THE
NATIONAL ARCHIVES
OF THE
UNITED STATES

GHQ/SCAP Records(RG 331)
Description of contents

(1) Box no. 2042

(2) Folder title/number: (13)
Compenstion Program

(3) Date: Aug. 1958 - July 1950

(4) Subject:

Classification	Type of record
324, 744	e

(5) Item description and comment:

With a List of Papers

(6) Reproduction: (Yes) No

(7) Film no. Sheet no.

File Under _____ Page _____

NO.	FROM	DATE	TO	SYNOPSIS
26.	DeAngelis	Sep 23 '49	Memo for Rec.	Compensation of Labor Relations Committeemen.
27.	DeAngelis	Oct 12 '49	Memo for Rec.	Conference 11 October 1949, Salary & Wage Section, Compensation Division, NPA.
28.	M.Salter	Oct 14 '49	W.P.MacCoy	KOKUTETSU Mediation Committee Report
29.	DeAngelis	Oct 18 '49	Memo for Rec.	Conference 18 October 1949, Salary and Wage Section, Compensation Division, NPA
30.	NPA	Nov 15 '49	CSD	Report on Discussions at Civil Service Commission of House of Councillors
31.	W.P.MacCoy	Feb 7 '50	Dr.Asai,NPA	Fixed number of salary grade
32.	M.Salter	Feb 8 '50	W.P.MacCoy	Restrictive Clause in 1950-51 Budget Negating Operations of NPA
33.	Hayashi	Nov 18 '49	M.Salter	Pay Base Revision (press translation)
34.	Domanowski	Feb 10 '50	Memo for Rec.	Conference with Legal Section
35.	Legislation & Opinion Assistant to Attny Gen.	Feb 17 '50	CSD	Legality of Article 11 of General Provisions of Budget for 1950-51 Fiscal Year: Comments thereon.
36.	M.Salter	Feb 23 '50	Memo for Rec.	Article 11, 1950-51 Budget
37.	M.Salter	Feb 27 '50	Memo for Rec.	Compensation of Employees Assigned to Japanese Overseas Agencies
38.	DeAngelis	May 29 '50	M.Salter	Compensation Research & Compensation Administration Projects
39.	M.Salter	Jul 6 '50	Memo for Rec.	Pay Increase for Government Employees
40.	M.Salter	Jul 12 '50	M.Shirven	Basic Decision for Compensation Administration

File Under _____ Page _____

NO.	FROM	DATE	TO	SYNOPSIS
1.	J.B.Bettis	Aug 6 '48	M.Salter	Conference in Regard to Dates of Payment of Japanese Personnel
2.	M.Salter	Sep 15 '48	Memo-Compensation Study Staff	Reports on Compensation Study-Deadline 24 Sep 48
3.	M.Salter	Nov 9 '48	W.P.MacCoy	Report on Adjustment of Compensation for Government Employees
4.	M.Salter	Nov 29 '48	Memo for Rec.	Discussion concerning Proposed Compensation
5.	M.Salter	Dec 1 '48	J.R.Bell	Organization & Division of Work - Salary and Wage Section
6.	M.Salter	Dec 2 '48	B.Hoover	Compensation Recommendations
7.	M.Salter	Dec 6 '48	B.Hoover	Computation by Ministry of Finance on ¥5330 Base
8.	M.Salter	Dec 7 '48	Memo for Rec.	¥5330 Wage Level
9.	M.Salter	Dec 8 '48	B.Hoover	Comments on "Bill Concerning Salaries and Other Pay of Government Workers from 48 Onwards"
10.	M.Salter	Dec 9 '48	Memo for Rec.	Diet Presentations on Compensation Program
11.	CCS	Jan 18 '49	Govt. Sec.	Inequitable Determination of Proposed Pay of Japanese Employees in same Civil Service Rating in Different Ministries
12.	M.Salter	Mar 30 '49	B.Hoover	Commission of Inquiry
13.	M.Salter	Apr 1 '49	B.Hoover	Commitments by NPA
14.	M.Salter	Apr 8 '49	J.B.Bettis	Final Action on Compensation Matters
15.	M.Salter	Apr 8 '49	G.Peterson	Budget Bill 1949-50
16.	W.P.MacCoy	Apr 12 '49	B.Hoover	Dissolution of Pay Bureau
17.	M.Salter	Apr 13 '49	W.P.MacCoy	Dissolution of Pay Bureau
18.	J.B.Bettis	Apr 13 '49	Memo for Rec.	Science Council of Japan
19.	DeAngelis	Jun 22 '49	Memo for Bettis	Payment of Compensation by Bank Checks
20.	M.Salter	Jun 30 '49	W.P.MacCoy	Organization of Bureau of Compensation
21.	DeAngelis	Jul 7 '49	Memo for Rec.	Conference 5 Jul 49, Salary & Wage Section, Compensation Division, NPA
22.	DeAngelis	Aug 25 '49	Memo for Rec.	Conference 23 Aug 49, Salary and Wage Section, Compensation Division, NPA
23.	T.Eliot	Aug 30 '49	W.P.MacCoy	Salary & Wages Section, NPA Bureau of Compensation
24.	T.Eliot	Sep 2 '49	W.P.MacCoy	Statement by Masuda, Cabinet Chief Secretary, Regarding Pay Base of Government Employees
25.	W.P.MacCoy	Sep 20 '49	M.Salter	Payment of Dismissed Probationary Employees

File
7-12-50

CIVIL SERVICE DIVISION
Government Section

12 July 1950

MEMORANDUM FOR: Mr. Maynard Shirven, Acting Chief, Civil Service Division

SUBJECT: Basic Decision for Compensation Administration

1. A basic understanding and decision concerning administration of compensation must be arrived at between this office and NPA before further satisfactory progress can be made in the installation of position-classification and a pay plan. This is a long overdue action which for the past 18 months has been periodically brought to the attention of this office.

2. It was the original belief when the NPSL was drafted and the operating program initially arranged in 1949 that NPA would classify and allocate all positions throughout the national government regular services. As time progressed this was proved to be an impracticle plan and an adjustment was sought within this office. No decision has been reached and the progress to this date has been on a very tenuous basis. In the past six months no progress has been made pending a final understanding and decision on the administration of compensation. This decision has a direct bearing on the installation and administration of position-classification and a pay plan; has a direct bearing upon training; has a direct bearing on administration ~~ing and organizing a~~ relation with all ministries; and has a direct bearing upon NPA's budget.

3. At the moment the problem appears to revolve about a decision as to whether NPA should delegate authority to classify and allocate positions of an intermediate level to the ministries or whether it should reserve this authority to itself and administer it direct to its regional offices. There seems to be little doubt of NPA's willingness to handle this top level jobs of assistant section chief or its equivalent and above through their Tokyo office. It was generally agreed that delegation of authority to the ministries will be made to cover all lower grade positions, possibly including Craft positions.

4. This matter is urgent and until an adequate understanding, agreement and decision is reached continued delay can be expected in the development of compensation administration as contemplated under the NPSL.

MacDONALD SALTER
Chief, Classification and
Compensation Branch

MM:aa

-40-

1) Shrivastava
2) Files

RESTRICTED

CIVIL SERVICE DIVISION
Government Section

6 July 1950

MEMORANDUM FOR: The Record

SUBJECT : Pay Increase for Government Employees

There appears to be at the moment, three groups plus the Cabinet that have under consideration the question of effecting a pay increase for government employees. They are:

1. The "Compensation Study Committee" of the Liberal Party.

This group is a supporter of a pay increase which they feel should reach about ¥7,500. Since this is not equivalent to NPA's recommendation, they also recommend a year end bonus. This party consists primarily of Diet members from rural districts interested in tax reduction and not in any increase in government expenditure.

2. The "Economic Stabilization Board".

The ESB called a meeting of all personnel directors of government agencies except NPA to discuss the question of a new pay level and the conclusion was that it should be approximately ¥8,500.

3. "Personnel Affairs Committee" of the Lower House.

This Committee is under the Chairman of Mr. Tanaka and Mr. Abe. They are considering the question of an increase in salary of government workers on the basis of a request from "some authoritative higher quarters". Their conclusion is that a figure of approximately ¥8,000 is appropriate.

It appears that Yoshida, through Minister Hirokawa, (Agriculture and Forestry) has approached Dr. Asai on the possibility of NPA's recommendation coming out after a Cabinet meeting to discuss the question of a pay increase. The fear, apparently, was present that NPA's recommendations would be much too high for the government to consider. Upon discovering that general indexes indicated no substantiate increase over ¥7,877. Further "go-between activities" are anticipated. It is hoped that Dr. Asai may be able to get the Cabinet to take action and possibly call upon NPA for its recommendation prior to the meeting of the Diet.

the fear was dispelled

MACDONALD SALTER
Chief, Classification
and Compensation Branch

MS:vr

Files 7-14-50
Bur of Comp
Admin, etc

CIVIL SERVICE DIVISION
Government Section

29 May 1950

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

SUBJECT: Compensation Research and Compensation Administration Projects

1. A conference was held 27 May 1950 with Mr. Takimoto, Compensation Bureau, NPA for the purpose of determining the status of major Compensation Research and Administration projects. Important projects and estimated completion dates are listed below.

a. Pay Plan (April-September 1951)
b. Wage Survey by Occupations, Industry and Government (Waiting for Policy Determination)
c. Overall Benefit Program - Separation Allowance (Sept 30, 1950)
d. Leave Law (Sept 30, 1950)
e. Day Laborers' Law
f. Area Allowance Recommendations (July, 1950)
g. Cold Area and Coal Allowance Recommendations (June 5-15, 1950)
h. Installation of Payroll Audit (July, 1950)
i. Leave Rule for Students Going Abroad to Study.
j. Conversion of Kyu Hon Ko's into NPA Rules (July-Sept, 1950)
k. Compilation of Statistics for Retirement Burea, NPA, on Age and Years of Service of Government Employees (July, 1950)
l. Payroll Procedure and Forms for Overseas Employees.
m. Recommendation of Salary Rates for
Education Public Service Employees
Tax Administration Agency Employees
Public Procurators
Reformatory Employees
Labor Standards Office Employees, etc.
n. Check into Rates of Pay for Auditors and Accounts (Mr. Harrison)

2. Progress is proceeding on all projects except the Pay Plan and related wage survey. On instructions from Mr. MacCoy the test survey of occupations in industry and government scheduled for the early part of May was called off. His opinion was to delay the test survey until Mr. Hoover returned as the chief was studying the problem and would have his own idea on how to tie together the compensation and classification plans.

In line with this reasoning, the public compensation hearings scheduled to be held during the latter part of May were not held.

3. The importance of receiving an early decision cannot be over-emphasized. Seventy-five thousand (75,000) craft positions have already been allocated to classes. By April 1, 1951 all positions (approximately 900,000) will have been allocated. There will be a lag of about three months from the time classification is completed until the pay plan is finalized.

The success of the classification plan will depend to a great extent on the rapidity which the new rates of pay are applied to the allocated positions. Delay in applying the new rates of pay may not only cause employees to lose interest in classification but make NPA a target for political attacks.

The desirability of completing projects c. through m. and delegating additional functions to Regional NPA offices plus the fact that NPA's manpower situation is tight indicate a policy decision should be reached promptly so that the wage survey may commence.

4. In considering the present status of projects it is well to keep in mind that Law No. 95, 1950 expires March 31, 1951. Any further delay in the pay plan may require the establishment of a project to extend and amend Law No. 95 until such time as the pay plan is enacted into law.

Albert R. DeAngelis

ALBERT DeANGELIS
Compensation Specialist

ADeA:aa

Files
3-2-50

CIVIL SERVICE DIVISION
Government Section

27 February 1950

MEMORANDUM FOR: The Record

SUBJECT : Compensation of Employees Assigned to Japanese Overseas Agencies

Telephone conversation was held this afternoon with Mr. Overton of Diplomatic Section, GHQ, SCAP. It was understood that;

1. The memorandum, to the Japanese Government, 9 February 1950 from the Diplomatic Section was an invitation to the Japanese Government to establish in the United States Overseas Agencies. The ~~law~~ memo specifically states the functions of agencies and also specifically states those diplomatic and consular functions that these overseas agencies may not perform.

   The ~~law~~ memo does not set forth any of the administrative details concerning the operation of these offices.

2. ESS,GHQ, SCAP, having control of the funds to be assigned to this project, submitted a detailed proposed budget for these overseas offices. It is found that this estimate is in conflict with many Japanese regulations and perhaps laws. It will have to be revised by the Japanese.

3. Mr. Overton's attention was called to the fact that the National Public Service Law provided for the status of personnel and since those persons of the Japanese government assigned to overseas agencies would be members of the regular service, the Cabinet Order effecting the establishment of these agencies need not mention the question of "status of personnel".

   Secondly, compensation of the regular service is now established under Law No. 46, 1948. This would preclude the ~~possibility~~ use of some of the estimated budget items proposed for personnel assigned to these offices.

An agreement was reached that Mr. Chiba would work with Mr. Sato, Director General of NPA to immediately determine any adjustment necessary ~~in conflicting matters~~ to effectuate this program.

to Law 46

At the same time, the Foreign Office is investigating this particular class of employees assigned overseas. They will also investigate the matter concerning:

(a) government employees who may be assigned as students and reside abroad for some time;
(b) government employees selected to travel for a limited period of time in the United States or other parts of the world.

MACDONALD SALTER
Chief, Classification
and Compensation Branch

MS:vr

Files
Compensation
admin
2-24-50

CIVIL SERVICE DIVISION
Government Section

23 February 1950

MEMORANDUM FOR: The Record

SUBJECT : Article 11, 1950-51 Budget

NPA brought to our attention on 7 February, the wording of Article 11 of the new budget. It is the feeling of the Authority that this could be construed as restricting the activities of NPA with respect to the administration of the control of positions by grades.

The Japanese characters can be interpreted as "prohibitive" or "merely assuring the use of already provided process by law or regulations". The translation given to this office and the official translation given to ESS/Finance are not the same. The Attorney General's office of the Japanese Government feels that this Article will not restrict the duly authorized activities of NPA. It is expected that an official opinion of the Attorney General's office will be requested upon the enactment of this budget law. This opinion will be distributed to all ministries and agencies in order to assure that there is no misunderstanding in this respect.

ESS/Finance is willing to entertain an adjustment or the elimination of the Article should a revision to the budget be proposed during the ensuing fiscal year.

MACDONALD SALTER, Chief
Classification and
Compensation Branch

MS:vr

February 17, 1950

A. Legality of Article 11 of General Provisions of the Budget for 1950-51 fiscal year: Comments thereon.

1. As to the particulars that may be incorporated in the general provisions of the budget, the provision of Article 22 of the Finance Law provides, inter alia, under Item 6 that "matters necessary in connection with the operation of the budget in addition to those mentioned in the preceding numbers" may be incorporated in the general provisions of the budget.

Article 11 of the general provisions of the General Account Budget for 1950-51, which provides that "even within the amount of appropriations it shall not be authorized without the due process of approval to increase the government employees in excess of the regular number of each class and grade prescribed in the Requisitions for Appropriations or to increase their salaries and allowances in excess of that prescribed in the Requisitions for Appropriations", is assumed to have been based on the aforementioned Article of the Finance Law. For this reason, Article 11 in question can not be regarded as illegal.

2. There is only one point that leaves doubt as to the propriety of this article: that is, the fact that the context of the article tacitly admits the validity of the Requisitions of Appropriations as referred to in it, which is not the budget itself, in one degree or another. But, in view of the fact that such Requisitions are submitted under the provision of Item 2 of Article 28 of the Finance Law to the Diet together with the budget for inspection, thus guranteeing the Diet an opportunity of being fully informed of their substance, it would not be out of place for such Requisitions to be referred to in the said article.

3. In short, it must be admitted that Article 11 runs a little bit too far, neverthless, it should not be regarded as illegal nor should it be branded as an extremely inappropriate provision.

B. Relation between the provision of Article 11 of the General Provisions of the Budget for 1950-51 fiscal year and the provisions of the Cabinet Order 401 of 1948.

It should be construed that Article 11 of the General Provision provides that no increase of government employees in excess of the regular number of each class and grade as prescribed in the Requisitions for Appropriations shall be authorized without due process of approval but it should not be construed that such increase is absolutely prohibited. In fact, it is accepted conception in the construction of the Japanese laws and orders to tak the word "midarini" as to mean "without any good cause". Therefore, any alteration or changes based on laws and orders, such as the increase of government employees under the provisions of the Cabinet order 401, should not be regarded as an action taken without any good cause but should be regarded as a dejure action. This is plain enough to admit if you take into consideration of a practical, rational limit for such increase which is laid down in the provision of Article 2 of the Cabinet order 401, that is, "in case the Chief of the Office of the New Pay Administration deems it inadequate for the volume of work actually allotted to each class or grade, etc. ....."

(Based on the opinion of Legislation and Opinion Assistant to the Attorney-General.)

CIVIL SERVICE DIVISON
Government Section

file
Dawson
6/22/50

10 February 1950

MEMORANDUM FOR: The Record

SUBJECT : Conference with Legal Section

Upon the initiation of Judge A. C. Oppler, Chief of Legal Section, a conference was held to discuss accident compensation legislation. The Legal Section had received a proposed bill, sponsored by the Ministry of Transportation, establishing an accident compensation program for railway enterprise employees. Requested to attend this conference were Mr. D. L. Rose, Labor Division, Miss G. G. Stander, Labor Division, Mr. F. C. Goodman, Legal Section, Judge Oppler, and the specialist, Civil Service Division.

The first topic discussed related to the bill presented to the Legal Section concerning the railway enterprise employees. The Labor Division representatives were firm in stating that these employees should be part and parcel of the accident program now in existence for employees in private enterprise. They did not believe that any separate program should be inaugurated for this particular group of employees. The specialist stated that this opinion was in accord with that held by the Civil Service Division.

The discussion thereafter dealt with the specific problem of delegating authority for conducting the operations and functions of an accident compensation program for government employees to the Labor Ministry with a simultaneous retention by the National Personnel Authority of the responsibility for its proper conduct. According to Judge Oppler the interpretation placed by the office of the Attorney-General upon Article 12 of the National Government Organization Law, and the Articles immediately preceding and subsequent to this Article, were entirely logical and consistent with the basic structure of Japanese law. In his opinion, the difficulties now present in the current discussions concerning this legislation would be completely resolved only in the event the Labor Ministry were completely in charge of this program, both ~~in~~ from the point of view of responsibility and administration, or in the event that this should be the case with the National Personnel Authority.

This interpretation by the Judge led to a discussion of Article 21 of the National Public Service Law. Judge Oppler stated that the question of delegation of authority rested completely upon the legal interpretation placed upon the phrase "agencies of government" in the first sentence of this Article. In his opinion, the Supreme Court, if a test case should arise, would not interpret this Article to mean that the National Personnel Authority had any legal right to delegate any kind of functions to any specific ministry.

The opinion of Judge Oppler depended upon the implication of Chapter 5 of the Constitution. Article 65 of this document states that executive powers shall be vested in the Cabinet. By implication the highest organization echelon for the administration of executive power is the Cabinet. Therefore, it would be unconstitutional for any lower echelon of Government to delegate any functions to a ministry.

In addition, Judge Oppler expressed serious and grave doubts concerning the constitutionality of the National Public Service Law. Again, this opinion was based upon the implications of Chapter 5 of the Constitution. This Chapter vests the executive power of the State in the Cabinet. Furthermore, Article 73 of this Chapter states that the Cabinet shall administer personnel affairs, exercise control and supervision over various administrative branches, and be charged with the responsibility of reporting on general national affairs. In view of the fact that personnel is an administrative function and has been placed by the National Public Service Law apart from the Cabinet, he is of the opinion that if litigation were to arise questioning the constitutionality of this law, the Supreme Court would most probably declare it to be unconstitutional.

In view of the questions raised by Judge Oppler concerning Article 21 of the National Public Service Law, concerning the constitutionality of the delegation of authority to the National Personnel Authority to a higher echelon of Government, and concerning the constitutionality of the National Public Service Law itself, he did not see any manner whereby authority could be legally delegated in connection with any kind of program to any ministry.

Judge Oppler suggested a means whereby such delegation could be accomplished within the legal implications of the Constitution. If the affairs of the National Personnel Authority were to be placed within a specific ministry or post created for the primary purpose of conducting such matters, then such ministerial agency would be enabled to delegate functions to other ministries. In addition, by becoming part of the Cabinet body, the National Personnel Office would be established strictly within the implications of Chapter 5 of the Constitution. As the situation now stands, he casts strong doubts upon the constitutionality of the National Personnel Authority.

The specialist asked Judge Oppler if there were anything in the Constitution prohibiting voluntary acceptance of functions for which the National Personnel Authority is responsible by a ministry. Judge Oppler was of the opinion, that if such an arrangement were to occur, the constitutionality of the action could be seriously questioned. He pointed out that every ministry might attempt to shirk his vested responsibilities by attempting to delegate them elsewhere. This statement was both specious and facetious.

Despite this, and notwithstanding Judge Oppler's opinion, it appears that the only workable means whereby any functions can be delegated to the

Labor Ministry without loss of responsibility and authority would be to establish a law vesting complete responsibility for the program with the National Personnel Authority and which would enable it to delegate operating functions by means of its rules to an agency voluntarily accepting them.

Furthermore, upon return to the office, the specialist closely and carefully reviewed Chapter 5 of the Constitution. Mr. Hayashi was requested to compare the English text of Article 65 and Article 73, Item 4, with that of the Japanese. His finding are presented below:

"I. Article 65.

"Executive power shall be vested in the Cabinet."

The expression used in Japanese text for "executive power" is "GYOSEIKEN". "GYOSEIKEN" is commonly translated as "administrative power" (p. 408, KENKYUSHA Japanese-English dictionary).

It seems as if the expression "SHIKKOKEN" would be proper in this case. (refer - "Organization of government of Japan" prepared by the Classification Section, NPA, 21 September 1949).

In Japanese, however, "GYOSEI" could be translated to read "executive" or "administrative". The distinction to a layman is not too clear.

II. Article 73-4.

"(The Cabinet Shall) administer the civil service, in accordance with standards established by law".

There seems to be a discrepancy between Japanese and English text. The literal translation of Japanese text would be as follows:

Shall have the powers (shall have within one's grip or grasp) over the matters (affairs) related to government (public) officials, in accordance with standards prescribed by law. "

Upon receiving this information from Mr. Hayashi, the specialist contacted Mr. Goodman and pointed out the discrepancy that existed in the latter article. Mr. Goodman stated he would check into the matter and then find out what effect this discrepancy would have upon the thinking of Judge Oppler. The specialist was further requested by Mr. Rose and

Miss Stander, upon termination of the conference, to present a copy of his memorandum dealing with the accident compensation program for government employees. Such a memorandum will be prepared and will deal solely with this topic. Upon completion, a copy of it will be presented to Mr. Rose.

Walter P Domanowski

WALTER DOMANOWSKI
Compensation Specialist

WD:gb

Files
Camp Adams
11-21-49

CIVIL SERVICE DIVISION
Government Section

18 November 1949

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

SUBJECT : Pay base revision (press translation)

During the plenary session of the House of Representatives held on 17 November 1949 the following question was asked by C. MIZUTANI (Social Democrat) on pay base revision:

"-----In view of the fact that, at present, it is impossible to increase the "real wages", I am opposed to the policy of leaving the pay base unchanged, Why was the recommendation not made prior to the compilation of the supplementary budget? Is it the opinion of NPA that the "real wages" have increased under the present supplementary budget?--------"

To this question, NPA's President ASAI made the following reply:

"The NPA has decided upon the policy of making recommendations for base pay revision to the Government and to the Cabinet. This is the proper duty of the NPA.

The reason for the delay in recommendation is that there still remains a number of problems which must be solved. There exists no authority which will try to prevent the NPA from making its recommendations."

(Source--TOKYO TIMES)

HIDEKAZU HAYASHI
Research Interpreter

Mr Salter

CIVIL SERVICE DIVISION
Government Section

8 February 1950

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

SUBJECT : Restrictive Clause in 1950-51 Budget Negating Operations of NPA

Attached herewith is a statement by Dr. Asai, drawing attention to a restrictive and prohibitive clause in Article 11 of the 1950-51 budget.

Article 11 states "Even within the limit of the budgeted amount, an increase of government employees in excess of the fixed number by salary grade or an increase of compensation as prescribed in the Budget Request for Estimated Expenses shall not be made freely." The last phrase "...shall not be made freely." is interpreted by the Ministry of Finance as prohibiting any change which might be warranted as a result of organizational changes or changes in duties and responsibilities. This abrogates the provisions of Law No. 46 of 1948 and Cabinet Order 401 issued thereunder. Since NPA is now charged with full responsibility of administering pay, this Article actually freezes NPA in its operations and substitutes therefore decisions that may be made by the Ministry of Finance.

This Article as presently phrased, is contrary to the spirit and intent of the National Public Service Law and should be immediately corrected.

Either the Article should be eliminated since the matter is already covered by Law No. 46 of 1948 and Cabinet Order 401 issued thereunder, or it should be amended so that the phrase, "by salary grade" be deleted. The former action, of course, is the clearer and leaves no doubt or danger of conflict between the two laws of jurisdiction with respect to pay administration.

MACDONALD SALTER
Chief, Classification &
Compensation Branch

MS:vr
Att: 1

yes! I also whatever action is necessary to accomplish this. Better check with P+P Div. to be sure it doesn't slip by us.
WRM 2/8/50

-32-

February 7, 1950

To: Mr. W. P. MacCoy

From: K. Asai, President of NPA.

My dear Mr. W. P. MacCoy

I beg to inform you that the National Personnel Authority which administers the fixed number by salary grade, has concluded the following view on Article 11, General Provisions of the Budget for General Account and Article 11, General Provisions of the Budget for Special Account for the fiscal year 1950-51, your deliberation and due procedure is hereby cordially requested.

Article 11 of General Provisions of the Budget provides "Even within the limit of the budgeted amount, an increase of government employees in excess of the fixed number by salary grade or an increase of compensation as prescribed in the Budget Request for Estimated Expenses shall not be made freely."

The fixed number by salary grade, in this case, means the fixed number of positions by grade as referred to in Paragraph 1, Article 1 of the Cabinet Order regarding Standard to dead with Initial Salary, Salary Increase within Grade, Promotion, etc. and is generally called the fixed number by salary grade, but it is advised that this shall be amended as follows due to the following reason.

(1) Article 11 of General Provisions for Budget shall be deleted.

(2) In case the deleting is impossible, the words "by salary grade" shall be deleted and the article shall be amended as follows:

Even within the limit of the budgeted amount, an increase of government employees in excess of the fixed number or an increase of compensation as prescribed in the Budget Request for Estimated

Expenses shall not be made freely.

Reasons;

(1) Cabinet Order No. 401, Article 2, Paragraph 1, provides "In case the fixed number of positions by grade in each Ministry or Agency is found to be inconsistent with the duties and responsibilities actually being performed by the workers, the Chief of the Office of the New Pay Administration may make such adjustment in the number of positions by grade as is found to be necessary, provided that the total number of Positions is not excided" and the Paragraph 2 of the same Article provides "The adjustment of the fixed number of grade of position as prescrived in the preceding paragraph shall be effected following the purpot of laws concerning administrative organization and within the limit of available budget" And yet Article 11 of General Provisions for Budget provides "Even within the limit of the budgeted amount, an increase of government amployees in excess of the fixed number by salary grade or an increase of compensation as prescribed in the Budget Request for Estimated Expenses shall not be made freely".

Every provisions of Cabinet Order No. 401 shall be provided as the rules of the National Personnel Authority in future and on the other hand, the General Provisions for Budget is an quasi-law which was enacted after the deliberation of the Diet. Accordingly it is natural that the legal validity of the General Provisions for Budget which was enacted after the Diet's deliberation is prior to that of the cabinet order or the rules of the National Personnel Authority.

Further, with respect to interpretation of the term "without sufficient cause" appearing in the General Provisions of the

Budget, the revision of the fixed number by salary grade is presumed to be nearly impossible, considering the real situation of the performance as by reading it "absolutely" in case of interpretation and practice of the regulations of this kind in the Ministry of Finance.

The matters prescribed as authority of the personnel authorities by Article 401 of the government ordinance are erased completely by the arbitrariness of the budget authorities, as seen from the point of law as aforesaid.

(2) Those which are mentioned as the second reason are those concerning the substance of the fixed number by salary grade. i.e. Allocation of class of the government positions must be effected on the basis of duties and responsibilities. Accordingly, change of allocation of positions will mostly be made in the case of change of duties and responsibilities of the government positions. However, if it is restrained by the fixed number by salary grade, allocation is not effected fairly and properly, and even if it is done rightly, an irrational result is to be seen such as payment following it is not made.

The duties and responsibilities of the positions is liable to alteration essentially by the reformation of administrative structure and administrative readjustment. Consequently, the fixed number by salary grade must be inconstant to correspond with such alteration, and it is not admittable that the budgetary authorities to restrain it unreasonablly.

(3) The third reason is the transient character and irrationality of the existing fixed number by salary grade, as the present fixed number by salary grade was drafted by the Office of New Pay Administration within a very short space of time and it was

fixed primarily based on the positions and grades at that time and also based on the persons. On the other side, there are earnest wishes for revision among ministries and agencies insisting that the current fixed number by salary grade in irrational and does not meet with the real state of affairs.

(4) If such provisions as Article 11, General Provisions of the Budget passed the Diet and enacted a law, the smooth operation of personnel administration shall not be expected from the legal and practical point of view being subjected to budgetary restraint.

15 November 19[illegible]

REPORT ON THE DISCUSSIONS AT CIVIL SERVICE

COMMISSION OF THE HOUSE OF COUNCILLORS

November 14th. 1949. At the Civil Service Commission. 1 P.M.

The explanation of reasons for the presentation of the Position Classification Law.

Okabe, the chief of the bureau of law.

Relating to the principles of the Position Classification Plan.

Enforcement of the Position Classification Plan. ----- In respect to the problem of allocation of positions.

Chairman of the Commission:

This is one of the most important bills and so we want to have general public hearing or summons for examination of witnesses.

In case of public hearing, we want to hold it forcibly on 22nd.

Kinoshita, mamber of the House of the Representatives .

I want to have the public hearing held at any cost.

The chairman of the Commission

The public hearing is expected to be held on 22nd and relating to the other problems I hope that they will be delegated solely with chairman and councilors. ..... "Yes !"

Newtly, the interpellations were performed concerning coal allowance, cold zone allowance and the standard of compensation.

Questions on cold zone coal allowance and wage base.

By Representative Kinoshita

"I acknowledge the efforts made by the National Personnel Authority on the matter, but I would like to know how the discrepancy turned up between NPA and the government as to the unit cost of this allowance.

In this respect, I demand the answer of the President of NPA.

Furthermore, I consider that the livelihood of the public service employees are now very hard to make both ends meet, and I hope that due consideration to be paid for the betternment of payment for public servants.

Answer by President of National Personnel Authority.

The delay of enforcement of cold zone allowance is attributed to the prestige of the Diet. It is not the fault of NPA. The National Personnel Authority made recommendation to the government to enforce this allowance in sufficient advance, and since that time NPA pressed the government repeatedly for the enforcement. On the other hand, I personally met the Prime Minister on the question and asked him to give final decision as repidly as possible.

For farther details, I will make the Director of Compensation Bureau of NPA explain to your satisfaction.

Director of Bureau of Compensation:

"With regard to the budget for the year 1950, the National Personnel Authority had no consultation. Concerning the breaking-through of the bottle-neck, we are exerting ourselves to the utmost".

M.P., Kinoshita:

"In case any advice is made by the N.P.A. relating to the compensation basis and the cold zone coal allowances, I wish the Government to show enthusiasm for the achie achievement at any cost".

Director-General of the Cabinet Secretariat, Masuda:

"It is our policy to secure the actual wages in every field, such as houses, over-time allowances, payment of expenses for attending offices, etc., without raising the compensation basis. We are entertaining the thoughe that we shall follow the line of the 9-Point Economic Stabilization Programs."

CIVIL SERVICE DIVISION
Government Section

1/Bottler hms
2) Files

18 October 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference 18 October 1949, Salary and Wage Section, Compensation Division, NPA

1. Theweekly (18 October 1949) conference of the Salary and Wage Section, Compensation Division, NPA, was held in Mr. Keitoku's Office, NPA building.

2. The Attorney General and Minister of Finance have submitted to the Cabinet a draft of an amendment to the Law Concerning the Salary and Others for Public Procurators. The Cabinet has approved the proposed amendment.

NPA is of the opinion that procurators fall in the category of regular government service employees and as such are under the NPA's jurisdiction.

yes - except for pay matters

NPA believes it should be consulted in pay matters of regular service employees rather than Ministry of Finance and would like to effect this change.

requires revision of law.

3. Studies of the pay problems of Central Labor Committeemen, forestry employees and nurses in training are in progress.

4. In connection with the transfer of functions of Office of New Pay Administration to NPA, amendments or revisions to certain laws, cabinet orders and rules will be necessary:

Law 167, 1947 - The Law Concerning Compensation Granted to Public Servants under the Labor Standard and other Laws. Finance Ministry administers this law. Only part of the law is in force.

No - Law 46 supercedes.

Cabinet Order 201 - NPA would like to reissue contents in form of a Rule. Article 13, Law 46, 1948 requires standards for base pay of new employees, changes in grade and within-grade advances be established by cabinet order until NPA issues a rule.

2 o Later.

Cabinet Order 323, 1948 - places special work allowances under direct control of Ministry of Finance.

yes

Rule 9-2 containes reference to UNPA

5. NPA is training 17 men to take over operating functions of ONPA.

6. Rule for installation of uniform payroll system is being drafted.

7. Target date for completion of draft of New Pay Law is November 5, 1949.

8. Employees in Salary and Wage Section are being briefed by Mr. Keitoku in anticipation of quetioning by Diet members. The matters cover:

a. General information regarding present pay structure and affecting employee.

b. Background information should NPA make recommendation for change in base pay.

c. Background information if NPA's recommendation requires changes to New Pay Law.

ALBERT R. DeANGELIS
Compensation Specialist

ARD:rj

6. Rule for installation of uniform payroll system is being drafted.

7. Target date for completion of draft of New Pay Law is November 5, 1949.

8. Employees in Salary and Wage Section are being briefed by Mr. Keitoku in anticipation of quetioning by Diet members. The matters cover:

a. General information regarding present pay structure and affecting employee.

b. Background information should NPA make recommendation for change in base pay.

c. Background information if NPA's recommendation requires changes to New Pay Law.

ALBERT R. DeANGELIS
Compensation Specialist

ARD:rj

Files
Comp. Admin

CIVIL SERVICE DIVISION
Government Section

14 October 1949

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

SUBJECT : KOKUTETSU Mediation Committee Report

1. Yesterday the Mediation Committee handling the demand by KOKUTETSU of the Railway Corporation for an increase in their pay level of ¥9,700.00 per month submitted its recommendation to the respective parties. This recommendation was based on a public hearing together with certain research efforts on the part of the Mediation Committee.

2. Recommendation is that the average base pay level (which, in this case includes family and area allowances) be established at ¥8,058.00 per month. This is predicated upon: 1. The determination of the average pay for private railway employees from January to July, 1949 as ¥9,734.00 per month. 2. This figure was adjusted downward since these employees were primarily located in big cities in contrast to the general distribution of employees of the Railway Corporation, which resulted in a figure of ¥8,527.00 per month.

3. It was established that other allowances including overtime, piece work allowances, and night differential were equivalent to 5.5% of the expenditures for salaries and wages of the Railway Corporation. This was deducted from the above figure resulting in an adjusted average base pay (including family and area allowances) of ¥8,058.00.

4. The figure recommended is obviously arrived at from a highly unscientific basis and represents a proposal which undoubtedly will not be accepted by either party but at least will give them a basis for discussion.

5. The Railway Corporation and KOKUTETSU will present their arguments against accepting this recommendation or for acceptance of this recommendation on October 22, 1949. Failure to reach an agreement will result in a referral of this case to an Arbritration Committee appointed under the Public Corporation Labor Relations Law. This committee has to submit its statement within ten days of acceptance of the case, which statement, would have to be referred to the Diet for action before it can become binding by either party.

MACDONALD SALTER
Chief, Classification & Compensation Branch

MS:med

3-13-50

CIVIL SERVICE DIVISION
Government Section

12 October 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference 11 October 1949, Salary and Wage Section, Compensation Division, NPA

1. The weekly (11 October 1949) conference of the Salary and Wage Section, Compensation Division, NPA, was held in the first hearing room, NPA building. Mr. Fujimaki was chairman.

2. The Ministry of Finance has drafted a bill on pay of employees in the special government service. NPA has an opinion on this matter. Mr. Hayashi is now translating this opinion.

3. A copy of Office of Administrative Management's letter was received. Subject: Determination of the fixed number of national public employees by salary grade.

4. Now under study are the pay problems of Central Labor Committeemen, Forestry employees and nurses in training.

5. Study is in progress on working hours and schedules of lighthouse employees. Actual investigations will be made as up to now there were no work schedules for lighthouse keepers.

ALBERT R. DeANGELIS
Compensation Specialist

ARD:rj

file
3-13-50

CIVIL SERVICE DIVISION
Government Section

23 September 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Compensation of Labor Relations Committeemen

The Law Pertaining to Pay of Members of the Labor Relations Committee has been dropped from consideration as a separate law. The Ministry of Labor has agreed to withdraw the bill.

The prime reason for dropping it is regular government service employees shall not receive duplicate pay.

All committee members are regular government service employees, and as such are paid under Article 28 of the Law Administering the New Pay of Government Employees (except that dual compensation is not permitted for committee members who are drawing full pay.

Rule 8-7 allows for appointment of part-time employees without prior approval for at least 60 days.

ALBERT DeANGELIS
Compensation Specialist

ADeA:jd

~~1/ Betts~~

2/ Jules

CIVIL SERVICE DIVISION
Government Section

20 September 1949

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

SUBJECT : Payment of Dismissed Probationary Employees

Reference is made to your memorandum of 16 September on the above subject. While I would concur with you readily enough in an American situation, I think that your reasoning is too mature for the present Japanese situation. This is very probably one of those minor points upon which we must permit the Japanese to eventually make their own ruling, however I don't think that this office or any member of our staff should recommend such a thing as advance notice of discharge to probationary employees. In fact, I feel that we should discourage any such recommendation. Even in the United States government we have found it unwise to follow such a policy as advance notice to probationary employees who are to be terminated on the theory that they have not been a member long enough of the organization to have gained any feeling of loyalty and thus would be prone to do damage to their own organization or department inadvertently even if not maliciously. Under the circumstances, in Japan, I feel that this situation is intensified. Therefore while I can agree with your theoretically, as a practical approach I think it is very unwise to give advance notice to a probationary employee who is to be terminated. I would have no objection to working out a schedule whereby two weeks pay could be granted to a terminating probationary employee in lieu of advance notice if such an action can be worked into the pay pattern.

W. PIERCE MacCOY
Acting Chief

WPM:mw

cc: Mr. Gordon Peterson

~~by Steward~~
2 - ~~by Sebald~~ MS
3 - file
2 Sept. 1949

FOR Mr. MacCoy

Compensation

WPR 9/8

SUBJECT: Statement by Masuda, Cabinet Chief Secretary, Regarding Pay Base of Government Employees

Asahi Shimbun for 2 September carries the following article, the gist of which follows:

Mr. Hara, Vice-Chairman of the Japan Teachers' Union, and others representing Zenkanko, called on Masuda and asked the government's opinion on wage raises for government employees.

Masuda replied that the ¥ 6307 wage base is perfectly proper at the moment, and we have at present no idea of changing it. We think that prices will rise slightly because of the cut in subsidies, but the reduction in taxes pursuant to the Shoup recommendations will leave the workers ahead.

Zenkanko then made the following two points:

1. Raises in wages for government employees should be considered if public employees (railway workers, Monopoly Corporation employees, etc. (?)) are raised.

2. There should be a joint government-union agency to study figures on cost of living.

Ha!!

T. Eliot

CONFIDENTIAL

CIVIL SERVICE DIVISION
Government Section

30 August 1949

MEMORANDUM FOR : Mr. W. Pierce MacCoy, Chief, General Personnel Administration Branch

SUBJECT : Salary and Wages Section, NPA Bureau of Compensation

1. Mr. Kawasaki reports that at 4 o'clock yesterday, six probationary employees of the Salary and Wages Section were discharged (Notified of the Termination of Appointments). In addition to these six who were discharged, six employees were transferred from the Salary and Wages Section to offices such as Injury Compensation, Retirement, Public Information and Health. All known members of the Communist Party were included among the six who were discharged. Three of the persons transferred are known to be sympathizers of the Communist Party.

2. In connection with the discharge of the six probationary employees a secret executive meeting of the NPA Employee's Association was held to determine the Union's policies. It is said to have been attended by the Chairman, Vice-Chairman, and one other key member of the Association Executive Committee. It was decided at this meeting that the Association would not openly oppose the probationary discharges due to their belief that by so doing they would incur unfavorable attention by the authorities and be themselves discharged.

3. Director-General, Sato (who was present during Kawasaki's report) and Kawasaki are of the opinion that the "general house-cleaning" of undesirable employees which is to follow will be accomplished smoothly in view of the stand being taken by leaders of the Association.

THOMAS ELIOT
Personnel Specialist

TE:med

CONFIDENTIAL

Hasumi
2) ~~D'Angelo~~
3) Files.

CIVIL SERVICE DIVISION
Government Section

25 August 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference 23 August 1949, Salary and Wage Section, Compensation Division, NPA

1. The weekly (23 August 1949) conference of the Salary and Wage Section, Compensation Division, NPA, was held in the Civil Service Division conference room. Mr. Hasumi was chairman.

2. Printer's copies of seven (7) standard forms to be used in connection with the uniform payroll system are being proof-read. Upon approval, the forms will be printed. Translation of instructions for use of standard forms is practically completed.

3. The question was raised "What will be the size of the payroll unit staff?" On the basis of a pilot study of the uniform payroll system conducted at NPA in May 1949, payroll staffs for various size installations may be estimated.

4. The leave study being conducted by Messrs. Kondo and Kenjo should be completed by October. They were requested to speed up the study.

5. Calculation of new and old market basket for items other than food has been completed. Market basket for food will require more time to complete. However, all studies should be completed by the end of this week.

6. Mr. Hasumi warned the group that newspaper men and others are deeply interested in the work being carried out. He told his staff to be very careful that information does not leak out.

7. Studies continue on:

a. Revision of New Pay Law

b. Pay of Education Public Servants

c. Direct Payments

d. Allowances in kind (almost complete)

e. Special Work Allowances

8. Question was raised whether report required by Article 28, NPSL, should be made to the Diet when it is in session or could report be made while the Diet was not in session.

9. Drafts of proposed special salary schedules for Tax Administration Agency have been sent to various NPA divisions and sections for comment.

10. Report on cost of living and pay in private enterprises will be compiled by end of this week. Report will be forwarded to Mr. Bettis.

11. Ministry of Labor prepared a draft of a law concerning wages of members of various committees on labor problems such as Central Relations Labor Board, Labor Mediation Board, etc. Mr. Hayashi is translating this document.

12. Proposals for payment of public education personnel and reformatory personnel were submitted for CSD consideration, but were withdrawn. The proposals will be redrafted and resubmitted.

13. Draft of recommended amendment to Rule 9-2 was submitted.
Mr Hayashi is translating reasons for the recommendation

Albert R. DeAngelis
ALBERT R. DeANGELIS
Compensation Specialist

ARD:rj

Mr. Sattat

Files

Comp admin
2-27-50

CIVIL SERVICE DIVISION
Government Section

7 July 1949

MEMORANDUM FOR: The Record

SUBJECT : Conference 5 July 1949, Compensation Division, NPA (SALARY & WAGE SECTION)

1. The weekly (5 July, 1949) conference of the Compensation (SALARY & WAGE SECTION) Division, National Personnel Authority, was held in the Press Room of the NPA building. Mr. Hasumi presided. Mr. Gilbert Suzuki acted as my interpreter.

2. Matters discussed at the conference included:

Directors appropriate recommend Practicapost

a. ↑ Deductions from payrolls for repayment of Mutual Aid Association loans were illegal deductions.

b. ↑ Study will be conducted to determine if it is proper for government agency chiefs to publicly commend and issue monetary rewards to employees for meritorious service and money-saving suggestions.

c. Increase in personnel in Salary and Wage Classification Sections.

d. Proposal of Standards Section on manner of dispatching documents.

e. Brief discussion on what took place at Commissioner's meeting on subject of coal and cold area allowances.

Albert R. DeAngelis
ALBERT R. DeANGELIS
Compensation Specialist

ARD:rj

Here are two memos re NPA investigation upon which Mac is awaiting our answer.
WRH

Jim Hoover

CIVIL SERVICE DIVISION
Government Section

30 June 1949

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

SUBJECT : Organization of Bureau of Compensation

Under our present structural pattern within the Bureau of Compensation there is a Classification Section and a Salary and Wage Section, and certain other sections dealing with a benefit program. Originally it was thought that there might be established a Hearing Section. The work of this proposed unit involved both the equity processes and the research processes for pay administration. Recognizing this, a differentiation in the assignment of duties has been agreed upon.

The basic work of the ONPA in handling the conversion to the ¥6307 pay level has now been completed. Day to day operations are relatively light in volume. It might be advisable to give serious consideration to the early elimination of the ONPA and the establishment of an operating Salary and Wage Section in the Bureau of Compensation in contrast to a research Salary and Wage Section. Both of these units would be of section level and coordinated through the Bureau of Compensation.

The Research Section would contain substantially all those functions now being performed by Mr. Hasumi, who is a section head. The operating Salary and Wage Section would contain all matters pertaining to the issuance of regulations, the interpretation of regulations, the audit of pay administration, and other operational activities now partly handled by ONPA, Mr. Hasumi's staff and even the Investigation and Equity Divisions of NPA. Such an organizational arrangement would clearly differentiate the research and policy development aspect of salary and wage from the operational and control aspect of salary and wage administration.

The obvious person to carry out this work is Mr. Hatoyama, who has demonstrated excellent capacity in handling the work of ONPA, in understanding the principles of position classification, and the principles embodied in the development of a sound and scientific pay structure. Mr. Keitoku, whom it is proposed will be the deputy director of the bureau, has previously been Mr. Hatoyama's supervisor. This relationship, therefore, would continue and it is not anticipated any obstacles would arise from that direction. Such an arrangement would be distinctly to the advantage of NPA and I believe would substantially contribute to the success of their compensation program.

We would appreciate your advice on this matter.

MacDonald Salter

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd
Att. 1
Memo for the Record
concerning ONPA

Sastre

CIVIL SERVICE DIVISION
Government Section

June 30, 1949

MEMORANDUM FOR: The Record

SUBJECT : Proposed Circular, Office of New Pay Administration of Cabinet Order 401 as Revised.

1. Mr. Hatayama of the Office of New Pay Administration called at this office on 29 June, 1949 to further discuss proposed subject Circular. Mr. Hatayama advised that he had on several occasions thoroughly discussed the provisions of this Circular with responsible officials of the NPA, that here had been differences of opinion concerning same only in regard to a few matters of minor importance and that the new draft incorporated the changes requested by the NPA and agreed to by the Office of New Pay Administration. He stated that this draft would be presented to this office for final review and approval during the current week.

2. Upon questioning concerning the activities of the Office of New Pay Administration and Mr. Hatayama's status at the present time, he advised that he was still a member of the staff of the Office of New Pay Administration that he concurrently was assigned to the Secretariat of the Ministry of Finance and that he was presently attending an institute sponsored by the Ministry of Foreign Affairs. Mr. Hatayama's chief interest in attending this school is to study and learn to speak Business English. After the completion of this institute, he will return to his duties full time in the Office of New Pay Administration so long as it is functioning, after which time he will be assigned full time to the Secretariat of the Ministry of Finance.

3. Mr. Hatayama stated that Mr. Imai had been requested by the Ministry of Finance to retire from his office as Deputy Director, Office of New Pay Administration, but that so far they had been unable to find anyone who was willing to take over the position that Mr. Imai now holds. Mr. Hatayama stated that Mr. Imai expected to be elected to the Mediation Board of the National Government Railways, in which case, he would immediately retire from his present position. Mr. Hatayama stated that they were presently studying the reorganization of the Office of New Pay Administration in an attempt to condense the operation as much as possible, that inasmuch as the NPA now has many capable employees, it is anticipated that that agency take over all of the functions presently being performed by the Office of New Pay Administration prior to 1 January, 1950. There are at present, six officials assigned in the Office of New Pay Administration and twenty employees of the Allowance Section, Bureau of the Budget, Ministry of Finance, performing all of the operations of this agency.

JESSE B. BETTIS
Compensation Specialist

JBB:vr

CIVIL SERVICE DIVISION
Government Section

1 July 1949

7/8/49

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

SUBJECT : Organization of the Bureau of Compensation

1. Attached herewith is a statement of functions to be performed by the Bureau of Compensation, organized into five sections. The organization is in accord with the original draft, except that the titles have been slightly changed.

2. The old Compensation Research Section is still continuing and it's activities will include a well defined sub-division to handle compensation hearings. This will be in accord with your memorandum of 18 May, 1949, concerning Compensation Hearings Section--NPA.

3. The old Compensation Hearings Section, which included matters of appeals of grievances against administrative action and which it was agreed belong properly as functions of the Equity Bureau, will now be called the Compensation Administration Section. This section will now deal primarily with all those matters relating to the day-to-day administration and operation of the compensation plan.

4. This matter is in accord with Mr. Bettis' thinking and experience to date with NPA and ONPA.

5. Should this program meet with your approval, we would like to immediately undertake the development of this organization and these functional distributions. Needless to say, it will be necessary also to immediately initiate action to obtain the services of a competent person to head the Compensation Administration Section.

6. No mention has been made in the attached outline of the staff and central services that should be performed as an adjunct to the office of the Director of the Bureau of Compensation. If the above program is to be implemented, immediate action can be taken toward the development of this unit which will lead to the more economical and efficient operation of the bureau. Such services will include legislative research and liaison, ~~central~~ organizational information, ministry liaison on operating matters concerning classification and compensation and the benefit program and normal staff services necessary to the bureau and complementing those services furnished by the Bureau of Internal Administration.

MACDONALD SALTER,
Chief, Classification-Compensation Branch.

MS:mvb
1 Attachment

ORGANIZATION OF THE BUREAU OF COMPENSATION

OF N.P.A.

In accordance with your memorandum of 18 May, 1949, the following proposal is made for the organization of the Bureau of Compensation:

BUREAU OF COMPENSATION

This bureau is responsible for the research and administration of all programs relating to the compensation of employees. The sections of the bureau are charged individually with performing various functions necessary to this function. The sections are:

Position-Classification Section. This section is responsible for developing and recommending the classification plan and amendments thereto; it will administer the position-classification plan. The specific functions are to:

1. Develop and prepare a position-classification plan for recommendation to the Cabinet and the Diet by the Authority.

2. Investigate the duties and responsibilities of positions in the regular service and conduct classification surveys as required.

3. Establish classes and class titles and prepare class descriptions and definitions of series of classes.

4. Recommend rules to the Authority for the installation and administration of the position-classification plan and interpret rules issued by the Authority in the administration of the plan.

5. Install and administer the position-classification plan.

6. Allocate positions to their proper classes or approve allocations made by various ministries and agencies.

7. Review and act on requests of agencies to allocate or revise the allocation of positions and advise agencies regarding position allocations.

8. Recommend amendments to the position-classification plan and changes in the definitions of series of classes or class description and titles as deemed necessary.

9. Conduct audits of the operations of operating agency personnel programs in cooperation with other sections of the Authority and when necessary make recommendations for corrective action.

10. In cooperation with the Training Section, develop, prepare and conduct training programs necessary to the continuous development and effective administration of the position-classification plan.

Compensation Research Section. This section conducts basic surveys and prepares recommendations effecting the compensation plan. The specific functions are to:

1. Develop andprepare a compensation plan for recommendation to the Cabinet and the Diet by the Authority.

2. Investigate and determine the proper compensation for various classes of positions.

3. Investigate and determine the proper rates or amounts for employee allowances.

4. Continuously conduct studies relating to the cost of living.

5. Continuously conduct studies of salaries and wages in private employment to determine comparative rates of pay for similar work in the national government.

6. Conduct other special studies related to the compensation plan.

7. Conduct hearings for the purpose of determining facts concerning the compensation plan or any of its aspects based on research initiated by the section or based on appeals presented to the National Personnel Authority by interested groups of employees claiming the need for adjustment in one or more aspects of the compensation plan.

8. Determine all pertinent facts related to appeals presented to the section to arrive at proper and equitable solutions and effect proper adjustments when appropriate.

9. Prepare and make recommendations for the amendment to the compensation plan when deemed necessary.

Compensation Administration Section. This section is responsible for the administration of all matters pertaining to the compensation plan. Specific functions are to:

1. Prepare and recommend rules for the administration of the compensation plan.

2. Prepare technical interpretations found necessary in the administration of the compensation plan and rules pertaining thereto.

3. Recommend standards for hours of work, leaves and attendance and timekeeping and payroll procedures.

4. Conduct payroll audits to determine that the compensation plan is being enforced and properly administered.

5. In cooperation with other sections of the Authority, conduct audits of the operating personnel programs and as necessary make corrective recommendations.

6. In cooperation with the Training Section, develop and assist in the conduct of the training programs necessary to the proper administration of the compensation plan.

Injury Compensation Section. This section has the responsibility for devising and administering the plan for compensating employees for injuries received or diseases contracted in line of duty or for compensating their dependents in the event of the employee's death in line of duty. The specific functions are to:

1. Investigate the problem and recommend an injury compensation program for presentation to the Diet by the Authority.

2. Establish a system for the proper administration of the injury compensation program.

3. Review injury and death claims and make awards according to schedules provided by law.

4. Hear appeals from rejected claims and render decisions thereon.

5. In cooperation with the Safety Section promote safety programs and safety education.

6. Recommend necessary changes in the injury compensation law and rules.

7. Keep statistics on matters which are an integral part of the program.

Retirement Section. This section is responsible for devising and administering a comprehensive retirement plan for employees of the National Government. The specific functions are to:

1. Investigate the problem and recommend a comprehensive, unified retirement program for presentation to the Diet by the Authority.

2. Establish a system for the proper administration of the retirement program.

3. Review retirement claims and make awards according to schedules provided by law.

4. Hear appeals from rejected claims and render decisions thereon.

5. Recommend necessary changes in the retirement law and rules.

6. Keep statistics on matters which are an integral part of the program.

5. In cooperation with other sections of the Authority, conduct audits of the operating personnel programs and as necessary make corrective recommendations.

6. In cooperation with the Training Section, develop and assist in the conduct of the training programs necessary to the proper administration of the compensation plan.

Injury Compensation Section. This section has the responsibility for devising and administering the plan for compensating employees for injuries received or diseases contracted in line of duty or for compensating their dependents in the event of the employee's death in line of duty. The specific functions are to:

1. Investigate the problem and recommend an injury compensation program for presentation to the Diet by the Authority.

2. Establish a system for the proper administration of the injury compensation program.

3. Review injury and death claims and make awards according to schedules provided by law.

4. Hear appeals from rejected claims and render decisions thereon.

5. In cooperation with the Safety Section promote safety programs and safety education.

6. Recommend necessary changes in the injury compensation law and rules.

7. Keep statistics on matters which are an integral part of the program.

Retirement Section. This section is responsible for devising and administering a comprehensive retirement plan for employees of the National Government. The specific functions are to:

1. Investigate the problem and recommend a comprehensive, unified retirement program for presentation to the Diet by the Authority.

2. Establish a system for the proper administration of the retirement program.

3. Review retirement claims and make awards according to schedules provided by law.

4. Hear appeals from rejected claims and render decisions thereon.

5. Recommend necessary changes in the retirement law and rules.

6. Keep statistics on matters which are an integral part of the program.

CIVIL SERVICE DIVISION
Government Section

June 22, 1949

MEMORANDUM FOR: Mr. Jesse Bettis, Compensation Specialist

SUBJECT : Payment of Compensation by Bank Checks

1. I don't believe it feasible to press payment by check at the present time. Article 6 of Law Administering the New Pay of Government Employees requires compensation be paid in cash.

2. The issuance of government checks at present is a cumbersome operation. If the government checking system could be simplified it might be advantageous to pay by check. When we clear the payroll procedure with Finance, I will inquire what is being done to simplify the checking system.

3. The only disadvantage to be considered after the checking system is simplified is the problem of cashing checks. It might be better to pay by cash rather than inconvenience over 1,000,000 employees. Assuming it takes 30 minutes to cash a check, 500,000 man-hours would be lost each pay day in cashing checks.

4. The problem of cashing checks could be partially solved by requiring banks to cash government checks without necessity of employee having a bank account.

5. I am still of the opinion that there is more security in payment by check and such a system should be installed at the time the Japanese people are advanced enough to use checks.

Albert R. DeAngelis
ALBERT R. DeANGELIS
Compensation Specialist

ARD:vr

OK
AB
6/22 June.

It seems payment by check would be complicated.

folw.
4-14-49

CIVIL SERVICE DIVISION
Government Section

13 April 1949

MEMORANDUM FOR THE RECORD

SUBJECT: Science Council of Japan

Mr. Sassa of the Salary & Wage Section, NPA, called at this office on 12 April regarding compensation for members of the Science Council of Japan and of the Japan Academy, both of which are provided for under Law No. 121 of 1948.

Article 7, paragraph 3 of this Law provides that members of the Council may get compensatory allowances for their office, and Article 24, paragraph 6 provides that members of the Japan Academy may receive pension. Inasmuch as members of the Science Council are elected to the office they would automatically be placed in the special government service, and salaries or compensation would be paid them under the provisions of Law No. 268 of 1948, Article 16. Members of the Japan Academy would receive no salary or allowance inasmuch as these are lifetime honorary positions and they will be compensated by pensions to be stipulated by the Prime Minister in accordance with budgetary provisions.

Mr. Sassa was advised that it would be necessary for a Cabinet Order to be issued designating members of the Science Council of Japan to the special service and to set their salaries under the provisions of Law No. 268 of 1948. He was also advised that members of the Council who concurrently held regular government positions could not receive compensation under the provisions of the law but that other members of the Council who are not government employees could be paid compensation.

JESSE B. BETTIS
Compensation Specialist

JBB:jd

Files
Compensation
Admin.
MS
4/14/49

CIVIL SERVICE DIVISION
Government Section

13 April 1949

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

SUBJECT : Dissolution of the Pay Bureau

In a meeting this morning among Messrs. MacCoy, Salter and Ishigoro of CLCO, the dissolution of the Allowance Bureau (Pay Bureau) of the Ministry of Finance was agreed upon.

It was agreed that Law No. 46 which established the Office of New Pay Administration and places the responsibility for the conduct of its affairs and its staffing in the hands of the Cabinet would continue to operate until 31 December 1949, or such other date as NPA may determine (this is a provision set forth in Law No. 46 of 1948.) The one matter that will need attention is the revision of this Law with respect to the assignment of the Director of the Allowance Bureau as the Deputy Director of the ONPA. With the elimination of the Allowance Bureau either this position will become non-existent or some other ex officio arrangement must be provided.

The Allowance Bureau will be discontinued and those functions related to pay administration for the regular service now performed by staff members of the Allowance Bureau assigned to the ONPA will continue solely as a matter for the ONPA. The residual functions of the Allowance Bureau dealing with pay administration and other related matters for the special service will be transferred probably to the Budget Bureau of the Ministry of Finance. Those matters dealing with the mutual aid associations will be transferred to some other bureau in the Ministry of Finance, or if subsequent developments so determine, dissipated to other agencies of the government.

It was emphasized during the conference that NPA was to determine the date at which it desired to take over the full direction and control of pay administration for the regular service. No other date was to be set by law or action of the Ministry of Finance or any other government agency.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

file 4-21-49 WPM

CIVIL SERVICE DIVISION
Government Section

12 April 1949

OK to trans. DNPA

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

SUBJECT : Dissolution of the Pay Bureau

Per Hoover says OK to trans. to NPA in the Reorganization Law but the date of actual transfer to be left to NPA. 4/12/49

On Friday, 8 April, Mr. Ishigoro of CLCO called on behalf of Mr. Hondo and the Minister of Finance to advise that the Administration Management Agency was recommending the dissolution of the Pay Bureau in the Ministry of Finance in the new government reorganization bill. Since there would be certain residual functions which would continue for some time (maybe indefinitely), a small group from the Pay Bureau would be transferred to the Budget Bureau where the residual functions would be continued while the remainder of the Bureau would be abolished. He pointed out that with the dissolution of the Pay Bureau, the Office of New Pay Administration would become an organization in name only since its entire staff "doubled in brass" in both the Pay Bureau and the Office of New Pay Administration.

Mr. Hondo had sent Mr. Ishigoro to secure the approval of the Civil Service Division to transfer the functions of the Office of New Pay Administration to the National Personnel Authority. Mr. Ishigoro stated that since it would be necessary to drastically reduce the Pay Bureau, it would be assumed that those individuals who might face separation with the dissolution of the Pay Bureau could be transferred with the Office of New Pay Administration functions to the National Personnel Authority. He was also extremely anxious to receive an answer immediately as to whether the Civil Service Division would grant its approval for such a move. I advised him that I would not give him an immediate reply but that the matter would be referred to Mr. Salter for technical advice and to you for final decision. He will call me at 1100 hours on Monday, 11 April to ascertain whether the Division has made a decision, or to secure a date and hour when he can call on the Civil Service Division and discuss the matter if this is necessary.

Mr Ishigoro advised CSD approval in meeting with Salter + MacCoy 4/13/49

W. Pierce MacCoy

W. PIERCE MacCOY
Deputy Chief
Civil Service Division

WPM;jb WPM

Files 4-12-49 Compensation

CIVIL SERVICE DIVISION
Government Section

8 April 1949

MEMORANDUM FOR: Mr. Gordon W. Peterson
Organization Specialist

SUBJECT : Budget Bill 1949-50

A review of the Budget Bill for 1949-50 indicated:

1. That there might be some misunderstanding with respect to the grading and control of the number of personnel under the provisions of Articles 10 and 11 of Chapter III. A discussion with ESS, Finance, clarified this situation.

2. No specific reference is made that the grading or classifying of positions or that the control of pay or allowances shall be in accordance with the NPSL, Law No. 121 of 1947, or the New Pay Law.

It is suggested that a provision be added to Chapter III making specific reference to NPA control over matters of classifying positions and of paying compensation.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

~~Letter~~
File
Copy (Amiri
~~Mr. Isaacs~~
Dr. Asai was
concerned that some
pay decisions were
made between
CSD & ONPA without
NPA Comm's knowing
WS
4/13

CIVIL SERVICE DIVISION
Government Section

8 April 1949

MEMORANDUM FOR: Mr. Jesse B. Bettis
Compensation Specialist

SUBJECT : Final Action on Compensation Matters

In a discussion with Dr. Asai this afternoon, it was agreed that any discussions concerning pay administration would not be concluded until we had received a statement from Mr. Hasumi that the matter had been discussed with the commissioners and that they had agreed or disagreed. If it appeared that there was a basic difference of opinion the matter would be brought directly to their attention for a further and more detailed conference with them.

When we had received assurance from Mr. Hasumi that the commission had been properly informed and was in agreement, final action could be taken on any such compensation matters.

MacDONALD SALTER
Chief, Classification
& Compensation Branch

MS:jd

Files
Compensation Admin.

Dan Sutter 4/8/49
Discussed with Dr. Asakai
& Mr. Yamashita
4/7/49
MWS

CIVIL SERVICE DIVISION
Government Section

April 1, 1949

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

SUBJECT : Commitments by NPA.

1. Since 1 January, 1949, NPA and its staff have been involved in the direction, control and technical interpretation of compensation. It has come to our attention that commitments have been made by NPA that were not based upon proper technical analysis and evaluation of the situations. The following are examples of such instances.

(1) Shortly after the promulgation of the rule establishing the 48 hour work week, expressions emanated from the NPA to the effect that, (a) the 48 hour work week was too long and some adjustment in the work week would be made in the future; (b) the uniform application of a 48 hour work week puts out of balance the pay schedules now in use which reflected some difference in the length of the work week. Some adjustment would be made in the future with respect to these schedules and the increasing of pay of those employees paid under salary schedules predicated on a work week less than 48 hours.

(2) Upon the determination that land-based personnel of CMMC were part of the regular service, pressures were exerted to provide special pay treatment for these personnel to augment their salary over and above that which they will receive under the existing pay schedules. Apparently NPA agreed that such a special treatment should be given to these personnel.

(3) During the Hearing on pay administration, expressions by the Investigation Board specifically indicated NPA's sympathy with the teachers for the need of a special salary schedule which the representative of the Ministry of Education stated had been denied to the teachers by the Office of New Pay Administration.

(4) Upon the development of evidence last January that Cold Climate Allowances had been paid in Hokkaido, despite ~~instructions~~ discussions to the contrary, NPA supported the proposition that a Cold Climate Allowance should be authorized.

(5) There has been much discussion as a result of the adjustment of pay, under Law No. 265, that those newly appointed employees should continue at the rate of pay they were appointed at, despite the fact that it was a so-called illegal rate. NPA apparently is supporting this contention and is making an effort to amend Cabinet Order No. 401 to permit such an adjustment.

2. The above instances seem to indicate the lack of appreciation for the scientific and technical approach demanded by NPA in matters of compensation.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr

Salter

Files
Compt. Admin.
2-28-50

CIVIL SERVICE DIVISION
Government Section

March 30, 1949

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

SUBJECT : Commission of Inquiry

1. One of the major problems in the development of a Compensation Program will be the determination of the many kinds of pay, benefits and prerequisites which employees of the national government receive. This can be substantially obtained through questionnaire method and some spot investigation by staff members of NPA.

2. It occurred to me, however, that it might be an advisable move to constitute an Investigation Committee to look into compensation administration of the national government employees throughout Japan. Incidentally, this might be a recommendation of the Hearing. This could be used as a basis for carrying NPA to the government employees in a manner which closely touches upon their particular interests during these economic times. Such a Committee would travel to many of the important places throughout Japan and hold public hearings, at which time employees would present factual information concerning their compensation. Needless to say, this would give adequate opportunity for extensive publicity concerning NPA in different locations and at the same time that the Committee would be holding public hearings.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr

M. S. no objection 3/31/49

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

File

CHECK SHEET

(Do not remove from attached sheets)

File No.: EX/JDBL/mlt

Subject: Inequitable Determination of Proposed Pay of Japanese Employees in the same Civil Service Rating in Different Ministries.

Note No.: (1)

From: CCS To: Government Section Date: 18 Jan 49

1. In connection with discussion with Ministry of Communications officials as to the affect of the recently passed reorganization laws of the Ministry of Communications on its personnel, the Vice Minister of Communications, Mr. Suzuki, yesterday brought rather informally to the attention of Civil Communications Section the attached papers. It will be noted that Mr. Kazuyoshi Dobashi, representative of the National Communications Worker's Union, has invited the attention of the Ministry of Communications to certain alleged inequalities in the proposed pay of civil service employees of the Japanese Government which would result in the employee of the same civil service rating receiving different pay for the same number of hours of work. The complaint results from the fact that in this proposed wage scale the Communications Ministry employees, next to the general workers, would be the lowest paid, whereas the railway and taxation workers would be the highest paid. The Vice Minister indicated that although this proposal has not yet been made final by the Cabinet and the so called Wage Enforcement Headquarters, the influence of the Transport Ministry was so strong that it appeared likely that the wage structure as outlined herein would be adopted if approved by SCAP.

2. For once both the Communications workers and the Ministry of Communications are in agreement. The Ministry prepared the attached chart. As modified in pencil by the undersigned during yesterday's conference, this chart now indicates the relative positions of the workers of the representative Ministries as a result of previous wage increases since before January 1948. The percentage figures for wage increases shown on the chart should be applied to the pay plus allowance figures shown in pencil at the bottom of the chart.

3. Roughly it appears that the proposed 6307 average yen base would fall approximately on CAF-6 civil service workers. Assuming this to be the case, the pencilled figures on the top diagram would seem to illustrate the fact that a CAF-6 general worker would earn 5023 yen a month, a CAF-6 Transport worker 5641 yen a month, with a CAF-6 Communications worker earning something between these two figures, but closer to the bottom than to the top wage. From data presented this does not seem to be equitable inasmuch as under the new law or regulations of the Japanese Government the working day, without overtime, is said to be the same for all workers.

4. The Ministry states that the January and June 1948 inequalities charted, which are again reflected in the proposed rates at the top of the chart, resulted originally from the fact that, particularly in the case of the Transport workers, the employees of some Ministries habitually worked longer

BASIC: Check sheet from CCS to GS, 18 Jan 49, subject: Inequitable Determination of Proposed Pay of Japanese Employees in the same Civil Service Rating in Different Ministries.

hours for their salary than did the workers of the other Ministries and and so naturally received higher monthly pay. It was reported that the proposed new rate was based on the January 1948 pay which reflected this possible necessary inequality in January 1948. However, by taking the January 1948 base, which resulted from different standard hours of work, and applying it in January 1949 when all workers worked the same number of hours, the unfair inequality indicated is produced.

5. This matter is brought to the attention of the Government Section for appropriate consideration with a view to the elimination of any just cause for dissatisfaction on the part of the Ministry of Communications' wage earners in the new wage scale eventually to be promulgated. Civil Communications Section would appreciate <u>advance</u> information concerning the new wage scales applicable to Communications and Postal workers to which the Government Section intends to give approval.

1 Incl:
Ltr from MOC
w/chart.

for

- G. I. B. - - - - - - - - - -

FROM: The Minister of Communications. 14 January 1949

TO : SCAP G. H. Q.

SUBJECT: Report with regards the problem of re-calculation of basic salaries

With reference to the recent revision of the working hours of government employees, the representative of the National Communications Workers Union had an interview with the Vice-minister today about the problem of re-calculation of Y6,307 scale basic salary, and handed in the undermentioned memorandum for request addressed to the Minister. The memorandum of same contents was apparently submitted separately to each of Prime Minister, Chief Payment Practice Headquarters and President of National Personnel Authority.

Mr. Tokuya Furuhata 6 January 1949
The Minister of Communications.

Dear Sir,

Following the recent revision of the working hours for government employees, the differences in working hours between the various Ministries and those between the field workers and office workers have altogether disappeared. Therefore we should like to request you that the working hour difference added to the basic salary on the occasion of making Switch-over to the 2,920 yen scale position classification salary system be immediately taken away by the following way.

1. This shall be put into practice at the same time of making switchover to the newly fixed 6,307 yen scale basic salary.

2. .The new basic salaries for the 11th class position or under shall be the salary amount in the government salary list coming immediately below the calculated figure equivalent to 400 per cent of the 1,600 yen scale basic salary effective on January 1 last year.
(The sum equivalent to the regular salary rise made since January last year shall be added.)

Reference.

Foundation of Calculating out the new basic salary amount. Break down of 6,307 yen scale (Calculated by the Practice Headquarters)

Basic salary	4,740.83
Family allowance	793.35
Regional allowance	726.08
Special service allowance	46.74 (additional Y100 extra
	Y6,307.00

1,600 yen scale basic salary	1,200.00
400% of the above figure	4,800.00
Amount to be deducted to adopt the listed salary amount immediately below the calculated figure	60.00
Basic salary amount obtained after deduction	4,740.00

Yours truly,

Kazuyoshi Dobashi

Chairman of the Central
Executive Committee,
National Communications
Workers Union.

Explanation about the Demand of the
National Communications Workers Union.

What the Union Demands is the problem which is now being discussed even in the Government. The very beginning of this problem must go back to the enforcement of classification pay system of ¥ 2,920 yen base. The reason is that the differences of working hours between Ministries were calculated in pays and, to make the matters worse, each Ministry drawn up rough and ready plans respectively, uniformity and balance of pays among Ministries were lost viewing from continuous service years or from the principle of " equal pay for equal work ".

Accordingly, we expected that these unbalances will be revised, but this expectation was not considered in the transfer to 6,307 yen base. The result is that the above said unreasonables were multiplied. For example, the Ministry of Railways allotted, as its principle, its gains in pays due to the difference of working hours excessively much to upper class workers and less to lower class workers. With its result, unbalances between Railway Workers and other Government Workers were more widened by the revision of wage base of this time.

Consequently, if the present pays are transfered to 6,307 yen base without controling the differences in pays due to working hours and other unbalances, employees in Communications and other Ministries will not be adjusted about their pays in spite of the lengthening of their working hours. The outcome is that the former unbalances increased and makes the lucky much better and the unlucky worse.

These things mean, to our opinion, ironically makes the " equal pay for equal work" principle insignificant by the enforcement of the long pending pay system of position classification.

In conclusion, we think that it is of urgent necessity to revise the pays impartially at once, because the differences of working hours actually eliminated.

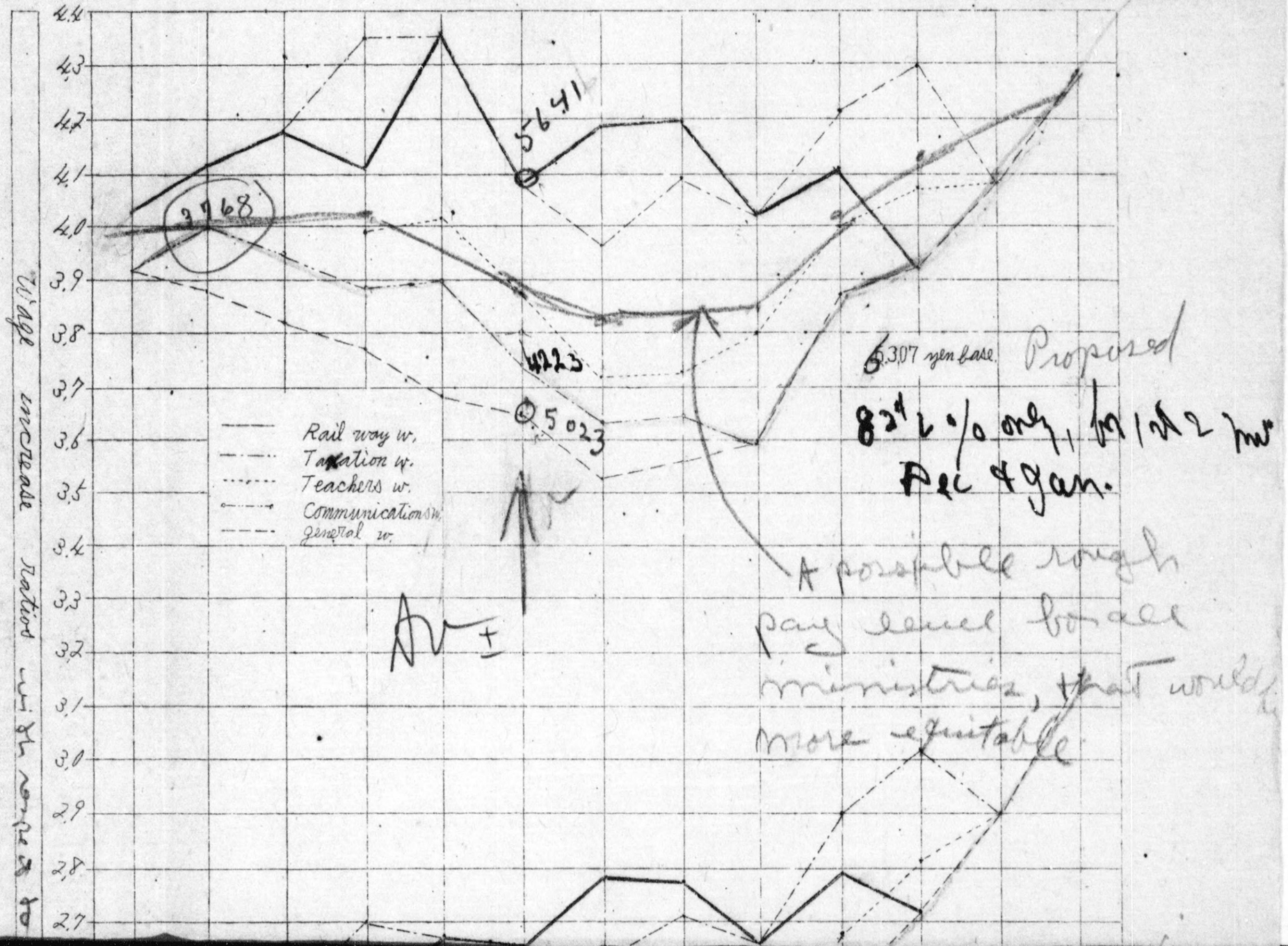
Basic Salary Comparison between Railway Workers and other Government Workers.

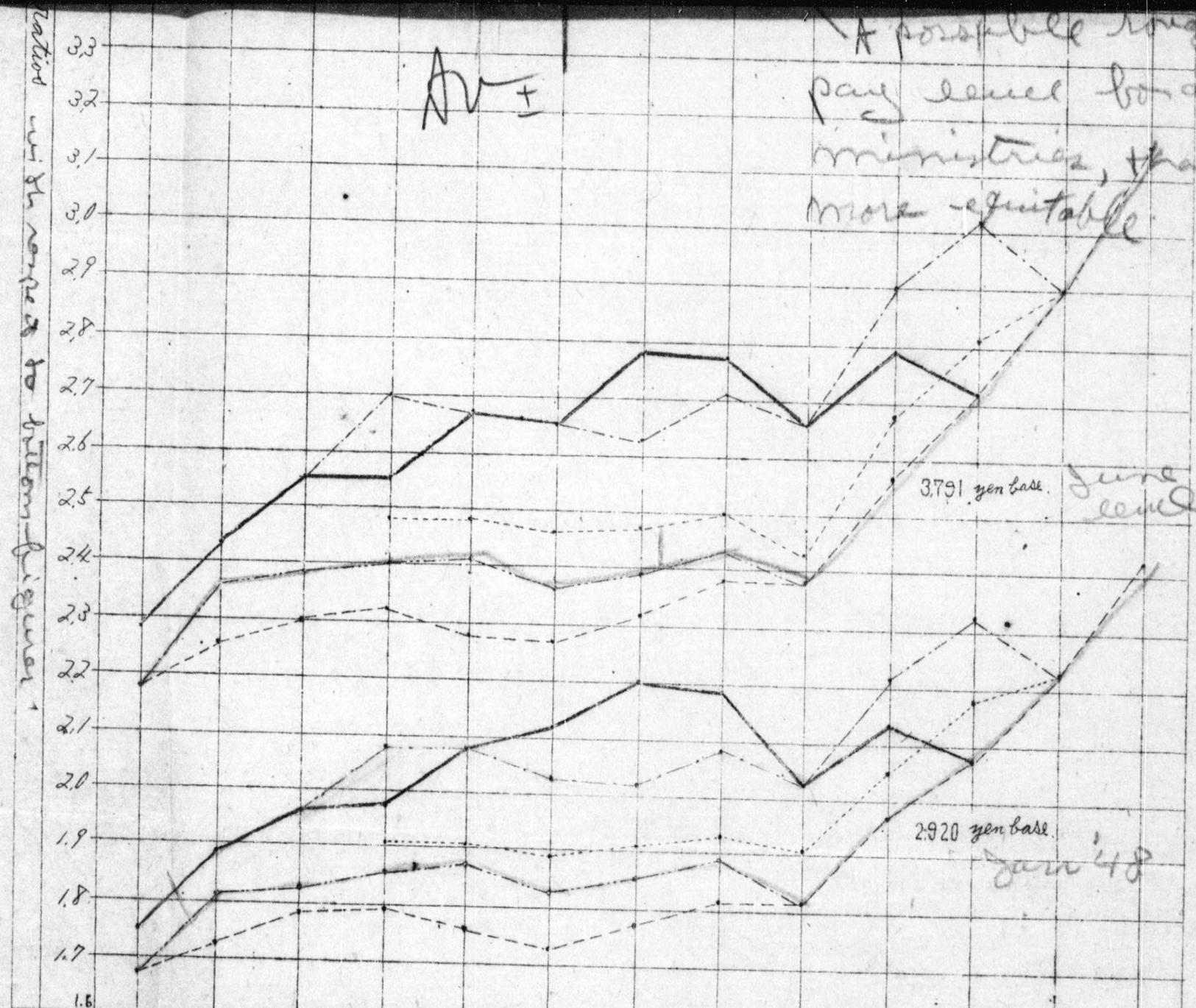
Position classification		Former basic salary		2,900 scale wage			3,791 scale wage			6,307 scale wage		
General	Railway (group)	Listed salary	1,600 scale basic wage	Railway	General	Diff.	Railway	General	Diff.	Railway	General	Diff.
		¥	¥			¥			¥			¥
1	2	230	630	(175) 1,100	(167) 1,050	50	(227) 1,430	(217) 1,370	60	(403) 2,541	(392) 2,470	71
2	3	260	692	(188) 1,300	(173) 1,200	100	(244) 1,690	(225) 1,560	130	(411) 2,844	(388) 2,688	156
3	5	300	764	(196) 1,500	(177) 1,350	150	(255) 1,950	(230) 1,760	190	(417) 3,184	(383) 2,926	258
4	6	340	868	(196) 1,700	(179) 1,550	150	(255) 2,210	(233) 2,020	190	(411) 3,565	(377) 3,275	290
5	7	400	1,024	(205) 2,100	(176) 1,800	300	(267) 2,730	(229) 2,340	390	(436) 4,468	(368) 3,772	696
6	8	560	1,376	(211) 2,900	(174) 2,400	500	(265) 3,640	(227) 3,120	520	(407) 5,600	(364) 5,002	598
7	9	690	1,634	(220) 3,600	(177) 2,900	700	(278) 4,550	(231) 3,770	780	(418) 6,823	(353) 5,760	1,063
8	10	850	1,922	(219) 4,200	(182) 3,500	700	(277) 5,330	(237) 4,550	780	(420) 8,082	(355) 6,823	1,259
9	11	1,050	3,250	(204) 4,600	(182) 4,100	500	(266) 5,980	(237) 5,330	650	(402) 9,047	(359) 8,082	965
10	12	1,100	2,332	(214) 5,000	(197) 4,600	400	(279) 6,500	(256) 5,980	520	(411) 9,573	(388) 9,047	526

11	1,200	2,496	(208) 5,200	(271) 6,760	(394) 9,840
12	1,500	2,780	(223) 6,200	(290) 8,060	(408) 11,339
13	1,700	2,980	(242) 7,200	(314) 9,360	(438) 13,058

(The figure in the parenthesis shows the multiplication factor against the 1,600 yen scale basis wage amount.)

Comparison of basic wage increase ratios against 1,600 yen wage-level between Railway workers and other Government workers.





A possible rough pay level for all ministries, that would be more equitable

Former-basic wage	230	260	300	340	400	560	690	850	1,050	1,100	1,200	1,500	1,700
Position-Classification (Railway Group)	1 (2)	2 (3)	3 (5)	4 (6)	5 (7)	6 (8)	7 (9)	8 (10)	9 (11)	10 (12)	11	12	13
Pay & allowances	630	692	764	868	1024	1376	1634	1922	2250	2332	2496	2780	2980

Prior to Jan

Prepared by Min. of Com. may contain minor errors.

List of Working Hours of Communicatio
逓信及び鉄道職員勤務時間一

	逓信 Communication Workers			鉄
	人員 persons	1日平均実働時間 Days net working hours per person		人員 persons
		改正前 (Before Jan. 1, 1949)	改正後 (After Jan. 1, 1949)	
日勤 day duty	62,017	7.00	8.00	340,198
夜勤 night duty	3,003	6.30	8.00	440
特殊日勤 special day duty	〃	〃	〃	18,854
一昼夜交替 1 day and night shift	56,318	9.30	9.30	125,492
三交替 shift of three days	60,045	7.00	8.00	13,271
連続七交替 shift seven days	〃	〃	〃	1,688
循環交替 Circulation shift	29,131	8.00	8.00	22,324
乗務 機関車電車 Train Work engin man and Electric man	〃	〃	〃	31,684
乗務 その他 other train man	1,200	7.30	8.00	29,743
小計 Total	261,714	7.51	8.20	554,494
官行執務時間 Regular office Hours	175,567	6.00	8.00	56,009
合計	437,281	7.06	8.11	610,503

Hours of Communication and Railway Workers

従業員勤務時間一覧表（24.1.3調）Workers Jan. 3. 1949

通信 Communication Workers		鉄道 Railway workers	
1日平均実働時間 Day's net working hours per person	人員 personnels	1日平均実働時間 Day's net working hours per person	
改正後 (After Jan 1, 1949)		改正前 (Before Jan. 1, 1949)	改正後 (After Jan 1, 1949)
8.00	340.198	7.00	8.00
8.00	440	6.30	8.00
〃	18.854	10.00	10.00
9.30	125.492	9.30	9.30
8.00	13.271	7.00	8.00
〃	1.648	8.30	8.30
8.00	22.324	8.00	8.00
〃	37.684	7.30	8.00
8.00	29.743	8.00	8.00
8.20	554.494	7.48	8.24
8.00	54.009	6.00	8.00
8.11	610.503	7.38	8.22

File
II 20

CIVIL SERVICE DIVISION
Government Section

December 9, 1948

MEMORANDUM FOR: The Record

SUBJECT : Diet Presentations on Compensation Program

1. Mr. Hasumo, Head of the Salary and Wage Section of the National Personnel Authority was called before the Budget Committee of the House of Representatives and the Budget Committee of the House of Councillors to discuss the Wage Bill proposed by the National Personnel Authority. He presented the attached charts dealing with the comparative study of compensation received by private and public employees. One chart indicates the coverage and methodology used in conducting the private employment survey. The other chart indicates the comparative results, showing government approximately fifty percent below industry in over-all take-home wage pay.

2. An additional table showing the estimate of expenditures for base pay, family allowance, area allowance and special allowances had been made available several weeks ago to the Cabinet. Certain errors in the computations of this table are noted. The net results, however, with respect to total cost of the program does not change significantly.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr
Att:

Files
II 20

CIVIL SERVICE DIVISION
Government Section

8 December 1948

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

SUBJECT : Comments on "Bill Concerning Salaries and Other Pay of Government Workers from November 48 Onwards"

The Allowance Bureau, Ministry of Finance, admits that this bill was prepared very hurriedly and was designed in an attempt to raise salaries in conformance with an allowable supplementary budget estimate of 23.2 billion yen for the period from November 1 to March 31, 1949, inclusive.

This bill

(1) Is merely a pay raise based on mathematical calculations that have the semblance of good reasoning.

(2) The pay raise is interpreted as one which will apply to all government workers and this bill is one of five such bills. The NPA bill includes a ceiling limitation on take-home pay and was designed to adjust the pay of government workers in the regular service only.

(3) The coverage of this bill is not quite as broad as that of the NPA which is predicated upon the NPSL definition of "regular service". (This will include procurators and assistant procurators, Diet and judicial staff members.)

(4) This bill makes no attempt to bring together in a policy document matters relating to compensation of government workers. It perpetuates loose administration in government pay matters.

(5) The proposed salary schedules are an upward revision of the current salary schedules based on a percentage adjustment determined by fallacious methods.

a. The adjustment of the schedules was partially based on a movement upward of the Consumer Price Index. This is not a sound or realistic index with respect to cost of living since it includes luxury foods, and such other items as tobacco, alcoholic beverages, and confections. Furthermore, the staple foods in the index are computed on the basis

of brown rice equivalent which results in an index of price relatives not taking into account changes in consumption pattern affected by price changes.

b. The use of the percentage change in the Consumer Price Index as a means of adjusting upward a base rate computed on an entirely different basis (market basket method) assumes them to be equivalent and is a fallacious method.

c. The Consumer Price Index adjustment was based on actual change in the index over three months but projected for additional months.

(6) Since the adjustment in schedules gives a flat 32% increase for all salary rates, it results in a better treatment for the higher grade employees at the expense of the lower grade employees.

(7) The original Law No. 46 of 1948 provides no penalty provisions which has resulted in the deliberate payment by ministries of salaries inconsistent with the regulations for pay administration promulgated under the New Pay Law. The NPA Law provides a penalty clause.

(8) No mention is made of the need for adjustment of the area allowance system which has generally been recognized both by the studies of the NPA and the Area Committee of the Office of New Pay Administration as being incorrect at this time.

(9) The family allowances proposed in this bill were determined arbitrarily without resort of any kind to any realistic basis for computation. Available funds were the controlling factor.

(10) This bill continues the minimum wage by age.

Some of the provisions that are present in the NPA proposed legislation but are not present in this bill are:

(1) Brings together all matters pertaining to the compensation of government workers and makes such compensation a matter of public policy.

(2) Provides for standards for hours of work, overtime pay, night differential, holiday pay and differences in working conditions consistent with the Labor Standards Law.

(3) Provides salary rates predicated upon a scientific method of progression recognizing a series of official rates as being the only base rates usable in the government service.

(4) Establishes a maximum for area allowance rates and recognizes the need for a scientific study of this whole problem.

(5) Provides for maintenance allowances.

(6) Defines dependents.

(7) Establishes method for computing hourly rates.

(8) Provides a maximum salary which would make possible the treatment of the regular service at this time without requiring any increase in salaries of other high grade officials covered by other laws.

MacDONALD SALTER, CHIEF
Classification and Compensation Branch

MS:jb

CIVIL SERVICE DIVISION
Government Section

7 December 1948

MEMORANDUM FOR THE RECORD

Subject: ¥5330 Wage Level

The Allowance Bureau, Ministry of Finance, has submitted to date in very rough draft the following statement concerning the ¥5330 salary level.

"General View on Process Establishing 5330
Wage Level for Government Workers

"1. While the National Personnel Authority recommended a wage plan for government workers to the Cabinet where it was deliberated, the question about the supplementary budget for the fiscal year which included an expenditure for increasing the wage level of government workers which had been discussed between ESS, GHQ, and the Ministry of Finance presented a problem. Competent officials of the Ministry of Finance were ordered to refrain from drafting a concrete plan dealing with the improvement of wages for workers until a decision had been reached at the Cabinet meeting on the recommendations of the National Personnel Authority and a draft of the supplementary budget.

"2. On the evening of November 26, ESS, GHQ, suggested in the draft of the supplementary budget expenditures for the improvement of wages estimated at ¥ 23,200 millions. At the Cabinet meeting which was held on November 27, it was decided to draft hastily a bill concerning the salaries of government workers on the basis of the suggestion from ESS and on the same day the Allowance Bureau was ordered to draft said bill which would be immediately submitted to a Cabinet meeting.

"3. As the Allowance Bureau had very little time to deliberate on this question, particularly of the pay structure, its draft can not be necessarily said to be a complete one.

"4. The average amount of salary for the workers was determined in considering the ¥ 23,200 millions estimated in the supplementary budget as a necessary appropriation from November this year to March 1949. The total number of government workers numbered 3.030 thousands. Thus it was computed: ¥ 23,200 millions ÷ 5 ÷ 3.030 thousands = ¥ 1531.

This ¥ 1531 is the additional amount per head. Adjusting the present amount of ¥ 3791 to ¥ 3800, ¥ 3800 + ¥ 1530 = ¥ 5330.

"5. As to base pay especially for the salary schedule a fundamental survey could not be done due to lack of time and consequently

a. The form of the present salary schedule was continued.

b. All salary rates of the present salary schedules were increased by 32% which was computed as follows:

(1) The critical point in the National Personnel Authority plan was step 1 of grade 4 or ¥ 2470 per month. This figure was taken.

(2) To compute real income, expense for income tax, contribution to the national treasury, etc. was deducted from the above figure. ¥ 2470 - ¥ 230 = ¥ 2240.

(3) To estimate the upward trend of the consumer price index in all the cities and towns for the period from July to November, it was presumed that 426.6 would be the consumer price index for November (as ¥ 2240 is the figure determined on the basis of July). 426.6 ÷ 394.7 = 1.0808. Applying this figure the adjustment to November will be ¥ 2240 x 1.0808 = ¥ 2420.9.

(4) To take into account 5% allowance because the commodity price may go up in the future: ¥ 2421 x 1.05 = ¥ 2542.

(5) To take up expense for income tax, contribution to the national treasury: ¥ 2542 + ¥ 288 = ¥ 2830.

(6) In understanding that this ¥ 2830 includes 10% reflected in B area allowance (since the amount of salary for step 1, grade 4 of the National Personnel Authority plan is based on living costs in B area): ¥ 2830 ÷ 1.10 = ¥ 2572.70. This figure is estimated as base pay of grade 4, step 1 for C area.

(7) As salary for grade 4, step 1 in the present schedule is ¥ 1950 under the 3791 base, the increase ratio to the present salary is: ¥ 2573 ÷ ¥ 1950 which equals 1.3194 which equals 1.32; 32% is calculated as the increase in rate and subsequently the new base rate is established by multiplying the amount of present salary by 132%: ¥ 3875 average base pay.

"6. Family allowance is estimated in taking base pay ¥ 3875 and the area allowance ¥ 620 (average rate throughout the country is computed at 16% as described below) from ¥ 5330 which leaves ¥ 835. As this figure includes area allowance ¥ 835, an area allowance of ¥ 115 (16%) is deducted resulting in a family allowance in C area of ¥ 720. There are many means to divide it among the members of families. Making reference to example of private concerns and in consultation with officials in respective ministries, it was determined to be divided between worker's wife and other dependent members. In considering that necessary living costs (in referring to consumer price survey for September) can be covered by the base pay, family allowance, and area allowance, family allowance is divided to be composed of ¥ 600 to the wife and ¥ 400 to the other dependents: ¥ 600 multiplied by .5 plus ¥ 400 multiplied by 1.05 equals ¥ 720.

"7. As to the area allowance the Wage Deliberation Committee which met this fall arrived at the conclusion that the maximum rate be approximately 40% and that nine categories (with 5% differential) be utilized. Adopting this area allowance is roughly estimated at 16% of average throughout the country: to total sum of base pay ¥ 3875 and family allowance ¥ 720 area allowance is estimated at ¥ 735.

"8. As there was no time to survey the various special work allowances, the amount recommended by the National Personnel Authority (¥ 140 per person) was employed, but this allowance having been treated differently from other allowance in budgetary consideration has resulted in a ¥ 5330 base. Even if it is separated from the base this allowance is not considered to be appropriate from the prevailing budget of the respective ministries."

MacDONALD SALTER, CHIEF
Classification and Compensation Branch

MS:jb

Files
II 20

CIVIL SERVICE DIVISION
Government Section

December 6, 1948

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

SUBJECT : Computation by Ministry of Finance on ¥5330 Base

1. A conference was held today by Mr. Salter and Mr. Bettis with Mr. Saki of the Allowance Bureau and Mr. Isnida and Mr. Okihera of the Liaison Office of the Ministry of Finance to discuss the development and basis of computation built about the ¥5330 base.

2. Mr. Saki stated that the Cabinet was unable to decide who should develop legislation with respect to pay, that is, whether it should be the Ministry of Finance or the National Personnel Authority. It was decided by 3 December that the Ministry of Finance should submit a new pay bill. This bill was submitted to the Government Section by Mr. Asaki of the Cabinet Secretariat on Friday and it is stated it received within two hours Government Section's approval.

3. The bill provides for a 32% increase for all employees, thus benefiting the nigh paid officials at the expense of the lower and intermediate officials since the program was predicated upon a division of available funds. No increase in area allowance is specifically provided, however some increase in family allowance was made. This recognizes the need of increasing this allowance to a meaningful amount but falls far short of what National Personnel Authority construed as meaningful amount.

4. The method of computing this program falls into two parts:

(a) The computation of the ¥5330 base was publicly announced as the average take home pay of government workers. This was computated in the following manner. The Ministry of Finance was told by ESS that the supplemental budget could only contain a figure of 23.2 billion yen for additional salaries and wages to cover all government workers, both national and local. The Ministry of Finance therefore divided this money by the total number of government workers, estimated to be 3.03 million. This gave an average available amount of money for a period of five months for salaries and wage increase of all government workers. In order to compute the average figure, this amount was then divided by five, the number of months remaining in the current fiscal year and the result added to 3791. This computation produced 5330.

(b) It was necessary to increase the salary schedules and the following means were used. The report of the National Personnel Commission stated that step 1 of Grade 4 represented the minimum cost of living for a single person. This figure of 2470 yen was taken and from it was subtracted provisions for income tax, resulting in a net figure of

2240. Since this was based on July statistics, a comparison was made of the consumer price indices for July and September and further, a projected index was determined for November. The percentage of increase thus arrived at was applied to the 2240, income tax deduction was then provided and the sum total resulted in a figure of ¥2580. This figure was then related to step 1 of Grade 4 of the current general schedule. This showed a difference of 32%. All schedules and all rates of pay were then increased in the exisiting schedules by 32%.

The Area Allowance committee quite recently made a report recommending an increase in the number of area classifications and in the amount of the special areas to 40%. Other areas were graded downward in 5% steps. This system was utilized for estimating the cost of area allowances.

5. The sum total of the estimated cost for base pay and area allowances was subtracted from the 23.2 billion yen. The remaining amount was then to be made available for family allowance. The actual figure of ¥600 for the first dependent and ¥400 for each subsequent dependent was based on available funds plus general agreement between ministries as to what seemed to be a correct figure.

6. Attached herewith is a copy of the bill submitted to the Diet concerning the pay of government workers.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr
Att: 1

Files
II 20

CIVIL SERVICE DIVISION
Government Section

December 2, 1948

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

SUBJECT : Compensation Recommendations

1. The amendments to the National Public Service Law, Article 28, Paragraph 1 now makes it mandatory for the National Personnel Authority to report to the Diet on any adjustment of government compensation felt necessary by the National Personnel Authority.

2. It might be advisable for the National Personnel Authority, upon the promulgation of these amendments, to immediately place in the hands of each Diet member a copy of their recommendations for the adjustment of compensation for government employees.

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr

-4-

Files
Comp Admin
43

CIVIL SERVICE DIVISION
Government Section

1 December 1948

MEMORANDUM FOR: Mr. James R. Bell, Chief, Organization Branch

SUBJECT : Organization and Division of Work - Salary and Wage Section

A conference was held today between Messrs. Bell and Salter and Mr. Hasumi and Mr. Morito in which the following matters were discussed.

It was clearly pointed out that Salary and Wage Section is an integral part of the Bureau of Compensation. The head of this section will be on a coordinate level with section heads responsible for certain classification work. Together with the Chief of the Bureau, this group will be responsible for the planning, directing and coordinating of the whole bureau program and its operations.

It is not felt necessary to appoint as such an assistant section head, nor to appoint assistant unit heads. If "assistants" as such are needed they should merely be designated as an administrative expediency from among unit heads or technicians. This will prevent any unnecessary layering of administration.

Certain staff functions will be performed as a service to the Salary and Wage Section by a Staff Service Section of the Bureau of Compensation. For example, the procurement and handling of supplies, space and typing service are more efficiently and economically handled in this manner. It is anticipated also that a unit will be established under the Chief of the Bureau for the purpose of acquiring and compiling personnel statistics of the national government.

The organization of the Salary and Wage Section will basically reflect four units:

1. Office of the Chief of the Section - which will be established to handle staff services and matters pertaining to the coordination of the section.

2. Pay and Leave Administration Unit - which will be concerned with the application of the overall compensation plan and for certain other enforcement and administrative activities relating to pay administration.

3. Cost of Living Unit - which will be basically concerned with research; handling those matters and problems in which cost-of-living statistical information is the basis of the computation or evaluation.

4. Wages and Working Condition Unit - which will be concerned with wage structure and all those allowances and matters relating to working conditions.

Mr. Hasumi was warned that he should not consider the division of work and functional statements developed at this meeting as representative of the clear cut functions that could be organized as independent units. The whole staff of the Salary and Wage Section must be well coordinated in its activities and interests. There must be adequate exchange of information and knowledge, not alone within units but also between units.

As a guide to staffing the organization it was suggested that a program be developed on the basis of approximately 100 employees. It was estimated that two-thirds of this staff should probably be technicians. The technicians should be divided approximately on the following basis: Pay and Leave Administration Unit - one-half; Cost of Living Unit - one-sixth; Wages and Working Conditions Unit - one-third. The clerical staff would probably be divided equally between the units, with a shifting of personnel to meet any particular peak loads.

This staff is recommended on the basis of work to be performed here in Tokyo with the understanding that those personnel assigned to auditing payrolls and to certain phases of cost of living or wage survey work may from time to time be sent into the field. In general it is planned to have a very minimum of field staff. In fact, what little field work may be required on a continuing basis should be performed by classification staff assigned to the regional offices. Extensive field work should be handled through the use of other Japanese government agencies, maximizing their present information and encouraging them to obtain information particularly desired by this section.

Attached is a proposed functional outline of the Salary and Wage Section.

MacDONALD SALTER
Chief, Classification and
Compensation Section

MS:jd
Att.

Salary and Wage Section

Office of Chief of Section
(1 Chief, 2 Technicians, 1 Clerk, 1 English Typist, 2 Messengers)

1. Planning, directing and coordinating the affairs of the section.
2. Maintenance, direction and control of salaries and wage activities of regional offices.
3. Liaison and coordination with other sections and agencies.
4. Control and management of personnel of the section.
5. Preparation and justification of the section budget.
6. Control of supplies and equipment.
7. Receipt, delivery and custody of documents.
8. Handling of confidential matters.

Pay and Leave Administration Unit
(1 Unit Chief, 30 Technicians, 10 Clerks, 1 Japanese Typist)

1. Preparation and interpretation of rules for the administration of compensation.
2. Continuous study of pay plan and the development of recommendations.
3. Investigation of the application of pay plan and the encouragement of uniformity in administration.
4. Standardization of pay roll procedures.
5. Standardization of time and attendance records.
6. Auditing of pay rolls for compliance with NPSL and rules and directives issued thereunder.
7. Preparation and interpretation of leave rules.

Cost-of-living Unit
(1 Unit Chief, 12 Technicians, 7 Clerks, 1 Japanese Typist)

1. Continuous study of statistics on cost-of-living and nutrition.
2. Development and maintenance of an index on cost-of-living.
3. Preparation of recommendations for wage adjustment.
4. Determination of area classification, allocation of area, and establishment of area allowance rates.
5. Preparation of recommendations for changes in family allowances.
6. Studies of cold climate and coal allowances and preparation of recommendations therein.

Hearn's (Representative)

Wages and Working Conditions Unit
(1 Unit Chief, 20 Technicians, 15 Clerks, 1 Japanese Typist)

1. Comparative studies of wage rates and social allowance in public and private employment.
2. Studies of work allowances including overtime rates, night allowance and holiday pay, and preparation of recommendations thereon.

Wages and Working Conditions Unit (Cont'd.)

3. Comparative studies on working conditions and hours of work in private and public employment.
4. Control, review and approval of special allowances pertaining to working conditions
5. Development of policy on housing, uniform and other allowances in kind.
6. Development of standards for working conditions
7. Preparation of recommendations on pay structure.
8. Investigations and comparisons on the demands of labor unions and employee organizations.
9. Investigations and comparison of the compensation policies of various political parties.

Files
II .20

CIVIL SERVICE DIVISION
Government Section

November 29, 1948

MEMORANDUM FOR: The Record

SUBJECT : Discussion concerning Proposed Compensation

1. Late Friday afternoon, November 26, a brief discussion with Public Finance Division, ESS revealed the following:

1. Their initial review of the proposed supplementary budget indicated the Ministry of Finance had probably underestimated revenues.

2. The proposal for pay adjustment on the on the basis of ¥5300 was not being criticised, in fact, it was indicated that this was probably a correct figure since the average industrial wage adjusted to government working conditions and projected to November, gave an average of approximately ¥5300.

2. Mr. Sato, Director-General of National Personnel Authority summed up the week-end situation this morning as follows:

1. The Cabinet apparently is going ahead on ¥5300 basis for adjustment of government salaries. This will include:

a. A 32% increase on base pay for all employees.
b. Family Allowance raised to ¥600 for the spouse and ¥400 for each additional dependent.
c. An increase in Area Allowance to a maximum of 40% with a series of additional issuing rates, each 5% below the other, indicating the establishment of more than four Area Allowance groups.

2. The Vice-Minister of Finance stated they had prepared legislation on the basis of ¥5300 and was seeking the review of National Personnel Authority.

3. The Ministry of Finance was purported to have indicated that if Government Section and ESS would agree on ¥6307 that this figure would be incorporated as a basis for pay adjustment in the supplementary budget.

3. Mr. Sato was advised that as far as the National Personnel Authority was concerned that they should remain absolutely consistent with their recommendations to the Prime Minister on the pay adjustment. Any variation from these recommendations must be the responsibility of the Cabinet and not of the National Personnel Authority, otherwise they might compromise themselves.

MS

MACDONALD SALTER
Chief, Classification and Compensation Branch

MS:vr

File
II. 20

CIVIL SERVICE DIVISION
Government Section

November 9, 1948

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

SUBJECT : Report on Adjustment of Compensation for Government Employees

1. The attached report, Exhibit "A" of the Temporary National Personnel Commission recommending the adjustment of salaries of government employees in accordance with Article No. 67 of the National Public Service Law was submitted today to the Prime Minister. It was also released to the press, together with a brief statement by Dr. Asai. See Exhibit "B" This report has been presented and discussed with the Public Health and Welfare Section and the Natural Resources Section of GHQ. Their endorsement is indicated on the attached memorandum, Exhibit "C" for the record. Colonel Schenck, head of the Natural Resources Section, personally endorsed by check sheet, Exhibit "D".

2. The reply by the Economic Scientific Section, Exhibit "E", objects to the market basket approach on the basis that it establishes a dual standard and a guaranteed feeding level, neither of which were contemplated in the preparation of this report. An alternative method is proposed, namely of adjusting government salaries on the basis of arbitrarily selected month when it is supposed that government and private salaries were in proper balance which it is believed the facts will not support.

3. General Whitney has reviewed the report and discussed its contents with SCAP and has approved its release. His memorandum to the Civil Service Division is attached, Exhibit "F".

4. A translation from the Japanese into English of the report on the proposed adjustment of salaries is attached, Exhibit "G".

Mac DONALD SALTER
Chief, Classification and Compensation Branch

MS:vr
Att: 7

Economic and Scientific Section

7 November 1948

MEMORANDUM

SUBJECT: Government Workers Wage Determination

1. References are the following documents informally transmitted by Government Section with request for comment:

a. "Technical Report on Cost of Living in Japan in Relation to the Compensation of Government Employees," prepared by Civil Service Division, Government Section.

b. "Report by the Chairman of the Temporary National Personnel Commission to the Prime Minister."

2. The urgent necessity for prompt redress of inequities in the wage scale of government employees as compared to other employees in Japan is fully appreciated. The determination of what these wages should be to accord with this objective is basically amenable to two methods of approach:

a. The "market basket" approach or computation of a wage adequate to assure a certain guaranteed feeding level per individual employee and his dependents together with suitable accompanying living expenses.

b. The "stabilized wage" approach, which consists substantially of adjusting wage inequities between the various segments of national labor at some normal period when wages and prices were in reasonable balance and computing subsequent changes in wage levels to harmonize with variations in consumer price indices since the base period.

3. Referenced documents adopt the first approach. By arithmetically dividing the total available staple food supply equally among all members of the Japanese population, an average figure of 1,850 calories per capita per day is computed. The yen cost of such a diet per government worker plus his dependents is computed from ~~estimates of average family expenditures in small cities~~ and that figure is then expanded by 66-2/3 percent to allow for non-food living costs. The resultant sum is an average of ¥6,234 per month, representing approximately a 67 percent increase in the present government wage level of ¥3,791 per month established in June 1948.

4. It is the considered opinion that this approach is inadvisable for the following reasons:

actual food prices after Tokyo - to adjusted to small cities

our figures do not reflect true, at this time.

not in our report.

7 November 1948
Subject: Government Workers Wage Determination

a. The 1,850 calorie figure is a theoretical national average. This estimate fails to consider that farmers who supply their own food cannot be physically prevented from consuming considerably higher levels than the non-selfsupplying population. It fails to recognize the need for incentive rationing. The actual average for non-selfsuppliers, beginning 1 November 1948, will be about 1,740 calories, of which 1,440 calories represent the staple ration. The actual maintenance of the 1,850 calorie level for the government employees and their families, all of whom are non-selfsuppliers, could be met only in two ways: (1) a reduction in the feeding levels for other non-selfsuppliers in order to maintain the government workers in a preferred status, or (2) additional imports of food at U.S. expense to maintain the increased assured feeding level for the entire non-selfsupplying public. Any dual standard for establishing government and non-government feeding levels obviously is an untenable position for the Occupation Headquarters. No food imports in excess of the 1,440 calorie staple food level have yet been requested from the Department of Army or the Congress, and pressures exist to reduce demands for U.S. appropriated funds. Careful analysis of the industrial and commercial potentialities of Japan reveal that the long-term maintenance of a total 1,850 calorie level for the non-selfsupplying population generally without U.S. assistance appears impossible of attainment in the near future. The maintenance of a luxury feeding level for non-selfsuppliers at this time would appear to doom the prompt attainment of a balanced Japanese economy and would delay indefinitely the possibility of removal of U.S. appropriations.

b. The market basket approach, in which income sufficient to guarantee a special feeding level is provided, will prove to be highly inflationary. For a temporary period it may be possible to accord government employees a higher feeding level than other workers by means of higher yen payments, but this will compel attempts by private workers to redress this difference. This influence already is evident in Japan. In the absence of wage controls, the ensuing private wage increases would cause general commodity price increases so that government employees would not actually be able to buy the goods included in the market basket composition. Further government wage revisions would continue the vicious cycle. For emphasis it is repeated that basically any double standard of wage computation between private and government employees will inevitably cause an endless competitive race accompanied by ever-rising wage and price levels.

c. The market basket approach will publicly support the long-time Communist demands for a guaranteed specific living standard for workers, demands which have been rejected by all post-war Japanese governments as impossible of fulfillment under a condition of economic unbalance where a minimum economic level must be supported by U.S. appropriations. At the same time the Communists would be enabled to attack the 1,850 calorie level or any arbitrarily established level and to popularize their own cause by

advancing demands in both government and private industry for further increased levels no matter what the selected figure might be. For this reason the setting of any specific feeding level which carries the connotation of assuring it through wage payments should be avoided.

d. The market basket approach, because it places so much stress on individual food requirements, necessarily over-emphasizes the dependent allowance factor and tends to divert attention and effort from establishing pay schedules upon position prestige or upon the efficiency and capability of the employee. The fourfold increase in the dependents' allowance (from ¥250 to ¥1,250 per dependent) recommended by referenced documents as compared to 67 percent increase recommended for the total wage reflects this development. It is considered that the expansion of the historical Japanese feudalistic allowance system would strongly influence the private industrial pattern by inhibiting efforts now being stressed to emphasize efficiency and incentive wage systems for the purpose of increasing industrial production. A strict market basket approach will justify no higher wage for the Prime Minister or a Supreme Court justice and their families than for a day laborer and his dependents.

e. Biases and mistakes in the computation render the resultant figures somewhat vulnerable. The fundamental error in failure to allow for higher per capita food consumption by farmers has been noted. The arbitrary expansion of the estimated food expenses by 66-2/3 percent to attain the total living expenses is excessive. For wage-earners' families the actual expansion as indicated by family expenditure surveys should be more nearly 50 percent. The prices used by the referenced documents are as of July 1948 instead of estimated November 1948 when the new wage is to be effected and are, therefore, low. Consequently, any realistic reexamination of the wage level on the assumed basic premise would result in a greater distortion of government and non-government wage relationships.

5. The stabilized wage approach is considered the more realistic method of solving the existing problem, which is substantially that of adjusting inequities in existing levels rather than increasing either or both levels to a degree which cannot be met by available income, either government or private. It does not guarantee any segment of the population any specific feeding level. It proposes no feeding level in excess of the non-selfsupplier basic authorization established by Washington. It permits the continuance of a reasonable and actually maintainable real wage for those groups of workers who have acquired it and also provides for raising sub-standard groups to that level. At the same time, it automatically operates to prevent nominal wage increases from outstripping price increases in any group, thereby upsetting the entire stabilization structure. By being applicable both to government and private wages, it avoids the vicious cycle set in motion by a double standard of wage determination.

7 November 1948
Subject: Government Workers Wage Determination

Finally, while permitting a substantial increase to government employees, it affords the government a reasonable basis for effective opposition to excessive wage demands now pending in the electric power, coal, metal mining and other industries, which otherwise will nullify the effect of the government employees' increases.

6. The stabilized wage approach would apply to the general situation as follows:

a. June 1948 may be taken as the base period when wages and prices in Japan generally were in reasonable balance and allowed equitable distribution under prevailing conditions of available commodities as between the wage-earning and other segments of the population.

b. The estimated increase in the commodity price index from 1 June 1948 to 1 November 1948 is 23 percent (see attached chart). Consequently, nominal wages generally should be permitted to be raised 23 percent to accord with price increases.

c. In the case of government employees, their average wage established for June 1948 was ¥3,791, as compared with ¥4,297 for manufacturing wages generally, which were 13.5 percent higher (see attached chart). Numerous other adjustments in the government employees' wage which have been utilized in computing government wage standards in the past on the basis of establishing equity largely cancel each other out and are not considered; for example, a 17.5 percent downward factor for shorter working hours and a 6 percent downward adjustment for overtime differentials will be compensated for by an 8 percent upward impulse for different geographical and sex distribution considerations and a 15 percent upward figure for lack of payments in kind and other perquisites of private industry. Omitting controversial and unrealistic minor adjustments, the justifiable wage level for government employees should be increased by 13.5 percent. The resulting wage level for government employees on this basis is computed to be about ¥5,290 monthly.

d. The application of this general formula to the wages of other wage-earning groups, allowing special adjustments through collective bargaining for sub-standard workers but otherwise limiting the computed standard to increases in the Consumer Price Index only, would tend to correct inequities in all wage levels without disturbing the balance established between government and non-government workers. This definitely will require some form of wage stabilization to be adopted by the Japanese Government in accordance with considerations of feasibility from political and economic viewpoints.

e. Increases in living standards for other than sub-standard groups should be dependent upon increases in commodities distributed through ration channels - the increase from 2.5 to 2.7 go daily staple ration on

7 November 1948
Subject: Government Workers Wage Determination

1 November 1948 - or upon bona fide production bonuses. The application of this principle will insure that the increases in production to be realized in the immediate future, largely through the use of U.S. appropriated funds, will be applied primarily to the general economic rehabilitation of the Japanese nation rather than dissipated in the form of guaranteeing luxury living standards to selected segments of the population. The attainment of high living standards should be the result of and not precede economic recovery.

7. A major consideration associated with this problem is that in both private or public employment problems the ability of the employer to pay must be considered as a controlling factor. In the case of government employees, absence of such consideration can result only in an unbalance of the budget and will require additional inflationary note issue. It would be fatal to the general interest to announce any approved wage increase that the government admits cannot be met within limitations of income available. To do so would destroy the confidence of the Japanese in their own government, and if directly or indirectly carrying approval of the Occupation Headquarters, would adversely affect its prestige.

8. It is recommended that:

a. The market basket approach to the Japanese Government worker wage problem be abandoned because it:

(1) Includes guarantees of food intake levels and standards of living not attainable from Japanese indigenous resources plus the national capacity for exports now or in the near future. To make good the guarantees will involve additional United States financial or commodity contributions.

(2) Involves the approval of a feeding level by the Occupation independent of and higher than the Washington directives.

(3) Is extremely inflationary and will initiate a vicious cycle of wage-price advances.

(4) Provides no standard for future containment of wage spirals. It is in effect an arbitrary standard subject to controversion by opposition elements.

(5) Probably cannot be met by income available to the government.

b. A single formula of wage determination be utilized for both government and non-government workers groups. Any separate standards will be untenable.

7 November 1948
Subject: Government Workers Wage Determination

c. The Occupation Headquarters refrain from dictating any method of determination of wage adjustments by the Japanese Government except that any formula containing the fundamental objections indicated herein be discouraged.

d. The general approach to solution of the problem be that of adjusting inequities between government and industrial workers' wages at some period of reasonable relationship between wages and prices in general and that modifications of that level be directly related to changes in officially published consumer price indices. Any form of this approach proposed by the Japanese Government should be acceptable.

e. The Headquarters insist that the existing inequity between government and industrial workers wage levels be adjusted promptly and that high priority be accorded to providing funds for payment of the new wages from available sources of revenue.

9. It is reported by Japanese Government authorities that studies have been made of the problem on several premises and that the results are fairly uniform. The results indicate a government employee wage level in approximation of ¥5,300, which is comparable to the level arrived at in computations made under the stabilized wage approach suggested herein. It is considered essential that Government Section and the Economic and Scientific Section work in closest coordination in analyzing the overall workers' wage problem and in advising the Japanese Government upon the controlling factors involved.

1 Incl.
Chart "Family Expend., Mfg Wages, & Consumer Price Index"

W. F. MARQUAT
Major General, U. S. Army
Chief, Economic and Scientific Section

GOVERNMENT SECTION
Civil Service Division

Files
II 19.

15 September 1948

MEMORANDUM TO COMPENSATION STUDY STAFF

SUBJECT: Reports on Compensation Study - Dead-line 24 September 1948

I. As a result of the work that has been undertaken during the past weeks, a compensation plan has been developed but it has been impossible, in most instances, to compile the information collected and prepare a report supporting various findings and recommendations. It is requested that the following reports be prepared and that all information and tables, questionnaires and other material that have been collected and utilized be incorporated in these reports:

1. Cost of living study (Marsh, Shirven and staff)
2. Pilot survey of comparative study of positions in industry (Bettis)
3. Study of area and cold-climate allowance system (Speicher & Bettis)
4. Study of housing allowance system (Bettis)
5. Study of special allowances (Bettis)
6. Study of general allowances (Bettis)
7. Study of family allowances (Shirven & Bettis)
8. Analysis of the administration of a new pay plan (Borthick & Roser)
9. Study of personnel, payroll, time and attendance records (Domanowski)
10. Sample classification survey of government positions (Vaughn)
11. Determination of the need for continuing indexes and cost of living (Marsh & staff) Shirven
12. Investigation of allowance bureau functions (Eliot)

II. Reports are to be submitted in triplicate.

MacDonald Salter
Chief, Classification &
Compensation Branch

CIVIL SERVICE DIVISION
Government Section

6 August 1948

Salter
Comp.
Paydates
1-10-50

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

SUBJECT : Conference in Regard to Dates of Payment of Japanese Personnel

1. Conference was held with Mr. Keitoku, Chief of Fourth Legal Section, Finance Ministry, and Messrs. Mogushi, Kishimoto and Watanabe on 2 August 1948.

2. They requested that in accordance with procedure followed for the months of June and July, this Division give its approval for the continuance of paying Japanese personnel each fifteen days rather than on the 26th day of the month as provided in Ministry of Finance Ordinance 112, 1943.

3. This will result in payments being made on staggered dates for the various ministries on the 11th, 12th and 13th, and on the 26th, 27th and 28th of each month respectively for the time being.

4. This authorization is of a temporary nature and was discussed and concurred in by Mr. MacCoy of this Division.

J. B. BETTIS
Compensation Specialist

Att. 1

JB:jd

-/-

Mr. Bellis

Ministry of Finance Ordinance No. ____

In accordance with the Ordinance concerning the Exceptional Case to the Ordinance regarding Salaries of Government Service Officials (Imperial Ordinance No. 303, 1946) and the Ordinance concerning Salaries of Government Service Officials (Imperial Ordinance No. 192, 1946), Article 12, the Ministry of Finance Ordinance concerning the Exceptional Case to the Established Dates of Pay Issuance for Government Service Officials shall be provided for as follows.

____ August, 1948

Minister of Finance
KITAMURA Tokutaro

1. It is authrized that regardless of the provisions of Article 1 of the Regulation as to the Issuance of Salaries of Government Service Officials (Ministry of Finance Ordinance No. 11, 1892 hereinafter referred to as "regulation") and the Supplementary Provision, Paragraph 2 of the Ministrial Ordinance revising the Regulation as to the Issuance of Salaries of Government Service Officials (Ministry of Finance Ordinance No. 112, 1943), the salaries of government service officials from August, 1948 onwards shall be paid, for the time being, eleven(11) days in advance of the established dates of pay issuance provided for in the two ordinances, the amount to be issued, however, not exceeding one half of any salary.

2. It is requested that the remaining amount, if the salaries of government service officials have been paid by one half or less as prescribed in the preceding paragraph, will be issued four (4) days later than the dates of pay issuance provided for in the said ordinances.

Supplementary Provision

The present Ordinance shall be enforced from the very day of its promulgation.

Allowance Bureau
Ministry of Finance

Ministry of Finance Ordinance No. 48

The Ministry of Finance Ordinance concerning Exceptional Case to the Established Date to issue Salary of Government Service Officials shall be provided for as in the following.

9 June, 1948

Minister of Finance

KITAMURA Tokutaro

Salaries of government service officials for the month of June, 1948 may be issued within half of their amounts 11 days in advance of the dates of pay issuance as established respectively in the Regulation concerning the Issuance of Salary of Government service Officials (Ministry of Finance Ordinance No. 11, 1892), Article 1 and the Matter concerning Partial Revision made to the Regulation concerning the Issuance of Salary of Government Service Officials (Ministry of Finance Ordinance No. 112, 1943), Supplementary Provision, Paragraph 2, notwithstanding provisions concerned therein.

It is requested that the remaining amount will be paid out 4 days later than the established dates of pay issuance as provided in the preceding paragraph, if the advance payment has been put into effect.

Supplementary Provision

The present Ordinance shall be effectuated on the very day of its promulgation.