

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS

APD 500  
1 November 1946

AG 004 ( 1 Nov 46 )ESS/IN  
( SCAPIN 1308 )

*Recd by SCAPIN 1826-24 Nov 47*

MEMORANDUM FOR: THE IMPERIAL JAPANESE GOVERNMENT

THROUGH: Central Liaison Office, Tokyo

SUBJECT: Industrial Recovery Corporation

1. Reference, C.L.O. No. 3965 (ECI-F) proposing the establishment of an Industrial Recovery Corporation and the dissolution of the present Industrial Equipment Corporation.

2. The above proposal in its present form is unsatisfactory.

3. The Japanese Government should modify its proposal for establishment of such Industrial Recovery Corporation, incorporating the following basic considerations:

a. Provision for the Industrial Recovery Corporation to act as liquidating agent only in its relation to the dissolution of the Industrial Equipment Corporation; but that the Industrial Recovery Corporation shall have the power to allocate facilities in the hands of the Industrial Equipment Corporation by requiring their lease, sale, or other disposition when needed in the execution of the programs of the Economic Stabilization Board.

b. Provision for the Industrial Recovery Corporation to be responsible to the Ministry of Commerce and Industry, subject to the orders, directives and programs of the Economic Stabilization Board.

c. Provision for the Industrial Recovery Corporation's working funds to be derived from the Reconversion Finance Corporation with respect to each project and subject to the landing regulations of that agency.

d. Provision that all functions of the Industrial Recovery Corporation be exercised within the framework of the economic policy as determined by the Economic Stabilization Board, and that those functions be limited as follows:

SD

BASIC: Memo to IJG, GHQ, SCAP, file AG 004 ( 1 Nov 46 )ESS/IN  
(SCAPIN 1308 ), subject: "Industrial Recovery  
Corporation."

(1) The acquisition of industrial equipment and materials and the subsequent lease or sale of such equipment and materials, and the allocation of equipment and materials belonging to the Industrial Equipment Corporation.

(2) The construction of plant and equipment and the lease or sale of such plant and equipment.

e. Provision that the salaries of the officers and directors be made public.

f. Provision for adequate representation of middle sized and small business on the Board of Directors.

FOR THE SUPREME COMMANDER:

*John B. Cooley*  
JOHN B. COOLEY,  
Colonel, AGF,  
Adjutant General.