

ニ於テ代金又ハ差金ヲ一時ニ支拂フコト困難ナリト認ムルトキハ五年以内
ノ延納ノ特約ヲ為スコトヲ得
前項但書ノ規定ニ依リ延納ノ特約ヲ為サムトスルトキハ各省各廳ノ長ハ延
納期間及擔保ニ關シテハ同項ニ規定スル團體ヲ監督スル主務大臣ノ意見ヲ
聞キ大藏大臣ニ協議スヘシ
第一項但書ノ規定ニ依リ延納ノ特約ヲ為シタル場合ニ於テ左ノ各號ノ一ニ
該當スル事由アルトキハ各省各廳ノ長ハ直ニ其ノ特約ヲ解除スヘシ
一 當該財産ノ讓渡ヲ受ケタル者ノ為ス管理力適當ナラスト認ムルトキ
二 當該財産ノ係ル代金又ハ差金ノ各年度ニ於ケル納付金額カ當該年度ノ當該
財産ノ賃貸料及公租公課ノ合計額ニ滿タサルトキ
第十三條 削除
第十四條 及び第十九條中「政府」を「當該財産ヲ所管スル各省各廳」に改
め
第十五條 第一項第一号中「八十年」を「六十年」に改める。
第十六條 國有財産ハ之ヲ無償ニテ貸付スルコトヲ得ス但シ公共團體ニ於テ
公共用公若ハ公益事業ニ供スル爲必要アル場合其ノ他法律ニ別段ノ定ア
ル場合ハ此ノ限ニ在ラス
前項但書ノ規定ニ依リ無償貸付ヲ爲サムトスルトキハ各省各廳ノ長ハ當該
公共團體ヲ監督スル主務大臣ノ意見ヲ聞キ大藏大臣ト協議スヘシ
第一項但書ノ場合ニ於テ國有財産ノ無償貸付ヲ受ケタル者ノ爲ス當該財産
ノ管理良好ナラスト認ムルトキハ當該財産ヲ所管スル各省各廳ノ長ハ直ニ
其ノ契約ヲ解除スヘシ

内閣ハ政令ノ定ムル所ニ依リ無償貸付ヲ爲シタル國有財産ニ付毎會計年度末現在ニ於ケル狀況ヲ翌年度開會ノ國會ノ常會ニ報告スヘシ
 第十八條第一項中「帝室用又ハ國」を「國又ハ」に改め「若ハ私人」を削リ「政府」を「當該財産ヲ所管スル各省各廳」長ニ改め「同條第二項中」損害ニ付シの下に「當該財産ヲ所管スル各省各廳」長ニ對シ其ノ「」を加え同項の次に次の二項を加ふる。

前項ノ規定ニ依リ賠償ノ請求アリタルトキハ當該財産ヲ所管スル各省各廳ノ長ハ之ヲ會計検査院ノ請求アリタルコトヲ得
 主務官廳ハ前項ノ審査ニ關シ會計検査院ノ通知ヲ受ケタルトキハ其ノ通知アリタル判定ニ基キ適當ナル措置ヲ採ルヘシ

第二十一條 削除

第二十二條 削除

第二十三條 削除

第二十五條 中「政府」を「各省各廳」に改める。

第二十六條 各省各廳ノ長ハ毎會計年度間ニ於ケル國有財産増減報告書及毎會計年度末現在ニ於ケル國有財産現在額報告書ヲ調製シ翌年度八月三十一日迄大臣ハ前項ノ規定ニ依リ送付スヘシ

大藏大臣ハ前項ノ規定ニ依リ送付ヲ受ケタル國有財産増減報告書及國有財産現在額報告書ニ基キ國有財産増減總計算書及國有財産現在額總計算書ヲ調製スヘシ

内閣ハ前項ノ國有財産増減總計算書及國有財産現在額報告書ト共ニ翌年度十一月三十日ノ國有財産増減報告書及國有財産現在額報告書ト共ニ翌年度十一月三十日

第 二十六條ノ二 内閣ハ前條第三項ニ依リ會計検査院ノ検査ヲ經タル國有財

産増減總計算書及國有財産増減報告書及國有財産現在額報告書ヲ添付シ之ヲ翌年度

開會ノ國會ノ常會ニ於テ國會ニ報告スルコトヲ例トス

第 二十六條ノ三 各省各廳ノ長ハ每會計年度毎ニ當該年度末及翌年度末ニ於

ケル國有財産見込現在額報告書ヲ調製シ當該年度九月三十日迄ニ之ヲ大藏

大臣ニ送付スヘシ

大藏大臣ハ前項ノ規定ニ依リ送付ヲ受ケタル各省各廳ノ國有財産見込現在

額報告書ニ基キ當該年度末及翌年度末ニ於ケル國有財産見込現在額總計算

書ヲ調製スヘシ

附 則

第 二十九條ノ三 削除

第 二十九條ノ四 第 二十六條第一項ノ規定ニ依リ調製スヘキ國有財産増減報

告書及國有財産現在額報告書ニハ昭和十九年度以後ノ朝鮮、臺灣、樺太、南洋關

東州及外國ニ係ル分ハ之ヲ省略スルコトヲ得

第 三十一條中「第二條」の下に「第三條第二項」を加ふる。

第 三十三條 削除

この法律は、昭和二十二年五月三日から、これを施行する。但し第二十六
條の規定は、昭和二十一年度分から、これを適用する。史蹟名勝天然記念物に指定さ
農林大臣の所管する國有林野に属するもの、

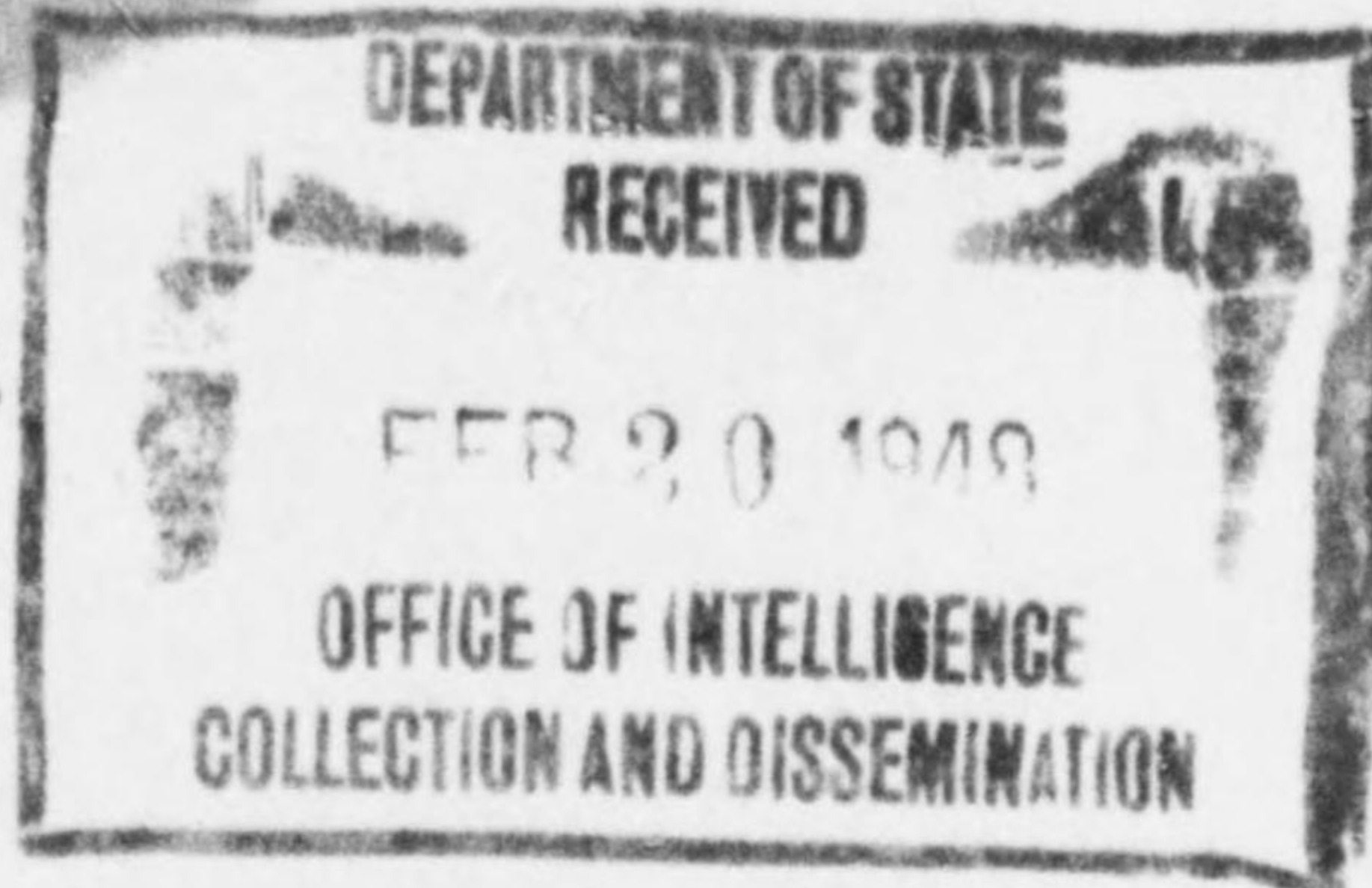
北てゐるもの及び帝國鐵道會計、通信事業特別會計、簡易生命保險及び郵便
 年金特別會計の保險勘定に属するもの並に雜種財産で現に大藏大臣と協定し
 てあるものについては、第三條ノ三の規定にかかわらず当該財産を所管する
 各省各廳の長は、当分の間、これを、大藏大臣に引継ぐことを必要としない。
 前項の規定により、大藏大臣に引継ぐことを必要としない雜種財産につい
 ては、当該財産と所管する各省各廳の長が、これを管理し、又は処分するも
 のとする。
 國有財産に関する法制を整備するため、内閣に、國有財産法制調査会を設
 置する。
 調査会は、会長一人委員六人以内で、これを組織する。
 会長は、大藏大臣を以て、これに充て、委員は、會計検査院その他、關係
 各廳の一級の官吏及び學識経験のある者の中から、内閣で、これを命ずる。
 調査会は、國有財産に関する法律案を作成し、内閣は、これを次の國會の
 常会に提出するものとする。
 前項に定めるものの外、調査会に關し、必要な事項は、政令でこれを定め
 る。

UNITED STATES POLITICAL ADVISER FOR JAPAN DIVISION OF NORTH EAST ASIAN AFFAIRS

FEB - 9 1948 G.
Tokyo, January 23, 1948.
DEPARTMENT OF STATE

No. 52

UNCLASSIFIED



RECEIVED DEPARTMENT OF STATE 18 FEB 20 1948

SUBJECT: Administrative Address of KATAYAMA Tetsu, Prime Minister, to Second Session of Diet

Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to this Mission's despatch No. 50 of January 23, 1948 regarding a conversation with Mr. KATAYAMA Tetsu, Prime Minister, and to enclose five copies of his administrative address, which is summarized below. The address was given before the second session of the Diet on January 22. There are also enclosed five copies of Bulletin No. 5 of January 22, 1948 prepared by the Government Section of this Headquarters which highlights the address and includes a tabulation of the numerical strength of the various political parties and groups in the Diet as of January 22.

Summary. 1948 is to be a historic year during which Japan must progress toward national reconstruction and lay a firm economic foundation for the bloodless democratic revolution of Japan. Heretofore, the government has concentrated on emergency measures, but now intends to embark on a long range reconstruction program which will be a bulwark against inflation. The government will place priorities on basic industries and export industries. Achievement of the goals set in coal, electric power, iron and steel, cement, and cotton yarn will increase production by forty percent over 1947. Food production is to be increased by ten percent. A meeting of experts representing various fields is to be called on ways and means of facilitating reconstruction and expansion of production.

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Tokyo's No. 52
January 23, 1948.

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Efforts to improve the condition of farmers are to be made by use of agricultural cooperatives and by distribution of farm implements and materials as a reward for completed quotas. A bill for a revised food delivery system will be submitted to the present diet session. Small and medium enterprises are to be promoted.

The policy of the government is to check inflation not only by production and reconstruction, but by curtailing disbursements and reducing loans to enterprises, and at the same time, by encouraging payment of taxes and promoting savings. The 1948-49 budget is to be a realistic one commensurate with the financial strength of the nation. A bill will be introduced to reform the taxation system. It is hoped that taxes will be reduced on earned income. There will be no blocking of new yen.

To insure a decent living standard to workers, rations and rationing systems will be reexamined. The government will operate various Kodan in order to make commodities properly available to workers. Unwholesome labor elements will be eliminated. The government will carry out an administrative reform program to abolish bureaucratic tendencies and transfer authority over local affairs to local governmental agencies. A special council is to be appointed for this purpose.

The 6-3 educational system will be established to the extent permitted by the treasury and will include new schools. The housing program will be encouraged and the greatest efforts made for repatriation of nationals from abroad. The election law will be revised. The Government hopes that the peace conference will be convened very soon. Japan's obligations are to do everything possible politically and economically so that it will not go begging the world for pity. The government will go forward to complete the democratization of the nation in order to be prepared for the peace treaty at any time.

The success of national economic reconstruction depends solely upon workers and farmers. The government has confidence

that

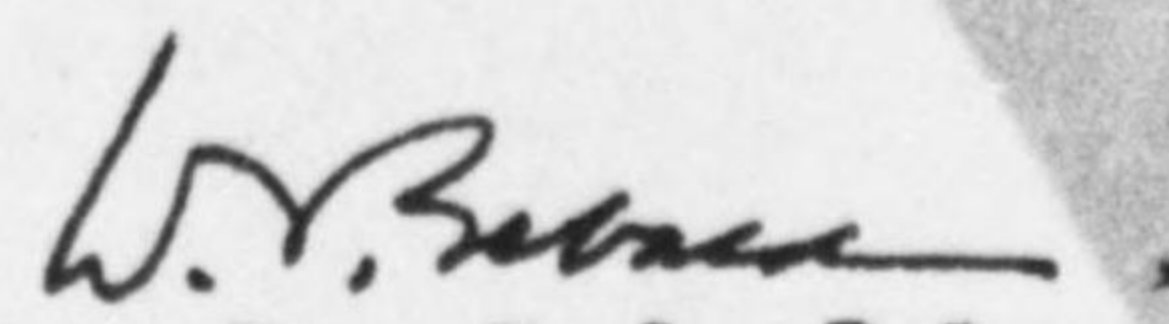
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Tokyo's No. 52
January 23, 1948.

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that they will not countenance any schemes to bring disorder to society. The ultimate objective of the government is to stabilize the people's livelihood. This is possible with the cooperation of the people and the pooling of the little they have, combined with their talents and abilities. End of Summary.

Respectfully yours,


W. J. Sebald
Acting Political Adviser

Enclosures: *2/11*

1. Five copies of Katayama's administrative address.
2. Five copies of Bulletin No. 5 of January 22, 1948 prepared by Government Section, GHQ, SCAP.

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NIPPON TIMES: Jan 23, 1948

PRIME MINISTER ASKS EFFORTS FOR EXPANSION OF PRODUCTION TO COMBAT INFLATION SCOURGE

Katayama Calls for 40 Per Cent Output Increase in Policy Address to Diet

Prime Minister Tetsu Katayama yesterday called upon the nation to concentrate its efforts to increase production as a bulwark against a runaway inflation in his administrative address to the second session of the Diet.

The Government will set this year's goal to achieve a 40 per cent "production expansion" over the previous year, Mr. Katayama told the House of Representatives at 1:40 p.m. and the House of Councillors at 3 p.m. He promised the calling of a conference to facilitate economic reconstruction upon a long-range plan.

The Prime Minister asked for a drastic curtailment of administrative expenditures as well as full payment of taxes by the people. He pledged, however, to lighten income taxes for workers.

Mr. Katayama said that every effort will be made to increase the real wages of the workers by smooth distribution of commodities and the elimination of black-market expenditures from the household budgets.

The text of the Prime Minister's address follows:

On the occasion of the opening of the Second Session of the Diet, I desire to give on behalf of the Government an outline of its general policies of administration and to clarify its attitude in dealing with the current situation.

The year 1948 is going to be a historic year for Japan. It is this year that we must make a positive progress toward national reconstruction and lay down a firm economic foundation for the bloodless democratic revolution of our country.

During the past eight months since its formation, the present Cabinet has instituted emergency measures of various kinds aimed principally at solving the immediate economic problems confronting the nation. Now in the coming year, the Government intends to embark upon the execution of a permanent reconstruction program, and make this a year of economic reconstruction and industrial rehabilitation. For it is through the accomplishment of this task that we can build up a nation of peace and democracy.

It is only through the establishment of an economic foundation for democratization that we may hope to be readmitted into the comity of nations both in name and in fact. In this sense, the Government wishes to make this a significant year of reconstruction and production expansion, and is resolved afresh to do everything in its power in the face of the difficult situation of today.

The present economic condition of our country is still precarious. However, there are a number of very hopeful developments in recent weeks which will affirm my faith that Japan will in the near future realize genuine economic stability. In other words, being convinced that production expansion, rehabilitation and reconstruction constitute the bulwark against inflation, the Government has decided to make production expansion the central policy for 1948 and to draw up a positive program.

Our rehabilitation and construction program has to be a long-range plan, sound and rational. During 1948, the first year, we intend to put into effect production expansion plans by putting priorities on the basic industries and on expedient industries. The figures the Government has in mind relating to the first year's production goal are in round figures as follows:

Coal	36,000,000 tons
Electric Power....	31,600,000,000 kilowatt hours
Iron & steel (ordinary steel & steel material)	1,000,000 tons
Ammonium sulphate	900,000 tons
Cement	2,000,000 tons
Cotton yarn	480,000,000 pounds

By bringing up production to the above figures, the Government expects to realize roughly more than a 40 per cent increase over 1947.

As regards rice, wheat and other staple foodstuffs, we count upon every farmer household being able to increase production by 10 per cent over the normal annual yields.

The Government wishes that this program will be studied and established not only by the Diet but also by the entire nation. We are planning to call a meeting of experts representing various circles for a conference on the ways of facilitating economic reconstruction. We confidently expect that the objectives of the program

will be confirmed to coincide with the objective of all those attending the conference.

To Stress on Coal Output

Especially with respect to coal, the Government has always laid stress upon its production expansion. Now it intends to administer effectively the Temporary Coal Mine Control Law passed by the first Diet session so as to leave nothing to be desired for actuating the 'Production First' principle. At present the mining of coal is being gradually put on the right track. Last December, we were able to set a post-war record of 2,960,000 tons. Of course, we will not rest content with this, but go on increasing the output further under the five-year plan to be established.

With respect to electric power, the Electric Power Crisis Surmounting Measure which was announced sometime ago will be pushed vigorously forward to increase the capacity for power generation.

The replenishment of transportation capacity, which is inseparably bound up with production expansion, will be carefully studied and planned in view of the serious deterioration and destruction of both land and marine equipments. This solution of coal and power problems is expected to bring about substantial production increases in all lines of mining and manufacturing industries. On the other hand, the Government plans to consolidate the foundation for the promotion of export industries, and to increase also to a degree the production of domestic consumption goods.

Emphasize Food Delivery

For the expansion of agricultural production, the Government will do all in its power. That is to say, the Government will bring about an improvement of farm management through the agricultural co-operatives and make it the foundation for building a greater production power. A measure looking to rationalization of the delivery quota system will be speedily instituted. The farmer will be made to hold himself responsible for the delivery of his rice quota, while the Government will hold itself responsible for the rationing of tools and materials and premiums. We hope to solve the food problem through division of responsibility in this manner. The Government feels keenly the urgent necessity of revising fundamentally the system of food delivery. We are grateful that the rice delivery for 1947 is progressing favorably through the efforts of all concerned. A bill for establishing a system for responsible delivery will soon be submitted to the present session of the Diet.

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Now let me say a few words regarding small and medium enterprises. Small and medium industries are to constitute hereafter the mainstay of Japan's export industries. Moreover, from the existing economic state of the country a tendency is seen toward a steady growth of the population that must perforce depend upon these enterprises for a living. The promotion of small and medium enterprises, therefore, forms the control theme in the nation's economic reconstruction, and the Government will adopt suitable measures to that end.

II

It is the policy of the government to check inflation and to promote recovery during this year through such plans for production expansion and industrial reconstruction as I have just outlined. But in order to put such plans into practice and to achieve the production goal, it is necessary to institute a fixed counter-measure against inflation.

I need scarcely tell you that the direct cause of inflation lies in an over-issue of currency. In order to put a check upon currency issue, the Government must curtail disbursements, suppress loans to enterprises and at the same time make the people pay more taxes and deposit more money in their banks. Of course, the expenditures we must properly bear as a defeated nation amount to huge sums. Moreover, if we withheld unduly industrial capital, it would mean lowering of production, and there are limits to taxation. But in spite of all these considerations, the inflationary trend of currency, if allowed to continue indefinitely, is bound to bring on the danger of a debacle. We must at all costs slow down the march of inflation and finally stop it altogether.

To Limit Expenditures

For this purpose, we shall have to effect a substantial restoration of financial balance by retrenchment of disbursements coupled with increase of revenues. Accordingly the government policy underlying the 1948-49 budget is to match the scope of national finances to the actual strength of national economy. That is to say, expenditures are limited to items truly indispensable and for the building of a democratic state. At the same time, the Government proposes to reduce the costs of administration through administrative reform, retrenchment, etc., and to ensure the balance between incomes and outlays throughout the year, and fur-

thermore to effect periodical adjustments of the budget.

On the side of revenues, while the tax rates have already risen rather high, the taxes in arrears and outstanding add up to a colossal sum. In view of this current situation, the Government in accordance with the resolution of the first Diet session relating to the "Full Tax Payment Campaign," is planning to launch a nationwide campaign with the Diet as the nucleus in order to arouse the people thoroughly to the sense of obligation for tax payment so that they will pay on their own accord for the sake of national reconstruction.

On the other hand, the Government itself will seek to expand and strengthen the tax collection machinery and to renovate the method of handling taxation affairs. The treatment of tax officials will be rationally improved; their sense of responsibility aroused, and strict discipline enforced.

Will Hit Profiteers

With respect to the so-called inflation profiteers guilty of tax evasion will be ferreted out as an enemy of the people. We have already adopted the policy under which tax evaders of a vicious character are made subject to penal servitude, and we are considering a water-tight system including the organization of 'Tax Evasion Prevention Corps' and the utilization of information by third parties. With regard to the reform of the taxation system, it is our intention to submit a concrete plan to the present session of the Diet. However, we intend to adopt measures in this connection which conform with the changes in the actual conditions of the people's income and in the economic situation and which also fully take into consideration the position of the working masses. As our general policy, we propose to lighten the income tax for the workers during the 1948-49 fiscal year.

With respect to industrial loans, which are liable to lead to currency inflation, the Government will make every effort to prevent loose lending by tightening its supervision over the loans made by the Rehabilitation Financing Fund, and by tying up more closely the allocation of commodities with the issuance of loans beside applying the method of controlling loans under the Loan Issuance Control Regulations. However, an indiscriminate suppression of loans such as may impede wholesome industrial activities should be absolutely avoided. The Government, adhering rigidly to its stand that "Banking organs shall be servants of industry" is determined to maintain "sound banking."

Finally, it goes without saying that in order to prevent inflation from bringing on a debacle it is necessary to foster confidence in currency. In this sense, I wish to re-iterate here the declaration of the Government that there shall be absolutely no freezing of the new yen.

III

In the last analysis, the principal objective of all anti-inflation measures comes to the establishment of stability in price and wage and the elimination of deficits from the household account.

For this purpose the Government will strive to replenish the real wage of the worker, to say nothing of preserving the actual living standards of the people in general. By shattering the vicious price-wage circle and at the same time by expanding production, we hope to stabilize as soon as possible the people's livelihood and especially the household economy of the worker.

The Government with the view of setting up an economic structure under which an honest worker is sure of earning his livelihood intend to take the following steps for replenishing the real wage. Firstly, with regard to staple food, the existing system for the extra rice rations to workers will be studied thoroughly from a new angle; the rationing standards will be rationalized and the rationing method renovated within the limits that it does not interfere with the general rationing program. Through an efficient and effective handling of the system in accordance with the amounts of actual work, the necessary rations of food for each kind of labor according to its nature will be assured. Besides, as far as is permitted by the technique of rationing operations, the quality and quantity of extra rations will be rationalized by putting rice, wheat, barley, etc. under a graded priority system, and care will be taken to see that no delay or no default occurs in rationing.

Secondly, with regard to fish and vegetables and other perishable foods, the link system currently in force will be strengthened on a priority basis so as to keep production under planned control, so as to realize market increases in the regular rations. Moreover, with regard to foodstuffs, clothing, fuel, and other necessities for workers, their supply will be insured for the maintenance of the minimum living standard of the people.

Priority Rationing

Additional rations for workers are planned by increasing the sup-

plying capacity and the Government is considering a system of priority rationing. For this purpose, the Government will duly operate the various Kodan (public corporations) and other distribution agencies for a sure and swift rationing. Livelihood cooperatives by area and by occupation will be promoted and encouraged. Besides the Government is thinking of adopting a new and especially powerful rationing formula for securing the rationing of the workers' necessities.

By such methods as I have described it is intended to increase as much as possible the distribution of commodities at fixed prices, to banish black market expenditures from household economy, and to replenish the real wage of the worker, and thereby bring about the stabilization of prices and wages. It is the policy of the Government to apply its major efforts to the replenishment of real wages but to avoid any formula of merely raising the currency wage, which results in price rise and sets in motion the interminable price-wage race. The present price structure will be carefully studied also from this angle.

If the said base needs to be revised, we must be on guard lest we commit any error as regards the time and the mode of such revision. The Government will act properly from the standpoint of truly protecting the interests of the workers. I hope that the workers will understand the intentions of the Government and that they will be generous enough to afford positive cooperation to the Government in carrying out its measures for price and wage stabilization and to wait a little while and watch for the results.

I am delighted at the rapid strides the labor movement has been making of late among the workers. Here we may see at long last a hopeful sign of the rebirth of the Japanese race. I confidently hope that through the good sense and sound judgment of these workers who really have at heart the future welfare of our people and country, certain unwholesome elements who plot for the destruction of national economy and the disturbance of social order will soon be eliminated.

IV

The Government is resolved to carry out an administrative reform program for the furtherance of efficiency and the democratization of the officialdom and thereby to set an example to private enterprises in general for putting themselves in good state of health. The program aims at simplification and rationalization of governmental machinery and the reduction, rebuilding and reorganization of government business.

Special efforts will be made to wipe out bureaucratic tendencies in the central government, and to do away with the reduplication of authority among various offices, to define and clarify the responsibility of each official. Furthermore, in consonance with the spirit of local self-government the authority of the central organs relating to local affairs will be transferred as far as possible to the local governments, and the local agencies of the central organ will be liquidated to the greatest possible extent. Under this program the various ministries and boards will find it necessary to reduce their personnel.

By putting efficiency before number, the Government hopes to effect personnel reduction both in budget and in organization law. The treatment of officials will be improved as much as possible while on the other hand strict discipline will be enforced. In order to execute such a bold and fundamental reform, the Government will appoint a council for the reform of Administrative Organs and obtain its report at an early date.

Unemployment Measures

It is anticipated that a certain amount of unemployment will be unavoidable caused by personnel reduction under the proposed program. Appraising the general unemployment situation the Government will take the necessary counter-measures by appropriating the maximum sum that the national finances can spare for that purpose. Needless to say, it will not do just to let the ranks of recipients of unemployment doles swell. We must provide opportunity of employment and seek to absorb and utilize the surplus labor power.

Parallel with the plan to increase production, mentioned previously, the Government is drawing up plans also for the stabilization of the people's occupation. Taking into consideration the fact that agriculture has little room left for absorbing surplus population, it is planned to develop mining and manufacture, and export industries and solve the problem of unemployment through the increase of production capacity in these lines of industry.

V

Furthermore, for the construction of a new Japan, the Government proposes to adopt cultural measures and steps for the improvement of livelihood and to seek the promotion of such measures from all angles.

For the renovation and advancement of education, the government will proceed with the installation of the 6-3 system as far as the treasury permits. It is planned to open a new system for high schools, including night schools for working youths, and to institute compulsory education for the deaf and dumb. For democratizing educational administration, for encouraging science and arts, and for raising the cultural standards of the people, we will formulate concrete plans adaptable to a peace-loving nation.

Especially for the promotion of scientific research and the advancement of technology, the Government will carry out the necessary measures, while paying due regard to the independent views of the researchers and technicians. Again, housing programs will be speeded in order to provide living quarters to the masses and to workers in vital industries. It is the intention of the Government to amplify the Livelihood Protection Law and bring about an early rehabilitation of war-devastated cities.

To Seek Repatriation

There are today approximately 750,000 of our compatriots who still remain abroad, especially in Soviet territory. The Government has expressed its deepest sympathy for these people and the members of their families who are waiting their return, and it has made every effort to hasten their repatriation. However, it is deeply regretted that these efforts have not lived up to expectations. The Government intends hereafter to continue to devote its utmost efforts in this connection by seeking the assistance of the various authorities concerned.

The Government is most anxious to see that the Election Law is revised with a view to establishing a system of State managed elections which cost nothing to candidates. We believe it is of the utmost importance for new Japan that elections are held in a clean auspicious atmosphere.

VI

The Government hopes that the peace conference will be convened very soon. However, the most important thing in this connection is that we Japanese do first what is required of Japan. Our obligations are not confined to political reforms alone, but we must accomplish what we should in the field of economic reconstruction for national recovery as well. It would be idle just to go on begging the world for pity. We would never get anywhere that way. The Government will go forward to complete the democratization of the nation, and at the same time to rehabilitate and rebuild the country, so that we may be prepared for the peace conference at any time.

Conclusion

In conclusion I desire to speak through the Diet a few words to all workers and farmers of Japan. The success of national economic reconstruction depends solely upon you. I know you will never countenance any such schemes as are designed to bring disorder to society and destruction to industry. Let me appeal to your sound judgment and good sense and express my fervent hope that through your efforts our national goal will be achieved for production expansion and economic reconstruction. As regards your constructive movements, the Government wishes you swift progress and is glad to extend whole-hearted support.

Now let me turn and speak to the people of all Japan. I believe the ultimate objective of government to be the stabilization of people's livelihood. To that end is dedicated all my energy. Unless we work for economic recovery of our land before any and every thing else, we shall not achieve the objective of government. And it is with your cooperation alone that we may hope to accomplish the task of economic reconstruction. It goes without saying that lofty political and moral ideals are needed for the reconstruction of our country. But I believe that it requires in addition an attitude on the part of the people to pool what little they have and to combine their talents and abilities and cooperate for the common cause of economic reconstruction. Through this second session of the Diet I ask you all for cooperation and collaboration.

GOVERNMENT SECTION

No. 5 (2)

THE NATIONAL DIET

22 January 1948

PRIME MINISTER KATAYAMA OUTLINES AMBITIOUS PROGRAM FOR 1948

Prime Minister Katayama, addressing each House today, outlined the Government's future general policies. "The year 1948," he said, "is going to be historic....We must make positive progress toward national reconstruction and lay a firm economic foundation for the bloodless democratic revolution of Japan."

Although the Government, he said, has heretofore concentrated on "emergency measures of various kinds aimed principally at solving immediate economic problems, in the coming year it intends to embark upon the execution of a permanent reconstruction program." Concluding his introductory remarks, he stated: "Being convinced that productive expansion, rehabilitation, and reconstruction constitute the bulwark against inflation, the Government has decided to make productive expansion the central policy for 1948."

Highlights of the text of the 15-page address are as follows:

1. Our rehabilitation and construction program must be a long-range plan. We shall expand production by placing priorities on basic industries and on export industries. Production goals are 40% over 1947: coal, 36,000,000 tons; electric power, 31,600,000,000 kilowatt hours; iron and steel, 1,000,000 tons; cement, 2,000,000 tons; cotton yarn, 480,000,000 pounds. Food-stuff production is to be increased 10%....Farm management will be improved through agricultural cooperatives....Farm implements and materials will be offered as premiums for completed quotas.... A bill for establishing a responsible food delivery system will be submitted to the present Diet session....The promotion of small and medium enterprises forms the central theme in the Government's plans for economic reconstruction.

2. Inflation--overissuance of currency--will be checked by curtailing disbursements, reducing loans, collecting more taxes, and encouraging bank deposits....The 1948 budget will be commensurate with the actual strength of the national economy....Expenditures must be limited to indispensable items....Administrative costs will be reduced....A nation-wide campaign will be launched to arouse the people to the obligation of full tax payments....Tax collection machinery will be expanded and strengthened and the treatment of tax officials will be greatly improved. Tax evaders will be ferreted out and punished. The organization of a Tax Evasion Prevention Corps is in the making....A bill for the reform of the taxation system will be introduced in the Diet.

We hope to reduce the tax on earned incomes....Supervision over loans from the Rehabilitation Financing Fund will be tightened and the Loan Issuance Control Regulations will be enforced.... Sound banking must be maintained....There will be absolutely no blocking of new yen.

3. To ensure an honest worker a decent living standard, the following steps will be taken: (1) the system of extra rice rations will be reexamined; (2) rationing standards and methods will be renovated; (3) delays and defaults in rationing will be eliminated; (4) the supply of food, clothing, fuel, and other necessities for workers will be ensured. The Government will operate the various kodans so as to make commodities available at fixed prices, do away with blackmarket expenditures, increase real wages, and stabilize prices.

4. The labor movement has been making rapid strides of late among the workers...a hopeful sign. The unwholesome labor elements, plotting for the destruction of the national economy, will be eliminated.

5. The Government will carry out an administrative reform program involving simplification of government business. Special efforts will be made to eliminate bureaucratic tendencies and to transfer the authority over local affairs to local governmental agencies....A Council for the Reform of Administrative Organs will be appointed.

6. The 6-3 educational system will be set up as far as the treasury permits. New schools will be opened. Educational administration will be democratized; scientific research and advancement of technology will be encouraged....The housing program will be speeded up and the Livelihood Protection Law amplified to bring about an early rehabilitation of war-devastated cities.. ..The greatest efforts will be made for the repatriation of our nationals from abroad.

7. The Government is most eager to see that the Election Law is revised in order to establish a system of state-managed elections which cost the candidates nothing. We believe it is of utmost importance for new Japan that elections be held in a clean and auspicious atmosphere.

8. The Government hopes that the peace conference will be convened very soon. However, the most important thing is that we complete first what is required of Japan. Our obligations are not confined to political reforms alone but extend into the field of economic reconstruction for national recovery. It would be idle merely to go on begging the world for pity. The Government will go forward to complete the democratization of the nation, so that we may be prepared for the peace conference at any time.

In conclusion, Prime Minister Katayama, speaking through the Diet to the workers and farmers of Japan, said:

"The success of national economic reconstruction depends solely upon you. I know you will never countenance any schemes designed to bring disorder to society and destruction to industry. I appeal to your sound judgment and good sense, and I express my fervent hope that through your efforts our national goal will be achieved....I believe the ultimate objective of government is to stabilize the people's livelihood. To that end I dedicate all my energy....It is with your cooperation alone that we may hope to accomplish the task of economic reconstruction. It goes without saying that lofty political and moral ideals are needed for the reconstruction of our country. But I believe that it requires in addition a willingness on the part of the people to pool what little they have and to combine their talents and abilities to cooperate for the common good. Through the 2nd session of the National Diet, I ask for the cooperation and collaboration of the entire nation."

27 DIET MEMBERS WILL INTERPELLATE PRIME MINISTER

Interpellations on the Prime Minister's address will begin in both Houses tomorrow and continue for 3 days in the H. R. and 4 in the H. C. A total of 27 speakers, each allotted from 30 minutes to 1½ hours, will be heard.

POLITICAL PARTY AFFILIATIONS CHANGED SINCE LAST SESSION

Numerical strength of various political parties and groups in the Diet as of 22 January are as follows:

<u>House of Representatives</u>		<u>House of Councillors</u>	
Social Democrat.....	126 (140)	Ryokufukai.....	89
Liberal.....	121 (120)	Democrat.....	46
Democrat.....	107 (119)	Social Democrat.....	45
People's Cooperatives....	32	Liberal.....	42
Comrades' (Doshi) Club... 22	(7)	Independent.....	14
Independent Club.....	15	Communist.....	4
National Farmers Union		Neutral.....	3
(Zenno) Club....	14 (new)	(Vacancies).....	7
Japan Farmers.....	8		
Communist.....	4		
Neutral.....	1 (5)		
(Vacancies).....	16		
		Total....	250
Total.....	466		

LEGISLATIVE DIVISION
(HL)

UNITED STATES POLITICAL ADVISER DIVISION OF
FOR JAPAN NORTHEAST ASIAN AFFAIRS

No. 66

FEB 18 1948
Tokyo, January 31, 1948.

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DEPARTMENT OF STATE

SUBJECT: Last Minute Changes in Prime Minister's
Administrative Address Before the Diet

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The Honorable
The Secretary of State,
Washington.

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I have the honor to refer to this Mission's despatch No. 52 of January 23, 1948 with which were enclosed copies of the Prime Minister's recent administrative address as it appeared in the Nippon Times and to report that the address as actually given differed in two respects. The address as published had been given to the press before the final changes were made.

The tenth paragraph beginning "The present economic condition of our country....." and ending "to draw up a positive program" was changed to read (in translation):

Surveying the present economic situation of this country, we cannot say that the crisis has completely gone. However, it is my great pleasure that by the guidance and assistance of the General Headquarters as well as the co-operation of our people, there are already indications that recovery is beginning to roll. We shall further continue our efforts to make 1948 a significant first year for rebirth of the Japanese race and start courageously on the road to economic reconstruction which the people have been awaiting for a long while. For this purpose, the Government, appealing to the fervor of the whole people to save the country, intends to establish now an epoch-making plan for production expansion and is firmly determined to surmount every obstacle however difficult and to bring it to a successful consummation.

According to the Prime Minister's private secretary, the idea behind this change was that it is not wise to lay stress on economic crisis when there have begun to appear a number of developments which are hopeful signs in the direction of economic recovery, such as record production of coal and improvement in rations of fish and perishable vegetables.

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Tokyo's No.66
January 31, 1948

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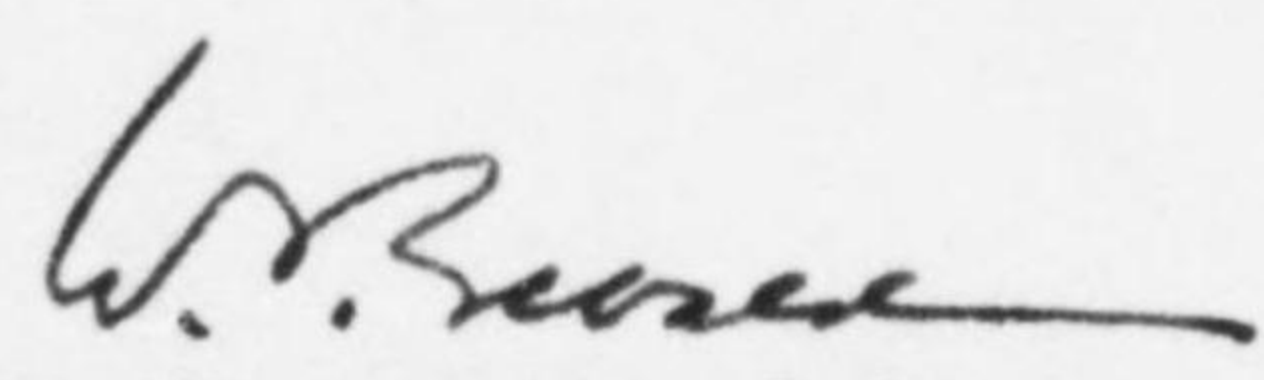
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The other change was made in the third paragraph of section V. The last two sentences were deleted and the following substituted (in translation):

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Again, efforts will be made to bring about an early rehabilitation of war-devastated cities, and housing programs will be speeded in order to provide living quarters to the masses and to workers in vital industries. Especially as regards restoration of damages from natural causes including floods frequently repeated in recent months, the Government will take permanent as well as emergency measures, since it is feared that, unless adequate and effective steps are taken immediately, our land will be totally laid waste.

It is noted that in the version actually read before the Diet there is no mention of the Livelihood Protection Law.

Respectfully yours,


W. J. Sebald
Acting Political Adviser

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UNITED STATES POLITICAL ADVISER FOR JAPAN

DIVISION OF NORTHEAST ASIAN AFFAIRS

APR 15 1948

DEPARTMENT OF STATE

Tokyo, April 3, 1948

No. 214

UNCLASSIFIED

Subject: Summary of Address of Prime Minister Before Diet.

The Honorable The Secretary of State, Washington.

Sir:

- 1/ I have the honor to enclose five copies of the address of Prime Minister ASHIDA Hitoshi before the National Diet on March 20, 1948 together with five copies of the editorial from the Nippon Times of March 22, 1948 and translations of editorials from six other newspapers. The following is a summary of the major points in the address, with comment upon the press reaction at the end of this despatch:

Numerous difficulties beset Japan's recovery both internationally and nationally. The only way to overcome them is to unite as one man--not to be preoccupied only with party interests. That is why the Democratic Party advocated a political truce. While the proposal did not succeed, the party will continue to strive for that goal.

Character and Supreme Objective of the Cabinet. The new Cabinet seeks to attain a world of peace, liberty, and justice. The new Constitution is a great manifesto of national renaissance which must be put into practice. The new Cabinet must therefore, adhere to a middle-of-the-road policy during the so-called "bloodless revolution", rejecting liberty unaccompanied by responsibility.

Preparations for Peace. It is the fervent desire of all Japanese to rejoin the family of peaceful nations at the earliest possible date. Preparations will be made for the peace conference and the utmost efforts toward enhancing the world's trust in Japan. The substance of the peace treaty is, of course, a matter to be determined by the Allied Powers. However, if Japanese actions conform to the principles of peace, it may be expected the terms will in no way impair Japan's independence and survival. Many normal activities of life have already been resumed. In dealing with all internal administration, the Government will consider its bearing on international relations.

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Tokyo's No. 214
 April 3, 1948.

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Economic Measures. Any Government in Japan today must give priority to overcoming inflation by expanding production. For this, harmony must be effected between labor and management. The Government desires to see a healthy growth of labor unions. Capital will be sought from wide circles of society and ways devised to minimize the risks of investment. Rationalization of industry and increased efficiency must be undertaken before Japan can enter the international market. Japan must develop industries best suited to the land: for example, the development of hydro-electric power. Rice collection has been phenomenally successful, but the second agrarian reform must be implemented and the rice delivery system improved. The damages caused by recent floods must be rehabilitated and some 3,000,000 chobu (7,350,000 acres) of rolling hill land developed to increase production of food. Controls are absolutely essential now, but the long-range production program soon to be announced anticipates their removal.

Imports of Vital Commodities. Before the measures outlined can bear fruit, the emergency must be tided over through importation of scarce commodities. This depends solely upon the Allied Nations. It is gratifying that the outlook for increasing amounts is brightening; in some quarters in the United States there is under consideration a plan to restore by 1954 the Japanese economy to 125% of the 1930-34 level. If material assistance from the Allied Powers is forthcoming at this time, the inflationary trend will be weakened and economic recovery laid upon a firm foundation. Japan must deserve Allied assistance.

Internal Law and Order and Other Problems. The program of decentralization of authority must be carried out both in name and in fact. Further efforts will be devoted to the promotion of education and the implementation of the new 6-3 school system. Endeavors will be made to provide state relief for repatriates and war sufferers. Experts will be mobilized to plan the rehabilitation of war-damaged cities.

Solicitude for Peace. The specter of another world cataclysm--a third world war--haunts humanity today. Although Japan cannot yet join the United Nations, she cannot remain indifferent. Japan is concerned with the political instability of the Far East which prevents the economic recovery of Japan. Hope is expressed that Japan's renouncement of all armaments will be followed by all nations.

Conclusion.

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Tokyo's No. 214
April 3, 1948.

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Conclusion. Japan must do its best to achieve self-sufficiency before it can expect help from the outside. The Japanese have a fine opportunity to demonstrate their mettle to the world.

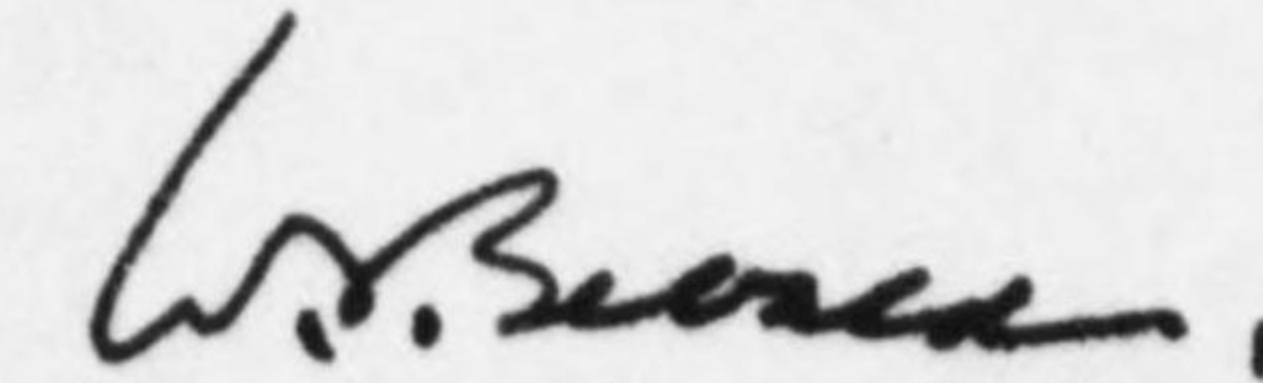
An officer of this Mission who was present when Dr. Ashida gave his address in the House of Representatives reports that there was constant heckling from the Democratic Liberal Members, mostly demanding concrete measures for achieving the principles being enumerated. The press in general reacted in a similar manner in its editorial comment, describing the address as abstract and platitudinous, and stating that there was nothing which Mr. KATAYAMA Tetsu, Dr. Ashida's predecessor, had not already stated.

The press admitted that Dr. Ashida made a strong appeal for foreign aid but felt he was placing too great dependence upon such aid when there was so much to be accomplished by the Japanese themselves. The press agreed that Dr. Ashida emphasized international affairs more than any postwar prime minister, stressing Japan's desire for "peace, liberty and justice", principles which were agreed to be sound but needed to be put into action rather than words.

The greatest criticism was leveled against Dr. Ashida's lack of a clear expression of labor policy which the press believed most important in attracting foreign capital. The press further criticized Dr. Ashida for stating that political instability in the Far East is retarding the recovery of Japan, while belittling the fact that political stability in Japan is still far from realization. In addition, he was blamed for obviously trying to appease the Democratic-Liberals by announcing that the long range program being planned anticipates the eventual removal of controls, a policy which might antagonize the Social Democrats.

In explanation of the Prime Minister's omission of detailed discussion of economic affairs, it may be noted that Dr. Ashida stated that such matters would be explained in detail by his colleague, presumably, Dr. KURUSU Takeo, Director General of the Economic Stabilization Board, who followed the Prime Minister in addressing the Diet. The press tended to overlook this remark, but nevertheless recognized that the real test of the new government would be the success with which administrative measures are carried out and also, its success in bringing about the rehabilitation of Japan's economy.

Respectfully yours,


W. J. Sebald

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Enclosures:

Tokyo's 214
April 3, 1948.

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-4-

Enclosures: *cut*

1. Address of Prime Minister before National Diet, March 20, 1948 (five copies).
2. Editorial from Nippon Times, March 22, 1948. (five copies).
3. Translations of editorials from six other newspapers, March 21, 1948.

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Tokyo's 214
April 3, 1948.

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Enclosures: *cut*

1. Address of Prime Minister before National Diet, March 20, 1948 (five copies).
2. Editorial from Nippon Times, March 22, 1948. (five copies).
3. Translations of editorials from six other newspapers, March 21, 1948.

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Enclosure No. 1
to Tokyo's 214
April 3, 1948

NIPPON TIMES: March 21, 1948

WHL

Prime Minister's Speech

The full text of Prime Minister Hitoshi Ashida's administrative speech before the Diet yesterday follows:

"The task of forming a new Cabinet has fallen to me by designation of the National Diet. I feel deeply indeed my heavy responsibilities to the State and to the nation. I am firmly resolved to devote myself, body and soul, to the performance of the duties of my office.

"Both internationally and internally, numerous difficulties beset the path of Japan's recovery. Unless they are successfully surmounted, the future of our race will be dark. And there exists no other means by which we Japanese can save ourselves but to unite as one man and overcome those difficulties. Japan finds herself today in a predicament as of a ship in distress, floundering in a stormy sea. The only way to save the ship is for both the crew and the passengers to unite their efforts, everybody doing what he can for the safety of the ship. So it is with our nation. It is not the moment for us to waste time in bootless arguments, being preoccupied only in the furtherance of party interests.

"That is why my party has always advocated a political truce and the people's unity for overcoming the national crisis. That is why at the time of the formation of the Katayama Cabinet, we joined in the four-party policy agreement and did my utmost to facilitate the smooth functioning of government through a spirit of mutual concession. When organizing the present Cabinet, I requested the various parties for cooperation with the purpose in view of bringing about the suspension of political wars and the consolidation of the nation's total strength. I regret that I have not succeeded in realizing my aim fully, possibly because of the existence of some differences in the way of looking at the present crisis. But we have by no means given up our hopes in this respect. We will strive resolutely to consolidate the total power of the nation, and to stabilize both the people's livelihood and the political situation. To that end, the Government will listen to the voice of the people with an open mind and act always in the spirit of mutual concession and conciliation.

Objective of Cabinet

"The supreme objective which the new Cabinet seeks to attain is the establishment of a world of peace, liberty and justice. It is with this ideal in view that we shall undertake our domestic recovery; and it is with this spirit that we shall handle our external affairs. The new Constitution which was promulgated in the year before last declares definitely the establishment of peace and freedom.

"I firmly believe that only by pursuing and realizing the ideals of peace, liberty and justice can the Japanese people show themselves to be worthy of a place in history. In this sense, our new Constitution is indeed a great manifesto of national renaissance. It is all too evident that we must not permit it to remain a mere declaration on paper, but must make every effort to put in into practice at home and abroad.

"Such being the supreme objective of the new Cabinet, it will most naturally adhere to the middle-of-the-road policy. For an extremist ideology, either of the right or of the left, will never serve the cause of peace. In a nation's transitional period such as ours today when we are undergoing the so-called "bloodless revolution," the people are liable to be swept off their proper course. But one-sided ideologies and extremist political actions will in the end only lead to the danger of a revolution by violence. Certainly, they do not open the way to peace.

"In this sense, we reject liberty unaccompanied by responsibility. We also reject egoism masquerading in the garb of justice. We will ever follow democracy and steer a middle course. And under the principle of social solidarity and national cooperation we will seek the simultaneous realization of increased production and equitable distribution.

Preparations for Peace

"It is the fervent desire of all Japanese that our country rejoin the family of peaceful nations at the earliest possible date. At the present time, it cannot be predicted when a peace conference will be held, but we will prepare for such a conference from now and direct our utmost efforts toward enhancing the world's trust and confidence placed in Japan. I believe that we can win the trust of other Powers in us only by loving liberty and cherishing justice and by demonstrating our determined will to contribute, materially and spiritually, to world culture.

"The substance of the peace treaty is, of course, a matter to be determined by the Allied Powers. But so long as our actions conform to the principles of peace, liberty and justice, we may surely expect the peace terms to be such as will in no way impair Japan's independence and survival.

"We are now living under military occupation. It is universally recognized that the control exercised by the Occupation Forces is one of fairness and tolerance unparalleled in history. To this generous Occupation policy, our people have responded with an attitude of genuine cooperation. It is under this auspicious circumstance that we have been able already to resume many of our normal activities of life though a peace treaty is yet to be concluded. In dealing with any phase of internal administration at this juncture, the Government will direct special attention to its bearing on Japan's international relations.

Economic Measures

"Now, turning to the subject of economic measures, I shall confine myself to two or three points, since my colleagues are to explain them in detail later.

"Needless to say, any Government in Japan today must give priority to the task of overcoming inflation. Nor will anybody dispute the fact that the basic measure for checking inflation is to expand production. In order to bring about an increase in production, it will be of the utmost importance that a rational harmony is effected between labor and management and especially that the working masses, awakened to the consciousness of their solemn responsibilities, give willing cooperation. From this standpoint, the Government earnestly desires to see a healthy growth of labor unions. However, those lacking in the cooperative spirit that is so essential to community life should be rejected absolutely, whether they be on the side of capital or on the side of labor. For, in the final analysis, they are inimical to the interests of the general masses of the country.

"The absorption of floating purchasing power is a most urgent measure to combat inflation. In this connection, the Government is now preparing concrete measures and intends to submit them to the National Diet in the near future. However, in undertaking these measures which touch upon circulation, the Government will pay due attention to the maintenance of public confidence in the currency, which is a matter of vital importance.

Must Protect Public

"The accumulation of capital is another important problem, Japan having lost one-third of her national wealth as a result of the war. However, today when a great majority of the people have come to join the ranks of the working class, it will be all the more necessary to collect capital from these wide circles of society. Ways must be devised to minimize the risks of investment in order to protect the interests of the public.

"The rationalization of industrial management is the next problem. Without rationalizing industry and increasing efficiency to the maximum, there can be obviously no increase in national wealth. Again, the key to the development of our foreign trade after Japan has been permitted to enter the international market in the future lies in industrial rationalization. In this connection, it will be necessary to improve our production technology. I regret to say that in production technique, Japan has of late fallen far below the world level. The Government will take all possible measures to bring about improvements in industrial technology.

"In discussing economic measures, I would like to speak of one or two points I have in mind. In the first place, in a country like Japan with a peculiar topography, I believe that we must find out and develop those industries best suited to the land. For example, the development of hydro-electric power will be of urgent necessity in order to off-set the shortage of coal, and the Government may have to consider the question of providing funds for the construction of large-scale power plants. With regard to the food problem, recent deliveries of rice have registered a phenomenal success, one hundred per cent deliveries of the allotted quotas having already been completed. This is due entirely to the crystallization of the patriotic spirit of the farming population, and I wish to take this opportunity to express to them our profound gratitude. However, numerous measures, such as the thorough implementation of the second agricultural reform program and the improvement of the rice delivery system, are still necessary for the increased production of food. The Government intends to take up concrete studies of these questions.

Matter of Urgency

"Furthermore, the rehabilitation of the damages caused by the flood last year is a matter of great urgency, and the Government is now preparing all possible measures to meet this problem. Then, I believe the rolling hill country covering approximately 3,000,000 chobu, situated between the plains and the mountains, should be developed, since this would be an effective measure for increasing production of food and for relieving unemployment.

"With regard to the basic policy for economic recovery, it is felt that they may arise divergencies in basic concepts among the various political parties and groups. However, in view of the situation in which Japan is placed now, the measures to meet the immediate needs should be evident to all. That is why even a capitalistic party which places the ultimate objective of economy in free enterprise considers a certain measure to controls as being absolutely necessary under the existing circumstances of extreme shortages of goods. The long-range production program which will soon be announced by the Government anticipates the time when, with an increase in production, controls will be removed, to be replaced by a rational economic structure.

Imports of Vital Commodities

The foregoing has been a brief outline of the measures planned by the Government for the increase of production. Some time will be required, however, before they bear fruit to the fullest measure. In the meantime, there lurks the danger of an acceleration of the inflationary spiral and of a breakdown in our economy. The urgent task of the moment, in parallel with the increase of production, lies in tiding over the current emergency through importation of scarce commodities.

"The importation of the vital commodities which Japan sorely lacks depends solely upon the friendly assistance of the Allied nations. It is most gratifying to us all that the situation is taking a turn for the better, and prospects of our procuring increasingly large amounts of commodities are brightening.

"It is reported that in some quarters in the United States a plan is under consideration to restore Japanese economy to 125 per cent of the 1930-34 level by 1954.

"For a time following the surrender, Japan's economy fell to rock bottom. But thanks to the energetic efforts of the people and to the supply of materials by the Allied Powers, there is no doubt that, slowly but surely, it is making progress toward recovery, and that in spite of the advance of inflation, the livelihood of the people has actually been improved. If material assistance by the Allied Powers is forthcoming at this time, the inflationary trend will be greatly weakened, and our economic recovery can be laid on a firm foundation. Thus, can we for the first time entertain hopes of extricating ourselves from a life of poverty we have endured for so long. Naturally, in order to obtain Allied assistance, we must deserve it.

"As clear proof that the people of Japan will not betray the trust placed in them by foreign coun-

tries, we are resolved not only to observe strictly the terms of the Potsdam Declaration but also to hasten the democratization of our country and direct all our efforts to the building up of Japan as a nation of culture. Furthermore, in order to facilitate the introduction of foreign capital, it is necessary to eliminate the many existing bottlenecks and to perfect such conditions as will induce foreign capitalists to invest gladly in Japan's industries. The Government intends to submit plans for improvements to the Diet.

Internal Law and Order

"Since the war's end, law and order has been maintained far better than one might have expected in a defeated nation. However, it is most deplorable that as a result of the war culture and morality have been permitted to deteriorate and there is still no appreciable decrease in crimes. The question of eradicating brutality from Japanese character is largely a matter of stabilizing livelihood and an educational program for raising moral standards. The Government, gravely concerned, is determined to seek a speedy solution of this question.

"The system of local self-government, under the new Constitution, is now being put to a test. In view of the fact that the local self-government system constitutes one of the key factors of democracy, we hope that the right spirit of self-government will manifest itself and that our program of decentralization of authority will be carried out both in name and in fact. I believe that the police forces which have been transferred to the local governments will hereafter play their role as true friends of the people. At the same time, however, I sincerely hope that the public will extend full cooperation toward the prevention of crimes.

"Furthermore, with regard to the elevation of public morals, we will undertake appropriate measures speedily for the sake of our national honor. The spirit of upholding justice without fear and of the love for our fellow countrymen had long been our cherished tradition. Only by retrieving this tradition can we make Japan a truly good country to live in.

"With this spirit as the keynote, the Government will devote further efforts to the promotion of education and adhere strictly to the policy hitherto pursued by the former Cabinet in connection with the implementation of the new 6-3 school system.

"I should like to say a few words at this point concerning the repatriates from overseas and the war-sufferers, who are placed in the most miserable circumstances. A great number of these people are without clothing and homes, but the Government pledges to exert its earnest endeavors to provide State relief for these people as far as possible.

"The rehabilitation of war-devastated cities is another problem which is of great urgency. The Government intends to mobilize experts in the field and to expedite this work in accordance with their plans. Particularly with regard to the housing program, we will study what has been done in the Western countries; and by adopting whatever methods we find suitable, we will carry out our project at the earliest possible date.

Solicitude for Peace

"Finally, let me speak a few words on the deep concern we feel over the current international situation.

"We Japanese know only too well what calamities the late Great War has brought upon mankind. A great many nations are now suffering in the grip of hunger and destitution, confusion and chaos. And in spite of it all, the specter of another world cataclysm—a third Great War—haunts the sorely afflicted humanity. Such is the condition today.

"The opportunity has not yet arrived for Japan to join the United Nations, and we are not in a position to have a voice in the organization of peace. However, with our very existence and independence so closely bound up with the world condition, it is impossible for us to remain indifferent to any international development that threatens peace. We are especially perturbed at the persistent political instability in our neighboring nations of the Far East, which constitutes a great stumbling block to the economic recovery of our country.

"Japan's resolve to renounce war by abandoning all forms of armament is written large in our new Constitution. I fervently hope that the lofty ideal will guide all nations along with us on the road to peace. It is under the banner of that ideal that we are determined to march on and contribute our share to the construction of a world of peace, liberty and justice."

Conclusion

"Such is the general outline of the views and policies of the new Cabinet. I have spoken of our aims, material and spiritual, in the present stage of our political situation, and of our formulas for surmounting the current economic crisis. It is on the basis of such fundamental concepts as I have stated that the Government will seek to consolidate the constructive forces in the country, and to achieve political stabilization and economic recovery through joint efforts with the entire nation.

"Today, when peoples everywhere are suffering from want, we have no intention of assuming such a cowardly attitude as dependence on outside help alone for our salvation. In the matter of food supply or production of goods, we should first be up and doing our best to achieve self-supply and self-sufficiency. It is in such terms as these that a nation's characteristic trait of not expecting help from outside without first helping itself is revealed most unmistakably. Today, in adversity, we Japanese have a fine opportunity, I believe, of demonstrating our mettle before the world.

"While the present crisis confronting Japan is not totally blocking our path of progress, to surmount it is indeed a stupendous task. The Government can accomplish this task only with the whole-hearted support and cooperation of the entire nation as well as of the National Diet.

"The new Cabinet will keep an open mind, listen always to public opinion, and pay careful attention to all constructive views in and out of the Diet, so that it may faithfully and successfully fulfill the duties to the nation."

Enclosure No. 2
to Tokyo's No. 214
April 3, 1948

The Prime Minister's Policy Address

The Prime Minister's administrative address to the Diet Saturday was fine as far as it went. Its fault lay in what was left unsaid and unclarified.

No one will argue that there is a need to pursue a middle-of-the-road policy, to prepare for the peace treaty, to fight inflation, to increase production, to ask for the importation of scarce items, to seek moral upliftment through education, and to hope for world peace. These and other points made by Prime Minister Ashida should meet with assent from all circles.

But in no portion of the policy speech can be found the specific and concrete steps by which these principles might be put into effect. This omission of detailed measures gives the impression that the address served no other purpose than to place before the people a list of platitudes. In all fairness to Dr. Ashida, however, it must be pointed out that he did say that on the economic policies of his administration he would confine himself "to two or three points, since my colleagues are to explain them in detail later."

In these times of dire stress, however, no subject is more important and of greater interest to the people than the economic measures to be pursued by the new Government. The fact that the Prime Minister skimmed over the economic aspects of his administrative policy was doubtlessly a disappointment to the people. While the intent of the Government may have been to consider the address of Director-General Kurusu of the Economic Stabilization Board as a part of the Prime Minister's policy speech, its effect was lost since the public attention was naturally focussed on Dr. Ashida and what he had to say.

But a greater criticism of the administrative address is the lack of a clear expression of policy toward labor. Neither Prime Minister Ashida nor ESB Director-General Kurusu mentioned specific steps which would be taken by the Government with regard to the present labor disputes which are threatening the very heart of the drive toward increased production. Dr. Ashida said he desired the "healthy growth of labor unions." But this statement has been made beforetime and again. Reading between the lines, his statement that "those lacking in the cooperative spirit that is so essential to community life should be rejected absolutely" could be interpreted as a rebuke to the walkouts now being staged by the Government workers. But he did not say so explicitly.

At this time when labor is showing signs of increasing restlessness, no single problem is as important as the Government's policy toward the working class. Dr. Ashida's stress on the need to build up the national economy so that foreign capitalists would "gladly" invest in Japan's industries would be meaningless in the face of growing labor unrest. Labor is doubtlessly the most important of the "many existing bottlenecks" hampering national recovery. In this respect the Prime Minister's fault of omission in not dealing squarely with the labor problem looms large. It may, of course, be that the Prime Minister was afraid to antagonize labor further by promising strong action against strike tactics.

But labor and more specifically the Social Democratic Party will not be pleased with Dr. Ashida's statement that when production is increased the Government's long-range production program anticipates the time when controls will be removed to be replaced by a "rational economic structure." What the Prime Minister meant by a "rational economic structure" is difficult to interpret because he did not elaborate, but it is clear that the promise to lift controls

eventually is clearly an appeasement measure toward the Democratic-Liberal Party which constitutes Dr. Ashida's greatest threat in the Diet. Moreover, the Prime Minister completely ignored the three-party policy agreement which included major planks of the Social Democratic Party.

While failing to define a clear-cut labor policy and adding a statement which may antagonize the labor-backed Social Democratic Party, the Prime Minister did make a strong appeal for foreign capital investments. The crux of the prospects for foreign investments to Japan, however, may be found in his reference to the "political instability" in the neighbor nations in the Far East, "which constitutes a great stumbling block to the economic recovery of our country." It is true that Japan is so bound up with the world conditions and especially with the situation in the Far East that a disturbance in any part of the world will react unfavorably to its economic rehabilitation.

But it is even more true that Japan's own "political instability" is a major "stumbling block" to the recovery program for this nation. The Yoshida Cabinet barely lasted one year; the Katayama Cabinet fell in eight months; and now rumors are already circulating that the Ashida Cabinet would be forced out of office within several months. There is need to bring political stability to Japan before all else. But this argument leads right back to the need to set up a strong economic structure, which in turn depends upon the support of the working class.

But aside from the criticisms of the Prime Minister's policy address, it is to be hoped that the actual administrative measures to be undertaken by the new Government will stand up to the test of public opinion, so that the "stupendous task" of national reconstruction may be accomplished.

Enclosure No. 3 to Despatch No. 214 dated April 3, 1948 from the Office of the Political Adviser for Japan, Tokyo, on the subject, "Summary of Address of Prime Minister Before Diet".

(COPY)

Editorial Comments of Various papers of March 21 on Administrative Speech of Prime Minister Ashida

Mainichi: "Severe Warning"

While the former Prime Minister Katayama used many words about labor in his administrative speech, Prime Minister Ashida did likewise about diplomatic questions. No positive view, however, was expressed on any particular subject.

Another feature is that, in spite of an exhaustive statement on all issues, no concrete action is suggested on any question. Under the present condition, no Cabinet can adopt any policy radically different from others, but there must be a selection of subjects on which emphasis is laid to show the character of a new government. It is impossible to solve all questions on the parallel line. By selecting particular lines, the people can decide whether or not they support the new Cabinet. In this sense, the Prime Minister's speech is a failure.

The Prime Minister's speech creates fear in the minds of the people that, in executing his policy, he may waste more time than his predecessor. For instance, about the completion of the second land reform and the improvement in the method of delivery of rice, Prime Minister Ashida only stated that he wishes to "study and start". As regards the delivery of rice, even the former Prime Minister Katayama took a definite stand by dividing responsibility into two, the government being responsible for supplying the farmers with farming materials and equipment, the farmers for delivering rice as allotted to them.

To cope with inflation, the Prime Minister said as the only concrete measure that floating purchasing power must be absorbed, and added that material assistance from abroad would slow down inflation. This is a view which may be expected from a literary critic, but not from the responsible statesman.

Tokyo Shimbun: "Administrative Speech Lacks Points"

The Prime Minister showed six points in his administrative speech, but the method of executing these policies was left vacant. This is especially noteworthy in his labor policy.

Nothing affects production and national function more than labor disputes. There is no single factor which is more harmful in inviting capital, especially foreign

capital

Encl. No. 3 to
Tokyo's 214,
April 3, 1948.

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capital, than labor disputes. This is especially so when labor troubles are caused under leadership of public officials. Without a definite labor policy, both economic rehabilitation and recovery of foreign confidence in Japan, the Prime Minister's cherished hope, cannot be attained.

What should be the labor policy? In our view, the maximum sum should be paid to the workers on the basis of scientific calculation, taking into account the present national strength and population, with the addition of such items as a flexible efficiency system, a marked reduction of income from labor, abolition of progressive taxation, welfare facilities, etc. If the workers do not agree with the maximum wages payable under the present national strength, and resort to strike or sabotage, they should be supervised by legislation. Such effort and courage are most essential.

And yet, what the Prime Minister stated was "ardent desire" for healthy development of labor unions, "consideration" of labor policy for this purpose, and "rejection" of those who are opposed to cooperation and harmony to social life. In practice, an expedient wage system is maintained on one hand, and, on the other, guarantee is given to labor not to revise labor legislation and not to discharge superfluous workers. (Translator's note: the last mentioned words were expressed by Labor Minister KATO Kanju immediately after assuming post.) Under such conditions, where is a positive labor policy?

If the Prime Minister writes personally such a school boy composition speech, which he said he hated, the people at large cannot be united behind him, however hard they are urged to overcome the national crisis.

Yomiuri: "An Administrative Speech with Poor Contents"

As is usually the case, the Prime Minister advocated political truce, middle-of-the-road politics, industrial harmony, rationalization and technical improvement of industry, and elevation of national morale.

This is too common a statement, without any power to impress the people. The whole text is abstract without emphasis on any particular point. If the Prime Minister stresses a political truce for the reason that "wasting of time in discussion is not absolutely permissible", where is democratic and parliamentary politics? It is natural that conflict of view and interests rises in a difficult time, but conflict ~~must be solved in a democratic~~ way through discussion. Solution should not be sought to suppress social and labor movement by legislation, and by closing discussion from the opposition parties.

Healthy

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April 3, 1948.

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Healthy development of labor unions and industrial peace are what everyone desires. The question is how to introduce concrete measures to attain this purpose. How can industrial peace be brought about by a wage policy or labor policy which the people do not understand? Needless to say, stability of wages is necessary to stabilize prices. And yet wages alone cannot be stabilized where prices are rising every day. The present labor unrest is caused by the failure of the price and wage policy pursued by the Katayama Cabinet. Unless this point is clarified, the removal of labor unrest cannot be expected.

The Prime Minister's speech appears that he depends too much upon workers' cooperation for checking inflation, increasing production, and inviting foreign credits. Without a concrete policy for making workers' cooperation possible, cooperation of the working class cannot be expected. Rationalization of industry is not enough to induce foreign investments: efficiency of transportation, increase of electric supply, etc. are also very important.

In politics, execution of policy is more important than enumerating policies. In this sense, the Prime Minister's speech is disappointing.

Asahi: "The Question Lies in the Execution of Policy"

The Prime Minister's administrative speech was delivered under international tension accentuated by President Truman's declaration and under the economic crisis with a labor offensive at home. It is natural that peace is emphasized. The question is how to bring about "peace, freedom and justice" stressed by the Prime Minister.

Is not the way to attain this purpose to carry out democratic revolution powerfully and thoroughly? Reality in Japan, however, is too far away from attaining this purpose. The Prime Minister as the political leader, therefore, should be determined to remove anything which prevents the progress of democracy. Without the will and courage to carry out this purpose, the Prime Minister's speech will be mere literature.

What was stated in the Prime Minister's speech is sound and correct as principles, but how can these principles be put into action? To put it in a concrete form, the Prime Minister pointed out that accumulation of capital is necessary for increasing production, and that this capital should be raised from among the masses. It is a question how to accumulate capital from the masses without causing labor conflict in this inflationary period.

The Prime Minister sought cooperation of labor for increasing production from the standpoint of modified capitalism. It is clear that labor should exercise self-reflection at this time, but warning is not enough. The

Prime

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Prime Minister, in his speech, stated that wasting time for discussion for partisan politics is not permissible. This shows that even his own problem is not yet solved.

The Prime Minister's speech gives his administrative policy as well as a report on the general situation. Many subjects contained in his speech, such as one hundred percent delivery of rice or favorable condition for receiving foreign assistance, are not what the Ashida Cabinet has achieved: they are a general condition given to Japan as a whole.

What the speech impresses us is that there is too big a gap between what the Prime Minister states and reality of politics today.

Nippon Keizai: "Administrative Speech of Prime Minister Ashida"

As the Ashida Cabinet is a continuation of the Katayama Cabinet, it is natural that there is nothing new in his administrative speech. And yet, the Prime Minister made a lengthy speech touching on every subject, as if a toy box were overturned. He should have spoken on the international situation briefly, adding that he would follow the Katayama policy. Kurusu's speech has close resemblance to the Prime Minister's.

In his administrative speech delivered on January 22, Prime Minister Katayama stated that this year would be the first year of a long-term economic reconstruction. The same words were used by Kurusu this time. Prime Minister Ashida pointed out that external conditions are developing favorably for Japan to receive imported materials. These statements show that the present Cabinet has the same planning as the preceding Cabinet. As regards the domestic policy to cope with such international situation, there is nothing new.

The immediate questions the Ashida Cabinet is facing are to compile the budget, revise the price structure, and to cope with the labor offensive. As we have already stated, the Ashida Cabinet should concentrate its energy for the solution of immediate problems. The present Cabinet will be successful if the immediate questions are solved. And yet it is questionable whether or not the Ashida Cabinet has a concrete plan to face these problems.

The attitude of the Ashida Cabinet since its formation shows that there is a marked disagreement between what it says and what it does. We do not know whether or not we can expect anything from the present Cabinet. If

foreign

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foreign assistance is obtainable, it is not the merit of the Ashida Cabinet. Is not the Prime Minister depending too much upon foreign assistance? We shall evaluate the Prime Minister's speech from what he accomplishes.

Jiji: "Capitalism of Prime Minister Ashida"

The economic policy of the Ashida Cabinet constitutes the nucleus of his policy, judging from modified capitalism on which the Prime Minister established the Democratic Party a year ago, especially since the Democratic Party gave the impression that it turned toward the left direction by taking socialistic factors which he had rejected, as manifested in the three party agreement, the people wondered what the economic policy of the new government would be. The Prime Minister's speech may be taken as expressing the economic character of his Cabinet.

The Prime Minister stressed in his speech that capital be respected. Expounding his speech, he emphasized that capital be accumulated, that measures be taken to minimize danger for mobilizing capital to be furnished by the masses, and that hindrance be removed to induce foreign capital to flow into Japan. There is nothing new in this view, yet this point has been neglected up to the present time. It was also pointed out that industrial rationalization and an increase of industrial efficiency are necessary for promoting production, and that, as production increases, unnecessary control be abolished. This is also a natural course, and yet every one avoided touching this point for unknown reasons.

The above statement is worthy of note, in the sense that it sharply contradicts with the attitude assumed by the Prime Minister at the time of the formation of his Cabinet. The three party agreement involves factors harmful to the accumulation of capital, such as the abolition of interest on national bonds. Though modified capitalism advocated by Prime Minister Ashida is not clear, his anti-socialistic tendency was clearly manifested. And yet he surrendered his attitude before socialism at the time of his Cabinet being formed. This is the reason why the people say that Prime Minister Ashida surrendered his principles for the sake of gaining political power. How, then, is he going to reconcile his administrative speech with the three-party agreement? This is the most important question.

Translator: Y. Kamii

JMA

DIVISION OF
NORTHEAST ASIAN AFFAIRS

AIRGRAM

FROM: USPOLAD, Tokyo
DEPARTMENT OF STATE
DATED: June 28, 1948

Date of Mailing: June 28, 1948
Rec'd: July 5, 1948
10:14 A M.

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no action required
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Secretary of State,
Washington.

A-136, June 28, 1948

Office of
FAR EASTERN AFFAIRS
JUL 6 1948
DIRECTOR
Department of State

Reference this Mission's despatch No. 328, June 7, 1948.

The Diet today consented to Cabinet request for withdrawal of the following governmental reorganization bills:

1. Bill Establishing the Agriculture-Forestry Ministry
2. Bill for Adjustment of Laws re Enforcement of Law Establishing Agriculture-Forestry Ministry
3. Bill Amending the Attorney-General's Office Law
4. Bill Amending the Cabinet Law
5. Bill Establishing the Prime Minister's Office
6. Bill for Adjustment of Laws re Enforcement of Law Establishing Prime Minister's Office
7. Bill Establishing the Price Authority
8. Bill for Adjustment of Laws re Establishment of the Price Authority
9. Bill Establishing the Commerce-Industry Ministry
10. Bill for Adjustment of Laws re Enforcement of Law Establishing the Commerce-Industry Ministry.
11. Bill Establishing the ESB
12. Bill Establishing the Foreign Office
13. Bill Establishing the Finance Ministry
14. Bill for Adjustment of Laws re Enforcement of Law Establishing the Finance Ministry

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Tokyo's A-133,
June 23, 1948.

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15. Bill for Adjustment of Laws re Establishment of Labor Ministry under National Government Reorganization Law
16. Bill Establishing the Transportation Ministry
17. Bill Adjusting Laws re Enforcement of Law Establishing the Transportation Ministry
18. Bill Establishing the Welfare Ministry
19. Bill for Adjustment of Laws re Enforcement of Law Establishing the Welfare Ministry

Basic governmental reorganization bill (the Administrative Reorganization Law) expected to be passed by the present Diet before end of the month. Bill had originally provided that the Cabinet, by ordinance, set up the internal structure of each ministry and governmental agency. This arrangement was approved by Government Section, this Headquarters. However, Diet did not agree, and because insufficient time remains during present session, Cabinet was asked to withdraw the above bills, together with three others and parts of an additional three (mentioned below). The Cabinet refused to withdraw these latter. As the effective date of the Administrative Reorganization Law, when passed, will be January 1, 1949, it is considered that time will permit the redrafting of the above 19 bills before that date to meet the consensus of the Diet that bills should include clauses regarding the internal structure of ministries and governmental agencies. Expiry date of present Administrative Offices Law has again been postponed, this time until January 1, 1949, to prevent hiatus of authority.

Government Section, this Headquarters, now approves establishment of internal structure of Ministries and governmental agencies by law.

Above mentioned three bills, which, at the insistence of the governmental agencies concerned, were not withdrawn, are those relating to the establishment of the following:

Ministry of Construction
Ministry of Communications
Administrative Management Authority

The following are the parts of the above mentioned three additional laws which were not withdrawn:

Medical

Tokyo's A-136,
June 28, 1948.

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Medical Supply Law (Ministry of Welfare)
Bureau of Standards Law (Ministry of Agriculture)
Fisheries Bureau Law (Ministry of Agriculture)

Latter three laws are considered urgent and it is believed that they will be passed at a present session. The Public Health and Welfare Section of this Headquarters has insisted upon early passage of the Medical Supply Law.

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SECTION

FROM: Tokyo

TO : Secretary of State

NO : 142, July 3

PRIORITY

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REOUR telegram 33, 29 June to Shanghai, 15, 29 June to Manila, 136, 29 June to Department of State, 14, 29 June to Nanking.

Story on education transmitted therein releasable today 3 July.

Sent to Shanghai as 35, repeated as 17, 3 July Manila, as 142, 3 July Department of State, as 17 July Nanking.

SEBALD

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No action necessary
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JUL 6 1948

DEPARTMENT OF STATE

JUL 7 1948

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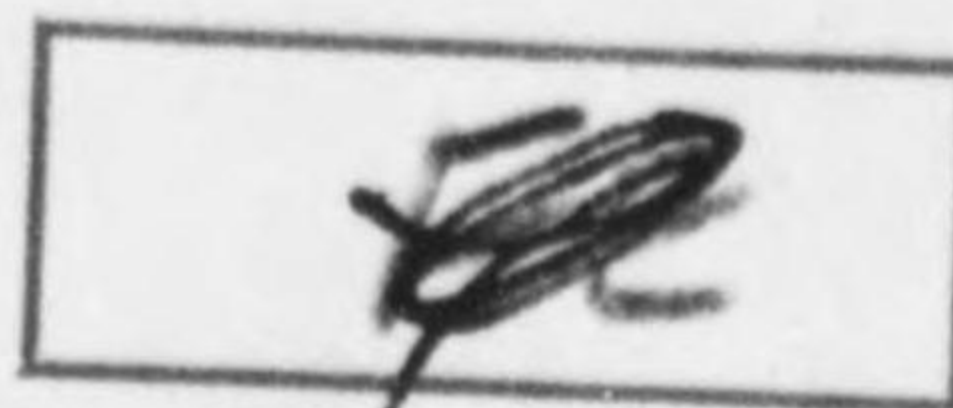
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THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

ACTION is assigned to



United States Political Adviser for Japan

Tokyo, July 16, 1948

No. 444

RESTRICTED

DEPARTMENT OF STATE
DIVISION OF NORTH ASIAN AFFAIRS
JUL 23 1948
DEPARTMENT OF STATE

SUBJECT: Public Comments on Accomplishments of the Second National Diet.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose 1) a list of the important bills passed by the Second Japanese National Diet, which convened on December 10, 1947 and adjourned July 5, 1948; and 2) a list of bills not favorably acted upon in the same session. Among the important bills passes were the Codes of Civil and Criminal Procedures, the Habeas Corpus Law, the Corrupt Practices Law and the National Government Reorganization Law. (In regard to this list, reference is made to this Mission's airgram A-36, June 1, 1948.) Sixteen of the forty-three bills not passed died in Committee. The remaining twenty-seven were withdrawn by the Cabinet.

On July 6, the Supreme Commander issued a public statement on the legislative accomplishments of the Diet, the text of which is forwarded as enclosure no. 3, in which he noted with gratification the passage of all the legislation essential to the full implementation of the basic principles of the Constitution.

Editorial comment, however, is generally unfavorable to the record set by the Diet. The NIPPON TIMES, an English language newspaper of small circulation and minor influence, except among Occupation personnel, echoed the general feeling of the Tokyo press when it stated editorially on July 6 that "no one can claim its (the Diet's) accomplishments have been anything but modest, to say the least."

Most newspapers place editorial emphasis on excessive political maneuvering and when considering specific legislation discuss the method of passage of the Budget. (MAINICHI, July 6; JIJI SHIMPO, July 6; NIHON KEIZAI, July 7; NIPPON TIMES, July 6). The ASAHI, July 6, finds "the only merit" in the Diet was the operation of the Irregular Property Transactions Investigation Committee of the House of Representatives under the chairmanship of MUTO Unjiro.

It is perhaps significant, however, in the light of General MacArthur's statement of July 6, that none of the Japanese language

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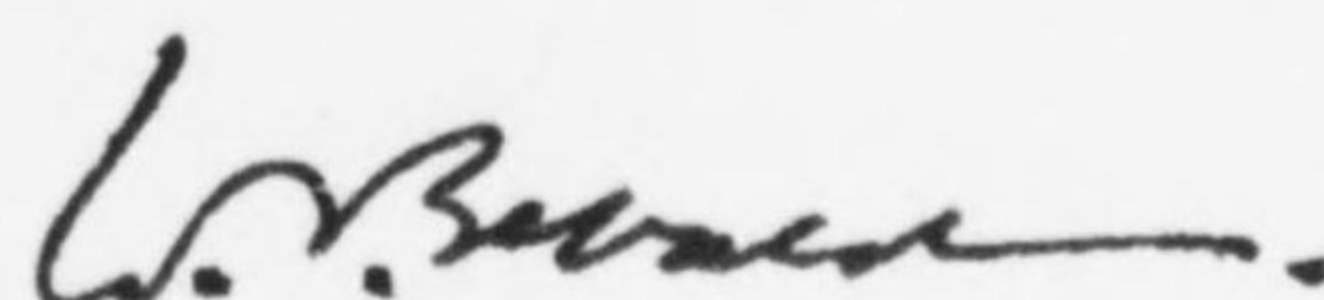
Tokyo's No. 444
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newspapers adopted a comparable editorial line. General MacArthur's statement, in effect, commended the legislative framework of a democratic state brought about by this Diet's session. This momentous achievement, even when called to their attention by the MacArthur statement, has been ignored by the Japanese press. This divergence in outlook is partly the result of Japanese habits of journalism, but it points up the lack of adequate public relations with the Japanese press. In retrospect, it seems likely that improved press relations would have led to more constructive criticism than that which the Diet has received in editorial columns. Newspaper discussion of the long range effect of this Diet's accomplishments would also have served to educate the public concerning the progressive democratization which has taken place and of the people's expanding rights under legislation actually adopted.

Respectfully yours,



W. J. Sebald

Enclosures: *att* *att ✓*

1. List of Important Bills Passed During 2nd National Diet, dated July 6, 1948.
2. List of Bills Not Favorably Acted Upon by 2nd National Diet, dated July 6, 1948.
3. Copy of Statement by General Douglas MacArthur, Supreme Commander for the Allied Powers, dated July 6, 1948.

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Enclosure No. 1 to Despatch No. 444
dated July 16, 1948, from the Acting
Political Adviser for Japan, Tokyo,
entitled "Public Comments on Accomplish-
ments of the Second National Diet".

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COPY

6 July 1948

IMPORTANT BILLS PASSED DURING 2nd NATIONAL DIET

1. Code of Civil Procedure
2. Code of Criminal Procedure
3. Habeas Corpus Law
4. Juvenile Law
5. Reformatory Law
6. Law for Prosecution of Inquest
7. Amendment to State Property Law
8. Corrupt Practices Law
9. Board of Education Bill
10. Pharmaceutical Affairs Law
11. Science Council of Japan
12. National Government Organization Law
13. Administrative Management Authority Law
14. Law Establishing Bureau of Agricultural
Improvement Service
15. Law Amending Commercial Code
16. Law Establishing Agency of Industrial Science
and Technology
17. Consumers' Livelihood Cooperative Law
18. Certified Public Accountant Law
19. Law Establishing Ministry of Construction
20. Law Establishing Economic Investigation Board
21. Fire Service Law
22. Maritime Safety Authority Law
23. Local Tax Law
24. Trade Association Law
25. Law Establishing Board for Smaller Enterprises
26. National Diet Library Law
27. Minor Offense Law
28. Venereal Disease Control Law
29. Law Amending Law for Election of Members of the
House of Representatives

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Enclosure No. 2 to Despatch No. 444
dated July 16, 1948, from the Acting
Political Adviser for Japan, Tokyo,
entitled "Public Comments on Accomplish-
ments of the Second National Diet".

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GOVERNMENT SECTION

No. 18 (2)

THE NATIONAL DIET

6 July 1948

BILLS NOT FAVORABLY ACTED UPON BY 2nd NATIONAL DIET

Of a total of 273 bills introduced during the 2nd National Diet session, all were passed except the following 43, which were either not reported out by committee or withdrawn by the Cabinet:

A. Not Reported Out by Committee

1. Bill for disasters in Accordance with the Law for Temporary Measures concerning Leasehold Land
2. Bill for Special Instances for Interest Payment on War Bonds
3. Honors Law Bill
4. Youth Liquor Prohibition Bill
5. Bill for Construction of Roads and Bridges
6. Bill for Drainage Structure for Railroads and Tramways
7. Living Cooperative Association Bill
- *8. Bill Amending Agricultural Cooperative Association Law
- *9. Bill Amending Agricultural Land Adjustment Law
- *10. Bill Amending the Owner-Farmer Establishment Law
- *11. Bill for Punishment of Prostitution
- *12. Bill Establishing the Communications Ministry
- *13. Bill for Adjustment of Laws re Establishment of the Communications Ministry
- *14. Broadcast Bill
- *15. Bill for Appointment and Dismissal of Education Public Officials
- *16. Juvenile Guidance Bill

*Study to be continued preparatory to Diet consideration at the beginning of the next session.

B. Withdrawn by the Cabinet

1. Bill Establishing the Agriculture-Forestry Ministry
2. Bill for Adjustment of Laws re Enforcement of Law Establishing Agriculture-Forestry Ministry
3. Bill Amending the Attorney-General's Office Law
4. Bill Amending the Cabinet Law
5. Bill Establishing the Prime Minister's Office
6. Bill for Adjustment of Laws re Enforcement of Law Establishing Prime Minister's Office
7. Bill Establishing the Price Authority
8. Bill for Adjustment of Laws re Establishment of the Price Authority
9. Bill Establishing the Commerce-Industry Ministry

10. Bill for

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Enclosure No. 2 to Despatch No. 444 dated July 16, 1948, from the Acting Political Adviser for Japan, Tokyo, entitled "Public Comments on Accomplishments of the Second National Diet".

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COPY

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Encl. No. 2 to
Tokyo's No. 444,
July 16, 1948.

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10. Bill for Adjustment of Laws re Enforcement of Law
Establishing the Commerce-Industry Ministry
11. Bill Establishing the ESB
12. Bill Establishing the Foreign Office
13. Bill Establishing the Finance Ministry
14. Bill for Adjustment of Laws re Enforcement of
Law Establishing the Finance Ministry
15. Bill for Adjustment of Laws re Establishment of
Labor Ministry under National Government
Reorganization Law
16. Bill Establishing the Transportation Ministry
17. Bill Adjusting Laws re Enforcement of Law Establishing
the Transportation Ministry
18. Bill Establishing the Welfare Ministry
19. Bill for Adjustment of Laws re Enforcement of Law
Establishing the Welfare Ministry
20. Bill for Adjustment of Laws re Law Establishing the
Construction Ministry
21. Supplementary or Revised Provisional Budget No. 4,
General Account, 1948
22. Bill #1 Amending the Tobacco Monopoly Law
23. Bill Amending the Financial Institutions Reconstruction
and Reorganization Law
24. Supplementary Budget No. 13, General Account, 1947-48
25. Supplementary Budget Special No. 7, Special Account, 1947-48.
26. Bill Regulating Serum and Similar Products for Animal
Use
27. Bill Amending the Mail Law

PARLIAMENTARY & POLITICAL DIVISION
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Enclosure No. 3 to Despatch No. 444
dated July 16, 1948, from the Acting
Political Adviser for Japan, Tokyo,
entitled "Public Comments on Accomplish-
ments of the Second National Diet".

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COPY

STATEMENT BY GENERAL DOUGLAS MacARTHUR,
SUPREME COMMANDER FOR THE ALLIED POWERS,
July 6, 1948

"It is gratifying to note that with the Diet session just closed all of the legislation essential to the full implementation of the basic concepts of the constitution has now been enacted into law. The final enactments of the program of legislation were those providing for the vigorous, orderly and impartial administration of justice and with the inclusion therein of provisions for the Japanese people for the first time of the privilege of the writ of habeas corpus, Japan now assumes a place among those peoples of the world who live under positive safeguards to the sanctity of individual life, liberty and human dignity."

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ACTION
is assigned to



United States Political Adviser
for Japan

Tokyo, December 10, 1948

No. 777

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DEPARTMENT OF STATE
DIVISION OF
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DEPARTMENT OF STATE

1948 DEC 3 32

FACILITIES BRANCH

Subject: Prime Minister's Address at Opening of Fourth
Session of National Diet, December 4, 1948.

The Honorable
The Secretary of State,
Washington.

Sir:

1/

I have the honor to transmit to the Department
a translation of Prime Minister YOSHIDA Shigeru's
address at the opening of the fourth session of the
National Diet on December 4, 1948.

Emphasizing that his government is a minority
party Cabinet, the Prime Minister stated that the
first step of such a government is to effect dissolu-
tion of the Diet to ascertain if the Democratic Liberal
Party has the confidence of the people. That this
step was not taken earlier, during the third session,
was due to the need to revise the National Public
Service Law for which purpose the third session had
been called. It was also agreed, the Prime Minister
declared, that a Public Service Wage Bill and an
emergency budget would also be submitted at the third
session. The emergency budget was presented to the
third session on November 29, at the end of the third
session, and accordingly the Prime Minister devoted
much of his policy statement to this subject.

The question of the budget, Mr. Yoshida pointed
out, is of course directly linked with the necessity
to ensure the livelihood of public service personnel
and their efficient performance as envisaged by the
revised National Public Service Law. Expenditures for
the rehabilitation of devastated areas also have to
be considered under a supplementary budget.

To meet these extra financial burdens, Mr. Yoshida
declared that his government will proceed with the
removal and simplification of economic controls, the

reduction

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Tokyo's Despatch No. 777,
December 10, 1948.

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reduction of government personnel, and the rationalization of industries in the interest of greater economy. The Government will also endeavor to adhere to a policy of sound finance by effecting a balance between income and expenditures.

The Prime Minister also took up the question of the democratization of the country, particularly the educational system, and in reference to the Diet resolution of November 28 concerning any early peace treaty (this Mission's despatch No. 773 of December 9, 1948), Mr. Yoshida expressed his conviction that a peace treaty will be impossible "unless we first establish firmly a democratic government in Japan".

Touching on the operation of the new Constitution, Mr. Yoshida noted that after the first general election under the new Constitution in April 1947, his government (the first Yoshida Cabinet) had promptly resigned to make way for a Socialist-Democratic coalition. Mr. Yoshida explained that his Democratic Liberal Party refused to participate in this coalition because of the belief that coalition regimes with conflicting policies and aims only retard postwar reconstruction. The Katayama and Ashida Cabinets in Mr. Yoshida's view have proved the undesirability of coalitions. In the October 15 election by the Diet at which Mr. Yoshida was designated to form a new cabinet to succeed that of Dr. Ashida which resigned on October 7 because of a major political scandal, Mr. Yoshida received less than two hundred votes, while more than two hundred Lower House members cast blank ballots. "I am sure the people expect an early opportunity of pronouncing their judgement," Mr. Yoshida declared, and "in obedience to the dictates of public opinion all parties should submit to a general election".

In conclusion, the Prime Minister stressed the need for economic recovery and thorough investigation of the unprecedented political scandals which have shocked the nation.

The Japanese press with virtually no exception has taken Mr. Yoshida to task for his failure to present a more concrete program in his long-awaited policy speech. Tokyo Asahi described the address as primarily a declaration for dissolution of the Diet. Asahi feels that Mr. Yoshida was in an excellent position to clarify the government's intentions and set the nation at ease, but that he completely forfeited this opportunity. Mainichi Shimbun was severely critical of

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Tokyo's Despatch No. 777,
December 10, 1948.

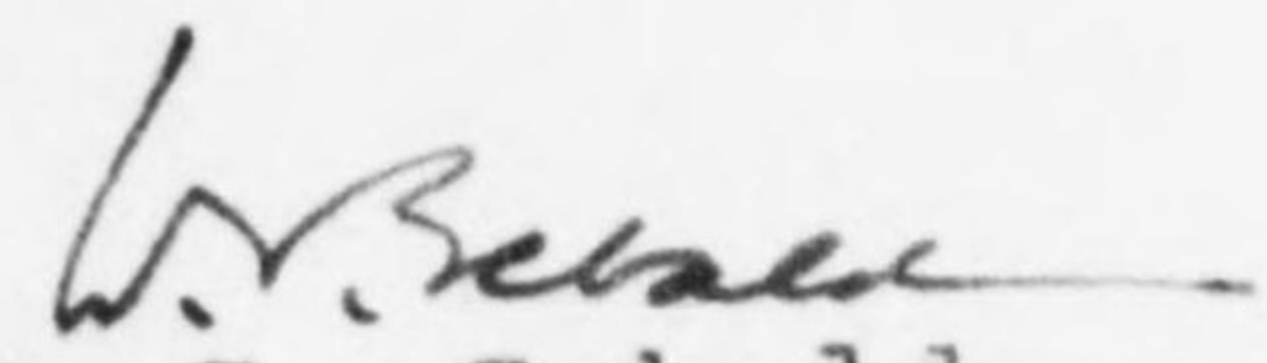
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the manner in which Mr. Yoshida keeps the nation in the dark as to the policies his government intends to pursue. Another influential Tokyo daily, Yomiuri, noted the negative tone of the address which makes it difficult for the Yoshida Cabinet to receive the sympathy of the people. Such failure to clarify its administrative policies would indicate, in the opinion of Nihon Keizai, that the Yoshida Cabinet's policies have no particular merits. Jiji Shimpō stated that, before calling for dissolution of the Diet and a general election, Mr. Yoshida should have made clear to the people what his Cabinet stands for. "We find nothing worthy of special mention in Premier Yoshida's administrative speech," commented Tokyo Shimbun, while Sekai Keizai found the address absolutely lacking in definite policy. Akahata, the communist daily, blasted the speech as "irresponsible nonsense".

Such universal criticism of Mr. Yoshida's policy speech is not surprising in view of its generalities and lack of clearcut statements. It appears that Mr. Yoshida has played his hand over-cautiously and has thereby missed a rare opportunity to present himself as a statesman of quality. There was an excellent psychological build-up for a courageous, forthright statement of policy. Mr. Yoshida's earlier refusal to give an administrative address during the third session irritated the opposition in the Diet, but at the same time this refusal created a genuine anticipation among the people. What was finally delivered as the keenly-awaited statement of the Cabinet's position has come as a most disappointing anti-climax. To what extent this will affect the Democratic Liberal Party in the coming general election is as yet conjectural. Other political questions are involved, such as leftist opposition to revision of the National Public Service Law which may well dominate the coming campaign; and partisan jockeying, independent of real political issues, is invariably an important feature of Japanese elections.

Respectfully yours,


W. J. Sebald

Enclosure: *att*

Address of Prime Minister,
December 4, 1948.

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Enclosure to Despatch No. 777
dated December 10, 1948 from
the United States Political
Adviser for Japan, Tokyo, on the
subject, "Prime Minister's Address
at Opening of Fourth Session of
National Diet, December 4, 1948.

(COPY)

Address of the Prime Minister
before the 4th Session of the
National Diet, December 4, 1948.

The present Cabinet is a minority party Cabinet with a premier designated by the Diet upon the resignation of the Ashida Cabinet. As I stated in this House on the 15th of last month, we believed that as a minority government we should, first of all, dissolve the Diet in accordance with public opinion, and ascertain whether our party commanded the confidence of the people. However, the 3rd Diet was in session for the specific purpose of revising the National Public Service Law and enacting related laws and regulations, to which the Government had been publicly committed from the time of the Ashida Cabinet. Therefore, with that end in view the Government reached an agreement with the Socialist, Democratic and other parties through the good offices of Allied authorities.

It was agreed that the Government would submit a Public Service Wage bill and an emergency budget to the 3rd Diet, and that two weeks after the submission of the said budget the Opposition would adopt a vote of non-confidence, whereupon the House of Representatives would be dissolved.

Now the budget in question was presented on the 29th of November. It is now being deliberated upon by the present 4th Session of the Diet. Accordingly, my policy statement today has principally to do with this budget.

In the first place, with a view to securing the livelihood of the public service personnel and ensuring an efficient performance of their functions, as is envisioned by the revised N.P.S.L., the Government will take appropriate measures relating to the pay for public service personnel by taking into consideration the conditions of both national economy and state finance.

In the second place, the Supplementary Budget includes an appropriation for rehabilitation of devastated areas. This country has been stricken of late by one disaster after another in rapid succession, and we cannot but feel a deep sympathy toward the afflicted people. My Cabinet, ever since its formation, has been working on a long range plan. But for the present an appropriation is submitted to you as a part of the necessary expenditures to cover the cost of certain swift and effective measures.

Today

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No. 777, December 10, 1948.

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Today there remain still over 400,000 Japanese overseas, many of whom are now obliged to go through a fourth winter in a frigid territory, and their pitiful plight causes us a grave concern. The Government will continue its endeavors to speed their repatriation, and to afford protection and assistance to their families at home as well as to the repatriates themselves.

The Supplementary Budget contains also additional appropriations for Post War Dispositions and Price Adjustment, which have been necessitated by the economic developments--especially the price rise--since the passage of the original budget.

On the other hand, we will proceed with the removal, simplification of controls, reduction of government personnel, and rationalization of industries in accordance with the Product-first principle, which our party has long advocated. At the same time, the Government will adhere strictly to the policy of sound finance, and formulate its fiscal plans on the basis of effecting a balance between income and outlay, and compile later a still sounder budget.

I desire to lay a special emphasis on the need of the renovation of the educational system and a thorough diffusion of democratic education, which, needless to say, constitute the very foundation for national reconstruction. A new educational system has already been inaugurated, which points to a new ideal. While the attainment of that ideal will require years of extraordinary efforts, the Government is determined to leave no stone unturned for accomplishing concrete results in this respect.

Finally, I want to speak a few words on the peace treaty, without which, as set forth in the recent resolution of the Diet, Japan cannot achieve independence. I am convinced that peace will be impossible unless we first establish firmly a democratic government in Japan.

We have a new Constitution. But in order to assure its satisfactory operation, we must establish correct precedents in consonance with the spirit of the Constitution. It is for this reason that after the first general election conducted under the new Constitution the Yoshida Cabinet resigned promptly to make way for the Social-Democrat Party which emerged the first party as the results of that election.

Believing that a coalition of parties with conflicting policies and aims would end by weakening the Cabinet and retarding the work of postwar national reconstruction,

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Enclosure to Tokyo's Despatch
No. 777, December 10, 1948.

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our Liberal-Democratic Party refused to participate in the coalition cabinets. Now the past one and a half years since then has been a period of political instability with constant shifts and changes in party alignments. A dark cloud hung over our political horizon with workers growing restive, the nation's economy depressed and production lagging behind schedule. After a series of political upheavals the Katayama Cabinet resigned, to be succeeded by the Ashida Cabinet, which in turn collapsed as a result of scandals, as you know, leading to the formation of the present Cabinet of mine.

However, in the recent election of prime minister, I received only 180 odd votes, while more than 200 members of this House cast blank ballots. I am sure the people expect an early opportunity of pronouncing their judgment. In obedience to the dictate of public opinion all parties should submit to a general election, regardless of their own interests and inclinations, and thereby establish firmly a correct formula of democratic government.

Secondly, as regards economic reconstruction the sole economic asset of our country is its productive labor. Once it is demonstrated that all our people are taking an active role in national reconstruction in a patriotic spirit, working honestly and diligently on a planned and efficient basis, it will be possible to induce foreign capital and procure foreign supplies. In another word, what is essential is that our economic revival is made a part of the world's prosperity program.

Thirdly, we must carry out a most thorough investigation of the unprecedented scandals, and see to it that never again such crimes are repeated. It is imperative that we recover our national reputation through a proper disposition of the pending corruption cases. The Government intends to take strong measures to prevent corruption, purify politics, and enforce discipline in public service so as to regain the people's confidence in the Government and its administration.

It is only through our successful achievement of these three points that we may hope to win the peace and be readmitted into the family of nations. I firmly believe that all parties should lay aside their petty tactics and manoeuvres and try to improve themselves in an open contest under the banners of their respective platforms, and thus contribute to the establishment of a truly democratic government and to the furtherance of national recovery.



THE FOREIGN SERVICE
DIVISION OF
OF THE
UNITED STATES OF AMERICA

JUN 27 1949

Office of the United States
Political Adviser for Japan
DEPARTMENT OF STATE

Tokyo, June 13, 1949.

No. 378.

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894.032/6-1349

Action Assigned to NA
Action Taken as above

REC'D
JUNE 21

Subject: The Fifth National Diet of Japan.

Date of Action NA
Action Office Symbol NA
Name of Officer M. Green
Action to DC/R file

ACTION
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The Honorable
The Secretary of State,
Washington.

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Sir:

I have the honor to submit the following summary of the activities of the Fifth National Diet of Japan.

The Fifth Diet was convoked in special session on February 11, 1949, following the general election of members of the House of Representatives held on January 23, 1949. Shigeru YOSHIDA, president of the Democratic Liberal Party which had gained a majority in the general election, was elected Prime Minister. The Diet then recessed to March 19, 1949, when it convened and remained in session, with four extensions, until May 31, 1949.

The strengths of the major parties were as follows:

	House of Representatives	House of Councillors
Total membership.....	466	250
Democratic Liberal.....	268	50
Democratic.....		42
For coalition with Democratic Liberals.....	33	
Against coalition.....	37	
Social Democratic.....	48	40
Communist.....	35	6
Ryokufukai (a conservative group in the House of Councillors generally allied with the Democratic Liberal Party).....		78

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Tokyo's Despatch No.
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The New Political Council was formed during the session by the merger of four minor parties -- People's Cooperative, Social Renovation, New Farmers, and Kosei Club; its membership is thirty-two.

1/ Two hundred and fifty-one bills were submitted to the Diet and 226 of these were passed. Enclosed are five copies of a table dated June 1, 1949, prepared by the Government Section of General Headquarters listing bills passed by the Diet together with dates of introduction and passage. Much of the important legislation is concerned with implementation of the nine-point economic recovery program declared by the United States Government and the Supreme Commander in December 1948. Among the major bills passed were the 1949-1950 budget, a bill for reduction of government personnel, bills for organization of the various government ministries, and bills amending trade union laws. The budget, which was prepared under the direction of the Dodge Mission and of Headquarters officials, was submitted to the Diet on April 4, 1949, and was enacted on April 20, 1949. This bill provides for expenditure of 707 billion yen, the largest budget in Japanese history, and is the first balanced budget in postwar Japan. The budget was a bitter bill for the triumphant Democratic Liberal Party to swallow since it forced abandonment of many campaign promises for reduction of taxes. Public statements by Mr. DODGE showed unequivocally to the Japanese that passage of the bill as submitted was considered essential by the Occupation authorities and the bill was passed with relatively little dispute.

2/ A further measure designed to implement the nine-point economic program was the Bill for Fixed Number of Personnel in Administrative Organizations, also known as the Table of Organization Personnel Bill, submitted on May 11, 1949, and passed on May 30, 1949. By reducing the number of government workers in nearly all agencies, this law will effect a great economy expected to exceed ¥20,000,000,000 in the next fiscal year. The number of government workers has been set at a total of 1,416,127, a reduction of about 250,000 persons. Because of existing vacancies, however, the number of workers to be discharged is expected to be between 165,000 and 200,000. Enclosed is a copy of a chart appearing in the Oriental Economist for June 4, 1949, showing the changes to be made in the number of persons employed by the various ministries as a result of the reduction of personnel; it should be noted in this connection that some confusion exists in the various sets of figures submitted by the Japanese Government, with the result that it is not certain how many government employees are affected. The discharges and shifts of personnel are scheduled to be finished by October. A problem of considerable political and economic importance is raised in connection with the retirement allowances to be granted discharged employees; a sum of ¥5,300,000,000 has been allocated for this purpose and it is anticipated that this will permit

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Tokyo's Despatch No.
378, June 13, 1949.

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an average of about three months' salary for each discharged employee. Additional funds of about three billion yen have been set aside for unemployment insurance and "unemployment policy". Already there is considerable criticism of the Government that adequate provision is not being made for discharged employees.

Parallel with the plan for reduction of the number of government workers is a plan for reduction of the number of administrative functions of the Government. Bills were accordingly introduced into the Diet for reorganization of all ministries. These were all passed. The general purpose of this reorganization is to reduce the number of offices and functions of the Government by thirty per cent, in order that the reduction of the number of workers may be accompanied by a reduction of government operations. In practice it is proving difficult to adhere to a rigid rule, but most ministries are earnestly attempting to reduce the number of their activities together with the number of employees. The reorganization program has resulted in the creation of two new ministries: the Ministry of International Trade and Industry has been established in the place of the Ministry of Commerce and Industry, while the Communications Ministry has been split into the Telecommunications Ministry and the Postal Administration Ministry. The entire reorganization program was conducted under the close scrutiny of General Headquarters.

The Fifth Diet also took significant action in the labor field. The Trade Union Law and the Labor Relations Adjustment Law were amended to regulate negotiations between workers and employers, to define certain illegal acts by the employer, to remove full-time union officials from company payrolls, and to enlarge the scope of company staff members such as company guards who are ineligible for union membership. Certain labor elements opposed these revisions but they were passed readily. Here again the Occupation gave guidance to the Diet proposals, but it is likely that the labor amendments reflected the wishes of the major party more than many other important bills passed by the Diet.

Several other significant measures were approved by the Fifth Diet. To facilitate foreign investment and ease credit restrictions, the antitrust provisions of the Monopoly Law were somewhat relaxed. Indicative of the heated debate now taking place in Japan over the population problem was an amendment to the Eugenics Protection Law legalizing abortion for health or economic reasons. The "reopening" of restaurants, which have been operating openly and apparently without tax restrictions because of their unauthorized status, was legalized. Several important measures relating to education were passed, particularly a bill reorganizing the Education Ministry and decentralizing its operations.

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378, June 13, 1949.

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It is noteworthy that the Diet failed to act on several important measures. Enclosed are five copies of a table dated June 1, 1949, prepared by the Government Section of General Headquarters listing the twenty-five bills which were submitted to but not passed by the Fifth Diet. The Fisheries Bill, a complex proposal regulating fishing rights, and a bill establishing provisional measures for procuring food were referred to interim committees and no final action was taken. The House of Councillors withheld action on two bills: one authorizing the sale of certain government-owned local railways and streetcar lines, which had been purchased during the war and which the Government proposed to sell to private owners in order to raise revenue, estimated at three billion yen; the other a bill authorizing the establishment of parliamentary councillors chosen from the Diet to advise the Cabinet and the various ministries.

A parliamentary development of some note was the frequent use of resolutions, sometimes as a substitute for legislation. Thirty-two resolutions were introduced in the House of Representatives and fifteen in the House of Councillors. Although many of these resolutions were adopted, no one appeared sure of their legal effect. Illustrative of this problem is the resolution adopted by both houses calling upon the Government to take steps to settle the Awa Maru claim. Upon the basis of this joint resolution the Government reached a settlement of the claim with United States authorities, and when this settlement was announced some protests were raised in the House of Representatives on the ground that the action was unauthorized and illegal, although, of course, this opposition was based on political grounds as much as on legal objections. Resolutions were also used in several instances by the Communists to rally left-wing support for communist proposals.

The investigative power conferred upon the Diet by Article 62 of the Constitution was also brought into use by the Fifth Diet but not on so effective or spectacular a scale as by the preceding Diet. One interesting situation has raised the basic problem of the extent of the Diet's investigative power. The Judiciary Committee of the House of Councillors has for some time concerned itself with the "democratic operation" of the courts and, on March 30, 1949, adopted a resolution that a sentence imposed by a District Court in a mercy killing case was too light and failed properly to punish the "feudalistic" practice of infanticide. The Supreme Court protested this resolution in a letter to the President of the House of Councillors on the ground that the upper house committee was intruding upon the independence of the judiciary. The controversy has been widely publicized and at present the upper house Judiciary Committee is considering what further measures it should take. The results of the argument will probably be beneficial in that the legislature has merely criticized and not tried directly to interfere with the decision of the courts and also in that there has been considerable intelligent discussion of the boundary between the legislature and the judiciary. Another upper house committee carried on a highly publicized investigation of alleged atrocities reported committed by Japanese camp leaders on

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Japanese prisoners of war in Outer Mongolia; the so-called "dawn prayer" executions turned out upon examination to be based on rather vague charges of brutality. The Illegal Property Transactions Committee of the lower house, which achieved considerable prominence in the Fourth Diet, was emasculated by the Fifth Diet into an "Examination Committee", with power to investigate illegal property transactions, to examine acts considered prejudicial to national reconstruction, and to confer public praise upon those Japanese who distinguish themselves in cultural and scientific activity. This committee has accomplished almost nothing beyond a routine investigation of alleged malpractice by local tax collectors, and the committee's operation appears handicapped by the unwillingness of both rightists and leftists in the Diet to permit examination of anything that might reflect upon them. Prime Minister Yoshida has stated publicly several times that he wants an "Un-Japanese Activities Committee" established, but this proposal is also the object of sharp political controversy.

The Fifth Diet was not lacking in measures more direct than oratory and invective. The demonstrative mannerisms of Japanese legislators on the floor of the house, abetted by strong political differences, erupted into a fifteen-minute fist-fight in the House of Representatives on May 19, after a Communist member, TACHIBANA, struck a Democratic Liberal, KONISHI, on the head. The next day Konishi imported a group of supporters from Osaka and in a fashion reminiscent of daimyo of old strutted about the Diet well protected by a large and faithful retinue. Both Tachibana and Konishi were suspended from the Diet, the former for thirty days and the latter for seven days. Both political parties suffered considerable loss of prestige as a result of this incident, particularly the Communist Party because its member started the fight. Not to be outdone, the upper house staged a public display of force on May 23, when the government parties requested an extension of the Diet; attempts were made by opposition members, who consistently resisted extension, forcibly to restrain aged President MATSUDAIRA from assuming the chair.

Press reaction to the activities of the Fifth Diet was generally favorable. Although a number of papers deplored the "steam-roller" tactics of the Democratic Liberal Party, approval of the Government's putting through bills of major public concern was virtually unanimous, especially in the face of opposition on various issues from the bureaucracy, labor, and capital. Passage of the 1949-1950 budget was considered the most important item of business, followed by the various bills for government reorganization and reduction of personnel. The public also condemned without exception the unseemly brawls that took place in both houses. Asahi noted the absence of thorough discussion on issues and expressed regret that the authority of the Occupation

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was occasionally invoked to squelch debate and hasten passage of bills. Akahata (the communist daily) had no words of praise for the Fifth Diet, asserting that the budget was the work of monopoly capitalists at home and abroad eager to keep wages low and impose heavy taxes. Akahata also protested the use of the term "Supreme Commander for the Allied Powers" in legislation, as well as the action of the Government in settling the Awa Maru claim. The Nippon Times, after summarizing the principal actions of the Fifth Diet, offered the view that this session would serve as a lesson to both majority and minority in how to conduct legislative business.

Aside from its legislative accomplishments, perhaps the most notable feature of the Fifth Diet was the emergence of the Democratic Liberal Party under Prime Minister Yoshida as an effective and unified political force. The much discussed possibility of an overt division of the party into two or more factions did not occur. Instead, the party has grown stronger to the point where the disaffected minority is hopeful that its leader, YAMAZAKI Takeshi, will be taken into the Cabinet. Mr. Yoshida, in spite of failing health, proved to be a strong and courageous leader with considerable skill both on the floor and in off-floor maneuvering; accusations that he resorted to steam-roller tactics appear for the most part to be rather extreme ways of saying that he marshaled the necessary strength to get his bills through the Diet, often against considerable opposition and unfair delaying methods. Probably as a consequence of the strengthened position of the Democratic Liberals under Yoshida has been the continued tendency of the middle parties to disintegrate: the Democratic Party has split into two factions, one favoring union with the Democratic Liberals and one advocating the independence of the party; the Social Democratic Party undertook several measures to reorganize itself and gain popular support, but these efforts do not appear to have appreciably strengthened the party's leadership or position in the Diet; four of the minor parties merged at the end of April to form the New Political Council (Shinseiji Kyogikai) consisting of thirty-two members, but this group has not yet attained a position of any significance. It is interesting to speculate upon but difficult to calculate the popular reaction to the activities of the Communist Party in the Fifth Diet. The Tachibana episode in the House of Representatives on May 19 appears to have created an adverse impression upon the Japanese public generally, while the Communists' legislative efforts have been of little avail. Prime Minister Yoshida's blunt legislative methods where the Communists were concerned were highly effective in blocking communist efforts in the Diet; in fact, several papers commented on how quiet the Communists were during the session.

Another significant development in the Diet was the assertion by the House of Councillors of considerable independence. The Ryokufukai, the predominant party in the upper house, on several occasions split with the Democratic Liberals and caused the failure of several government-supported bills to pass. The Democratic

Liberals

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Liberals have thus had trouble in mustering a majority in the upper house on several issues. The House of Councillors showed other signs of developing political strength by the various investigations it has conducted and its effort to defeat revision of the Monopoly Law by means of filibuster. There is indication that the intention of the framers of the Constitution, as well as that of the Allied Powers as expressed in Far Eastern Commission policy decisions, in providing that the lower house should be the dominant legislative branch, is likely to be modified by the actual course of political developments. The extent to which the House of Councillors has successfully asserted itself during the Fifth Diet also promises to stimulate greater interest in that body. The first election for members of the House of Councillors, held in May 1947, was conspicuously lacking in interest on the part of the political parties as well as the voters. If the House of Councillors is to play a more important role in parliamentary affairs, it is very likely that far more interest will be shown hereafter in contests for its 250 seats. The next election for the House of Councillors, however, does not take place until 1950.

It is expected that another special session of the Diet will be called in September. At that time the Diet will probably re-consider several of the measures not passed at this session, such as the fisheries bill, the parliamentary councillors bill, and the bill for sale of government railways. It is probable that difficult issues connected with implementation of the 1949-1950 budget and with the reduction of government personnel will also require consideration. By September it is likely that proposals on tax reform, especially those prepared by the Shoup Mission, will be ready for Diet consideration. The controversial University Bill prescribing the administration of government-supported universities may also be submitted to the Diet at that time. Several prominent members of the Democratic Liberal Party have stated publicly that they expect the peace conference for Japan to take place this fall, and this prospect, in spite of its almost complete lack of substance, has imported a sense of urgency and importance to Diet activity and maneuvering. At the moment it appears probable that the merger of Democratic Party members favoring coalition with the Democratic Liberal Party will be completed soon and thus the strength of the majority party will be still further increased.

The fifth session of the National Diet has demonstrated a considerable degree of political stability in the parliamentary field of the Government. This must be explained in good part by the commanding majority enjoyed by the government party in the House of Representatives. Additionally, however, it must be recognized that

Prime Minister

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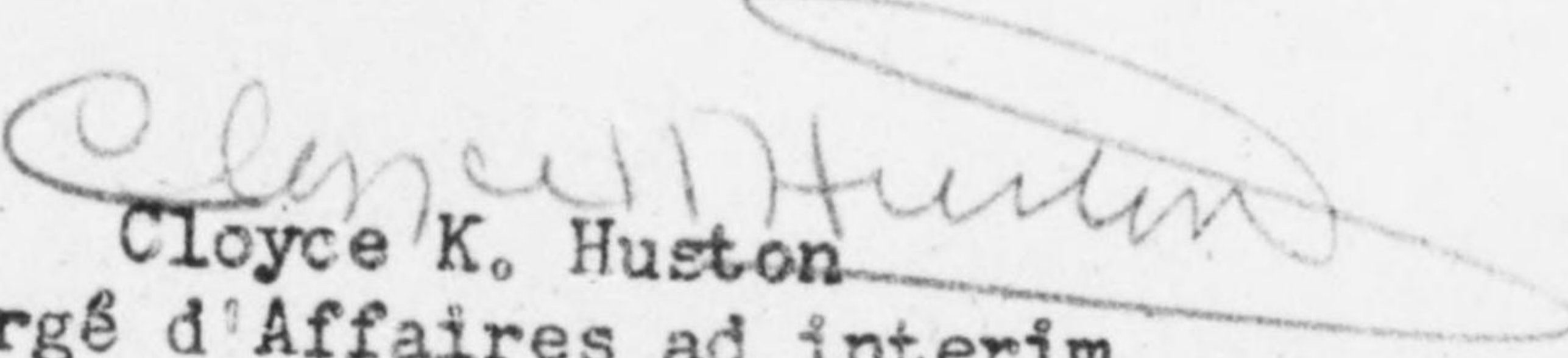
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Prime Minister Yoshida has given concrete evidence of effective leadership, and has emerged as the most capable and appealing political figure in postwar Japan, notwithstanding his stubborn temperament and uningratiating manner of dealing with opposition within and outside his party. Unfortunately, the Prime Minister has come to overshadow in ability and prestige the entire membership of his party. In view of his advanced years and some indications of failing health, the problem of a suitable successor is already becoming a matter of some concern.

The next session of the Diet will unquestionably be faced with serious problems which may have to be discussed in a more tense political atmosphere in view of the increasingly acute character of the labor situation and the possibility of some recession in the economic field. It is believed, however, that sufficient parliamentary stability has now been established to warrant optimism in the ability of the National Diet to deal with these issues.

Respectfully yours,


Cloyce K. Huston
Chargé d'Affaires ad interim

Enclosures: 

1. Five copies of table dated June 1, 1949, listing bills passed by Diet.
2. Copy of chart from Oriental Economist, June 4, 1949, indicating number of employees in ministries.
3. Five copies of table dated June 1, 1949, listing bills submitted but not passed.

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Enclosure No. 2 to Despatch No. 378 dated June 13, 1949, from Office of United States Political Adviser for Japan, Tokyo, subject: "The Fifth National Diet of Japan".

Oriental Economist, June 4, 1949:

COPY

GOVERNMENT PERSONNEL, OLD AND NEW

	Old Per- sonnel (A)	New Per- sonnel (B)	B/A %	% Decrease	Retirement Applicant
Prime Minister's Office	65,671	58,133	88	7,538	3,090
Attorney-General's Office	42,153	41,905	99	248	* 7,216
Foreign Ministry	2,280	1,556	68	724	500
Finance Ministry	105,464	85,014	80	20,450	3,997
Education Ministry	63,674	63,090	99	584	638
Welfare Ministry	52,503	45,363	86	7,140	* 909
Agriculture-Forestry Ministry	106,794	87,002	80	19,792	9,116
International Trade & Industry Ministry	26,499	21,259	80	5,240	1,837
Transportation Ministry	32,835	26,704	81	6,131	1,461
Postal Service Ministry Telecommunications Ministry	443,430	404,388	91	39,042	35,024
Labor Ministry	27,822	20,133	72	7,689	5,524
Construction Ministry	14,304	10,907	76	3,397	3,054
Economic Stabilization Board	8,158	5,825	71	2,333	1,052
Total	991,587	871,279	87	120,308	65,293
Japan Monopoly Corporation	41,866	38,114	91	3,752	254
Japan Government Railway Corporation	623,485	506,734	81	116,751	109,081
Grand Total	1,656,938	1,416,127	85	240,811	174,628

*Indicate vacancies. In the case of the Attorney-General's Office the new personnel of procurators' offices is set at 11,476, whereas the present personnel number 8,595, indicating 2,881 vacancies, and in other offices the new personnel is fixed at 30,429 against the present number of officials at 26,094, or showing 4,335 vacancies: the total vacancies are 7,216. In the case of the Education Ministry, the present number of teachers is 6,666 less than the newly fixed personnel. On the whole, there may be some changes in the above tabulated figures, if the table of government personnel is finally adjusted.

The Third

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The Third Yoshida Cabinet centered its efforts in regard to personnel slashes around State Minister Honda; and Premier Yoshida called upon his Ministers to redouble their efforts. However, it soon became apparent that the original goal of 20 per cent reduction in field workers and 30 per cent in clerical staff was unattainable. So, as a result of specific studies, it was finally decided to dispense with 240,800 employees out of the authorized total of 1,657,000. However, since there remain some vacancies, the actual dismissals will total roughly 174,000.

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Enclosure No. 1 to Despatch No. 378 dated June 13, 1949 from USPOLAD, Tokyo, subject: "The Fifth National Diet of Japan".

GOVERNMENT SECTION

No. 25 (5)

THE NATIONAL DIET

1 June 1949

SUMMARY OF LEGISLATION, 5TH NATIONAL DIET, 11 FEBRUARY - 31 MAY 1949

BILLS INTRODUCED - - - - -	251
Member.....	32
Government.....	219
BILLS ENACTED- - - - -	226
Member.....	21
Government.....	205
BILLS NOT PASSED - - - - -	25
Member.....	11
Government.....	14

A. LAWS ENACTED

<u>Member Bills - House of Representatives (13)</u>	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
1. Law for Partial Amendment #3 to Horse Racing Law	4/25/49	5/12	5/26
2. Law for Temporary Restaurant Business Control	4/27	5/7	5/6
3. Law for Partial Amendment to Bicycle Race Law	4/28	5/12	5/26
4. Law for Exception to Lawsuit for Recognition	4/30	5/30	5/26
5. Law Amending the Lawyers Law	5/9	5/30	5/26
6. Law for Construction of Nagasaki as International Cultural City	5/10	5/10	5/11
7. Law concerning Branch Libraries of National Diet Library to be Established in Each Administrative Dept.	5/11	5/12	5/18
8. Law for Partial Amendment to Certified Public Accountant Law	5/14	5/17	5/20
9. Law for Partial Amendment to Law for Compensation against Agricultural Loss	5/18	5/20	5/26
10. Law for Payment of Cold District Allowance and Coal Allowance to National Public Service Personnel	5/21	5/21	5/26

<u>Member Bills - House of Representatives</u> (continued)	<u>Date</u> <u>Introduced</u>	<u>Passed</u> <u>H. R.</u>	<u>Passed</u> <u>H. C.</u>
11. Law for Establishment of Deliberation Commission on Measures for Repatriates	5/22/49	5/22	5/31
12. Livestock Dealers Law	5/23	5/24	5/31
13. Law for Partial Amendment #2 to Certified Public Accountant Law	5/30	5/31	5/31
<u>Member Bills - House of Councillors (8)</u>			
14. Law for Partial Amendment to National Public Service Law	3/30	3/30	3/30
15. Law for Partial Amendment to Eugenics Protection Law	4/28	5/22	5/26
16. Law for Partial Amendment #2 to Japan National Railway Law	5/6	5/21	5/7
17. Age Computing Law	5/7	5/14	5/12
18. Law for Construction of Hiroshima as Eternal Peace Commemoration City	5/10	5/10	5/11
19. Law for Partial Amendment to National Diet Library Law	5/11	5/20	5/18
20. Law for Transfer of Property of Industrial Association to Agricultural Cooperative Associations	5/19	5/21	5/19
21. Law for Partial Amendment to Grocery Distribution Kodan Law	5/19	5/22	5/26
<u>Agriculture - Forestry Ministry (15)</u>			
22. Law for Partial Amendment to Grocery Distribution Kodan Law and Others	3/26	3/30	3/30
23. Law Abolishing Horse Registration Law	4/13	4/23	4/20
24. Law Specifying Case in which Provisions of Article 12, Par. 3, of Law for Compensation against Agricultural Loss Shall Not Apply	4/16	4/23	4/20
25. Veterinary License Law	4/18	5/14	5/18
26. Law Abolishing Agricultural Cooperative Association Self-Auditing Law	4/20	5/10	4/28

	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
<u>Agriculture - Forestry Ministry (cont'd)</u>			
27. Law for Partial Amendment to Agricultural Land Adjustment Law and Others	4/23/49	5/12	5/23
28. Law for Partial Amendment to Agricultural Cooperative Association Law	4/23	5/10	4/28
29. Law for Partial Amendment to Food Control Law	4/25	5/20	5/28
30. Law Abolishing the Dairy Farming Adjustment Law	4/25	5/12	5/9
31. Ministry of Agriculture - Forestry Establishment Law	4/26	5/31	5/23
32. Law for Adjustment of Laws and Ordinances pursuant to Enforcement	4/26	5/16	5/23
33. Law for Partial Amendment #2 to Horse Racing Law	4/28	5/20	5/26
34. Special Measures Law for Consolidation of Fisheries Organizations	5/6	5/12	5/16
35. Land Improvement Law	5/6	5/13	5/23
36. Law for Enforcement of Land Improvement Law	5/12	5/13	5/23
<u>Attorney General's Office (23)</u>			
37. Law concerning Disasters mentioned in Article 25-2 of Law for Temporary Measures for Leasehold Land, etc.	4/7	4/16	4/28
38. Law for Partial Amendment to Law Establishing the Attorney General's Office	4/18	5/16	5/22
39. Law for Partial Amendment to Law for Temporary Measures relating to Costs of Action, etc.	4/20	5/7	4/28
40. Law for Partial Amendment to Juvenile Law	4/21	5/12	5/18
41. Law Abolishing the Publication and Press Laws	4/21	5/12	5/18
42. Law for Partial Amendment to Reformatory Law	4/21	5/12	5/18

	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
<u>Attorney General's Office (cont'd)</u>			
43. Law for Partial Amendment to Law for Establishment and Territorial Jurisdiction of Inferior Courts	4/21/49	4/28	5/12
44. Law for Partial Amendment to Code of Criminal Procedure	4/23	5/14	5/23
45. Law for Partial Amendment to Court Organization Law	4/23	4/28	5/23
46. Law for Partial Amendment to Law for Temporary Measures for Designation of Judicial Police Officials	4/23	5/10	4/28
47. Law for Payment of Travel Expenses, Daily Allowances, Lodging Charges, etc. to Witnesses before Public Trial	4/23	5/10	4/28
48. Law for Partial Amendment to Law for Costs of Criminal Action	4/23	5/7	4/28
49. Judicial Examination Law	4/23	5/24	5/23
50. Law for Partial Amendment to Notary Law	4/25	5/22	5/18
51. Law for Partial Amendment to Civil Code	4/25	5/12	5/18
52. Law for Partial Amendment to Public Procurators Office Law	4/25	5/12	5/18
53. Law for Partial Amendment to Cabinet Order Abrogating Law for Temporary Measures for Companies	4/25	4/28	4/28
54. Law Enforcing Offenders Prevention and Rehabilitation Law	4/26	5/13	5/23
55. Offenders Prevention and Rehabilitation Law	4/26	5/13	5/23
56. Civil Liberties Commissioners Law	4/26	5/12	5/18
57. Law for Partial Amendment to Law for Family Registration of Persons who have Lost or Acquired Membership in the Imperial Family	4/30	5/13	5/12
58. Law for Adjustment of Laws and Ordinances re: Establishment of Legal Affairs, District Legal Affairs Bureaus & others	5/2	5/24	5/23
59. Law for Partial Amendment to Law for Total Number of Court Officials	5/12	5/13	5/23

	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
<u>Cabinet Boards (11)</u>			
60. Law for Partial Amendment #1 to National Government Organization Law	3/24/49	3/29	3/31
61. Law for Partial Amendment to Local Finance Committee Law	3/29	3/31	3/30
62. Law for Partial Amendment #2 to National Government Organization Law	4/18	5/30	5/27
63. Law for Partial Amendment to Port Regulations Law	4/22	5/12	4/28
64. Navigational Aids Law	4/23	5/16	5/12
65. Marine Pilot Law	4/27	5/22	5/18
66. Law for Partial Amendment to Price Adjustment Kodan Law	5/7	5/12	5/16
67. Law for Partial Amendment #2 to National Public Service Law	5/11	5/21	5/26
68. Law for Fixed Number of Personnel in Administrative Organizations	5/11	5/30	5/27
69. Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Law for Fixed Number of Personnel in Administrative Organizations	5/14	5/21	5/27
70. Law for Partial Amendment #3 to National Government Organization Law	5/14	5/30	5/27
<u>Commerce - Industry Ministry (11)</u>			
71. Coal Mining Industry Losses Indemnity Law	3/24	3/26	3/30
72. Law for Partial Amendment to Solid Fuels Distribution Public Corporation Law	3/26	3/28	3/30
73. Law for Partial Amendment to Foreign Trade Kodan Law	3/28	3/30	3/30
74. Ministry of International Trade and Industry Establishment Law	4/22	5/24	5/22
75. Smaller Enterprises Cooperative Law	4/28	5/20	5/23
76. Law for Enforcement of Smaller Enterprises Cooperative Law	4/28	5/20	5/23

	Date Introduced	Passed H. R.	Passed H. C.
<u>Commerce - Industry Ministry (cont'd)</u>			
77. Mine Safety Law	4/28/49	5/12	5/16
78. Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Ministry of International Trade and Industry Establishment Law	4/30	5/24	5/22
79. Temporary Measures Law for Collection of Iron Scrap	5/2	5/20	5/23
80. Industrial Standardization Law	5/6	5/14	5/12
81. Law for Partial Amendment #2 to Solid Fuels Distribution Public Corporation Law	5/12	5/20	5/23
<u>Communications Ministry (13)</u>			
82. Law for Partial Amendment to Law Establishing the Postal Services Ministry	3/24	3/29	3/31
83. Law for Partial Amendment to Law Establishing the Telecommunications Ministry	3/24	3/29	3/31
84. Law for Partial Amendment #2 to Law Establishing the Postal Services Ministry	4/18	5/18	5/23
85. Law for Partial Amendment #2 to Law Establishing the Telecommunications Ministry	4/18	5/18	5/23
86. Post Office Life Insurance Law	4/18	5/10	5/16
87. Law for Partial Amendment to Mail Law	4/20	4/26	4/28
88. Law for Partial Amendment to Postal Money Order Law and Postal Transfer Savings Law	4/20	5/14	5/12
89. Post Office Annuities Law	4/21	5/10	5/16
90. Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Postal Services Ministry and Telecommunications Ministry Establishment Laws	4/22	5/18	5/23
91. Law for Partial Amendment to Postal Savings Law	4/28	5/14	5/12
92. Law for Disposition of National Bonds and Other Securities in Custody of Ministry of Postal Services	4/28	5/14	5/12

	Date Introduced	Passed H. R.	Passed H. C.
<u>Communications Ministry (cont'd)</u>			
93. Law for Sale Agencies of Postal Stamps and Sale Agencies of Stamps	5/2/49	5/14	5/12
94. Postal Agency Law	5/14	5/20	5/18
<u>Construction Ministry (6)</u>			
95. Law for Partial Amendment to Special City Planning Law	4/18	5/7	4/28
96. Land Survey Law	4/23	5/27	5/12
97. Law for Partial Amendment to Construc- tion Ministry Establishment Law	4/23	5/14	5/23
98. Flood Defense Law	4/28	5/22	5/18
99. Construction Contractors Law	4/28	5/12	5/16
100. Outdoor Advertisement Law	5/2	5/12	5/16
<u>Economic Stabilization Board (3)</u>			
101. Law Amending the Temporary Commodity Demand and Supply Adjustment Law	3/21	3/28	3/31
102. Economic Stabilization Board Estab- lishment Law	4/22	5/30	5/23
103. Law for Transfer of Functions, Powers, etc. of Holding Corporation Liquida- tion Commission to Fair Trade Commission	5/7	5/12	5/16
<u>Education Ministry (8)</u>			
104. Law for Partial Amendment to Board of Education Law	4/21	4/28	5/12
105. Ministry of Education Establishment Law	4/22	5/17	5/23
106. Law for Certification of Educational Personnel	4/25	5/16	5/22
107. Law for Enforcement of Law for Certifi- cation of Educational Personnel	4/25	5/16	5/22
108. Law for Partial Amendment to School Education Law	4/25	5/16	5/18
109. Law for Publication Right of Textbooks Compiled by Education Ministry	4/25	5/10	5/16

	Date Introduced	Passed H. R.	Passed H. C.
<u>Education Ministry (cont'd)</u>			
110. National School Establishment Law	4/27/49	5/18	5/26
111. Social Education Law	4/30	5/22	5/20
<u>Finance Ministry (63)</u>			
112. Law for Partial Amendment to Japan Monopoly Public Corporation Law	3/24	3/28	3/30
113. Law Increasing the Fixed Operation Capital of the Mint	3/25	3/29	3/30
114. Law for Partial Amendment to Mariners' Insurance Special Account Law	3/25	3/29	3/30
115. Law for Partial Amendment to Finance Law	3/25	3/30	4/1
116. Law for Partial Amendment to Unemployment Insurance Special Account Law	3/25	3/29	3/30
117. Law for Partial Amendment to Liquor Distribution Kodan Law	3/26	3/30	3/31
118. Law for Partial Amendment to Foreign Trade Fund Special Account Law	3/28	3/30	4/1
119. Law for Partial Amendment to Accounts Law	3/28	3/30	4/1
120. Law for Partial Amendment to Gold Fund Special Account Law	3/28	3/30	3/31
121. Law for Special Rules for Filing April Provisional Income Tax Return for First Quarter	3/29	3/30	3/31
122. Provisional Budget, General Account, 1949-50	3/29	3/31	4/1
123. Provisional Budget, Special Account, 1949-50	3/29	3/31	4/1
124. Law for Partial Amendment to Certified Public Accountant Law	3/30	3/31	3/31
125. Law for Partial Amendment to National Railways Special Account Law	3/30	3/31	3/31
126. Supplementary Budget #3, General Account, 1948-49	3/30	3/31	3/31

	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
<u>Education Ministry (cont'd)</u>			
110. National School Establishment Law	4/27/49	5/18	5/26
111. Social Education Law	4/30	5/22	5/20
<u>Finance Ministry (63)</u>			
112. Law for Partial Amendment to Japan Monopoly Public Corporation Law	3/24	3/28	3/30
113. Law Increasing the Fixed Operation Capital of the Mint	3/25	3/29	3/30
114. Law for Partial Amendment to Mariners' Insurance Special Account Law	3/25	3/29	3/30
115. Law for Partial Amendment to Finance Law	3/25	3/30	4/1
116. Law for Partial Amendment to Unemployment Insurance Special Account Law	3/25	3/29	3/30
117. Law for Partial Amendment to Liquor Distribution Kodan Law	3/26	3/30	3/31
118. Law for Partial Amendment to Foreign Trade Fund Special Account Law	3/28	3/30	4/1
119. Law for Partial Amendment to Accounts Law	3/28	3/30	4/1
120. Law for Partial Amendment to Gold Fund Special Account Law	3/28	3/30	3/31
121. Law for Special Rules for Filing April Provisional Income Tax Return for First Quarter	3/29	3/30	3/31
122. Provisional Budget, General Account, 1949-50	3/29	3/31	4/1
123. Provisional Budget, Special Account, 1949-50	3/29	3/31	4/1
124. Law for Partial Amendment to Certified Public Accountant Law	3/30	3/31	3/31
125. Law for Partial Amendment to National Railways Special Account Law	3/30	3/31	3/31
126. Supplementary Budget #3, General Account, 1948-49	3/30	3/31	3/31

<u>Finance Ministry (cont'd)</u>	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
127. Supplementary Budget #3, Special Account, 1948-49	3/30/49	3/31	3/31
128. Law for Partial Amendment to Local Finance Law	4/1	4/9	4/1
129. Law for Temporary Measures for the Budget and Settlement of Accounts of Public Corporations	4/4	4/9	4/11
130. Law for Partial Amendment to Communications Enterprise Special Account Law	4/4	4/9	4/11
131. Budget, General Account, 1949-50	4/4	4/16	4/20
132. Budget, Special Account, 1949-50	4/4	4/16	4/20
133. Budget of Government Corporations, 1949-50	4/4	4/16	4/20
134. Law for Exceptions to Budget of Special Account of Monopoly Bureau, etc., 1949	4/7	4/9	4/11
135. Law for Partial Amendment to Law for Decision or Revision of Fixed Price of Manufactured Tobacco	4/9	4/14	4/18
136. Law for Transfer from General Account for Increase of Capital Proper of Printing Bureau Special Account	4/9	4/14	4/18
137. Law for Special Account for Counterpart Fund of U. S. Aid to Japan	4/12	4/19	4/28
138. Law for Partial Amendment to Special Account for Capital Levy Revenues, etc.	4/12	4/14	4/18
139. Law for Transfer from General Account to Special Account for Deposits Bureau, Ministry of Finance, and Two Others, 1949	4/13	4/16	4/19
140. Law for Transfer from General Account for Resources of Loans in Special Account for Finance of Farm Settlers	4/13	4/16	4/19
141. National Hospital Special Account Law	4/14	4/23	5/27
142. Precious Metals Special Account Law	4/14	4/16	4/19
143. Foreign Trade Special Account Law	4/14	4/19	4/25

<u>Finance Ministry (cont'd)</u>	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
144. Law Establishing the Finance Ministry	4/18/49	5/30	5/23
145. Gasoline Tax Law	4/19	4/28	4/28
146. Law for Partial Amendment to Liquor Tax Law	4/20	4/28	4/28
147. Law for Partial Amendment to Law for Protection of the Government against Unjust Claims	4/21	4/23	4/26
148. Law for Partial Amendment to Law for Adjustment and Coordination of Disposal of Securities	4/22	4/26	4/28
149. People's Finance Corporation Law	4/22	4/28	4/28
150. Law for Special Account for State- Operated Horse Racing	4/23	4/26	4/28
151. Law for Partial Amendment to Enterprise Reconstruction and Reorganization Law	4/26	4/26	4/28
152. Law for Partial Amendment to Tobacco Monopoly Law	4/27	5/16	5/20
153. Law for Partial Amendment to Salt Monopoly Law	4/27	5/16	5/20
154. Law for Government Investment, etc. to Reconversion Finance Bank	4/22	4/28	4/28
155. Law for Partial Amendment to Income Tax Law and Others	4/28	5/12	5/16
156. Law for Partial Amendment to Japan Monopoly Public Corporation Law	4/28	5/12	5/14
157. Law for Partial Amendment to Undemobilized Persons' Compensation Law	4/28	5/14	5/12
158. Law for Government Housing for National Public Service Personnel	4/28	5/12	5/20
159. Law for Partial Amendment to National Public Service Mutual Aid Association Law	4/28	5/13	5/18
160. Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Ministry of Finance Establishment Law	4/28	5/21	5/23

<u>Finance Ministry (cont'd)</u>		<u>Date</u> <u>Introduced</u>	<u>Passed</u> <u>H. R.</u>	<u>Passed</u> <u>H. C.</u>
161.	Law for Enforcement of Japan Monopoly Public Corporation Law	4/28/49	5/12	5/14
162.	Law for Partial Amendment to Customs Law and Others	4/30	5/7	5/12
163.	Law for Transfer of Surplus in Treasury Funds	4/30	5/7	5/12
164.	Law for Special Exceptions to Payment of Profit of Special Account for Monopoly Bureau, Printing Bureau, and Alcohol Monopoly to General Account	4/30	5/7	5/12
165.	Law for Payment of Money Due from Sale of State-Owned Goods	4/30	5/12	5/16
166.	Law Amending the Crude Camphor and Camphor Oil Monopoly Law	4/30	5/16	5/20
167.	Law for Financial Regulations on Cooperatives	4/30	5/20	5/26
168.	Law for Temporary Provisions for Issue Limit of Industrial Debentures	4/30	5/12	5/16
169.	Residential Land Rental Value Temporary Revision Law	4/30	5/12	5/16
170.	Foreign Insurers Law	5/6	5/22	5/20
171.	Law for Partial Amendment to Bank of Japan Law	5/6	5/30	5/28
172.	Postal Services Special Account Law	5/11	5/13	5/18
173.	Telecommunications Services Special Account Law	5/11	5/13	5/18
174.	Law for Regulation of Money Lending Business	5/13	5/18	5/20
<u>Foreign Affairs Ministry (2)</u>				
175.	Law Establishing the Foreign Affairs Ministry	4/18	5/17	5/23
176.	Law for Preparation Committee for Liquidation of Debts by Japan Consulates and Japan Residents' Association	5/12	5/14	5/18

	<u>Date</u> <u>Introduced</u>	<u>Passed</u> <u>H. R.</u>	<u>Passed</u> <u>H. C.</u>
<u>Labor Ministry (10)</u>			
177. Law for Partial Amendment to Public Corporations Labor Relations Law	3/24/49	3/28	3/30
178. Law for Partial Amendment to Unemployment Insurance Law	4/21	5/7	5/12
179. Law for Partial Amendment to Employment Security Law	4/21	4/28	5/12
180. Emergency Unemployment Counter-Measures Law	4/22	4/28	5/12
181. Ministry of Labor Establishment Law	4/22	5/19	5/23
182. Law for Partial Amendment to Workers' Accident Compensation Insurance Law	4/25	4/28	5/12
183. Law Enforcing Public Corporation Labor Relations Law	4/28	5/12	5/16
184. Trade Union Law	4/28	5/13	5/22
185. Law for Partial Amendment to Labor Relations Adjustment Law	4/28	5/13	5/22
186. Law for Adjustment of Laws concerning Labor pursuant to Enforcement of National Government Organization Law	4/28	5/19	5/23
<u>Prime Minister's Office (17)</u>			
187. Law for Exceptions to Local Tax Distribution Law	4/5	4/21	4/25
188. Law for Partial Amendment to Law Enforcing Imperial Household Economy Law	4/14	4/19	4/20
189. Law Establishing Prime Minister's Office	4/18	5/14	5/22
190. Law Establishing Local Autonomy Agency	4/18	5/30	5/23
191. Law for Partial Amendment to Cabinet Law	4/18	5/13	5/22
192. Law Establishing National Public Opinion Research Institute	4/18	5/13	5/22
193. Law for Partial Amendment to Statistics Law	4/20	5/24	5/22
194. Law for Partial Amendment to Law for Temporary Establishment of Reparations Board	4/22	5/20	5/23

		Date Introduced	Passed H. R.	Passed H. C.
<u>Prime Minister's Office (cont'd)</u>				
195.	Law for Disposition of Police Property Owned by <u>To</u> , <u>Do</u> , or Prefecture, etc.	4/23/49	5/12	5/16
196.	Law for Prohibition of Private Monopolization and Methods of Preserving Fair Trade	4/27	5/13	5/20
197.	Second-Hand Business Control Law	4/30	5/17	5/20
198.	Law for Partial Amendment to Local Finance Law and Others	5/4	5/22	5/26
199.	Law for Partial Amendment to Economic Investigation Board Law	5/4	5/14	5/22
200.	Law for Partial Amendment to Local Tax Law	5/6	5/30	5/26
201.	Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Law Establishing Prime Minister's Office	5/10	5/24	5/23
202.	Law for Partial Amendment to Road Traffic Control Law	5/11	5/17	5/20
203.	Law Establishing Special Procurement Board	5/14	5/31	5/23
<u>Transportation Ministry (10)</u>				
204.	Law for Partial Amendment to Japan National Railway Law	3/24	3/29	3/31
205.	Law for Partial Amendment to Japanese Government Railway Fares and Charges Law	4/19	4/28	4/28
206.	Law Establishing Transportation Ministry	4/22	5/30	5/23
207.	Guide Business Law	4/22	5/22	5/20
208.	Law Enforcing Japan National Railway Law	4/22	5/10	5/20
209.	Law for Partial Amendment to Maritime Safety Board Law and Sea Casualties Inquiry Law	4/25	5/19	5/23
210.	Law for Partial Amendment to Shipbuilding Public Corporation Law	4/25	5/10	5/12
211.	Law for Compensation to Ship Owners for Payment of Retirement Allowances to CMIC Seamen	5/10	5/12	5/16

	<u>Date Introduced</u>	<u>Passed H. R.</u>	<u>Passed H. C.</u>
<u>Transportation Ministry (cont'd)</u>			
212. Law Establishing Pay Basis for Seamen in CMMC and Providing Special Allowances for CMMC Employees	5/13/49	5/16	5/19
213. Marine Transportation Law	5/16	5/21	5/26
<u>Welfare Ministry (13)</u>			
214. Law Establishing Public Welfare Ministry	4/18	5/16	5/23
215. Law for Partial Amendment to Social Insurance Medical Fee Payment Fund Law	4/21	5/13	5/23
216. Law for Partial Amendment to Medical Service Law	4/22	5/7	4/28
217. Law for Partial Amendment to Medical Practitioners Law and Dentists Law	4/22	5/7	4/28
218. Law for Partial Amendment to Health Insurance Law	4/23	4/28	4/28
219. Law for Partial Amendment to Welfare Pension Insurance Law and Others	4/23	4/28	4/28
220. Law for Partial Amendment to National Park Law	4/25	5/7	5/12
221. Law for Partial Amendment to Law for Prevention of Infectious Diseases	4/25	5/7	5/12
222. Law for Partial Amendment to Child Welfare Law	4/27	5/10	5/26
223. Law for Adjustment of Laws and Ordinances pursuant to Enforcement of Ministry of Public Welfare Establishment Law	4/28	5/16	5/23
224. Law for Dissection and Preservation of Dead Bodies	4/30	5/13	5/12
225. Law Establishing National Institute for Guidance and Rehabilitation of Physically Handicapped Persons	5/4	5/14	5/13
226. Law for Partial Amendment to Seamen's Insurance Law and Others	5/6	5/10	5/20

B. BILLS NOT PASSED - (See Report No. 24, this series, 1 June 1949)

PARLIAMENTARY AND POLITICAL DIVISION
(HL)

Enclosure No. 3 to Despatch No. 378 dated June 13, 1949, from USPOLAD, Tokyo,
 subject: "The Fifth National Diet of Japan".

GOVERNMENT SECTION

No. 24 (5)

THE NATIONAL DIET

1 June 1949

LEGISLATIVE SUMMARY, 11 February - 31 May 1949

Bills introduced into Diet - - - - - 251
 Bills enacted into law - - - - - 226
 Bills not passed (titles listed below) - - - - - 25

- * 1. Bill Amending Foodstuffs Maintenance Temporary Measures Law
- * 2. Food Increased Production Securing Base Bill (Member Bill)
- * 3. Fisheries Bill
- * 4. Bill Enforcing the Fisheries Law
- * 5. Bill #2 Amending the Local Tax Law (Member Bill)
- * 6. Bill #1 Amending the Horse Racing Law (Member Bill)
- 7. Cultural Properties Protection Bill (Member Bill)
- 8. Bill Amending Consumer Livelihood Cooperative Association Law (Member Bill)
- 9. Bill for Special Example of Sale of Betting Tickets
- 10. Bill for Exceptions for Succession to Agricultural Assets
- 11. Bill for Government Indemnity for Business Losses of Industrial Equipment Corporation
- 12. Bill for Designation of Calamities prescribed in Article 25-2 of Law for Temporary Measures concerning Leasehold Land and Leased Buildings in War-Damaged Cities (Member Bill)
- 13. Bill Amending the Diet Law (Member Bill)
- 14. Bill for Transfer of Railroad Lines Bought by the Government during the War (Member Bill)
- 15. Bill Establishing Parliamentary Councillors (Member Bill)
- 16. Bill Amending the Law for Impeachment of Judges (Member Bill)
- 17. Bill Amending the Fertilizer Distribution Kodan Ordinance
- 18. Bill #2 Amending the Grocery and Oilstuff Distribution Kodan Law
- 19. Foodstuff Distribution Kodan Bill
- 20. Bill Amending the Oilstuffs Distribution Kodan Law
- 21. Bill Amending the Criminal Code
- 22. Bill #2 Amending the Liquor Distribution Kodan Law
- 23. Insurance Society Bill
- 24. Shipbuilding Bill
- 25. Dairy Farming Promotion Temporary Measures Law (Member Bill)

NOTE: Asterisk (*) denotes bills which were referred to interim committees for further deliberation.

PARLIAMENTARY & POLITICAL DIVISION
 (HL)

STANDARD FORM NO. 64

RESTRICTED

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Bishop

FROM : NA - Mr. Green *deep mg.*

SUBJECT: Tokyo's 378 of June 13, 1949

Office of
FAR EASTERN AFFAIRS
14 1949
NIPPON
Department of State

DATE: June 29, 1949

894.032/6-1349

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The record of the Fifth National Diet (March 19 to May 31, 1949) has been impressive. 226 of the 251 bills submitted were passed. Most of the important legislation, including the budget bill, was related to the 9-point stabilization program. The budget was a bitter pill for the Democratic-Liberal Party to swallow since it forced abandonment of many campaign promises for reduction of taxes. Mr. Dodge made it clear to the Japanese that the passage of the budget was considered essential by the occupation authorities. The personnel reorganization bill will require before October a reduction in the government payroll of about 250,000 persons, almost half of them employed by the Government Railways Corporation. Discharged employees will receive about three months' salary and some unemployment insurance, but there is a good deal of criticism that these measures will not provide adequate relief. Along with the discharges there will be a target reduction of 30% of existing government offices and functions.

Other bills of note were the Trade Union Law and Labor Relations Adjustment Law that passed with occupation encouragement and only token resistance from democratic labor elements; the Eugenics Protection Law legalizing abortion for health or economic reasons; and measures to facilitate foreign investment.

Thirty-two resolutions were passed by the Lower House, one of them pertaining to the Awa Maru claim. No one appears certain of the legal effect of these resolutions.

Press reaction to the activities of the Fifth Diet was generally favorable, although some deplored the "steam-roller" tactics of Mr. Yoshida's Democratic-Liberals who commanded a clear majority and whose majority may shortly be further increased by the absorption of the right-wing Democrats. The Asahi expressed regret that "the authority of the Occupation was occasionally invoked to squelch debate and hasten the passage of bills".

Mr. Finn comments that, aside from its impressive legislative accomplishments, perhaps the most notable feature of the Fifth Diet was the emergence of the Democratic Liberal Party

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under Mr. Yoshida as an effective, unified political force, which greatly overshadows all others. Mr. Yoshida has come to be "the most capable and appealing political figure in post-war Japan, notwithstanding his stubborn temperament and ungratifying manner of dealing with other politicians". His blunt legislative methods were highly effective in blocking and in silencing the Communists during the session. Yoshida's advanced years and signs of failing health are causes of some concern. No one could replace him at present either within or outside his party.

A special session of the Diet will probably be called in September. On the agenda will be the fisheries bill, the bill for the sale of government railways, a review of the stabilization program and the Shoup Mission proposals on tax reform.

FE should see. An appraisal sheet is attached. *OK*

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FE:NA:MGreen:db

STANDARD FORM NO. 64

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Office Memorandum • UNITED STATES GOVERNMENT

~~SMA~~
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DC/R/PL

TO : NA - Mr. Allison

DATE: November 7, 1949

FROM : NA - Mr. Green *mg*

894.032 / 10-2749

SUBJECT: Tokyo's 743 of October 27, 1949

A summary, prepared by the Japanese Foreign Office, of the proceedings of the last session of the Diet, emphasizes the polarization of Diet strength, with the preponderant Democratic-Liberal Party pitted against the noisy Communist minority and with the Socialist and Democrat parties too confused and internally divided to constitute a healthy parliamentary opposition.

Diet deliberations on external affairs revealed a general desire that Japan remain absolutely neutral. A Pacific Pact was viewed with some apprehension. Attention was focused on the wide discrepancy between Soviet and Japanese figures on the number of Japanese left in Siberia. Only the Communists defended the Soviet figures.

As for internal affairs, the Communists laid emphasis on "national independence" as a device to direct criticism toward the Yoshida Cabinet. Communist efforts at a common front with the opposition parties were rejected. On balance, the Communists were ineffective, although they gained enough seats on the committees to utilize the Diet as a sounding board for propaganda.

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THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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894.032/10-2749

No. 743

United States Political Adviser for Japan

REC'D
OCT 31

6 DIVISION OF NORTHEAST ASIAN AFFAIRS

RESTRICTED

Tokyo, October 27, 1949

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DEPARTMENT OF STATE

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Subject: Review of Fifth Special Session of the Diet.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to this Mission's despatch no. 378 of June 13, 1949, concerning the work of the fifth special session of the Japanese National Diet (February 11 to May 31, 1949), and to enclose a single copy of a report on the proceedings of this session on matters related to the Japanese Ministry of Foreign Affairs. The enclosed report was prepared by that Ministry.

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In deliberations on international problems and legislation regarding the organization of the Ministry of Foreign Affairs, keen interest was shown by all political parties on the questions of a peace settlement for Japan, Japan's security, and the promotion of foreign trade. While nothing concrete could be accomplished with respect to these matters, except in the case of foreign trade, considerable time was occupied during the session by interpellations on the question of a peace settlement and Japan's future security. In general, discussion of these points indicated a preponderant feeling in favor of Japan's absolute neutrality, and suggestions of Japan's possible participation in a Pacific Pact were viewed with some apprehension.

Another subject of international character which received considerable attention during the fifth special session was the problem of Japanese repatriation from Soviet territories, especially the significant discrepancy between figures available to General Headquarters and the Japanese Government and those released by the Soviet Government on May 20 concerning the number of interned Japanese. Only Communist Party members took occasion to

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no. 743, October 27,
1949.

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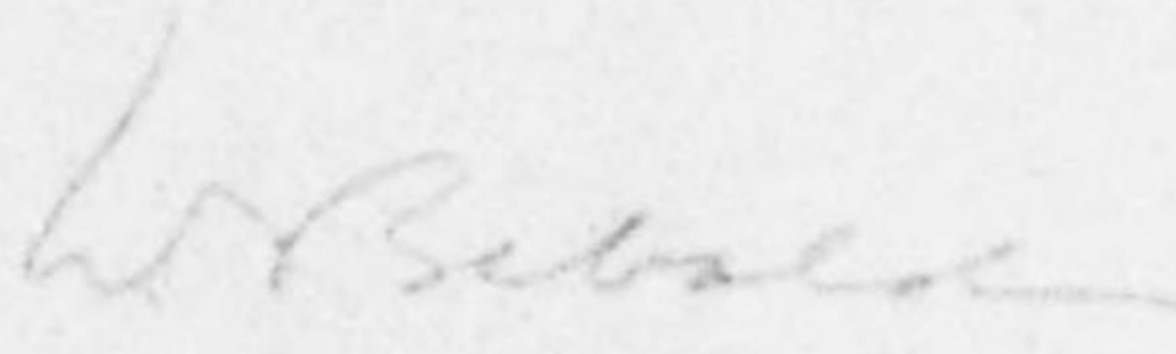
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defend the accuracy of the Soviet figures. Other questions subjected to considerable discussion in the Diet included the budget, the bill for revision of the labor law, the personnel organization bill, and approval of conventions concerned with international postal matters.

Section 9 of the enclosed report, a resumé of the attitude of the Japan Communist Party during the Diet session, is of particular interest. The Japanese Communists, as formerly, laid considerable emphasis on incursions on Japan's political and economic autonomy and "national independence" as a device by which to focus criticism on the Yoshida Cabinet. On several occasions the Communists made overtures to the Social Democratic Party, the anti-coalition Democrats, and other malcontent elements in an unsuccessful effort to organize a coalition opposition. The Communists still further increased their unpopularity by their announcement, at the beginning of the session, of the principle that the party comes above the Diet. All in all, despite their great increase in Diet membership as a result of the general election in January, the Communist Party was not able to exercise much parliamentary influence during the fifth special session. By gaining seats on some of the committees, however, the party did, more effectively than before, utilize the Diet as a sounding board for its propaganda.

The enclosed report, in conclusion, emphasizes what it terms the polarization of the Diet as a result of the January election, with the preponderant Democratic-Liberal Party pitted against the noisy Communist minority, and the other parties pursuing a somewhat moribund role in between. Both the Social Democratic Party and the Democratic Party were too confused and weakened by their internal strife to constitute a healthy parliamentary opposition.

Respectfully yours,


W. J. Sebald

Enclosure: *att*

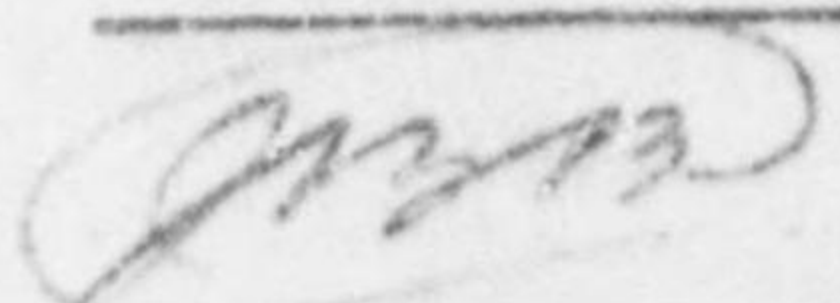
Report on the Proceedings
of the Fifth Special Diet
Session. (Single copy)

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Labyo

P A S F O

No. 3

(July 1 1949)

Report on the Proceedings
of the Fifth Special Diet Session
(General Features and the Deliberation on Matters related with the
Ministry of Foreign Affairs)

V V 2

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Appendix: Questions, Replies, and Resolutions on matters related with the Ministry of Foreign Affairs.

-----&&&&&&&&-----

The 5th Special Diet Session, which was convoked on February 11, 1949, underwent four extensions and was closed on May 31. The following are the general features of the deliberation on some of the questions presented before the Diet:--

1. Deliberation on International Problems and the Bill for the Establishment of the Ministry of Foreign Affairs:--

(1) With regard to international problems, all political parties showed deep interest, with a view to the prospective peace treaty, the assurance of Japan's security, the acceleration of foreign trade, etc.

However, due to the international position in which Japan is placed at present, they had generally to satisfy themselves with asking the Government's views on the future prospects only, and hardly dared to express any constructive views of their own.

Concerning the problems of Japan's security and her neutrality, there was still more concentration of interest and many questions were asked, on account of the report of February 11 on the strategical value of Japan and the Prime Minister's statement, at the plenary meeting of the House of Councillors on April 7, to the effect that there was some room for doubt whether or not it was good for Japan to adopt at once a position of permanent neutrality. The general drift of views of the Diet members, as seen from the questions asked, was that the assurance of Japan's security should be sought in her absolute neutrality,

and

- 2 -

and the participation in such a treaty as the so-called "Pacific Pact" was apparently viewed with some apprehension.

The prospects of a peace treaty, international trade (more particularly, the trade with the Communist China), etc., called forth more questions than other matters. The "Awa-maru" case also made a big question at this session.

(2) As regards the views concerning the Ministry of Foreign Affairs itself, as revealed through the deliberation on the Bill for its establishment, there was no negative argument against the function of the said Ministry, but, on the contrary, such views as opposing the structural curtailment of the Ministry (though the curtailment was advocated by a part of the Communist party), and emphasizing the necessity of preserving able personnel ready to meet the requirements of the re-opening of diplomatic relations in the future, a more extensive and effective training of diplomats at the Foreign Service Training Institute, the opening of the Institute to the general public, the importance of the commercial mission of the Foreign Ministry, etc., were repeatedly brought forth, while, concerning the conclusion of commercial treaties, the jurisdictions of the Ministries of Foreign Affairs and of International Trade and Industry were also argued. Such views were, of course, most earnestly discussed at the meetings of the Foreign Affairs Committee, but they were presented from time to time at the plenary meetings, the Budget Committee

- 3 -

Committee meetings, etc., and the important mission of the Foreign Ministry concerning the UNESCO affairs was also referred to at the public ^hhearings.

Note 1. Concerning the Bill for the Establishment of the Ministry of Foreign Affairs, with reference to commercial affairs, the Foreign Affairs Committee of the House of Representatives brought forth, at its Trustees' meeting, a view that the Foreign Ministry ought to make more endeavor for the promotion of international trade, and accordingly the Political Affairs Bureau should change its name to the Political and Economic Affairs Bureau (a view advocated with special zeal by Committee Member Namiki, of the Anti-Coalition Democratis). The view was submitted by the Foreign Affairs Committee to the Cabinet Committee in the House of Representatives, a referee Committee on the Bill for the Establishment of the Ministry of Foreign Affairs, as a proposed amendment of the said Bill, and it was supported by Committee Member Arita, of the Democrat Opposition, at the Cabinet Committee meeting, where an unofficial resolution was passed by the Cabinet Committee to adopt the amendment as a result of strong advocacy, in spite of the objection set up by many members of the Democrat Liberal party who wanted to finish the deliberation on the Bill as quickly as possible without any amendment. Subsequently, after going through a series of zigzags, this problem was restored

to

- 4 -

to its original form.

Note 2: In the debate held at the plenary meeting of the House of Representatives, too, the Socialist party and the New Political Conference Association, in which various groups are represented, referred to the "lack of precision in the provisions concerning foreign trade" in the Bill for the Establishment of the Ministry of Foreign Affairs as a reason of their voting against the Bill.

Note 3: The purports of the arguments brought forth concerning the jurisdictions of the Ministries of Foreign Affairs and of International Trade and Industry for the conclusion of commercial treaties are as follows:--

The Cabinet Committee Meeting in the House of Representatives, May 11, 1949:--

Committee Member Ogawabara (Democrat Liberal),--

The provisions in the Bill for the Establishment of the Ministry of Foreign Affairs, Article 4, Item No.15, "the conclusion, interpretation and execution of treaties and other international pledges as well as the disposition of external legal matters", and Item No.16 of the same Article, "negotiations with foreign Government authorities, the rendering of good offices in commercial transactions, etc., for the protection and promotion of commercial and navigational interests", would seem to overlap the provision in the Bill for the Establishment of the Ministry of International Trade and Industry, Article 4, Item No.15, "conclusion
of

- 5 -

of agreements and other arrangements concerning international trade". What will be the actual operation of those provisions in the future?

Political Vice-Minister Kondo,--

The matters provided for in the Bill for the Establishment of the Ministry of Foreign Affairs belong, as a principle, to the jurisdiction of the Ministry of Foreign Affairs, in which the conclusion of commercial and navigational treaties and other arrangements are of course included.

The provisions in the Bill for the Establishment of the Ministry of International Trade and Industry, Article 4, Item No.15, should be interpreted in the sense that the International Trade and Industry Ministry is to attend to international trade affairs provisionally while the Allied General Headquarters is in control of foreign trade under the Occupation. Even then, in the case where any commercial arrangement is deemed to affect Japan's external relations in the future, the International Trade and Industry Ministry should, of course, seek the opinion of the Foreign Ministry, and accordingly it is likely that there will be many occasions when the Foreign Minister has to participate in the conclusion of such agreements or arrangements.

After the re-opening of diplomatic relationship, the Foreign Ministry will be in charge of all international trade affairs. In case the authority of concluding agreements should be

transferred

of agreements and other arrangements concerning international trade". What will be the actual operation of those provisions in the future?

Political Vice-Minister Kondo,--

The matters provided for in the Bill for the Establishment of the Ministry of Foreign Affairs belong, as a principle, to the jurisdiction of the Ministry of Foreign Affairs, in which the conclusion of commercial and navigational treaties and other arrangements are of course included.

The provisions in the Bill for the Establishment of the Ministry of International Trade and Industry, Article 4, Item No. 15, should be interpreted in the sense that the International Trade and Industry Ministry is to attend to international trade affairs provisionally while the Allied General Headquarters is in control of foreign trade under the Occupation. Even then, in the case where any commercial arrangement is deemed to affect Japan's external relations in the future, the International Trade and Industry Ministry should, of course, seek the opinion of the Foreign Ministry, and accordingly it is likely that there will be many occasions when the Foreign Minister has to participate in the conclusion of such agreements or arrangements.

After the re-opening of diplomatic relationship, the Foreign Ministry will be in charge of all international trade affairs. In case the authority of concluding agreements should be

transferred

- 6 -

transferred to the Japanese Government as a provisional measure preceding the signing of a peace treaty, the Foreign Ministry will take charge of such affairs, I think.

Committee Member Kimura (Communist), --

The matters provided for in the Bill for the Establishment of the Ministry of Foreign Affairs, Article 4, Item No.16, are related at the same time with the jurisdiction of the International Trade and Industry Ministry. What coordination, as a practical question, is there going on between the Foreign Ministry and the International Trade and Industry Ministry concerning negotiations with foreign countries for international trade and navigation, the rendering of good offices, etc.?

Information Division Director Yosano, --

The allotment of affairs between the International Trade and Industry Ministry and the Foreign Ministry is unavoidably more or less different under the Occupation from that in normal times. For the matter of coordination, the Government is, of course, giving careful attention, and, on the establishment of the Ministry of International Trade and Industry, it will necessarily keep in intimate touch with the Foreign Ministry. The provisions of Article 4, Item No.16, are so made as capable of operation as they are after the signing of a peace treaty in the future; provided, however, that the International Trade

and

- 7 -

and Industry Ministry will be in charge of international trade administration under the Occupation.

Committee Member Arita (Anti-Coalition Democrat),--

It was stated on the Government side just now, in reference to the provisions of Article 4, Item No.15 and 16, that international trade administration under the Occupation will be attended to by the International Trade and Industry Ministry and not by the Foreign Ministry, but in the present Bill the provisions concerning the two Ministries overlap each other. Is the necessary coordination of affairs intended to be effected by some arrangement between those Ministries?

Information Division Director Yosano,--

The International Trade and Industry Ministry will attend to international trade affairs under the Occupation, but, inasmuch as such affairs are closely related with external affairs, close contact will be kept between that Ministry and the Ministry of Foreign Affairs.

Committee Member Arita, --

Does that mean a joint management of the affairs by the two Ministries?

Information Division Director Yosano,--

The International Trade and Industry Ministry will attend to the affairs by securing the cooperation of the Foreign Ministry beforehand.

Committee

Committee Member Arita,--

Are the provisions of Article 4, Item No.16, nothing more than nominal, then?

Information Division Director Yosano,--

Even before the signing of a peace treaty, the conclusion of provisional agreements may happen to become possible, and those provisions are not altogether dormant now.

Committee Member Arita,--

Japan is under the Occupation now, and it will be impossible for her to conduct any official negotiation concerning international trade and navigation, but there are a good many duties to attend to, such as appeals, etc.

A Joint Deliberation Meeting of the Cabinet and Foreign Affairs Committees in the House of Representatives, April 28, 1949:--

Committee Member Nosaka (Communist),--

What are the contents of the jurisdiction of the Foreign Ministry based on the provisions of the Bill for the Establishment of the Ministry of Foreign Affairs, Article 4, Item No.16, and their relationship with the foreign trade affairs under the jurisdiction of the International Trade and Industry Ministry?

General Affairs Bureau Director Ono,--

Matters concerning international trade and navigation are questions that will take place after the recovery of consular relations and include all matters to be provided for in treaties of commerce.

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commerce, comity and navigation with various foreign countries. With regard to the relationship with the International Trade and Industry Ministry at present, it is important, from the view point of the necessity of promoting the export trade, that a large number of those staff-members of the Foreign Ministry who are best acquainted with the external part of trade affairs should be assigned to the Ministry of International Trade and Industry to render personal cooperation. Especially, for the investigation of overseas markets, the cooperation among the bureaus and sections concerned, of the two Ministries, will be indispensable. Furthermore, it is an important part of the mission of the Ministry of Foreign Affairs, which is monistically responsible for external affairs, to contribute to the determination of the proper course of Japan's foreign trade in consideration of the international position of Japan's economy, the overseas trends of trade and economy, the external relationship of Japan, etc.

Committee Member Nosaka,--

Is it the Foreign Ministry or is it the International Trade and Industry Ministry that will despatch officials abroad to look after commercial affairs? Which Ministry will be vested with the power to play the leading part?

General Affairs Bureau Director Ono,--

We are not in a position to ~~to~~ despatch officials abroad at present. Officially, as it is the Allied General Headquarters that

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that is responsible for concluding all trade arrangements for Japan, the Japanese side cannot touch the matter. Accordingly, affairs concerning trade arrangements under the Occupation will be handled by the Ministry of International Trade and Industry, and the Ministry of Foreign Affairs will cooperate. On the recovery of a normal external relationship, officials concerned in economic and commercial affairs are expected to be despatched abroad by the Ministry of Foreign Affairs.

In case a despatch of such officials is permitted under the Occupation, their despatch as something like agents of Japanese private trading bodies must necessarily be deemed to belong to the jurisdiction of the International Trade and Industry Ministry.

Committee Member Nosaka,--

Unless the matter is made clear enough, trouble is likely to arise concerning jurisdictional rights in the future. The Government's attention is called to that point.

(3) With regard to the attitude of the Communist party toward the Ministry of Foreign Affairs, it was gathered from Committee Member Nosaka's questioning at the joint deliberation meeting of the Cabinet and Foreign Affairs Committees in the House of Representatives, on April 28, 1949, that his party was against the lowering of the status of the Information Division and favored the replenishment of the Foreign Service Training Institute and its opening to the general public, etc., but

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the said party made clear its ultimate view that the Foreign Ministry should be structurally diminished. Again, on May 28, when the Ministry of Foreign Affairs Establishment Bill was introduced before the House of Councillors, Councillor Hosokawa, representing the Communist party, joined the debate specially, and state^d that "Japan ought not to adopt a position internationally inclined toward one particular side", and that "the Ministry of Foreign Affairs could not be trusted in that respect," and he opposed the Bill, mentioning, as his reasons, the ignorance of the relationship between the duties of the Foreign Ministry before the signing of a peace treaty and those after that in the provisions of the Bill and the oversize of the Ministry organization.

2. Deliberation on the Budget:--

As the Budget in its regular form could not be prepared in time, the Government presented at the end of March a provisional Budget up to April 15. Later, on April 5, deliberation on the regular Budget was started by the Budget Committee in the House of Representatives, and, on April 20, the Budget passed through the House of Councillors and was established, the proceedings making a comparatively smooth progress in spite of the filibustering tactics of the Opposition.

What was noteworthy more than anything else in the Budget deliberation was the argument, brought forth mainly by the

Communist

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(a)

Communist party, that "it is unconstitutional to discuss the items of expenditure in the Budget estimated in accordance with the Law which has not been established yet", and that "deliberation on the proposed Law ought to be conducted at least in parallel with that on the Budget". Attempt was made to delay the of deliberation on the Budget by taking up repeatedly the question of the relationship of the Budget with the Bill for a Partial Table Amendment to the Finance Law and other bills on which deliberation had not been commenced. Further, on the same question, the argument of the alleged unconstitutionality of deliberation on the Budget was repeated by House Member Hyakuro Hayashi, of the Communist party, at the plenary meeting of the House of Representatives on April 16, when the Budget was introduced.

At that, House Member Shiikuma, of the Democratic Opposition party, made a motion to punish Hayashi for the reason that the latter had quoted in an unduly twisted form the legal economic interpretation explained at the Diet session by Director of the Bureau of Legislation Irie, and, on the side of the Communist party, they regarded the said motion as unreasonable and some presented a counter-motion, demanding the punishment of Shiikuma, making it appear as if it were a motion of punishment for instance, punishment's sake. Against those arguments brought forth by the Opposition, the Government encountered with its contention

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that the proceedings were exactly in accordance with the usage already established.

The matter, however, ought not to be regarded as a mere filibustering of the Opposition.

Later, at the Cabinet Committee meeting in the House of Representatives, House Member Tokuda, of the Communist party, referred to the passage of the Budget prior to that of the Table of Personnel Organization Bill and Ministry Establishment Bills as sacrilege against the Diet rights of deliberation. It is, indeed, a question that might as well be viewed from the standpoint of discontent and apprehension at the possibility of the deliberation on the organization and personnel relations of Government offices being controlled by the Budget.

Other contentions set up by various political parties are generally as follows:--

(1) Due to the absolute requirements of the economic 9-point principle, it was impossible for the Government to include in the Budget the election campaign pledge of the Democrat Liberal party, and that supplied the Opposition with reasons for repeating its attack on account of the ignorance of the public commitment and the Governments lack of autonomy. (For instance, House Member Asanuma, of the Socialist party, declared that it was an unprecedented thing to have a preliminary draft shown

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to be followed in the compilation of the Budget and that the Yoshida Cabinet had lost its autonomy). Within the Democrat Liberal party itself, there were some who were dissatisfied at the ignorance of the public commitment, and not a few questions were brought up during the deliberation on the Budget.

(2) It was an opinion common to all parties that the burden of taxes was too heavy, and the necessity of taking measures for its alleviation was repeatedly cried, to which the Government replied that the arrival of Dr. Shoup in this country and the results of his investigations were awaited for the solution of the problem.

(3) As to the curtailment of commodity price adjusting expenditure, it was a common desire of all parties to cut off as early as possible the so-called "legs of stilted economy".

(4) With regard to counter-measures for unemployment, there are provided scarcely any appropriations for such purpose, although, as a result of the administrative retrenchment and the enterprise reorganization this time, about 1,700,000 persons will be without employment. What should be done to meet the situation was a question common to all parties, and the Socialist and Communist parties were more particularly enthusiastic on that point.

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(5) The opinion that the public enterprise expenditure should be increased and that the disaster rehabilitation item was too small was common to all parties, although the House Members' consideration for their respective constituencies had very much to do with such opinion.

(6) The desire for the renewal and increase of the 6 and 3 year education system appropriation was a common voice of all parties.

(7) Referring to medium and minor enterprises measures, the necessity of considering the accommodation of loans for such enterprises was an opinion common to all parties.

(8) It was also opined that an increase should be made in the distributed amount of the local distribution tax to aid the local distribution tax to aid the local finance now in distress.

In spite of those opinions for the amendment of the Bill brought forth by various parties in the course of the deliberation, the Budget was passed, after all, without any amendment, which was evidently due to the basic principle of trying the utmost to follow as closely as possible Minister Dodge's policy concerning the Budget under the economic 9-points principle.

Again,

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Again, during the deliberation on the Budget, Committee Member Nosaka, of the Communist party, referred to the duty of obtaining the Allied Supreme Commander's approval for the operation, use, etc., of the funds mentioned in the U. S. Aid Counterpart Funds Special Account Law, Article 4, Item No. 6, and that of receiving the Supreme Commander's audit and submitting him the necessary report, as mentioned in the same Article, Item No. 7, and demanded the reason why such matters had been included in the provisions of the National Law, instead of providing for them, as usual, in the form of a Directive, Memorandum or Potsdam Ordinance, not to say, in the International Law. (This question, however, was revised and deleted later, and was replaced by a resolution separately presented.) This kind of contention was often presented from the Communist side. The Socialist party also raised an objection, stating that the Special Account Bill was aimed at sewing the interests of the financial capital.

3. Establishment of the Investigation Special Committee:--

(1) The establishment of the Investigation Special Committee proposed by the Democrat Liberal party to replace the former Special Committee for Illegal Property Transaction investigation was supported by the Democrats (both Coalition and Anti-Coalition) and was officially presented as an establishment resolution in the joint names of those parties before the Working

Committee

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Committee of the House of Representatives on March 26. The resolution was passed at the plenary meeting and established on March 29. In addition to the matters to the investigation of which the Illegal Property Transaction Investigation Committee formerly attended, the new Committee makes it its main business to investigate anti-taxation struggles, delivery-impeding acts, illegal labor dispute incitements, and other acts exerting seriously evil influences on the reconstruction of Japan as well as the whereabouts of the responsibility thereof, and, if deemed necessary as the result of investigations, to demand the agencies in charge to adopt fit steps concerning such responsibility. Accordingly, the Socialist and Labor-Farmer parties as well as the Communist party strongly opposed the establishment of such Committee, calling it an Un-Japanese Activities Committee to all practical intents and purposes. They stressed the point that they would regard it as one-sided to have mentioned specially as "acts exerting seriously evil influences on the reconstruction of Japan" anti-taxation struggles and the other two examples only, without mentioning the cases of labor disputes caused by the unreasonable pressure of capital, unreasonable taxation, etc. They presented a resolution for the continued existence of the special Committee for Illegal Property Transaction Investigation instead of establishing the Investigation Special Committee, but the

resolution

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resolution was voted down.

This opposition is generally regarded as a disagreement between the Conservative side trying to control Communist activities by the function of the proposed Committee something like an Un-Japanese Activities Committee and the Opposition centred around the Communist party (the Anti-Coalition Democrats, however, supported, from their conservative standpoint, the Investigation Special Committee Establishment Bill). After the commencement of operation of the new Committee, the Communist party seemed to continue doing their utmost specially to obtain the official commitment that "the said Committee was not intended to attend to the investigation of un-Japanese activities", but the Chairman of the Investigation Special Committee replied that he could not answer either in the affirmative or in the negative, as he did not know anything about what was the so-called "Un-Japanese Activities Committee", and would not give any commitment.

(2) Resolution concerning the Coordination of the Police Power: --

On May 16, the plenary meeting of the House of Representatives adopted the "Resolution concerning the Coordination of the Police Power", in which it was desired, in view of the alarming tendency of public peace and order, that the Government would reinforce and replenish the police power by improving its mobility and completing its equipment and scientific facilities and take other necessary measures to attain such objective. It was natural enough

that