GHQ/SCAP Records(RG 331)
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Reduction in Force

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File Under Reduction-in-Force Page

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JAPANESE GOVERNMENT

National Personnel Authority

Jinji-In, Kasumigaseki, Chiyoda-ku, Tokyo

Rec'd in CSD 2/24/50 WPM

February 24, 1950

To:

Mr. W. Pierce MacCoy,

Chief of Civil Service Division,

Government Section, GHQ, SCAP

Dr. Speicher of your Examination Branch called on Commissioner and Yamashita yesterday the 23rd and had a talk with him on the criteria for administrative readjustment, but we are of the opinion that, as it is not advisable for the National Personnel Authority, as a matter of policy, to establish such criteria and make them public at the present time, the National Personnel Authority ought not take any positive step in the matter. The reasons for this are as follows:

1. The Cabinet contempletes carrying out the forthcoming administrative readjustment consequent upon the abolition of controlled economy in the Ministry of Agriculture and Forestry, the Ministry of International Trade and Industry, the Economic Stabilization Board, etc., and as we consider that such administrative readjustment is not a general one, it is not appropriate to establish the criteria for readjustment.

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2. Even if this administrative readjustment extends generally to other organizations, in view of the present circumstances, it is wise for the National Personnel Authority to take the same attitude this time as we did in connection with the recommendation for the criteria at the time the administrative readjustment was carried out last year.

3. There are, besides the above, other important reasons which we prefer to tell you directly when we see you for discussion of this subject. In the meantime, we shall be glad if you will be good enough to hear from Dr. Speicher what he had been told by Commissioner Yamashita yesterday.

Asai Kiyoshi

President

Yamashita Okiie

Commissioner

Uyeno Yoichi

Commissioner

Mr. Spencer

CIVIL SERVICE DIVISION
Government Section

20 February 1950

MEMORANDUM FOR: Mr. W. Pierce MacCoy, Acting Chief
Civil Service Division

SUBJECT : Reduction-in-Force

Mr. Okabe reported today and Administrative Management Agency representatives confirmed that plans are underway for a reduction-in-force in the Ministry of Agriculture and Forestry and Ministry of Commerce and Industry. Such reduction may number as many as five thousand persons and may commence during the latter part of April.

Is amendment of the Reduction In Force Rule contemplated before that time? NPA is wondering what position it should take on this matter.

GORDON W. PETERSON
Chief, Organization Branch

GWP:vr

I believe you were working on this with Shirosu — Can we hit-the-ball on this RIF procedure again and get it rolling before this new proposed program goes into effect?

WPM
2/20/50

Sup Gov. R&F

1-Mr Hopper
for your info.

CIVIL SERVICE DIVISION
Government Section

1 July 1949

2-file

MEMORANDUM FOR: Mr. W. Pierce MacCoy, Deputy Chief
Civil Service Division

SUBJECT : Retrenchment of Communications and Railways

WPMcC
7/5/49

In response to your inquiry information was obtained through Capt. McWherter of Government Section from the Administrative Management Agency. The Ministry of Communications officially will eliminate approximately 48,000 positions involving 30,000 persons. This is made up of 20,000 from the Ministry of Postal Service and 10,000 from the Ministry of Telecommunications.

Approximately 100,000 positions will be eliminated from the Japan National Railways. It is estimated that this will involve 95,085 persons.

The final date for conclusion of retrenchment in the communication agencies is September 30, 1949, and for the railways October 1, 1949.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

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Files
Administrative
6-13-49

CIVIL SERVICE DIVISION
Government Section

7 June 1949

MEMORANDUM FOR: Mr. MacDonald Salter, Chief, Classification and Compensation Branch

SUBJECT : Estimates on Personnel Reductions Per Mr. Honda

Reference is made to your penciled note on the above subject. I did not attend the conference between Mr. Honda and Mr. Hoover, and Mr. Hoover's notes are somewhat fragmentary; however, the following information is drawn from the notes which Mr. Hoover apparently made during the conference.

Separations in various agencies affected by the readjustment of alignment of personnel under the new law will be made by (1) transfer of supernumeraries to agencies having vacancies, and (2) actual separation of approximately 170,000 employees. (This coincides very closely with the previous estimate furnished by Mr. Honda of 167,000, of which a memorandum was furnished to Mr. Rankin.)

There will be approximately 21,000 positions eliminated in kodans not including the Food Distribution Kodan. Subsidized agencies such as shipping and reconstruction finance will eliminate an approximate total of 2,000 positions. National government personnel in prefectures will be decreased by approximately 2700 positions. Mr. Hoover's notes relative to local government are not exactly clear since he states, "134,000 to be reduced (actual 75,000)". There is no explanation of the difference in the above figures. His notes indicate that there will be an approximate total budgetary reduction in both national and local governments of 419,900.

There are two other interesting notes on his memorandum. One is that Mr. Yoshida's streamlining has resulted in a reduction of bureaus from 146 to 85, and the second is that it will require half a billion yen to cover separation payments.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb

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Mr. MacCoy:

No report as yet, but I will check.

20 June

Mr Shimizu

Anything yet on this?

WBr
7/1/45

Shimizo will report Tuesday 5 July

Mr Spracher

Any news from NPA yet on this?

WBr
6/30

OK if Mr Miyaji does not need to go otherwise.

Re visit to Dieb Library:

I shall be out of town on Thursday, July 9. Can we arrange it for Tuesday, July 12?

Reply on Feshery transfer?

Agency

10 June 49
NPA will investigate and report.

Mr. MacCoy

CIVIL SERVICE DIVISION
Government Section

1 June 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Reduction In Force Procedures of Kodans

1. It has come to my attention that the Table of Personnel Organization Law passed by the Diet yesterday does not apply to the various Kodans; consequently, while the Kodans are not required to discharge personnel in order to meet a fixed ceiling by a fixed date, nevertheless whenever they are required to reduce the number of their employees, they are denied the real or supposed benefits of those articles of the Table of Personnel Organization Law which suspend the operation of the equity articles of the National Public Service Law.

2. It appears that representatives of all of the Kodans called on the Recruitment Division of the NPA to discuss the problems involved in reduction in force under the circumstances. These Kodans anticipate a fairly substantial reduction in force at a comparatively early date. Apparently the principal concern expressed by their representatives is the provision of NPA Rule 11-0 requiring agencies to give employees to be separated a written notice thirty days in advance of separation. The Kodans are unwilling to give such notice. On the other hand the employee representatives strongly support this requirement.

3. It does not appear that the application of the various equity articles of the National Public Service Law was discussed at any length; however, such application would naturally be a matter of great concern to NPA. Moreover it would obviously be illogical and inconsistent to suspend the equity procedures with respect to employees of the regular agencies of government such as the various ministries and to apply them in the case of employees of such temporary emergency agencies as the Kodans.

4. I do not see any easy solution to this problem. However, it is one that should receive serious consideration at the time when the NPA desires to establish its rule governing reduction in force.

Maynard N. Shirven

MAYNARD N. SHIRVEN
Chief, Examination Branch

MNS:mvb
cc ; G. W. Peterson

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CIVIL SERVICE DIVISION
Government Section

17 May 1949

MEMORANDUM FOR: Mr. Alan Rankin, Classification Specialist

SUBJECT : RIF Figures Furnished This Office by Mr. Honda

In a recent visit to Mr. Hoover's office, Mr. Honda supplied us the following figures concerning the proposed reduction-in-force to be conducted by the National Government: 263,000 positions are supposed to be dropped; however, the Budget Bureau has already approved an increase in budgeted positions of 26,000. Approximately 70% of this increased number will be filled by transfer while 30% will be newly employed. This reduces the positions to be dropped to 237,000. There are approximately 100,000 vacancies at present in the National Government, and only 30% of these positions are to be dropped; therefore, it is necessary to deduct 70,000 positions from the above figure which brings the actual loss of positions in the RIF program to 167,000. Subtracting this from the latest figure which Mr. Honda had covering the number of positions now in the National Government of 1,560,000 brings the total figure for positions to 1,393,000. This means only an approximate reduction of 10.7%.

In view of the fact that the original figure mentioned by Mr. Yoshida was 310,000 positions to be dropped, the figure actually reached will seriously undershoot the mark. Mr. Honda indicated that he was seriously disappointed in the action the Cabinet had taken and fully intended to prepare immediately, reports to be presented to the Cabinet recommending a still further reduction in personnel.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb

Reader

CIVIL SERVICE DIVISION
Government Section

6 May 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Mr. MacCoy's meeting with the Three NPA Commissioners, 6 May 1949.

Mr. MacCoy called on the three Commissioners of the NPA at 0900 hours on 6 May to discuss several problems concerning the operation of NPA and its reaction to the Proposed Administrative Readjustment Law. The following points were discussed:

1. Mr. MacCoy asked the three Commissioners what would be their reaction if the Cabinet included the article in the proposed readjustment law to deny the employees the right to appeal their dismissals and if the Diet acted favorably in placing this restriction into law. Mr. Yamashita inquired as to what would be Mr. Hoover's reaction if this occurred, and would he take the matter up with General Whitney in view of the fact that Mr. Hoover had been such a strong advocate of the equity processes and the right of the employee to appeal against what he felt were unfair tactics. It was explained to Mr. Yamashita that the whole question was placed on the weight of the one word "if" and that it was not possible to forecast what Mr. Hoover's reaction would be. The Civil Service Division was merely interested in ascertaining the answer to the question from a strictly Japanese viewpoint, disregarding SCAP's attitude entirely. The replies indicated that Dr. Asai and Mr. Yamashita would be pleased if the employees were denied the right of appeal while Mr. Uyeno felt that this would be a sad blow to the entire equity process which had been so strongly espoused by the NPA. The impression was gained, however, that the Commissioners were not actually very much interested nor worried about this particular point and had more the attitude that the entire matter could be left safely in Mr. Hoover's hands and that he would take whatever action might be necessary. They were not nearly as interested in this particular question nor did they discuss it as seriously as they did other questions which they themselves were raising.

2. Mr. MacCoy presented a revised copy of the proposed Rule 11-1 calling the Commissioners' attention to two points: (a) the substitution of the word "dismissed" for "separated" and (b) the elimination of the last paragraph which warned appointing officers that reductions in force must be effected within the principles enunciated in Article 27 and Paragraph 3 of Article 98 of the NPS Law. At first Mr. Yamashita was inclined to agree with the elimination of the proposed paragraph on the premise that the law passed by the Diet would eliminate the possibility of employees appealing to the NPA and that, therefore, the paragraph

would have no bearing on the matter. Eventually, however, he swung over to the views held by Dr. Asai and Mr. Uyeno that the paragraph should remain in the proposed Rule 11-1 because it was aimed at the appointing officer and was not adjuring or directing the employee to appeal his case. Dr. Asai's point was that the appointing officers would have a tendency to be very careful how they handled reduction in force if this paragraph were included in the rule since the appointing officers had a hearty fear of the penal provisions of the National Public Service Law if they disobeyed the rules of the National Personnel Authority. He also felt that in view of the steadfast stand that the NPA had taken relative to equity for employees that it would be necessary to include this paragraph to advise the public and the employees of the government that the NPA still intended to protect the employees against unfair tactics emanating from the offices of the appointing officers. Mr. MacCoy agreed that he would present this view to Mr. Hoover.

3. Mr. Tindale and Mr. Shively joined the group at 1000 hours, and Mr. Tindale presented the question to Dr. Asai as to whether Mr. Hoover should address a letter to the editors of the Japanese newspapers concerning the proposed boycott of NPA by reporters representing their various papers who are members of the NPA Press Club. Dr. Asai and the other two Commissioners felt that Mr. Hoover should not address such a letter to the editors, and Dr. Asai felt that he should not address such a letter to the editors. He stated that he had discussed the matter on the previous day with the editor of the Jiji Press who had been one of his professors at Keio University and that the editor had complimented Dr. Asai on his strong stand with the reporters and strongly urged him not to relax his stand one iota. He stated that the present group of newspaper reporters in Japan were, in the main, ill-trained and insolent and that they had a great deal to learn about the proper decorum of newspaper reporters and their proper place in the economic and social scheme of society. He felt that the NPA had a lot to gain and the reporters a lot to learn through the stand that Dr. Asai has announced and he hoped that other offices would definitely follow Dr. Asai's lead.

4. Dr. Asai stated that the members of the Press Club were supposed to hold a meeting from 1400 to 1600 hours on May 20 with Mr. Hoover, and he suggested that Mr. Hoover conduct this meeting as planned and that no direct mention be made of the boycott. He stated that he had great respect for Mr. Hoover's diplomacy and acumen and that he felt that the pressmen would receive a deserved spanking without having it labeled as such, an action which he felt was all to the good.

5. Mr. Tindale brought up the fact that the NPA Press Club would very shortly visit the Nikko Training School and that he had been advised that the pressmen wished individual letters from Mr. Hoover inviting them to attend this training school because, since the newspapers were

each paying the transportation and traveling expenses of their reporters, that they wished to have such a letter to display to their editors in securing permission for the trip. Dr. Asai stated that he has also received this information from the pressmen. Mr. MacCoy stated that Mr. Hoover would under no circumstances write such letters to the reporters and that if they needed such letters to secure action from their editors and to print in their papers that the letters should be secured from Dr. Asai as President of the National Personnel Authority, that if they refused to accept such a letter signed by Dr. Asai that they would receive no letter. (Note: Upon reporting this to Mr. Hoover, he thoroughly agreed to the statement made by Mr. MacCoy.)

6. Mr. Yamashita raised a question relative to the method to be employed for selecting ministry personnel to attend the training school at Nikko. He objected to the selection of their present Personnel Section staffs since he felt that a great many of them were political hacks and probably one hundred percent graduates from Tokyo Imperial Law School. He also felt that this matter could not be discussed with the Personnel Directors of the National Personnel Council since (a) they very probably would not be the permanent personnel chiefs and (b) they were probably one hundred percent Tokyo Imperial Law School graduates themselves. He suggested rather that Mr. Sato discuss this matter with the Vice Ministers. Mr. MacCoy pointed out that the Vice Ministers were probably one hundred percent Tokyo Law School graduates, and thus no embarrassment would be avoided on this score by having Mr. Sato discuss the matter with the Vice Ministers rather than with the Personnel Directors. Mr. MacCoy also pointed out that it would be impossible to place the criteria in the selection of such personnel in a negative manner by saying that no graduates of Tokyo Imperial Law School would be permitted to take the training course and eventually become personnel staffs nor could you place a percentage restriction aimed at those individuals who were graduates of Tokyo Imperial Law School. Mr. Yamashita was advised that while it was possibly true that some of the men now serving as Personnel Directors for the various ministries and agencies on the Personnel Council would be eliminated, that for the time being we must assume that the ministries and independent agencies had acted in good faith and followed the instructions issued by NPA which directed them to assign individuals as members of the Council representing their agencies who either were or would be the personnel chief of each particular agency. In view of this, it was felt that the NPA and the Civil Service Division must show good faith and discuss such questions on a positive approach with the members of the Council. It was pointed out that briefly the way to bring this matter to the attention of the Council members was for Mr. Sato, Mr. Shively, and Mr. MacCoy to stress the point with the Personnel Directors that individuals representing various fields of study and background must be selected since there were many specialties within the personnel field and that it would be a serious mistake to appoint nothing but law-trained individuals to either their personnel offices or to the training course in Nikko. The Personnel Directors would also

be instructed to recommend a wide range of age levels for this training course, and it would be pointed out to them that if they appointed only their older men this would result in a very serious mistake because in approximately five years most of these individuals would be out of the government service due to retirement and that, therefore, they would lose the advantage of the trained men. Mr. Yamashita seemed satisfied with this point, but suggested that a series of strict criteria be drawn up to insure a widespread group of interests, training, and experience in the assignment of these individuals to the training school. Mr. MacCoy advised the Commissioners that in the estimation of the Civil Service Division it would probably be wise to prepare examinations which could be given to ministry personnel staffs to assist them in selecting individuals properly qualified to be trained for personnel staffs, but that such examinations could not be given due to insufficient time for the first training course. It was hoped that such examinations could be drawn up and introduced prior to the selection of individuals for the second and third training schools. Both Mr. Sato and Mr. Shively will bring up this matter at the next meeting of the National Personnel Council on May 11.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb

Jap Govt, Reduction in Force

CIVIL SERVICE DIVISION
Government Section

5 May 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Mr. Honda, 5 May 1949

Mr. Honda, Minister of State in charge of the Administrative Management Agency, called at 1500 on 5 May 1949 to report to Mr. Hoover on the action taken by the Cabinet on the evening of 4 May relative to the Proposed Law for the Fixed Number of Personnel in the Administrative Organizations (otherwise known as the Proposed Administrative Readjustment Bill), and also to report relative to the newspaper item purporting to report on the previous meeting between Mr. Honda and Mr. Hoover in the Nippon Times of 5 May.

Mr. Honda reported that he had conveyed Mr. Hoover's previous comments relative to 4, 5 and 6 in the Supplementary Provisions of the proposed law to the Cabinet. The Cabinet had deliberated on these comments with other points and had voted to agree to eliminate the proposed Articles 4 and 6, but had voted unanimously to retain Article 5. This article states in effect that individuals demoted or dismissed under a reduction-in-force procedure in this administrative readjustment will be denied the right to appeal their cases for equity review to the NPA.

Mr. Honda also assured Mr. Hoover that he had not discussed their previous conference with the press nor had he discussed the action taken by the Cabinet with the press following the Cabinet meeting. He stated emphatically that the article published in the Nippon Times and the Asahi Press were complete fabrications from the imaginations of the newspaper reporters. Mr. Hoover thanked Mr. Honda for this assurance and complimented him upon his method of handling newspaper reporters. He also thanked Mr. Honda for his courtesy in promptly reporting the action of the Cabinet to this office.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb

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Jap Gov. Red. in Force

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

3 May 1949

MEMORANDUM FOR MR. HOOVER

SUBJECT: Problems Pertaining to Personnel Reduction, Japanese Government

Mr. Nakagawa Toru of the Administrative Management Agency submitted a draft bill for the fixed number of Government personnel, 3 May 1949, and a table "Exceptions to the Uniform Rate Reductions in the Administrative Adjustment Program," 30 April 1949. (attached)

According to verbal statement of Mr. Nakagawa, the Japanese Cabinet will act upon the draft bill for the fixed number of Government personnel on 4 May 1949.

At present, the Cabinet has decided to reduce the number of positions in regular Government organizations by 268,000. In addition to this, approximately 30,000 positions will be reduced in Kodans. There are approximately 100,000 vacancies as authorized by the budget at the end of March 1949. As yet the Administrative Management Agency does not know how many of these vacancies will be affected. In addition, Nakagawa reported that approximately 26,000 new positions will be created "since business conditions have improved". Without considering, therefore, the Kodans the actual number of persons to be reduced will be approximately 168,000. If the reduction does not affect those position vacancies presently existing, the actual number of persons will be 268,000.

There are two serious problems as proposed by the personnel reduction plan: 1) the Administrative Management Agency proposes temporary suspension of the review normally made by the National Personnel Authority of appeals presented by discharged Government employees as provided for (Articles 89-92, National Public Service Law). The reason why temporary suspension of these articles must be made, according to Nakagawa, is that so many employees will be discharged that such review will not be feasible; 2) the Administrative Management Agency proposes temporary suspension of paragraph 2, Article 103 of the National Public Service Law which forbids Government employees from entering for two years private enterprises closely connected with their former Government positions. The reason for proposing the suspension, according to Nakagawa, is that Ministries now have the responsibility for finding new positions for discharged employees.

Articles 5 and 6 of draft Law for the Fixed Number of Personnel in the Administrative Organizations, 1 May 1949, provide for the exceptions to the National Public Service Law as mentioned in 1) and 2) above.

T. DIAMANTES

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File
5-5-49
7PA

CIVIL SERVICE DIVISION
Government Section

3 May 1949

MEMORANDUM FOR: Mr. Gordon W. Peterson, Organization Specialist

SUBJECT : NPA Reduction-in-Force Procedure

On Tuesday, 3 May, Mr. Yamashita called this office to advise that the commissioners had agreed among themselves to certain points relative to the reduction-in-force procedure. Mr. Hoover has requested that you immediately instruct NPA to submit the necessary rule or rules to implement these three points:

1. The National Personnel Authority feels that it can handle the reduction-in-force for the Japanese National Government under the National Public Service Law without the need of an additional or new law or an amendment to the National Public Service Law.

2. All employees are to be advised that they have the right to appeal their cases to the National Personnel Authority and request a hearing if they feel that the termination from the service does not meet the criteria established by the NPA or has been improperly handled.

3. The matter of exclusion from entrance into private industry covered under Article 103 of the National Public Service Law is to be covered by a rule issued by NPA encompassing this particular period and circumstances to permit all employees who lose their jobs through the RIF procedure to immediately seek employment in private industry without restraint or fear of disciplinary or penal action.

The three commissioners will discuss the criteria to be established with Mr. Hoover and the staff at 1000 hours on 4 May.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb
cc. Mr. Shirven

3 May 49.

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Reduction in Force

3 May '49
Mr MacCoy -
Report re N.P.A. to
submit rules
governing
decisions of cases
Hoover

CIVIL SERVICE DIVISION
Government Section

Done
WBH
5/3/49

3 May 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Telephone Call from Mr. Yamashita, 0900 on 3 May 1949

Mr. Yamashita called at 0900 hours on 3 May to advise that the three commissioners of the National Personnel Authority had discussed the matter of reduction-in-force for the Japanese National Government on the evening of 2 May after they had left the conference in your office. Briefly, their conclusions following their conference were as follows:

1. They feel that they can handle the reduction-in-force for the Japanese National Government under the National Public Service Law without the need of an additional or new law or an amendment to the National Public Service Law.

2. All employees are to be advised that they have the right to appeal their cases to the National Personnel Authority and request a hearing if they feel that termination from the service does not meet the criteria established by the National Personnel Authority or has been improperly handled.

3. The matter of exclusion from entrance into private industry covered under Article 103 of the National Public Service Law can be handled in a manner satisfactory to all employees by the issuance of a rule covering this particular period and circumstances by the National Personnel Authority.

4. The criteria to be established to govern reduction-in-force will be discussed among the commissioners and Mr. Hoover and his staff at 1000 hours on 4 May 1949.

Mr. Yamashita stated that he wished to get this information into Mr. Hoover's hands at the earliest possible moment since the Japanese radio in its early morning news broadcast on 3 May had stated that Mr. Hondo would call on Mr. Blaine Hoover, Chief of Civil Service Division, Government Section, to discuss the administrative readjustment necessary within the National Government of Japan with special reference to a proposed law to handle such reduction-in-force. The broadcaster indicated without definitely stating it that such a law would possibly by-pass the National Personnel Authority by establishing a temporary agency to

supervise the reduction-in-force. Mr. Yamashita was very anxious that the decision of the commissioners be placed in your hands prior to your meeting with Mr. Hondo.

In closing, I urged the commissioners to seriously consider the establishment of length of service as the most logical, most easily understood by the employees, and most easily administered criteria upon which to base a RIF program.

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM:jb
cc. Mr. Salter
Mr. Shively
Mr. Shirven

Files 5-3-49

CIVIL SERVICE DIVISION
Government Section

April 29, 1949

MEMORANDUM FOR: The Record

SUBJECT : Ceiling Control

1. On Wednesday, the 27th of April, Mr. Nakagawa, Administrative Management Agency, submitted a statement concerning separation policy which raised two basic questions. Mr. Nakagawa indicated that the solution to these questions might be incorporated into the Law and become part of the Ceiling Control Bill. He submitted at this time a draft of such bill.

2. The two questions raised were,

1. Could the provisions of paragraph 2, Article 103 of the National Public Service Law be suspended in order to expedite the mass reductions faced by various ministries and agencies. This provision is the one that deals with limitation of an employee to enter private employment directly related to his government work.

2. Will the NPA issue standards with respect to the discharge of younger or older men in this retrenchment program. Unless such standards are issued, the old practice of forced retirement for older men will undoubtedly be followed.

3. At the meeting with Captain Diamantes this afternoon, it was pointed out that CSD desired that all contacts with Administrative Management Agency be held in his office ~~unless it was absolutely necessary~~ and that Captain Diamantes should handle these meetings himself. CSD was anxious to withdraw from any such contacts unless it was imperative, and then only in connection with Captain Diamantes. With reference to the present interest of Mr. Nakagawa of legislation or rules to be issued by NPA on standards for retrenchment, there was to be specifically no contact with the Administrative Management Agency by CSD on these matters.

MACDONALD SALTER
Chief, Classification and
Compensation Branch

MS:vr

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CIVIL SERVICE DIVISION
Government Section

27 April 1949

files
admin Mgmt
5-2-49

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Program for Reduction in Force

Mr. Nakagawa of the Administrative Management Agency called and made an appointment this morning to discuss with me the proposed ceiling control bill for all agencies of government. Capt. Diamantes was requested to attend the meeting but was unable to do so.

It turned out that discussion with respect to the law itself was incidental to the presentation of the attached mimeographed statement in which a number of basic questions were raised concerning the program for reduction in force. These questions will be discussed with you if a meeting can be arranged between yourself and Mr. Honda of the Administrative Management Agency.

I went over the narrative statement and the law itself, expressing no opinion of any kind with respect to the content of these documents, other than to the effect that the draft of the ceiling control law seemed to be satisfactory.

I asked Mr. Nakagawa to explain the reference to "traditional practices" in greater detail than is contained in the narrative document. He said that the traditional practices where reduction in force is necessitated are as follows: Upon the determination that a certain number of employees must be removed from the payroll of an agency, the Director of Personnel prepares a plan for accomplishing such a purpose. This plan is then subject to many conferences within the management of the organization to determine upon what standards and whom should be affected by this required reduction in staff. It has been the traditional practice to establish within the agency at the time of this particular requirement two standards for determination of those who should be considered in reduction in force. One is to agree upon a certain age limit, such as 45 or 50 and those persons in excess of that age would be immediately considered as eligible for reduction in force. Secondly, if this did not obtain sufficient names, the monthly reports by supervisors on the efficiency of employees would be reviewed and those employees appearing to have the lowest efficiency would be added to the list until a sufficient number of names were accumulated to meet the required reduction in force. Further conferences would then follow and each name would be reviewed. In some instances, because of peculiarity of work or outstanding action by an employee, his name might be removed from this initial list.

It has been the practice to notify all those employees who are affected orally and not to submit to them any written statement. Second and third class officials and lower officials stationed outside of Tokyo would normally be contacted by their field supervisor and asked to resign. Apparently employees so affected will submit their resignation and this is the only written record. First class officials located throughout Japan, and second class officials in Tokyo are normally personally contacted by the Vice-minister of the ministry and the same process as described above is followed.

The ministry or agency who has to carry out this particular reduction-in-force program has usually made an effort to assist the affected individual in gaining reemployment. It is felt that this is a moral obligation that the agency has toward the employee.

Mr. Nakagawa stated that it has usually been the practice to establish a certain date by which time a certain number of employees would be reduced. Immediate action is undertaken during the course of the period between the initiation of action and the final date and every effort is made to assist the employee in gaining reemployment. Experience has generally indicated that about 50 per cent have been so out-placed. In this particular reduction-in-force program Mr. Nakagawa expressed the opinion that the planning of a reduction whereby a percentage of the required reduction should be accomplished by a certain date, an additional percentage by a subsequent date, and so on, was not compatible with normal practice.

On the second page of the narrative document the last two paragraphs bring out an interesting situation with respect to the establishment of standards for reduction in force, after June 1, in railways and monopoly corporations wherein such standards for reduction in force under the Public Corporations Labor Relations Law are a matter of negotiation between labor unions and management. The solution proposed is that a law be passed providing such standards despite the provisions of the Public Corporations Labor Relations Law.

Since reduction in force is a rather highly unscientific personnel procedure, the establishment of such standards by law seems to me a rather desirable action, particularly under the present circumstances. Since such a law is required to meet the above stated contingencies it would not seem inconsistent for such standards to be included in the ceiling control law and applicable to the government service. I do not think that this would infringe on the responsibilities of NPA, and certainly would place it in the advantageous position of not making such determinations by rule. The procedural and equity processes still could be carried out on behalf of the employees of the government by NPA.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

cc: Mr. Shirven

National Personnel Authority

April 20, 1949

To:

Mr. Blaine Hoover,

Chief of Civil Service Division,

Government Section, GHQ, SCAP

Please hand the enclosed letter of myself addressed to Mr Hoover over to himself. S. Yamashita

The surveys of actual conditions concerning administrative readjustment referred to my letter of the other day having been completed, I beg to submit their results herewith for your information.

These surveys are based on replies given by the section chiefs of one section which has been selected out of each of the three bureaus of the Ministry of Labor, who fills out the following questionnaire at our request:

"Assuming that you are faced with the absolute necessity of reducing your section staff by one-third now, which employees on your existing staff would you choose to eliminate? After first determining mentally those to be eliminated, please list your entire staff in the order of their length of service (the number of years served in a government agency) and mark in red those you have mentally determined to be eliminated. Please form the employees to be eliminated in three groups, grades 10 to 8, grades 7 to 5, and grades 4 to 1, and consider that 30% is to be eliminated in each group. Also, please describe the policies you have followed in making the selections."

The results obtained by the above method are given in the annexe.

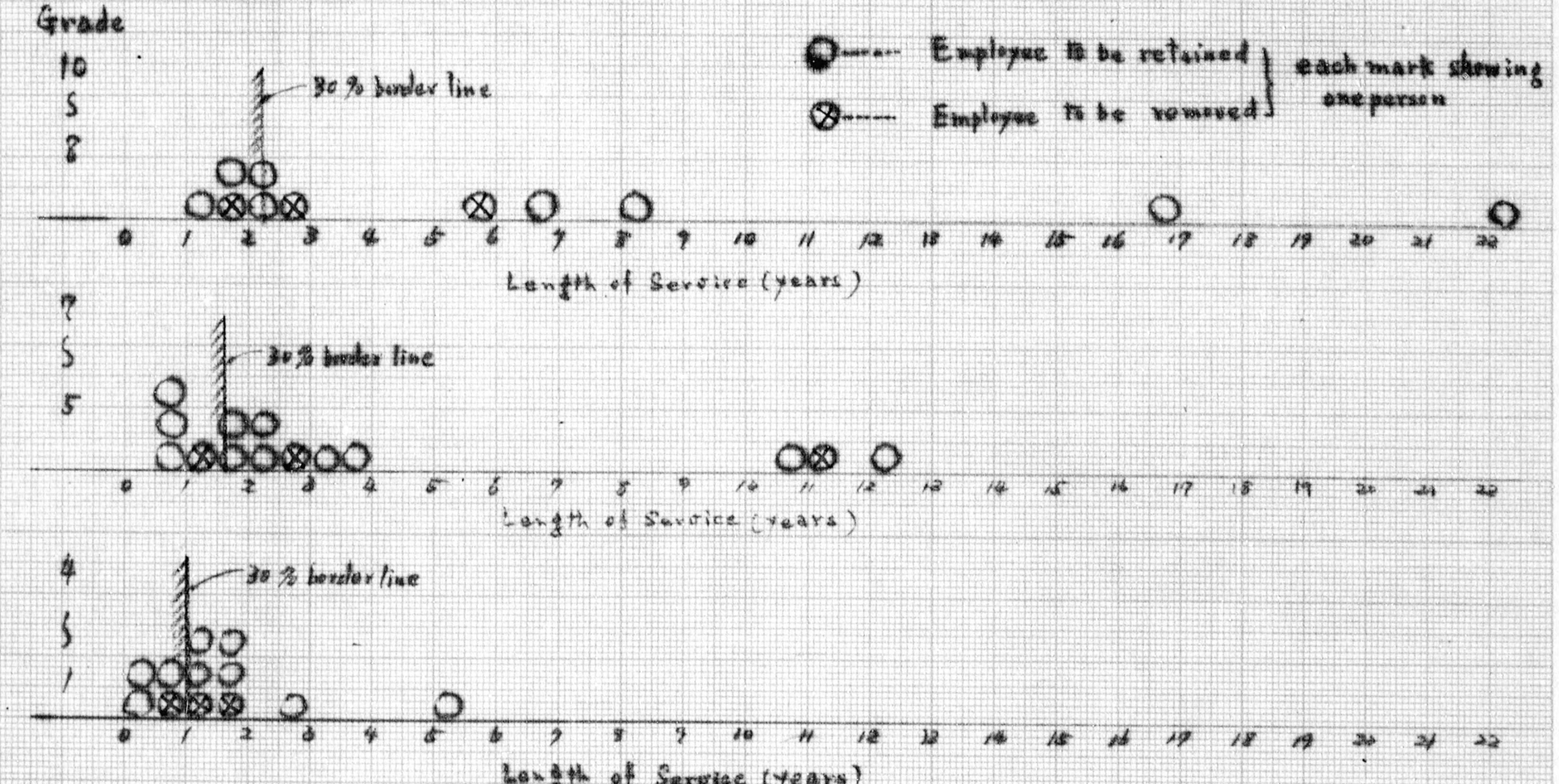
Yamashita Okiie

Commissioner
of
National Personnel Authority

11A

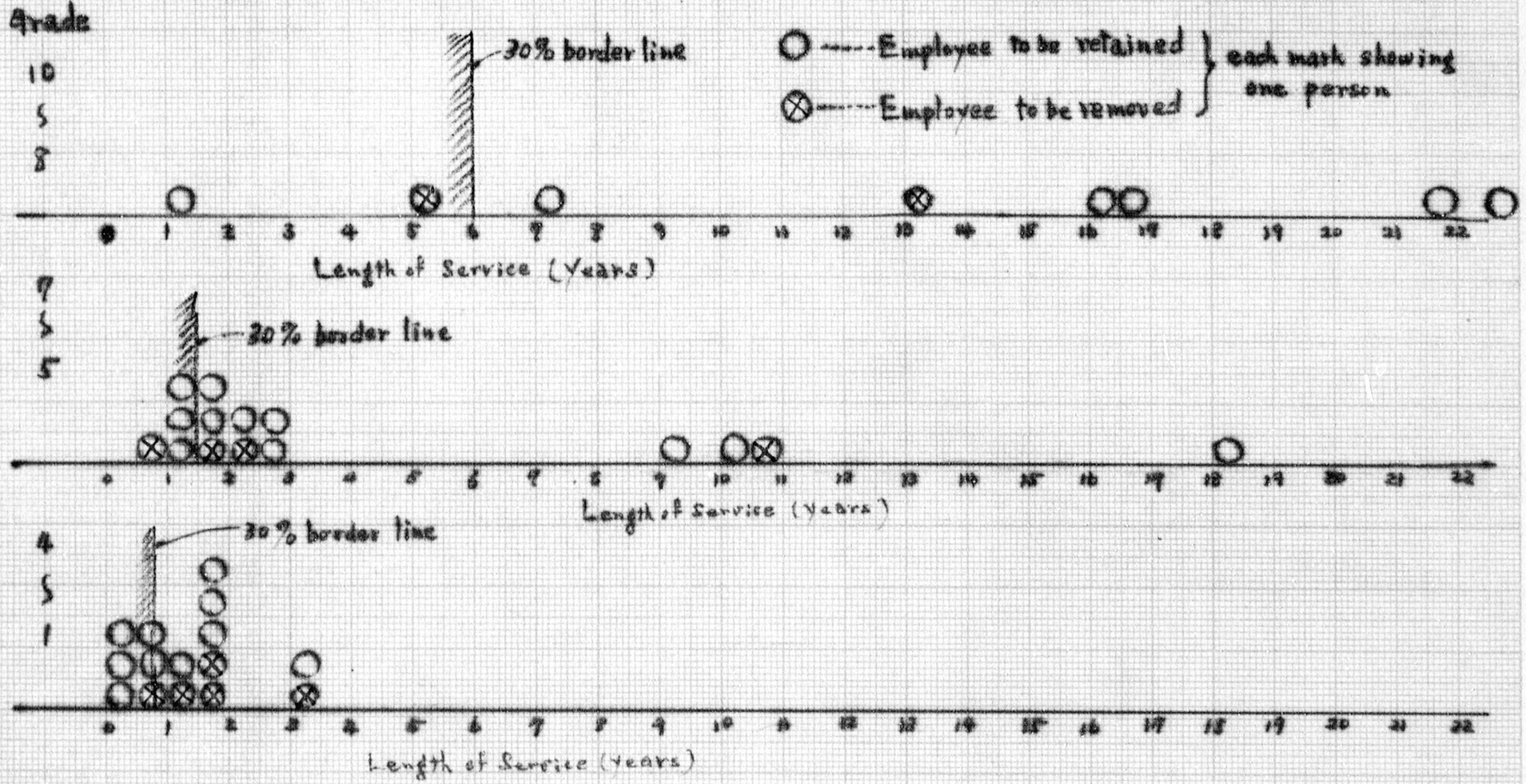
to Mr. M. Shirai

A Section in Labor Administration Bureau



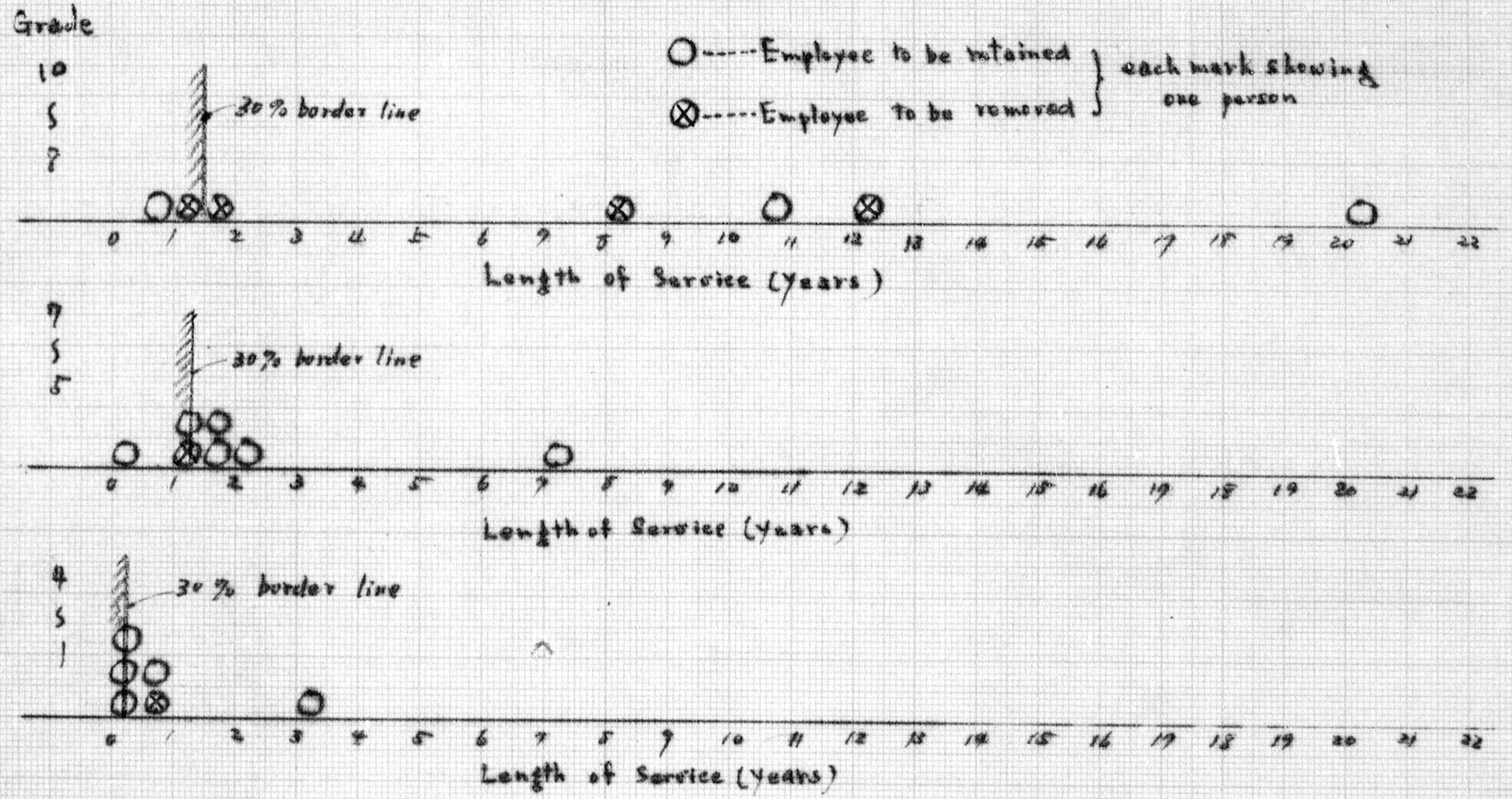
Section Chief's Remarks; This method of reduction of force has been aimed at not to reduce the efficiency of the section as far as possible.

A Section in Employment Security Bureau



Section Chief's Remarks; This method of reduction of force has been ~~abused~~ at not to reduce the efficiency of the section as far as possible.

A Section in Women and Minor Bureau



Section Chief's Remarks; This method of reduction of force has been aimed at not to reduce the efficiency of the section as far as possible. It is my belief that equal reduction of 30% from each group of grades will not give a good result, so such a method could not be accepted

CS 100

CIVIL SERVICE DIVISION
Government Section

To: Mr Dorn

From: Rowen ← I have a copy 3/14/49
Rec'd from Yamashita 4/20/49

Date: 4/15/49

National Personnel Authority

April 15, 1949

To:

Mr. Blaine Hoover,

Chief of Civil Service Division,

Government Section, GHQ, SCAP

In my private letter of the 8th instant addressed to your goodself I dwelt in some detail on the question of "length of service" and "criteria for reduction in force," but as I did not then fully state my views and left some points without being thoroughly explained, I would like to take up again the following points in this letter.

1. <u>The relationship between "length of service" and "service efficiency of the employee" varies according to type of duties</u>.

If an employee has been at any given work for a long time, his efficiency is gradually heightened as a natural result of constant practice. However, the speed of increase varies according to type of work. Some type of work requires only a short period to attain full efficiency, while another requires a much longer period to do so. And, furthermore, the condition under which efficiency lowers due to old age, too, is not necessarily the same. Since a relative curve of "length of service" and "efficiency" takes, as stated above, a variety of forms according to type of work as shown in the Chart No. 1, and in case the "length of service" is to be used as a criterion for administrative readjustment, a clear-cut classification of position should first of all be made, after which a relative curve "length of service" and "efficiency" for each type of work should be studied, and, finally, retention credits should be determined in proportion to efficiency. It must be said, however, quite impossible to prepare so hastily such a relative curve for

each type of work at the present juncture, when even a classification of positions under a position classification plan has not yet been established.

2. The relationship between "length of service" and "service efficiency" is also different according to the carrer of employees.

Even in case the occupations are of the same type, the relationship between the above two factors varies by difference in educational background, etc. of employees. For example, in case a university graduate and a middle school graduate are serving in the same occupation, it is recognized that there is a tendency that the former is, generally speaking, much quicker in mastering the work.

3. The treatment of length of service calls for careful study.

As stated above, since the question of what relationship exists "between length of service" and "service efficiency" is very important in personnel administration, I think that the National Personnel Authority should keep on studying it thoroughly and concretely hereafter for a number of years. In the absence of these data, if it dares to establish such criterion at random and apply it to an administrative readjustment, the result would of necessity be very unfair to many of the employees, and the National Personnel Authority would expose itself to the charge of acting very unscientifically, thereby inviting criticisms and attacks from the general public.

And since these attacks, it must be noted, are not mere abstract criticisms but are those based on what has actually appeared as the result, the National Personnel Authority should be fully prepared to fall into a more difficult position.

4. <u>Even in the way of considering length of service, there are still some questions.</u>

Further, to say "length of service" in short is a simple matter, but there seems to be a variety of problems as to the basis on which the number of years served should be computed, When speaking of the length of service, there would be room for discussion as to whether it is rational to consider only the period during which an employee has served in the duties similar to, or at least related or associated with his current duties or to consider the whole period during which he has been a public employee regardless of the kind of duties served. Again, there are, on the other hand, also cases where prominent experts of private industry have been recruited to fill fairly high level positions in the middle of their carrer. Such cases have been particularly on the increase after the war's end because of the democratization of Government agencies or because of the necessity for new functions. If in these cases only the period during which the experts have served as public employees is taken as the basis, then almost all of such able experts newly recruited from private industry would be excluded from consideration.

However, if we decide to take their carrer in private industry into consideration, we would still be faced with a variety of problems as to how the years served in private industry should be computed.

5. <u>We are to conduct surveys to find out actual state of affairs.</u>

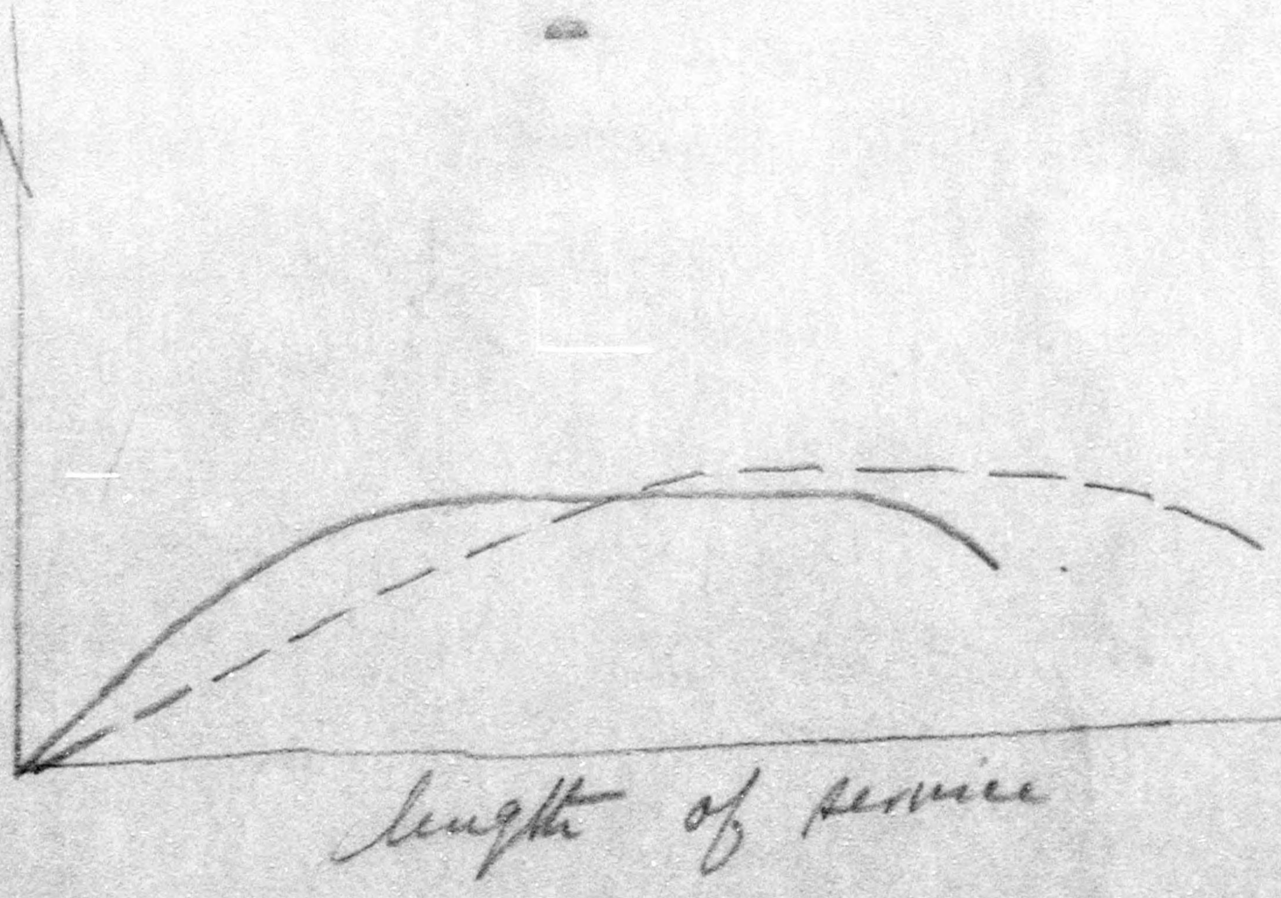
Then, assuming that an administrative readjustment had been enforced simply with the length of service as a criterion without considering any differences in occupations or careers, how irrational would have been the result? We have not sufficient time to make minute studies in this respect, but it is contemplated to conduct some surveys by way of trial on the actual conditions of two or three sections, and I think the result

can be submitted to you in a few days.

In the meantime, I think that the National Personnel Authority can by no means continue to remain silent on the problem of an administrative readjustment. Accordingly, I have the intention to show you in writing within a few days my own plan by which the National Personnel Authority is to publicly announce its convictions on the matter.

Yamashita Okiie

Commissioner
of
National Personnel Authority



19 Apr '49

CIVIL SERVICE DIVISION
Government Section

11 April 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Reduction in Force

This afternoon I conferred at length with the three members of NPA on the reduction-in-force program pursuant to the decisions made at the last conference between you and the NPA.

I requested the NPA to prepare a draft of a rule on the assumption that NPA would participate in the reduction in force to the extent of prescribing procedures. I explained that this assumption did not mean that a decision had been made as to the role of the NPA, but rather that it was necessary to be prepared in case it was decided that NPA should assume responsibility. This approach failed to impress the members of the commission and no rule is forthcoming, or will be forthcoming until a decision on policy is made.

Dr. Asai, speaking for the commission, asserted that there is no need for haste in this matter since in his view it will be some time before a reduction-in-force program is actually effected. He further stated that the resignations from the railway enterprise (which I learned have now reached 12,000) are due solely to a desire to cash in on the present high rate of separation allowances and that nothing the NPA could do would have any effect on these resignations so long as the present separation allowance regulations remain in effect. He pointed out, and of course I agreed with him, that policy with regard to separation allowances is not the responsibility of NPA.

Objections to action by the NPA were raised on several grounds:

a. Dr. Asai now asserts that Article 78 of the NPSL is not applicable to a reduction in force on the ground that large scale dismissals of government personnel were not contemplated at the time the NPSL was drafted. He will prepare a legal brief on this matter. This opinion, of course, is a reversal of the opinion which he gave us at the last conference on the subject and represents a reversion to his initial stand. His legal arguments seem to me to be entirely without foundation in view of the clear language of Article 78. However, he appears to be relying upon the circumstances attendant upon the passage of the law rather than upon the language of the law for his interpretation.

b. It is asserted that participation in the reduction-in-force program to the extent of establishing procedures would result in irreparable loss of prestige for the NPA, and in fact might lead to its abolition. This view is based upon the belief that the Cabinet and other agencies concerned will place entire responsibility for the program upon NPA. It is further

pointed out that at the present time in view of the general inadequacy of records and the absence of a classification system, any reduction-in-force program will necessarily rest upon a somewhat unscientific basis and that consequently it will not be difficult to find examples in which the application of the procedures has produced absurdities.

c. It is asserted that NPA participation in the program will necessarily result in an administrative burden which the NPA is not prepared to shoulder. This burden arises from the provisions of Article 89 concerning right to appeal from disadvantageous actions.

It is the view of the NPA as expressed by Dr. Asai that the general procedures covering present reduction in force should be established by a special law to be proposed by the Cabinet and presumably to be prepared by the Administrative Management Agency. This law would be of a very general nature and would authorize the various agencies to carry out the reduction in force under their own procedures. It would further be necessary in order to relieve the NPA of the potential administrative burden to provide that Article 89 and related articles of the NPSL should not apply in case of dismissals in connection with reduction in force. If such a special law were passed the details of procedure would then be worked out by the Vice Ministers' Conference in an informal way and would be applied by each agency acting independently.

Since it was obviously impossible to arrive at a policy decision in this matter, our conference was concluded with an understanding that Dr. Asai will present his legal brief within two or three days and that I will attempt to arrange a conference between you and the NPA toward the end of this week.

Maynard Shirven

MAYNARD SHIRVEN
Chief, Examination Branch

MS:jd

)Mrs. Hoover
An extra copy is attached; if your Chief Capt Diamond should receive a copy. MS.

CIVIL SERVICE DIVISION
Government Section

March 30, 1949

MEMORANDUM FOR: The Record

SUBJECT : Telephone Conversation with Administrative Management Agency regarding Reduction in Force Procedures

1. Mr. Nagawa of the Administrative Management Agency phoned this afternoon for an appointment with me to discuss procedures to implement reduction in force. He was informed that this office was not in a position to discuss this matter at this time, therefore, there was no basis upon which such a discussion could take place.

2. Mr. Nagawa asked whether legislation might be needed to implement such RIF procedures. He felt that the NPSL was sufficiently explicit and required NPA to provide such RIF procedures. I told him that appeared to be a correct interpretation. He stated that NPA had been questioned but still had not issued any such rules. I told him that in view of the Law, unfortunately the government would have to await action by NPA. However, until some definite reduction program and policy had been established by the government and the Administrative Management Agency, there seemed to be no rush in respect to need for action by NPA.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr

Red - Price

~~Mr. Wheeler~~
File

CIVIL SERVICE DIVISION
Government Section

March 10, 1949

WPR
3/11/49

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Application of Article No. 78 of NPSL to Reduction in Force.

1. Pursuant to our discussion recently concerning Dr. Asai's interpretation of Article 78 of NPSL, the following news dispatches are quoted for your information.

KYODO
Domestic News Service
February 25, 1949

"For effectively carrying out proposed governmental administrative readjustment, some quarters believe that the Government may present a special administrative readjustment bill to the Diet for approval.

"While some Government ministers contend that Article 78 of the National Public Service Law can be applied for enforcing personnel readjustment, others are reported to feel that this stipulation should not be used as a basis and an entirely separate law should be passed to effect such readjustment.

"Advocates of the latter step favor a special administrative readjustment law containing the following specific features:

1) Right to reduce personnel in excess of the fixed number should not necessitate special reasons for such enforcement.
2) Employees subject to discharge should be allowed to remain at their jobs for some time.
3) Provisions should be made for granting retirement and transfer allowances to those affected by administrative readjustment."

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KYODO
Domestic News Service
February 26, 1949

"The National Personnel Authority will not intervene in the Government's planned large-scale administrative readjustment program by additionally providing stipulations to govern cases of discharges not specifically falling within Article 78 of tne National Public Service Law.

"This assurance is understood to have been conveyed to Chief Cabinet Secretary Kaneshichi Masuda yesterday by Kiyoshi Asai, NPA chairman, after the latter earlier in the day consulted Blaine Hoover, Chief of SCAP's Civil Service Division.

"In Asai's meeting with Hoover, it is understood that a clarification was made that the National Personnel Authority should not be concerned with planned administrative readjustment as this is slated to be carried out as one of the principal policies of the Yoshida Government.

"Hitherto, there had been some divergence of view between members of the NPA and the Government as to the interpretation of Article 78 of the National Public Service Law relative to planned administrative readjustment.

"NPA officials had tended to hold the view that the application of Article 78 in the planned administrative readjustment was improper as its need has arisen from the special circumstance of an expansion in government administrative setup since the end of the war.

"On the other hand, the Government has contended that it was feasible to carry out such readjustment on the basis of Article 78."

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JI JI
Home News Service
February 27, 1949

"Retracting his statement Friday that no specific legislation would be needed to provide the legal basis for implementation of the administrative reorganization program, Chief Cabinet Secretary Kaneshichi Masuda told reporters Saturday that opinion was gaining ground within the Government that a law should be enacted for this purpose.

"He declared that the administrative reorganization program concerned all Government and public offices and therefore needed specific legislation to legally endorse it, whereas Article 78 of the National Public Service Law concerned only one section or division or a single member of the public service personnel.

"Mr. Masuda indicated that the Government would complete a bill for this purpose by the end of March, at the latest along with the bills for reorganizing the various Ministries.

"The bill, he said, will provide for the time of reorganization, retirement allowances and methods of reorganization and determine the Government offices to be reorganized.

"Mr. Masuda said that the bill might provide for a certain standard by which whether or not a Government agency should be reorganized."

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KYODO
Domestic News Service
February 27, 1949

"A special law bill for contemplated administrative readjustment will be submitted to the Diet by the Government, declared Chief Cabinet Secretary Kaneshichi Masuda yesterday.

"He told a press conference that such a law is necessary because Article 78 of the National Public Service Law provides specific conditions for the demotion and discharge of civil service personnel against their will.

"The bill will spell out when the administrative readjustment begins and end, how it should be carried out, how much retirement allowances should be given to the dismissed and other minor details."

2. From these dispatches, it does not appear that Dr. Asai stated his views to the press, but it is clear that he either expressed or is alleged to have expressed an official opinion of the NPA to the Chief Cabinet Secretary. I have not asked Dr. Asai himself about this matter, but certain other inquiries indicate that he probably did express the opinion attributed to him.

Maynard Shirven

MAYNARD SHIRVEN
Chief, Examination Branch

MS:vr

CIVIL SERVICE DIVISION
Government Section

7 March 1949

MEMORANDUM FOR: The Record

SUBJECT : Reduction in Staff

1. On 4 March, 1949, conference was held at the Public Finance Branch, ESS, attended by the following personnel: Mr. E. M. Reed, Chief of the Public Finance Branch, Mr. E. C. Hutchinson, Assistant Chief of the Finance Branch, Mr. Nakagawa and Mr. Fukuda of the Administrative Management Agency and Mr. Watanabe, Chief of the Secretariat of the Ministry of Finance, and the writer. The purpose of the conference was to clarify the status of the reduction in force program proposed by the Cabinet.

2. Mr. Reed pointed out forcefully that the timely accomplishment of the proposed program was essential to the attainment of the economic objectives recently announced by SCAP and that the Dodge Mission currently studying the economic program was prepared to insist on action which would bring results. It was proposed to accomplish the necessary reduction through budgetary action, it being understood that the interest of the Public Finance Branch lies entirely in the fiscal aspects of the program and that the determination of where the cuts should be made and what procedures for accomplishing the cuts will be left to other agencies. should be utilized

3. At the insistence of the Public Finance Branch supported by the writer the following tentative schedule was determined:

1 April	All positions vacant as of 31 December, 1948, will be abolished, except in the case of certain new agencies not yet fully staffed.
1 June	The ceiling established as of 1 April will be accomplished, including the separation of any personnel in excess of that ceiling.
1 June	New ceilings will be established for each agency (presumably by the Administrative Management Agency) perhaps by means of a statute).
30 June	One-third of the separation notices necessary to reach the new ceilings will be issued. These notices will provide for separation after 30 days.
31 July	An additional one-third of the necessary separation notices will be issued.

31 August — The final one-third of the necessary separation notices will be issued.

1 October — The ceilings established as of 1 June will be achieved.

4. Special provision is made for the reduction in force in the railway enterprise. A total reduction of 120,000 employees is projected. Of this number 80,000 will be separated by June 30 and the remaining 40,000 by September 30. It is understood that this project has already been cleared with the Civil Transportation Section and the Ministry of Transportation.

5. Certain specific cuts will be included in the budget to be submitted to the Diet this month and separation notices necessary to accomplish these cuts will be given no later than 31 May. These specific cuts include the agencies to be abolished and certain others.

6. In the case of reductions not covered by specific cuts but to be determined at a later date it is proposed that after the separation of employees, funds for their salaries will be impounded by the Budget Bureau and will be held as a reserve. This will prevent the payment of salaries or other expenses out of funds available for vacant positions

7. It was stated, incidentally, in the course of this conference, that the courts and procurators offices have a very large proportion of vacancies but that there has been no lapse of appropriations for salaries up to the present time. This situation may possibly merit investigation.

Maynard N. Shirven

MAYNARD N. SHIRVEN,
Acting Chief, Examination Branch.

MNS:mvb

Note: It was specifically stated at this conference that NPA had no responsibility for this program, except possibly from a procedural aspect after the policy decisions have been taken by the Cabinet.

Mnf 3/8/49

CIVIL SERVICE DIVISION
Government Section

4 March 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Reduction in Size of Government

A conference was held this afternoon among Mr. Onogi, Mr. Nakagawa, two staff members of the Administrative Management Agency and Mr. Salter. It was stated that in a Cabinet conference today a decision was made to established a headquarters committee in the Cabinet to handle policy and coordination required to effect a reduction in the structure and size of the government. The chairman of this committee is Mr. Honda, State Minister and Chief of the Administrative Management Agency. There are two vice-chairmen, Mr. Onogi of the Administrative Management Agency and Mr. Kori, Deputy Chief Cabinet Secretariat. In addition 15 members are to be selected from ministries and agencies having a specific interest in this program. It was desired to include NPA as one of the members. The functions in general will be to determine how many personnel should be reduced in the respective ministries; what the separation allowances might be; what sort of unemployment adjustments and programs might be made and developed; etc.

It is proposed that this reduction in staff be completed during the period from June through October 1949. In discussion with ESS Finance, the following pattern was considered:

1. Vacancies

   All vacancies as of December 31, 1948, regardless of whether they have been filled subsequently, shall be dropped and eliminated by May 31, 1949

2. Organization reductions

   Budget cuts affecting bureaus should be effected by July 1, 1949

3. Personnel reductions

   Necessary cuts required by budget reductions would be made after July 1, 1949:

   a. One-third to be completed by August 1, 1949
   b. One-third to be completed by September 1, 1949
   c. One-third to be completed by October 1, 1949

In the brief discussion on the point as to whether NPA should participate in a committee of this kind it was indicated that some of the items that

might be considered by this committee perhaps were matters that by legislation were the direct responsibility of NPA and not matters for deliberation by such a committee. Under such circumstances it was not likely that NPA need be a party to such a committee. The action required to reduce the size and structure of the government and the follow through on such a matter is the direct responsibility of the Prime Minister and Cabinet. NPA only provides certain procedural operations relative to the selection of personnel. If separation pay were considered a part of compensation then such a pay or allowance would be a matter for determination by NPA also and not subject to deliberations by the committee.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

23-726 49

CIVIL SERVICE DIVISION
Government Section

15 February 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief, Civil Service Division

SUBJECT : Reduction in Force

The establishment of reduction in force procedures involves essentially two problems: (a) the determination of areas of competition, and (b) the establishment of retention lists.

In the determination of areas of competition three problems must be solved: (a) the determination of organizational areas, (b) the determination of geographical areas, and (c) the determination of occupational areas. It is expected that the determination of organizational areas will present few problems since it seems likely that the bureaus or sections can be used for this purpose. The determination of geographical areas of competition is likewise a comparatively simple matter. The determination of occupational areas, however, presents considerable difficulty in the absence of a classification plan. I think that we shall be able, however, to identify certain broad occupational areas by "rule of thumb" methods. In addition we must determine grade levels for competitive purposes and must decide whether employees shall be permitted to accept reduction in grade in lieu of separation.

The method of establishing retention lists will apparently be rather simple in the absence of an established efficiency rating system and in view of the fact that you do not wish to use tests for any part of this program. We shall of course establish a system of seniority credits and shall presumably give extra credits for good records of attendance and punctuality.

It is proposed that each agency will be made responsible for the establishment of areas of competition within its own jurisdiction, subject to the standards established by the NPA, and that each agency will likewise establish its own retention lists, subject to review by the NPA. It is also proposed that the NPA will accept appeals from any employee who feels that his rights have been violated.

I think that the NPA should adopt a rather general rule on the subject of staff reduction and should implement that rule by detailed regulations at a later date. The following rule is proposed: "In the event of staff reduction, separations of employees shall be made in accordance with procedures established by the NPA and subject to review by the NPA. Separated employees shall be notified in writing in advance of separation and have the right to appeal to the NPA on all questions of procedure." This rule has not been discussed with the NPA and consequently is not submitted for approval at this time.

Maynard Shirven

MAYNARD SHIRVEN
Acting Chief, Examination Branch

MS:jd
2/17/49 - Discussed with MacCoy, Sadler, Shirven. Shirven will have adequate rule for consideration 2/23

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~~1 F 26 49~~
8 F 26 49

Government Section
Civil Service Division

11 January 1949

MEMORANDUM FOR: Mr. Maynard Shirven
Acting Chief, Examination Branch

SUBJECT : Reduction in Force Procedure

Replying to your inquiry of 11 January 1949:

1. Please proceed with the preparation of a draft of a reduction in force procedure for consideration by this office.

2. Accomplish this with as little fanfare as possible. Discussion of reduction of force procedures spreads rapidly and in general does not improve the morale of staff.

BH:mta

BLAINE HOOVER
Chief, Civil Service Division

2-1-49 Discussed with Mr Shirven. Progress - but slow

CIVIL SERVICE DIVISION
Government Section

11 January 1949

MEMORANDUM FOR: Mr. Blaine Hoover, Chief,
Civil Service Division

SUBJECT : Reduction-in-Force Procedures

1. In connection with the forthcoming reduction in personnel of the Japanese Government, it will be necessary to have rather carefully thought-out procedures for reduction in force, in order to protect both the Government and the individual employees. Such procedures must provide for separations on an equitable basis, and must also insure in so far as possible that essential or desirable operations are not crippled.

2. Since the Transactions Section of the Recruitment Bureau will be responsible for personnel actions, it is assumed that the program will be carried out by the Recruitment Bureau of the NPA. Accordingly, permission is sought to undertake the preparation of a draft of a reduction-in-force procedures, in conjunction with that Bureau. Such procedures will be applicable to whatever reduction-in-force program is finally adopted.

Maynard N. Shirven

MAYNARD N. SHIRVEN
Examination Specialist

MNS:rp

ITEM 2 HISTORY OF ADMINISTRATIVE READJUSTMENTS

SHAKAI HYORON (monthly magazine)Jun 49 - FUKUZAWA Yukichi (Famous educator and founder of KEIO University - Translator) once frightened a wayward child by telling him that he would become a government official unless he mended his ways. It is indeed true, that our government officials tend to be unattractive. Therefore, it is natural that people should be overjoyed to hear that 20 or 30 percent of them will be dismissed to decrease their burden at the same time raise the efficiency in government and public offices. But we have heard that term "administrative readjustment" several times before. Yes, TOJO used it most cleverly, much to our later sorrow. KONOYE had another expression--"the reformation and reorganization of the government structures." The words, "administrative readjustment" have been used as far back as the Kato (Tomosaburo) Cabinet, but the anticipated results have never been achieved. Meanwhile the number of government offices and officials had increased. Not once since the beginning of the Tenno system was the people's burden been lightened. Instead, every time the cry for "administrative readjustments", "retrenchments" or "sound finance" has been raised, the people's sufferings have increased.

One of the most famous "administrative readjustments," was the one carried out by the Kato Cabinet in 1922, as a result of the signing of the Five-Power Naval Disarmament Treaty. On the surface, this government appeared to have taken drastic action: It suspended the construction of an eight battleship-eight cruiser fleet, sliced 131,000,000 yen from the army and navy expenditures, dismissed 39,000 officials and 20,000 workers from the arsenals, and reduced personnel and supplies expenditure by 67,000,000 yen. However--and every action by government officials is followed by a "however"--there were numerous other items such as "appropriation for new arms," "expenditures to construct supplementary naval vessels", etc. Ministries other than those of the army and navy listed many expenditures which were of a military nature. Two such examples were the 100,000,000 yen appropriations for radio and telegraph facilities for the Communications Ministry, and the subsidy to the Governor-General's Office for KOREA. The net result was that expenditures, instead of being reduced, were increased by more than 100,000,000 yen for the 1922 fiscal year. The burden and hardship on the people only increased, while a privileged few grew more wealthy. The date of redemption of government bonds was advanced, and public works were started with the money saved as the result of "administrative readjustments" which assured the big bourgeoisie of lucrative profits.

One distinctive feature of this large-scale readjustment was the fact that the police were not affected. Not only that, the appropriation for the special police was increased. "Administrative readjustment" and disarmament were only camouflage for measures to modernize the army and naval equipment, and to guarantee profits for the big bourgeoisie through the dismissal of workers and reduction of working wages. In answer to the opposition put up by the people, appropriations were made to increase the police force and to build prisons.

Another famous "administrative readjustment" was the one carried out by the Hamaguchi and Wakatsuki Cabinets between July 1929 and December 1931, when "readjustment and retrenchment" and "rationalization of industry" reduced the income of the workers and farmers to such a degree that rice dropped to 14 yen a KOKU (4.9629 bu.). The flood of unemployed reached 3 million in 1930, leaving a wake of crime, prostitution, family suicides, etc, unparalleled in our history. Small and medium enterprises failed one after another. On the other side of the picture, industries vital to our national economy, such as coal, iron, electricity, cement, chemical fertilizers, rayon, cotton spinning, sugar and fishing were monopolized by a handful of ZAIBATSU such as the MITSUI, MITSUBISHI, SUMITOMO,

YASUDA, FURUKAWA, KUHARA, etc. Monopoly capitalists succeeded in pushing through the Key Industries Control Law, which enabled them to strengthen their control over Japanese economy with the support of government authority.

As a part of the "administrative adjustment" in October 1929, an ordinance was promulgated stipulating a 10 per cent reduction in the pay of officials and military personnel receiving more than 100 yen a month. Procurators and judges were the first to rise in protest that this was unconstitutional, despite the fact that they were not greatly affected at a time when rice cost only about 20 sen a SHO (TN one SHO = 1.588 qt). They resorted to such tactics as "wild cat" strikes, job desertions, and the general strike. As a result, this ordinance was recalled. The Government then began to dismiss workers and lower their wages to a point where their very livelihood was menaced; but when the workers united and fought, procurators cried out: "Communists!" "Reds!" "Destroyers of national polity!" "Un-Japanese activities!" and imprisoned or tortured them. As for military men who resented the reduction in their pay, according to the "KODO Diary" (which relates a conversation between KODO, KONOYE, and Colonel NAGATA Tetsuzan (TOJO'S OYABUN, and a fascist)), this became one of the important factors which influenced them towards fascism.

The Yoshida Cabinet is said to be planning an administrative readjustment. It is only too obvious that the more drastic it is, the more the number of high officials and administrative expenditures will increase while only the workers of government enterprises will be dismissed, and their wages reduced; and the number of police to suppress "un-Japanese activities" will be increased. If the Government truly contemplates readjustments, it can discard the "symbol" (Emperor as symbol of state—Translator) which costs us 20,000,000 yen annually, get rid of Ministers of State who have no ministry under them to supervise; abolish the undemocratic organ called the Cabinet's Paper Allocation Board; and dispose of YOSHIDA himself. This will surely be cheered by the people.

Government Section
Civil Service Division

11 January 1949

MEMORANDUM FOR: Mr. Maynard Shirven
Acting Chief, Examination Branch

SUBJECT : Reduction in Force Procedure

Replying to your inquiry of 11 January 1949:

1. Please proceed with the preparation of a draft of a reduction in force procedure for consideration by this office.

2. Accomplish this with as little fanfare as possible. Discussion of reduction of force procedures spreads rapidly and in general does not improve the morale of staff.

Blaine Hoover

BH:mta

BLAINE HOOVER
Chief, Civil Service Division

GOVERNMENT SECTION
CIVIL SERVICE DIVISION

file

5 January 1949

MEMORANDUM FOR : Mr. Blaine Hoover
Chief, Civil Service Division

SUBJECT : Reduction in Force -- Japanese Government.

At 1120 hours on 5 January, Miss Weed of CI&E called relative to the story in this morning's Nippon Times which indicated that the Cabinet had decided to establish a special committee, reporting directly to the Prime Minister, to handle the matter of government reform and reduction of personnel of the government population.

Miss Weed was particularly interested, and somewhat worried, concerning the reduction in personnel since she was afraid that in any such reduction, the Japanese might attempt to eliminate a major percentage of women than they would of men if they were not given some guidance and their activities watched.

She suggested that in any committee established, either at the national level or at local levels, that leaders selected from the women's ranks should be appointed as members of such committee. She felt that this would serve two purposes:

1. Assure that the committee did not go too far in eliminating women generally from the government service, and

2. That it might take a certain amount of criticism off of any action the committee might take relative to women if one or more members of the committee making the decision were women.

She pointed out that if any unfairness was practiced in this matter concerning women in government employment, that the Communist Party would be very quick to pick the matter up and capitalize on it.

I thanked Miss Weed for her suggestions and pointed out that I was a little surprised concerning the newspaper article, since the Prime Minister's office already had the Administrative Management Agency, under Minister of State Iwamoto, charged with exactly these duties and therefore I failed to see the need for any such committee.

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I appreciate Miss Weed's interest in calling this matter to our attention and told her that we might call upon her for assistance in handling the women's end of the problem if it appeared that the Japanese government was going to practice any ~~interference~~ unfairness towards the women in government service.

This is merely for your information with the thought that it might be wise to drop a word of warning in Mr. Sato's (Cabinet Secretariat) ear.

W. Pierce MacCoy

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM/hm

CIVIL SERVICE DIVISION
Government Section

7 December 1948

MEMORANDUM FOR: The Record

SUBJECT : Ceiling Control

1. Mr. Nakagawa of the Administrative Management Agency submitted this morning the draft of a bill "establishing ceiling control over the "fixed number of positions" for all employees in the government. This bill is being sponsored by the Administrative Management Agency and has been discussed thoroughly by all ministries. It will go before the Cabinet today and it is expected, will be submitted to the Diet tomorrow.

2. The bill does not go as far as was originally intended, namely, establishing ceiling controls over current employment and not over current authorized employment. The effective date of the bill will be January 1, 1949. In the interim period the Administrative Management Agency will make every effort to discourage any expansion by cabinet order of the fixed number of positions.

3. Two points were discussed which had not been included in the bill:

a. A statement of purpose should be contained in Article 1 which would set forth the principle that this bill was to stop the expansion of agencies and to encourage their reduction in staff size,

b. No provision is made for requiring elementary periodic reporting on the actual employment by agencies. Such reporting should be required by law once a month.

4. A proper statement of purpose in this law may be used advantageously in the development of a promotional program which will exert to a certain extent ceiling control and the establishment of fairly rigid controls with respect to temporary employment.

MACDONALD SALTER,
Chief, Classification-Compensation Branch.

MS:mvb
cc: MacCoy
Peterson
Marsh
Capt Diamantes