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As a further step in reducing the tenancy ties which hitherto existed, an agricultural Lands Adjustment Law was passed 11 October 1946 which protected tenant farmers against excessive land rents and insecurity of tenure. This embodied the limitation of 25 percent rental of crop value for paddy lands and 15 percent on uplands. It further required all contracts or leases for cultivation of land to be in written form and the amount of the farm rent, the terms of payment, the duration of lease, drainage repair and beneficial expenses concerned with permanent improvements, etc. were to be clearly stated in the said writing.1/

As part of the program of increasing the number of farm owner-operators, the land reclamation program was tied in closely with the land reform activity. By 9 April 1948 the Japanese Government had purchased 169,206 cho (167,806 hectares) of land suitable for immediate reclamation while 398,667 cho (395,374 hectares) of public and national land was transferred to the Ministry of Agriculture and Forestry, making a total of 567,873 cho (563,180 hectares) acquired by that date. Of the total available land, 297,454 cho (294,997 hectares) were reclaimed in the period 15 August 1945 to 31 March 1947.

To expedite the sale of reclaimed land and land reclaimable by individuals under the agrarian reform program, the Government stipulated that all matters involving transfers of land be handled by land commissions rather than reclamation technicians. The technicians work was to be confined to functions directly related to the physical reclaiming of land.

By the end of February 1948, 499,725 families had received acreage made available by land reclamation projects. These were chiefly farmers who received additional acreage but they also included 140,564 new settlers.

Table 8
FARMERS SETTLING ON RECLAIMED LAND
(1 November 1945 - 29 February 1948)

	New Settlers	(Households) Farmers Adding to Cultivated Area	Total
1 Nov 45 - 31 Mar 46	43,415	138,830	181,245
1 Apr 46 - 31 Mar 47	65,434	167,737	233,171
1 Apr 47 -	32,715	52,594	85,309
Total	140,564	359,161	499,725

SOURCE: Summation of Non-Military Activities, April 1948, Page 88, Supreme Commander for the Allied Powers.

Tax Lands

An additional source of government-owned lands for redistribution to small holders was the recapture of lands by default and for non-payment of taxes by the Ministry of Finance. These lands were subsequently transferred to the Ministry of

1/ Summation of Non-Military Activities, October 1946, page 69, Supreme Commander for the Allied Powers.

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Agriculture and Forestry. By 30 April 1948 they totaled 200,383 cho (198,727 hectares). This practice was terminated by the Ministry of Finance as of the end of the fiscal year 31 March 1948. After that date it refused to accept land in payment of taxes and insisted on payment of tax arrears in the form of land bonds.

Land Sales to Tenant Farmers

As officials sought to complete land reform by the end of 1948, July land sales to tenant farmers totaled 97,790 cho (96,982 hectares). Sales during the third Occupation year ending August 1948 totaled 1,025,962 cho, bringing the total amount of land sold under the agrarian reform program from July 1947 to 31 July 1948 to 1,320,113 cho (1,309,209 hectares or 59.4 percent of the target estimate.

The Government purchased 209,782 cho (308,049 hectares) of land in June 1948, bringing the cumulative purchase available to resale under the agrarian reform program to 1,552,546 cho (1,539,722 hectares) on 2 July, or 50 percent of the total expected to be made available for purchase. The total included 348,730 cho (345,849 hectares) of land acquired on 2 October, the third purchase date, as well as 348,286 cho purchased on two earlier occasions.1/

The fundamental revision in the status of agricultural producers, however, were the Agricultural Cooperative Association Laws which were passed 7 November 1947 and which became effective 15 December. The laws provided for the dissolution of all agricultural and practice association before 15 August 1948, except those that had not completed segregation of accounts under the Reorganization and Reconstruction of Financial Institutions Act. (See later discussion "Marketing and Cooperatives Development.")

The program of agrarian reform is revolutionary in its transformation. Its initiation and successful progress to date are a result of the leadership and direction furnished by the Occupation authorities and the increasingly effective administration by the Japanese officials. Farmers are wholeheartedly in favor, and relatively little opposition has been encountered from the landlords and absentee owners who have been forced to dispose of their surplus land holdings. The presence and authority of the Occupying powers might have had much to do with the rather passive attitude of these vested interests.2/

1/ As of the Spring of 1949, the Government had bought up more than 2,000,000 cho-bu of farm land for resale. This will eliminate by as much as 80% the amount of land previously under tenant cultivation. Payments by the Japanese Government for land bought under the land reform program as of 30 June 1949 totaled ¥7,344,503,036 of which ¥220,723,660 was for cultivated and pasture land and ¥123,799,376 for reclamation land. Collections for land sold under the program totaled ¥7,383,497,450 as of 30 June.

2/ The agrarian reform program obviously was not uniformly effective. There were many cases of individual abuse and injustice. Compensation for appropriated land was often at ridiculously low prices. Genuine hardship was undoubtedly suffered by many smaller absentee landlords who became subject to the terms of the act on substantially a technicality. Some of the local land commissions were radically controlled and went to extremes, while still others continued under the domination of the large local landlords and proceeded to thwart the reform program.

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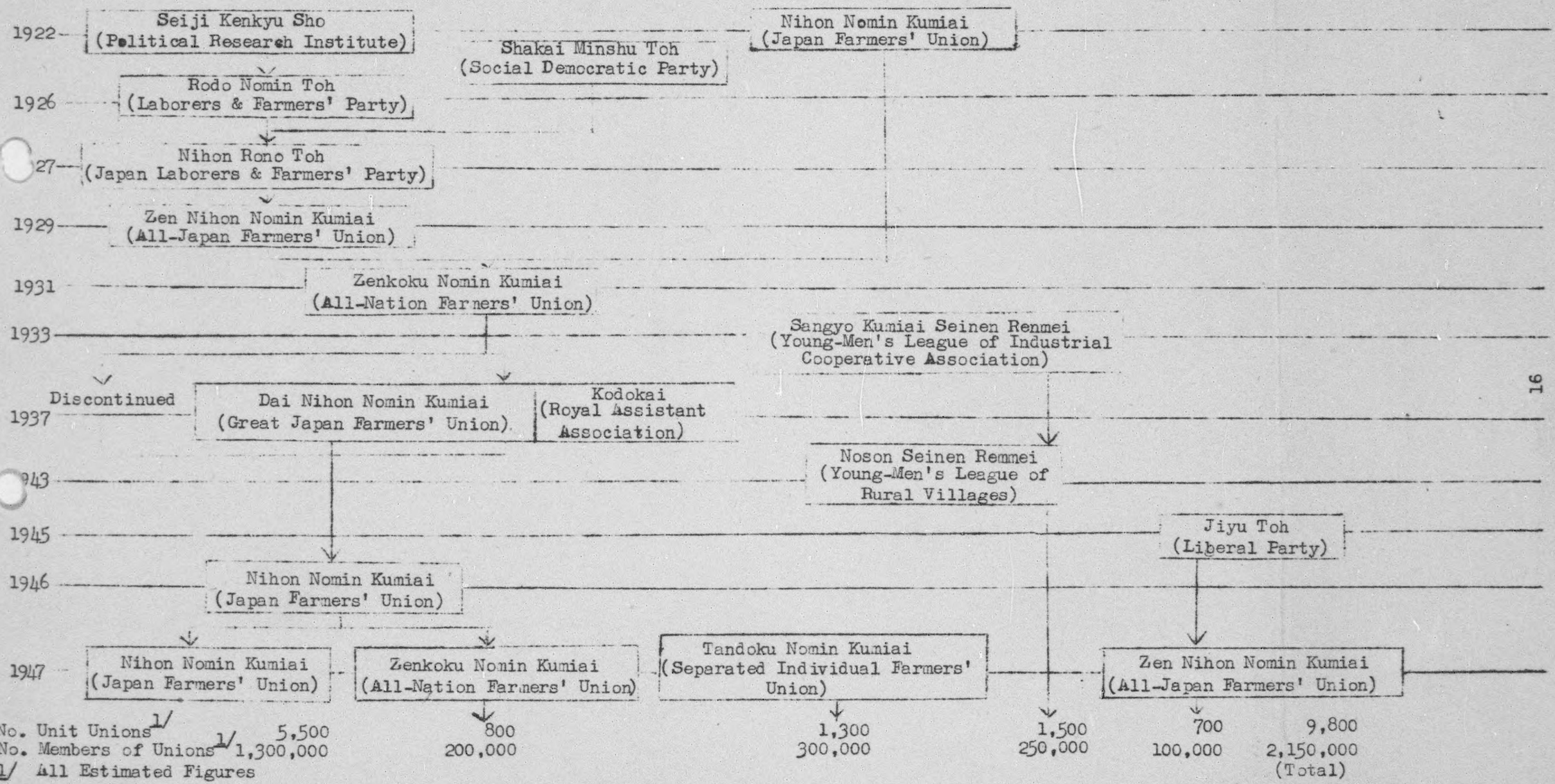
Land reform, by and large, must be counted as one of the great democratizing achievements of the Occupation. If it is allowed to take firm root after the Occupation is ended it should provide a major stabilizing element in the internal Japanese political situation where Japanese farmers have historically played a minor part. Their activities have been channelled into rather ineffective unions which had little voice or influence until the postwar period when a new spirit of independence of outlook and objective manifested itself among this hitherto passive and subordinated group. The development and recent current membership figures for these revitalized organizations is outlined in the attached sheet, Table 9.

Table 9

DEVELOPMENT OF FARMERS' UNIONS IN JAPAN



1/ All Estimated Figures

SOURCE: Natural Resources Section, General Headquarters, Supreme Commander for the Allied Powers

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Economic Insecurity in Agriculture

Except in the first postwar years when industry stagnated and food essentials were the basic interest of all the population, both urban and rural, agricultural workers have been at a disadvantage in comparison with urban industrial workers. The tenant system is being largely modified by the land reform program and the extension of land reclamation projects to settle repatriates and ex-soldiers on farms. Nevertheless, the economic problem is still chronic and tenancy still exists. Rents, which account for the major part of agricultural working expenses, amounted to as much as two-thirds of the total agricultural household expense in prewar days. The provision of agricultural loans currently at lower interest rates than could be obtained from private lenders is a corrective factor in controlling the possible extension or deeper embedding of tenancy.1/

Over-population has been a characteristic of Japanese agriculture for all the decades since industrialization came to that country. Although increases in the productive capacity of the country in prewar days provided an outlet for some of the surplus farm population, the rate of growth was not sufficient. The secular trend was, therefore, one of increasing pressure of the agricultural population on a rather fixed supply of resources. Consequently, about one-sixth of all farm households show agriculture as a secondary rather than a primary activity. Another 28 percent of the households work in agriculture only part-time, though agriculture is the primary activity for this group. The types of alternative activity indulged in by the farming population as a means of supporting their families are shown in Attached Table 5, "Classification by Occupations of Part-time Farm Households."

It is to be noted that those persons who secured incomes in some degree from non-farming jobs, that is the part-time cultivators, comprised as many as 4,015,000 in 1946. Loss of their non-farming jobs could not be compensated for by increased effectiveness and output from their own farms sufficient to produce equivalent income. For this group there is no alternative employment opportunity except rural public works which is likely to become a permanent part of the income sources for these marginal farmers.

Agricultural Equipment and Techniques

Because of the smallness of the farming unit, there is only a limited amount of mechanization or use of other than hand tools which are generally the traditional type used in rice and cereal production. The employment of machine power is not only limited by the size of the unit cultivated but also by the fact that labor power is so plentiful that its replacement by modern equipment would have a very serious effect on the general economic condition of the rural population.

Nevertheless, in the past 30 or 40 years, there has been a noticeable increase in the use of certain types of improved equipment. In the period from

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1/ Interest rates normally paid by farmers borrowing from cooperatives, banks and private individuals ranged up to 5 percent, 7 percent and 15 percent respectively and sometimes more according to General Headquarters, Supreme Commander for the Allied Powers investigators, as reported in September 1946.

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1927 to 1933, for example, threshing machines increased from 29,820 to 67,259, hulling machines from 39,089 to 107,754, rice and wheat gleaning machines from 25,151 to 54,097 and pumps from 17,413 to 32,700. This tendency has been carried over into the postwar period which possibly accounts in part for the sharp decline until the end of the war when special conditions brought about a reversal of the trend, in the number of households engaged in agriculture and the size of the agricultural labor force. Motors (gasoline and electric) installed for agricultural purposes of less than five horsepower in 1931 totaled 91,764. In 1947 they totaled 1,550,177, averaging about 0.13 motors per household.

Agricultural Experiment Stations

Japan at the time of the Occupation had 377 public and approximately 35 private agricultural experiment stations and laboratories according to the Ministry of Agriculture and Forestry. About 48 farms operate under the direction of the experiment stations to supply farmers with seeds and plants of superior varieties produced by the stations. Of the 377 stations, 110 are classified as main central government or prefectural stations and the remainder as branch stations, experimental farms or experiment stations for special purposes.

The number of experiment stations in proportion to the number of farmers served is greater than in the United States. The Japanese have established special stations to study a single crop or a restricted set of problems instead of providing facilities in one locality for the study of all or most of the problems peculiar to the area as is done in the United States.

Most of the agricultural experiment stations deal with problems of production or processing of grain crops, fruits, vegetables, tea and silk. The crossing of improved varieties of important crops, cultural experiments with manures and fertilizers, and control of insects and diseases are among the chief subjects for investigation.

As a result of their researches, production of wheat and barley has doubled since 1880 though crop acreage has increased less than 50 percent. Silk production in 1941 was more than 20 times that of 1880. Practically all Japan's silkworms and most of its mulberries, wheat and rice are varieties developed by agricultural experiment stations.

Research on livestock is concentrated at a few stations because variations in climate and soil are relatively unimportant to stock raising and because the livestock population in Japan is small.

An attempt to extend even further the scope and variety of the Japanese agricultural extension and research program is found in the Promotion and Improvement of Agriculture Act which was passed by the Diet 5 July 1948. This act authorized the establishment of a cooperative extension system and the subsidy of agricultural experimental and research institutions. Under the law the prefecture provides one-half as much money for agricultural extension work as is provided from national funds, and the prefectural government administers the system under the supervision of the Ministry of Agriculture and Forestry. National funds are granted by the Ministry to experiment stations and other institutions for specific agricultural research projects.

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Land Tenure and Land Relationship

In the prewar days, tenancy was a type of feudal relationship with large-scale owners or absentee landlords maintaining tenant farmers indefinitely on their same holdings. Dispossession was rare since of all the class structure in the Japanese social system that in agriculture was the most static. A tenant farmer no matter how impoverished could expect to remain in that same capacity despite the continuous struggle to maintain his extremely low standard of living. Taxes were a liability of the tenant farmer and although normally lower than those of urban dwellers had a greater impact on the very slender resources of these primary producers. (See discussion on farm tenancy, "Agrarian Reform," above.)

Rural Indebtedness

In the prewar days an increasing disparity between farm income and expenditure naturally led to an increase in the size of the farm household's indebtedness. As a consequence the burden of accumulated debt tended to increase each year and was estimated to equal ¥1,000 per household at the depths of the depression in 1932 when the yen was equal to approximately 40 cents U.S. The rates of interest were very high, averaging not less than ten percent and frequently exceeding two percent. High interest rates were a continuing factor in contributing to an increase in farm tenancy.

Agricultural credit associations were primarily cooperatives encouraged by the government to provide easier access to loans at lower interest rates. They were controlled, however, by the government in such a way that the smaller farmers had little voice in their operation. Nevertheless, these associations were a recognition of the basic economic problem confronting the average farm household and contributed to some extent in moderating the impact of financial disruptions or debt renewals.

In the postwar period, the chronic food shortages, the stagnation of production and the extent of the distress caused by war damage and other dislocations, placed the farmers in their most favorable situation in history vis-a-vis the urban dwellers. Cash income increased sharply and farm savings became a significant factor. In the period up to the end of 1947 farmers were enjoying an unparalleled prosperity.

However, as some degree of economic readjustment occurred, the temporary prosperity of the farmer (and of the other primary producers) declined. According to a survey of the Bank of Japan "new yen" (that is, the post-war issue replacing the prewar yen and yen frozen in bank accounts), cash holdings of farm and fishing villages in May 1946 were estimated at 51.8 percent of the national aggregate. In June 1947 and June 1948 the same rural holdings amounted to only 28.5 percent and 20 percent respectively. Two basic reasons are offered for this ebbing tide of agrarian postwar prosperity. The first is the relatively low (official) prices paid farmers for staple foods — rice, wheat, barley, sweet potatoes — and the sharp relative decline in the ratio of blackmarket to official prices as a result of improved staple food distribution through official channels. At the same time the farmers bought about 90 percent of their needs at blackmarket prices and could obtain only some 10 percent through legitimate sources, that is at official prices.

The second reason is the high tax burden. A Japanese Agriculture Association study shows a tax incidence on farmers' incomes in 1945 of 13 percent which had risen to 20 percent in 1946 and to 43 percent in 1947.

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The general downward economic trend for farmers is further reflected in an Economic Stabilization Board survey of middle class farmers, said to be the greatest beneficiaries of the postwar inflationary boom. The survey reveals that the average household budget left a surplus of ¥4,929 in 1946 and a deficit of ¥7,267 in 1947, though the survey leaves blackmarket sales of farm products out of consideration. These would, if introduced, produce a much higher surplus balance in 1946 and perhaps eliminate the 1947 deficit. The important point, however, is not the absolutes, but the degree of downward change.1/

The general causes of low income in agriculture in Japan are obviously attributable to the historic condition of an agricultural economy substantially over-populated, operating on a marginal basis in relation to its resources and area. There is little prospect of any significant change which will improve the outlook or the condition of the great majority of the Japanese people in view of the elimination of their outlets for export of surplus population and markets for manufactured goods, as well as access to cheap sources of basic material imports. Hence the condition of the farmer and those dependent on agriculture offers little prospect of either long or short-term improvement with considerable likelihood of a gradually worsening future position as compared with the urban populations.

Special Economic Risks

Special economic risks have long been recognized by the Japanese Government though only limited protection was granted farmers in prewar days. Some restriction was placed on the shipments of rice from the Korean and Formosan parts of the then Japanese Empire into the home market at harvest time under the Colonial Rice Import Regulation Law. The license system also regulated the importation of foreign rice in order to protect the home market. Because of the importance of rice in the national economy and to the livelihood of the farmer, an attempt was made to guarantee against excessive price fluctuations in this basic crop by the passage of the 1921 Rice Law which was amended in 1939. This law established maximum and minimum prices for each crop year by a rather complex formula. The Government was empowered to purchase rice for storage if the price dropped below the minimum and to sell from its stocks if the market price exceeded the maximum, thereby stabilizing rice prices within a reasonable range for producers and consumers.

No particularly constructive measures were taken to insure against crop losses due to natural causes until the Compensation Against Agricultural Loss Law was passed by the Diet at the direction of General Headquarters, Supreme Commander for the Allied Powers, on 24 November 1947 to become effective on 27 December. The law, planned to encourage agricultural production, replaces the Insurance Acts of 1929 and 1939 and corrects the financial and administrative defects of the former system. The program is administrated through local and prefectural agricultural mutual relief insurance associations.

The law includes compulsory insurance of silkworms and cocoons, paddy rice, wheat, barley and oats at premiums determined by records of past losses in each area. Ordinary crop damages are paid from member premiums and extraordinary losses by government subsidy. Livestock insurance is voluntary and no government subsidy is authorized.

1/ Nippon Times, Tokyo, Japan 18 March 1949.

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Crops are insured against damage by wind, flood, drought and seismological phenomena; silkworms against disease injury to worms and cocoons, and wind, flood, drought, frost and hail damage to mulberry leaves; livestock against disease, injury and death. (Source: Supreme Commander for the Allied Powers, "Summation of Non-Military Activities in Japan," March 1947, Page 102.)

Under this act farmers are being encouraged to organize local agricultural mutal relief associations to administer crop and livestock insurance. Upon organization of an association the insurance of paddy and upland rice, wheat, barley, oats grown within its area is compulsory. Since the main purpose of the insurance is to maximize production of staple food crops in high risk areas, the government pays a portion of the premiums.

The Ministry of Agriculture and Forestry, in administering the Compensation Against Agricultural Loss Law, encouraged the organization of agricultural mutual relief associations and agricultural mutual relief insurance associations and established policies applicable to the 1948 crop insurance program.

Payments for damages totaling ¥1,735,300,174 were made under the law during the 1947 crop year. Approximately 80 percent of this amount was paid to farmers in the Kanto and Tohoku regions where the heavy September 1947 typhoon damage was concentrated.

Of a total of 10,859 agricultural mutual relief organizations planned, 8,844 had completed preliminary meetings as of 31 May 1948. Of the 5,743 organizations officially approved, 3,674 were registered by that date.

Twenty-one new federations of the local agricultural mutual relief associations were officially approved in May. These federations are known as agricultural mutual relief insurance associations.

Marketing and Cooperatives Development

Marketing and distribution of agricultural products has been largely a matter of group organization for a long period though the type of association was not necessarily controlled by the average farmer in his own interest. Since the end of the war the necessity for maximum indigenous food production has led to the adoption of a strict quota system for delivery of staple foods coupled with an assured market at official prices and additional incentives for promptness of delivery and over-quota amounts (see earlier discussion).

Cooperatives, though they have a long history in Japan hardly functioned in the Western meaning of that term, being centrally controlled and subject to governmental influence. The abuses which had overwhelmed early agricultural cooperative development in Japan were finally eliminated in December 1945. This was accomplished through amendments to the Agricultural Association Law which were passed by the Imperial Diet on 17 December 1945 at the direction of General Headquarters, Supreme Commander for the Allied Powers. The primary objective of these amendments, according to the Japanese Government, was to provide for democratic election of local, prefectural and national officials of the Agricultural Cooperative Association (Nogyo-kai).

The Agricultural Cooperative Association is an outgrowth of both the rural cooperative movement and agencies of the Japanese Government concerned with the

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enforcement of national agricultural policy. Agricultural cooperatives which had been separate and autonomous up until 1900 were consolidated under an act of that year into the Central Union of Cooperative Societies (Sangyo Kumiai Chuo-Kai).

Membership in the cooperatives was voluntary, officials were elected at the local levels and the central organization was federative in nature. The cooperatives were encouraged by the government as a method to improve the economic condition of the farmers.

At approximately the same time, under the Agricultural Societies Act of 1899, the government created a centralized structure of village and prefectural agricultural societies (No-kai), under control of the national government for the collection of agrarian statistics, the distribution of agricultural information and the execution of governmental policies. Officials were appointed from above and membership by farmers was obligatory.

Because of the importance of the processing, marketing and credit functions performed by the cooperatives, the central government exercised an increasing influence in their activities, particularly after the Manchurian "incident." Finally, all semblance of popular control over the cooperatives was abandoned in 1943 when, under the pressure for rigid wartime regulation of agriculture, the cooperatives were consolidated with the agricultural societies into the Agricultural Cooperative Association.

From 1943 until the passage of the December 1945 amendments, this Association was the governmental organ for the maintenance of centralized control and the enforcement of national policy throughout rural Japan. Membership of all farmers was compulsory and, until the passage of the 1945 amendments, leaders of the local associations had to receive prior approval of the prefectural governor before taking office. This approval was based on their ability to maximize the compulsory food purchases by the government at ceiling prices, rather than their support of the interests of farmers. Consequently, there was considerable resentment and lack of support of the present leadership of local and prefectural agricultural cooperative associations.

On 7 November 1947 the Diet enacted the Agricultural Cooperative Association Laws which dissolved the system of government-dominated agricultural associations and established a legal basis for voluntary agricultural cooperatives. This legislation eliminated the monopolistic All-Japan Federation of Agricultural Associations, 46 prefectural, 11,000 village and 55,000 neighborhood associations. The associations which had assets in excess of ¥40,000,000,000 were given until 15 August 1948 to dissolve.

The legislation provided that members of each local association were to hold meetings before 15 February 1948 to elect a Property Disposal Board to settle affairs and transfer assets to the voluntary cooperatives, set up as non-profit organizations for service to members and exempt from income, corporation and business taxes.

Membership in the new cooperatives is limited to resident farmers and non-farmers who need the community association's facilities. Only the farmers have voting rights. The law prohibits joint ownership of shares the transfer of

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shares without consent of the cooperative association. The number of community cooperatives is not limited and they may engage in producer, consumer, credit and mutual enterprise activities as authorized by the group's Articles of Association. Surplus savings will be distributed in proportion to member participation.1/

In order to secure understanding and support for the reformed cooperative association program, a large-scale education and information effort was inaugurated. Prefectural governments received thousands of copies of a "Summary of the Agricultural Cooperative Association Law" and the "Law Applicable to Dissolution of Agricultural Associations" from the Ministry of Agriculture and Forestry. The pamphlets were to be read at the preliminary dissolution meetings of each agricultural association before 15 February 1948. In addition, prefectural governments received 30,000 posters urging farmers to attend the dissolution meetings of the local associations.

As part of the educational program, the Ministry also distributed directly to farmers 5,800,000 copies of a pamphlet entitled "1-2-3 of Agricultural Cooperatives". The publicity program further included 150,000 posters entitled "How to Organize Agricultural Cooperatives" and "Let Us Form Agricultural Cooperatives" and a series of 24 radio programs.2/

As a result of the revised laws and the intensive education program, prefectural governors had approved the application of 5,888 non-stock and 13,242 capital stock cooperatives as of 15 July 1948. Two hundred thirty federations of agricultural cooperatives were approved as of 14 August. In addition preliminary organizational meetings had been held by 25,701 agricultural cooperative associations and 24,595 had held constituent general meetings as of 15 July.3/

As of 30 June 17,557 approved agricultural cooperatives had elected 222,833 directors and auditors. Of these 31,830 directors and auditors were elected by 2,893 cooperatives in June. Of the total number of directors and auditors 182,418 held agricultural association offices for the first time; the others were former association officials.

Rural Education

Rural education is not distinguished from that for the country as a whole. The education reform program as a result of the social changes resulting from the Occupation have established a 6-3-3-4 compulsory program. This means six years in primary, three years middle school, three years high school, and a possible four years college. At the present time the first half of this program has been fully established throughout Japan. This provides nine years of school to all children.

Teaching standards and educational levels are reasonably adequate, if allowance is made for the current lack of funds and poor school facilities

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1/ Source: Supreme Commander for the Allied Powers, "Summation of Non-Military Activities in Japan," November 1947, Page 59.
2/ Source: Supreme Commander for the Allied Powers, "Summation of Non-Military Activities in Japan," December 1947, Pages 101-102 and August 1948, Pages 57-58.
3/ By 30 June 1949, 31,869 agricultural cooperative associations and 993 federations of agricultural cooperative associations had been approved.

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throughout Japan. However, as is common to almost all countries, the quality of teaching and the school facilities of rural Japan are inferior to those of the urban areas. Literacy throughout Japan is extremely high and progress is being made in rehabilitating the equipment of school facilities within the limits of the Japanese budget and resources. The School Education Law of 27 March 1947 was implemented by revised courses of study emphasizing the change from the previous rigid authoritarian procedures to modern methods based upon children's interests and abilities and upon the needs of society.

Elective Boards of Education are required by the Board of Education Law which was promulgated by the Cabinet 15 July 1948. Boards were to be established by 1 November 1948 in all prefectures and in the major cities. Boards in other cities, towns and villages were to be established by 1 November 1950. Prefectural boards consist of seven members, six to be elected by the voters and one to be appointed by and from the prefectural assembly; local boards have five members, four to be elected and one to be appointed by and from the local assembly.

In addition, vocational education is a matter of primary concern in agriculture. An extension work program for the education of farmers has been adopted in the various prefectures which contains agricultural experiment stations and extension farms. Each prefecture under the direction of the Prefectural Boards including an agricultural educator appointed by the governor and an advisory agricultural extension consultant chosen by the Board were to initiate this farmer education program.1/

1/ Source: Supreme Commander for the Allied Powers, "Summation of Non-Military Activities in Japan," May 1948, Page 385)

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Economic and Scientific Section

JAPANESE LABOR POSTWAR POLICIES, PROGRAMS AND DEVELOPMENTS

August 1949
Labor Division

DECLASSIFIED E.O. 11652 SEC. 3(E) AND 5(D) OR (E) NNDG # 775015

SELECTED MATERIALS CONCERNING JAPANESE LABOR POLICY, PROGRAM, AND DEVELOPMENTS
1945-194

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SECTION A

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SELECTED WORKER AND CONSUMER ECONOMIC INDICES - 1937-1949

PERIOD	AVERAGE WAGES IN MANUFACTURING		MONTHLY CASH INCOME URBAN WORKERS' FAMILIES 1/	AVE. MONTHLY FAMILY YEN EXPENDITURES		CONSUMERS PRICE INDEX		INDEX OF INDUSTRIAL PRODUCTION 2/
	Monthly All Wkrs	Daily Male Prod. Wkrs		Total	Food	All (28) Cities	Tokyo	
1937	¥	¥ 2.48	¥	¥		3/ 2.2		164.4
1938		2.49						176.4
1939		2.57						192.2
1940		2.78				3/ 3.6		195.3
1941		3.03				3/ 3.7		201.5
1942		3.29				3/ 3.8		192.7
1943		3.75				3/ 4.2		180.9
1944		4.67						154.8
1945		5.50						61.5
Aug						3/ 21.2	22.1	
1946								
Jan	4/ 218	10.78				3/ 61.1		18.2
Apr	4/ 404	19.81				3/ 93.2		29.0
Jul	4/ 559	25.00				3/ 91.3		34.1
Aug	4/ 583	26.42		1,915	1,336	5/ 86.1	5/ 81.3	36.6
Oct	4/ 654	29.91		2,020	1,386	87.1	84.3	37.7
1947								
Jan	926	41.40		2,588	1,730	110.7	118.4	34.1
Apr	1,187	55.12		3,543	2,243	137.3	140.6	39.9
Jul	1,767	76.36		5,342	3,665	222.9	242.5	41.7
Oct	2,231	101.20		5,679	3,710	236.1	263.8	43.6
1948								
Jan	2,855	130.91		6,495	4,112	286.5	294.3	42.5
Feb	2,897	130.96		6,215	3,994	302.3	301.7	45.5
Mar	3,137	139.54		7,059	4,587	310.0	312.3	49.3
Apr	3,575	148.91		7,073	4,471	322.1	339.2	49.8
May	3,667	164.07		7,802	4,950	328.7	336.1	51.7
Jun	4,297	179.21		7,758	4,988	343.9	383.7	52.9
Jul	4,759	200.32	7,683	8,860	5,586	394.7	409.1	55.1
Aug	5,335	226.14	8,559	9,455	5,987	420.5	426.5	55.6
Sep	5,841	249.42	9,194	9,211	5,905	417.8	426.8	60.6
Oct	6,423	280.19	9,627	10,018	6,307	406.3	407.0	61.4
Nov	6,766	302.95	10,022	10,398	6,495	433.0	443.7	61.9
Dec	8,878	327.82	15,689	15,013	9,384	456.7	459.8	64.4
1949								
Jan	8,015	306.00	10,411	10,633	6,581	475.1	470.9	60.8
Feb	7,864	351.13	10,774	10,090	6,518	466.2	461.7	64.7
Mar	8,023	369.01	11,634	11,774	7,508	468.1	468.2	71.3
Apr	8,147	360.56	11,865	11,583	7,360	488.6	480.9	71.6
May	7,892	374.73	12,064	11,096	7,138	493.3	481.9	68.1

(NOTE: See footnotes on following page).

SOURCE: Japanese Economic Statistics Bulletins

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DAILY CALORIC FOOD CONSUMPTION OF ADULTS 6/

Period	Calories
1947	
August	1,704
November	1,989
1948	
February	1,942
May	1,937
August	1,917
November	2,041
1949	
February	1,975
May	1,983

EMPLOYED LABOR FORCE 7/

PERIOD	TOTAL	NON-AGRICULTURAL INDUSTRIES		
		Total	Manufacturing	
			Total	Males
1946				
October			5.5	
1947				
March			6.6	
August	34.6	17.4	6.4	4.7
October	34.9	17.8	6.7	4.8
1948				
January	32.0	17.8	6.4	4.6
April	34.4	18.4	6.6	4.6
July	35.7	18.4	6.3	4.6
October	36.2	18.8	6.4	4.4
November	36.9	18.3	6.3	4.4
December	36.4	18.7	6.5	4.4
1949				
January	34.8	18.3	6.6	4.5
February	34.7	18.3	6.5	4.5
March	35.3	18.4	6.5	4.4
April	35.9	18.3	6.1	4.4
May	36.3	17.6	6.5	4.7

1/ All Cities (28). Average size of family varies monthly between 4.51 and 4.64 members and regularly employed members between 1.32 and 1.42 per family.
2/ Base: 1930-34 = 100.
3/ Although not strictly comparable to consumers price index after August 1946, adjusted to give reasonably reliable trend.
4/ Estimated averages.
5/ Index beginning with August 1946 is based on August 1946 to March 1947 = 100.
6/ As reported by Public Health and Welfare Section, Quarterly Nutrition Surveys based on sample survey in 8 cities in 1947 and all cities thereafter and including farmers and non-farmers.
7/ Estimated from Monthly Labor Force Survey.

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Economic and Scientific Section
Labor Division

LABOR DIVISION SEMI-MONTHLY REPORT No. 21
(14 August-3 September 1949)

I. Summary of Highlights

In coal mining, both national negotiations for a broad labor agreement and local negotiations for wages, effective 1 July, are in progress. Settlements were reached locally on the April-June wage in a majority of mines, largely through application of a Central Labor Relations Committee conciliation proposal which included arbitration by tripartite committees.

In the electric power industry, settlement of the retirement allowance issue appears likely in the near future. Management and the union have agreed to CLRC conciliation (to commence 10 September) on the few remaining points of difference. Densan's wage increase demand is before the CLRC for mediation.

Delinquency in wage payments continues. Incomplete reports from the Labor Standards Bureau show that it handled the cases of 3,236 firms owing ¥1.72 billion during the first half of 1949; as of 30 June approximately ¥745 million was still unpaid.

Wages dropped 1% in July, making the total wage increase since January 1949 only 3.2%. Prices continued their creeping increases with a 1% rise in July, bringing the total increase since January 1949 to 8.6%. July urban family expenditures rose to ¥11,826, a 6.6% increase over June. July family income rose to ¥12,852, an increase of 2% over June.

II. Labor Relations Developments

A. Major Disputes

1. Coal Mining. Both national negotiations for a broad labor agreement and local negotiations for wages, effective 1 July, are in progress. Settlements were reached locally on the April-June wage in a majority of mines, largely through application of a CLRC conciliation proposal which included arbitration by tripartite committees. Both the union and management have reversed their former stand on national versus local agreements. The union's Central Executive Committee now strongly favors local wage negotiations but has adopted a policy that no local wage agreement shall be deemed valid unless approved by the national union and countersigned by the national chairman. Management is opposed to this as well as to the union's demand in its national negotiations for sole bargaining rights and the union shop.

2. Densan. Settlement of the retirement allowance issue appears likely in the near future. Management and the union have agreed to CLRC conciliation (commencing 10 September) on the few remaining points of difference. Densan's wage increase demand (¥3,000 plus ¥500 per dependent) is in the hands of CLRC for mediation.

III. Operating Program Developments

1. Work Relief Projects. Previously formulated criteria for determining when unemployment has become sufficiently critical in a given area to merit the establishment of work relief projects and the number of jobs to be provided on such

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projects, have been applied to labor force and July unemployment insurance figures submitted by 232 of the 400 Public Employment Security Offices. On this basis it was determined that only three cities have an unemployment problem serious enough to warrant work relief projects for "regular" workers (as distinguished from casual workers), and that only about 2,000 jobs would be required. However, utilization of the criteria determining the extent of unemployment among casual workers showed 67 cities and towns requiring projects to employ 60,279 persons.

The Labor Ministry considered the present situation and that anticipated by the end of the year sufficiently critical to enter into conferences with the Finance Ministry for the purpose of: (1) receiving permission to expend already-appropriated funds more rapidly than had originally been scheduled, (2) to arrange for supplemental appropriations to be made available for the remainder of the fiscal year after the present appropriation is exhausted. As soon as these funds are made available it will be possible for the work relief projects to operate at approximately three times their present size and afford 32,000 additional jobs.

2. Unemployment Insurance. Continuing the rising trend since February, the average number of persons drawing weekly benefits increased during July to 121,000 and was 41% higher than June. This is mostly attributable to an increase in unemployment, but also to increased effectiveness and utilization of the unemployment insurance program. The ratio of beneficiaries to covered employment of 2.5% for July is still small as compared with the U.S. figures of 6.5% for May 1949 and 3.6% for May 1948.

3. Vocational Training. During July 15,683 persons (12,176 men and 3,507 women) attended 305 vocational training centers (total trainee capacity 16,495) operated by prefectural governments with national government subsidies. Of the total attending, 503 were handicapped persons.

4. Seamen's Bureau. June inspections of 1,521 vessels (employing over 18,000 seamen) showed 77% in violation of one or more provisions of the Mariners' Law. As found in previous months, most of the 4,783 violations involved failure to maintain required records or to submit required reports. Restitution to seamen amounted to ¥825,751, three-fourths of which was paid for discharge allowances or delayed wage payments.

5. Workmen's Accident Insurance. Workmen's Accident Compensation Insurance continued to expand its coverage adding 2,616 new employers for a total of 235,336 in June. The number of covered workers was 6,500,000, a little over one-half of the total wage-earning labor force. Premium collections were high and delinquency was reduced, especially the "long overdue" category. The total amount delinquent over four months was reduced to ¥16,000,000 compared with ¥453,000,000 collected in June. In 22 prefectures, there was no premium overdue for four months.

IV. Legislative and Administrative Proposals and Procedures

1. Labor Standards Law - Non-Payment of Wages. Delinquency in wage payments continues. Incomplete reports from the Labor Standards Bureau show that it handled the cases of 3,236 firms owing ¥1.72 billion during the first half of 1949 and that as of 30 June approximately ¥745 million was still unpaid.

2. School Workshops. In order to prevent the exploitation of students participating in workshops outside of school hours, the responsible Bureaus of the Education Ministry and the Labor Standards Bureau, Labor Ministry, have issued instructions (No. 187) dated 11 August 1949 to the heads of secondary schools,

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colleges and universities, and to the prefectural Boards of Education and prefectural governors advising them of the application of the Labor Standards Law and the Workmen's Accident Compensation Insurance Law to such workshops.

3. Labor Relations Legislation and Interpretation. Under the revised Trade Union Law, Articles 2 and 5, any union seeking to utilize its procedures and receive benefits thereunder must be in full compliance therewith. In view of the complex structure of some unions and the difficulties of immediate compliance, the Labor Policy Bureau, Labor Ministry and the Central Labor Relations Committee have agreed, as a temporary administrative expedient, to avoid strict enforcement of Articles 2 and 5 during the transition period while unions are endeavoring to come into compliance. In such cases, where a union has indicated a willingness to comply and has given concrete assurance of action taken to come into compliance, the CLRC will assume concurrent jurisdiction of the matter of compliance and the labor dispute with the objective that by the time the dispute matter is concluded and the order entered, the union will be in strict compliance. The complaints of those unions displaying no intention of complying with the Trade Union Law will not be considered by CLRC.

V. Miscellaneous Economic Developments

1. Wages and Cost of Living. Total July cash wages in manufacturing dropped 1%, bringing the total rise in wages since January 1949 to 3.2%. This small rise is in sharp contrast to the January-July 1948 rise in wages of 66.7%.

Prices (All Japan Consumers' Price Index) continued their creeping increases with a 1% July rise, bringing the total increase since January 1949 to 8.6%. The January-July 1948 increase was 37.8%. Thus, although both price and wage rises were considerably slowed during 1949, prices have risen almost three times as fast as wages. Also, wage increases (January-July 1949 = 5% of January-July 1948) have decelerated much more than price increases (January-July 1949 = 23% of January-July 1948).

Urban family expenditures rose to ¥11,826 in July, a 6.6% increase over June, bringing the total increase to 11.2% since January 1949. The corresponding increase during January-July 1948 was 36.4%.

July family income rose to ¥12,852, an increase of 2% over June. Wages of the family head rose 1%. The apparent discrepancy between the 1% decline in manufacturing wages and 1% increase in family head income from wages is not significant because the difference is so small as to be attributable to differences in coverage of the two sources of information, and the mechanics of the statistical method.

VI. Conclusions

Labor relations have been quiet in the recent period. Some unions have been occupied with negotiations over wages, retirement allowances and projected layoffs, but many are affected with internal dissension stemming from the sharpened political and economic issues and special problems precipitated by recent dismissals and application of the revised Trade Union Law to their complex structure. Management's use of industrial rationalization as a lever to discharge union executives

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and central committee members whose activities they consider objectionable, and the apparent willingness of Mine and other right-wing groups to accept such dismissals as inevitable under the 9-point stabilization program, have been a prime source of friction and caused a virtual shake-up within several unions. The resultant realignment of factional power and in some cases, threatened splits, plus the loss of their key officials, have served to weaken many unions and federations. Even some of the more militant factions appear reluctant to advocate strikes and other vigorous dispute tactics in the face of these dismissals, a shrinking economy and the uncertainty of full support from their union membership. These may be temporary phenomena preceding a period of union reorganization, consolidation and renewed activity.

One factor which bears watching, however, is the fact that wages have shown only a slight increase during the first half of 1949, and even decreased in certain months, while prices continue to creep upward. If this trend continues, demands for wage increases, with possible accompanying dispute activity, may be anticipated.

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Economic and Scientific Section
Labor Division

LABOR DIVISION SEMI-MONTHLY REPORT No. 21
(14 August-3 September 1949)

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Economic and Scientific Section
Labor Division

LABOR DIVISION SEMI-MONTHLY REPORT NO. 20
(31 July - 13 August 1949)

I. Summary of Highlights

No noticeable change has occurred in the major disputes since the previous report. Private industry as well as Government continued to utilize the reduction of personnel as a means to discharge alleged Communists or Communist sympathizers who were also union officials. Announcements of employee dismissal actions by the Government and private industry continued.

The Mindo faction in the National Railway Workers Union has apparently been successful in its first major step to wrest control of the union from the leftists. It achieved a quorum at the 15 August central committee meeting it had called unilaterally.

The Labor Standards Bureau has issued an ordinance, effective 1 August, revising Workmen's Accident Compensation premium rates so as to rationalize them in terms of cost of benefits.

According to preliminary results of the Monthly Wage Survey, total June cash wages in manufacturing increased 5.9% over May levels. This increase absorbed the May drop of 3.6% and brought June wages 2.7% above April. The All-Japan Consumer Price Index for June rose to 511.1, an increase of 3.6% over May and 4.6% over April.

Preliminary Labor Ministry reports indicate that approximately 20,000 of the 96,000 railway workers discharged in July have been placed in new employment through efforts of the railway authorities or other means.

II. Labor Relations Developments

A. Major Disputes

1. National Communication Workers Union - Zentei. On 11 August 11,500 government postal and telecommunications employees were notified of their dismissal under the retrenchment program. This is considerably fewer than originally anticipated, occasioned by the voluntary retirement of approximately 15,000. Preliminary reports indicate that about 1,250 employees rejected their discharge notices with more rejections anticipated. The criteria for dismissal were similar to those for railway workers: (1) uncooperativeness, (2) unfitness as public service employees, (3) inferiority in technique, knowledge and physical condition, (4) few years of service, (5) poor work records.

Twenty-nine of the 36-man Central Struggle Committee, including 16 Communists and the pro-leftist chairman, were dismissed. On 9 August this committee ordered all locals to set up "workshop control" committees aimed at control of work places and join other government unions in attempts to wipe out mutual grievances, i.e. personnel cuts, job classification system and the 48-hour week. Seventeen Kanagawa locals disavowed the militant dispute policy of their district headquarters and stated their intention of opening collective bargaining and carrying on legal dispute tactics.

2. Coal Mining. No progress has been made toward a permanent collective bargaining agreement. *Tanro is opposing the dissolution of the Kodan and decontrol of the industry, fearing that small mines will be unable to continue operations with resulting unemployment of about 150,000 (according to

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union estimates). Some coal operators are already planning personnel reductions. The Mitsui Mining Company announced a dismissal of 2,000 employees to be made about 15 August. Criteria for dismissal were decided in negotiations between the unions and company representatives as follows: irregularity of attendance, neglect of duty, violation of laws and rules, inefficiency and physical weakness.

3. Toshiba. Management reports that 95% of workers scheduled for dismissal under the retrenchment program are willing to separate voluntarily. Inducements for the voluntary separation were an extra half-month's dismissal bonus and payment of the retirement allowance in a lump sum. Most of the pro-Communist officers of local unions and the Toshiba Federation were included in the employees dismissed, and some have filed a charge of unfair labor practice protest with the Central Labor Relations Committee. The CLRC is investigating the union's qualifications under the Trade Union Law to determine whether it is eligible to avail itself of the procedures of the law. This is the first major test case to determine whether a union which fails to comply with Article 2 and Article 5 of the Trade Union Law is qualified to file an unfair labor practice charge. Negotiations for recognition continued between the company and the Second (anti-Communist) union.

4. Densan. Neither the union nor the management have accepted the CLRC's mediation proposal for dismissal allowances. The union objects to clause 8 of the proposal which would allow only half credit for service prior to the amalgamation of the electric power companies in 1943. Management maintains that it cannot even pay the full dismissal allowance fund of about ¥1,650,000,000 let alone an estimated additional 20% if full credit were given for service prior to 1943. (The union estimates that only 2,400 employees are involved in clause 8, as opposed to approximately 7,600 claimed by management.)

5. Japan Cement. The dispute between management and the federation over week-end work and dismissals was finally settled 17 August with the signing of agreements between the company and the unions at its 9 plants.

B. Labor Union Organization and Structure

1. National Federation of Industrial Unions - Shin Sanbetsu. The first executive committee (11 members) meeting 9-10 August decided to: (1) actively help formation of the National Railway Workers Union's central committee, (2) promote a joint dispute council to oppose the electric power industry reorganization plan, (3) support the new Toshiba Workers Unions Federation, (4) establish a training program to develop anti-Communist union leadership, (5) oppose the Independent Youth League recently set up nominally to oppose the Communist youth movements but which it is feared may become a tool of right-wing reactionary factions.

2. General Federation of Japanese Trade Unions - Sodomei. The Central Executive Committee held a meeting 5-6 August attended by approximately 180 members and representatives. The meeting agreed on the following demands: (1) convocation of an extraordinary Diet session promptly, (2) revision or abolition of the Table of Personnel Organization Law, Labor Union Law, and Public Enterprise Labor Relations Law, (3) establishment of adequate unemployment countermeasures.

3. National Communication Workers Union - Zentei. The postal and telecommunications authorities have taken the position that dismissed employees are no longer union members and hence ineligible to be officials of the union or negotiate with the authorities. In a reversal of its earlier disagreement with this contention, the National Personnel Authority has revised its regulations making it necessary for members and officers of government employee organizations,

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including labor unions, to be in actual public service, also passed a new regulation making it compulsory for all newly appointed government personnel to take an oath of allegiance to the Japanese Constitution.

4. National Railways. In an apparently successful move to secure union hegemony a Mindo-sponsored central committee meeting was held 15-16 August at which 97 (more than the necessary quorum out of a total 130 seats) members were present: 83 Mindo, 8 Renovationists and 6 neutrals. Dismissed central committee members, mostly Communist or pro-leftist, were not seated. The Communist and Renovationist factions have declared that decisions reached at this meeting are not binding on union members opposed to the Mindo program. The meeting decided on the following: (1) resignation of the 18 central executive committee members who were not dismissed and election of a new central executive committee of 25 members (instead of 35) of whom 22 are now Mindo, 2 Renovationist and 1 as yet unselected, (2) withdrawal of decisions reached at the 26 June central committee meeting in Atami as well as of all subsequent directives based on them as issued by the previous leftist-dominated central executive committee. (This includes the "force-if-necessary" policy), (3) a national convention scheduled for late September, (4) the question of the re-election of the central committee will be deferred to the proposed national convention, (5) union executive posts, both central and local, left vacant by dismissals should be filled immediately with employed union members and collective bargaining launched quickly, (6) a struggle will be waged towards the convening of a special Diet session to revise the Personnel Strength Law, oppose sale of railways, establish an unemployment program, reduce income taxes, and obtain supplementary appropriations.

III. Operating Program Developments

A. Job Order Campaign

The Labor Ministry is currently planning an intensive campaign to counteract the declining trend in regular job openings (from 595,000 in March to 207,000 in June) in the Public Employment Security Offices through publicity and by sharply increasing the number of employer contacts.

IV. Legislative and Administrative Proposals and Procedures

A. Workmen's Accident Insurance

The Labor Standards Bureau ordinance embodying revised premium rates for Workmen's Accident Insurance became effective 1 August. Rates were revised upward for 16 industries, downward for 20, and remain unchanged for 14. The maximum rate is applicable to subway and hydroelectric construction workers and off-shore stevedores and remains at 4.4% of wages, as cost to the employer. The minimum rate is reduced to 0.15% of payroll and applies to non-hazardous commercial institutions. The net effect of the revisions will be a slight increase in total premium income.

V. Miscellaneous Economic Developments

A. Wages

According to preliminary results of the Monthly Wage Survey, total June cash wages in manufacturing increased 5.9% over May levels. This increase absorbed the May drop of 3.6% and brought June wages 2.7% above April, and came as a surprise to Labor Ministry officials and other observers, who expected a continuation of the downward wage movement registered in May. Although "special" wage payments rose largely as a result of June payment of "bon" (harvest) bonuses, this factor is not solely responsible for the increase in total wages, since

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average "regular" wages also rose. Average number of days worked in June (24.5), which was 7% higher than May and 2.9% higher than April, is one factor in the increase of "regular" wages. Survey of a small number of establishments (125) indicates other possible factors, such as increase in basic wages, changes in wage structure, increased incentive payments caused by high June production, and overtime payments.

B. Cost-of-Living

As previously noted in Report No. 19 the All-Japan Consumer Price Index for June rose to 511.1, an increase of 3.6% over May and 4.6% over April.

C. Family Income

Average cash income of urban workers' families for June rose 4.3% over May, reaching ¥12,358.00.

D. Placement of Discharged Government Workers

Preliminary Labor Ministry reports indicate that approximately 20,000 of the 96,000 railway workers discharged in July have been placed in new employment through efforts of the railway authorities or other means. More than 25,000 others have indicated their permanent retirement from the labor market. In other government agencies, instances are reported of supervisors locating jobs for more than 50% of their discharged former employees.

VI. General Conclusions

With the completion of four years of Occupation and the emancipation of the labor movement it is fair to say that the objectives originally set forth in regard to the development of a sound and democratic labor movement have achieved a large measure of success. Unions and their membership have grown from an insignificant total of 5 unions with 5,300 members in October 1945 to 36,230 with 6,797,000 members as of the summer of 1949, of which 22% are women.

Union structure and organization have developed to a point where national industrial unions and national federations speak for the thousands of locals and their members on national economic and social policy matters. Internal struggles for union control between the extremist and moderate factions are in part a consequence of factors outside the Japanese political and economic structure. Vigorous education programs and the obviously unrepresentative character of extremist leadership and programs in regard to the native labor movement have tended to minimize the influence of this leadership. The issues involved and the conduct of labor disputes are gradually moving toward conformity with the established concepts and practices which have been associated with Western labor movements. Political issues as a factor in labor disputes have to some extent given way to the fundamental economic relationships between management and labor.

Modified labor relations legislation reflecting the experience of the post-war years plus the increased effectiveness of the administrative and judicial organs established to carry them out are becoming increasingly important factors in labor relations. Labor Relations Committees continue to be an increasingly constructive force in the melioration of labor disputes. The courts are establishing precedents in regard to the interpretation of these laws in such a manner as to define the legal responsibilities of both labor and management in hitherto unchartered areas of labor relations thereby setting the boundaries within which legitimate economic issues can be negotiated.

* Tanro - Japan Federation of Coal Miners' Unions

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THE LABOR LETTER
OF
LABOR DIVISION
ECONOMIC AND SCIENTIFIC SECTION

VOLUME II NUMBER 12 31 AUGUST 1949

SCHOOL WORKSHOPS

It is the practice of many secondary schools, colleges and universities to operate workshops during school hours as part of their vocational training curriculum, and outside of school hours as a means of financial aid to students as well as to supplement their vocational education.

To prevent the exploitation of students participating in workshops outside of school hours, the responsible Bureaus of the Education Ministry and the Labor Standards Bureau of the Labor Ministry have issued instructions dated 11 August 1949 to the heads of secondary schools, colleges and universities, prefectural governors and prefectural Boards of Education advising them of the application of the Labor Standards Law and the Workmen's Accident Compensation Insurance Law to such workshops.

The instructions define the terms "extra-curriculum production school workshop" and "extra-curriculum time" and designate the heads of schools as employers having the same responsibilities as other employers in the observance of applicable laws. The instructions include some of the most pertinent provisions of the Labor Standards Law and the Workmen's Accident Compensation Insurance Law with regard to hours of work, minimum age, midnight labor, accident compensation, etc. Criteria are outlined in administering payment to students and distribution of profit, with the provision that students shall be paid on the basis of prevailing rates for similar types of work in the area.

NEGOTIATIONS IN THE COAL INDUSTRY

Negotiations for a new labor agreement in the coal industry are now proceeding at both the national and local levels.

On the national level the negotiations are between Tanro, the Coal Miners' Federation, and Nemmei, the Coal Operators League; at the local level between the individual unions of Tanro and either the individual mine or the mine company.

The negotiations at the national level are concerned with the broad terms of a working agreement; at the local level they are concerned primarily with wages.

The recent meeting of the Central Executive Committee of Tanro voted heavily in favor of local negotiations on wages. On the recommendation of ESS/LAB, however, the national body decided that no agreement on wages reached locally shall be valid unless approved by the national union and countersigned by the national chairman. The operators are at present opposed to such an arrangement, but inasmuch as this is a matter of internal union policy, the employers objections to it should not be considered as valid.

The negotiations, insofar as wages are concerned, are to set a standard of efficiency and an average standard wage at each mine or mine company, effective as of 1 July 1949. The wages for April, May and June have been largely settled through the application of a conciliation plan proposed by the Central Labor Relations Committee and accepted by both sides. By this plan, the wage issue was transferred to the local level. Wherever direct negotiations failed, the question of wages, according to the plan was to be submitted to a tripartite committee consisting of one representative each of labor, the employer and the

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Labor Relations Committee, with a representative of the Coal Board acting in a consultant capacity. Accurate statistics are not available concerning the settlement of the April to June wage, but it is known that this issue has been settled in the great majority of mines and that the tripartite committee arbitrated in a number of them.

The most important issues in the national negotiations is Tanro's demand for sole recognition and the union shop. The union is considered justified in both these demands. The inclusion of sole bargaining rights and the union shop in a national agreement would strengthen the hands of the present union leadership in its struggle against the Communists. At the present time, however, Rommei, though acknowledging this fact, opposes both clauses. The League, beset by many internal dissensions and conflicts has found it difficult to adopt a long range policy despite the known progressive beliefs of some of its officers. In its struggle against the union, the League in April demanded an end to national bargaining and a transfer of the wage question to the local level. Now that certain operators find themselves liable to pay higher wages, as a result of local bargaining, than would have prevailed had they agreed to a national average wage and standard of efficiency, they are again leaning toward national bargaining. The union, however, themselves adopted local or regional bargaining as a policy under the pressure of the operators and is not expected to change its position.

VIEWS OF DENSAN'S RANK AND FILE

At meetings held recently throughout the Tohoku and Kanto regions by an ESS/LAB representative, the rank and file members of local Densan unions expressed the following views and attitudes:

a. Settlement of the retirement allowance issue was their most immediate concern. Members are somewhat uncertain as to the desirability of their demand for a one-time lump sum retirement allowance and repeatedly requested information on the kind of retirement pay workers receive in other countries, particularly the United States.

b. Local unions will probably accept whatever settlement on the retirement allowance is agreed upon by the National Union's Central Executive Committee as well as any settlement on the demand for a ¥2,000 monthly wage increase and ¥500 family allowance per dependent (the two latter demands are now under consideration by the Central Labor Relations Board).

c. Rejuvenation of electric industry equipment is of prime importance with emphasis on safer equipment, and the Labor Standards Law cannot be fully enforced, as it relates to them, until better equipment is secured.

d. Opposition to any break-down of the electric industry into independent regional companies, because of the union reorganizational problems it would create.

e. Power rates are too low and should be increased to allow for increased wages and new equipment.

Communist influence and membership varies from union to union but is generally strongest in the local unions somewhat distant from Civil Affairs Teams and Local Japanese Government Labor Policy offices. The heaviest Communist influence was evident in Fukushima Prefecture (almost 100% of membership in the Lake Inawashiro area where 27 hydro-electric generating stations produce 7% of the power produced in Japan). Kanagawa and Gumma prefectures also showed heavy Communist influence. In the other prefectures visited most of the union officials were Communist but it is believed they were elected simply because of the pressure tactics of an aggressive minority. Densan office workers are responsible for most of the recent anti-communist activity in the union.

PROJECTED REORGANIZATION OF CONSTRUCTION INDUSTRY UNIONS

Construction industry workers are making progress in their plans to reorganize their entire union structure along craft lines similar to the structure of the American Federation of Labor. The plan presently provides for:

a. A national council resembling the American Federation of Labor Building Trades Council and composed of representatives from national craft union

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affiliates, to act as a policy making body.

b. A national union for each craft which will grant charters to local unions upon their compliance with previously established constitutional requirements of the national union.

c. Local Construction Trades Councils, composed of local unions, which will act as negotiating bodies in establishing labor agreements on a closed shop basis.

d. A uniform wage structure for each craft.

e. The setting up of uniform craftsmanship standards and an apprenticeship system.

It is expected that these craft unions will constitutionally forswear official union political activity and affiliation, make no political donations from union funds and prohibit the acceptance of any funds from political party sources for union activities.

KANDABASHI TRAINING SESSIONS

The Labor Ministry has set up a ten-day training course for PESO managers and supervisors in detailed operational procedures at the Kandabashi Public Employment Security Office which, since its establishment a year ago, has been a testing ground for developing new policies and procedures for PESOs. The first group of ten managers and supervisors from adjacent prefectures began a 10-day training session on 22 August and it is planned that 53 office managers and 48 supervisors will be trained in the ensuing seven months. Each group often will be divided into five two-man teams and will actually work a full day in each unit of Kandabashi making employer visits, interviewing applicants, receiving job applications and unemployment insurance claims and making job placements. It is felt that through this method of on-the-job work, study and observation, rather than through lectures to the entire group, PESO managers and supervisors will obtain more valuable training and a clearer picture of the minute operations on which the overall success of Kandabashi as a public employment office is based.

WORKMEN'S ACCIDENT INSURANCE

Of the total 235,000 contributing employers as of 30 June, 8,000 had joined voluntarily. The June increase in covered employers was 2,600 (of whom 400 joined voluntarily) compared with a previous average monthly increase of 10,000. The current slower rate of increase is due to the fact that most employers who are liable under the law have already been covered. Most of the newly covered employers own small enterprises each of which employs ten or fewer workers. The inclusion of these newly covered workers has apparently been more than offset by recent layoffs as evidenced by the almost stationary total of 6,447,000 workers now covered by the accident insurance fund.

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The Labor Ministry has set up a ten-day training course for PESC managers and supervisors in detailed operational procedures at the Kandabashi Public Employment Security Office which, since its establishment a year ago, has been a testing ground for developing new policies and procedures for PESCs. The first group of ten managers and supervisors from adjacent prefectures began a 10-day training session on 22 August and it is planned that 53 office managers and 48 supervisors will be trained in the ensuing seven months. Each group often will be divided into five two-man teams and will actually work a full day in each unit of Kandabashi making employer visits, interviewing applicants, receiving job applications and unemployment insurance claims and making job placements. It is felt that through this method of on-the-job work, study and observation, rather than through lectures to the entire group, PESC managers and supervisors will obtain more valuable training and a clearer picture of the minute operations on which the overall success of Kandabashi as a public employment office is based.

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DISPUTES OCCURRING DURING JULY 1949 AND MAN-DAYS IDLE

BY TACTICS

ITEM	BEGINNING DURING THE MONTH: Number	BEGINNING DURING THE MONTH: Workers Involved	TOTAL OCCURRING DURING THE MONTH 1/: Number	TOTAL OCCURRING DURING THE MONTH 1/: Workers Involved
TOTAL	49	32,413	199	314,477
Strikes	13	27,690	29	49,709
Other Work Disruptions	7	670	16	3,129
NOT ACCOMPANIED BY DISPUTES TACTICS BUT REFERRED TO LRCs FOR ADJUSTMENT	29	4,053	154	261,639
MAN-DAYS IDLE OWING TO STRIKES AND LOCK-OUTS			120,933	50,988

INDUSTRY	ACCOMPANIED BY ACT OF DISPUTE: Number	ACCOMPANIED BY ACT OF DISPUTE: Workers Involved	NOT ACCOMPANIED BY DISPUTE TACTICS 2/: Number	NOT ACCOMPANIED BY DISPUTE TACTICS 2/: Workers Involved	TOTAL OCCURRING DURING THE MONTH 1/: Number	TOTAL OCCURRING DURING THE MONTH 1/: Workers Involved
TOTAL	45	52,838	154	261,639	199	314,477
MINING	8	19,148	10	1,703	18	20,851
CONSTRUCTION	1	37	1	100	2	137
MANUFACTURING	33	33,275	112	66,047	145	99,322
GAS, ELECTRICITY AND WATER SUPPLY	—	—	1	146,027	1	146,027
TRANSPORTATION AND COMMUNICATION	2	298	14	37,742	16	38,040
EDUCATION	—	—	2	24	2	24
ALL OTHER 3/	1	80	14	9,996	15	10,076

1/ Includes disputes beginning during the month and those carried over from the preceding month.

2/ Disputes not accompanied by disputes tactics but which have been referred to Labor Relations Committees for adjustment.

3/ Includes AGRICULTURE, FORESTRY, FISHING, FINANCE, COMMERCE, SERVICE PROFESSIONS, Other LIBERAL PROFESSIONS, GOVERNMENT AND PUBLIC ORGANIZATIONS AND NOT ELSEWHERE CLASSIFIED.

Ministry of Labor.

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WAGES IN JULY 1949

INDUSTRY	ALL EMPLOYEES: Yen	ALL EMPLOYEES: Percent Change April over March	MALE	FEMALE
ALL MANUFACTURING	8,270	5%	9,690	4,230

(Figures for COAL MINING and METAL MINING not available)

SOURCE: Cabinet Bureau of Statistics.

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AVERAGE FAMILY EXPENDITURES IN JULY 1949

	Yen Per Family Per Month
TOTAL	11,826
Food	7,461
Clothing	1,367
Other	2,087

WORKMEN'S COMPENSATION INSURANCE
June 1949

Total number receiving benefits	46,816
Number receiving benefits for first time	32,700
Amount of benefits	¥ 246,451,591
Number of appeals	28
Employers covered (May 232,720)	235,336
Employees covered	6,598,013
Premium payments	¥ 453,239,183
Number of attachments due to premium delinquency	36

UNEMPLOYMENT INSURANCE
June 1949

Average weekly number of persons drawing benefits (May 85,811)	121,140
Applications for benefits (May 38,548)	50,178
Initial claims allowed	47,961
Waiting period claims	39,238
Claimants paid for first time	35,704
Number of employers who paid premiums (May 100,021)	91,579
Premiums collected (May ¥602,060,216)	¥ 565,671,125
Cumulative delinquency from November 1947 to June 1949 (an increase of ¥199,354,432 in June)	¥1,242,462,447
Number of attachments due to premium delinquency	263

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Economic and Scientific Sect
Labor Division

PROGRESS REPORT ON ECONOMIC AND SCIENTIFIC SECTION, LABOR DIVISION ACTION TAKEN TO IMPLEMENT ECONOMIC STABILIZATION PROGRAM FOR SIX MONTHS PERIOD ENDING JUNE 1949

26 July 1949

(References follow the nine-points of the program listed under "SCAP Letter to Prime Minister on Stabilization" of 19 December 1948)

1. Reference 1, 3 (General) - There is no evidence of large scale unemployment resulting from the introduction of the Economic Stabilization Program in the six month period ending June 1949. In the period since January, however, several indicators point to an increasing impact of unemployment which may assume serious proportions in the next few months. There has been a rising trend of an excess of separations over hirings in successive months (exclusive of the temporary impact of school graduates entering the labor force in April) although the absolute numbers have been small, e.g. 20,000 excess in March in establishments employing over 3½ million workers. Establishments reporting layoffs due to employers' inability to operate economically have risen significantly from 218 plants and 7,500 workers in February to 680 plants and 37,000 workers in May. The average weekly number of persons receiving unemployment insurance benefits rose from 28,936 in January to 55,330 in May.

Furthermore, continuation of the rising trend of layoffs due to rationalization including the recent government railways personnel reductions of 95,000 with an additional 100,000 to be laid off in other government corporations and administrative activities suggests that the unemployment problem may become serious unless private industries develop an expanding labor demand.

The export industries which were hoped to provide such an absorptive cushion have, because of external world conditions however, become currently sources of labor supply. Unless there is a sharp and continued rise in production for export in accordance with the original target goals, government unemployment relief programs will need to be augmented.

2. Reference 1 b, (8) - The Japanese Government within the framework of the present budget has a program ready to provide relief for workers temporarily unemployed pending the readjustment of the economy to an emphasis on production for export with increasing job opportunities.

a. On 20 May the Diet extended coverage and increased benefit rates by an average of at least 25% for unemployment insurance to make it better able to cushion unemployment. The unemployment insurance fund now has a reserve of approximately 6 billion yen, sufficient to provide payments for the full 6 months benefits period for some 250,000-300,000 individuals.

b. On 20 May the Diet passed an Emergency Work Relief Law which provides for the establishment of useful projects only after appreciable unemployment develops in specific local areas. These projects can be stopped as soon as workers can be transferred to regular employment. The small sum of ¥800,000,000 provided by the budget has been sufficient for this program to date. A large increase in the number of unemployed in the coming months would require provision for additional funds for this program.

c. On 20 May the Diet passed amendments to the Employment Security Law which allow for improved operations of the Public Employment Exchanges in

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readjustment of discharged workers in new employment.

3. Reference 4 a. - In the past six months, strict adherence to the "three principles" of no price increases, no deficit financing and no government subsidies for wage increases has proved completely effective in stabilizing wages and has demonstrated conclusively that direct wage controls are not necessary in Japan.

a. There appear to be indications that implementation of the 9-point Economic Stabilization Program is tending to decrease money wages. Monthly average cash wages in May for all manufacturing (regarded as the most reliable index of wage trends) showed a 3.2% decrease over the preceding month and a 1.5% decrease compared with January 1949. Real wages have also declined in the period. In contrast with the 1.5% decrease in wages from January to May 1949, the Consumer Price Index showed a 3.3% increase during the same period, primarily attributable to the increase in official prices for staple foods which became effective in April.

b. Tightening of financial credit and elimination of subsidies have made it difficult for employers to meet payrolls. Incomplete reports show that 2,073 cases of non-payment of wages involving approximately ¥1,051,000,000 were handled by the Labor Standards Bureau of the Labor Ministry from about the beginning of the year to June 15th. As of June 15th, 1,499 cases were still pending and the amount of wages in arrears was slightly over ¥500,000,000.

4. Reference 4 a, b, d and 9 g. (1) - Strict adherance to the "three principles" has brought a more realistic approach into labor relations. Labor and management have recognized that wage issues are to be resolved within the framework of ability to pay and relative bargaining strength.

a. To cushion the effect of a sudden cessation of wage subsidies as part of the application of the "three principles" to the critical industries of coal and metal mining, electric power, and shipping, the supplementary budget in late December 1948 included an item of ¥3,500,000,000 to be distributed among them for wage subsidies for the months of December 1948 through March 1949.

b. In an attempt to secure the continuation of subsidies, labor and industry with the active support of the government, began to put pressure upon GHQ, SCAP, to permit greater subsidies for wage increases than the ¥3,500,000,000 budget allocation. In one instance, the Labor and Agriculture Ministries directed the negotiation of an agreement between the silk reeling workers' union and the silk reeling operators which would have required about ¥250,000,000 not provided for in the budget.

c. SCAP refusal to modify the subsidy policy eventually convinced government, labor and industry, that no further wage relief in the form of subsidies could be expected. Management-labor pressure continued however, after the passage of the regular 1950 fiscal year budget which failed to include subsidies in excess of those authorized prior to the passage of the December supplementary budget. Wage agreements through March were concluded in the coal, metal mining, electric power and shipping industries on the basis of the December supplementary budget. The silk reeling workers also accepted a wage far lower than established in the abortive agreement referred to above. The coal strikes of March, April and May and the metal mine strikes in this same general period appear to have been unsuccessful attempts to force the government and GHQ, SCAP to agree to further wage subsidies beyond those contained in the 1 April budget.

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d. With final reconciliation to the economic stabilization program the unions continued to demand wage increases, hoping primarily however, to maintain current wage levels. The end of subsidies made this difficult in mining and on 30 June the coal union signed an agreement with the coal operators league retroactive to 1 April and granting exceptions from the previous wage levels to those mines which could not pay. The agreement furthermore contained a provision that the wage would be decided by a tripartite arbitration committee in all cases where direct negotiations failed. This was the first acceptance of the principle of arbitration in a major Japanese industry. This principle was later incorporated in the agreement between the metal mine workers' union and the operators.

e. Another prime example of stabilization occurred in the agreement signed without resort to dispute tactics or third party conciliation on 4 July between the All-Japan Seamens' Union and the Japan Shipowners Association. Although this agreement raises the average monthly wage from ¥7,671 to ¥10,100, this was not a departure from the stabilization policy inasmuch as the ¥10,100 was provided for in computing the item for charterage fees in the budget.

f. Adherence to economic stabilization policies has led to the initiation of large-scale retrenchment ("rationalization") with consequent unsettled labor relations in many industries, both government and private, over management's rights to lay off workers, the criteria for dismissals, separation pay, etc. This is attributable to the elimination of deficit financing, a tightening credit situation which has greatly handicapped the flow of working capital for many establishments, and the reduction in government purchases for its transportation and communication enterprises.

Communist elements in the labor movement have seized upon dismissals (in the government railways, steel, and electrical manufacturing industries) as the focal point for recent disturbances and have demanded the retention of the workers scheduled for layoff and/or collective bargaining over issues strictly excluded by law in the case of government railway workers. Conservative elements in the trade unions in many cases likewise regard levels of employment as a proper subject for collective bargaining since many labor agreements contain clauses which give the union veto power over dismissals.

The Tokyo Shibaura Electrical Manufacturing Company is a test case in which the company is bound by such an agreement and furthermore cannot change its terms until the union consents to a new agreement. The company has denounced the agreement and has petitioned the courts to rule upon the legality of its cancellation.

5. Reference 8 g. (1)

a. Employers are generally taking a stronger position in collective bargaining and eagerly seek advice on their rights under the labor laws. One of the most difficult points in the education of both the unions and the employers is the establishment of grievance procedures, no-strike and artbitration clauses in collective bargaining agreements.

b. At the present time of economic flux, both unions and employers are reluctant to sign long term agreements which is a necessary development for the achievement of real stability in labor relations. Many employers are undoubtedly in genuine financial distress and are unwilling to negotiate wage terms until the future is more certain. This is particularly noticeable at the present time in negotiations which are being resumed in the coal and metal mining industry for permanent wages, restroactive to 1 July.

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c. The developing cleavage between the right and the left-wings of the labor movement should eventually assist in stabilization because of the ability of the moderate union elements to face the realities of the current economic situation and to bargain with management accordingly without unnecessary resort to dispute tactics. It has already helped to stabilize the electric power industry and should help in stabilizing the national railroads and the steel and electrical manufacturing industries.

6. Reference 8 d. (3) - The Japanese Government is preparing to introduce Training-Within-Industry methods in Japan as a method for increasing production. This is an important feature of the program to increase production in nearly all of the countries receiving ECA funds. A consultant on Training-Within-Industry from the United States is expected in Japan for three months to assist the launching of this program.

7. Reference 8 g. (1) - The continued availability of supplementary rations for most manual workers and, additionally, of incentive goods primarily for coal miners, has undoubtedly contributed to the maintenance of stable management-labor relations. Scheduled increases as of 1 July in the amount of food available for supplementary ration distribution are based on an assumed 7% increase in the average number of days worked per month, from 22 to 33.5. The expanded program would include 126 industry groups as compared with 107 in the old program.

8. Reference 8 g. (3) - The number of inspections to determine compliance with the provisions of the Labor Standards Law, including safety and sanitation, has increased steadily during the past months. Educational programs, including special programs for National Safety Week, July 1 through July 7th, have been conducted. However, the 18% reduction in Labor Standards inspectors together with the 30% cut in other personnel of the Bureau, occasioned by the reduction in salary appropriations, will necessitate curtailment of the Safety and Sanitation Program.

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SECTION B

BASIC LABOR POLICIES

B-1 - Extracts From Potsdam Declaration.
Extracts from Document Entitled "U. S. Initial Post-Surrender Policy for Japan".

B-2 - Press Release, "General MacArthur Expresses Views to New Prime Minister " (11 October 1945).

B-3 - Extracts from SCAP letter, subject: "Civilian Labor Employed by Occupation Forces", dated 17 November 1945.

B-4 - SCAP Letter, subject: "Labor Relations", dated 22 January 1946.

B-5 - Far Eastern Commission Policy Decision (6 December 1946) on "Principles for Japanese Trade Unions".

B-6 - General MacArthur's Statement Prohibiting the General Strike Scheduled for 1 February 1947, dated 31 January 1947.

B-7 - Letter from General MacArthur to Prime Minister dated 23 July 1948 on National Public Service Law.

B-8 - Letter from General MacArthur to Prime Minister dated 19 December 1948 on Stabilization.

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EXTRACTS FROM POTSDAM DECLARATION

(From the text of the three-power proclamation released in Berlin and issued 26 July 1945 through the Office of War Information)

"(10) We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners. The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion and of thought, as well as respect for the fundamental human rights, shall be established.

"(11) Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted."

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Extracts from Document Entitled U.S. INITIAL POST-SURRENDER POLICY FOR JAPAN

(Released to the Press by the White House, 22 September 1945)

Part I - Ultimate Objectives

The ultimate objectives of the United States in regard to Japan, to which policies in the initial period must conform, are:

(a) To insure that Japan will not again become a menace to the United States or to the peace and security of the world.

(b) To bring about the eventual establishment of a peaceful and responsible government which will respect the right of other states and will support the objectives of the United States as reflected in the ideals and principles of the Charter of the United Nations. The United States desires that this government should conform as closely as may be to principles of democratic self-government but it is not the responsibility of the Allied Powers to impose upon Japan any form of government not supported by the freely expressed will of the people.

These objectives will be achieved by the following principal means:

(a) Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined, in accordance with the Cairo Declaration and other agreements to which the United States is or may be a party.

(b) Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated from her political, economic, and social life. Institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.

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(c) The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly, speech, and the press. They shall also be encouraged to form democratic and representative organizations.

(d) The Japanese people shall be afforded opportunity to develop for themselves an economy which will permit the peace time requirements of the population to be met.

****

Part IV - Economic

2. Promotion of Democratic Forces

Encouragement shall be given and favor shown to the development of organizations in labor, industry, and agriculture, organized on a democratic basis. Policies shall be favored which permit a wide distribution of income and of the ownership of the means of production and trade.

Those forms of economic activity, organization and leadership shall be favored that are deemed likely to strengthen the peaceful disposition of the Japanese people, and to make it difficult to command or direct economic activity in support of military ends.****

****

3. Resumption of Peaceful Economic Activity

The policies of Japan have brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, and the Allies will not undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction, deeply to reform the nature and direction of their economic activities and institutions, and to find useful employment for their people along lines adapted to and devoted to peace. The Allies have no intention of imposing conditions which would prevent the accomplishment of these tasks in due time.****

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GENERAL HEADQUARTERS
UNITED STATES ARMY FORCES, PACIFIC
PUBLIC RELATIONS OFFICE

PRESS RELEASE:

1800
11 October 1945

GENERAL MACARTHUR EXPRESSES VIEWS TO NEW PRIME MINISTER

When the new Prime Minister, Baron Shidehara, called on General MacArthur at General Headquarters today, the Supreme Commander expressed to him among other things, the following views:

"In the achievement of the Potsdam Declaration, the traditional social order under which the Japanese people for centuries have been subjugated will be corrected. This will unquestionably involve a liberalization of the Constitution.

"The people must be freed from all forms of governmental secret inquisition into their daily lives which holds their minds in virtual slavery and from all forms of control which seek to suppress freedom of thought, freedom of speech, or freedom of religion. Regimentation of the masses under the guise of claim of efficiency, under whatever name of government it may be made, must cease.

"In the implementation of these requirements and to accomplish the purposes thereby intended, I expect you to institute the following reforms in the social order of Japan as readily as they can be assimilated:

"1. The emancipation of the women of Japan through their enfranchisement — that, being members of the body politic, they may bring to Japan a new concept of government directly subservient to the well being of the home.

"2. The encouragement of the unionization of labor — that it may be clothed with such dignity as will permit it an influential voice in safeguarding the working man from exploitation and abuse and raising his living standard to a higher level; with the institution of such measures as may be necessary to correct the evils which now exist in child labor practices.

"3. The opening of the schools to more liberal education — that the people may shape their future progress from factual knowledge and benefit from an understanding of a system under which government becomes the servant rather than the masters of the people.

"4. The abolition of systems which through secret inquisition and abuse have held the people in constant fear — substitution therefor a system of justice designed to afford the people protection against despotic, arbitrary and unjust methods.

"5. The democratization of Japanese economic institutions to the end that monopolistic industrial controls be revised through the development of methods which tend to insure a wide distribution of income and ownership of the means of production and trade."

In the immediate administrative field the General stressed the necessity for vigorous and prompt action on the part of the Government with reference to housing, feeding and clothing of the population.

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C O P Y

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

APO 500
17 November 1945

AG 230 (17 Nov 45) ESS

SUBJECT: Civilian Labor Employed by Occupation Forces

TO: Commanding General, Sixth Army, APO 442
Commanding General, Eighth Army, APO 343
Commander, Fifth Fleet, c/o Fleet Post Office,
San Francisco

E X T R A C T

* * * * * * * *

3. Payment of Labor:

a. Japanese nationals will not be paid by occupation troops; the Japanese Government will be responsible for and will insure that workers are paid in accordance with wage rates established by prefectural authorities. Wage supplements, such as increased food rations, will also be issued by Japanese authorities. Special wage supplements in the form of extra pay, clothing, food and other material considerations will not be granted to civilian workers by labor-using units.

* * * * * * * *

5. Labor Unions:

a. The freedom of industrial and agricultural workers to establish and to join democratic and orderly labor associations or trade unions for the purpose of bargaining collectively with private employers, official and semi-official companies and government industries and services will be recognized. The development and activities of labor organizations will be observed closely in order to prevent growth of militarism and hostility to occupation objectives under the guise of labor unionism.

b. Strikes, lock-outs or other work stoppages which are inimical to the objectives of military occupation are prohibited. In the event work stoppages of this category require military intervention, Occupational Forces Commander will secure prior authorization from this Headquarters.

c. A labor dispute "inimical to the objectives of military occupation" is one which jeopardizes the safety of Allied troops, interferes with troop supply, disrupts services or production necessary to the maintenance of public order, public service and public health or adversely affects other purposes of the occupation.

By command of General MacArthur:

/s/ H. W. Allen
/t/ H. W. ALLEN
Colonel, A. G. D.
Asst Adjutant General

C O P Y

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COPY

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

AG 230 (22 Jan 46) ESS/LA

APO 500
22 January 1946

SUBJECT: Labor Relations

TO : Commanding General, Eighth Army, APO 343

Commander, Fifth Fleet, United States Pacific Fleet,
Flagship of the Commander

1. This letter supplements the policy stated in paragraph 5 of letter, this headquarters, AG 230 (17 Nov 45) ESS, subject: "Civilian Labor Employed by Occupation Forces".

2. Mediation and arbitration of labor disputes which are not inimical to the occupation objectives are responsibilities of the Japanese Government. As a means to accomplish this, Prefectural Governors have been ordered to establish Mediation Committees composed of management, labor and public representatives (Inclosure #1). All requests for mediation and arbitration of such labor disputes by occupation forces will be referred to appropriate Japanese officials for action.

3. Japanese police shall not participate in labor relations activities or intervene in labor disputes unless such intervention is necessary to preserve public order. Violations of this policy on the part of police will be reported to this headquarters without delay.

4. A Labor Union Act which legalizes the status of labor unions and encourages collective bargaining was recently promulgated by the Japanese Government (Inclosure #2). Administrative procedures to implement this Act are to be authorized by a separate Imperial Ordinance which will become effective on or about 1 February 1946.

FOR THE SUPREME COMMANDER:

/s/ H. W. Allen
/t/ H. W. ALLEN
Colonel, AGD,
Asst Adjutant General.

2 Incls:
Incl 1. Mediation in Labor Disputes.
Incl 2. Trade Union Act.

COPY

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Economic and Scientific Section

Far Eastern Commission Policy Decision
(made on 6 Dec 46)
on

PRINCIPLES FOR JAPANESE TRADE UNIONS

(announced 24 December, thru CI&E press release)

1. Japanese workers should be encouraged to form themselves into trade unions for the purpose of preserving and improving conditions of work, participating in industrial negotiations to this end, and otherwise assisting the legitimate trade union interests of workers, including organized participation in building up a peaceful and democratic Japan.

2. The right of trade unions and their members to organize for these purposes should be assured and protected by law. Freedom of workers to join trade unions should be provided for by law. All laws and regulations preventing trade unions achieving these objectives should be immediately abrogated. Employers should be forbidden to refuse employment to, or discriminate against, a worker because he is a member of a trade union.

3. Trade unions should have the right of free assembly, speech and the press, and access to broadcasting facilities on a non-discriminatory basis, provided only that such assembly, speech, or writing does not directly interfere with the interests of the Occupation.

4. Trade unions should be encouraged to negotiate with employers on behalf of their members regarding terms and conditions of employment. The Japanese Government should establish mediation and arbitration machinery for dealing with industrial disputes that cannot be settled by direct and voluntary negotiation between the worker or his representative and the employer. The mediation and arbitration machinery should operate under conditions assuring the protection of the interests of the workers, and if employers are represented on the machinery, trade unions should be given equal representation.

5. Strikes and other work stoppages should be prohibited only when the Occupation authorities consider that such stoppages would directly prejudice the objectives or needs of the Occupation.

6. Trade unions should be allowed to take part in political activities and to support political parties.

7. Encouragement should be given to organized participation by trade unions and their officials in the democratization process in Japan and in measures taken to achieve the objectives of the Occupation, such as elimination of militaristic and monopolistic practices. But such participation should not be encouraged in such a way as to hinder the achievement of the principal obligation and responsibility on the unions and their officials to organize for the protection of union members and union interests.

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8. Trade unions should be encouraged to promote adult education and an understanding of democratic processes and of trade union practices and aims among their members. The Japanese Government should as far as possible assist trade union officials in obtaining information on trade union activities in other countries. These objectives should be given due weight when allocations of paper supplies and imports of foreign publications are made.

9. The Japanese should be free to choose the form of organization of their unions, whether on a craft, industry, company, factory or territorial basis. Emphasis should be placed on the importance of a solid local basis for future trade union activity in Japan. However, unions should be allowed to form federations or other groupings, for example in the same area or in related industries or on a nationwide basis.

10. The formation of trade unions should be a process of democratic self-expression and initiative, proceeding from the workers themselves. Employers should not be allowed to take part in the organization or conduct of unions or to finance them.

11. Trade union officials and standing committees should be elected by the workers concerned by secret ballot and democratic methods. It should be the responsibility of the unions to ensure that all officials have been democratically elected at regular stated intervals and that all their activities are democratically conducted.

12. No person who is subject to the purge directive of 4 January 1946 or to subsequent purge directives, should be allowed to hold office in a trade union. All persons who were directly connected in the past in a responsible capacity with the obstruction or repression of trade union organization or activity should be prohibited from employment as union officials, in labor agencies or as mediators, conciliators, or arbitrators. All persons who held office in government-sponsored or controlled trade unions should be subject to screening before being allowed to take office again.

13. Japanese Government and other agencies which were set up or functioned for the purpose of obstructing or in such way as to obstruct free labor organization and legitimate trade union activities should be abolished or their powers in respect to labor revoked. No police or other government agencies should be employed in spying on workers, breaking strikes, or suppressing legitimate union activities.

14. Any undemocratic workers' organizations or their affiliates, such as the patriotic industrial associations, should be dissolved and not allowed to revive. No new workers' organizations with militaristic, ultra-nationalistic, Fascist, or other totalitarian aims should be permitted.

15. Persons who have been imprisoned because of activity or "dangerous thoughts" in connection with trade unions and other labor organizations should be released.

16. The balance sheet and table of income and expenditures of each trade union showing also the source of large contributions should be available for public inspection. Safeguards such as an annual audit by a professionally competent auditor appointed by the members should be taken to ensure the accuracy of the statements.

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SCAP'S STATEMENT PROHIBITING THE GENERAL STRIKE SCHEDULED FOR 1 FEBRUARY 1947

C O P Y

GENERAL HEADQUARTERS
FAR EAST COMMAND
Public Relations Office

Immediate Release:

1430
31 January 1947

GENERAL MACARTHUR HAS ISSUED THE FOLLOWING STATEMENT:

"Under the authority vested in me as Supreme Commander for the Allied Powers, I have informed the labor leaders whose unions have federated for the purpose of conducting a general strike, that I will not permit the use of so deadly a social weapon in the present impoverished and emaciated condition of Japan, and have accordingly directed them to desist from the furtherance of such action.

"It is with greatest reluctance that I have deemed it necessary to intervene to this extent in the issues now pending. I have done so only to forestall the fatal impact upon an already gravely threatened public welfare. Japanese society today operates under the limitations of war, defeat and allied occupation. Its cities are laid waste, its industries are almost at a standstill, and the great masses of its people are on little more than a starvation diet.

"A general strike, crippling transportation and communications, would prevent the movement of food to feed the people and of coal to sustain essential utilities, and would stop such industry as is still functioning. The paralysis which inevitably would result might reduce large masses of the Japanese people to the point of actual starvation, and would produce dreadful consequences upon every Japanese home regardless of social strata or direct interest in the basic issue. Even now, to prevent actual starvation in Japan, the people of the United States are releasing to them quantities of their own scarce food resources.

"The persons involved in the threatened general strike are but a small minority of the Japanese people. Yet this minority might well plunge the great masses into a disaster not unlike that produced in the immediate past by the minority which led Japan into the destruction of war. This in turn would impose upon the Allied Powers the unhappy decision of whether to leave the Japanese people to the fate thus recklessly imposed by a minority, or to cover the consequences by pouring into Japan, at the expense of their own meager resources, infinitely greater quantities of food and other supplies to sustain life than otherwise would be required. In the circumstances, I could hardly request the Allied peoples to assume this additional burden.

"While I have taken this measure as one of dire emergency, I do not intend otherwise to restrict the freedom of action heretofore given labor in the achievement of legitimate objectives. Nor do I intend in any way to compromise or influence the basic social issues involved. These are matters of evolution which time and circumstance may well orient without disaster as Japan gradually emerges from its present distress."

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C O P Y
GENERAL HEADQUARTERS
FAR EAST COMMAND
Public Information Office

23 July 1948

Immediate Release:

The Prime Minister having requested authority to release to the Japanese Press a letter from the Supreme Commander dated July 22, the same is quoted hereunder for the convenience of the entire Press Corps:

"Tokyo, Japan
July 22, 1948.

"Dear Mr. Prime Minister:

"I have reviewed the conclusions drawn from the joint studies conducted between representatives of your government and this headquarters into the adequacy of the National Public Service Law as a solution to the problems now existing with respect to the Public Service of Japan. I am in general accord with these conclusions as to existing inadequacies which must be corrected.

"It was the purpose of the National Public Service Law to provide for the installation of a democratic and efficient public service in the government of Japan. The plan envisioned a modern type personnel system which recruits public employees from the entire public by competitive test and promotes them on the basis of merit, providing scientific supervision over their classification, compensation, training, evaluation, health, safety, welfare, recreation and retirement. The system provides a grievance procedure for employees and assures them fair and equitable treatment in administration. Enforced by a quasi-judicial administrative authority and supplemented by emergency provisions aimed at immediate reform where urgency demands it, it constitutes a constructive program for dealing with the hazards which old bureaucratic practices present to the success of democracy in Japan.

"The pattern of personnel administration as here inaugurated views the entire people as exercising sovereignty and control over the employees of government through the National Diet which, functioning through a National Public Service Authority, applies principles of scientific personnel management and standardizes the public service, its recruitment, compensation, discipline, benefits and other factors incident to employment. Such a system in accordance with democratic concepts, is designed to regard the faithful administration of the law and the efficient conduct of the government's business as a prime duty without yielding to the pressure of politics or privilege.

"The studies, now completed, of various laws relating to this subject matter, reveal omissions to deal adequately with the situation. They fail to afford positive safeguards against minority pressure upon the authority and integrity of government and they fail to apply the law to many classifications of governmental employees who clearly are entitled to civil service benefits and protection and subject to its restrictions. Throughout there is a noticeable failure to distinguish between employee relationships in government and labor relations in private enterprise.

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C O P Y

"The rapid and unprecedented gains labor has made in Japan during the Occupation attest my own awareness of the vital importance of trade unionism in modern life and of the historical significance of the trade union movement throughout the world in correcting many of the abuses associated with modern industrial economy. In government, however, this movement has but limited application and cannot substitute for or challenge duly constituted executive, judicial and legislative agencies exercising the sovereign power.

"At the start of the industrial era, the tendency existed to treat labor as a commodity, without voice in the price to be paid or the conditions of its employment. As the technology of mass production developed, however, workers had a better opportunity to organize for their mutual benefit and through long and arduous struggle secured the economic power of bargaining collectively through representatives of their own choice for an improved standard of life, a betterment in working conditions and some degree of social security. This right of association with its inherent power of compulsion has progressively developed in the trade union movement an economic power which has brought to bear an increasingly potent influence upon industrial economy. Such influence in democratic society has in turn been translated into political power through the support it has given to political parties, but it would be violative of the democratic concept for the trade union movement to usurp the function of the duly elected representatives of the people as a whole by superimposing union judgment upon legislation and administration.

"It is true that in all industrialized countries specific pressure groups exist, representing not only the interests of labor but also those of business, finance, agriculture, and the professions. Although such pressure groups contend for power and influence in a democracy, they are transcended by the fundamental concept of national unity. The "public" is not considered merely the residual members of the community who do not belong to such specific pressure groups, but consists of all the people and the "public interest" is synonymous with the general welfare.

"The significance of this concept is as well understood in Japan as in any western democracy. The Constitution of Japan itself recognizes the "unity of the people" and the "will of the people with whom resides sovereign power"; the Constitution itself affirms the principle that "the freedoms and rights guaranteed to the people by this Constitution shall be maintained by the constant endeavor of the people", who, "shall always be responsible for utilizing them for the public welfare"; and the Constitution itself envisages a National Diet as "the highest organ of state power" which shall be "representative of all the people".

"If this fundamental concept of the Constitution declaring the unity of the people and the supremacy of the public interest is to be preserved inviolate, no part of the power of government can be delegated to or usurped by any private group whatsoever. Were the contrary true the "responsible government" for Japan contemplated by the Potsdam Declaration and created by the Constitution, could not exist. For it is axiomatic that a government which abdicates its sovereign power is no longer responsible.

"By its very nature, as a private entity the labor union does not possess the attributes of government. Wherever it has flourished, the strength of free trade unionism has always sprung from its independence of government and its freedom from domination by government in the pursuit of its lawful and legitimate objectives.

C O P Y

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"Having experienced the suppression which was an attribute of totalitarian Japan, Japanese labor since the Occupation has in general understood this principle and chosen the path of free trade unionism, eschewing those reckless policies the inevitable effect of which would be to provoke severe repressive measures in safeguard of the general welfare. It has recognized that free workers in free private enterprise cannot exercise sovereign power except in their capacity as free men at free elections. Indeed, because it upholds the dignity of the individual and of his labor, free trade unionism in the pursuit of labor's legitimate objectives constitutes one of the strongest bulwarks of democracy.

"There is, however, a sharp distinction between those who have dedicated their energies to the public service and those engaged in private enterprise. The former are the very instruments used for the exercise by government of the people's sovereign power, and as such owe unconditional allegiance to the public trust imposed by virtue of their employment. For upon them rests, in the words of the late President of the United States, Franklin D. Roosevelt, a foremost exponent of the rights of labor, "the obligation to serve the whole people, whose interests and welfare require orderliness and continuity in the conduct of Government activities. This obligation is paramount. Since their own services have to do with the functioning of the government, a strike of public employees manifests nothing less than an intent on their part to prevent or obstruct the operations of government until their demands are satisfied. Such action, looking toward the paralysis of government by those who have sworn to support it, is unthinkable and intolerable".

"I am in full accord with this view. No person holding a position by appointment or employment in the public service of Japan or in any instrumentality thereof should resort to strike or engage in delaying or other dispute tactics which tend to impair the efficiency of governmental operations. I feel that any person, holding such a position, who resorts to such action against the public of Japan thereby betrays the public trust reposed in him and forfeits all rights and privileges accruing to him by virtue of his employment. For as President Roosevelt further stated, "all government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service. It has its distinct and insurmountable limitations when applied to public personnel management. The very nature and purposes of government make it impossible for administrative officials to represent fully or to bind the employer in mutual discussions with government employee organizations. The employer is the whole people, who speak by means of laws enacted by their representatives of Congress. Accordingly, administrative officials and employees alike are governed and guided, and in many instances restricted, by laws which establish policies, procedures, or rules in personnel matters."

"It must be clearly understood, however, that this concept does not mean that public servants are deprived of the untrammelled right individually or collectively, personally or by chosen representatives, freely to express their views, opinions or grievances for the purpose of seeking a betterment of their conditions of public employment. Such rights are inherent in a democratic society and inalienable and I believe are adequately provided for in the proposed revision of existing law. Moreover, the special restrictions which protection of the national interest impose upon the employees of government make it at all times incumbent upon government to provide adequate safeguards to the welfare and interests of such employees. Indeed, so completely is this concept understood and followed in democratic society that the opportunity for public service with the added dignity, prestige and permanence of such a status, is universally regarded and sought as a desirable privilege.

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"So far as the railways, salt, camphor, and tobacco activities presently under government ownership are concerned, I believe that employees thereof might well be excepted from the regular civil service. In this event, however, public corporations should be established by appropriate action to manage and operate these activities. Proper provisions should be made for standards, policies, and procedures of employment and while substituting mediation and arbitration measures for the protection accorded others under the civil service, safeguards should be provided to the public interest against any interruption of operations resulting from failure of employees faithfully to discharge their responsibilities of employment. Moreover, in the interest of efficiency, I believe that a complete reorganization of the Ministry of Communications is desirable, with the separation of the postal services of the government from the other functions of that Ministry and the establishment of two Cabinet agencies in lieu thereof.

"The National Public Service Law was initially conceived in recognition of the fact that a complete reform of the Japanese bureaucracy is essential to the success of democratic institutions in Japan, as such institutions, whether political, economic or social, will inevitably find strength or weakness in direct proportion to the efficiency of the governmental services and the vigorous leadership which government, as organized to safeguard the public interest and advance the general welfare, is capable of extending to the sovereign people from whom its powers are derived. The success of this reform is accordingly no less a primary objective of the Occupation than it is a prerequisite to the future well-being of the people of Japan.

"In the solution of this problem the paramountcy of the public interest is therefore of foremost consideration and corollary thereto is the need that safeguards be erected to insure that the lawful authority of the government as the political instrument to enforce the people's will as expressed in the body of public law be only challengeable at the polls as provided under well established democratic practice. To hold otherwise would be to subvert the public interest by rendering government subservient to a primacy of the special privilege of minority groups, a condition which inevitably leads to anarchy, insurrection and destruction. This is a rule fundamental to the very existence of a democratic society and yet its enforcement in the great western democracies has only recently necessitated the full application of the police power of the State involving the employment of the armed forces as well as the civil police. In Japan, where the maintenance of armed forces is renounced by constitutional mandate, such application of police power can, however, only be supported by the civil police. This renders it all the more necessary here than elsewhere that the law carefully define and make unmistakably clear the authority of government and provision for the firm preservation of its integrity and dignity.

"It is to this end that I feel that a comprehensive revision of the National Public Service Law to bring the same within the framework of the concepts herein discussed should be undertaken immediately. To assist you in this matter this headquarters will continue to be available for advice and consultation."

Sincerely yours,

(Signed) Douglas MacArthur
DOUGLAS MacARTHUR

The Prime Minister of Japan,
Tokyo, Japan."

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COPY

GENERAL HEADQUARTERS
FAR EAST COMMAND
Public Information Office

19 December 1948

Immediate Release:

SCAP LETTER TO PRIME MINISTER ON STABILIZATION

General of the Army Douglas MacArthur today forwarded the following letter to Prime Minister Yoshida:

"I am just in receipt of an interim directive from the government of the United States forwarded to me in accordance with the terms of reference of the Far Eastern Commission. This directive establishes a series of objectives designed to achieve fiscal, monetary, price and wage stability in Japan as rapidly as possible, as well as to maximize production for export. Such objectives, which are listed as an inclosure to this letter are clear and explicit, and as pointed out in the public release of the United States State and Army Departments follow an objective pattern, the general aspects of which have heretofore been communicated to the Japanese Government as a means towards the ultimate desired stability.

"The directive proceeds from the premises that the prompt economic stabilization of Japan is a primary objective common both to the Allied Powers and the Japanese people; that the American people so long as called upon to underwrite existing deficits in the indigenous resources required to sustain Japanese life are entitled to the maximized industry of the Japanese people and the minimized loss incident to the maldistribution of available resources or failure vigorously to produce native raw products or curb extravagance and waste in the operation of government and industry; and that by positive Allied intervention many obstructions incident to improvidential political conflicts, unobjective labor strife and destructive ideological pressures best be avoided.

"The fundamental objective of this action, reduced to language which all may understand, is the prompt achievement of that degree of economic self-sufficiency which alone can justify and insure political freedom. For there can be no political freedom so long as a people's livelihood is dependent upon the largess of others. Nor may a people fully mobilize the collective will as an impregnable barrier against evil and destructive ideological pressures and as an irresistible force toward progressively improved living standards, if lacking in that resolute dignity which alone springs from mastery over its own deficiencies.

"Necessarily, the action of the United States is tied in to the problem of relief and recovery appropriations, which may be expected in future only in ratio to progress made through the combined efforts of the Japanese people toward achievement of the states objectives. This will call for a reorientation of Japanese thought and action, with both subordinated to a primary purpose common to all of the people. It will call for increased austerity in every phase of Japanese life and for the temporary surrender of some of the privileges and immunities inherent in a free society.

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"There will be no place for interference by management or labor with the acceleration of production, for the burden will be shared by every segment of Japanese society. There will be no place for political conflict over the objectives to be sought as these objectives are stated with crystal clarity. Nor will there be any place for ideological opposition as the purpose to be served is common to all of the people, and any attempt to delay or frustrate its accomplishment must be curbed as menacing the general welfare.

"In keeping with my long established policy, insofar as is possible, I shall look to the Japanese Government and people for the vigorous and faithful fulfillment of this stabilization program. I have faith in their ability, however stern the requirement and great the personal sacrifice, to achieve so worthy a national goal. The course ahead may well prove difficult but its impact upon individual life will be minimized if the burden is equalized among all of the people.

"It is my earnest hope and indeed my confident expectation that all Japanese men and women will rally with vigor and determination to the challenge of this objective. If they do, Japan will evolve a pattern of progressive stability for all of strife-torn Asia to emulate. If they do not, Japan may perish."

Very sincerely,

DOUGLAS MacARTHUR

OBJECTIVES SET FORTH IN INTERIM DIRECTIVE OF THE UNITED STATES

1. To achieve a true balance in the consolidated budget at the earliest possible date by stringent curtailing of expenditures and maximum expansion in total governmental revenues, including such new revenue as may be necessary and appropriate.

2. To accelerate and strengthen the program of tax collection and insure prompt, widespread and vigorous criminal prosecution of tax evaders.

3. To assure that credit extension is vigorously limited to those projects contributing to economic recovery of Japan.

4. To establish an effective program to achieve wage stability.

5. To strengthen and, if necessary, expand the coverage of existing price control programs.

6. To improve the operation of foreign trade controls and tighten existing foreign exchange controls, to the extent that such measures can appropriately be delegated to Japanese agencies.

7. To improve the effectiveness of the present allocation and rationing system, particularly to the end of maximizing exports.

8. To increase production of all essential indigenous raw material and manufactured products.

9. To improve efficiency of the food collection program.

10. To develop the above plans to pave the way for the early establishment of a single general exchange rate.

C O P Y

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SECTION C

LABOR DIVISION FUNCTIONS

C-1 - Responsibility of Economic and Scientific Section
Responsibility of Labor Division, ESS

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Economic and Scientific Section
Labor Division

RESPONSIBILITY OF ECONOMIC AND SCIENTIFIC SECTION

The Economic and Scientific Section is established as a Special Staff Section to advise the Supreme Commander for the Allied Powers on economic, industrial, financial, and scientific policies to be pursued in Japan and Korea in order to implement the Potsdam Declaration. (Ref: G. O. #3, GHQ, SCAP, 2 Oct 45).

The Economic and Scientific Section will advise the Supreme Commander on policies and programs relative to Japanese labor, including labor relations and labor unions; employment and employment exchanges; wages, salaries and hours, protective labor legislation; and labor procurement for the Occupation Forces. (Ref: G. O. #33, GHQ, SCAP, 29 Aug 46).

RESPONSIBILITY OF LABOR DIVISION, ESS

The Labor Division is established to assist the Chief, ESS, in formulating and implementing policies, programs and procedures with respect to Japanese labor, in furtherance of fundamental objectives of the Occupation related to:

a. Encouraging and safeguarding democratic labor organizations, democratic relationships between employers and employees, and stable labor relations.

b. Promoting the development and assuring the effective operation of legislation and administrative programs to enhance the security, dignity and economic status of wage earners by means consistent with a democratic society.

c. Assuring the effective use of Japan's manpower resources.

d. Eliminating and preventing the revival of feudal, undemocratic or authoritarian institutions, practices and tendencies in the Japanese labor system.

(Ref: Administrative Memorandum 34, 16 Apr 48, subject: Reorganization of ESS, GHQ, SCAP)

The functions of the Labor Division are:

a. To recommend to the Chief, ESS, policies, programs and procedures relative to the functions and objectives of the Occupation.

b. To exercise surveillance over the Japanese Labor Ministry and other appropriate agencies of the Japanese Government charged with the execution of such labor policies and programs as are approved by Chief, ESS.

c. To advise the Japanese Government on necessary matters concerning the coordination, scope, timing and objectives of such programs; and to review, evaluate and prepare recommendations on proposed legislation, ordinances, operating procedures and programs.

d. To exercise such surveillance over labor and employer organizations and labor negotiations as is necessary to assure the success of approved programs.

e. To arrange for and coordinate surveys and reports on employment and unemployment, wages and hours, working conditions, labor legislation, employer-employee

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relations, labor unions and labor administration; and to compile or provide reports and special analyses necessary for the evaluation and planning of labor policies and programs.

f. To recommend policies for over-all public works programs and measures for the relief of unemployment and to supervise and maintain surveillance of approved programs within agencies of the Japanese Government and to coordinate specific programs for public works within SCAP.

(Ref: Administrative Memorandum 34, 16 Apr 48, subject: Reorganization of ESS, GHQ, SCAP: Administrative Memorandum 67, 9 Sep 48, subject: Amendment to Administrative Memorandum 34)

The concurrence of the Labor Division will be secured by other Divisions of ESS on actions pertinent to:

a. Legislation (or the implementation thereof) which affects labor unions, labor relations, manpower and employment, wages and working conditions or labor administration.

b. The payment or authorization of wages and salaries of government employees.

c. Establishment of price levels or price stabilization programs.

d. The development of production programs or other projects of the Japanese Government which will require utilization of sizeable segments of Japanese manpower.

e. Changes in industrial organization or management practices which may create unemployment.

f. Other matters having a direct bearing on the programs.

(Ref: Administrative Memorandum 34, 16 Apr 48, subject: Reorganization of ESS, GHQ, SCAP)

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SECTION D

LABOR SINCE THE OCCUPATION - HISTORICAL

D-1 - Prewar and Postwar Pattern of Japanese Labor Developments.
D-2 - Development and Problems of Japanese Labor Movement.
D-3 - Report of Labor Division, Economic & Scientific Section, GHQ, SCAP On First Year's Occupation of Japan - September 1945 Through August 1946.
D-4 - Report of Labor Division, Economic & Scientific Section, GHQ, SCAP On Second Year's Occupation of Japan - September 1946 Through August 1947.
D-5 - Report of Labor Division, Economic & Scientific Section, GHQ, SCAP On Third Year's Occupation of Japan - September 1947 Through August 1948.
D-6 - Wage Aspects of Economic Stabilization.

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Economic and Scientific Section
Labor Division

PREWAR AND POSTWAR PATTERN OF JAPANESE LABOR DEVELOPMENTS

Pre-Occupation Labor Conditions

At the time of Surrender, genuine democratic workers' organizations were extinct and there was no central government agency concerned with the welfare of workers. Labor organizations which had slowly developed along with Japan's industrial expansion were eliminated as a result of a system of oppressive legislation and police and military repression. Under the authority of Dangerous Thought and National Mobilization Acts, Japanese workers were effectively denied the rights of free speech, assembly, unionization, collective bargaining and strike. Prewar labor leaders were silenced, imprisoned or exiled. The limited protective legislation in existence prior to the war was nullified by the wartime exemptions and additional restrictive controls over employment, wages, hours and working conditions.

Following the 1868 Meiji Restoration with the development of modern industrial Japan, an embryonic pattern of labor legislation and labor organization emerged as a recognition of the problems of the worker in the changing society. The first significant labor organization was the "Friendly Love Society" in the metal industry founded in 1912 by Bunji Suzuki and Komakichi Matsuoka. This organization eventually became the All-Japan Federation of Labor Unions, known as Sodomei, and its leaders formed the present General Federation of Japanese Trade Unions. During and subsequent to World War I, Japanese industry and trade unions continued to grow. However, compared with the expanding industrial labor force, the number of organized workers was small. The largest prewar union membership was in 1936 when over 420,000 workers were recorded as union members representing about seven percent of industrial workers at that time.

The failure of the prewar labor movement was principally due to: (1) paternalistic and feudalistic relations between employers and workers, (2) lack of legal safeguards guaranteeing the workers the right to organize, (3) legal restrictions on workers' organizations and their activities, and (4) violent opposition to labor unions by well organized employers who systematically prevented labor from obtaining any legal protection. Unions were continually forced to disband, strikes squelched by armed police and labor leaders thrown into prisons. Another factor substantially contributing to the weakness of the labor movement was the preponderance of young women workers in Japan's then largest industry — textiles — whose working years were few and who consequently were uninterested in trade union organizations and activities.

The Manchurian Incident in 1931 started the wave of nationalism with which followed periodic raids and imprisonment of union leaders and union members. By 1940 all labor unions were forced to disband. With the outbreak of war with the Western Powers in 1941, the Japanese Government forced all workers into two giant government sponsored labor organizations: The Patriotic Industrial Association (Sampo) and the Patriotic Labor Association (Komo Hokoku Kai). The former was the controlling agent for industrial workers, the latter for casual workers. Militant trade union leaders who opposed the abolition of free trade unions were imrpisoned, many of them for the entire war period.

The prewar labor legislation was principally embodied in the Factory Act, the Mining Act, Acts Pertaining to Seamen, and the Shop Act. These acts included provisions generally found in such types of legislation and followed among the minimum standards of the International Labour Organization conventions, many of which Japan had ratified as a member of that body. The coverage, however, was extremely

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limited since the laws applied for the most part to establishments employing ten or more workers, while Japan's industry was predominantly confined to small workshops and homework. Moreover, the laws were never fully effectuated because of lack of adequate administrative machinery and inherent paternalistic and feudalistic practices in Japanese industry. Under the pressure of war production needs and the impact and disruption of bombings and other war conditions, protective measures were almost entirely suspended or impossible to enforce.

Development of Labor Movement Under the Occupation

The Occupation, charged with the mission of demilitarizing Japan within a framework of peaceful and self-sustaining economy, was faced with the major task of creating a free democratic society and developing conditions which would guarantee human rights and decent living standards for all of the Japanese population.

The basis for the postwar labor movement and GHQ, SCAP Labor Division mission and activities is contained in the United States Post-Surrender Policies for Japan and the Far Eastern Commission "Principles for Japanese Trade Unions". These call for encouragement of the development of individual liberties, freedom of religion, speech, assembly, etc., and encouragement of unionization of labor, industrial negotiations and legitimate trade union activities including higher living standards.

To carry out the objectives, SCAP immediately ordered the Japanese Government to abrogate all restrictive legislation on speech, assembly, press, etc. and to release all political prisoners. Subsequent orders reinstated previously suspended protective legislation as a stopgap pending the introduction of revised and expanded measures.

Encouraged by the Occupation policy and with the passage of the Trade Union Law in December 1945, formation of labor unions proceeded at an unprecedented rate. Between the date of Surrender and the communication of post-Surrender policies to the Japanese Government in October, five unions reestablished themselves with a total of 5,300 members. At the end of 1945 there were 509 unions with 380,677 members; by the end of 1946 there were 17,266 local unions with 4,925,598 members; by the end of 1947 local unions numbered 28,013 with 6,384,120 members and by the end of 1948 they numbered 36,132 with 6,852,287 members, representing nearly 37 percent of industrial labor force. More than 93 percent of mining was unionized, nearly 89 percent of transportation and communication and 41 percent of manufacturing.

The development of the trade union movement involved far more than encouragement of workers to organize. Foremost task of the GHQ, SCAP Labor Division was directing the Japanese Government in preparation and passage of legislation adequate by international democratic standards to protect labor and to provide workers the opportunity to develop socially and economically through democratic procedures as individuals in a free society. With the passage of such legislation, it was then necessary to develop through Japanese agencies an efficient machinery for administration of the legislative mandates.

Accompanying the above, were two other major tasks. The first involved a complete change of personnel or at least retraining and reorientation of government officials to administer the new legislation in accord with the radical concept for Japan that government agencies are the servants, not the masters of the people. The second was guidance and training of workers in establishing and maintaining a free and democratic trade union movement. This involved acceptance of such democratic principles as free elections of officers, rank and file participation in union affairs, freedom from political party and employer control and a sense of responsibility to bargain collectively for the benefit of workers with due regard for the public interest.

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Accomplishments After Three and One-Half Years of Occupation

After three and one-half years of the Occupation program under the guidance of GHQ, SCAP Labor Division, Japan had established: (1) a structure of labor legislation embodied in ten basic laws equal to or in advance of international standards, (2) a Ministry of Labor to enforce these laws, and had made marked progress in acquainting government officials, workers and employers with democratic labor administration and union practices.

The laws provide for comprehensive labor standards including the protection from exploitation of women and minors, payment for overtime, weekly rest periods, safe working conditions, etc; trade union organization; machinery for mediation, conciliation and arbitration of labor disputes; unemployment compensation; workmen's compensation; a revised nationwide network of employment exchanges; the elimination of undemocratic hiring and recruiting practices and abolishment of the pernicious labor boss system traditional in Japan.

The Ministry of Labor, the first in Japan, established in September 1947 has taken over and largely expanded under its organic law the limited labor legislation, administrative and educational functions heretofore lodged in the Ministry of Welfare. Included in its five operating bureaus responsible for the administration of labor laws is the first Women's and Minors' Bureau and the first Bureau of Labor Statistics and Research. The operating programs are conducted through 46 prefectural and some hundreds of local administrative units directly responsible to the central government in the case of labor standards and employment security, and prefectural governments in labor organization and relations matters.

Under the protection of the Trade Union Law and the Labor Relations Adjustment Law, a large and active labor movement has come into being and despite paternalistic employee-employer relations, workers have gained substantially in asserting their right for a share in the profits of their labor. The labor administration and labor relations adjustment machinery thus established has been greatly instrumental in easing and controlling the tense postwar labor situation and in educating workers and management in democratic union-employer relations.

The tripartite Central Labor Relations Committee and the 46 prefectural labor relations committees established in late 1946 together with other concerned agencies have been generally successful in averting extensive and large scale work stoppages. With the assistance of the adjustment machinery most disputes were settled before they reached the strike stage. Time lost due to strikes and lock-outs during any twelve-month period since the beginning of the Occupation was less than one-fifth of one percent of total available man-days of work. There were only two instances in which GHQ, SCAP intervened directly in major disputes; one was the prohibition of the threatened general strike in February 1947 and the other of the threatened nationwide communications strike in March 1948.

The omnibus Labor Standards Law enforced by the Labor Standards Bureau and field units has contributed measurably to the improvement of workers' status and working conditions, particularly of women and minors. The 2,000 labor standards inspectors visit on an average some 25,000 plants monthly employing more than a million workers. The Workmen's Compensation Insurance program, also administered by the Labor Standards system, collects premiums from more than 200,000 employers with six million workers. Compensation for work injuries and deaths caused by work accidents is being paid in some 50,000 cases each month, totalling on an average of ¥240,000,000.

The bureaucratic wartime labor supply offices were transformed into a democratic public employment security system administered through some 400 local offices assigned to serve job seekers and employers in accordance with advanced Western

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standards. The system handles [illegible] million casual job openings; accepts between 300,000 [illegible] jobs; places 50,000 to 60,000 workers on regular jobs and around 2 million porary and casual jobs; collects unemployment insurance premiums from some 93,000 establishments with over 4 million workers and pays out unemployment insurance compensation to some 30,000 unemployed or an average amounting to ¥65,000,000 each month. In addition, the public employment security system provides applicants and employers special services in regard to vocational guidance, placement of handicapped persons, operates vocational training centers and controls private and illegal recruitment.

The Women's and Minors' Bureau in its short existence is already looked upon as the vanguard of the newly won suffrage and equal rights of women. The Bureau, largely staffed by female personnel with female field representatives, has engaged in large scale information and educational programs on women's affairs as well as research to promote the welfare of women and minors.

The Bureau of Labor Statistics and Research, the first of its kind in Japan and modelled after similar western organizations, is an unbiased objective fact finding unit. It has become the authoritative source on labor economic matters required by government agencies and the Diet for policy and economic planning purposes and by workers, employers and the public for information and analysis of developments affecting workers in their employment, social and economic relationships. The Bureau publishes monthly a 60-page bilingual bulletin of labor statistics and research data, the initial official publication of this kind.

As difficult and extensive as was the task of directing the Japanese in developing the legislation and administrative machinery, equally difficult and necessary was the task of educating the entire community — the top leaders and officials as well as the masses — in the concepts and practices of democracy. Shut off from the democratic world through the war years, even the most sincere and these desirous of accepting the new philosophy lacked knowledge of developments abroad and hence found it difficult to grasp and enter into the spirit of the post-war order.

To meet these needs the Labor Division held educational meetings, rallies, lectures and press conferences to help implant the ideas of democratic labor procedures. Primarily, however, it supplied government agencies, unions and employers with a large number of sample publications, pamphlets, books, film strips and information about labor practices in the United States, United Kingdom and other democratic countries. Using these materials as guides, the administrative units of the Labor Ministry developed large scale informational and educational programs to acquaint workers and employers with provisions of the new laws. All available media to reach large groups of workers are being utilized; hundreds of thousands of posters and pamphlets and other printed material are being distributed and hundreds of lectures given. A large number of film strips have been produced, a weekly labor radio hour sponsored and full-time and summer labor schools are in existence throughout the country. Several leading universities have included labor subjects in their regular curricula. Labor unions have redirected their education programs and publications more practical labor subjects and set aside substantial budgets for educational activities.

Future Problem

While a modern system of labor legislation is on the statute books and numerically the trade union movement is large, many inherent weaknesses remain to be overcome to maintain these institutions free and democratic. The masses, long subjugated to a feudalistic and paternalistic system, are not aware of the nature of their freedom and their consequent responsibilities as citizens in an orderly democratic society. Government officials do not understand the concept of law enforcement through instruction and supervision. Employers have not learned to accept their individual resp

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bilities under the revised and expanded system of labor laws or to function in a constructive and independent manner within the reformed system of private enterprise where government no longer provides the support and operates predominantly in the interests of the employer as in the prewar struggles between capital and labor.

Consequently, there remains the great and continuing problem of shaping the new system through suggestion, example and education. To this must be coupled detailed surveillance of the administrative processes to eliminate the bureaucratic abuses of government until such time as the spirit and the traditions of the newly planted democratic labor structure takes firm root without danger of destruction from economic and political storms emanating from the extreme points of the compass. Until the workers fully understand that their interests and welfare can be maintained and advanced primarily through their own laborious and cumulative efforts and their participation as the vanguard for the protection of democracy in the larger community, the contribution of the Occupation to the establishment of a full functioning, vigorous, freedom-loving system will not be complete.

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Economic and Scientific Section
Labor Division

1 February 1949

DEVELOPMENT AND PROBLEMS OF JAPANESE LABOR MOVEMENT

Pre-Occupation Development of Labor Movement

Labor organization in Japan is not completely a postwar development. There were feeble attempts to establish a trade union movement prior to the war. Following the Meiji reform in 1868, Japan resumed contact with the outside world and adopted as state policy, the speedy and thorough industrialization of the nation. This rapid and forcible remolding of Japan from an agrarian, feudal economy into a state-controlled national economy had an inevitable effect on the development of trade union organization in Japan.

The movement originated with a "Friendly Love Society" founded in 1912. Shortly thereafter, a printer's union called the "Faithful Friend Society" was organized. During World War I and subsequently, Japanese industry and trade union membership continued to grow. However, compared with the total number of industrial workers, the percentage of organized workers in prewar Japan was strikingly small. The largest number of trade union members was recorded in 1936 with 420,589 workers organized.

The principal reasons for failure of the trade union movement prior to the war were: (1) The absence of a trade union law guaranteeing the workers the right to organize and a Public Peace Police Act which handicapped workers in time of strikes; (2) The violent opposition by the well-organized employers group using feudalistic and paternalistic practices as weapons in their fight against the unions, and (3) The preponderance of young women employed in Japan's then largest industry - textiles- whose expected working years were few, and who consequently were apathetic or completely disinterested in trade unions.

During the war, the Japanese Government forced the amalgamation of the free trade unions into two giant government-sponsored labor control organizations, the Patriotic Industrial Association (Sampo) and the Patriotic Labor Association (Komo Hokoku-Kai). The former was the controlling agent for industrial workers; the latter for casual laborers. Militant trade union leaders who opposed the abolition of free trade unions were imprisoned and many of them were not released until after the war. Thus, upon the arrival of the Occupation Forces, the Japanese labor movement was, to all intents and purposes, extinct.

Occupation Period Labor Movement Progress

The basis for the postwar trade union movement was first contained in instructions from the Supreme Commander of the Allied Powers to the then Japanese Prime Minister, Baron Shidehara, on 11 October 1945. Among other reforms called for by the Supreme Commander was one to provide for:

"The encouragement of the unionization of labor - that it may be clothed with such dignity as will permit it an influential voice in safeguarding the working man from exploitation and abuse and raising his living standard to a higher level--"

Over one year later, on 6 December 1946, the Far Eastern Commission rendered a policy decision titled, "Principles for Japanese Trade Unions". There were sixteen principles expressed in this document, the first of which read:

"Japanese workers should be encouraged to form themselves into trade unions for the purpose of improving conditions of work, participating in industrial negotiations

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to this end, and otherwise assisting the legitimate trade union interests of workers, including organized participation in building up a peaceful and democratic Japan."

As a result of this encouragement the postwar organization of workers progressed at a truly remarkable rate. In October 1945 at the time the Supreme Commander conferred with the Japanese Prime Minister, there were five unions in Japan with a total of 5,300 members. By January of 1946, unionism had grown to 1,179 unions with a membership slightly over 900,000. By the end of 1946, there were over 17,000 unions with total membership of 4,800,000 and by June of 1948 the trade union movement in Japan boasted a membership of 6,667,820 organized into 33,901 union organizations.

In guiding the development of a trade union movement, the task of SCAP Labor Division went far beyond that of encouraging workers to organize and thus accomplish an impressive statistical record. Foremost, was the responsibility for leading the Japanese Government in the preparation and passage of adequate legislation to protect labor and to provide the workers an opportunity to function in a free society. With the passage of legislation it was necessary to assist in developing efficient administrative agencies within the Japanese Government to carry out the legislative mandates of the Diet. In most instances, this involved a complete change of personnel or at least a retraining of existing government officialdom in order to gain acceptance of a new concept, to wit, that government agencies are the servants and not the masters of the people.

Another important task was to guide and train the workers in establishing and maintaining a free and democratic trade union movement. This mission involved the need for acceptance of democratic principles which were completely foreign to the minds of the Japanese workers, principles which would provide: (a) Free elections of officers; (b) Rank and file participation in all the affairs of the unions; (c) Freedom from political party and employer control, and (d) A sense of responsibility which would impel the unions to bargain collectively for the benefit of the workers and at the same time protect the rights of the general public.

Accomplishments as of End of Third Year of Occupation

By the end of the third Occupation year, Japan had effectuated within a framework of the basic labor laws a system of modern labor legislation meeting the standards set by the International Labour Office. Eight of these laws became fully effective and were implemented during this third year. These laws provide for labor standards, trade union organizations, machinery for mediation, conciliation and arbitration of labor disputes, unemployment compensation, workmen's compensation, a revised nationwide network of employment exchanges, the elimination of undemocratic recruiting and hiring practices and the abolishment of the vicious labor boss system which prevailed in old Japan.

A Labor Ministry, the first in Japan, was established September 1947, taking over and largely expanding under its organic law the limited labor legislative, administrative and educational functions hitherto lodged in the Ministry of Welfare. This new Ministry includes, among other bureaus responsible for the administration of labor laws, Japan's first Women's and Minors' Bureau, and the first Bureau of Labor Statistics and Research.

In labor education the government has used all available media to reach large groups and concentrated on acquainting workers and employers with the provisions of the new labor laws. Hundreds of thousands of posters, pamphlets and other printed material have been distributed and hundreds of lectures given. A large number of

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film strips have been produced, a weekly labor radio hour sponsored and full-time and summer labor schools established. Several leading universities have included labor subjects in their regular curricula. Labor unions have redirected their educational programs and publications to more practical labor subjects and set aside substantial budgets for educational activities.

A revised and vitalized public employment security system, national in scope and designed to serve job seekers and employers in the best traditions of the Western nations has transformed the wartime bureaucratic labor supply offices into democratic public service units. The omnibus Labor Standards Law, with its prefectural and local machinery for administrative enforcement, has contributed immeasurably to the improvement of the status of workers in their various employment relationships and particularly to the protection of women and minors from exploitation.

Current Problems and Evaluation

An objective analysis of the situation, however, shows that although there is a sound system of labor laws and a numerically strong trade union movement there are still many weaknesses to overcome before the labor situation in Japan will compare favorably with that which obtains in other democratic nations of the world.

Necessary law enforcement through inspection and supervision were practically unknown concepts in Japan prior to the Occupation. The masses were directed from above and had been trained to respond with complete obedience while the favored few were generally immune from legal restraint.

As a result of this age-old concept, it has been most difficult to train government agencies to enforce the labor laws and to impose legal penalties on violators. Thousands of employers are not paying the premiums required under the unemployment insurance and workmen's compensation laws. Many employers are collecting the worker's share of the premiums and withholding these as well as their own share from the government. The Labor Standards Law is constantly being violated. A relatively small proportion of labor bosses have been eliminated and undemocratic recruiting and hiring practices are still being followed in various industries.

The complicated organization structures and affiliation patterns among labor unions have been and still are serious problems in the development of the Japanese labor movement. Local and national unions sprang up simultaneously with the rebirth of unionism. Subsequently, many of the local unions subdivided themselves geographically into regional, prefectural and district branches. Somewhat later the two national federations - the General Federation of Japanese Trade Unions, called Sodomei, and the National Congress of Industrial Unions, called Sanbetsu - were organized. These federations were then joined by various groupings of lesser union bodies.

This helter-skelter organization has created a maze of intermediate union bodies which has made it easy for top union officials - often Communists or party line followers - to exercise control of the unions for their personal purposes. There has been no definition of policy authority at the various union levels and it is common practice to shift authority and blame from one level to another at will, thus evading responsibility for union actions. It is difficult for anyone, including members of the organizations themselves, to determine how many and which members belong to which organizations.

For a time the two federations, Sodomei and Sanbetsu between them represented the majority of organized workers. Their relative importance has declined during the past year and a half as newly organized unions have tended to remain independent of

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affiliation with either of them. Today approximately two-thirds of the 6,600,000 organized workers belong to unions not affiliated with either of the two federations.

Many of these locals have joined in the so-called "democratization" or legitimate trade union movement in opposition to political or party line union policies and programs. This movement is now about one year old and began in the unaffiliated Government Railway Workers' Union from where it spread into nearly all of the Sanbetsu and many unaffiliated unions. In Sanbetsu this movement has been called Mindo, meaning "Democratization League". The principal effort of Mindo is to remove the unions from domination and control of minority political groups and to establish proper relationships between local and national unions. The recent national convention of Sanbetsu was marked by formal rejection of Mindo and the withdrawal of Mindo elements from a number of Sanbetsu affiliated unions.

The democratization movement in Sodomei is of more recent origin and by contrast is a reaction against conservatism in leadership. At the Sodomei 1948 Fall Convention several active liberal leaders were elected to replace conservative politicians who had served as federation officials. This Sodomei groups is in sympathy, however, with the aims and purposes of the Democratization League and has assured Mindo of its cooperation.

The ultimate aim of the present leaders of the democratization movement is to create a single federation which will destroy the entity of the present Sodomei and Sanbetsu as such. Success in accomplishing this aim depends largely upon whether, as time goes by, the differences of opinion between right-wing Sanbetsu people and left-wing Sodomei people prove to be insurmountable obstacles to the creation of a single federation.

The union movement in Japan has much to learn in the field of labor relations. The unions have not accepted the concepts of democracy. Ignorance, apathy, age-old subservient attitudes have all combined to prevent rank and file unionists from fully participating in the affairs of their organizations. In many instances, the rank and file are victims of clever, ruthless leaders who are more interested in advancing their own selfish interests or the interests of an extremist political party through lies and propaganda than they are in improving the conditions and raising the living standards of the workers.

Such leaders are unalterably opposed to including specific provisions in labor contracts establishing grievance machinery to settle day-to-day disputes. They will not agree to a "peace clause" which could commit them to a no-strike policy for a specified period. They are not interested in adopting practices which would stabilize labor relations but in keeping those relations in a continuous, unsettled state of turmoil.

This leadership is only partially responsible for an unsettled and unsatisfactory condition in the field of labor relations. The weakness of management and the attitude of employers are serious deterrents to good labor relations in Japan. For instance, despite a prohibition in the Trade Union Law against employers paying "the major expenses" of the union, practically every employer pays the salaries of the local union officials. The number of officials and employees supported by the employer often runs into fantastic numbers, many-fold more than would be engaged by trade unions in the United States or Great Britain.

It is also a common practice to pay workers during the time they are on strike. A great many labor contracts provide that the employer may not dismiss a worker for any cause whatsoever without prior approval by the union. Supervisory personnel,

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foremen and superintendents, and plant guards are in most instances members of the union, making disciplinary action against workers difficult, if not impossible. In one manufacturing plant only the president, vice president and board of directors were excluded from union membership.

There are many reasons for the failure of management in the field of labor relations. In prewar Japan, the management group comprised a favored class while labor was literally bought and treated as a commodity. The rapid growth of the unions and their eager assumption of responsibilities and rights served to eclipse the former glories of the employers and caused a greatly exaggerated feeling of futility on their part. Actually, the employer has retained many of his former privileges in the management of his business but the aggressiveness of the unions through collective bargaining agreements cause him voluntarily to relinquish many of these rights. A more normal balance between management and labor is being established by evolutionary processes as employers acquire more skill in the type of labor relations which are conducted in a free society.

The whole pattern of collective bargaining with respect to wages is complicated by the serious economic plight which faced and still faces postwar Japan. Workers have been forced to pay increasingly high prices for goods and services. Although the prices of all staple commodities have been controlled, the workers have been unable to obtain sufficient goods for their livelihood through official channels at official prices and have been forced to buy at exorbitant rates in the blackmarket. This brought about demand for higher wages by the workers, which had to be met by government subsidies to industry, by deficit loans guaranteed by the government, or through advances in the official price of commodities produced by the employer.

The inevitable result of these methods of financing wage increases has been a constantly rising spiral of inflation. The workers have not materially benefited by the application of these methods for the burden of financing them has fallen most heavily on those who were supposed to receive the benefits since higher taxes and higher prices for the necessities of life have followed each round of wage increases.

A more realistic policy has recently been announced by the Japanese Government embracing the three following principles: No employer would be granted government support through increases in official prices, deficit financing, or additional subsidies in excess of available government revenue for the payment of wage increases. It is hoped that this, along with measures to provide more goods through official channels, may be effective in achieving a stable relationship between wages and prices as a prerequisite to economic stability.

On 19 December 1948, SCAP released a nine-point directive, issued jointly by the United States Departments of Army and State, calling for measures to accomplish the economic rehabilitation of Japan at the earliest possible date and relieve the American taxpayer of a continuing burden. SCAP accompanied the release of this directive with a letter to Prime Minister Yoshida which outlined the necessity for complete cooperation by all segments of the Japanese economy in order to achieve the objectives of the directive.

The accomplishment of economic stabilization in accordance with the directive requires sacrifice on the part of the entire Japanese people. This is in truth a "belt-tightening" program. Japan, like Great Britain, must export or starve. The people of Japan are now required to forego immediate gains in the form of increased wages or rising living standards and to concentrate on the production of goods which may be sold in the markets of the world to produce revenue for the import of raw materials, supplies and equipment.

This program of austerity produces an atmosphere in which it becomes difficult for the Japanese people to preserve the full privileges and immunities inherent in a

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free society. In this, labor is no exception, and, in fact, labor unions may have great difficulty in obtaining for their members a status whereby there will be true equality of sacrifice among all groups in the Japanese economy.

When the economic stabilization program was announced on 19 December 1948, some of the principal industries were beset with disputes occasioned by labor's demand for a new round of wage increases. The leaders of the unions involved were advised of the implications of the new program and the need for settlement of differences within the limits of the "three principles", and in a peaceful atmosphere, in order that the nation might get on with the job of increased production and export. Without exception, the unions ceased their dispute tactics and began negotiations with employers and continued to work. It is significant that one of the most serious disputes, the coal industry, was settled when management and labor agreed on wage increases contingent upon increased production. There have been no major strikes since the release of the directive.

The Occupation has developed the Japanese trade union movement as a bulwark of democracy in Japan. The difficult problem now is to preserve and strengthen that movement, at the same time as their legitimate activities are restricted in the interests of the nation as a whole. It is not desirable that labor lose any of its basic gains achieved so dramatically since the end of the war. The right to organize, to bargain collectively and to carry on legitimate trade union activities must be maintained to a maximum degree consistent with the over-all economic program. The right to strike must also be preserved but that right may have to be voluntarily relinquished until the Japanese nation has achieved a more stable economy.

A recent conference of top management and labor representatives called by GHQ to consider the mutual labor-management problems arising from the new nine-point economic stabilization program reached two important general conclusions. These were that wages must be stabilized and labor relations more peacefully conducted if the objectives of the program were to be achieved. Many important issues on employment and "rationalization" policy were, however, left unresolved.

The labor program in Japan must from now on out be principally a program of education so that by evolutionary processes the government, management and the trade unions may acquire knowledge and experience that will enable them to wipe out forever the labor abuses of the past and to behave capably and responsibly in order that the whole society may live together as free men and women. To this end, the Japanese Labor Ministry is being more and more used as the medium to guide the activities of both management and labor. Ministry officials are being constantly trained to enforce more effectively the various labor laws which deal with working conditions, safety and sanitation, health of the workers, undemocratic recruiting of workers and the labor boss system. The public employment exchange offices are being strengthened and improved in order to better serve the unemployed by locating jobs, or by paying unemployment insurance during periods of unavoidable unemployment.

The labor unions are being led through education and by the evolutionary process of experience to further democratize their procedures so that the rank and file may fully participate in decisions which affect their welfare rather than to have the decisions made by a few top union leaders. To accomplish this, the Occupation is urging them to revise their constitutions to embody certain safeguards against minority domination, and to work out with employers union contracts which will carry specific provisions regarding wages and working conditions agreed upon for a specified period. Employers too are being furnished information regarding the methods to be followed in labor relations and in bargaining with the workers.

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Economic and Scientific Section
Labor Division

REPORT OF LABOR DIVISION, ECONOMIC & SCIENTIFIC SECTION, GHQ, SCAP ON FIRST YEAR'S OCCUPATION OF JAPAN September 1945 through August 1946

Labor Relations

On 11 October 1945, the Supreme Commander ordered the Prime Minister to encourage the unionization of labor "that it may be clothed with such dignity as will permit it an influential voice in safeguarding the working man from exploitation and abuse and raising his living standards to a higher level..." As a result of this, and in compliance with the Civil Liberties Directive of 4 October, repressive laws barring democratic labor organizations and collective bargaining were abrogated in October and November 1945. Specific laws affected included the Peace Preservation Law of 1941, the Protective Surveillance for Thought Offenses Law and Regulations of 1936, the National Labor Mobilization Ordinance, the Public Peace Police Law of 1900 (Articles 3 and 8), and the Factory and Workshop Supervision Ordinance of 1944.

The Fascist "labor front" organizations, i.e., the Patriotic Industrial Association (Sangyo Hokoku-kai) comprising 5 million regimented industrial workers and the Patriotic Labor Association (Romu Hokoku-kai) controlling 2 million casual laborers, were dissolved on 30 September 1945.

On 21 December 1945, the Diet passed the Trade Union Law guaranteeing the right of labor to organize and bargain collectively, free of employer interference.

As a result of these actions, more than 7,000 free labor unions with 3 million members were organized during the first year of the Occupation. Two major national federations, the National Federation of Labor Unions (Zen-Nippon Rodo Kumiai Sodomei) and the National Congress of Industrial Unions (Zenkoku Sengyobetsu Kumiai Kaigi) were formally inaugurated in August, with a combined claimed membership of 2,500,000.

By 30 June 1946, 354 trade agreements had been registered with the Welfare Ministry. The agreements were usually general in nature, establishing the labor-management councils to determine specific terms of employment.

The right of workers to strike was prohibited only where interruption of services would be inimical to the objectives of military occupation. These services included generally rail transport, telecommunications, repatriation shipping, electric power, and Occupation Force projects. Labor disputes were, however, remarkably few and man-days lost through strikes were negligible, representing less than one-tenth of one percent of total man-days of work. Despite the emergence of new forms of strike actions, including instances of "production control" by workers during a strike, labor disputes were settled by the Japanese themselves during the first year without the necessity for intervention by Occupation troops in any case.

In March 1946, 48 tripartite Labor Relations Committees were established under the Trade Union Law to handle labor disputes. Late in August, the Labor Relations Adjustment Bill, establishing conciliation, mediation and arbitration machinery, was under consideration by the Diet.

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A considerable number of employer organizations with primary interest in labor relations also were established during the Occupation's first year, with some 25 in existence by the end of August 1946. The Federation of Economic Organizations was most prominent and assumed leadership in a movement to unite into one group the important financial and industrial associations of the nation.

Labor Education

Following earlier intensive education activities on the general principles of democratic trade unions, two August 1946 conferences with union educational directors initiated a comprehensive program of labor education to provide information on labor matters in the United States and elsewhere.

Employment and Unemployment

Unemployment remained at a fairly high level during the Occupation's first year. The 26 April employment census estimated that unemployment totaled 5.6 million persons on any given day in the preceding month. Total labor force at that time numbered 29.7 million, of which 56 percent were agricultural workers. The repatriation of large numbers of Japanese from abroad aggravated the unemployment situation.

Six billion yen were provided in the 1946-47 budget for a public works program designed to increase the production of essential commodities and services within a year and give jobs to an estimated million and a half unemployed. The planning, control, and general supervision of public works was given to the Economic Stabilization Board, with the Ministries actually in charge of the individual projects. Reorganization of public employment exchanges and a national vocational training program were also initiated in April 1946.

More than 150,000 coal miners were recruited from December 1945 to March 1946 to replace the Koreans and Chinese who left the mines in a body at the end of the war.

A program for recruiting seamen to man ships for the repatriation service, which was seriously understaffed at its inception, was also successfully completed, with 11,000 seamen recruited in the first 2½ months of 1946.

Aggressive efforts to recruit workers for the cotton and silk textile industries were carried out beginning in March 1946, but with indifferent success.

Policies and general procedures were established which assured a satisfactory supply of labor to the Occupation Forces throughout the year.

Wages

A start was made in the rationalization of the extraordinarily complex Japanese wage structure. All regular and special bonuses other than a dependency allowance were abolished for 1,500,000 government employees and incorporated in their base pay instead. Those affected included the bulk of workers in the railways and communications systems.

Although wartime controls of wages were formally retained during the immediate postwar emergency, they had no practical effect. However, the Extraordinary Currency Measures of March 1946 set a practical limit of about 1,200 yen on wages i.e., 500 yen per month limit on cash payments of wages plus additional withdrawals

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from the workers' blocked accounts to cover expenses for dependents and for specified other items.

Although union pressure succeeded generally in raising wages substantially, wages continued to lag behind the rising cost of living. The wage level generally was estimated to have increased 5 to 7 times during the first year of the Occupation, while cost of living for Tokyo wage earners increased 15 times.

Cut-rate convict labor in private enterprises was eliminated by instructions from the Director of the Prison Bureau requiring all prisons and houses of detention to charge for convict labor at the same rate as prevailing wages of free laborers in the locality.

Labor Protection

Protective legislation, which was largely suspended during the war, including the bulk of the Factory and Mining Acts, was fully reinstated in March 1946, except for a period of grace regarding women underground workers in certain special-type coal mines. A Labor Standards Bill consolidating, revisin and extending existing legislation was reported by the official tripartite Labor Legislation Committee to the Minister of Health and Welfare in August 1946 and opened to public discussion.

Discrimination in employment by reason of race, nationality, or social status was forbidden by a SCAP directive of 28 November 1945.

Administration

On 23 May 1946, the Cabinet decided to establish a Ministry of Labor, detailed plans to be announced subsequently.

Police were eliminated from labor administration and their activities in labor disputes severely restricted by instructions from the Home Ministry to the prefectural governors. Local labor functions were transferred to labor divisions established in each of the prefectural governments.

Miscellaneous

A Labor Advisory Committee consisting of 12 leading experts from the United States after 5 months' study prepared a comprehensive report with recommendations on labor policies and program.

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Economic and Scientific Section
Labor Division

REPORT OF LABOR DIVISION, ECONOMIC & SCIENTIFIC SECTION, GHQ, SCAP ON SECOND YEAR'S OCCUPATION OF JAPAN
September 1946 Through August 1947

General Summary - The First Year

In the field of labor, the first year of the Occupation was primarily concerned with four major objectives--the creation of conditions under which a free and democratic labor movement could develop, the encouragement of sound collective bargaining and sound labor relations, the creation or extension of democratic labor legislation and administrative agencies, and the effective use of Japan's manpower resources. The first of these aims was fully accomplished during the first year, and after their initiation substantial progress was made in achieving the other objectives during the second year.

General Summary - The Second Year

Union membership nearly doubled and at the end of May 1947 there were 21,963 unions with over 5,529,000 members. Federations of labor and employer organizations took definite shape. Unions gave increasing attention to the problem of maintaining internal democracy, and both government and labor organizations put increased emphasis on labor education.

Labor disputes increased in number, and a proposed general strike early in 1947 was averted only by action of SCAP. Time lost through work stoppages, however, continued to represent only a negligible fraction (less than 1%) of available working time, with an average of only 38,700 workers per month involved in work stoppages between January 1946 and June 1947, and an average of only 55 stoppages per month. During the same period disputes involving more than 6,005,000 workers were successfully settled with assistance of third parties, with no stoppage or other interference with production. In general, most disputes were settled by direct negotiation or by the successful assistance of the Labor Relations Committees, and the last few months of the year constituted a relatively peaceful period in labor relations.

Labor administration agencies of the government were strengthened, and several new agencies were created. A new Labor Standards Bureau was established in April 1947 in the Welfare Ministry and in August the Diet passed the organic law establishing the new Ministry of Labor which included two new Bureaus-- a Women's and Minors' Bureau with broad responsibility for women's problems, and a Bureau of Labor Research and Statistics. The three existing labor bureaus in the Welfare Ministry-- Labor Administration, Labor Standards, and Employment Security-- were transferred to the new Ministry.

By the end of the second year, the general framework had been completed for a system of modern labor legislation comparing favorably with that of other countries. Important new laws included the Labor Relations Adjustment Law (September 1946), the Labor Standards Law (April 1947), the Workmen's Accident Insurance Law (April 1947), and drafts of the Employment Security Law (August 1947) and the Seamen's Law (April 1947). Unemployment insurance and unemployment allowances legislation was introduced in the Diet in August.

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Activity in the field of employer and labor education was greatly expanded to meet an almost universal demand for information on trade union practices and collective bargaining in democratic countries.

Labor Unions and Labor Relations

The Labor Relations Adjustment Law, enacted in October 1946, provided for extensive use of conciliation, mediation and arbitration procedures in labor disputes by the Labor Relations Committees, and required resort to them prior to a strike in a few specified industries of critical importance to the public welfare.

The national and prefectural Labor Relations Committees made good progress in perfecting their procedures for administration of the Labor Union Law and the Labor Relations Adjustment Law, and in developing qualified conciliators and other personnel. The Committees were reorganized with new elections of union and employer representatives and appointment of neutral members by the government.

The increasingly acute economic conditions created severe tensions in the labor relations field. Inflation of workers' living costs kept real wages at an extremely low level, despite large increases in money wages. Workers' cash reserves and other resources were exhausted in meeting the deficit between their wages and living costs.

The decline of "production control" as a strike technique because of questionable legality and SCAP disfavor, together with increased stress on "political" objectives in labor disputes, led to an increase in the number of work stoppages and the number of workers involved. A proposed general strike was prohibited by the Supreme Commander on 31 January 1947 on the grounds that it would cause irreparable harm to the Japanese economy and people.

Collective bargaining agreements were increasingly incorporated in written contracts, far more detailed than in the first year. By July 1947 a total of 4,475,031 workers were covered by 3,713 written agreements. Settlement of several major disputes by written contracts soon after the abortive general strike laid the basis for a period of relative peace in labor relations during the second half of the Occupation year. For the first time, important contracts included clauses providing for referral of disputes to the Labor Relations Committees.

Dissatisfaction with attempts at domination of unions by political minorities led to extensive discussion of the problem in union conventions and to some changes in leadership. A few important unions seceded from the National Congress of Industrial Unions (Sanbetsu).

Manpower and Employment

Further advances were made in reforming of the public employment exchanges. Under the new name of "Employment Security Offices" the labor exchange system was completely reoriented, with emphasis on service to workers and employers, in contrast to its past function as an instrument of wartime labor controls. Improvements in budgets and in the amount and quality of personnel were accompanied by improved supervision and coordination.

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The Japanese Government made progress in the development of basic manpower legislation. The Employment Security Law drafted August 1947 set up the basic authority for a modern public employment exchange system and for control of undesirable recruitment practices. The Seamen's Employment Exchange Bill (also introduced in the Diet in August) was designed to modernize the public employment exchanges for seamen.

Steps were taken to eliminate labor bosses from labor organizations and to prosecute cases of forced labor by recruiting agents. In coal mining, construction and textiles, recruitment practices bordering on indentured labor were discouraged. Special recruitment programs in critical industries raised total employment in coal mines from 232,000 to about 410,000, and in the textile industry from 173,000 to 283,000.

An effective Public Works program at its peak gave employment for some 1,300,000 persons. A nationwide program of labor market analysis was initiated and vocational training was extended and a new program of industrial cooperatives established.

Preliminary work in planning an unemployment insurance system was begun the last half of 1946 and adopted as part of the Katayama (Socialist) Cabinet's eight-point reconstruction program. The first of the two draft laws introduced in the Diet in August set up a permanent system of insurance, with contributions shared equally by employers and workers, which will begin to pay benefits in mid-1948. The other provides an interim system of allowances for workers who lose their jobs in the period before insurance benefits begin.

Protective Labor Legislation

The Labor Standards Law enacted in March 1947 to become effective in part 1 September 1947 and fully by 1 May 1948 (a) Extends labor protection to many types of employment which had previously been excluded, (b) Raises standards to be in line with those recommended by the International Labour Organization and with those in effect in the more progressive countries of the world, and (c) Provides for administration by an integrated administrative agency directly responsible to the National Ministry.

Some of the key provisions of the Labor Standards Law are designed to eliminate abuses rooted in Japan's fuedal past by providing for prohibition of involuntary servitude, greater personal liberty in factory dormitories, and by preventing labor contracts which serve to deprive workers of normal freedom to leave their jobs or permit parents to sign away freedom of their children. More comparable to western labor legislation are the provisions in the Law which raise previous standards for employment of women and child labor, safety and sanitation, apprenticeship, and workmen's accident compensation. Entirely new standards concerning the establishment of minimum wages through the use of tripartite minimum wage boards and the use of collective bargaining in relation to labor conditions are established. Unlike previous legislation, the Law contains penalty provisions sufficiently stringent to deter violators.

In addition to the creation of a new Labor Standards Bureau in the Welfare Ministry with the responsibility for the enforcement of Factory, Mining and other labor protective laws (subsequently transferred to the new Ministry of Labor), subordinate administrative labor standards offices were established in the

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prefectures. Recruitment and training of staff were initiated and detailed plans for nationwide education and information programs on the contents of the law were developed. For the first time in Japanese history this Bureau provides the essential resources for sincere and effective enforcement of the legal standards.

Compensation for industrial accident and disease, under Japanese insurance laws, has been not only inadequate in amount but different from usual practice in requiring the worker to make financial contributions to costs which in most countries are borne entirely by the employer. In implementation of the Labor Standards Law, which placed the entire cost of accident compensation on the employer, the Diet in March 1947 enacted a new Workmen's Accident Compensation Insurance Law. This law provides for insurance financed solely by employers and administered by the government. Administration is placed in the Labor Standards Bureau.

Protective legislation affecting maritime workers, replacing an existing law, was embodied in a new Mariners Law passed by the Diet in March 1947, which, in general, equals or surpasses the standards recommended by the International Labour Organization in 1936 and applies to seamen the general principles of the Labor Standards Law. Administration of this Law is retained in the Seamen's Bureau of the Ministry of Transportation.

To implement the revised Mariners Law, work has been completed on revision of the Mariners Insurance Law for presentation to the Diet. In addition to minor amendments with regard to pensions and health insurance and revisions of the appeals and penalties provisions, the amendments to the Law bring the amount of benefits for accident compensation in line with those provided in the new Mariners Law.

The newly created Women's and Minors' Bureau of the Ministry of Labor will be responsible for protective legislation relating to women and minors. Administration of those provisions of the Labor Standards Law will be handled in cooperation with the Labor Standards Bureau. In addition, the Bureau will be assigned responsibility for planning, research and coordination on general women's problemsn.

Special programs were undertaken for the improvement of safety and other working conditions in coal mines and other critical industries and to assure distribution of supplementary food rations and other incentive goods in industries most essential to Japanese economic recovery.

The Japanese Government and private employers were encouraged in the reform and simplification of their wage structures, which have been excessively complex because of accretion of a wide variety of special allowances related to age, dependents, and other factors not directly related to individual occupations or efficiency.

After extensive preliminary studies by a tripartite Wage Investigation Committee appointed by the Cabinet in January 1947, the government announced in July a schedule of standard wages by industry which would be considered in computing new price levels under the intensified economic stabilization program of the Katayama Cabinet. Earlier proposals for various types of "wage freezing"

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were discarded as inequitable. The program permits wages above the standard level to be paid where they are arrived at by collective bargaining--the employer's ability to pay being determined by relative efficiency. The program further provides for a reevaluation of the standard wages in the event of undue increases in cost of living.

Labor and Employer Education

The extremely rapid growth of Japanese labor unions and the introduction of widespread collective bargaining in a nation where it had been virtually non-existent, created an acute need for worker and also for employer education. Primary objectives of SCAP and Japanese Government programs have been: (a) To provide union officials and members with an understanding of trade union practices and aims in democratic countries; (b) To encourage the adoption of democratic features in union constitutions and other guarantees of internal democracy in unions; (c) To encourage bonafide bargaining and the adoption of written contracts which promote peaceful settlement of future disputes, and (d) To discourage undemocratic tendencies or control of unions by employers or outside minority groups.

During the year over 120 pamphlets, booklets and other printed items on labor education were distributed to Japanese unions and employers while an intensive educational program was developed by radio, press and magazine conferences, lectures, mass meetings, and educational rallies in key cities throughout Japan. Labor schools operated by trade unions have appeared in Tokyo, Osaka, Kyoto, Kobe and other cities and summer schools for workers have been held by the General Federation of Labor and the Welfare Ministry.

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Economic and Scientific Section
Labor Division

REPORT OF LABOR DIVISION, ECONOMIC & SCIENTIFIC SECTION, GHQ, SCAP ON THIRD YEAR'S OCCUPATION OF JAPAN
September 1947 through August 1948

Legislation and Administration

By the end of the third year of the Occupation, Japan had ten basic labor laws, comprising a system meeting international standards of labor legislation, and its first Ministry of Labor, providing integrated machinery for the administration of labor affairs.

With the exception of the Trade Union Law and the Labor Relations Adjustment Law, which were already in operation, all of the labor laws came into effect during the third year of occupation. The Labor Standards Law and the Seamen's Law extend to all classes of non-agricultural workers protection up to, and in some cases beyond, International Labour Organization standards. The Workmen's Compensation Insurance Law provides compensation for involuntarily unemployed workers in covered enterprises.

The Labor Ministry, established on 1 September 1947, includes Japan's first Women's and Minors' Bureau and the first Bureau of Labor Statistics and Research. The Employment Security Law outlaws labor bosses and provides a revised nationwide network of employment exchanges and vocational training for unemployed. The Seamen's Employment Security Law, administered under the newly established Seamen's Bureau in the Ministry of Transportation, provides similarly for maritime labor.

Labor and Employer Organizations

Union membership reached 6,637,000 in 34,000 local unions by 30 June 1948, increasing by 1,363,000 members during the preceding twelve months.

The influence of the two major federations declined, as many workers were critical of their political tendencies, charging the Japan Federation of Labor (Sodomei) with being dominated by the Social Democratic Party and the National Congress of Industrial Unions (Sanbetsu), by the Communist Party. Slightly over two million workers belonged to the two major federations at the end of June 1948, as compared to 3.8 million who belonged to other independent national unions. Democratization Leagues were formed within unions at both local and national levels to combat Communist fraction activities.

Parallel with the national industrial unions, nationwide industrial employers' associations were organized, primarily to deal with labor relations, and in April 1948 affiliated into the Japan Federation of Employers' Associations. On the other hand, the tripartite Economic Reconstruction Councils organized in the second year of the Occupation became largely inactive, and the national Council dissolved in April 1948 when the management and JFL (Sodomei) members broke with the NCIU (Sanbetsu) group, alleging that the latter's Communist-influenced position obstructed constructive action.

Labor Relations

Although labor disputes were widespread and tense, there were no extended or large-scale work stoppages or disruptions, and less than one-fifth of one percent of total available man-days of work were lost through strikes and lock-outs during

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the 12-month period ending 30 June 1948. Disputes in such key industries as coal, electric power, transportation and fertilizer, while numerous, were settled before they had had any great effect on production.

The Labor Relations Committees handled cases which covered approximately 99% of all workers involved in disputes. The only instance in which GHQ, SCAP took action was the prohibition of the threatened nationwide communication workers' strike in March 1948.

All major disputes were over wage demands to meet the continually rising living costs. Other causes for disputes were alleged discrimination by employers against workers for union activity and disagreements over the terms of labor contracts.

Labor and Employer Education

The government led in labor education, using every available medium to reach large groups. It concentrated on acquainting the workers and employers with the provisions of labor laws coming in force during the year. Hundreds of thousands of posters, pamphlets, and other printed material on the newly operative legislation were distributed and hundreds of lectures were given.

The Labor Ministry published monthly and weekly periodicals, a wall newspaper, and numerous books and pamphlets; sponsored a weekly labor hour on the radio; and produced two film strips every month. An Information Unit was set up to coordinate the Ministry's publicity work. Ten one-week summer schools were conducted under the Ministry's auspices, and permanent labor schools were set up in more than 30 prefectures.

Labor unions redirected their educational programs and publications somewhat to more practical subjects, and have set aside substantial budgets for education. But in general, the unions and the employer associations have not been as active as the Labor Ministry and its prefectural offices.

Wages

While the rate of increase of wages slowed down during the third occupation year, wages more than doubled and average monthly wages set through collective bargaining during the June-July period ranged between ¥5,500 and ¥6,500 for male workers in private industry. Late in June the government revised the ¥1,800 standard wage established in July 1947 for price-setting purposes to ¥3,700 and accordingly increased the government workers' wages from the ¥2,920 in effect since January to ¥3,791 retroactive to 1 June or 2.1 times the July 1947 level.

The general pattern of wage components, characterized by numerous allowances, bonuses and payments in kind remained generally unchanged in private industry. However, with increasing emphasis on "pay for job" special allowances showed a marked tendency to become incorporated into base pay.

Employment and Unemployment

While employment in general was at a high level, placement of repatriates and the recruitment of workers for key industries required special attention. Employment in coal mines reached capacity in terms of available facilities, and was frozen for six months at the level of 30 April. Sufficient labor was recruited for the textile industry. The number of fully unemployed declined steadily throughout the year to an estimated postwar low of less than one-half million. Several hundred thousand more

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persons were, however, partially unemployed. The increasing pressure for jobs resulting from the gradual growth in the labor force was nevertheless more than offset by the substantial rise in industrial production, the index for which moved from 43.1 in September 1947 to 55.6 in August 1948 (1930-1934 = 100), approximately a 29% increase.

Since March, when "labor bosses" were banned by Employment Security Law, about a third of the illegal labor suppliers have either gone out of business or changed their operating methods sufficiently to comply with the Law.

In its second year, the Public Works program absorbed unemployment by providing more than 500,000 man-years of work. It also contributed significantly to flood control, land reclamation, irrigation, housing, repayment of war damage, and increased output of food and other essentials.

In the Occupational Analysis program job studies were completed in 20 industries and started in 80 others, while an improved and simplified system of employment office and unemployment insurance activities and labor market reports was established in the Employment Security System.

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Economic and Scientific Section
Labor Division

29 January 1949

WAGE ASPECTS OF ECONOMIC STABILIZATION

Introduction

Postwar Japan has been characterized by constantly rising wages and prices, a phenomenon common to most industrial nations in the readjustments following wars, and particularly emphasized in countries whose productive and distributive facilities have been sharply disrupted and forced into abnormal channels as a result of wartime policies and war impacts. The necessity for achieving a stable relationship between wages and prices is basic before social and economic progress can take firm hold. Hence, specific measures have recently been developed to achieve true wage stability in the light of improved Japanese economic conditions after almost 3½ years of progress under Occupation policies and guidance.

Wartime Background

In October 1940, with industrial production near its all-time peak, the Japanese Government instituted wage controls covering practically all workers, based on limitations on total payrolls. This program was administered by various ministries, with considerable discretion left to prefectural authorities. Enforcement was primarily in the hands of the police. Although these wartime controls were moderately effective in preventing major increases in basic rates, they did not prevent increases in earnings which rose considerably through the growth of payments in kind, special allowances for family dependents, cost of living, diligence, etc. which were devised to circumvent restrictions on payrolls. These practices created an extremely complex wage structure which has continued to the present time and present a major problem in developing plans for wage stabilization. By the time of the Surrender the administration of these controls had completely collapsed and the Japanese Government gave up all pretense of enforcing them.

Postwar Period: The First Two Years

Despite the lack of a formal wage control program, the upward movement of wages was retarded by reason of: (a) Japanese Government direct control of the wages of 2½ million employees including those in transportation and communications enterprises and other monopolies whose payrolls were low and lagged far behind those in prive industry, and (b) A "freeze" of all cash payments above ¥500 (later raised to ¥700) with additional amounts for dependents. This was subsequently repealed in January 1947 because of its discriminatory impact on workers since lar amounts of "free" yen were in circulation among blackmarketeers, farmers, etc.

The first serious attempt to regulate wages was introduced in July 1947 with a revision of official prices. In their determination a wage cost factor based on a "calculated average wage" of ¥1,800 per month was used for all manufacturing industries with recognization for variations by industry based on historical differentials, age, sex and area distribution of labor. This was unrealistic because: (a) Average family wage income (1.36 average workers per family) was far below average expenditures, the deficit being made up by borrowing and by selling household possessions, and (b) Average wages were already ¥1.800 and no provision was made for rises in living costs occasioned by official price increases.

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Labor opposed the "¥1,800 system", recognizing its impracticability because of the general lack of confidence in the efficiency of ration distribution and the tendency of costs of living to rise further. Wage demands were met by employers far in excess of the ¥1,800 level from funds obtained by diverting an increasing proportion of production to blackmarket channels and through deficit loans and subsidies made possible by the absence of adequate government controls.

In June 1948 recognition was given to the changes in the wage level by the establishment of revised official prices based on a ¥3,700 new standard average wage. Wages, however, had risen to ¥4,300 average by the time the new prices became officially effective. Although real wages had improved significantly in the preceding year, workers' purchasing power was considerably less than that of the pre-war period (1937) and experience under the "¥1,800 system" had shown that labor would again press for wage increases beyond the outside ¥3,700 framework. Despite SCAP urging, the Japanese Government proposed no effective measures to prevent excessive wage increases which would tend to break the new price line.

Continuing discussions between the Japanese Government and SCAP over the merits of direct or indirect wage controls emphasized that direct controls would be undesirable because they assumed: (a) A voluntary no-strike pledge by labor, or (b) A strike ban to which the Japanese labor movement was unalterably opposed. Such a strike limitation would deal a crushing blow to the Japanese trade union movement which, under basic Occupation policies, was being developed as a bulwark for democracy in Japan. Furthermore a strike ban would be contrary to the FEC 16 principles, which specifically guarantee the right to strike, and give propaganda ammunition to the Communists that the United States was pursuing a policy of imperialistic domination with suppression of the trade union movement.

In addition, the program would be administratively impracticable because it would involve the recruitment and training of several thousand technicians needed for its effective administration in the light of the recognized inefficiency in Japanese bureaucracy plus the difficulties of establishing workable criteria in view of the complex Japanese wage structure. Finally, direct controls would be inflationary and lead to inequities which could only be resolved by consideration of establishing compulsory minimum wages and adjustments for rises in costs of living.

As an alternative, indirect wage controls would be simpler to administer, requiring no bureaucracy, and could be effectively handled through the government, partly in its capacity of employer of 2⅓ million workers, but principally by controlling the funds which generally financed wage increases. Hence the enumeration of the so-called "three principles" of indirect wage control which stated that no employer would be granted government support through increases in official prices, deficit financing or additional subsidies in excess of available government revenues for the payment of wage increases. The advantages of this plan are: (a) To place the responsibility for dealing with wage demands squarely on management which in the past had shifted it to the government, and (b) Permit gradual wage increases which would still be possible but only through increased production, higher efficiency, lower unit costs, the distribution of such gains to be a basis for collective bargaining.

With the announcement of the United States 9-point economic stabilization directive of 19 December 1948, the Japanese Government was directed to take action to adopt effective wage stabilization measures. Action is now underway to strengthen the application of the "three principles" above-mentioned in order to achieve this end.

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SECTION E

DIGEST OF POSTWAR LABOR LEGISLATION

E-1 - Summary of Trade Union Law.
E-2 - Summary of Labor Relations Adjustment Law.
E-3 - Summary of National Public Service Law.
E-4 - Summary of Japan Monopoly Public Corporation Law.
E-5 - Summary of Public Corporation Labor Relations Law.
E-6 - Summary of Labor Standards Law.
E-7 - Summary of Japanese Workmen's Compensation Laws.
E-8 - Summary of Seamen's Law.
E-9 - Summary of Japanese Unemployment Compensation Laws
E-10 - Employment Security Law (Press Release, C. W. Hepler, 22 November 1947).
E-11 - Employment Security Services - A Year's Evaluation (Press Release, C. W. Hepler, 3 December 1948).
E-12 - Mariners' (Seamen's) Employment Security Law.
E-13 - SCAP Letter dated 5 March 1948, subject: "Employment Security Law and Labor Bosses".

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SUMMARY OF TRADE UNION LAW
Promulgated 21 December 1945 - Revised 22 May 1949

Chapter 1 - General Principles (Articles 1 - 4)

Article 1 states the purpose of the law is to give the worker equal standing with the employer in collective bargaining and to provide autonomous self-organization and prohibits acts of violence in labor disputes.

Article 2 defines trade unions as those "formed autonomously and substantially by the workers" having as their main purpose the maintenance and improvement of conditions of work and provides that organizations which admit to membership employer representatives or persons whose job requirements are such that their duties would conflict with their loyalties as members of trade unions; or those organizations which accept operating expenses from the employer (exclusive of welfare, benefit, and similar funds) may not be recognized as trade unions under the law.

Chapter 2 - Trade Unions (Articles 5 - 13)

Article 5 provides that to avail itself of the remedies and to permit participation in the proceedings provided in the law, a trade union in addition to complying with Article 2, must also comply with Article 5 which sets out minimum requirements for the constitution of a trade union. The requirements are designed to guarantee democratic procedures and to protect the rights of the individual. It provides that all members shall have full right to participate in all affairs of the union and no person can be disqualified from membership because of race, religion, sex, social status or family origin. It also provides for an annual financial report by a competent professional auditor, guarantees the election of officers by secret ballot, protects against the commencement of strikes without the consent of the members, and prohibits changes in the constitution except by majority vote by direct secret ballot.

Article 6 gives authority to a trade union, qualified under Article 2 and Article 5, the power to negotiate with the employer on behalf of its members.

Article 7 outlines unfair labor practices on the part of the employer. Paragraph 1 makes it an unfair labor practice for an employer to discharge or discriminate against a worker because of membership in or for having tried to join or organize a trade union, or for engaging in proper acts of a trade union. An employer may not require an employee to join or withdraw from a trade union. However, where a trade union represents a majority of his workers, an employer may sign a union shop contract requiring as a condition of employment membership in the contracting union.

Paragraph 2 of the article requires an employer to enter into collective bargaining with the representatives of the workers.

Paragraph 3 makes it an unfair labor practice for the employer to control or interfere with the formation or management of a union or to give it financial support in deferring its operational expenditures.

Articles 8 through 13 protect the union members from suit for damages received through strike or proper acts of dispute; contain provisions for the protection of welfare funds of unions and confine the causes for the dissolution of unions to the action of the membership of the union or to the occurrence of circumstances requiring dissolution which are contained in its constitution. Method is provided for a union to become a juridical person and such unions are exempt from many restrictive measures. Trade unions which are juridical persons are exempt from certain taxes.

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Chapter 3 - Trade Agreements (Articles 14 - 18)

These articles provide that a trade agreement takes effect when put in writing and signed by both parties and fixes a definite termination date for such an agreement not exceeding three years, and sets up certain standards. For instance, individual contracts which are not up to the standards of a trade agreement will be automatically changed so that the standards in the contract apply likewise when three-fourths of the workers of a similar kind in a plant are covered by a trade agreement, the remaining workers of the same kind are automatically covered by the contract which is binding on them. These articles also permit the Labor Minister under certain circumstances to set a labor standard in a certain locality (trade area) where a majority of the workers of similar kind come under the application of one trade agreement.

Chapter 4 - Labor Relations Committee (Articles 19 - 27)

These articles provide for the establishment of a Central Labor Relations Committee for all Japan and a local Labor Relations Committee for each Prefecture. These committees are administrative agencies and have power to enter into conciliation, mediation, and arbitration and are set up on a tripartite basis with an equal number of members representing labor groups, employer groups, and the general public. The labor members and employer members are nominated by the employer groups and the labor groups respectively. Public members are appointed by the Prefectural Governor or the Labor Minister, after the submission of their names to the employer and labor groups for approval. The committees have the sole power to determine whether an organization is qualified as a trade union and they also pass upon the question of unfair labor practices. Quasi-juridical duties of the committees are performed by the public members. These articles also provide for the legal procedures before the committees. The duties and limitations of the committees and its members are outlined and there are provisions for the qualifications, dis-qualifications and discharge of members.

Chapter 5 - Penalties (Articles 28 - 33)

These articles set forth the penalties for the violations of the penal provisions of the law. Maximum penalties for unfair labor practices run as high as one year in prison and a fine not to exceed ¥100,000 or both, with smaller penalties for other violations.

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SUMMARY OF LABOR RELATIONS ADJUSTMENT LAW

Promulgated 13 October 1946 - Revised 22 May 1949

Chapter 1 - General Principles (Articles 1 - 9)

The purpose of this law is to promote fair adjustment of labor relations and to prevent and settle labor disputes so as to contribute to industrial peace and economic development. It provides that the parties will make special efforts to promote proper and fair labor relations and urges the fixing by trade agreement of proper organs to adjust constantly differences and settle disputes and also provides that the government will assist the parties in preventing disputes. The law does not mean that the parties are prevented from terminating labor disputes by themselves but they should utilize every appropriate available convenience. A labor dispute is defined as a "disagreement of claims arising between the parties concerned" which causes or is likely to cause acts of dispute, such acts are defined as strikes, soldiering, lock-outs, and other acts hampering normal work.

Public welfare work is defined as (a) transportation work; (b) post, telegraph or telephone work; (c) work for supplying water, gas or electricity and (d) medical treatment and public health work. The Prime Minister with the approval of the Diet has the power to designate other works as public welfare work if its stoppage would seriously affect the national economy or endanger the daily life of the public; such designation can be in effect for only one year.

Chapter 2 - Conciliation (Articles 10 - 16)

The appointment of a Board of Conciliators is provided for, but no member of such board may be a regular member of the Labor Relations Committee. In case of dispute, upon request of either party, the Labor Relations Committee will designate a conciliator from the Board to attempt a settlement. There are provisions for the appointment of temporary conciliators when necessary. If the conciliator sees no prospects of an effective settlement, he will report the facts to the Labor Relations Committee.

Chapter 3 - Mediation (Articles 17 - 28)

The Labor Relations Committees will carry out mediation upon request of both parties; upon the request of either party under the provisions of a trade agreement; in public welfare work upon request of either party or when the committee deems it necessary; in cases having broad scope or seriously affecting the general welfare upon request of the Labor Minister or Prefectural Governor. Mediation will be carried on by a tripartite committee with an equal number of members representing both the employer and workers. The committee is appointed by the chairman of the Labor Relations Committee from its members but outside members may be appointed for both labor and the employer when labor and the employer members respectively agree, and for the public interest when a majority of both the employer and labor members agree. No meeting will be held unless the employer and labor members are present. The committee has power to draft a proposal for settlement giving their reasons and present it to the parties concerned. It may also publish the proposed settlement in the public press or by radio. If settlement is accepted and disagreement arises over its interpretation or implementation, the party concerned will request clarification and the committee must make such clarification within 15 days, during which period the parties shall not resort to acts of dispute.

Chapter 4 - Arbitration (Articles 29 - 35)

The Labor Relations Committee will conduct arbitration upon request of both parties or by request of one party under terms of a trade agreement providing for arbitration by the Committee. Arbitration is carried out by the whole committee

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but a sub-committee may be appointed to determine facts. The arbitration award will be in writing, is binding and will have the same effect as a trade agreement.

Chapter 5 - Restriction or Prohibition of Certain Acts of Dispute (Articles 36 - 43)

No act which would hamper or cause stoppage of maintenance or normal operation of safety accommodations at places of employment can be resorted to as an act of dispute. In public welfare works the parties cannot resort to acts of dispute until they first request mediation, but 30 days after request for mediation, acts of dispute may be commenced. Also, in public welfare work where a mutually acceptable proposal for settlement has been reached which provides for continued negotiation on certain issues, acts of dispute on these issues may not be commenced until 30 days after mediation has again been requested. An employer or his organization or other persons or organizations which commence acts of disputes before the end of the 30-day period are subject to a fine not exceeding ¥100,000, but action against them may be commenced only at the request of the Labor Relations Committee.

An employer is not permitted to discharge or give discriminatory treatment to an employee for testimony he may make at proceedings for the adjustment of labor disputes and if he does so may be confined for six months or fined ¥50,000.

Chapter 6 - Compensation (Article 44)

This article provides for the compensation of the members of the Labor Relations Committees and the Boards of Conciliators.

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SUMMARY OF NATIONAL PUBLIC SERVICE LAW

Promulgated 21 October 1947
Effective Partly 1 November 1947 and Partly 1 July 1948

This law whose purpose is "to assure ... democratic and efficient administration of public affairs by establishing basic standards ... applicable to all official positions and places of employment in the National Public Service ..." is directed at the regular (generally, all administrative) government personnel as distinguished from special employees who substantially consist of elected and top-level appointed officials, the judiciary, workers in government distribution monopolies and common laborers.

The personnel policies, appointments, promotions, pay standards and working conditions for regular government personnel, as defined, are administered on a non-discriminatory basis through a three-man Personnel Commission appointed by the Diet for four-year terms who report to the Prime Minister. The Commissioners formulate rules of the Commission which operates through an Executive Director and Secretariat and in close liaison with the Directors of Personnel of the various government agencies.

The Commission may change standards of government compensation, hours of work and other working conditions and the procedures to be determined by the Diet (Article 28) and is authorized to establish position classifications, grading positions according to duties and responsibilities with equal pay for similar positions. Article 33 provides that appointments and dismissals are to be made solely on the basis of examinations and on the record of performance of duties or other demonstrated abilities and enforced through Commission rules.

Articles 34-61 provide general rules to apply in filling vacancies, initial appointments, promotions, examinations, eligibility rules, employment, retirement, reinstatement and dismissal. Articles 62-67 of the law deal with compensation, establishing principles of payment according to a pay plan with schedules of pay by position or grade. Provisions are made for in-grade raises, overtime, night and holiday work, hazardous service and special working conditions and part-time activity (Article 65). Improvement of efficiency of personnel through Commission studies and the effective administration of employee education and training, safety, health, recreation and welfare programs by the respective agencies, plus standards of periodic individual evaluations (efficiency ratings) by all agencies of government are covered in Articles 71-73.

Personnel are to be accorded equitable treatment according to rules established by the Commission on matters of status or disciplinary punishment (Article 74), while dismissals, demotions or temporary retirement can be only for cause provided by law (Article 75) which generally consist of failure to perform satisfactorily, mental or physical debility or lack of necessary qualifications (Article 78). Disciplinary punishment for misfeasance, malfeasance or actions contrary to this law may involve dismissal, suspension up to one year, reduction in pay to one-third or reprimmand (Articles 82-83).

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Government personnel under Article 86 "may present application(s) to the Commission relative to salary, wages, or any of the working conditions and ask that they be accorded appropriate administrative action by the Commission or the head of an employing agency ..." The Commission is authorized to conduct investigations and hearings in each situation and make appropriate recommendations with due regard to the interests of the public, the parties concerned and to the maintenance and improvement of efficiency in public service (Article 87). The Commission is to take necessary action on matters within its jurisdiction and recommend to the employing agency involved appropriate action on other relevant matters (Article 88).

Employees against whom major disciplinary action is or will be taken must be furnished with a written statement of charges at the time. Such employees may appeal to the Commission for review of the charges within thirty days after their receipt (Article 89). This requires the Commission, or the agency designated, to make a prompt investigation and hold hearings at the request of the employee who may be represented by counsel and present pertinent witnesses and records (Article 91). The Commission may take necessary restitutive action if it finds for the employee on matters within its jurisdiction and report its opinions to the Prime Minister on other relevant matters for appropriate direction by him to the employing agency.

Article 101 requires personnel except in special agency-authorized circumstances to give full working time and occupational attention to their public position duties. Article 102 prohibits political activities of government employees including soliciting or receiving financial or other benefits from, or seeking or holding an office in a political party. Similarly, the holding of positions in private or self-employment for pecuniary gain is prohibited (Article 103) as is the acceptance of a position within two years of leaving the service which involves representation of a profit-making enterprise which is closely connected with the duties of the position previously held, except in specially approved circumstances.

Article 93 authorizes a system of compensation for death, injuries and diseases incurred in the line of duty including compensation for surviving family or dependents, while Articles 107 and 108 outline a basic pension plan for retired employees for length of service or disability and for surviving dependents. Articles 109-111 establish various penal provisions for violation of certain articles of the law.

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SUMMARY OF JAPAN MONOPOLY PUBLIC CORPORATION LAW
(Promulgated 20 December 1948, to become effective 1 April 1949)

This Law covers the enterprises operated by the state including tobacco, salt, and crude camphor industries which are organized into government corporations. Such a corporation is free from taxes. It is controlled by a Monopoly Enterprise Council which is appointed by the Minister of Finance. The corporation has a president and other officers.

Following are the principal features of the Law insofar as they affect employment and labor relations:

Article 18 provides that officers and employees of the corporation shall be regarded as personnel engaged in public service in accordance with various laws and ordinances but the National Public Service Law does not apply to them. The appointment or dismissal of employees is to be made on the basis of examinations, performance, and demonstrated abilities.

Article 21 provides that the salaries and wages of employees shall be fixed in consideration of living costs plus wage scales in the national public service and those for workers in private enterprise and other factors. The Law provides that employees shall not be demoted or dismissed except for certain stated reasons such as poor performance or physical condition, etc.

Article 24 provides that an employee may be disciplined by various means for actions in violation of any law or operational regulation of the corporation or for actions contrary to the duties of his position or neglect of such duties. Suspension from office may be from one month to one year. A suspended employee receives one-third of his pay.

Article 26 provides that the Public Corporation Labor Relations Law shall be applied to employees of the corporation.

The corporation is under the general supervision of the Minister of Finance. For special matters such as government mutual aid, health insurance, etc., the employees are considered employees of the national government. This also applies to the Workmen's Compensation Insurance Law.

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SUMMARY OF PUBLIC CORPORATION LABOR RELATIONS LAW
Passed 12 December 1948 - Effective 1 June 1949

Chapter I - General Principles (Articles 1 - 3)

The purpose of this law is to secure uninterrupted operation of public corporations at maximum efficiency by established procedures of collective bargaining designed to adjust grievances and disputes for employees of public corporations. Parties concerned are urged to exert their utmost efforts towards this end. Public corporations are (a) the Japanese National Railways, (b) the Japan Monopoly Public Corporations which include tobacco, salt and crude camphor industries. Employees are those who work for the public corporation permanently on fixed renumeration but executives and temporary employees hired for less than two months are not included.

Chapter 2 - Employees' Organization (Articles 4 - 7)

Employees may organize or refrain from organizing, may affiliate or refrain from affiliating with trade unions but managers, supervisors or personnel having confidential information may not organize or affiliate. Only employees of public corporations may become members or officers of such unions. The corporations cannot refuse to employ, discriminate against or dismiss an employee because of membership or non-membership in a union or because of proper activities on behalf of a union nor may it require as a condition of employment, the joining or withdrawal from a union. To avail itself of rights and procedures under the law a union constitution must provide for election of officers by secret ballot and a periodic audit of funds by an impartial outside auditor. It must also provide that members may request an accounting at reasonable intervals. The corporation can permit employees to act as full-time union officials but may limit the number and cannot pay their salaries while they are union officials.

Chapter 3 - Collective Bargaining and Designation of Bargaining Agencies (Articles 8 - 16)

Mediation affecting management and its operation are excluded from collective bargaining. Upon insistence of either party, collective bargaining must be entered into and agreements must be reached on wages, hours, working conditions, working rules and regulations, over-time, holidays, vacations, rules concerning discipline, promotions, demotions, transfers, discharges, layoffs, rehiring and seniority, grievance machinery, safety practices, termination date of agreement, and renewal and extension clauses. Collective bargaining is carried out by a committee representing the corporation and one representing the employees; membership being limited by cabinet ordinance.

Bargaining units will be agreed upon by mutual deliberation and designation of such units filed with the Labor Minister by 31 January of each year. If this has not been accomplished by 25 February the Labor Minister shall intervene and within 30 days determine appropriate bargaining units and prescribe voting procedures with due consideration of specific criteria set out in the law. The corporation will determine its negotiating committee and the Labor Minister will issue a certificate accrediting them. Bargaining agents hold office for one fiscal year commencing April 1 and terminating March 31. Negotiations may be initiated at the request of either party but must be held at least once each year and the parties must consummate a written agreement. Any agreement involving non-appropriated funds is not binding on the government until submitted to the Diet for ratification.

Chapter 4 - Acts of Dispute (Articles 17 - 18)

Employees and unions are prohibited from strikes, slow-downs or acts of disputes hampering normal operations and conspiracy to commit such acts is prohibited. If found guilty of prohibited acts an employee forfeits all rights under the law

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and may be dismissed.

Chapter 5 - Adjustment and Mediation of Grievances and Disputes (Articles 19 - 25)

Grievances arising from daily working conditions shall be settled by a joint adjustment board of two members from the corporation and two from the employees. Its jurisdiction and operation is fixed by negotiation. Separate mediation committees for settling of disputes and grievances are provided for the National Railways and the Monopoly Public Corporations. There are provisions for central mediation committees and local mediation committees. Each mediation committee shall be composed of three members appointed annually by the Prime Minister after selection through exchange of corporation and employees individual lists of candidates from which the opposite party selects a nominee who in turn nominates the third candidate. Provisions are made for the operation of the committees, their compensation and secretariats.

Mediation is undertaken when both parties request it, when either party requests it under the terms of a collective agreement, when one party requests it and the committee deems it necessary, or when the committee deems it necessary upon its own initiative.

Chapter 6 - Artbitration (Articles 26 - 37)

Public Corporation Arbitration Committees are appointed by the Prime Minister composed of three members who will be selected from a list of 12 candidates prepared by the chairmen of the Central Labor Relations Committee and the Maritime Labor Relations Committee. This list is presented to the bargaining agencies of the corporation and the employees who agree upon three candidates and three alternates and submit them to the Prime Minister within 30 days. Failing to agree, the chairmen who select the original 12 names, will select three names from the list and present it to the Prime Minister who will make the appointment. Provisions are made for qualifications of members insuring impartial membership; fixing term of office; dismissal of members; duties of the chairman; etc.

An executive board is provided for the committees and authority is given to establish procedural regulations. Arbitration is applicable to all issues which are subject to collective bargaining and to disputes arising over interpretations of terms of contracts as well as certain disputes arising from agreements drawn under the terms of the Labor Standards Law. Arbitration is undertaken when both parties apply, when one or both parties request arbitration under the terms of their agreement, when a majority of the members of the mediation committees decide to request it, when mediation fails to resolve the dispute within two months or when the Minister of Transportation, Finance or Labor requests it. Decisions of the Arbitration Committees are final and binding.

Chapter 7 - Miscellaneous Provisions (Article 38)

Where not otherwise provided responsibility for administration and enforcement is vested in the Labor Minister.

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SUMMARY OF LABOR STANDARDS LAW

The Labor Standards Law, enacted by the Diet on 27 March 1947 to become effective in part 1 September 1947 and fully by 1 May 1948, incorporates many of the recommendations made by the Labor Advisory Committee and conforms to standards set by the International Labor Organization. It generally covers all enterprises and occupations except domestic and family workers. In many instances general principles are to be implemented by ordinance; before promulgation the ordinances are to be submitted to public hearings.

The first article of the Law states that "working conditions should be such as to meet the needs of the worker in leading a life worthy of a human being." The Law includes the following major provisions:

Chapter 1.

General principles include recognition of the Law's provisions as minimum standards only, and the right of workers and employers to participate on an equal basis in determining working conditions. The Law prohibits discrimination in wages or working conditions for nationality, creed or social status; discrimination in wages between men and women, forced labor, and any intermediation in employment except by persons legally authorized to do so.

Chapter 2.

Any contract concluded between a worker and an employer is not to exceed one year in duration unless it is for a particular project requiring a longer period for completion; "money-in-advance" contracts are banned. To discharge a worker employed more than two months, excluding most daily and seasonal workers and those on probation, the employer is generally required to give the workers 30 days' dismissal notice or 30 days' average wage, computed according to a formula detailed by the Law. Blacklisting by an employer on the basis of a worker's nationality, creed, social status or union activity is forbidden.

Chapter 3.

Wages must be paid at least once a month in cash and in full, directly to the worker with only those deductions authorized by law or by collective agreement permitted. For any days off for which the employer is responsible, the worker is to receive 60 percent of his average daily wage. Workers paid on a piece-rate basis must be guaranteed a basic hourly wage.

Minimum wages may be fixed for an occupation or a type of enterprise by the "competent office" responsible for implementing the Law, after investigation and recommendation from the appropriate wage board and public hearings on the recommendations. The wage boards are to be tripartite bodies appointed centrally and locally by the "competent office" on the basis of recommendations by parties concerned; in addition to recommending minimum wages upon request, the boards are authorized also to make recommendations to the administrative offices concerning wage matters generally.

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Chapter 4.

Basic hours are set at eight per day, excluding recess, and 48 per week; for underground workers these hours are to cover the time from pit mouth to pit mouth. A recess is required of at least 45 minutes for persons who have completed six hours of work and at least one hour for eight hours of work. One rest day per week is stipulated. Special ordinances altering basic hours and recess periods in certain occupations or enterprises may be issued where essential to avoid inconvenience to the public or where other special need exists, but such changes must conform as closely as possible to the Law's standards and must not be detrimental to the worker's health and welfare.

Overtime and work on rest days is permitted if authorized by a written agreement signed by representatives of the majority of the workers; an extension of hour may be especially authorized for public workers if temporarily necessary to transact official business. For work underground or injurious to health overtime is limited to two hours per day. For overtime or work on rest days or at night between 2200 and 0500, wages are to be increased by 25 percent of the normal pay excluding family, transportation and certain other allowances.

Agricultural and forestry, supervisory, confidential and intermittent labor are excluded from these hours, overtime and rest-day provisions.

Six days' paid vacation is to be granted annually to each worker who has been employed for one year continuously and present on 80 percent of the whole working days, plus one extra day for each additional year worked continuously up to a maximum of 20 years.

Chapter 5.

Safety and sanitation requirements include provision of accident-prevention measures, health facilities, health and safety education for workers, safety and health supervisors in specified enterprises and initial and regular physical examinations of workers; prohibition of manufacturing of harmful products, employment of inexperienced workers on dangerous work and employment of a sick person on work which would aggravate his condition; regulation of installation or altering of dangerous equipment; and stipulation that workers must observe the necessary rules for prevention of danger and injury.

Chapter 6.

A minimum age of full 15 years or, for persons who have completed school requirements, 14 years is set for employment. Children aged 12 years or over may be employed in certain occupations in agricultural and forestry, commercial, recreational, educational and other specified enterprises provided the work is light labor not injurious to health or welfare, is outside school hours and has the approval of the "competent authority," the school authority and the parent. Employers are required to maintain on file proof of age of all persons under 18 years.

The basic hours set by the Law apply to women and young persons 15 to 18 years. For children under 15 years, hours are set at seven per day and 42 per week including school time. Overtime beyond basic weekly hours or special

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extension of hours is prohibited for young persons under 18 years; overtime for women is limited to two hours per day, six hours per week and 150 hours per year, with no work permitted on rest days.

Night work from 2200 to 0500 hours is prohibited for most women and young persons, except those working in agriculture and forestry, the telephone industry, hospitals and other specified enterprises. Children of 12 to 15 years are not permitted to work between 2000 and 0500.

Women and young persons under 18 years may not work on dangerous jobs, on work requiring conveyance of heavyweight goods or underground.

A pregnant woman is authorized, if she so requests, lighter work or time off for six weeks before childbirth; she is prohibited from returning to work for six weeks after childbirth with the exception that, if at the end of five weeks she requests employment, she may be assigned to a job pronounced by a doctor as not harmful to her. Two 30-minute periods of time off per day for nursing a baby less than one year old are authorized. Menstrual leave is to be permitted upon request.

Chapter 7.

Employers are prohibited from exploiting workers on the basis of their being trainees. Employment conditions of trainees are to be stipulated specifically by ordinance after consulting the tripartite Committee for the Training of Skilled Laborers which is to be appointed by the "competent minister of labor."

Chapter 8.

For injury or illness incurred as a result of his job and not through his own fault, the worker is to receive from his employer medical treatment, 60 percent of his average wage throughout the period during which he cannot work, and if physically handicapped upon recovery, compensation specified according to the severity of the handicap.

In case of death, a benefit equal to 1,000 days' average wages is to be paid, plus funeral expenses to the amount of 60 days' average wage.

The employer is not to be liable for any accident covered by the Workmen's Compensation Insurance Law or other laws if the worker receives benefits equivalent to those provided by the Labor Standards Law.

Appeal machinery is provided for.

Chapter 9.

An employer of more than 10 persons is required to draw up rules of employment covering all working conditions, submit these rules to representatives of the majority of the workers for an opinion and finally submit them to the administrative office for approval.

Chapter 10.

Rules of dormitory are to be drawn up by any employer maintaining a

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dormitory, submitted for the dormitory dwellers' approval and reported to the administrative office. Employers are prohibited from infringing on the private life of workers in the dormitory or on selection of dormitory leaders.

Chapter 11.

To enforce the Law, a Labor Standards Bureau is to be established in the "competent ministry of labor" plus a Regional Labor Office where necessary, a Labor Standards Office, in each prefecture, Labor Standards Inspection Offices within the prefectures and Labor Standards Inspectors within each office, all under the control and supervision of the "competent minister of labor." Tripartite Committees of Labor Standards are to be established in the national and prefectural offices to investigate and make recommendations on enforcement and improvement of the Law.

Chapter 12.

Records to be maintained are outlined.

At the worker's request the court may order payment of double the total amount owed and not paid by employers under such wage provisions of the Law as those covering dismissal notice, minimum wages, overtime rates and paid vacations.

Chapter 13.

Fines and imprisonment are specific for contravention of the Law. Forced labor is subject to severest penalty, 1 to 10 years' imprisonment or ¥2,000 to ¥30,000 fine, while labor intermediation, manufacture of harmful products, child labor and employment underground of women and young persons are punishable by imprisonment up to one year or a fine not exceeding ¥10,000. Other violations are divided into two groups with a maximum imprisonment of six months or fine of ¥5,000 provided for the first group and a maximum of ¥5,000 fine for the second. If a person judged guilty was acting as the agent of an owner, the owner is also to receive punishment unless the latter has taken necessary measures to prevent the violation.

Four resolutions were attached to the Law when it passed the House of Peers:

(1) Economic and labor conditions should be considered by the government in deciding the date of enforcement of the Law, and employers should be given ample time to prepare.

(2) Persons well-versed in economics should be appointed to any committees drafting implementing ordinances.

(3) In enforcing the Law the administrative office should emphasize the principle of guiding employers rather than merely controlling or punishing.

(4) Enforcement of the Law should be accompanied by improvement of social insurance and public medical establishments.

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Economic and Scientific Section
Labor Division

SUMMARY OF JAPANESE WORKMEN'S COMPENSATION LAWS

In March 1947 the National Assembly passed new workmen's compensation legislation. The Labor Standards Law, in Chapter VIII, set up a system of compensation on an employer-liability basis. The Workmen's Accident Compensation Insurance Law set up a system of insurance. The Labor Standards Law applies to practically all employers except government. However, most employers of five employees or more will be covered by the insurance system and their workers will, therefore, get their benefits from the insurance system rather than from the employer.

Both these laws started operating on 1 September 1947. Administration of the two systems is closely coordinated because both are administered by the Labor Standards Bureau, which is part of the Labor Ministry.

The basic coverage provisions are contained in the Labor Standards Law. The accident compensation provisions of the Labor Standards Law apply to all private employment except domestic service and small establishments employing only relatives living with the employer. The coverage of the workmen's compensation provisions of the Labor Standards Law thus takes in a total hired labor force of about 14,000,000. The Labor Standards Law specifies the minimum benefits which must be paid when workers are injured and makes the employer liable for the benefit unless an equivalent benefit is given to the worker from some other source.

The Workmen's Accident Compensation Insurance system provided insurance machinery to assure and make the payment in the case of about 6,000,000 industrial workers. The insurance system is compulsory for all employers in the hazardous construction, engineering, stevedoring and forestry industries. It is also compulsory for all employers of five or more employees in manufacturing, mining, transportation, packing, generation of electricity and gas, water works, and mills. Commercial, financial and entertainment business, restaurant, retail and wholesale trade and other relatively nonhazardous industries are exempt from compulsory coverage no matter how many employees are involved.

Seamen have their own special system under the comprehensive Seamen's Insurance System. This system provides complete protection and benefits much higher than the minimum of the Labor Standards Law.

The systems protect workers in cases of accidents or diseases "because of duty", or, to use the longer term commonly used in American laws, "received in the course of employment and arising out of the employment as a natural consequence of it." The intent is that all cases of occupational accidents and diseases should be compensated at the comparatively high benefit rate provided for workmen's compensation. In one respect the Japanese law is more advanced than some American laws. Some states do not compensate occupation diseases, or restrict compensation to certain listed diseases.

To facilitate handling these problems as they arise, the Labor Ministry has issued a list of all common occupational diseases. In the case of any disease on this list the local office of the Labor Standards Bureau can determine that the case is compensable under workmen's compensation at its discretion. However, in the case of other diseases not on the list, the Workmen's Compensation Insurance referee will make the decision after a full investigation.

Under the old system, benefits were paid in most cases through health insurance and were comparatively very low. Benefits for industrial accidents and occupational

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diseases were at the same level as the benefits provided in cases of general disability. The worker was compelled to contribute to his own workmen's compensation protection through health insurance deductions from his pay. Under the new plan the general level of benefits is raised very substantially, some benefits being as much as ten times higher. And the cost is borne by the employer exclusively, as in the United States.

Full medical aid including hospitalization is provided for up to three years. Thereafter the medical aid may be continued or it may be discontinued and "expiry compensation" amounting to 1,200 days' wages paid in lieu. In addition, workers temporarily unable to work get 60% of their average wages for up to three years. Workers permanently, partially, or totally disabled receive compensation amounting to from 50 to 1,340 days' wages depending on the severity of the disability. The families of workers who are killed receive 1,000 days' wages plus 60 days' wages to compensate for the funeral rites.

Workers of employers covered by insurance will receive their compensation direct from the government insurance system in the local office of the Labor Standards Bureau. Other workers will be compensated by their employers. The inspectors of the Labor Standards Bureau are responsible for seeing to it that employers compensate such workers in the full amount required by the Labor Standards Law. At the present time payment by both employers and the insurance system are mostly lump sums. However, in the future, after the threat of inflation is past, insurance payments will normally be paid periodically as in the United States.

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Economic and Scientific Section
Labor Division

SUMMARY OF SEAMEN'S LAW

The revised Seamen's Law, raising protective legislation for seamen to a level at least as high as standards prescribed by the International Labour Organization in 1936, was passed by the Diet on 27 March 1947, with promulgation as of 1 September 1947.

Coverage of the Law includes all seamen on sea-going vessels of more than five gross tons excluding fishing vessels up to 30 gross tons. Specified exceptions are made under several of the provisions.

In addition to regulating manning, discipline, termination of contract and other conditions peculiar to the maritime industry, the Law applies to seamen those articles of the Labor Standards Law covering general principles, including equality of treatment, prohibition of forced labor and determination of working conditions by workers and employers on an equal basis. It establishes the following specific working conditions:

(1) Hours are set generally at eight per day and 56 per week for persons whose time is divided into watches and eight and 48, respectively, for those whose time is not so divided; when in port the eight-hour day and 48-hour week apply to both groups and one rest day per week is prescribed.

(2) Overtime is to be paid, rates to be established by ordinance.

(3) Wages are to be based on experience, capacity and service. The "competent authority" to be designated to supervise application of the Law may fix minimum pay with the consent of the Seamen's Labor Relations Committee. Wages are to be paid fully and directly to the seamen at regular periods of at least once a month.

(4) Within one year after completion of one year's continuous service with the same company, the seaman is to receive 25 days' paid vacation per year of service plus five additional days for each additional three months' service.

(5) For sickness or injury incurred during the term of agreement and not incurred willfully or by default, the seaman is to receive medical expenses or treatment; "standard monthly remuneration", to be set by ordinance, for four months 60 percent of this "remuneration" monthly thereafter till completely recovered and a payment of 60 percent of this monthly figure as a "convalescent allowance" upon recovery; and, if permanently handicapped, a disability allowance specified according to the degree of disability. Death benefits are also provided.

(6) Special provisions for women and young persons set 15 years generally as the minimum age of employment except for coal-carrying or stoking, for which 18 years was the minimum; provide for menstrual and maternity time off from work for women; and prohibit night work from 2000 to 0500 hours for women and young persons.

(7) Acts of dispute are prohibited when the vessel is in foreign port or where such an act may endanger human life of the vessel.

Penalty provisions include both fines and imprisonment for contraventions of the Law. Enforcement is to be by the "competent authority" which will appoint seamen's labor inspectors and which can request the Seamen's Labor Relations Committee to investigate and make recommendations on matters connected with enforcement or revision of this law and the Labor Standards Law.