reserve funds so that a more favorable rate of interest may be realized by loans to local public bodies and in accordance with the policy established at the time Post Office Life Insurance was inaugurated in 1916. Officials of this enterprise state that if control of investments were returned to their Bureau, the business as a whole would be greatly enhanced and it would be possible to show an early profit.

Surveys of life insurance branches are now being conducted by this Japanese Bureau with a view to increasing their efficiency of operations and reducing the personnel complement of each office to effect a savings in operating costs, Reductions in personnel will be effected by attrition through vacancies occurring from retirements and resignations. Union opposition to mass reduction of personnel through the medium of dismissals or suspensions prevents any immediate decrease, but the natural trend of resignations and retirements will gradually show in reduced operating costs.

SECTION V

Analysis of Post Offices

1. Types and Numbers

In a country where 96% of all the post offices are presided over by special postmasters, whose qualifications for appointment to office must include the ownership or leasehold of the prospective post office, some unusual conditions are bound to obtain. Such special postmasters have obtained fixed non-accountable sums for the operation of their offices, and have also enjoyed the "discount" privilege on sales of stamps, as well as semi-feudalistic control over their employees. It can be well understood why the Special Postmasters Association so vigorously opposes all attempts to regularize the special post offices with regard to fees, salaries and compensation, for there are proven examples of earnings by special postmasters far in excess of the trained careerists who have risen to the rank of ordinary postmaster.

The largest special post office employs about 60 personnel; Tokyo Central Ordinary Post Office employs 2,700. Tokyo Central is a fair example of the modern western type Japanese structure. It was not greatly damaged in the war, although it suffers today for want of heat and other facilities due to the wartime need to remove all its steam radiators for conversion into munitions. Of about 600 ordinary post offices situated in Government-owned buildings, no more than 250 could be considered comparable to Tokyo Central in construction, design and modernity of equipment. An appreciable number of ordinary post offices are in poor condition, partly due to war damage, and partly to neglect. Lighting in all ordinary post offices is by electricity, but has no relation to scientific usage, and may be facetiously said to be "Early Edison". Several commentaries from post office survivors in Hiroshima and Nagasaki have depicted the awful destruction in those cities. Even in other cities today, repairs and rehabilitation of postal structures are still unaccomplished since the 1945 bombings. The following chart of the damage to Hiroshima MOC facilities at 0745 hours on 6 August 1945 represents instantaneous damage, as against the progressive burning suffered by other cities:

		Personnel			
Office	Damage	Dead	Wounded	Injured	Loss
Communications Bureau	Part burned	79	142	221	¥ 3,345,000
Hiroshima P. O.	Utterly destroyed	248	18	53	3,370,000
Ekimal P. O.	" "	36	40	133	1,561,000
Ujina P. O.	Part damaged	9	3	62	830,000
Hiroshima RPO	Utterly destroyed	11	18	90	-
Hiroshima Telegraph O.	" "	140	73	67	-
Hiroshima Telephone O.	" "	221	85	158	1,906,000
Telecom Engineer O.	" "	90	51	24	-
Telecom Relay O.	" "	49	20	63	421,000
Wireless Engr. O.	Part destroyed	1	10	16	-
57 Special P.O.s	Burned out	12	-	80	-
Comm. School	Part damaged	6	2	5	-
Electrical Laboratory	Utterly burned	3	5	37	-
TOTALS		945	467	1,009	¥11,433,000

Note 1. The 2421 killed wounded and injured represented 90% of all on duty at 7:45 a.m. Many of the wounded and injured died later.

Note 2. Yen loss can safely be estimated at ¥15,000,000, representing $4,000,000 at the 1945 rate of exchange, and possible $7,000,000 at the time of construction.

Note 3. Foregoing figures from Hiroshima Communications Bureau.

2. Construction Features and Facilities Offered

Whereas ordinary post offices tend to be of specific design and type, even though in disrepair, the special post offices can be anything from a corner concession in a dilapidated fish-market to a respectable concrete or brick building of the commercial type. On the average, however, special post offices are superior to ordinary post offices only in their great numbers. Lack of nearby housing, and wretched transportation to the suburbs causes many employees to sleep temporarily in the post office building. As a general rule, at least the postmaster, if not others, permanently reside in special post office buildings. Many special postmasters spend little time in their offices, and have offices inaccessible to the public. Aproximately ninety percent of urban offices were in some way damaged in the war, and to this day some vestige of this damage remains to a greater or lesser degree.

The commendable personal cleanliness of the Japanese in his residence does not carry over to the post office where he works. It may be said that ordinary and special post offices alike are dirty. The mail handling equipment is years behind comparable foreign equipment, and such few mechanical cancelling machines, etc., which can be observed are inoperative for want of maintenance. Sorting racks and tables are poorly placed, poorly lighted and poorly labeled. Despite the tenor of the foregoing remarks concerning the general condition of the Japanese post offices, it must be remembered that habitations for tens of centuries in Japan have been perforce uncomplicated, particularly in the less frigid areas. Fire and earthquake have taught the Japanese, especially the poor, to make a minimum investment in his structures -- a roof and sliding walls suffice. Post office floor plans have been noted with small circles to indicate the location of braziers for heating.

Factual data concerning the Postal Building Program of the MOC indicates that ¥17,634,000,000 has been earmarked for expenditure during the fiscal year of 1949. Two hundred and eighty one projects are included, with 13 now in various stages of completion. Only 53 projects were begun in fiscal year 1948, including 17 post offices, 9 savings branches, 11 railway mail service buildings, 5 hospitals and clinics and 5 warehouses.

SECTION VI

CURRENT OPERATIONS

1. Extent of Air, Land and Sea Transportation Facilities

Normal facilities for the transportation of postal matter, air, land and sea, are reduced to land and sea for Japan for the near future, since the Armistice of 1945 precludes Japanese flying, military and civilian. Japan has 600,000 miles of roads, few passable in all weather, and only 1.1% paved. Japan's Merchant Marine has reached a gross tonnage of only 1,676,912 in December 1948, practically none of which carries mail. But Japan's railway system, state and privately owned, has grown from 18 miles in 1870 to 20,324 miles in 1948, over which distance there exists 16,725 miles of railway mail service. In addition and complementary to the railway mails, there is the motor truck, the bicycle and the hand cart. And as in all other countries, there is the mail carrier, 34,396 strong in Japan. The following tabulation of MOC postal transportation equipment is representative of post-war Japan (30 September 1948):

	Railway Mail Cars	Motor Trucks	Bicycles
Carried on Record	701	912	37,433
Unserviceable	154	133	2,330
In Actual Use	537	779	35,103
Reserve	0	0	0
Additional Needed	-	-	2,480
Surplus	10	27	0
Total Equipment	537	891	37,583

2. Provision for Expedition and Delivery of Mails:

Insofar as expedition is concerned, there are four classes of Japanese mail:

a. Ordinary mail - which is similar in type and handling to ordinary mail in most other countries and is handled in a routine manner.

b. Express mail - which is similar to special delivery mail in the United States except that it is expedited both at the receiving and delivery end, and is carried to the addressee on special trips.

c. Registered, ordinary - which is roughly equivalent to insured or registered mail in the United States and which receives routine handling similar to that of ordinary mail.

d. Registered, special - similar to express mail except that it may be insured to a maximum of 400 yen for a fee up to a maximum of 20 yen.

Observation by SCAP representatives indicates that the expediting of Japanese mail does not mean the same to a Japanese mail clerk as it does to a U. S. mail clerk. Instances have been noted where railway

mail pouches have been allowed to accumulate on the receiving dock until all of the afternoon or evening trains had arrived before such mail was handled, whereas in the United States each bag received is required to be promptly put in process. In any mail system there will be processes which may be described as primary and secondary separation, the first of which is by State or area thereof and the second by city, streets or blocks, etc. Instances of Japanese sorting have been noted wherein the primary breakdown is not conducted until all mail available has been handed to the primary clerks during which time the secondary sorters are not working at all. When the primary breakdown has finally been accomplished, the matter is passed over to the secondary sorters who then begin to work while the primary sorters cease to work. Incidentally, it is apparently a Japanese custom to observe the tea hour and this observance seems to take precedence even when a particular office is literally swamped with mail. There is no staggering in the participation in the tea hour; all clerks join at the same time with the result that mails are not handled at all for periods of 30 minutes at a time.

All Japanese route carriers have to be well trained in their routes for the reason mentioned heretofore, namely, the absence of street names and house numbers. As a matter of fact the route carrier must in effect know the names and house locations of all of the patrons on his route. In addition, he must know several alternate routes in order that he may substitute for ill or otherwise absent carriers. Whereas the average Japanese post office is open for receipt of mails 10 hours a day, the average Japanese route carrier does not put in more than 6½ to 7 hours a day not all of which is spent delivering mail.

The following chart has been received from the MOC indicating the time it takes for express and ordinary mail to reach various cities from Tokyo:

Destination	Distance, Miles	Hours Express Mail	Hours Ordinary Mail
Ichikawa	8	44:35	44:35
Kanasaki	10	19:30	43:41
Urana	12	19:10	19:10
Utsunomiya	65	18:15	18:15
Maebashi	68	17:10	17:10
Mito	73	17:15	13:30
Kofu	77	21:40	1[illegible]:35
Shizuoka	111	23:30	91:06
Nagano	190	20:30	20:30
Niigata	206	20:30	20:30
Nagoya	225	46:00	71:15
Ogaki	254	28:00	67:40
Toyama	256	22:20	42:35
Tsu	273	42:30	92:30
Komatsu	310	43:30	40:25
Otsu	311	41:50	67:05
Fukui	341	42:30	70:00
Osaka	343	43:30	91:30
Nara	373	51:30	66:10
Maizuru	382	43:40	72:45
Wakayama	385	--	72:00
Himeji	398	42:50	66:31

Inspection of the above chart will indicate that the mileage from Tokyo does not always indicate a consistent elapsed hour time for delivery to the receiving post office. This inconsistency is the subject of a study for the purpose of introducing necessary efficiency.

A continuing survey of the Japanese postal service has been conducted which has noted the following various causes for inefficient mail handling.

a. Sixteen hour shifts are required for mail handling personnel on a recurring basis every three or four days, yet the clerk sleeps approximately one-third of this time on an average.

b. The number of supervisors and foremen appears to be excessive,

c. Lobbies and work rooms are cluttered, poorly lighted, in disrepair and subject to conflagrations from portable braziers.

d. Tardiness of employees is chronic.

e. Poor coordination as between outgoing mail pouches and departing train schedules.

f. Overtime is controlled by the clerks and not by the supervisors.

g. City carriers have to sort their mail on tables rather than in routing cases.

h. Administrative inspections are insufficient.

i. Sunday deliveries are made.

j. Carriers are looked down upon by the public, and carrier morale is further lowered by the issuance of poor quality uniforms.

SCAP surveillance will in time result in increased efficiency of the Japanese post office but ~~not~~ until the workers begin to give a day's work for a day's pay will genuine good service be given to the public.

A major effort for generally improving the tone of the Japanese postal system is the training program soon to be instituted by the MOC as the result of SCAP representations. The Japanese for at least 1,500 years have believed in the benefits of training for civil servants, but in this connection have adhered to ancient Chinese practices whereby certain selected students were given employment after passing examinations. These civil service examinations have been difficult to pass and have required great competence in language and cultural subjects. The cultural subjects have been the great drawback to training, even as late as 1946 and 1947. The Communications College right up to 1948 has been teaching such major courses as:

Ethics	Russian	Outline of Philosophy
English	Gymnastics	Cultural History of Japan
Japanese		

To be sure, postal and administrative subjects have been taught, but to no greater extent than the cultural subjects. SCAP, CCS has actually discovered Curricula of lesser schools including: Human Society, Mutual Coordination, Family Life, Social Problems and Concepts; and one sub-course in Flower Arrangement is vouched for by SCAP surveillance personnel.

Credit must nevertheless be given to the MOC for its ability to appreciate SCAP, CCS, suggestions, as evidenced by the Government Communications Employees Training Law of 2 March 1948, which in broad generalities provided the basis of new training programs and will be placed in effect in January 1949. Over a period of many months, Post Office officials have conferred with SCAP, CCS officials, and have accepted two basic concepts for all future training, firstly, "On-the-job training", and secondly, "Advanced training".

In brief, On-the-job training will apply to all postal workers. It is designed to improve a worker's efficiency on his own job, and to fit him for advancement by training him also in a higher classified job. It may be stated that heretofore a worker could spend his entire postal career as a low grade clerk, with little or no chance for advancement. The keystone of the entirely new concept of On-the-job training is the ability of present supervisors to instruct subordinates. A chain reaction type training scheme for supervisors and instructors has been evolved and is beginning at this writing. Under this scheme, key representatives of the 10 Communications Bureaus have in December 1948 been themselves indoctrinated in the On-the-job training system. These representative supervisors have been returned to their respective Bureaus, and are in turn indoctrinating lesser key officials. The process will devolve until each worker is in turn being trained in correct and efficient methods. While this type training is absolutely new to Japan, it is being received with sufficient enthusiasm, and should in very short order reflect improved service to the public.

Advanced training, as the name implies, is designed for foremen, supervisors, or other worthy candidates. Whereas On-the-job training generally improves a worker's technique, advanced training may be said to improve his comprehension and vision, and thus naturally fit him for higher staff and administrative duties. The advanced training courses comprise a planned schedule of 725 hours of lecture and text book instructions, as follows:

Outline of Postal Service	50
Laws & Regulations of Postal Service	200
Postal Accounting and Management	100
Outline of Duty	80
Postal Geography	40
Postal Business English	80
Other Subjects	55
Field Observation Trip	20
Postal Service Planning	100

It must not be imagined that the MOC was able to cause the training program to spring full-blown into being. Prejudices of centuries had to

be overcome. Acceptance and utilization of the training concept required first the acceptance of the new concept that a low grade postal worker must not of necessity remain a low grade worker during his entire career. Even more difficult was the acceptance by the Ministry of the concept that otherwise capable men should not be deprived of high office simply because they were not graduates of Tokyo Imperial University. The change-over from the old cultural training for the few to the dynamic On-the-job and advanced training for all is not yet finished. Without proper surveillance the training program could fail. The ¥39,700,000 appropriated for the first year's effort, plus surveillance should go far toward providing a uniform, efficient and expeditious postal service for Japan. It is believed that the Japanese people, once aware of the benefits of a good system, will never accept less.

3. Provision for Safeguarding of Mails

As previously noted, clerity, certainty and security in the handling of mails while in the custody of a postal administration are recognized essential factors for the proper operation of every postal service; and of these three, security is the keystone. The beginnings of the modern Japanese mail security system were made in March 1948, in the Tokyo area, and later expanded throughout the country. The mail security system is fully described in SECTION IV, Paragraph 2, The Inspection Division, Ministry of Communications.

The Japanese Postal Inspection Service is patterened after that of the United States. Despite news headlines to the contrary, neither system depends on brilliant spot deductions by super-inspectors for the apprehension of criminals, but rather on painstaking thoroughness of investigations by trained crews of inspectors working as teams. In Japan a relatively simple questionaire, a Form YU 101, is the basis of the down-fall of many a depredator of the mails. Briefly, Form YU 101 is something new in Japan; it is a form provided to the Japanese patron of the mails on which to record all pertinent data concerning non-delivery or loss of his mail. True, the Japanese could complain to his postmaster in the feudalistic past, of losses, but his complaint apparently rarely received attention, with the result that the local rifler of mails went undetected, while the patron progressively developed a fatalism which prevented him from even complaining in most cases of loss. Since March 1948, national publicity, in the form of posters in every post office, signed by the Minister of Communications, has exhorted every Japanese to report every loss. Slowly during early 1948, and at an accelerated pace in later 1948, the incredulous Japanese has cooperated in the use of Form YU 101, has obtained action, and, in an increasing number of cases, restitution of his losses. The following chart from the Inspection Division reflects the progressive building up of arrests and recoveries made in latter 1948:

	AUG	SEPT	OCT	NOV	DEC
Postal Employees Arrested	42	81	96	146	85
Other Persons Arrested	36	48	21	84	120
*Losses Due to Postal Violations	¥299,710	¥367,650	¥62,400	-	-
Recovery Made by Inspection Division	¥17,242	¥333,563	¥132,814	¥620,811	¥630,304

*It is impossible accurately to determine losses - estimated figures. As the Inspection Division, and after 1 June 1949, the Inspection Bureau, develops its plan for 500 trained operatives, it is expected that apprehensions and recoveries will climb to a peak, after which there will be a dropping and leveling off of arrests and losses as the deterrent of almost certain apprehension militates against all but the few professional criminals, who, in any country, will continue to attempt crimes against the people.

The inauguration of the Inspection Division was informally opposed by all but the top officials of the MOC. Its function of encouraging complaints, and of investigating crimes heretofore covered up at low levels was variance with the ancient Japanese custom of saving face. A postmaster knew that to report a depredation by one of his clerks was to incur loss of prestige. As the system has developed, and as it has been determined that the official was not criminally liable for the violations of his subordinates, there has been a lessening of opposition to the inspection service. The difficulty of democratizing overnight will cause continued opposition in some quarters, but the continuing education of officials, clerks and the public is expected progressively to overcome opposition.

Already the inspection service has ferreted out and struck telling blows against two abuses of the postal system which otherwise would have gone undetected; namely, the transportation and delivery of mails by private interests in violation of the Government postal monopoly, and depredations by employees of the Japan Mail Conveyance Company, an official contract carrier of the MOC.

The passage of the next 12 months should see the emergence of an inspection system which will have become perhaps the major factor in building up public confidence in the security of the mails, the lack of which confidence could indefinitely postpone therehabilitation and democratization of the Japanese mail system.

4. Postal Service in Remote or Undeveloped Areas

Japan is perhaps the only major country in the world in which no householder is without home delivery of mail matter. The United States has several millions of mail patrons who receive delivery in boxes at post offices or on rural or star routes. Some small towns and villages

in the United States have no foot delivery service at all, and patrons must go to the post office for their mail. Japan is a mountainous country, with perhaps only 20% of its land usable. The volcanic ranges do not encourage the existance of nomads such as sheep herders, and as a result, almost 100% of the population resides in communities, of which even the smallest hamlet will have at least a special post office. The metropolitan areas have population densities up to 2,000 per square mile, but even the hamlets are fully populated, with the result that door to door delivery is administratively possible. The economic soundness of maintaining a postmaster and at least one carrier in even the smallest community has not been questioned in the past by the paternalistic Governments of an overpopulated country where the utmost necessity existed for providing some kind of work for every citizen. Every Government enterprise, and every public utility appears to be overstaffed with both workers and officials - and the Ministry of Communications is no exception.

SECTION VII

FUTURE PLANS AND OPERATIONS

1. The Need for Reorganization

Soon after the occupation began, it became apparent that there was little if anything in common from an operational viewpoint between the Telecommunications activities of the MOC and its Postal activities. The only inter-relation seemed to be in the joint use of some facilities and personnel. The operational problems were entirely different including training, administration, financing, planning, construction, installation, and maintenance. Early in 1947 confidential studies were being completed with the object of separating Telecommunications and Postal operations but maintaining top level MOC controls. The same underlying reasons for suggesting this type of separation were later considered as warranting a complete separation into two Ministries:

a. The old staff organization had altogether too few intermediate management levels resulting in a large number of staff directors reporting to a single head, particularly when the staff organizations were widely varied in nature.

b. The completely disassociated business activities of Telecommunications, Postal, Savings and Insurance continually fostered lack of coordination between planning, operating and maintenance.

c. There were no common objectives.

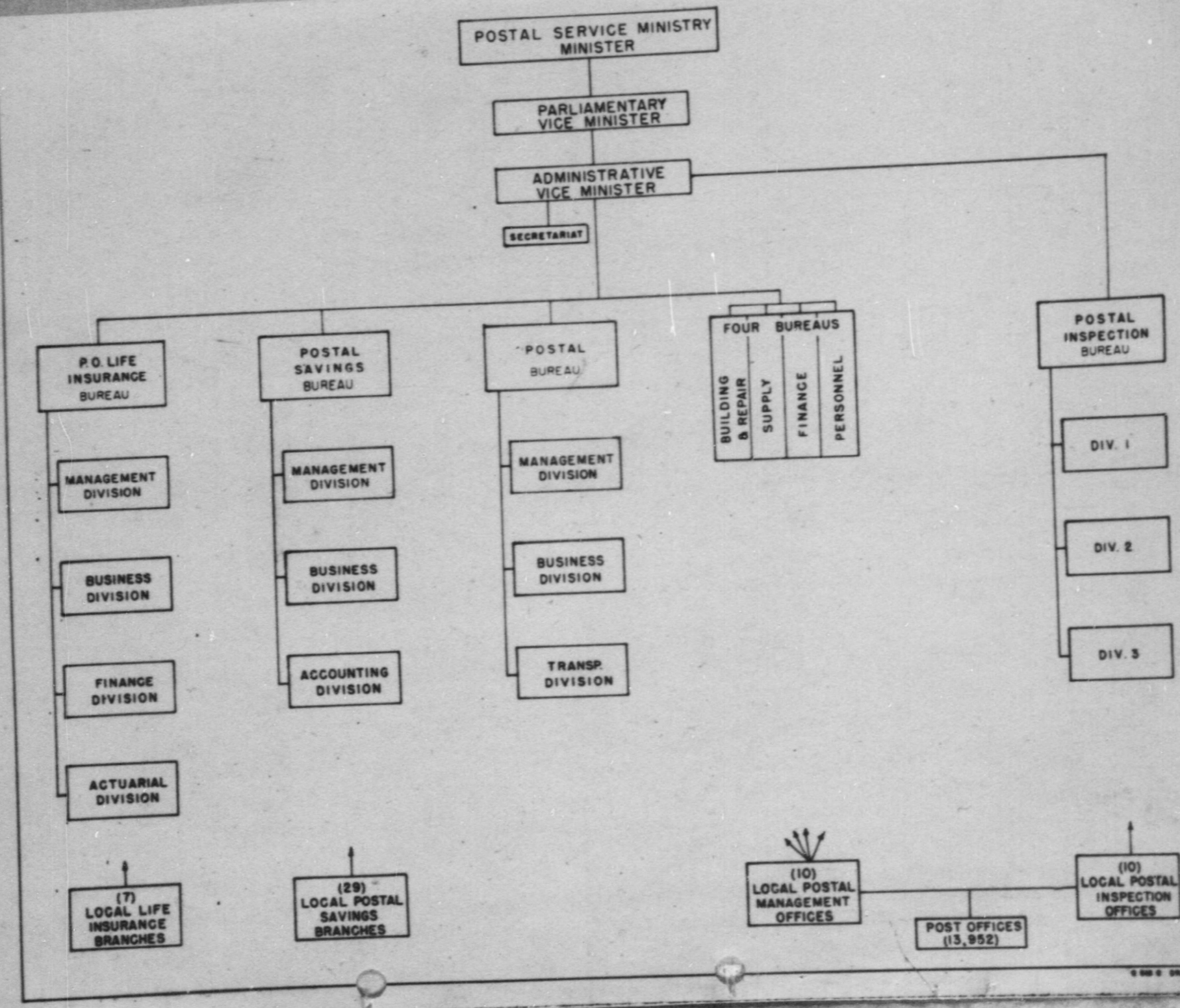
d. Accounting and financing were rendered difficult due to the disassociated nature of the various enterprises.

In a nationwide radio address on the evening of 8 December 1948, Minister of Communications Furuhata informed the public that whereas prewar Japan had considered itself to be one of the top three industrial nations and to have an equivalent communications enterprise, in reality Japan was no better than 20th or 21st in communications. He referred indirectly to some of the above mentioned administrative staff and policy difficulties and specifically pointed out whereas there was 1 telephone per four persons in the U. S., there in only 1 telephone per 100 persons in Japan and that correspondingly where one U. S. postal employee could handle 200 letters, the Japanese postal worker was handling only about 20.

2. The Ministry of Postal Services, effective 1 June 1949

Without reciting all of the underlying reasons which necessitated the change, it can be stated that the Supreme Commander for the Allied Powers suggested in a letter 22 July 1948 to the Japanese Prime Minister that, in the interest of efficiency, a complete reorganization of the Ministry of Communications was desirable, with the separation of the postal services from other functions of the Ministry and the establishment of two cabinet agencies in lieu thereof. SCAP and Japanese Government committees have labored on the problem and continued to labor up to and beyond 30 November on which day the National Diet passed the two bills establishing a Ministry of Postal Services and a Ministry of Telecommunications. These Committees have not completed their work; the major policies have been laid down, but such problems as key personnel, sectional and divisional organization and administration, division of heretofore joint property, etc. remain to be settled. Every indication points to a successful inauguration of the new Ministry of Postal Services on 1 June 1949 as a completely revitalized postal service which will include as adjuncts the savings and life insurance features of the old MOC.

3. Probable Operations: The following chart of the Ministry of Postal Services is indicative of the general simplification over the previous chart of the former MOC as set forth in Section II, 1, of this study.


POSTAL SERVICE MINISTRY
MINISTER
PARLIAMENTARY
VICE MINISTER
ADMINISTRATIVE
VICE MINISTER
SECRETARIAT
P.O. LIFE
INSURANCE
BUREAU
POSTAL
SAVINGS
BUREAU
POSTAL
BUREAU
FOUR BUREAUS
BUILDING & REPAIR
SUPPLY
FINANCE
PERSONNEL
POSTAL
INSPECTION
BUREAU
MANAGEMENT
DIVISION
MANAGEMENT
DIVISION
MANAGEMENT
DIVISION
BUSINESS
DIVISION
BUSINESS
DIVISION
BUSINESS
DIVISION
FINANCE
DIVISION
ACCOUNTING
DIVISION
TRANSP.
DIVISION
ACTUARIAL
DIVISION
DIV. 1
DIV. 2
DIV. 3
(7)
LOCAL LIFE
INSURANCE
BRANCHES
(29)
LOCAL POSTAL
SAVINGS
BRANCHES
(10)
LOCAL POSTAL
MANAGEMENT
OFFICES
POST OFFICES
(13,952)
(10)
LOCAL POSTAL
INSPECTION
OFFICES

The Minister of Postal Services will be appointed by the Party or Coalition in power. He will be a political appointee as will his Parliamentary Vice Minister. These officials will be men of position, presumably with outside incomes, and not dependent on their Government salaries. While the Minister will be the "Postmaster General" and cabinet member, he will look to his Administrative Vice-Minister as the operating and administrative head of the Ministry. As Governments fall, and cabinets change, there will be new Ministers, but the Administrative Vice Minister, conceivably risen from the ranks under the new National Public Service Law, will presumably remain in office during good behavior.

The 8 streamlined Bureaus will report to the Administrative Vice Minister. Three of them, Postal, Savings and Life Insurance are considered major bureaus, while four, Building & Repairs, Supply, Finance and Personnel are considered minor. The Inspection Bureau, while technically on the same level with the first three, is in reality an overriding bureau, with full authority to enter into any other bureau to conduct surprise or other inspections. The ten local Postal Management offices will be under a non-political career Director, who will have staff sections roughly comparable to those at Ministry level. These local management offices will physically take the place of the present ten communications bureaus, insofar as postal activities are concerned. The respective directors will report to the Minister, but the staff sections will be under operational supervision of their respective counterparts in the Ministry staff. The local Postal Inspection Office will report to and be under the supervision of the Director of the Postal Inspection Bureau and will have the same non-administrative overriding authority not only with respect to the respective local management office, but also over each of the associated post offices and insurance and savings branches. Not only is the new Ministry and lower level organization streamlined to conform with modern postal practices, but it will have an inspection service unhampered by the ancient face saving customs which heretofore have autocratically denied the right of petition and complaint to the mail patron. Upon the overcoming of certain difficulties still remaining to be corrected, the Japanese Postal System should emerge relatively equal to that of other nations, presuming that the factors of population, arable area, degree of industrialization and customs are considered.

For the purposes of this survey, only two difficulties will be considered; the major difficulty being facilities, and the minor one being finances. The problem of finances in a postal system calls for Government subsidies. The Minister of Communications stated to the Press on 18 January 1949 that his Ministry, which is adopting an independent profit system, will have a deficit for the current fiscal year of ¥6,000,000,000 calculated on the old ¥3700 wage base (new base ¥6307), But he stated further that no effort will be made to increase postal rates. In this attitude, he is in agreement with the policy of the U. S. Post Office which yearly provides service to all, and which operates at deficits up to $1,000,000,000.

The problem of facilities encompasses all the difficulties encountered by a defeated, bombed-out nation, wherein public and private housing is and will remain for some time vastly insufficient, wherein manufacturing is curtailed and transportation overloaded. Postal buildings, equipment, materials and supplies will be in short supply for at least several years, and the postal system will be competing for allocations of necessary facilities with all other Government and private agencies. Postal plant as of 31 March 1948 was valued at ¥7,990,000,000, at cost. Of this amount, ¥4,445,000,000 was added during the preceding 12 months, during which the yen was unofficially valued at $0.02. During the 1948-49 fiscal year the MOC building appropriation, including telecommunications, was ¥17,634,000,000 (or about $65,000,000 at the unofficial current rate of exchange) is composed, in part, of:

Telecommunications facilities	¥ 14,368,000,000
Post offices, garages, hospitals and other postal facilities	957,000,000
Lodgings for Telecom Employees	123,552,000
Lodgings for RMS Employees	84,971,000
Lodgings for other Postal Employees	186,676,000
Postal lodgings reserve fund	189,000

As already noted, the Minister of Communications has expressed perturbation on the fact that Japan has one telephone per 100 persons as compared with one per 4 in the U.S.A., and that the Japanese postal employees handle 20 letters where U.S. postal employees handle 200. To achieve parity, therefore, it would appear that the MOC must increase telephone facilities 25 fold while postal facilities must be increased 10 fold. The above chart reflecting the breakdown of 1948-49 facilities expenditure would indicate that telecommunications capital expenditures are about 15 times as great as those for postal, not 2½ times, as would appear indicated by the Minister's comparison.

Note should be made here of the relatively minor items in the above chart covering lodgings for postal employees. Lodgings for officials is not only an ancient Japanese custom, but is now, together with lodgings for employees, a modern Japanese necessity. In this bombed-out country, it is not unusual for an employee to travel 4 hours a day to and from his postal employment. Certain types of employees, for example, inspectors, cannot operate unless domiciled near their work. With the ¥2,000,000 ($1,000,000) ear-marked for lodgings, the MOC in 1948-49 will complete erection of 745 lodgings, averaging ¥20,000 each, which will house several thousand key employees at nominal rents. This appears to be a justifiable step and will no doubt increase efficiency.

In any divorcement the division of property is vexing. In cases where the parties are generally in agreement, the problem is lessened, but even as between the proposed Ministry of Postal Services and the Ministry of Telecommunications, each friendly disposed toward the other, difficulties are being encountered. The present basis of separation is

on a common sense basis insofar as possible, and will adhere roughly to general categories of division, namely: nature of property, degree of utilization, service purpose, allocation. Examples of division by nature of the property would be as follows:

To MPS	To MTC
Ministry Building	Telegraph Office
Savings Branch	Telephone Office
Insurance Office	Detached TT and TP Bldgs.
Detached Mail Savings Bldgs.	Telecom Construction Offices
Insurance Bldgs.	Laboratories
Special Post Offices	Repeaters
Railway Post Offices	Cable
Detached Rest. and Custodial Bldgs.	Transmitters and Receivers
	Radio facilities

Degree of utilization will decide the new owner of:

Garages
Warehouses
Vehicles
Passenger cars

Service purpose will decide division of land and vessels. Raw materials for buildings, repairs, supplies and equipment will be allocated on an agreed basis. Ultimately, but possibly not in time for a clean separation on 1 April 1949, a satisfactory division of property will be achieved. The pressure of time is an important obstacle, and the remaining undivided property as of 1 June 1949 will offer hindrances to smooth operations which will be overcome in due course.

CHAPTER VIII

Summary of Conclusions

1. The Pre-War Adequacy:

Viewed from the Japanese standpoint, their postal service was relatively lately established in a backward country peopled by an illiterate peasantry, yet it grew apace with industrialization over a 60-year period which saw the nation become 97% literate and ready to challenge the world. The language and customs required a unique type service. The demands and aims of a fuedalistic Government produced the kind of service which was desired. The obvious inefficiencies of personnel and operations never prevented the mails patron from obtaining what he believed was optimum results. Perhaps the only surplus factor in an over-populated country was man power, and unemployment was far easier prevented by tolerating low individual efficiency and the resulting full employment of all citizens.

It was not until after the war that the average patron realized that letters from the North or South could reach Tokyo in a few days instead of a week or more.

2. The Post-War Rehabilitation:

From the viewpoint of SCAP, the first observation of the Japanese postal service was perhaps surprise that the postal system did not collapse with the nation. Possible grudging admiration for the Japanese postal organization in no way offset the determination of SCAP, through CCS, to democratize and rehabilitate the organization, and to direct all necessary changes and innovations. After the purging of the war and aggression element, there became readily discernible a number of postal reforms which, if carried out, would go a long way toward achieving the SCAP objective.

The program of rehabilitation and new construction of service buildings and dwellings is well under way. Even the complete democratization of the Japanese postal service would be of little benefit in a system where 90% of the buildings and equipment remained war-damaged.

The restoration of the ledgers and other necessary records of the savings and insurance bureaus is approaching the maximum expectation of 75% completion. Only the passage of the necessary three to five years before the so-called "sleeper" accounts revert to the Government will ultimately clear up the bookkeeping.

The disposition of the vexing problem of the status of the 13,000 special post offices is in part being accomplished by trial conversions of some of the more important into branches of ordinary post offices. As in all of the problems facing SCAP, this one might outwardly be solved by a directive to the Japanese Government to abolish special post offices. It is to the greater credit of SCAP that such impatient directives are seldom resorted to, but rather that democratization and better postal service are jointly achieved by solution by the Japanese of such problems as this.

The new Inspection Bureau will go farther than any other single reform toward a democratized postal service. Its first task is to overcome opposition to itself which is based on ancient Japanese psychology. The second task is to cut down at once the sharp peak of criminal depradations resulting from post-war morals slackening. The third and continuous task is the progressive inspection of the entire service to insure that all the reforms, both SCAP and MOC sponsored, which have been undertaken, are adhered to indefinitely.

The establishment of the Ministries of Postal Services and Telecommunications is an effect, and not a cause of reform. The decision of the Supreme Commander for the Allied Powers to suggest the split-up, was taken in full knowledge that combined postal and telecommunications ministries was working out satisfactorily in other countries. Japan at the crossroads of democracy or oblivion needed the simplest possible approach to communications rehabilitation, and the separate ministries will provide that approach.

The genius of the Japanese people has been for rather intelligent copying of foreign customs and skills. Those who have scoffed at Japan's copying might recall that Rome copied Athens for hundreds of years, that Europe copied Rome and that America copied Europe. Japan's postal service was a great structure of copied ideas and adaptation, but it withstood the shock of the war. For survival, however, it needed thousands of new buildings plus almost 100% new equipment plus a complete about-face in the relations between the postal officials and the public. The need for such a radical change in attitude grew from the former concept that the Government was supreme and the people the servants of the State. This concept was expressed throughout war-time and pre-war Ministries of Communications in a feeling that the Ministry would regulate postal administration to suit the Government and that any service the people received was in effect a gift of a paternalistic government. In fact, the needs of the people was never considered and it was unheard of for the public to complain of poor mail service. In accordance with the policies of SCAP, the Japanese Postal Service has been encouraged to provide the needed buildings and equipment. It has also been encouraged, in keeping with the SCAP democratization program, to make service to the public its goal. Noteworthy progress has been observed. In the past, Japan hired Western architects, built Western modern buildings, and then proceeded to utilize the buildings in the old feudalistic manner. But the post-war Japanese Postal Service has not hired Western postal architects, instead, the Service has had assigned to it through SCAP a segment of the best ability of the United States Post Office. This American segment is assisting and advising the Japanese Postal Service to reconstitute itself along democratic, but not necessarily American lines. Now, three and one-half years after the surrender, and just prior to the establishment of the new Ministry of Postal Service, it may be stated that general rehabilitation is well advanced, the service firmly founded, and, with proper surveillance, should become one of the most democratic aspects of Japanese life.

ADDENDUM

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Title	Date of Publication
Preliminary Report on Radio Broadcasting in Japan	22 Oct 45
Japanese Police Communications System (Memo for Record Form)	6 Nov 45
Report on Japanese Wire Communications Facilities and Operating Facilities - Plans 1 - 10	Nov 45
Preliminary Report on Telephone and Telegraph Systems in Japan	25 Nov 45
Preliminary Report on the Wire Communications System of the Railways in Japan	1 Dec 45
Report on Special Agreements for International Telegraph Service-Japan	15 Dec 45
Report on Japanese Army and Navy Radio Stations	24 Dec 45
Survey of the Nippon Denway Setsubi Kaichi (The Japanese Telephone Equipment Company)	27 Dec 45
Financial Report on the International Telecommunications Company, Ltd.	31 Jan 46
Financial Report on the Broadcasting Corporation of Japan	31 Jan 46
Financial Report on Japanese Board of Communications	31 Jan 46
Report on Rates for Telephone and Telegraph Service in Japan	1 Feb 46
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