

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

APO 500
12 September 1947

AG 120.01 (12 Sep 47) ESS/FI
(SCAPIN 1775)

MEMORANDUM FOR: JAPANESE GOVERNMENT

THROUGH: Central Liaison Office, Tokyo

SUBJECT: Reduction of Governmental Expenditures

1. Effective immediately the following steps will be taken to reduce governmental expenditures:

a. Only prices legally established by the Japanese Government for any product will be recognized, approved, or used in:

- (1) Computing and establishing legal prices for any other product.
- (2) Determining and making payments for goods, work done, or services rendered whether paid directly by the Japanese Government or indirectly as reimbursements or payments to contractors or manufacturers.

b. Legal prices for materials used in projects or activities demanded by the Occupation Forces will be the same as for similar materials used in other projects or activities.

c. Expenditures, payments and reimbursements by the Japanese Government on account of labor costs, whether the labor be employed directly by the Japanese Government or engaged by contractors, manufacturers, private companies, or public agencies in the accomplishment of any project, goods, or services for the Japanese Government or the Occupation Forces, shall not exceed in amount the actual wage payments directly received by the workers, plus prior deductions authorized by law.

d. In the following categories of labor, actual wage payments shall, as a rule, equal, and in no case shall exceed, prevailing wages for comparable employment in the locality as determined by the Japanese Government in accordance with methods which shall be subject to the review of the Supreme Commander for the Allied Powers:

- (1) Labor employed by the Japanese Government in response to "Labor Requisitions" by the Occupation Forces.

Resubmitted by SCAPIN 2071
4 Jan 50

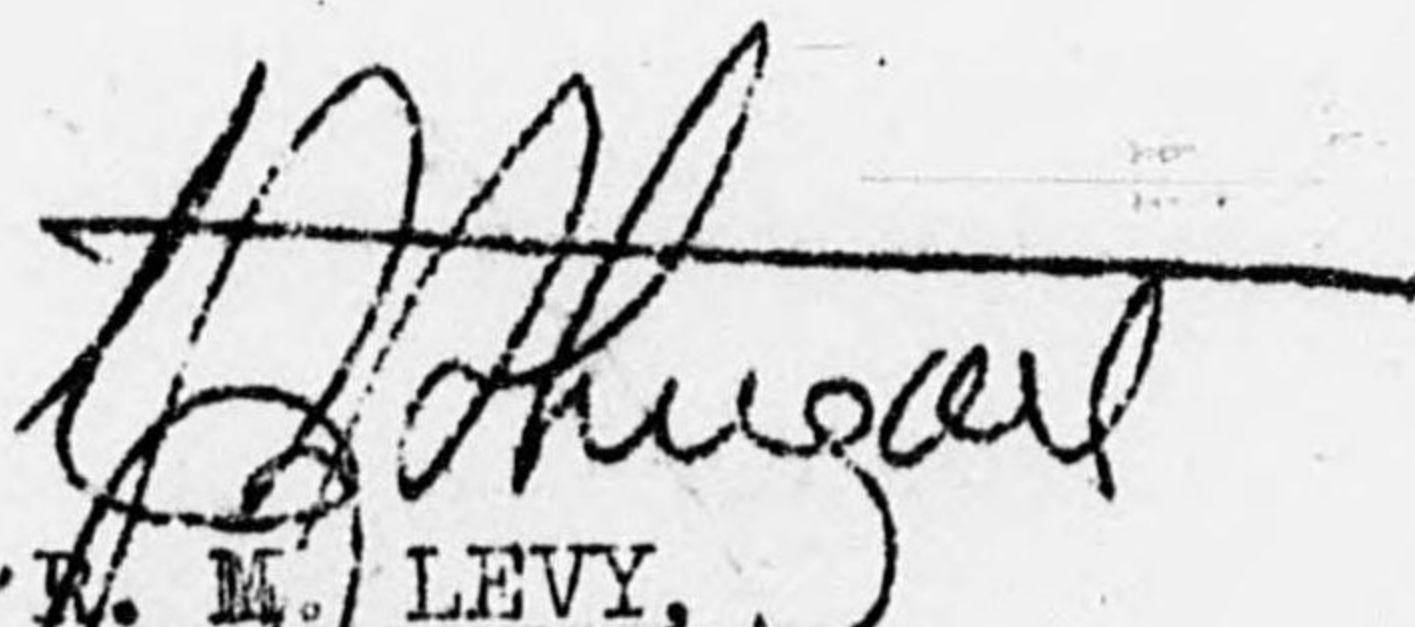
BASIC: Memo to JG, dtd 12 Sep 47 , subj: Reduction of Governmental Expenditures

- (2) Labor engaged as the result of "Procurement Demands" by the Occupation Forces or Memorandums to the Japanese Government for the accomplishment of construction, building maintenance and associated services, and operation of Occupation Forces installations. Wage rates in this category shall not exceed those in category (1).
- (3) Labor engaged in the accomplishment of public works projects financed in whole or in part by the Japanese Government.

e. Adequate inspection and supervisory systems will be established over all activities involving expenditures by the Japanese Government to eliminate waste of labor or materials and to assure against the payment of padded or false cost claims.

2. Direct communication between the Ministry of Finance and interested Staff Sections of General Headquarters, Supreme Commander for the Allied Powers, is hereby authorized to implement this memorandum.

FOR THE SUPREME COMMANDER:


E. M. LEVY,
Colonel, AGD,
Adjutant General.