

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

APO 500
13 January 1948

AG 091.3 (13 Jan 48)ESS/FI
(SCAPIN 1775/1)

MEMORANDUM FOR: JAPANESE GOVERNMENT

THROUGH: Central Liaison Office, Tokyo

SUBJECT: Reduction of Governmental Expenditures

1. References are:

a. Memorandum from the Japanese Government, CIO 8717, 7 November 1947, subject: Request in regard to the Memorandum on Reduction of Governmental Expenditures.

b. Memorandum for the Japanese Government, file AG 120.01 (12 Sep 47)ESS/FI, SCAPIN 1775, 12 September 1947, subject: Reduction of Governmental Expenditures.

c. Memorandum for the Japanese Government, file AG 004.06 (19 Dec 47)GD, SCAPIN 1832, 19 December 1947, subject: Shortage of Japanese Laborers.

2. The steps taken or to be taken, as outlined in section 2 of the inclosure to reference 1 a above to insure compliance with the memorandum on reduction of governmental expenditures (SCAPIN 1775) referred to above are generally satisfactory with the exceptions noted below:

a. The general use of special supplemental rations, over and above the rations allowed to all workers of the types concerned, to obtain labor for construction on Occupation Force projects is not authorized.

b. In addition to establishing and publicizing prevailing rates of wages, official prices must be established for all items possible and such prices must be publicized to the fullest extent.

c. Specific procedures for the prompt audit of vouchers, without undue delay in processing legitimate claims for payment, to prevent the payment of amounts in excess of those permitted by SCAPIN 1775 must be developed and promulgated by the Japanese Government.

*Rescinded by SCAPIN 2071
4 Jan 50*

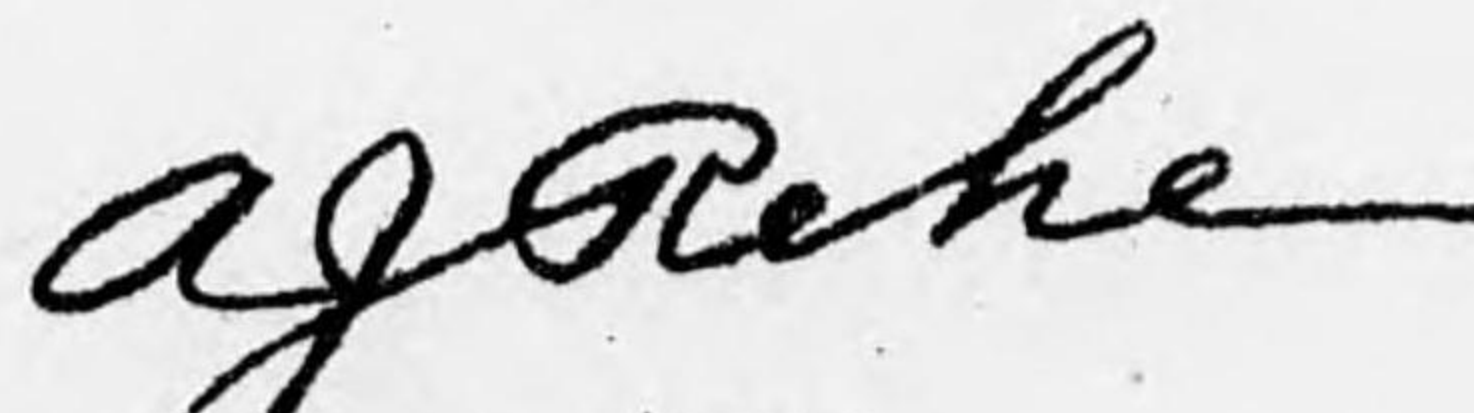
BASIC: Memo to JG, dtd 13 Jan 48, subj: Reduction of Governmental Expenditures. (SCAPIN 1775/1)

3. The provisions of SCAPIN 1775 have been called to the attention of all units of the Occupation Forces. While it may be true that conformance with the memorandum will make it more difficult for the Japanese Government to obtain materials not in stocks, the requirement for obtaining goods only at legal prices cannot be accepted as an excuse for failure to obtain the materials required by the Occupation Forces. The Japanese Government is required to meet Occupation Force requirements even though obtaining the required materials may upon occasion require the seizure, with compensation at legal prices, by the Japanese Government of materials not otherwise available at legal prices as has previously been provided under Imperial Ordinance No. 88, 27 February 1946, and Ministry of Commerce and Industry Ordinance No. 49, 21 November 1946.

4. Every effort has been made and is continuing to be made by General Headquarters to keep Occupation Force demands to a minimum. Through establishment of forecasting procedures of estimated requirements, establishment of the Special Procurement Board and expansion of its functions and by other means, estimates of requirements, including the furnishing of specifications in advance of contracts and establishment of realistic completion dates for construction projects, have been and will continue to be furnished. In addition, Procurement Demands for construction have over an appreciable time been accompanied by engineering estimates indicating the scope of the project. However, there can be no commitment for the Occupation Forces to give three months' advance notice of construction programs or materials requirements or not to make changes in specifications and plans for those relatively few instances where emergency or changed conditions dictate less notice on such changes.

5. Direct communication between the Ministry of Finance, the Economic Stabilization Board, and the Special Procurement Board and interested staff sections of General Headquarters, Supreme Commander for the Allied Powers, for the implementation of this memorandum is hereby authorized.

FOR THE SUPREME COMMANDER:

for 
R. M. LEVY,
Colonel, AGD,
Adjutant General.