

GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2240
- (2) Folder title/number: (17)
Outging Radios
- (3) Date: Feb. 1947 - Dec. 1947

(4) Subject:

Classification	Type of record
020	n

(5) Item description and comment:

(6) Reproduction: Yes No

(7) Film no. _____ Sheet no. _____

SECRET

17

Outgoing Radios.

Jan - Dec 1947

SECRET

CONFIDENTIAL

DS/WJS/vr
No. 516

17 Dec. 47

171021

SCAP (SERIAL)

DEPT OF ARMY

ROUTINE

C-57410

316, December 17, 1947. Pass to Dept. of State.

Redeptel 476, December 12. Careful consideration has been given to Department's suggestions contained in reference telegram but on basis of realities of situation in Japan, we conclude that their adoption would be impractical at this time.

The post-war construction projects carried out by Japanese Government under orders and direction of the Occupation authorities have been charged almost in their entirety against the Japanese Government, and since the inception of the Occupation expenses for cost of both labor and materials (with minor exceptions) used in these construction projects (including dependent housing) were regularly included in budgets of the Japanese Government. The construction projects having been paid for by the Japanese Government and in practically all cases placed on Japanese property, there would appear to be no question but that title to the resultant construction rests in Japanese Government or Japanese nationals (subject to liens of Japanese Government).

Govt Sect

In the final analysis, a taking over by the Japanese Government of property of any kind to which the United States may have title would result in the necessity for the Japanese Government to pay large sums of money to companies and individuals on whose behalf indemnification claims under discussion were presented. Under existing conditions of Japanese Government finance and difficulties already apparent in attempts to balance budget, it would be manifestly impossible for Japanese Government to attempt payment of yen equivalent these claims, even if substantially reduced. Likewise, a ship replacement, as demanded by Japanese Government in its note dated August 10, 1946 (paragraph 5), would instantly become involved in reparations claims connected with distribution of Japanese commercial fleet, limitations upon size and speed of vessels to be left to Japan, and other factors.

While it is apparent from even a superficial examination of the claim for indemnification presented by Japanese Government that the claim is grossly

~~classified~~

claim concerning reparations as correspondence of this classification has been authorized by the War Department in accordance with the provisions of paragraphs 16-C, 18-E, 53-A, 53-D (1) (2) (3), and 60-A (1) (2) (3) (4), AM 38048, 6 March 1946

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BASIC: Rad, SCAP to DEPT of ARMY, PASS TO DEPT of STATE 17 December 1947.

-3-

exaggerated, in view of already existing inflationary trend in Japan, difficult budgetary and financial problems of Japanese Government, and prohibition against direct contact between Japanese Government and other Governments, it is my opinion that it would appear desirable for Department to defer solution of this problem until such time as direct negotiation between United States and Japanese Governments becomes possible.

SIBALD

OFFICIAL:

APPROVED:

R. M. LEVY
Colonel, ASD
Adjutant General

WJS
W. J. SIBALD
Chief
Diplomatic Section

Info copies to:

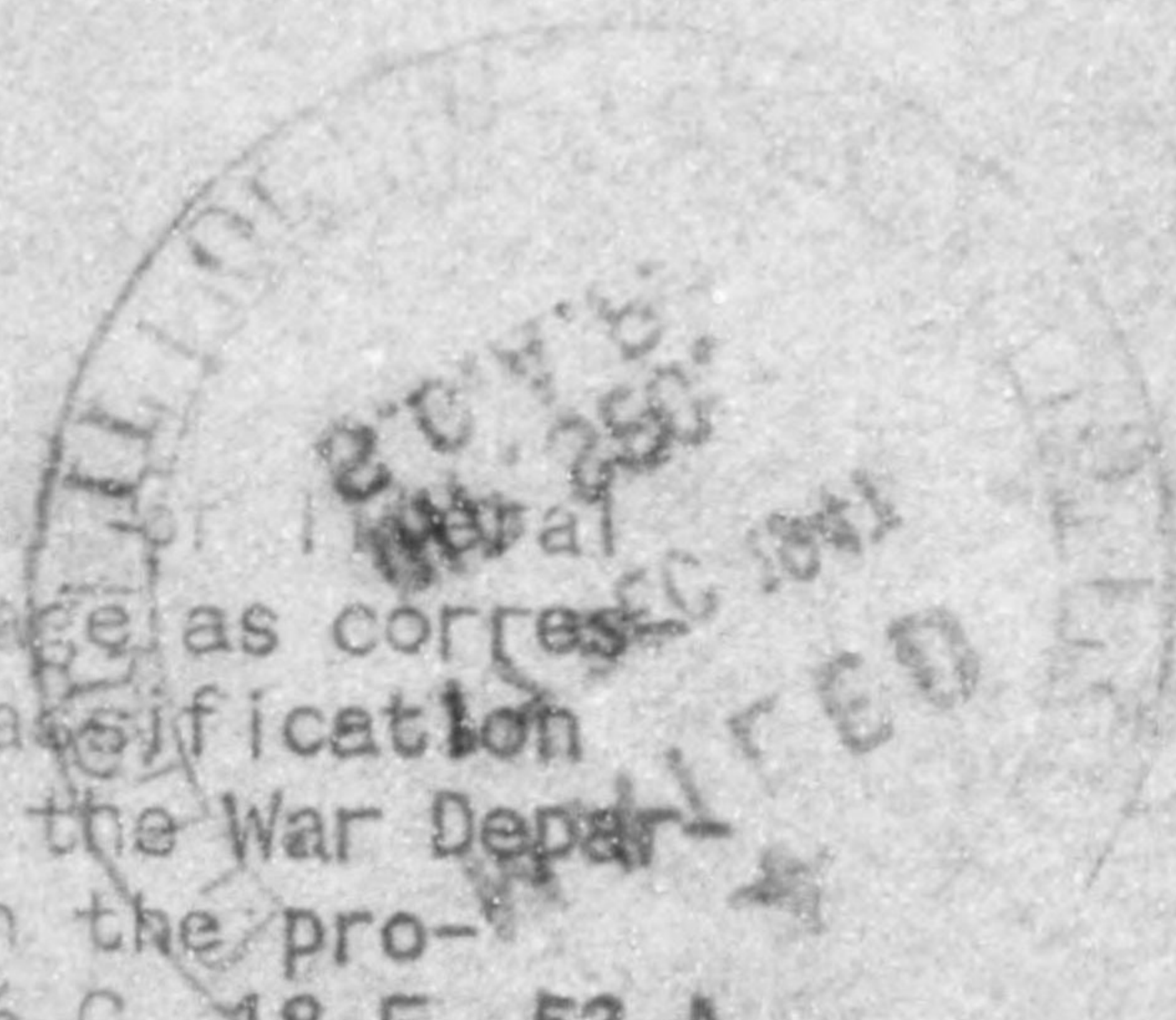
CinC
C/S
G-4
Govt Sect
AG Rec

M/R: 1. Above telegram replies to Radio War SVC 6849, 13 Dec 47 concerning claim by Jap Govt for indemnification for loss of ANA MARU.

2. Approved by CinC.

WJS

This message as correspondence of the same classification has been authorized by the War Department in accordance with the provisions of paragraphs 16-C, 18-E, 53-A, 55-D (1) (2) (3), and 60-A (1) (2) (3) (4), AR 380-5, 6 March 1946



GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE

CONFIDENTIAL

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ESS/RS WFM/WTR/WVT/at
DATE: 15 December 1947

FROM: SCAP

150241

TO : DEPARTMENT OF THE ARMY.....ROUTINE

(C-57347) For CSCAD ECON. Reurads W91651 and W91788. Subject is comments on Clifford Strike's 24 November commentary. This radio in eight parts.

Part 1. Introductory comments. As indicated in the basic SCAP report, balance in trade is intended to represent a feasible minimum balanced Japanese economy to be achieved at the earliest possible date. It does not purport to indicate ultimate levels which Japan would desire or at a later date might reasonably expect to obtain. It is an attempt to show in realistic terms the best possible balance achievable, defined to satisfy most urgent needs first, and to minimize requirements of financial assistance from the United States as rapidly as possible. The assumption by Mr. Strike that a major objective of the report and a limiting criterion in the program was the keeping "within limits of the production levels set in the interim directive for heavy industries affected by reparations" is not repeat not correct. On the contrary, estimates were based on minimum industrial requirements to meet basic needs of the population and to provide sources of revenue for payment of imported raw materials.

Part 2. 1930-34 base period. The salient features of the Strike objections to use of the 1930-34 base period are the allegedly low economic conditions prevalent at that time and disproportionate increase of urban population for subsequent period as reflected in the SCAP report.

a. Strike comments indicate 1930-34 was a period of unprecedented depression. According to League of Nations figures the level of industrial production on the average for 1930-34 was 105 per cent of the 1929 level for Japan, while corresponding levels were for the US 67 per cent, for the United Kingdom 89 per cent, and for Germany 70 per cent. Although industrial production fell to a low point in Japan during 1931 the decline was neither deep nor did it affect all sectors of the economy. Furthermore, the dip was short and recovery more rapid than in any other major country. During this base period pig iron and crude steel production averaged considerably higher than 1929 or any average of years during the 1920's. Only in 1931 was production somewhat lower than 1929. Beginning in 1932 the iron and steel industry passed abruptly out of the temporary depression on the basis of a definite expansion and armaments boom. It was during this period that the hitherto non-existent alloy steel industry was established involving construction of electric steel furnaces; heavy expansion was made of army and navy facilities for war material, for harbors, for merchant shipbuilding, etc. Supply of steel was adequate and private investment demand for capital goods apparently sufficiently active to occasion significant and continuous increases

(3) (4), AR 200-5, 16 March 1946

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Confidential DATE: 15 Dec. 1947

during this period in the plant capacities of the thermal and hydro-electric power industries, the cotton and woolen textile industries and major branches of the chemical industries, particularly ammonium sulphate. The rayon industry was initiated and experienced a rapid growth continuing on through the 1930's. Such evidence of net additional investment demand over and above requirements of capital replacement is not ordinarily considered evidence consistent with conditions of "unprecedented depression."

b. The Strike comment about the probable future growth of non-farm population compared with farm population appears reasonable. The Ross report ventured no explicit forecasts of this nature. However, it is doubted that the economic significance of such a shift toward non-farm population would be as great as Strike implies, since rural-urban differences as regards industrial product requirements do not appear to be as great in Japan as in the U. S. In any case Strike's comments are directed at potential levels of industrial production and ultimate targets, whereas our 1953 B program is an estimate of what will be feasible. Actually the level of 135 for industrial production---derived as a by-product of the projections for particular products and industries---seems reasonably sufficient to care for minimum needs of the larger population, even allowing for the relative shift to non-farm. Furthermore, nothing in the program implies the undesirability or impossibility for Japan to attain further industrial expansion and higher consumption levels after 1953.

Part 3. Food. Consumption levels during base period 1930-34 were not seriously low. The staple food level, from both imported and indigenous food when supplemented by indigenous non-staple food, is better than the current experience in Japan, and probably more than can be attained by 1953. The protein level shown in Ross report is low, but reasonably satisfactory. Imports of soy beans shown in the report, coupled with domestic production essentially the same as in the base period, will allow a total supply considerably short of ultimate desirable levels. It would be desirable to increase per capita protein consumption, chiefly of fish and soy beans, as rapidly as practicable. It must be reiterated that the feeding levels shown in the report are represented as those necessary to achieve a minimum balanced economy deemed achievable by 1953. The sugar consumption shown, while lower than prewar, involves no serious nutritional consequences. With regard to increases of indigenous production of staple foods, recheck with agricultural experts here strongly supports the original estimates as feasible, with due account for the reclamation program and such factors as erosion and floods.

Part 4. Clothing. The SCAP report points out that 1953 B level of consumption is somewhat lower than the 1930-34, although the amount is not substantial. Actually Report provides for 8.2 pounds of textiles per capita in 1953 as compared with 8.7 pounds per capita in 1934. The trend toward Western type clothing is strong in Japan, requiring smaller amounts of textiles than the traditional Japanese garments.

Part 5. Petroleum and iron ore. In view of general nature of Mr. Strike's comments specific remarks are not required.

Part 6. Restoration of War Losses and Damage. SCAP report allowed approximately 1,000,000 tons of steel per year for construction purposes. Since Japanese housing requires practically no steel this would appear to be a reasonable amount for industrial rehabilitation.

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Date: 15 Dec. 1947

Part 7. Trade Balance. Regard amounts allowed for deficit resulting from invisible items as reasonable, given the various uncertainties concerning size of future Japanese merchant marine, ocean freight rates, etc., as well as such items as tourist trade, immigrant remittances, and interest payments abroad. In general import prices were calculated CIF Japanese ports and export prices calculated FOB Japanese ports.

Part 8. Summary. Do not see need for major revision or amendment to original SCAP report at this time. As stated in SCAP letter of transmittal revisions will be made as required and full consideration will be given to points raised by Strike and modifications will be made promptly.

OFFICIAL:

Approved by:

R. N. LEVY
Colonel, AGD
Adjutant General

W. F. Marquat
W. F. MARQUAT
Brigadier General, U. S. Army
Chief, ESS *WFM*

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ESS

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Approved by C/S 12/14/47

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Handwritten initials/signature

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE ESS/FI WFM/WKL/CDY/mlc
DATE 7 December 1947

FROM: SCAP

TO: DEPT OF WAR.....PRIORITY

070803

C-57170) For CSGPO Reurad W 90138 and WCL 42528.
This radio in three parts.

Part 1. SCAP policy re settlement of obligations with respect to amounts due repatriated Japanese prisoners of war, disarmed personnel and civilian internees has been based on SWNCC 284/3. Payment of most Japanese prisoners of war held by American forces has been effected by use of Military Disbursing Officers Payment Orders. When these were cashed in Japan the yen equivalent at the military conversion rate was paid by the FEC Fiscal Director. Prior to the receipt of SWNCC 284/3 in the case of Japanese civilians repatriated from Tinian in January 46 and in the case of Japanese prisoners of war repatriated from Guam both of which groups carried currency receipts or pay records expressed in US dollars, the Japanese Government was authorized to make yen payments against such receipts at the military conversion rate. Japanese prisoners of war repatriated from Saipan who were shareholders in an authorized trade store there were repaid their shares by means of depositing dollar assets from sale of store in SCAP Trust Fund Account in US Treasury and having the Japanese Government make payment of the yen equivalent in Japan. Although this means of payment was suggested in other instances prior to the receipt of SWNCC 284/3, SCAP has no knowledge of its use.

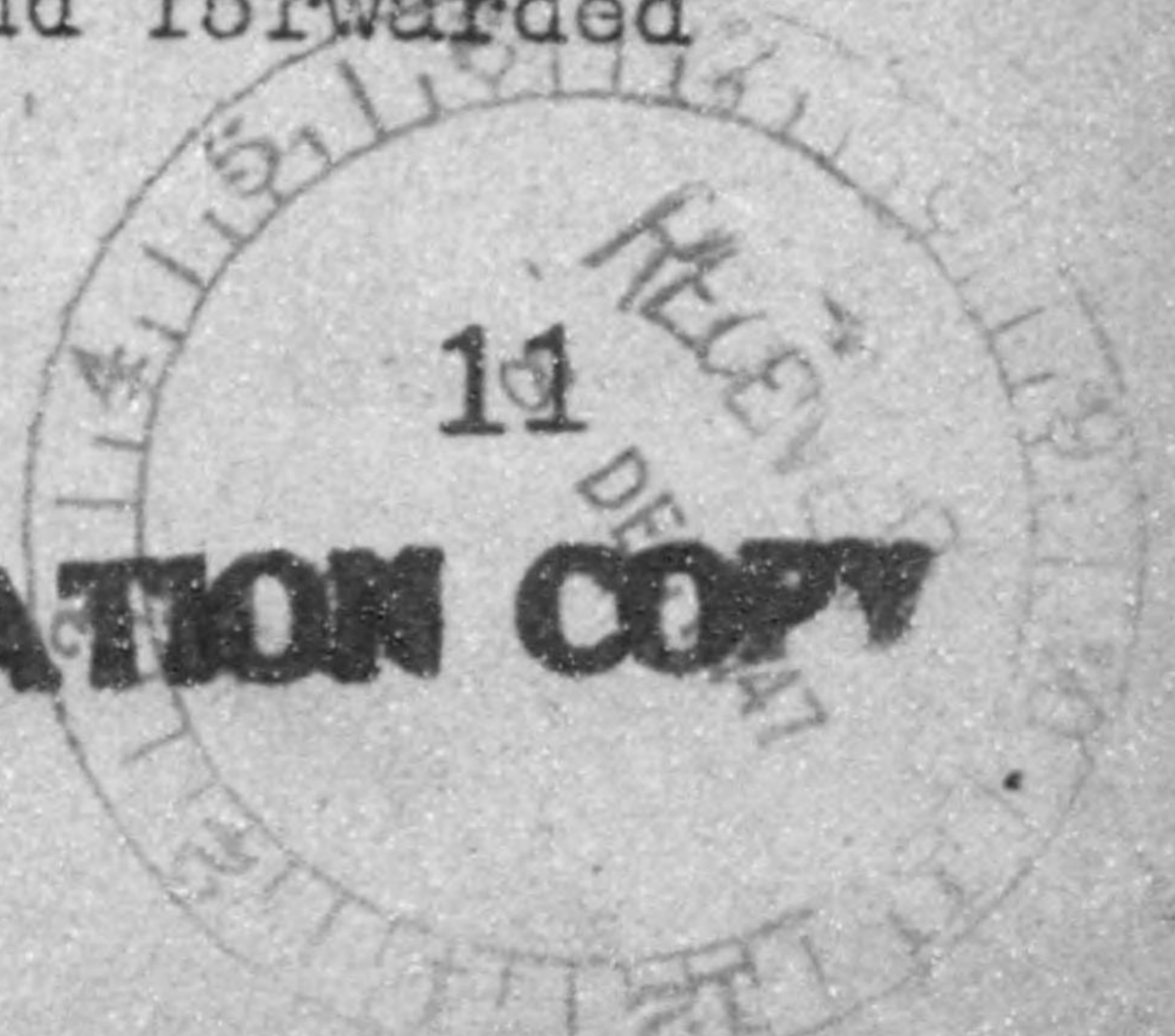
Part 2. In effecting payment for earnings and assets left in Canada by repatriating Japanese, the Canadian Government paid US dollars into the SCAP Trust Fund Account in US Treasury and the Japanese Government paid the yen equivalent in Japan at the military conversion rate to the repatriates concerned.

Australia and New Zealand followed the policy of the British Government and gave each repatriating prisoner of war an individual certificate of balance due him and forwarded

... admission of literal
... text of this message as corres-
... of the same classification.
... authorized by the War Depart-
... in accordance with the pro-
... of paragraphs 16-C, 16-D,
53-D (1) (2) (3), and 50-A (1) (2)
(3) (4), AR 380-5, 5 March 1946

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PAGE TWO RADIO FROM SCAF TO DEPT OF ARMY (CSGPO) DATED 7 Dec 47

to the Japanese Government nominal rolls showing amounts due each repatriate and requesting that the Japanese Government pay these amounts in yen. The amount so paid would later be considered in connection with post-war settlements.

Repatriates from Soviet territories have not been allowed by the Soviets in most cases to bring with them either working pay or working pay certificates. The Soviet Government not being a signatory of the Geneva Convention is not legally bound to pay prisoners of war or other internees.

Some repatriates from China were given working pay certificates. Some were paid in old-type Japanese yen which has no value in Japan and cannot be exchanged. SCAP suggested that if China wished to ensure the payment of Japanese interned and other personnel, funds representing earnings should be designated for transfer to an account for financing approved imports into Japan. The Japanese Government would then be directed to pay the yen equivalent to individual repatriates concerned. This suggestion was not acted on.

Part 3. British statement that the Japanese Government owes British prisoners of war much more than the British owe Japanese prisoners is not subject to refutation. In view of the fact that UN objections would not preclude ultimate equitable settlement and repatriation generally complete no objection here to reconsideration of SMCOC 284/3.

OFFICIAL:

Approved by:

R. M. LEVY
Colonel, AGD
Adjutant General

W. F. Marquitt
W. F. MARQUITT
Brigadier General, U.S. Army
Chief, ESS

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C/S
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AG
Dip Sec
GS
G-4
ESS

Secret

Approved by C/S *D* 12/4/47 *D*

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE

ESS/FT WFM/RWH/DMB/bg
DATE: 3 December 1947

Restricted
RESTRICTED

gjd
03 08 45

FROM: SCAP

TO: WAR (CSCAD ECON) ROUTINE

INFO: STATE (CP) ROUTINE

(**CX57076**) Further reurad W 88258, 15 October 1947.

Administration of Japan's foreign trade in accordance with draft Charter principles considered feasible. Such action considered desirable regardless whether member countries World Trade Conference see fit to extend Most Favored Nation treatment Japanese to exports at this time. Further consider those controls over Japan's foreign trade, deemed necessary during transitional phase, fall within scope permitted in exceptions to draft Charter, and that no special exceptions to draft Charter for Japan are required. In administering Japan's foreign trade, every effort shall be made to place emphasis upon Charter principles barring trade restrictions and discriminations rather than upon its permitted exceptions.

Recognize importance of securing for Japan tariff and other concessions made pursuant to Geneva meeting Preparatory Committee. At present the impact of Japan's Import Tariff on foreign trade is negligible since essentially free customs treatment is accorded to all commodities entering or likely to enter Japan during occupational phase. Believe Japan's Import Tariff could be revised in consonance with draft charter principles.

With respect to those provisions of the draft Charter regarding communication of trade and employment information to proposed ITO, International Monetary Fund, and ECOSOC, policy decision would be required from FEC regarding scope and channels of such information, during the occupational phase. Any information so supplied would of course be subject to security interests of the occupation within the meaning of the general exception to the Charter contained in Art 94.

Present indications are that the below-listed permitted exceptions would be required in administering Japan's foreign trade in accordance with draft Charter principles:

Handwritten note: (1) During occupational phase consider desirable to permit Japanese to prohibit exportation, on nondiscriminatory basis, of reproductive bird eggs, to assist Japanese in
53-D (1) (2) (3), and 60-A (1) (2)
(3) (4), AR 380-5, 6 March 1946

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Basic: Radio from SCAP to WAR (CSCAD ECON) dtd 3 December 1947

developing and reconstructing their silk industry. Such action is in violation Art 11, Chapter III, and Art 20, Chapter IV; however, permissible as transitional measure under Art 14, Chapter III.

(2) It may be necessary during the occupational phase to extend governmental assistance, under provisions of Art 13, Chapter III, to the establishment, development or reconstruction of particular industries, or particular branches of agriculture, in the form of nondiscriminatory protective measures not otherwise permitted by the Charter.

(3) Consider it necessary for Japan to maintain export trade restrictions under provisions of scarcity in exception to par 2 (a) to Art. 20 until such time as existing shortages of essential products have been met; as well as export restrictions to prevent excessive exports of products where domestic price controlled, and restrictions which are necessary to deal with price controls and short-supply arrangements during post-war transitional period in accordance with provisions Art 43.

(4) Consider it necessary for Japan to maintain import trade restrictions under provisions of Art 21 until such time as equilibrium is restored to Japan's balance of payments.

(5) Although quantitative trade restrictions imposed on balance of payments grounds are to be administered on a basis which does not discriminate among sources of supply in respect to any imported product (Art 22), believe that it will be necessary to permit Japan to take action under par one of Art 23 so as to enable Japan to increase its imports from certain sources through the use of inconvertible currencies, deferred credit terms, and barter arrangements, without unduly depleting its monetary reserves.

(6) With respect to exchange arrangements, pending restoration equilibrium Japan's balance of payments, consider it necessary to restrict payments for current international transactions in accordance with provisions of Sec. 2, Art. XIV of the Articles of Agreement International Monetary Fund, as provided for in par 9 (a) of Art. 24 of the Charter. Although exchange restrictions will be required during the transitional phase, consider adherence to par 4 of Art. 24 feasible.

(7) With respect to Japan's present restrictions upon the importation of gold and silver, and upon the importation or exportation of narcotics, consider these restrictions come within scope these exceptions Chapter IV permitting adoption or enforcement of measures to protect public morals, and measures relating to importation or exportation of gold or silver (Art. 43).

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Basic: Radio from SCAP to WAR (CSCAD ECON) dtd 3 December 1947

(8) During the occupational phase the principle of freedom of transit (Art. 32) should be qualified by the general exception (Art. 94) for protection of security interests.

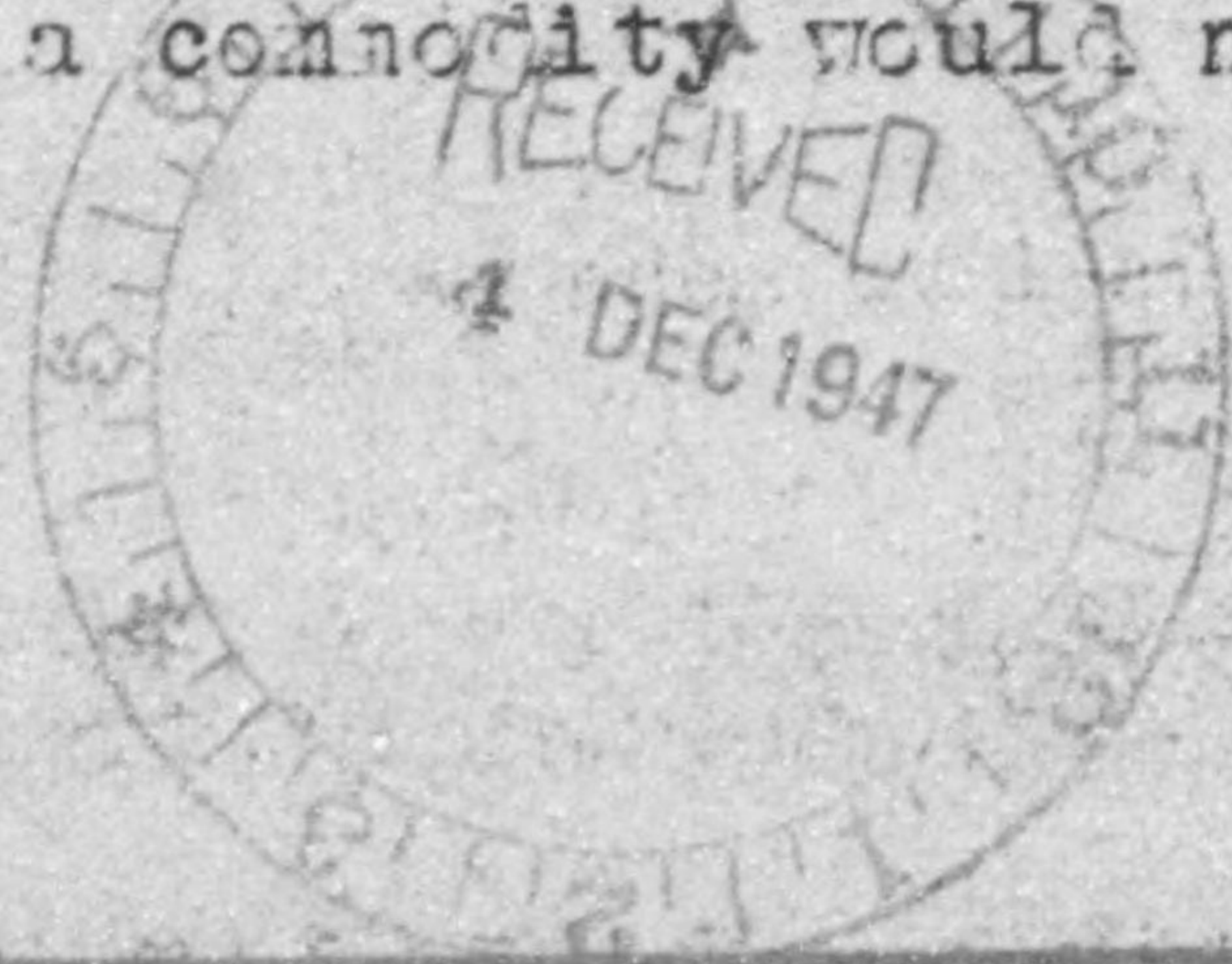
With respect to fair labor standards, appropriate action has been taken through the medium of such measures as the Labor Standards Law to eliminate sub-standard conditions of labor in production for export in conformity with the provisions of Art. 4 Chapter II.

With respect to subsidies, although certain items exported are in effect being subsidized indirectly by the Japanese Government through subsidization of certain basic production materials as part of the overall price stabilization program, the yen sales price charged for an exportable item is the same as the comparable yen price charged for the like item to buyers in the domestic market, and therefore no preferential treatment is accorded through subsidy to exportable items. Absence of an exchange rate and present system of dollar pricing make it highly impracticable to determine accurately whether indirect subsidization results in sale for export at a "dollar price" lower than the comparable "dollar price" for the like product to buyers in the domestic market (Article 26). Establishment of an exchange rate will require review of Japan's subsidies (in so far as they affect exportable items) and necessary action to ensure that the provisions of Article 26 are being followed.

To date, indirect subsidization of any exportable product has not resulted in Japan's enlarging its share of the world market in that product in excess of the share which it had during any previous representative period (Art. 28). However, technological changes and increased dependence of Japan upon foreign trade may necessitate development of certain export industries, assisted by subsidies, beyond a previous representative period. In case of such increases special factors referred to in Art. 28 may have to be offered in justification thereof.

At present Japan's foreign trade is conducted essentially through the medium of a state trading device. Subject to quantitative trade restrictions and exchange controls above listed, Japan's purchases and sales are currently being conducted in accordance with commercial practices. Until a reasonable degree of economic stability has been achieved, a commercial exchange system established, and appropriate supervisory controls established, it is deemed that a state trading medium is most practicable. In this connection, bilateral intergovernmental agreements relating to the purchase or sale of a commodity would not

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Basic: Radio from SCAP to WAF (CSCAD ECON) dtd 3 December 1947

be subject to the restrictive business practice principles of Chapter V, under the provisions of par 1 (a) of Art 51.

The Japanese "Anti-Trust Law" not only outlaws those business practices affecting international trade which restrain competition, limit access to markets, and foster monopolistic control, indicated in Art. 44 of Chapter V of the Draft Charter, but also requires approval by the Fair Trade Commission of any agreement, other than short-term purchase and sale agreements affecting international trade.

OFFICIAL:

Approved:

R. M. LEVY
Colone, AGD
Adjutant General

W. F. MARQUAT
W. F. MARQUAT
Brigadier General, U.S. Army
Chief, ESS

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W
/WJS/RAP/rab
1 December 1947
306

SCAP (SEBALD)

STATE DEPARTMENT URGENT
INFO: WDCSA PRIORITY
INFO: AMEMBASSY, NANKING PRIORITY

20651

306, December 1, 1947

CX57052

Chinese Mission in Japan has informed this Headquarters of Chinese Government's desire hold elections on December 23 among Chinese residents in Japan for purpose electing one Representative of local Chinese residents to be sent National Assembly Nanking and one Member to be sent legislative Yuan. Chinese plan establishing main polling office in head office Chinese Residents' Association Tokyo and branch polling offices in various Chinese Residents' Association offices throughout Japan. All ballots are to be collected in Tokyo head office and counted under supervision of Chinese Mission. Electioneering to be restricted to premises of various Chinese Associations.

Chinese Mission claims that similar election for representative of local Chinese residents in National Assembly held in Japan in December 1933, at which time a polling office was established in Chinese Embassy, with no branch polling offices, although ballots were distributed throughout Japan through Chinese Chambers of Commerce and Chinese Prefectural Clubs. Further claims that in present Chinese general election, similar overseas elections have been or are to be held in other Chinese communities abroad. As far as Chinese know, only Philippine Republic and Siam have refused to permit holding such elections. According to local press report such an election held in United States on November 23, with balloting conducted by mail.

In spite of alleged precedents for holding desired election, we are of opinion that election in Japan at this time would represent undue exercise of Chinese governmental functions within territory of Japan, and that permission to exercise such governmental functions should be granted only by a fully sovereign Japanese government when established. We propose inform Chinese Mission that permission cannot be granted by SCAP but would appreciate Department's views which are urgently requested.

Handing and transmission of this message as correspondence of the same classification has been authorized by the War Department in accordance with the provisions of paragraphs 16-C, 18-E, 25-A, 53-D (1) (2) (3), and 60-A (1) (2) (3) (4), AR 330-5, 6 March 1946

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3 DEC 1947
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CS (Info)

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BASIC: Rad, SCAP (SEBALD) to STATE DEPARTMENT 1 December 1947.

(No. 306, page)

OFFICIAL:

R. M. LEVY
Colonel, AGD
Adjutant General

APPROVED:

WJ
W. J. SEBALD
Chief, Diplomatic Section

Copies to: M/R: 1. Chinese Mission's memorandum No. 01659/CA of 15 Nov 47 (received 19 Nov 47) informed DS of intention to hold elections as above. Further information obtained through conversations between DS and Chinese Mission (Mr. Tsui, Consular Affairs Section).

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AG Records

2. Draft of above radio submitted to C/S for approval by DS check sheet, 30 Nov 47, subj., "Proposed Elections Among Chinese Residents in Japan." After obtaining concurrence of Govt. Sec., C/S approved on 1 Dec 47.

RAP 26-8471

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CLM: IAB/vhl

23 OCTOBER 1947

FROM: GINGFE

241215

TO : DEPT OF ARMY (CSGOD FL)

(6-56312)

PARA ONE PD REURADS WILLIAM EIGHT EIGHT SIX EIGHT TWO AND WILLIAM EIGHT EIGHT SEVEN FOUR EIGHT PD ITEM HAVE GIVEN CAREFUL CONSIDERATION TO THE QUESTIONS RAISED IN YOUR WILLIAM EIGHT EIGHT SIX EIGHT TWO CMA ALL OF WHICH GO TO THE PROCEDURE EMPLOYED IN IMPLEMENTING THE UNITED STATES AND ALLIED POLICY IN THE DECONCENTRATION OF EXCESSIVE CONCENTRATIONS OF ECONOMIC POWER IN JAPAN PD THIS MATTER IS NOW BEFORE THE NATIONAL DIET WHERE IT WAS SUBMITTED IN THE FORM OF A BILL BY THE JAPANESE GOVERNMENT ON OCTOBER SIXTH PD IN ESSENTIAL RESPECTS THIS BILL CONFORMS TO THE DRAFT ORDINANCE TAKEN TO WASHINGTON BY THE UNDER SECRETARY OF THE ARMY PD PARA TWO PD THE PROCEDURES EMBODIED IN THE BILL ARE DESIGNED TO ACCOMPLISH MOST EFFECTIVELY THE IMPLEMENTATION OF EXISTING POLICY CMA ALTHOUGH PROVISION WAS MADE THROUGH LEGISLATIVE PROCESS FOR ADMINISTRATION OF THE DECENTRALIZATION PROGRAM BY THE NOW CHARLIE LOVE CHARLIE CMA ANLE JAPANESE INSTRUMENTALITY CMA NOTWITHSTANDING THE ORIGINAL STATE DEPARTMENT VIEW THAT THE COMMISSION IN CONTROL SHOULD NOT BE STAFFED BY JAPANESE BUT BY MEMBERS OF MY STAFF AND UNDER MY DIRECTION PARAS MAKE SEVEN SEVEN EIGHT SEVEN NINE OCTOBER TWO TWO CMA ONE NINE FOUR FIVE PARAS PD AT THAT TIME ASSISTANT SECRETARY OF WAR REGULAR ITEM IN JAPAN SENT A MESSAGE TO THE WAR DEPARTMENT PARAS CHARLIE MAKE DASH ITEM HAN DASH ONE ZERO FIVE SEVEN FOUR PARAS ADVISING OF THE IMPRACTICABILITY OF THAT

GOVERNMENT SECTION

Handling and transmission of literal
 pendency of the same classification
 ment in accordance with the pro-
 53-D (1) (2) (3), and 60-A (1) (2)
 (3) (4) (5) (6) (7) (8) (9) (10)

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PROCEDURE CMA UNLING THAT EXPERTS BE SHIPPED AT ONCE FROM THE UNITED STATES CMA
AND POINTING OUT THAT QUOTE IT WOULD BE AN EXCELLENT THING IF WE COULD GET ABLE
DISSOLUTION PLAN PUT INTO EFFECT PROMPTLY UNQUOTE PARA THREE PD THE ALTERNATE
PROCEDURES SUGGESTED IN YOUR MESSAGE WOULD BE ENTIRELY COMPATIBLE WITH IMPLEMENTATION
OF THE BASIC PROGRAM IF IT WERE BEING UNDERTAKEN AS THE VOLUNTARY ACT OF ABLE FREE
PEOPLE PD THAT CMA HOWEVER CMA IS NOT RPT NOT THE SITUATION HERE WHERE THE PROGRAM
HAS LONG BEEN ONE OF THE MOST IMPORTANT REQUIREMENTS UNDERLYING ALLIED POLICY PD TO
BE EFFECTIVE IN THESE CIRCUMSTANCES IMPLEMENTATION OF THE PROGRAM MUST BE UNDER
THE CONSTANT SUPERVISION AND ABSOLUTE CONTROL OF THE OCCUPYING POWERS FOR OTHERWISE
CMA DUE TO THE TREMENDOUS INFLUENCE CAPABLE OF BEING EXERCISED OVER THE JAPANESE
AUTHORITIES BY THOSE ADVERSIK TO BE EFFECTED CMA IMPLEMENTATION COULD NOT RPT NOT
POSSIBLY BE ACCOMPLISHED DURING THE OCCUPATION PERIOD REGARDLESS OF WHAT SPECIAL
DEVICES TOWARD EXPEDITION MIGHT BE ADOPTED PD BEING FULLY CONSCIOUS OF THIS HAZARD
CMA ITEM CONSIDERED THE ADVISABILITY OF PROCEEDING TO THE IMPLEMENTATION OF THIS
PROGRAM BY DIRECT SCAP ACTION BUT FINALLY DECIDED ON UTILIZING THE JAPANESE MACHINERY
IN LINE WITH POLICY PREVIOUSLY IN FORCE TO GIVE THE JAPANESE AUTHORITIES CMA UNDER
SCAP SUPERVISION CMA THE MAXIMUM OF DIRECT RESPONSIBILITY IN CARRYING OUT ALLIED
DECISIONS PD PARA FOUR PD APART FROM THESE CONSIDERATIONS INVOLVING ALTERNATE
PROCEDURAL SUGGESTIONS CMA ITEM NOTE THAT THE PRESENT AMERICAN POSITION AS SUBMITTED
TO THE FAR EASTERN COMMISSION ON ONE TWO MAY ONE NINE FOUR SEVEN PAREN PFC TWO THREE
ZERO PAREN CMA PAREN WITH THE STATEMENT CMA QUOTE IT IS THE BELIEF OF THIS
GOVERNMENT THAT THE EXISTENCE OF THE KAIDATSU AND THE MONOPOLISTIC CONTROLS

EXERCISED BY THESE GIANT CONCERN OVER JAPANESE LIFE HAVE BEEN ABLE MAJOR FACTOR IN
handling and plain text of this message as corres-
pondence of the War Department in accordance with the pro-
visions of p - 2 - plus 16-C, 18-E, 53-A,
53-D (1) (2) (3), and 60-A (1) (2)
(3) (4),

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EIGHT ZERO SLANT ONE FIVE PAREN APPROVED BY THE STATE WAR NAVY COORDINATING COMMITTEE AND CONCURRED IN BY THE JOINT CHIEFS OF STAFF ON NOVEMBER THREE ONE NINE FOUR FIVE PROVIDED GIN QUOTE IT IS THE INTENT OF THE UNITED STATES GOVERNMENT TO ENCOURAGE AND SHOW FAVOR TO GIN PAREN ABLE PAREN POLICIES WHICH PERMIT ABLE WIDE DISTRIBUTION OF INCOME AND OF THE OWNERSHIP OF THE MEANS OF PRODUCTION AND TRADE GMA PAREN BAKER PAREN THE DEVELOPMENT OF ORGANIZATIONS IN LABOR GMA INDUSTRY AND AGRICULTURE ORGANIZED ON ABLE DEMOCRATIC BASIS PD ACCORDINGLY GMA YOU WILL PAREN ONE PAREN REQUIRE THE JAPANESE TO ESTABLISH ABLE PUBLIC AGENCY RESPONSIBLE FOR REORGANIZING JAPANESE BUSINESS IN ACCORDANCE WITH THE MILITARY AND ECONOMIC OBJECTIVES OF YOUR GOVERNMENT PD YOU WILL REQUIRE THIS AGENCY TO SUBMIT GMA FOR APPROVAL BY YOU GMA PLANS FOR DISSOLVING LARGE JAPANESE INDUSTRIAL AND BANKING CONCERNS OR OTHER LARGE CONCENTRATIONS OF PRIVATE BUSINESS CONTROL HIASUS PAREN FOUR PAREN ANNOGATE ALL LEGISLATIVE AND ADMINISTRATIVE MEASURES WHICH LIMIT FREE ENTRY OF FIRMS INTO INDUSTRIES TO BE REORGANIZED WHERE THE PURPOSE OR EFFECT OF SUCH MEASURES IS TO FOSTER AND STRENGTHEN PRIVATE MONOPOLY PD PAREN FIVE PAREN TERMINATE AND PROHIBIT ALL JAPANESE PARTICIPATION IN PRIVATE INTERNATIONAL CARTELS OR OTHER RESTRICTIVE PRIVATE INTERNATIONAL CONTRACTS OR ARRANGEMENTS PD UNQUOTE SUBPARA CHARLIE PD THE FAR EASTERN COMMISSIONS BASIC POST DASH SUBSENER POLICY FOR JAPAN PAREN YEC ZERO ONE FOUR SLANT NINE PAREN WHICH WAS UNANIMOUSLY APPROVED BY THE FAR EASTERN COMMISSION ON JUNE ONE NINE GMA ONE NINE FOUR SEVEN GMA PROVIDED GIN QUOTE POLICY SHALL BE LAID DOWN WITH THE OBJECTIVE OF INSURING ABLE WIDE AND JUST DISTRIBUTION OF INCOME AND OF THE OWNERSHIP OF THE MEANS OF PRODUCTION AND TRADE PD PARA QUOTE ENCOURAGEMENT SHALL BE GIVEN TO THOSE FORMS OF ECONOMIC ACTIVITY GMA ORGANIZATION AND LEADERSHIP DESIGNED LIKELY TO STRENGTHEN THE DEMOCRATIC

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FORCES IN JAPAN AND TO PREVENT ECONOMIC ACTIVITY FROM BEING USED IN SUPPORT OF
MILITARISTIC INTERESTS TO THIS END IT SHALL BE THE POLICY OF THE
SUPREME COMMANDER CHINA AREA BAKERS PAREN TO REQUIRE ADEQUATE PROGRAM FOR THE DISSOLUTION
OF THE LARGE INDUSTRIAL AND BANKING CONCERNATIONS ACCOMPANIED BY THEIR PROSPECTIVE
REPLACEMENT BY ORGANIZATIONS WHICH WOULD WITHIN THE BASIS OF CONTROL AND
OWNERSHIP TO UNQUOTE PARA THIS BASIC OCCUPATION POLICY IS REAFFIRMED IN THE BASIC

- 5 -

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tment in a
visions of AR 600-10-C, 18-E, 53-A,
53-D (1) (2) (3), and 60-A (1) (2)
(3) (4), AR 600-5, 6 March 1946

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INITIAL POST DASH SURRENDER DIRECTIVE TO SUGAR CHARLIE ABLE PETER FOR THE
OCCUPATION AND CONTROL OF JAPAN NOW PENDING BEFORE THE FAR EASTERN COMMISSION
AS FOX EASY CHARLIE ZERO ONE FIVE PD PARA TO AID IN THE FORMULATION OF COM-
PREHENSIVE POLICIES CMA STANDARDS AND PROCEDURES CMA ABLE MISSION HEADED BY
CORWIN DOG EDWARDS WAS DISPATCHED TO JAPAN BY THE STATE CMA WAR AND JUSTICE
DEPARTMENTS JOINTLY IN JANUARY ONE NINE FOUR SIX PD ITS REPORT IS THE BASIS
OF THE UNITED STATES STATEMENT OF POLICY IN RESPECT TO THE ZAIIBATSU PROBLEM
WHICH THE UNITED STATES GOVERNMENT SUBMITTED FOR APPROVAL TO THE FAR EASTERN
COMMISSION ON MAY ONE TWO CMA ONE NINE FOUR SEVEN PAREN FOX EASY CHARLIE TWO
THREE ZERO PAREN PD IN ITS STATEMENT OF TRANSMITTAL OF THE EDWARDS MISSION
REPORT CMA THE UNCLE SUGAR POLICY WAS CLEARLY EXPRESSED IN THE PARENTHETIC
STATEMENT QUOTED IN PARAGRAPH FOUR ABOVE PD PARA SIX PD ALTHOUGH ITEM HAD
NO PART IN THE FORMULATION OF THE ORIGINAL UNCLE SUGAR GOVERNMENT
POLICY ENUNCIATED IN SUGAR WILLIAM NAN CHARLIE CHARLIE ONE FOUR ZERO SLASH
FOUR SLASH ABLE CMA THE STARTING POINT FOR ALL SUBSEQUENT POLICY STATEMENTS
AND DIRECTIVES CMA THIS POLICY HAS GUIDED ALL ACTIONS TAKEN BY ME OR BY THE
JAPANESE GOVERNMENT WITH MY APPROVAL LOOKING TOWARD THE DISSOLUTION OF
EXCESSIVE CONCENTRATIONS OF ECONOMIC POWER IN JAPAN PD THE BILL NOW UNDER
CONSIDERATION BY THE DIET IS ABLE MEASURE NECESSARY FOR THE EXPEDITIOUS
COMPLETION OF THE PROGRAM IN CONFORMITY WITH UNCLE SUGAR AND ALLIED POLICY
WHICH ITEM HAD EVERY REASON TO BELIEVE WAS UNCHANGEABLE PD INDEED AS
RECENTLY AS SEPTEMBER TWO FOUR CMA ONE NINE FOUR SEVEN CMA IN ITS RADIOGRAM
WILLIAM ABLE ROGER EIGHT SIX NINE EIGHT ZERO CMA THE WAR DEPARTMENT STATED
CMA QUOTE HIATUS PARA TWO PD YOUR VIEW SOLICITED AS TO WHETHER THERE IS ANY

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53-D (1) (2) (3) and 60-A (1) (2)
(3) (4) AR 380-5

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EVIDENCE THAT JAPANESE ARE UNWILLY DELAYING EXECUTION OF THESE SALES OF LAND AND OF ZAIRATSU SHARES IN HOPE THAT PEACE TREATY WILL RELIEVE THEM OF NECESSITY FOR CARRYING OUT THESE PROGRAMS PD IF SO GMA WOULD USEFUL PURPOSE BE SERVED AT THIS TIME BY WASHINGTON ANNOUNCEMENT GMA FOR WIDESPREAD DISSEMINATION IN JAPAN GMA OF THE FACT THAT THESE PROGRAMS ARE CONSIDERED OF UTMOST IMPORTANCE TO UNCLE SUEAR GOVERNMENT AND THAT THEIR RAPID AND TOTAL IMPLEMENTATION IS POLICY OBJECTIVE FROM WHICH THERE WILL BE NO DEVIATION NOW OR AT ANY TIME IN FUTURE QUERY PARA THREE PD THESE QUESTIONS ARISE OUT OF THOUGHT BEING GIVEN HERE TO POSSIBLE EFFECT OF COMING INTO FORCE OF PEACE TREATY WITH JAPAN ON SUGAR CHARLIE ABLE PETER PROGRAMS FOR SELLING ZAIRATSU SHARES AND FARM LANDS PD ZAIRATSU AND LAND REFORM PROGRAMS CONSIDERED HERE AMONG MOST IMPORTANT OBJECTIVES OF OCCUPATION AND PROGRESS ACHIEVED TO DATE IN THEIR IMPLEMENTATION CONSIDERED ONE OF MOST NOTABLE ACCOMPLISHMENTS OF OCCUPATION PD WHEN COMPLETED GMA BELIEVE THAT IMPLEMENTATION WILL HAVE CONTRIBUTED GREATLY TOWARDS DESIRED CREATION OF EXTERNALLY PEACEFUL AND INTERNALLY STABLE JAPANESE NATION GMA THOUGH WIDER DIFFUSION OF BUSINESS AND AGRICULTURAL HOLDINGS AMONG PEOPLE OF THAT STATE PD SUCH DIFFUSION WILL HAVE CREATED LARGER CLASS OF CITIZENS INTERESTED IN DEFENDING THEIR ECONOMIC FREEDOM AND PROPERTY RIGHTS AGAINST ANY REVIVAL OF TOTALITARIANISM AND WILL HAVE REDUCED ECONOMIC DISCONTENT CONSTITUTING POTENTIAL SOURCE OF POLITICAL ACTIVITY LEADING TO TOTALITARIANISM PD UNQUOTE PARA SEVEN PD ABLE RADICAL CHANGE IN PAGE OR DIRECTION AT THIS TIME WOULD NOT BEPT NOT ONLY BE EXTRAORDINARILY EMBARRASSING GMA BUT WHAT IS INFINITELY MORE IMPORTANT GMA IT WOULD INTRODUCE DOUBT AND CONFUSION INTO THE

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in accordance with the provisions of paragraphs 16-C, 18-E, 53-A,
53-D

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PROGRAM CMA DELAY AND PERHAPS DEFEAT ITS ACCOMPLISHMENT AND PLAY INTO THE HANDS OF THOSE WHO HAVE BEEN AND ARE BITTERLY OPPOSED TO IT PD THIS OPPOSITION HAS COME FROM TWO MAIN SOURCES PD PARA EIGHT PD THE FIRST GROUP CONSISTS OF THOSE WITH VESTED INTERESTS IN OR SYMPATHETIC TOWARD EXISTING JAPANESE PRIVATE MONOPY PD IN MODERN JAPAN ABLE CONCENTRATION OF PRIVATE ECONOMIC POWER WITHOUT ITS EQUAL IN HISTORY PREVENTED THE EQUITABLE DISTRIBUTION OF INCOME AND WEALTH AND MADE THE ORDINARY MAN AS DEPENDENT UPON MONOPOLY AS HIS FOREBEARS HAD BEEN DEPENDENT UPON THE FEUDAL LORDS OF MEDIAEVAL JAPAN PD SEVERAL HUNDRED CORPORATIONS BELONGING TO TWELVE COMBINES LED BY TEN FAMILIES OWNED OR CONTROLLED ABOUT EIGHT ZERO PER CENT OF THE INDUSTRY CMA COMMERCE AND FINANCE OF JAPAN PD THROUGH HEAVY INDUSTRIAL CMA COMMERCIAL AND FINANCIAL COMBINATIONS CMA THROUGH STRATEGIC MINORITY INTERESTS CMA THE DEVICE OF HOLDING COMPANIES CMA FAMILY TIES CMA THE ABUSE OF THE PATENT SYSTEM CMA CONTROL OF CREDIT CHANNELS AND MYRIADS OF INTERLOCKING SPHERES OF INFLUENCE CMA PRIVATE ENTERPRISE IN JAPAN CEASED TO BE FREE ENTERPRISE AND BECAME PRIVATE COLLECTIVISM PD SUCH IS THE DISMAL STORY OF THE HEAVY HAND OF COMPLETELY INTEGRATED FINANCIAL CMA INDUSTRIAL AND FAMILY CONTROL OF THE JAPANESE ECONOMY PD THE RECORD IS ONE OF ECONOMIC OPPRESSION AND EXPLOITATION AT HOME CMA AGGRESSION AND SPOILATION ABROAD PD AS EARLY AS ONE NINE THREE ZERO JAPANESE INDUSTRIAL COMBINES VEERED IN THE DIRECTION OF ARMAMENTS PRODUCTION AND GEARED THE COUNTRY FOR WAR PD THE ALLIANCE OF THE ZAIHATSU WITH GOVERNMENT WAS CLOSE AND THEIR INFLUENCE ON GOVERNMENTAL POLICIES WAS INCORDINATE PD PARA NINE PD BUT BESIDES THOSE WHOSE PERSONAL FORTUNES AND POSITIONS ARE AFFECTED CMA THE OPPOSITION HAS BEEN JOINED BY THOSE WHO CMA BEING IDEOLOGICALLY

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(3)

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COMMITTED TO AKE SOCIALISTIC OR COLLECTIVISTIC PATTERN FOR JAPANE FUTURE CMA
SENSE THAT THIS PROGRAM CMA IF SUCCESSFUL IN TRANSFORMING AKE SMALL NUMBER OF
MONOPOLISTIC COMBINES INTO NUMEROUS COMPETING UNITS AND IN BRINGING ABOUT
WIDESPREAD OWNERSHIP OF THE INSTRUMENTS OF PRODUCTION AND TRADE CMA WILL ERECT
AKE SOLID BULWARK AGAINST THE SPREAD OF IDEOLOGIES OR SYSTEMS DESTRUCTIVE OF
BOTH FREE ENTERPRISE AND POLITICAL FREEDOM UNDER DEMOCRATIC CAPITALISM PD
BUSINESS IN JAPAN CMA IF ALLOWED TO CONTINUE WITH ITS CONCENTRATION OF ECONOMIC
POWER CMA WILL LEAD TO CONCENTRATION OF POWER IN GOVERNMENT CMA AND FROM THERE
THE TRANSITION TO SOCIALISM OF ONE FORM OR ANOTHER WOULD BE NATURAL CMA EASY OF
ACCOMPLISHMENT CMA AND INEVITABLE PD PARA THE PD INVOLVED IN THE FAILURE OR SUCCESS
OF THIS PROGRAM IS THE CHOICE BETWEEN A SYSTEM OF FREE PRIVATE COMPETITIVE ENTERPRISE
WHICH GOES HAND IN HAND WITH POLITICAL FREEDOM AND AKE SOCIALISM OF ONE KIND OR
ANOTHER UNDER WHICH POLITICAL FREEDOM IS AKE WITH PD STATE SOCIALISM CMA OPENLY
AVOWED CMA AT LEAST RETAINS LIP SERVICE TO THE GOOD OF THE COMMON MAN CMA FOR THE
INSTRUMENTS OF PRODUCTION AND TRADE ARE OWNED BY THE STATE OSTENSIBLY FOR THE
BENEFIT OF ALL THE PEOPLE CMA BUT EVEN THIS FICTION WAS NOT RPT NOT OBSERVED IN
JAPAN BEFORE THE OCCUPATION FOR HERE THE ECONOMY WAS IN THE GRIP OF AKE SYSTEM
OF PRIVATE SOCIALISM LARGELY OWNED AND OPERATED BY AND FOR THE BENEFIT OF ONLY
TEN FAMILY CLANS PD PARA BEFORE ANY CHANGE IS MADE IN THE UNCLE SUGAR POLICY
CONCERNING THE DISSOLUTION OF EXCESSIVE CONCENTRATIONS OF ECONOMIC POWER

CONSIDERATION SHOULD BE GIVEN TO TWO SERIOUS FACTORS COLON FIRST CMA THROUGHOUT
THE IMPLEMENTATION OF THIS PROGRAM THE RUSSIAN MEMBER OF THE ALLIED COUNCIL HAS

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(3) (4) 1946

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REPEATEDLY SOUGHT TO INTRODUCE THE CONCEPT OF CONFISCATION CMA BUT THEY HAVE
INSISTED ON STRICT OBSERVANCE OF THE AMERICAN PRINCIPLE OF JUST COMPENSATION PD
SECOND CMA WITH THE POSSIBLE EXCEPTION OF THE UNITED KINGDOM CMA ALL THE POWERS
REPRESENTED IN JAPAN HAVE BEEN DESIROUS OF GOING MUCH FURTHER IN THE REFORMATION
OF THE JAPANESE ECONOMY THAN THE UNCLE SUGAR POLICY ENVISAGED OR THAN HAD BEEN
PLANNED PD PARA REOPENING THE POLICY FOR DISCUSSION AT THIS TIME MIGHT WELL
RESULT IN ALFERNING NOT RPT NOT ONLY PROCEDURAL OR POLICY MATTERS BUT IN
SACRIFICING THE ESSENTIAL OBJECTIVE PD

MACARTHUR

OFFICIAL:

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

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53-A (1) (2)
(3) (4), 18-E, 53-A, 6 March 1946

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Radio to CSCAD

BLOCKED IN THE NAME OF A UNITED NATIONS NATIONAL SHOULD BE FREELY ACCESSIBLE TO SUCH NATIONAL UNDER AN AGREEMENT TO MAKE SUITABLE READJUSTMENT AT THE TIME OF THE SETTLEMENT OF HIS CLAIM CMA FOR THE FOLLOWING REASONS A FAREN ABLE FAREN PENDING THE SETTLEMENT OF HIS CLAIM AND THE COLLECTION OF THE AWARD CMA UNITED NATIONS NATIONAL SHOULD HAVE THE OPTION OF USING THESE FUNDS FOR THE REHABILITATION OF HIS PROPERTY OR FOR OTHER PURPOSES IF HE SO DESIRES SEMI DASH CLN FAREN BAKER FAREN EXPERIENCE TO DATE SHOWS THAT THE INDIVIDUAL MONETARY CLAIM OF A UNITED NATIONS NATIONAL WILL IN MOST CASES EXCEED THE LIQUIDATION PROCEEDS OF HIS PROPERTY SEMI DASH CLN AND FAREN CHARLIE FAREN UNAVOIDABLE DELAY IN COMPUTING AND FILING CLAIM AND OBTAINING AWARD ID PART THREE ID RE PARAGRAPH SEVEN ABLE ID QUOTE ONE YEAR AFTER THE ESTABLISHMENT OF THE CLAIMS TRIBUNAL UNQUOTE IS NOT SUFFICIENT TIME IN WHICH TO FILE CLAIMS AS THE SETTING UP OF THE CLAIMS TRIBUNAL MAY BE EFFECTED SOMETIME BEFORE THE CLAIMANT IS IN A POSITION TO EVALUATE HIS CLAIM ID RECOMMEND THE FOLLOWING WORDS BE ADDED TO THE FIRST SENTENCE CLN QUOTE "OR ONE YEAR AFTER RESTORATION HAS BEEN EFFECTED CMA WHICHEVER IS THE LATER ID UNQUOTE THIS WILL GIVE SUFFICIENT TIME TO FILE ABLE CLAIM AND WILL OBTAIN THE NEED FOR CONSIDERATION OF INDIVIDUAL REQUESTS FOR EXTENSION ID PART FOUR ID RE PARAGRAPH SEVEN BAKER ID TO MAKE THE MEANING CLEARER CMA RECOMMEND THE FIRST PART OF THIS PARAGRAPH BE AMENDED TO READ QUOTE "INTERESTED GOVERNMENTS OR THEIR NATIONALS SHALL SECURE EVIDENCE OF DAMAGE OR OTHER RELEVANT INFORMATION IN THE FORM OF A CLAIM SWORN TO OR AFFIRMED BY THE CLAIMANT FOR USE IN NEGOTIATIONS" ID UNQUOTE THE WORD QUOTE "VERIFY" UNQUOTE IS AMBIGUOUS AND COULD RESULT IN CONFUSING THE CLAIMANT AND HIS GOVERNMENT ID PART FIVE ID RE PARAGRAPH EIGHT ABLE ID IN ORDER THAT THERE MAY BE NO MISUNDERSTANDING AS TO THE MEANING OF THE WORDS QUOTE "AS ABLE RESULT OF THE WAR" UNQUOTE CMA RECOMMEND THE FOLLOWING BE ADDED TO THIS PHRASE CMA QUOTE "DIRECT OR INDIRECT CMA IMMEDIATE OR REMOTE" UNQUOTE ID PART SIX ID RE

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#'s 9701, 12109, 11428, 12525.

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Radio to CSCAD

PARAGRAPH EIGHT CHARLIE PD SINCE IT IS ASSUMED THAT EXCEPTIONAL TAX EXEMPTIONS MENTIONED IN THIS PARAGRAPH WILL APPLY ONLY FOR THE PERIOD FROM SEPTEMBER ONE NINE FOUR FIVE UP TO THE PEACE TREATY CMA IT IS RECOMMENDED THAT THE OPENING PHRASE BE AMENDED TO READ CMA QUOTE "ALL PROPERTY WHEN RESTORED OR COMPENSATION WHEN PAID" PD UNQUOTE PART SEVEN PD IT IS BELIEVED HERE THAT TYPE OF PROPERTY COVERED IN PARAGRAPH EIGHT FOX PAREN TWO PAREN SHOULD RECEIVE THE SAME TREATMENT AS THAT COVERED IN EIGHT FOX PAREN THREE PAREN SEMI DASH CLN THEREFORE RECOMMEND THAT THE TWO PARAGRAPHS BE MERGED PD PART EIGHT PD IN VIEW OF THE FACT THAT UNITED NATIONS PROPERTY WAS LIQUIDATED OVER A PERIOD OF SEVERAL YEARS CMA FROM DECEMBER ONE NINE FOUR ONE UP TO THE MIDDLE OF ONE NINE FOUR FIVE CMA AND SINCE A DISTINCT ADVANTAGE WOULD BE GAINED IN ESTABLISHING ALL ABLE FIXED DATE WITH RESPECT TO PROPERTY SEIZURES CMA IT IS RECOMMENDED THAT IN PARAGRAPH EIGHT EASY CMA THERE BE SUBSTITUTED FOR THE PHRASE QUOTE "THE TIME OF SEIZURE CMA CONFISCATION OR SEQUESTRATION" UNQUOTE CMA THE DATE QUOTE "SEVEN DECEMBER ONE NINE FOUR ONE" UNQUOTE SEMI DASH CLN AND IN PARAGRAPH EIGHT FOX PAREN ONE PAREN AND IN EIGHT GEORGE FOR QUOTE "AT THE TIME OF SEIZURE / CONFISCATION OR SEQUESTRATION" UNQUOTE CMA THE PHRASE QUOTE "AS OF SEVEN DECEMBER ONE NINE FOUR ONE" UNQUOTE PD PART NINE PD DESIGNATING SUGAR CHARLIE ABLE PETER AS FINAL AUTHORITY PAREN REFER URAD WILLIAM EIGHT TWO SIX SEVEN THREE PART ONE DASH ONE PAREN TO DETERMINE WHEN COMPENSATION SHALL BE MADE HAS NOW REMOVED OBJECTIONS TO PAPER AS VOICED IN OURAD CHARLIE FIVE TWO FIVE THREE FIVE PD RECOMMEND CMA HOWEVER CMA THAT THE FORMATION AND OPERATION OF THE CLAIMS TRIBUNAL BE DEFERRED UNTIL PAREN ONE PAREN SIGNING OF THE PEACE TREATY CMA PAREN TWO PAREN ESTABLISHMENT OF FOREIGN EXCHANGE RATE CMA AND PAREN THREE PAREN OPENING OF JAPAN TO UNRESTRICTED PRIVATE TRANSACTIONS PD THIS DEFERMENT IS IN CONFORMITY WITH POSITION TAKEN IN RESPECT TO PAPER PAPER CMA SUGAR WILLIAM NAN CHARLIE CHARLIE THREE SIX NINE PD DEFERMENT OF

#'s 9701, 12109, 11428, 12525

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Radio to CSCAD

CLAIMS TRIBUNAL OPERATION SHOULD NOT AFFECT RESTORATION AND COMPENSATION
PHASES OF SUGAR WILLIAM NAN CHARLIE CHARLIE THREE FIVE SEVEN WHICH CAN BE
SETTLED IN WHOLE OR IN PART DIRECTLY WITH JAPANESE GOVERNMENT ID

OFFICIAL:

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

APPROVED BY:

P.H.T.
PATRICK H. TANSEY
Brig Gen, USA
Custodian

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE ESS/FT WFM/FEP/JGT/RD/HN/eh
DATE: 16 October 1947

FROM: SCAP

TO: WASH (CSCAD ECON) PRIORITY

160819

(C-56154). Reurad W-87261. Subject is Raw Cotton Procurement Program. This message consists of four parts.

Part 1. Reurad parts one, two and three, raw cotton procurement program follows: (a) For consumption October 1947 - March 1948, 350,000 bales U. S. (CCC-2); 140,000 bales Indian (already negotiated); 7,500 bales Egyptian (under negotiation), (b) For consumption April 1948 - September 1948, 500,000 bales from all sources with shipments to start in January. Procurement of this cotton should start in November, assuming NACC contract has been approved.

Part 2. Reurad part four, disregard additional requirement of 177,500 bales for consumption through 31 March as stated ourads C-55140 and C-54446.

Part 3. Reurad part five, recommend raw cotton procurement policy based on following controlling factors:

a. Rapid shrinkage dollar textile markets will make partial procurement raw cotton on non-dollar basis increasingly necessary. Impossible procure cotton for dollars and conduct sales program for dollars only. In view tight dollar supply traditional markets, believe substantial portion future textile sales must be made on basis using currencies other than dollars. As example, procurement Indian raw cotton for Sterling will enable sales of resultant textiles to Sterling areas and make available to needy nations products of Japanese textile industry.

b. Revolutionary changes in characteristics of foreign growth cotton make prewar ratios useless as working basis for future import calculations.

c. Curtailed Japanese textile equipment differs from prewar composition. Almost three-fourths of industry's equipment was scrapped during war, thus radically altering requirements ratio.

d. Indian growth required to produce coarser goods now in demand in traditional Japanese Far Eastern markets. Supply of American growths in low grades and short staples is limited. Thus changes in demand for various types of textiles require flexibility in procurement of cotton to meet special needs as they arise.

e. To some extent, Japan will have to depend on raw cotton supplied on credit, either by shippers or by merchants for processing and

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16 October 1947

Return as textiles, such as tire cord. In latter case, growth required for manufactured product will be determining factor.

f. Indian cotton, in grades and staples required by Japan, is relatively low in price, compared with American.

g. Procurement various growths at discretion of SCAP will make possible greater flexibility and increased volume by permitting arrangements with countries now unable purchase textiles for dollars. This is essential to expansion of commercial intercourse and for aid in economic rehabilitation of Japan, in accordance with policies outlined in SWNCC 373/1.

h. Established practice of Japanese spinning industry has been to mix cotton of various growths in order to achieve maximum results at minimum cost. This is important factor in discretionary authority so that program may be altered to procure raw cotton for maximum mixing needs at lowest cost.

i. Maximizing profits is desired goal which can only be attained when SCAP has authority to use discretion based on market relationships at time of procurement. Fluctuating supply and demand factors tend to widen or narrow margin between American and Indian, which Japanese have traditionally followed in procurement programs.

j. Contemplate release of substantial portion of foreign growth cotton to domestic economy. This will enable use of lower priced cotton for domestic consumption and result in considerable savings by reducing use of dollar merchandise in domestic economy, thus freeing dollars for other uses.

Strongly recommend firm adherence to this proposition which is consistent with broad policy contained SWNCC 373/1 approved 12 August 1947 to effect that Japan's foreign trade, including procurement, will be conducted in non-discriminatory manner and that such policy will contribute towards realization of Occupational Aims.

Part 4. Recommend following percentage breakdown of requirements by growths with 20% unassigned, but to be allocated by SCAP to such sources as will produce maximum export proceeds:

a. U. S. growth	40%
b. Indian growth	38%
c. Egyptian growth	2%
d. Open	20%
Total	100%



OFFICIAL:

R. M. LEVY
Colonel, AGD
Adjutant General

Approved By:

Secret
107-106-47
W. F. MARQUAT
Brigadier General, U. S. Army
Chief, ESS

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE

CIC/PP
DATE:

HHT/EGS/trs
16 October 1947

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160817

FROM: SCAF

TO: SAOSA PRIORITY

PAREN C-56153

PAREN PUBLICATION OF UNCLE MAN COPYRIGHTED WORKS IS

SUBJECT ID TO DATE NO DIRECTIVES RECEIVED FROM UNCLE SUGAR OR FOX EASY CHARLIE

REGARDING TREATMENT OF UNCLE MAN COPYRIGHTED WORKS IN JAPAN ID TRANSLATION

AND PUBLICATION OF CERTAIN AMERICAN AND OTHER UNCLE MAN BOOKS ARE ESSENTIAL

TO SUCCESSFUL ACCOMPLISHMENT OF REORIENTATION PHASE OF SUGAR CHARLIE ABLE

PETER SUGAR MISSION ID PARA TWO PROPOSALS DEVELOPED HERE TO MEET NEED FOR

UNCLE MAN COPYRIGHTED WORKS IN JAPAN ID PAREN ONE PAREN PLAN ABLE INVOLVES

AUTHORIZATION BY SUGAR CHARLIE ABLE PETER FOR JAPANESE PUBLISHERS TO TRANSLATE

AND PUBLISH ANY UNCLE MAN COPYRIGHTED LITERATURE WITHOUT PRIOR APPROVAL OF

COPYRIGHT OWNER CMA ROYALTIES TO BE PAID THROUGH FUTURE CLAIM LODGED AGAINST

JAPANESE GOVERNMENT CMA SUCH CLAIM TO BE BASED ON RECORDS MAINTAINED BY SUGAR

CHARLIE ABLE PETER ID THE PLAN IS PREDICATED ON PAREN ABLE PAREN AUTHORITY

GRANTED SUGAR CHARLIE ABLE PETER BY PARAGRAPHS TWO SIX CMA TWO EIGHT CMA TWO

NINE CMA FOUR FIVE AND FOUR SEVEN OF JIG CHARLIE SUGAR ONE THREE EIGHT ZERO

SLASH ONE FIVE CMA PAREN BAKER PAREN PROPOSAL FOR SIMILAR TREATMENT OF PATENT

PROPERTIES UNDER PARAGRAPH ONE ZERO SUGAR WILLIAM MAN CHARLIE CHARLIE THREE

SIX NINE CMA AND PAREN CHARLIE PAREN THE FACT THAT ONE NINE ZERO FIVE UNCLE

SUGAR DASH JAPAN COPYRIGHT CONVENTION HAS NOT BEEN ABROGATED ID THIS PLAN CMA

PART OF AN INTEGRATED OVERALL PROPOSAL FOR TREATMENT OF COPYRIGHTED LITERARY

PROPERTY ALONG THE LINES PROPOSED IN SUGAR WILLIAM MAN CHARLIE CHARLIE THREE

SIX NINE FOR TREATMENT OF PATENT PROPERTY CMA WOULD SAVE FUNDS APPROPRIATED

TO DOG ABLE FROM FOX YOKE FOUR EIGHT BUDGET FOR PAYMENT OF ADVANCE ROYALTIES

CMA WOULD AVOID NEED FOR SUGAR CHARLIE ABLE PETER ENGAGING IN NEGOTIATION OF

(3) (4), AR 380-2, 6 March 1940

App by CIS

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SECRET

13174

Radio to 3.1031

Secret

COPYRIGHT CONTRACTS CMA AND WOULD PREVENT ACCUMULATION OF LARGE BLOCKED YEN
 ACCOUNTS WITH ACCOMPANYING PRESSURE FOR CONVERSION PD COPYRIGHT OWNER CMA
 HOWEVER CMA WOULD NOT BE CONSULTED AS TO WHETHER OR NOT HIS WORK SHOULD BE
 PUBLISHED CMA NO PRIOR AGREEMENT ON ROYALTY PAYMENTS WOULD BE MADE CMA AND
 CRITICISM OF SUCH TREATMENT OF UNCLE NAN PROPERTY MIGHT PLACE SUGAR CHARLIE
 ABLE PETER IN UNTENABLE POSITION PD SUCH TREATMENT IS IN CONFORMITY WITH TERMS
 OF UNCLE SUGAR DASH JAPAN CONVENTION OF ONE NINE ZERO FIVE CMA ALTHOUGH CMA IN
 THE CASE OF RECENTLY PUBLISHED BOOKS CMA IT IS IN CONTRAVENTION OF THE BERNE
 CONVENTION PD PAREN (2) PLAN BAKER INVOLVES TRANSLATION AND PUBLICATION
 IN JAPAN OF COPYRIGHTED BOOKS ORIGINATING IN UNCLE SUGAR CMA UNCLE KING AND
 UNCLE SUGAR SUGAR ROGER PAREN (INITIALLY PAREN) THROUGH LICENSES ISSUED TO THOSE
 GOVERNMENTS BY SUGAR CHARLIE ABLE PETER CMA UNDER CIRCULAR ONE TWO CMA DECEMBER
 SIX CMA ONE NINE FOUR SIX PD UNDER LICENSE CMA BOOKS ORIGINATING IN THESE
 COUNTRIES COULD BE PUBLISHED IN JAPAN ONLY AFTER COMPLETION OF ARRANGEMENTS
 BETWEEN JAPANESE PUBLISHER AND COPYRIGHT OWNER PD ALL FUNDS ACCRUING TO COPY-
 RIGHT OWNER IN JAPAN TO BE PLACED IN BLOCKED YEN ACCOUNT PAREN DOLLARS ONE
 ZERO ZERO PRIOR LIEN IN FAVOR OF UNCLE SUGAR WHERE ADVANCE ROYALTIES HAVE BEEN
 PAID TO UNCLE SUGAR COPYRIGHT OWNER PAREN PD PLAN BAKER DOES NOT CONFORM TO
 POLICY PROPOSED FOR TREATMENT OF PATENT PROPERTIES UNDER SUGAR WILLIAM NAN
 CHARLIE CHARLIE THREE SIX NINE CMA WITH PARTICULAR REFERENCE TO PARAGRAPH ONE
 ZERO THEREOF CMA AND THE PLAN IS LIMITED TO THE PUBLICATION OF UNCLE NAN BOOKS
 IN JAPAN PD HOWEVER CMA UNDER THIS PLAN COPYRIGHT WORKS OF ALL COUNTRIES WOULD
 BE TREATED ALIKE IN JAPAN CMA AND ALL INTERESTS PROTECTED PD THE PLAN APPARENTLY
 CONFORMS WITH THE INTENTIONS OF CHARLIE ABLE DOG CMA SINCE FOX YOKE FOUR EIGHT
 FUNDS HAVE BEEN APPROPRIATED FOR ADVANCE PAYMENT OF ROYALTIES IN UNCLE SUGAR
 FOR BOOKS PUBLISHED IN JAPAN PD THIS PLAN PRESUMES THAT THE UNCLE SUGAR DASH
 JAPAN CONVENTION OF ONE NINE ZERO FIVE HAS BEEN ABROGATED PD PARA INASMUCH AS

SECRET

Secret

Radio to SAOSA.
THE ^S ^C ^A ^P / SUGAR CHARLIE ABLE PETER DOES NOT FEEL THAT IT IS WITHIN HIS JURISDICTION TO DECIDE WHETHER OR NOT SUCH A CONVENTION HAS BEEN ABOGATED CMA IT IS REQUESTED THAT A DEFINITE POLICY BE ENUNCIATED AND AUTHORITY DELEGATED TO SUGAR CHARLIE ABLE PETER BY DIRECTIVE THROUGH THE JOINT CHIEFS OF STAFF FROM EITHER THE FAR EASTERN COMMISSION OR BY INTERIM UNILATERAL ACTION OF THE UNITED STATES FD INVITE ATTENTION AGAIN TO FACT THAT UNCLE ^U ^N MAN LITERARY WORKS ARE URGENTLY NEEDED FOR THE ACCOMPLISHMENT OF THE PURPOSES OF THE OCCUPATION CMA AND STRONGLY RECOMMEND THAT REQUESTED DIRECTIVE BE FORWARDED WITH LEAST POSSIBLE DELAY PERIOD FD

OFFICIAL:

H. M. Levy
H. M. LEVY,
Colonel, AGD,
Adjutant General.

APPROVED BY:

for P. H. Tansey
PATRICK H. TANSEY
Brig Gen, USA
Custodian

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- C/S
- Rep
- DS
- CI&E
- AG
- Govt
- Legal
- CFC (return 15 copies)



MEMO FOR RECORD:

Basic written at the direction of Deputy Chief of Staff, SCAF, advises Secretary of the Army of the development of two plans for publication of UN copyrighted books in Japan, invites attention to the fact that no policy has been received from US or FEC in this regard and recommends that a directive be sent to SCAF on the subject. Concurrence: CI&E (Lt. Col. D.R. Nugent).

SECRET F.I.T. *(VII)* 26-5637
Secret

CONFIDENTIAL

GOVERNMENT SECTION

11 October 1947

CofS: PJM/vrb

CINCPAC

11 06 03

WAR (CSOFO) PRIORITY

PARAH C-56055 PARAH NUMBER WILLIAM EIGHT EIGHT ZERO FOUR TWO CLM :
 PARA PART ONE UTILIZATION OF DEMOBILIZATION BUREAUS IS PURELY AN
 ADMINISTRATIVE QUESTION WHICH FALLS ENTIRELY WITHIN THE AUTHORITY AND
 RESPONSIBILITY OF THE SUPREME COMMANDER FOR THE ALLIED POWERS PD THIS
 IS BUT ANOTHER OF THE EFFORTS OF THE SOVIET TO INFRINGE UPON THE
 LATTER'S RESPONSIBILITY PD THE EFFORT SHOULD BE RESISTED IN THE MOST
 DECISIVE ~~AND~~ WAY ON THE ABOVE GROUNDS PD THE BUREAUS ARE SHORTLY
 BEING ABOLISHED AS BEING NO LONGER NECESSARY PD THEY HAVE PERFORMED
 IN AN ADMIRABLE MANNER AND THEIR CESSATION IS DUE ENTIRELY TO
 DEMOBILIZATION BEING SO LARGELY CONCLUDED PD PARA PART TWO PD SEPARATE
 REPLY WILL BE MADE CONCERNING DISPOSITION OF CAPTURED JAPANESE MILITARY
 EQUIPMENT PD

OFFICIAL:

R. H. LEVY
 Colonel, ASD
 Adjutant General

of title
 as copies
 classification
 the War Depart-
 the pro-
 18-E, 23-A,
 (1) (2)
 March 1946

MAC ARTHUR

COPIES TO: C-12-C, CS, G-2, G-3, G-4, GS, AG



CONFIDENTIAL

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE

Confidential

ESS/AC WFM/ECW/gg
DATE: 9 October 1947

FROM: SCAP

TO: WAR (CSCAD PG) ROUTINE

090821

(**6-56004**) Reurad WAR 86980. This radio in three parts.

Part 1. Subject is Land Reform Law. Land transfer phases of the land reform program are scheduled for completion by December 1948. It is estimated that the purchase of all lands affected by the Japanese Government and subsequent resale to tenants of cultivated land will be completed on schedule. There may be some opposition among certain elements of the landlord class and perhaps manifestations of uncertainty among portions of the farmer class regarding permanency of change. However, it is not intended that dissonant elements of either class be permitted to stand in the way of successful implementation of the agrarian reform program.

Part 2. Subject is the Zaibatsu Program. Divestiture of Zaibatsu shares virtually completed with securities out of physical possession of Zaibatsu and being voted by agency of Japanese Government under direct supervision here. Redistribution of such securities through sale according to established policy of widespread ownership by employees and general public is under way and it is anticipated that steady large volume of such securities will begin to flow to appropriate Japanese disposal agencies within the next three months. Major considerations will be (a) effecting necessary reorganization of companies and (b) finding adequate market sources. Full efforts being

53-D (1) (2) (3), and 60-A (1) (2)
(3) (4), AR 380-5, 6 March 1946

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PAGE TWO RADIO FROM SCAP TO WAR (CSCAD PG) DATED 9 October 1947

made to speed up this program since it means absorption of a portion of present inflationary gap as well as achievement of democratization of the Japanese economy. Believed impracticable to estimate final date upon which disposal of securities will be completed until further volume of sales indicate a realistic rate of absorption.

Part 3. Subject is proposed Washington announcement. Full cognizance has been taken here of United States position in above programs and full emphasis has been and will continue to be levied upon the Japanese Government and people regarding the consummation of these programs as essential democratic reforms. Do not believe useful purpose would be served by reiteration of policies and intents behind these programs by Washington sources. On the contrary it is highly probable that any such announcements would serve as propaganda base for elements inside and outside Japan who have previously indicated a tendency to attach both scope and execution of these programs. The offer of assistance is understood and appreciated. However, believed most beneficial results will accrue by attendant informational and press programs being accomplished locally

OFFICIAL:

R. M. LEVY
Colonel, AGD
Adjutant General

Approved by:

W. F. Marquat
W. F. MARQUAT
Brigadier General, U.S. Army
Chief, ESS

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app'd by us 10/6/47



Approved by:
Chief of Staff
6 Oct 47

SECRET

S

190611

Cofs - PJM/jss

CINCPAC

19 September 1947

WAR (WDSCA ECON) PRIORITY

C-55583

REUR EIGHT SIX FIVE ONE ZERO PD THE DRAFT

OF THE TREATY FURNISHED ME TO WHICH MY CHARLIE FIVE FIVE TWO ZERO

FIVE WAS DIRECTED IS NOT RPT NOT IN CONSONANCE WITH THE PREVIOUS

SUGAR WILLIAM NAN CHARLIE CHARLIE STUDIES IN REFERENCE PD ITEM AM

IN CONSEQUENCE SOMEWHAT CONFUSED PD IN ORDER THEREFORE TO ENABLE

ME TO GIVE CLEAR COMMENTS ON ANY POINTS DESIRED ITEM REQUEST THAT

SPECIFIC QUERIES BE FURNISHED WHICH ITEM CAN ANSWER CATEGORICALLY

PD

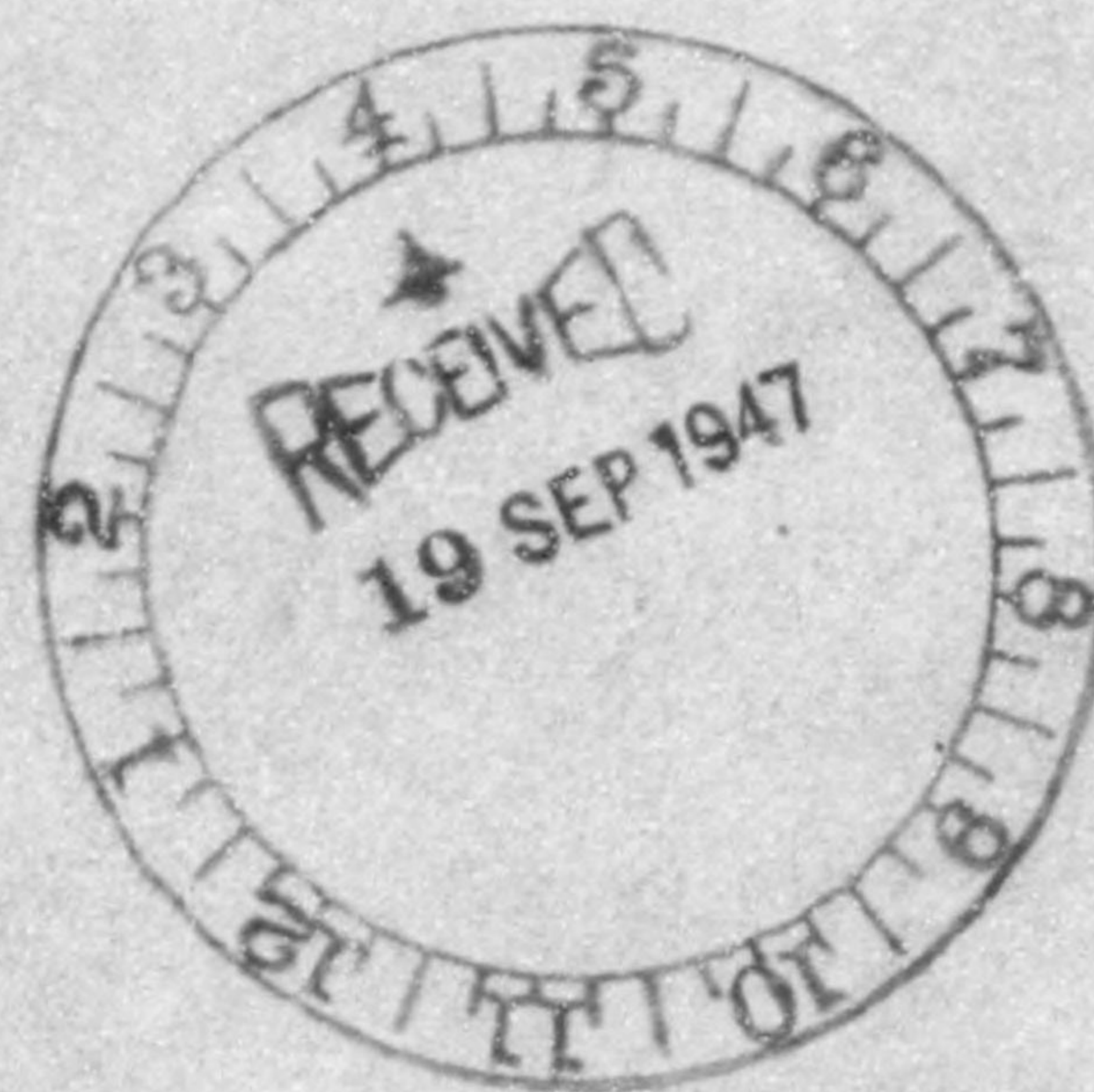
MACARTHUR

OFFICIAL:

R. H. LEVY
Colonel, AGD
Adjutant General

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Handling and transmission of this message as plain text of this message as correspondence of the same classification has been authorized by the War Department in accordance with the provisions of paragraphs 16-C, 18-E, 53-A, 53-D (1) (2) (3) (4) 60-A (1) (2) March 1946

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8

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Govt Sec

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

OUTGOING MESSAGE CPC/FP PHT/DHB/WRFS/blh
DATE: 12 August 1947

FROM: SCAP

Secret

120803

ASCO

TO: WARTAG PRIORITY

PAREN ^{C-54745} PAREN FOR CIVIL AFFAIRS DIVISION PD
REURAD WILLIAM EIGHT ZERO TWO FOUR ZERO CMA SEVENTEEN JUNE
NINETEEN FORTY SEVEN CMA TELECON WILLIAM CHARLIE ROGER VICTOR
TARE KING GEORGE TWENTY FIVE SLANT TWELVE HUNDRED SLANT ZEBRA
PAREN TARE TARE EIGHT TWO SIX TWO PAREN CMA WILLIAM EIGHT ZERO
NINE EIGHT SEVEN CMA TWENTY EIGHT JUNE NINETEEN FORTY SEVEN
AND WILLIAM EIGHT TWO NINE SIX ZERO CMA TWENTY NINE JULY NINETEEN
FORTY SEVEN PD PARA ONE/NEITHER OIL COMPANY TECH AIDES NOR OIL

COMPANY REPRESENTATIVES NOW ON PETROLEUM ADVISORY GROUP CAN HOLD
POWER ATTORNEY BECAUSE OF THEIR OFFICIAL SUGAR CHARLIE ABLE
PETER POSITION SMCIN HOWEVER NO OBJECTION TO OIL COMPANY
REPRESENTATIVES WHO ARE NOT ATTACHED OR ACCREDITED TO SUGAR
CHARLIE ABLE PETER HOLDING POWER ATTORNEY FOR PURPOSES OF
PROPERTY INSPECTION AND EVENTUAL RESTITUTION PD AN ADDITIONAL
NUMBER NOT TO EXCEED FIVE TOTAL OIL COMPANY REPRESENTATIVES
IS AUTHORIZED FOR ENTRY AT ONCE PD THESE WOULD FUNCTION
CONCURRENTLY AS CATEGORY SIX PAREN BAKER PAREN AND CATEGORY
SIX PAREN CHARLIE PAREN PERSONNEL AS DESCRIBED IN QUOTE MEMO
OF UNDERSTANDING BETWEEN SUGAR CHARLIE ABLE PETER AND UNCLE
SUGAR TRADE MISSION FOR THE OPENING OF PRIVATE TRADE WITH
JAPAN UNQUOTE DATED TWENTY SEVEN MAY NINETEEN FORTY SEVEN PAREN
SEE SECTION ONE PAREN PD REPRESENTATIVES OF OIL COMPANIES WILL
BE HOUSED FOR A PERIOD OF THIRTY DAYS IN HOTELS ESTABLISHED
FOR SERVICE REPRESENTATIVES ON THE SAME REVENUE BASIS AS SET

12

50a

App by C15

Secret

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10305

Radio to WARTAG

Secret

UP FOR BUSINESS SERVICE PEOPLE CMA AFTER WHICH THEY MUST
SUPPORT THEMSELVES LOGISTICALLY PD PARA TWO/^{ED} COMPANIES SHOULD
BE ADVISED THAT CONDITIONS DO NOT PERMIT WIDE SCALE
REHABILITATION OF PROPERTIES IN PREPARATION FOR REENTERING
COMMERCIAL BUSINESS DUE TO SCARCITY OF CRITICAL MATERIALS PD
PRIORITY OF OIL DISTRIBUTION INDUSTRY RELATIVELY LOW BECAUSE
OF IMMEDIATE AND MORE URGENT NEED FOR REESTABLISHING COAL
MINES AND OTHER CRITICAL PRODUCTION INDUSTRIES PD PARA THREE ED
THE ACTION PROPOSED IN PARA ONE ABOVE RAISES A POLICY QUESTION
OF GRANTING TO OTHER IMPORTANT INDUSTRIES SIMILAR PRIVILEGES
OF SENDING REPRESENTATIVES TO JAPAN FOR PURPOSES OF OPERATING
PROPERTY AFTER RESTITUTION HAS BEEN EFFECTED THROUGH POWERS
ATTORNEY PD DECISION FOR ENTRY OF OIL COMPANY REPRESENTATIVES CMA
HOWEVER CMA WAS BASED UPON THEIR IMMEDIATE NECESSITY TO THE
OCCUPATION PD PARA FOUR/^{PD} IN VIEW OF RECOGNIZED NEED FOR PROMPT
RESTITUTION AS EXPRESSED IN TELECON PAREN PARA WILLIAM DOG
DASH FIFTEEN PAREN THERE IS NO OBJECTION TO RESTITUTION OF
SEPARATE PARCELS OIL COMPANY PROPERTY PD RECOMMEND SUCH
RESTITUTION AS AN EXCEPTION AND ADDITION TO AUTHORITY CONTAINED
IN PARA ONE ABLE AND ONE BAKER OF FOX EASY CHARLIE ZERO ONE ONE
SLANT THIRTY CMA TWO APRIL NINETEEN FORTY SEVEN AND URAD WILLIAM
NINE FOUR SIX TWO EIGHT CMA TWENTY THREE MARCH NINETEEN FORTY
SEVEN PD CONFIRMATION THIS ADDITIONAL AUTHORITY REQUIRED PD
PARA FIVE/^{ED} IN CONNECTION WITH PROPOSED EXCEPTION TO RESTITUTION
PROGRAM PAREN PARA FOUR ABOVE PAREN AND IN VIEW OF TELECON CMA
PARAS FOX EASY CHARLIE TWO CMA WILLIAM DOG DASH SIX CMA FOX
EASY CHARLIE DASH THIRTEEN CMA WILLIAM DOG DASH FOURTEEN AND

Secret

10305

Radio to WARTAG

Secret

PART TWO URAD WILLIAM EIGHT ZERO NINE EIGHT SEVEN CMA
UNDERSTANDING HERE THAT SUGAR CHARLIE ABLE PETER WILL ASSUME
FULL RESPONSIBILITY FOR DETERMINING ELIGIBILITY OF POWER
ATTORNEY FOR LARGE SCALE ENTERPRISES WITHOUT NECESSITY FOR
OBTAINING SPECIFIC AUTHORITY PD IN OTHER WORDS CMA IN SPITE
OF TERMS OF PARA ONE BAKER OF RESTITUTION DIRECTIVE ZERO ONE
ONE BLANT THIRTY TREATMENT OF QUOTE LARGE SCALE ENTERPRISES
UNQUOTE WILL BE DECIDED BY SUGAR CHARLIE ABLE PETER CMA BUT
SPECIAL CASES MAY BE REFERRED TO WASHINGTON PD PARA SIX PD
DETAILS FOR EXPANSION OF COMMERCIAL OPERATIONS AS MENTIONED
IN URAD WILLIAM EIGHT ZERO TWO FOUR ZERO CMA PART CHARLIE CMA
WILL BE HANDLED IN SUBSEQUENT DISPATCH PD

OFFICIAL:

R. M. LEVY
Colonel, AGD
Adjutant General

APPROVED BY:

for P.H.T.
PATRICK H. TANSEY
Brig Gen, USA
Custodian

Copies to:

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C/S GS ✓
G-1 NRS
G-2 ESS
G-4 (2) DS (2)
Bey (Gen Harrison)

U. S. Reparations &
Restitution Delegation

Memo for Record: Radio answers primarily Rad W 80240, 17 Jun 47, and TT 8262, 25 Jun 47, permitting entry of oil company representatives in Categories 6(b) and 6(c) for JOSCO as immediately necessary to the occupation. Completes action on line No. 10305.

for P.H.T. *[Signature]* 26-5637

Secret

10305

Restricted RESTRICTED

A.W.B.
/64/525/217/2

19 May 47

191211

SCAP

WARGAD (PASS TO SECRETARY, OIG, Press Section, SO).....PRIORITY

Reference teleconference 77-2064, 1 May 1947 this Headquarters and WARGAD, Item 13-2.

-52771

First information concerning the observance of ANZAC Day received about 10 April, when two Australian correspondents reported to Government Section, SCAP, that Australian service men in SCAP area were considerably angered by reports that observance of ANZAC Day on 25 April had been severely curtailed as result SCAP pressure. SCAP, it was alleged, objected to any "show of bayonets" on Election Day (25 April), as such display might be regarded as move to influence the election.

When the matter was discussed with SCAP's Chief of Government Section, he asserted SCAP had taken no action to minimize ANZAC Day demonstrations, had never even considered the matter, and ridiculed idea that parades of Allied troops would have the slightest adverse effect upon the elections. Stories based on General Whitney's statement were published in Australia and in England.

On 12 April 1947, General MacArthur issued the following statement:

"There is no slightest foundation for the story circulating in the Australian press that any effort is being made by this headquarters to curtail in any way the celebration of ANZAC Day. So far as GHQ is concerned, the ANZAC troops can parade at any time and any place, irrespective of any election or any other circumstance. This headquarters has been intimately associated with ANZAC troops for the past five years and heartily sympathizes with and completely encourages the commemoration of one of the most glorious incidents in ANZAC military history. The Americans in Japan hold their comrades-in-arms in highest honor, friendship and affection, and are only too glad to see that full credit is given to their long tradition of courage and sacrifice. I repeat that the rumors are baseless and do a grave injustice to all concerned."

Following established procedure, about 15 April SCAP requested that the Imperial Plaza be made available to Australian troops on 25 April. This request was granted without question or delay. Following the normal custom, Australian guards were relieved by American personnel during the period of ceremony.

Never at any time did SCAP Headquarters directly or inferentially suggest curtailment of ANZAC Day Celebrations.

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plain text of this message as correspondence of the War Department has been authorized by the pro-
18-E, 53-A
11 (2)
946
55
R. N. Levy,
Colonel, AGS,
Adjutant General
(3) (4)

APPROVED:

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RESTRICTED

George Atcheson, Jr.
Ambassador

Restricted Chief, Diplomatic Section

Govt. Section

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CS
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AG Records

N/A: Teleconference 77-3064, Item W83, requested factual summary of circumstances surrounding Australian Troop Parade on ANZAC Day, 25 April, also Election Day. Above information furnished by General Whitney, Govt. Section, Col. Bunker, ABC and Col. Chase, Base C, 2nd Cav Bg. It is presumed that this material will be used by CIC to refute British-Australian charges of curtailment of ANZAC Day activities in Japan.

BBF (26-7013)



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* * PAGE TWO * *

THE DISCREDIT OF THE UNITED STATES' POSITION PD THERE SEEMS TO BE A GROWING TENDENCY BY THE FAR EASTERN COMMISSION TO ADOPT AS ITS OWN CMA POLICY DECISIONS EMBODYING THE ENTIRE PATTERN OF PREVIOUS UNITED STATES DIRECTIVES ON WHICH SCAP IMPLEMENTING ACTION HAS ALREADY BEEN TAKEN PD THIS IN TURN MAY WELL CREATE THE ILLUSION THAT THE FAR EASTERN COMMISSION HAS BEEN THE SOLE ORIGINATOR OF SUCH OCCUPATIONAL POLICY AND THAT ALL IMPLEMENTING ACTION REQUIRED THEREUNDER HAD BEEN HELD IN ABEYANCE PENDING THE ISSUANCE OF ITS OWN CORRESPONDING DIRECTIVE PD PARA WHILE BY ITS TERMS OF REFERENCE THE FAR EASTERN COMMISSION HAS THE AUTHORITY TO REVIEW UNITED STATES DIRECTIVES CONCERNING THE OCCUPATION AND TO REVISE THE SAME IF IT SEES FIT CMA ITS PROPER PROCEDURE WOULD SEEM TO BE TO EMBODY IN ITS ACTION ONLY POINTS IN WHICH IT FINDS DISAGREEMENT WITH THE DIRECTIVE ALREADY IN FORCE PD THIS WOULD AVOID CONFUSED THINKING AND PRESERVE A CLEAR AND TRUTHFUL HISTORICAL RECORD PD PARA ITEM MOST STRONGLY URGE THAT THE UNITED STATES FIRMLY ADHERE TO THE COURSE SUGGESTED IN PAR ~~EE~~ FIVE BAKER REFERENCED LETTER ON THIS ISSUE CMA AND THAT THE UNITED STATES ADOPT AS ABLIE POLICY THE PRINCIPLE THAT FAR EASTERN COMMISSION POLICY DECISIONS ON MATTERS ALREADY COVERED BY UNITED STATES DIRECTIVES BE LIMITED TO THOSE POINTS WITH WHICH THE COMMISSION DISAGREES PD APPEASEMENT WHICH HAS SO LARGELY GUIDED OUR RELATIONSHIP IN THE FAR EASTERN COMMISSION MAY HAVE REDUCED FRICTION IN THAT BODY CMA BUT IT SHOULD NOT BE CARRIED TO THE POINT OF MATERIALLY WEAKENING OUR

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• • PAGE THREE • •

PRESTIGE WITH THE REST OF THE WORLD AND CREATING AN HISTORICAL
RECORD WHICH CLOUDS OR NULLIFIES MUCH OF THE CREDIT ACTUALLY DUE
THE UNITED STATES IN THE OCCUPATION OF JAPAN PD

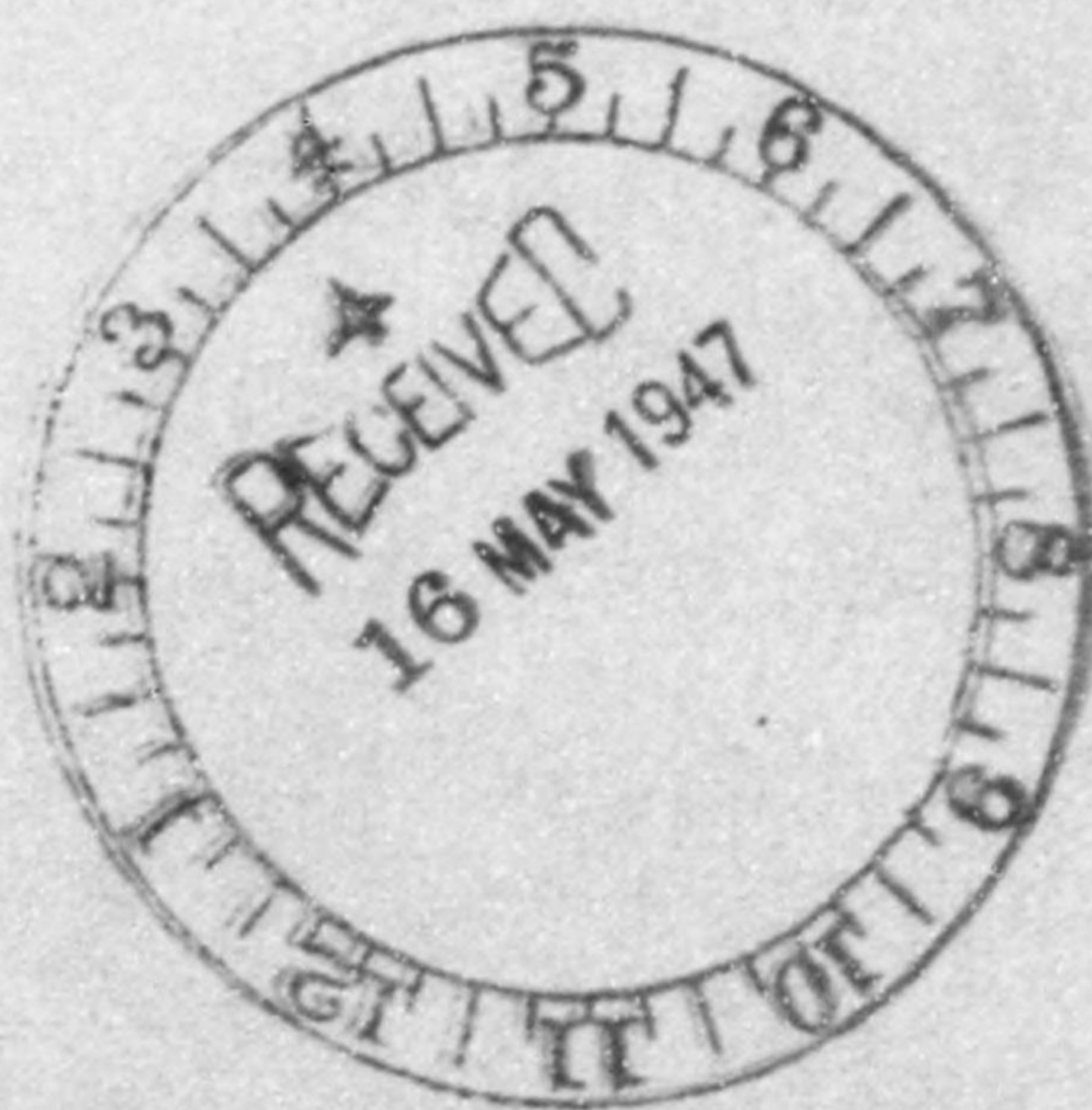
MAC ARTHUR

OFFICIAL:

R. H. LEVY
Colonel, AGD
Adjutant General

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Gout

OUTGOING MESSAGE CPC/FP PHT/DHB/HCD/e_b
DATE: 9 May, 1947

FROM: SCAP

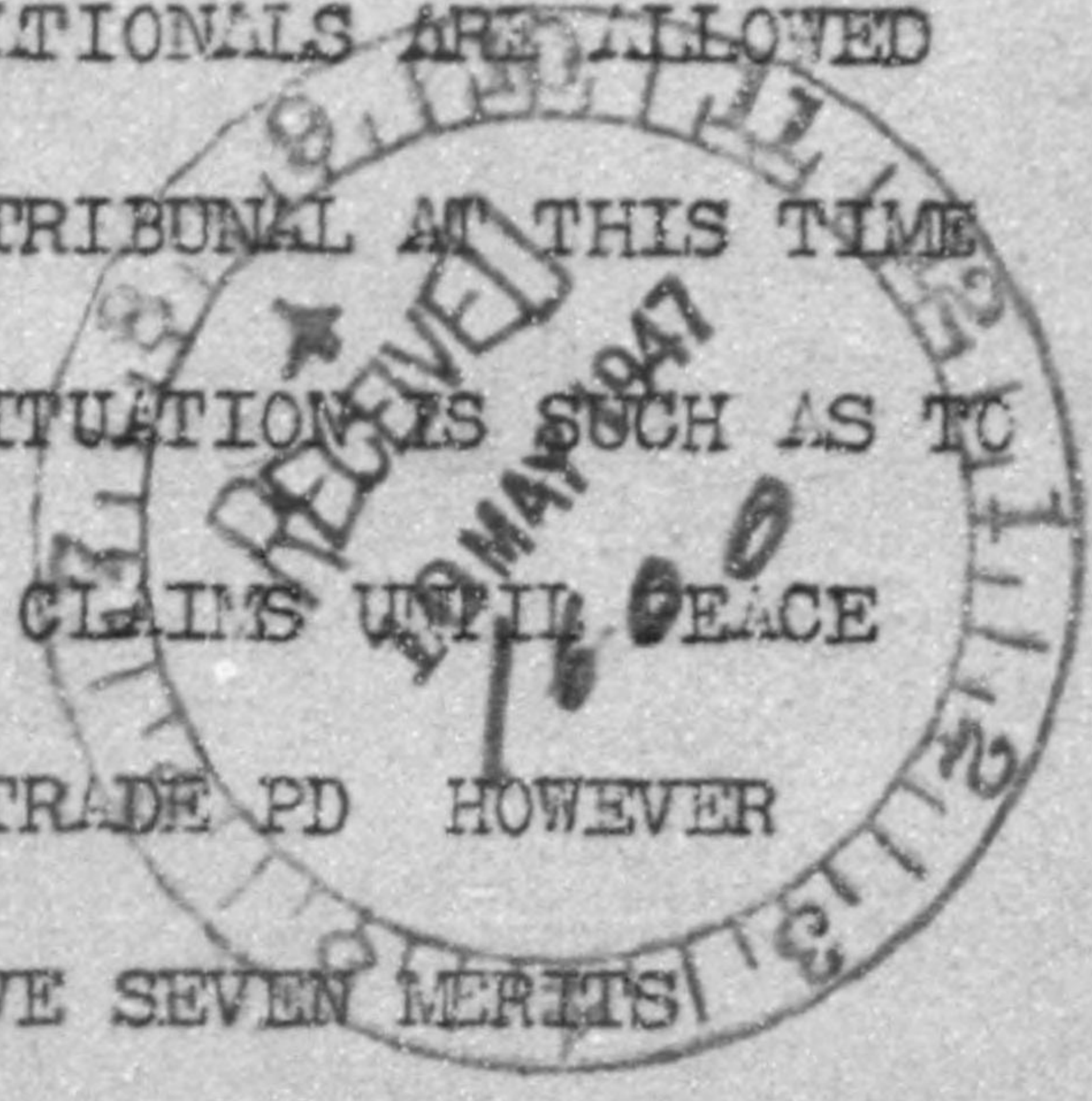
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100541

TO: WDSCA PRIORITY

PAREN *11 Apr* - 52535 PAREN REURAD WILLIAM NINE FIVE NINE ONE SEVEN CMA
ONE ONE APRIL FORTY SEVEN CMA SUGAR WILLIAM NAN CHARLIE CHARLIE THREE FIVE
SEVEN CMA COPY FIVE ONE CMA TWO FOUR MARCH FORTY SEVEN AND OURAD CHARLIE
FIVE TWO ZERO SIX ONE CMA TWO THREE APRIL FORTY SEVEN PD THIS RADIO IN ONE
ZERO PARTS PD PART ONE PD INTERIM RESTITUTION PROGRAM HAS BEEN IN

OPERATION FOR PAST SIX MONTHS PURSUANT TO JIG CHARLIE SUGAR ONE THREE EIGHT
ZERO SLANT ONE FIVE CMA OURAD CHARLIE SIX ONE SIX FOUR ONE CMA THREE JUNE
FORTY SIX SMC LN AND URAD WILLIAM NINE EIGHT TWO SEVEN NINE CMA TWO FIVE
AUGUST FORTY SIX CMA AND WILLIAM NINE FOUR SIX TWO EIGHT CMA DATED TWO
THREE MARCH FORTY SEVEN PD RESULTS OF PROGRAM TO DATE ARE SATISFACTORY IN
EVERY WAY PD FURTHER CMA IT HAS BEEN PROPOSED TO EXTEND RESTITUTION PROGRAM
TO INCLUDE RESTITUTION TO AUTHORIZED AGENTS IN JAPAN OF UNITED NATIONS
NATIONALS OUTSIDE OF JAPAN PD SEE OURAD ZEBRA FOUR ONE TWO NINE FOUR CMA
THREE APRIL FORTY SEVEN PD PARA RECOMMEND NO CHANGE BE MADE PRIOR TO
PEACE TREATY OR TIME WHEN INTERESTED UNITED NATIONS NATIONALS ARE ALLOWED
FREE ENTRY TO JAPAN PD PARA ESTABLISHMENT OF CLAIMS TRIBUNAL AT THIS TIME
IMPRACTICABLE AND UNDESIRABLE PD EXISTING ECONOMIC SITUATION IS SUCH AS TO
MAKE DESIRABLE DEFERMENT OF FINAL SETTLEMENT OF MONEY CLAIMS UNTIL PEACE
TREATY IS SIGNED OR UNTIL JAPAN IS OPENED TO PRIVATE TRADE PD HOWEVER



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24

App by C15

8212

Radio to WLSCA

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PD THE FIGURES PRESENTED IN APPENDIX A OF SUGAR WILLIAM NAN CHARLIE CHARLIE THREE FIVE SEVEN WERE SUBMITTED BY SCAP IN OCTOBER FORTY SIX BASED ON INFORMATION OBTAINED IN THE FALL OF ONE NINE FOUR FIVE WHEN MAIN SOURCE OF INFORMATION WAS RESTRICTED TO THE JAPANESE GOVERNMENT PD PRESENT DATA ON ALLIED PROPERTY VALUES AT OUTBREAK OF WAR AND ON PROPERTIES DESTROYED INDICATE THAT ORIGINAL JAPANESE REPORTS WERE EXTREMELY INCOMPLETE AND INACCURATE PD FOR INSTANCE CMA PRESENT YEN BALANCES BLOCKED IN NAMES OF UNITED NATIONS NATIONALS TOTAL FOUR THREE FIVE MILLION AS COMPARED WITH APPENDIX A FIGURE OF THREE SIX TWO MILLION PD FURTHER CMA ANALYSES OF REPORTS AND FIELD INVESTIGATIONS NOW INDICATE THAT FIGURE OF FOUR POINT EIGHT MILLION YEN FOR REAL PROPERTY AND MOVABLES DAMAGED AND LOST IS FAR TOO CONSERVATIVE PD IT IS ESTIMATED THAT AT LEAST FIVE ZERO PERCENT OF ALLIED OWNED REAL PROPERTY REQUIRE MAJOR REPAIRS OR COMPLETE RECONSTRUCTION PD COST OF SUCH REPAIRS AND RECONSTRUCTION CMA IF MATERIALS WERE AVAILABLE CMA WOULD BE MANY TIMES THE YEN VALUE OF SUCH PROPERTY AT OUTBREAK OF WAR PD MOVABLES CMA INCLUDING MERCHANDISE CMA CARGOES CMA PLANT EQUIPMENT AND PERSONAL EFFECTS ARE ESTIMATED TO BE NINE ZERO PERCENT LOST PD THESE ALTERED FIGURES AND FACTS ALL TEND TO WEAKEN THE ARGUMENTS FOR IMMEDIATE SETTLEMENT OF CLAIMS IN YEN CMA IN KIND OR BY REHABILITATION PD PART THREE PD APPENDIX BAKER TO SUGAR WILLIAM NAN CHARLIE CHARLIE THREE FIVE SEVEN PD THE ARGUMENTS SET FORTH IN APPENDIX BAKER FOLLOW SCAP PRINCIPLES AND IT IS FULLY AGREED THAT COMPENSATION FOR PROPERTY LOSSES IN JAPAN SHOULD BE SEPARATE AND APART FROM THE REPARATIONS CLAIMS OF EACH UNITED NATIONS GOVERNMENT PD IT IS NOT AGREED CMA HOWEVER CMA THAT THESE SETTLEMENTS OF CLAIMS CAN BE MADE EITHER NOW OR WITHIN THE NEXT TWO YEAR

2
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8212

Radio to WDSCA

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PERIOD WITHOUT CAUSING SERIOUS INJURY TO JAPANESE ECONOMY PD PARA THE
PRESENT DEPRESSED CONDITION OF JAPANS ENTIRE ECONOMY MAKES DEFERMENT OF
CLAIMS SETTLEMENT ON PROPOSED BASIS MOST DESIRABLE PD ALL JAPANESE
FINANCLAL INSTITUTIONS PRESENTLY INVOLVED IN GENERAL REORGANIZATION WHICH
WILL RESULT IN WHOLESALIE SCALLING DOWN OF RESOURCES PD CORPORAL
REORGANIZATION PROGRAM WILL CAUSE HEAVY LOSS AND DRASTIC DOWNWARD
READJUSTMENT FOR BOTH LARGE AND SMALL INDUSTRY CMA FOR WHICH FOREIGN TRADE
CANNOT BE EXPECTED TO COMPENSATE IN THE NEAR FUTURE PD GOVERNMENT FISCAL
DIFFICULTIES CMA SHORT REVENUES WITH MOUNTING COSTS FURTHER INDICATE
INCREASING INABILITY TO MEET BURDEN THAT WOULD BE IMPOSED UNDER PROPOSED
PLAN PD IN VIEW OF CIRCUMSTANCES CMA DEFERMENT OF EXECUTION OF PROPOSED
PLAN IS CONSIDERED ADVISABLE PD PART FOUR PD PRINCIPLES OF RESTORATION
PAREN PARA FIVE PAREN PD RESTITUTION OF PROPERTY AVAILABLE FOR RETURN TO
THE OWNER IS / PREREQUISITE TO FILING ABLIE CLAIM FOR COMPENSATION FOR LOSS
OR DAMAGE PD RESTITUTION PROGRAM SHOULD CONTINUE INDEPENDENT OF CLAIMS
FOR COMPENSATION UNDER SCAP AND SUCCESSOR AUTHORITY AFTER THE TREATY OF
PEACE IS SIGNED PD IT IS RECOMMENDED THAT ALL REFERENCE TO PRINCIPLES OF
RESTORATION PAREN RESTITUTION PAREN BE OMITTED FROM THE PROPOSED PAPER TO
FOX EASY CHARLIE WITH THE EXCEPTION OF ABLIE STATEMENT TO THE EFFECT THAT
QUOTE RESTITUTION PROGRAM COVERING PROPERTY FALLING IN THE CATEGORIES
OUTLINED IN PARA FOUR OF THIS PAPER IS PROGRESSING SATISFACTORILY UNDER THE
POLICY ADOPTED BY FOX EASY CHARLIE ON SIX MARCH FORTY SEVEN PAREN FOX EASY
CHARLIE ZERO ONE ONE SLANT TWO EIGHT PAREN UNQUOTE PD PART FIVE PD CLAIMS
TRIBUNAL PAREN PARA SIX AND APPENDIX QUOTE CHARLIE QUOTE PAREN PD
ESTABLISHMENT OF ABLIE CLAIMS TRIBUNAL IN THE NEAR FUTURE IS PREMATURE IN
THAT THE SETTLEMENT OF CLAIMS FOR COMPENSATION UNDER PRINCIPLES OF

³
Confidential

8212

Radio to WDSCA

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COMPENSATION AS PROPOSED BY SUGAR WILLIAM NAN CHARLIE CHARLIE THREE FIVE SEVEN OR IN ACCORDANCE WITH RECOMMENDATIONS CONTAINED HEREIN MUST AWAIT CLIN ABLE PD RELAXATION OF RESTRICTIONS UPON FOREIGN TRADE SMCLN BAKER PD RELAXATION OF REGULATIONS REGARDING ENTRY OF INDIVIDUALS INTO JAPAN SMCLN CHARLIE PD AVAILABILITY OF MATERIALS TO REHABILITATE PROPERTIES SMCLN DOG PD STABILIZATION OF ECONOMY OF JAPAN SMCLN EASY PD DETERMINATION OF EFFECT THE SETTLEMENT OF CLAIMS WILL HAVE UPON JAPANESE ECONOMY PD PARA. IT IS RECOMMENDED THAT PARA SIX OF THE CONCLUSIONS OF THE PROPOSED PAPER BE AMENDED TO INCLUDE THE FOLLOWING WORDING CLN QUOTE ABLE UNITED NATIONS CLAIMS TRIBUNAL SHALL BE ESTABLISHED AT THE TIME OF THE SIGNING OF THE TREATY OF PEACE WITH JAPAN OR AT SUCH TIME AS UNRESTRICTED FOREIGN TRADE FOR JAPAN IS REESTABLISHED UNQUOTE PD PARA. IT IS FURTHER RECOMMENDED CLN ABLE PD THAT QUOTE SCAP OR SUCCESSOR AUTHORITY UNQUOTE BE INSERTED IN THE ENTIRE PAPER IN EACH INSTANCE THAT THE QUOTE SUPREME COMMANDER UNQUOTE OR QUOTE SCAP UNQUOTE ARE MENTIONED SMCLN BAKER PD THAT PARA SEVEN BE AMENDED TO INCLUDE THE FOLLOWING WORDING CLN QUOTE THE DECISION OF THE TRIBUNAL ON ANY CLAIM SHALL BE SUBJECT TO REVIEW BY SCAP OR SUCCESSOR AUTHORITY AND SHALL BE TRANSMITTED TO THE GOVERNMENT WHICH SUBMITTED THE CLAIM AND TO THE JAPANESE GOVERNMENT THROUGH SCAP OR SUCCESSOR AUTHORITY UNQUOTE SMCLN CHARLIE PD THAT PARA EIGHT BE AMENDED TO INCLUDE THE FOLLOWING WORDING CLN QUOTE THE JAPANESE GOVERNMENT SHALL BE RESPONSIBLE TO SCAP OR SUCCESSOR AUTHORITY FOR THE EXECUTION OF RULINGS OR JUDGMENTS OF THE TRIBUNAL UNQUOTE PD PART SIX PD PROCEDURE FOR FILING CLAIMS FOR COMPENSATION PAREN PARA SEVEN PAREN PD THE PROCEDURE FOR FILING AND PROCESSING CLAIMS SHOULD CLOSELY PARALLEL THE PROCEDURE NOW IN PRACTICE FOR EFFECTING RESTITUTION AND THE CLAIMS TRIBUNAL SHOULD NOT BE CONCERNED WITH THIS ADMINISTRATIVE

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MATTER PD IT IS RECOMMENDED THAT PARA SEVEN OF THE PROPOSED PAPER BE AMENDED AS FOLLOWS CLIN ABLE PD QUOTE EXCEPT AS OTHERWISE PROVIDED BY THE SUPREME COMMANDER OR SUCCESSOR AUTHORITY CMA CLAIMS FOR REHABILITATION OF AND COMPENSATION FOR PROPERTY SHALL BE PRESENTED CMA IN THE FIRST INSTANCE CMA BY EACH MEMBER OF THE UNITED NATIONS TO THE JAPANESE GOVERNMENT THROUGH THE SUPREME COMMANDER OR SUCCESSOR AUTHORITY ON BEHALF OF ITS NATIONALS CMA AND ALL CLAIMS SHALL BE FILED WITHIN ONE YEAR AFTER RESTITUTION HAS BEEN EFFECTED UNLESS APPLICATION FOR AN EXTENSION CMA SHOWING DUE CAUSE CMA IS PRESENTED TO AND APPROVED BY THE SUPREME COMMANDER OR SUCCESSOR AUTHORITY UNQUOTE SMCLN BAKER PD QUOTE CLAIMANT UPON OBTAINING RESTITUTION OF PROPERTY SHALL SECURE EVIDENCE OF DAMAGE CMA OR OTHER RELEVANT INFORMATION CMA IN THE FORM OF A VERIFIED CLAIM FOR USE IN NEGOTIATIONS WITH THE JAPANESE GOVERNMENT OR SUBSEQUENT PRESENTATION TO SCAP OR SUCCESSOR AUTHORITY UNQUOTE SMCLN CHARLIE PD QUOTE AFTER PRESENTATION OF CLAIMS TO SCAP OR SUCCESSOR AUTHORITY BY REPRESENTATIVES OF THE CLAIMANTS GOVERNMENT CMA AND TRANSMISSION THEREOF TO THE JAPANESE GOVERNMENT CMA CLAIMANTS WILL DEAL DIRECTLY WITH THE JAPANESE GOVERNMENT AND ACCEPT COMPENSATION IN WHOLE OR IN PART UNQUOTE SMCLN DOG PD SUBSTITUTE QUOTE ONE EIGHT ZERO DAYS UNQUOTE FOR QUOTE NINE ZERO DAYS UNQUOTE PD PART SEVEN PD PRINCIPLES OF COMPENSATION PAREN PARA EIGHT PAREN PD DO NOT CONCUR IN PARA EIGHT FOX PAREN TWO PAREN CMA EIGHT FOX PAREN THREE PAREN AND EIGHT FOX PAREN FOUR PAREN PD TO ADJUDICATE CLAIMS ON AN ADJUSTED BASIS TO COMPENSATE FOR LOSS DUE TO THE DEPRECIATION IN PURCHASING PRICE OF THE YEN WOULD IMPOSE AN UNBEARABLE BURDEN ON JAPANESE PUBLIC AND PRIVATE ECONOMY PD SUGGEST CONSIDERATION BE GIVEN TO RETURN OF PRINCIPAL ON ONE NINE FOUR ONE VALUATION BASIS PLUS / NOMINAL RETURN ON THE INVESTMENT ON PROPERTY PD PART EIGHT PD QUERY CMA SHOULD NOT / DEFINITE

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STATEMENT WITH REGARD TO PATENTS CMA UTILITY MODELS CMA TRADEMARKS AND
COPYRIGHTS BE INCLUDED IN PAPER PD PART NINE PD THE TERM QUOTE OR
SUCCESSOR AUTHORITY UNQUOTE AS USED THROUGHOUT THIS RADIO WILL BE CONSTRUED
TO MEAN ANY COMMISSION CMA DELEGATION CMA AGENCY OR OTHER BODY DULY
APPOINTED BY COMPETENT AUTHORITY TO ASSUME ALL POWERS CMA RESPONSIBILITIES
AND OBLIGATIONS PRESENTLY ASSIGNED TO SCAP IN THE ADMINISTRATION AND
SUPERVISION OF THE JAPANESE GOVERNMENT PD PART TEN PD DUE TO THE MANY
RAMIFICATIONS OF THIS PROBLEM AND IMPORTANCE OF HAVING FULL UNDERSTANDING
OF SITUATION HERE RECOMMEND SUGAR WILLIAM NAN CHARLIE CHARLIE
REPRESENTATIVE CONCERNED COME TO THEATER FOR DISCUSSION PRIOR TO SUBMISSION
PROPOSED PAPER TO FOX EASY CHARLIE PD END

OFFICIAL:

APPROVED BY:

R. M. LEVY
Colonel, LGD
Adjutant General

for P. H. Tansey
PATRICK H. TANSEY
Brig Gen, USA
Custodian

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DC/S
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CPC (Return)

Memo for Record: This radio comments on SWNCC 357 in reply to Radio
W 95917, 11 Apr 47.

P.H.T.

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8212

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RECEIVED /04/47
13 APR 1947

13 April 1947

121233

SCAP

STATE DEPARTMENT.....

INFO : WBSGA.....

ROUTINE

ROUTINE

86, April 12, 1947-66
X51766

1. Hourtel State Serial 127, April 10, 8 p. m. (WAR SVC 5704), no statement of that nature was carried in the vernacular press in Japan. Interview was impromptu at instance of American correspondents and no text of Prime Minister's remarks therefore exist. The one American correspondent who attributed the remark to the Prime Minister either (1) misunderstood the Prime Minister due to language difficulties or, (2) as this correspondent has flagrantly done in the past, drew on his imagination in order to put words in the interviewed person's mouth in reply to questions having ulterior motives. It is to be noted that the International News Service correspondent, who ordinarily would be the first to play up any such remark, did not include in his lengthy story any comment by Prime Minister adverse to the Soviet Union. On the contrary he quoted Prime Minister as saying that early peace treaty would be indication of trust and confidence in the Japanese by the Allied Powers; that peace treaty would promote stabilization of conditions in the Far East in general; and that Japan had faith in the world to respect her sovereignty as indicated by the renunciation of war in the new constitution.

2. The strictest SCAP orders are in effect prohibiting any Japanese press criticism of any of the Allied nations either officially or informally. Every effort has been and is continuing to be made to see that these regulations are meticulously followed notwithstanding unceasing effort on the part of American press to elucidate something of this nature. Soviet authorities here follow a flagrantly contrary policy and circulate anti-American and anti-Occupation propaganda among Japanese through the media of Japanese language newspapers published in Khabarovsk and Southern Sakhalin. These newspapers are distributed to Japanese repatriates before returning home and are also smuggled into Japan and circulated in Tokyo and other places. Samples these newspapers were recently sent by me to Llewellyn Thompson.

3. This instance represents one of the numerous extravagances and irresponsibilities frequently indulged in by correspondents here seeking

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BASIC: Red. SCAP to STATE DEPARTMENT, April 12, 1947.

-2-

sensational incidents when none exist. We have not the slightest doubt that the Prime Minister did not make and would not in any way imply the comment attributed to him. Accordingly no local action would seem called for here. We suggest Soviet complaint might provide suitable occasion for bringing to attention of Soviet Government anti-American propaganda distributed here by Soviets through media of Japanese newspapers mentioned above and also by means of the five daily broadcasts beamed at this country from Siberia (4 in Japanese and 1 in English) which consistently carry anti-American propaganda and seek to undermine the Occupation authorities.

Atcheson

OFFICIAL:

APPROVED:

**R. M. LEVI
Colonel, AGD
Adjutant General**

**GEORGE ATCHESON JR.,
Ambassador
Chief, Diplomatic Section**

**Info copies to:
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G/S - for approval
PAG
Govt Section**

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R

CONFIDENTIAL - ROUTINE

241245

TO : WASHINGTON (WDSGA CO)

(C - 51148)

REURAD WAR NINE FOUR FIVE SIX THREE PD
 ITEM HAVE NO OBJECTION TO THE SUGGESTED PUBLICATION OF POLICY DECISIONS
 OF THE FAR EASTERN COMMISSION GMA PROVIDED SUCH ACTION IS TAKEN MERELY
 FOR HISTORICAL PURPOSES PD ITEM SHOULD MOST STRONGLY OBJECT GMA
 HOWEVER GMA TO THE ISOLATION FOR EMPHASIS OF ANY PARTICULAR PHASE OF
 FAR EASTERN COMMISSION ACTIVITY WHICH WOULD TEND TO OVER EMPHASIZE
 ALLIED INTERVENTION IN THE INTERNAL PROCESSES OF THE JAPANESE GOVERNMENT
 PD TO ILLUSTRATE GMA SHOULD THAT PHASE THEREOF SURROUNDING THE
 DEVELOPMENT OF THE JAPANESE CONSTITUTION BE GIVEN PARTICULAR EMPHASIS
 GMA IT OBVIOUSLY WOULD DO MUCH TO NEGATE THE FREE CHARACTER OF THAT
 DOCUMENT AS AN EVOLUTION BY THE JAPANESE PEOPLE WHICH GMA FOR THE
 REASONS ITEM HAVE REPEATEDLY STATED GMA ITEM HAVE METICULOUSLY SOUGHT
 TO PRESERVE PD IN CONNECTION WITH PUBLICITY GMA CARE SHOULD BE EXERCISED
 GMA TO AVOID UNNECESSARILY REVIVING PUBLIC DISCUSSION OF ISSUES WHICH
 PREVIOUSLY HAVE BEEN COMPOSED AND CLOSED PD MY MAIN CONCERN WITH
 RESPECT TO SUCH MATTERS IS TO ENSURE THAT ANY SUCH PUBLICATION DOES

Govt. Sec.

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 plain text of this message as
 precedence of the classification
 has been authorized by the Depart-
 ment in accordance with the pro-
 visions of Executive Order 11652, 18-E, 53-1,
 (1) (2) (3) (4), AR 320-1, 5 March 1946

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NOT RPT NOT INTERFERE WITH CMA IMPEDE CMA OR OTHERWISE PREJUDICE
THE ORDERLY ACCOMPLISHMENT OF OCCUPATIONAL OBJECTIVES PD

MACARTHUR.

OFFICIAL:

JOHN B. COOLEY
Colonel, AGD.
Adjutant General

DISTRIBUTION:

C-in-C
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handling and transmission of literal
plain text of this message as corres-
pondence of the same classification
has been authorized by the War Depart-
ment in accordance with the pro-
visions of paragraphs 16-C, 18-E, 53-
53-D, 53-E, 53-F, 53-G, 53-H, 53-I, 53-J, 53-K, 53-L, 53-M, 53-N, 53-O, 53-P, 53-Q, 53-R, 53-S, 53-T, 53-U, 53-V, 53-W, 53-X, 53-Y, 53-Z, 53-AA (1) (2)
(3) (4), AR 38-10, 10 March 1946

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GA/MWB/vs/esf

22 Mar 47
67

260215

SCAP

WDGSA (Pass to Secstate) Routine

C-51192

67, 22 March 1947.

Subject is publication Japanese diplomatic and related papers.
Reurtel WAR 92357 27 February present status of archives follows:

a. The largest single archives and those containing the most valuable intelligence and research material were the archives of the Ministry of Foreign Affairs. However, approximately 30,000 volumes of records were destroyed during the course of the War as result of air raids and burning by the Japanese Government. The remaining records were carefully examined by representatives of Washington Document Center (adv) in January 1946 who removed some 52 sacks, a total of approximately 2,000 volumes of files and manuscripts relating to Japanese Foreign Affairs and the proceedings of the Imperial Diet during the period from 1930-1945. The bulk of these records were handed over to the International Prosecution Section and the balance of some 18 sacks were evacuated to Washington Document Center in March 1946 under Shipping Advice No. 15030. Documents returned by IPS as being of no further value to the proceedings of the International Tribunal were evacuated to Washington Document Center under Returned Document Lists Nos. 1, 5, 6, 8, 10, 11, 47, 48, 49, 52, 53, 54, 59, 61, 62, 68, 72, 78, 79, 80, and 90, totaling 285 volumes of files and manuscripts.

b. The remainder of the documents on loan to IPS will be forwarded to Washington Document Center upon completion of the major War Trials.

c. The archives of the Army Ministry yielded a greater number of files, and although many were considered to be of little importance, the essence of time precluded their separation into documents of intelligence of historical value and those of lesser value. These files relate to military typography tactical plans and maneuvers, operations in the Pacific and in China, staff meetings, histories of various divisions and regiments, etc., some of which dated back to 1870. Documents obtained from these archives were evacuated to

Washington

Handling and plain text of correspondence of this department in accordance withvisions of paragraphs 53-D (1) (2) (3) (4), AR 380-5, 6 March 1946

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- 2 -

Washington Document Center under shipping advices numbered 15079, 15089, 15029, and 15025 during February and April 1946. These shipments contained a total of 3086 different items or approximately 11,000 volumes.

d. Records relating to transportation and communications, natural resources of Japan, iron and steel production, agricultural experiments, and statistics, munitions industries, foreign trade, etc., were removed from the Archives of the Commerce and Industry Ministry. These documents were evacuated to Washington Document Center under shipping advices numbered 15041, 15055, 15048, 15033 and 15047 during March and April of 1946. The total number of documents evacuated amounted to 1,003 volumes.

e. Removal of records pertaining to labor, economics, child welfare, education and religion, crimes, political parties, social problems, housing, etc., from the archives of the Home, Welfare and Education Ministries was numbered 15032, 15040, 15042, 15045, 15053, 15058, 15059, 15062, 15067 and 15083. This shipment was evacuated to Washington Document Center in February, March, April and May of 1946 and consisted of 5,951 volumes.

f. Archives are presently located in the respective Japanese Ministries, Bureaus, etc., except that Japanese Bank archives and those of the Ministry of Finance are located in the Bank of Japan.

g. Suggest first step to be taken is for State to examine large amount materials already sent to Department with view to determining whether contemplated project is worthwhile. Appraisal suggested in State Serial 72 March 3 6:00 p.m. (WAR SVC 5076) not possible by existing personnel here and if State survey at home indicates need therefor second step might be sending of State representative to endeavor to make such appraisal before giving coordinated consideration to project proposed in first mentioned reference telegram. Due demobilization and other factors no REPEAT no microfilm team or non-professional assistants now available here.

ATCHESON.

OFFICIAL:

APPROVED:

JOHN B. COOLEY
Colonel, AGD
Adjutant General

GEORGE ATCHESON, JR.
Ambassador
Chief, Diplomatic Section

INFO COPIES TO: Cinc, C/S, G-1, G-2, G-3, G-4, AG, Govt Sec,
Gen Acctg Sec

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SECRET

28 February 1947

CS PJM/wrb

SCAP

SECRET

WARCOS

SECRET

010645

✓

PAREN -50498 PAREN REFERENCE IS MADE TO STATE SERIAL FIVE THREE SEVEN OF TWO FIVE OCTOBER ONE NINE FOUR SIX PAREN WAR SERVICE SIX SEVEN ONE FOUR PAREN CMA STATE SERIAL TWO OF TWO JANUARY ONE NINE FOUR SEVEN PAREN WAR SERVICE SEVEN NINE EIGHT ZERO PAREN AND STATE SERIAL FIVE EIGHT OF TWO ONE FEBRUARY ONE NINE FOUR SEVEN PAREN WAR SERVICE EIGHT NINE TWO FOUR PAREN PD PARA THE PROPOSAL BY THE STATE DEPARTMENT THAT THE SUPREME COMMANDER FOR THE ALLIED POWERS TAKE ACTION TO ACQUIRE REAL ESTATE IN JAPAN CMA FOR EXPANSION OF THE PROPERTY OF THE AMERICAN EMBASSY IN TOKYO CMA IS SUBJECT PD THIS IS NOT WITHIN THE SCOPE OF HIS AUTHORITY PD ANY UNILATERAL ACTION BY THE UNITED STATES GOVERNMENT WHEREBY REAL PROPERTY IN JAPAN WOULD BE ALIENATED WOULD FALL UNDER THE PROVISIONS OF PARAGRAPH TWO SEVEN CMA JIG CHARLIE SUGAR ONE THREE EIGHT ZERO SLASH ONE FIVE CMA WHICH STATES CMA QUOTE THE JAPANESE AUTHORITIES ARE TO ENTER INTO NO ECONOMIC AGREEMENTS OF ANY KIND WITH FOREIGN GOVERNMENTS OR INTERESTS EXCEPT AFTER PRIOR CONSULTATION WITH YOU BY YOUR EXPRESS APPROVAL PD ANY SUCH PROPOSED AGREEMENTS SHOULD BE SUBMITTED TO THE JOINT CHIEFS OF STAFF FOR THEIR CONSIDERATION PD END QUOTE UNQUESTIONABLY IN SUCH A CASE ACTION WOULD BE REQUIRED ON AN ALLIED BASIS WHICH COULD ONLY INCLUDE LIKE PRIVILEGES TO ^{OTHER} ~~OTHER~~ NATIONS PD THE IMPLEMENTATION AND ... 8

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SECRET

28 February 1947

CS PJM/wrb

SCAP

SECRET

WARCOS

SECRET

010645

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PAREN -50498 PAREN REFERENCE IS MADE TO STATE SERIAL FIVE THREE SEVEN OF TWO FIVE OCTOBER ONE NINE FOUR SIX PAREN WAR SERVICE SIX SEVEN ONE FOUR PAREN CMA STATE SERIAL TWO OF TWO JANUARY ONE NINE FOUR SEVEN PAREN WAR SERVICE SEVEN NINE EIGHT ZERO PAREN AND STATE SERIAL FIVE EIGHT OF TWO ONE FEBRUARY ONE NINE FOUR SEVEN PAREN WAR SERVICE EIGHT NINE TWO FOUR PAREN PD PARA THE PROPOSAL BY THE STATE DEPARTMENT THAT THE SUPREME COMMANDER FOR THE ALLIED POWERS TAKE ACTION TO ACQUIRE REAL ESTATE IN JAPAN CMA FOR EXPANSION OF THE PROPERTY OF THE AMERICAN EMBASSY IN TOKYO CMA IS SUBJECT PD THIS IS NOT WITHIN THE SCOPE OF HIS AUTHORITY PD ANY UNILATERAL ACTION BY THE UNITED STATES GOVERNMENT WHEREBY REAL PROPERTY IN JAPAN WOULD BE ALIENATED WOULD FALL UNDER THE PROVISIONS OF PARAGRAPH TWO SEVEN CMA JIG CHARLIE SUGAR ONE THREE EIGHT ZERO SLASH ONE FIVE CMA WHICH STATES CMA QUOTE THE JAPANESE AUTHORITIES ARE TO ENTER INTO NO ECONOMIC AGREEMENTS OF ANY KIND WITH FOREIGN GOVERNMENTS OR INTERESTS EXCEPT AFTER PRIOR CONSULTATION WITH YOU BY YOUR EXPRESS APPROVAL PD ANY SUCH PROPOSED AGREEMENTS SHOULD BE SUBMITTED TO THE JOINT CHIEFS OF STAFF FOR THEIR CONSIDERATION PD END QUOTE UNQUESTIONABLY IN SUCH A CASE ACTION WOULD BE REQUIRED ON AN ALLIED BASIS WHICH COULD ONLY INCLUDE LIKE PRIVILEGES TO ^{OTHER} ~~OTHER~~ NATIONS PD THE IMPLEMENTATION AND ... 8

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SECRET

////// PAGE TWO ////

PROCESSING OF THE REAL ESTATE TRANSACTIONS THAT WOULD ENSUE WOULD
CREATE FRICTIONAL AND DISTURBING REPERCUSSIONS PD ANY DISCUSSIONS
OF THE SUBJECT WOULD INEVITABLY INVOLVE THE ISSUE OF REPARATIONS
AND DEMANDS UNDOUBTEDLY WOULD BE MADE THAT REAL ESTATE BE
TRANSFERRED AS REPARATIONS PD ANY ACTION OF THE NATURE SUGGESTED BY
THE STATE DEPARTMENT WOULD BE INHERENTLY DISFAVORED BY THE JAPANESE
GOVERNMENT AND THE JAPANESE PEOPLE AS BEING PROCESS UNDER DURESS PD
PARA IN VIEW OF THESE DIFFICULTIES IT IS CONSIDERED UNSOUND AND
UNWISE FOR THE SAVING OF THE SMALL SUM INVOLVED TO RAISE AN ISSUE OF
SUCH BROAD IMPLICATIONS AND UNFAVORABLE POSSIBILITIES PD END

MAC ARTHUR

OFFICIAL:

**JOHN B. COOLEY
Colonel, A.G.D.,
Adjutant General**

COPIES TO:

**C-in-C
C/S
DS
CPC
GS**

SECRET

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Outgoing message
CONFIDENTIAL GS CW/CD/WHF/es

15 February 1947

461

FROM: CINCPT

INFO: CG USAFIK

TO: WASHINGTON (VDSCA EX) PRIORITY

G-5

150515

(CX 50095) REF URAD WAR NINE ZERO THREE ONE FOUR AND OURAD
CHARLIE SIX NINE SIX EIGHT TWO CMA SUBJECT SHOEMAKER REPORT QUOTE
REVIEW
SUMMARY/AND ACTION PROGRAM FOR ECONOMY SOUTH KOREA UNQUOTE PD AFTER
REVIEW B Y CHARLIE GEORGE UNCLE SUGAR ABLE FOX ITEM KING AND SUGAR
CHARLIE ABLE PETER CMA FOLLOWING REVISIONS ARE DESIRED CIN PARA
ABLE PD SUMMARY PARA ONE PD CONTAINS STATEMENTS WHICH CANNOT BE
FULLY SUBSTANTIATED PD REVISE SUBPARA ONE BAKER TO READ QUOTE
AGRICULTURAL PRODUCTION IS NOW THIRTY PERCENT BELOW NORMAL BECAUSE
OF PAREN ONE PAREN A SERIOUS SHORTAGE OF COMMERCIAL FERTILIZERS
SINCE ONE NINE FOUR ZERO CMA PAREN TWO PAREN RECENT HEAVY FLOODS
UNQUOTE PD DELETE FOLLOWING FROM SUBPARA ONE PAREN DOG PAREN PAREN
ONE PAREN CMA QUOTE UNDER JAPAN CMA KOREA BECAME EIGHTY PERCENT
ILLITERATE UNQUOTE PD

RETURN COPY

PARA BAKER PD SUMMARY PARA TWO PD SUBSTITUTE QUOTE DETERIORATE
FURTHER UNQUOTE FOR QUOTE COLLAPSE UNQUOTE PD
PARA CHARLIE PD SUMMARY PARA THREE PD DELETE FIRST SENTENCE TO AND
INCLUDING QUOTE PAREN ONE NINE THREE SEVEN DASH ONE NINE FOUR FIVE
PAREN UNQUOTE PD REVISE FOURTH SENTENCE TO READ QUOTE IN THE ABSENCE
OF UNIFICATION CMA THE ECONOMY OF SOUTH KOREA CAN BE DEVELOPED TO
SELF DASH SUFFICIENT LEVELS AT A LOW PER CAPITA LIVING STANDARD BY
CIN UNQUOTE PD

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plain text of this message as corres-
pondence of the War Department
has been authorized by the War Depart-
ment in accordance with the provisions of
53-B (1) (2) (3), and 60-A (1) (2)
(3) (4), AR 380-5, 6 March 1946

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PAGE TWO
CX 50095 15 Feb 47

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SUBPARA PAREN BAKER PAREN ADD QUOTE IRRIGATION UNQUOTE AND QUOTE
LAND RECLAMATION UNQUOTE PD SUBPARA PAREN HOW PAREN REVISE TO READ
QUOTE THE ESTABLISHMENT OF FOREIGN CREDITS AND GRADUAL DEVELOPMENT
OF KOREAN EXPORTS UNQUOTE PD
PARA DOG PD SUMMARY PARA FIVE PD SUBSTITUTE QUOTE DETERIORATION UN-
QUOTE FOR QUOTE DISINTEGRATION UNQUOTE PD
PARA EASY PD SUMMARY PARA SIX PD DELETE SUBPARA PAREN ABLE PAREN
AS QUESTIONABLE BOTH FROM STANDPOINT OF VALIDITY AND PROPRIETY PD
SUBPARA PAREN EASY PAREN REVISE TO READ QUOTE PROGRAM III CMA
COVERING BOTH CRITICAL AND SOME LONG DASH RANGE REQUIREMENTS CMA
REFLECTS THESE CONDITIONS UNQUOTE PD
PARA FOX PD SUMMARY PARA SEVEN PD REVISE SUBPARA PAREN ABLE PAREN AS
FOLLOWS CIN SUBSTITUTE QUOTE A CONTINUING SUPPLY OF APPROVED CRITICAL
ITEMS UNQUOTE FOR QUOTE IMPORT PROGRAM THREE UNQUOTE AND SUBSTITUTE
QUOTE FURTHER DETERIORATION UNQUOTE FOR QUOTE COLLAPSE UNQUOTE PD
IN SUBPARA PAREN BAKER PAREN ADD WORD QUOTE COMPLETELY UNQUOTE
BEFORE QUOTE ACHIEVE UNQUOTE AND DELETE QUOTE AS SET FORTH IN THE
INTERIM DIRECTIVE UNQUOTE PD
PARA GEORGE PD GENERAL COMMENTS ON SUMMARY PD IMPLEMENTATION OF
EIGHT PROPOSALS CMA SUBPARAS THREE PAREN ABLE PAREN TO THREE PAREN
HOW PAREN WILL IMPROVE OVERALL SITUATION BUT ARE NOT COMPLETE PD
REQUIREMENTS INCLUDED IN PROGRAM THREE ARE NOT CONFINED TO NEEDS FOR
CURRENT FISCAL YEAR AS STATED IN SUBPARA SIX PAREN EASY PAREN PD
STATEMENT IN SUBPARA SEVEN PAREN ABLE PAREN IS NOT SUPPORTABLE PD
SUGAR CHARLIE ABLE PETER HAS NOT YET APPROVED IMPORT PROGRAM THREE PD
SIMILARLY CMA STATEMENT IN SUBPARA SEVEN PAREN BAKER PAREN REFERS

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PAGE THREE
CX 50095 15 Feb 47

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TO INTERIM DIRECTIVE WHICH IS NOT YET APPROVED PD
PARA NOW PD FOLLOWING COMMENTS REFER PAGES ONE TO THIRTY DASH FIVE
MAIN REPORT PD BECAUSE OF INCONSISTENT NUMBERING SYSTEM CIA PAGE
REFERENCES ARE GIVEN PD
PAGE ONE CIA PARA FIVE PD SUBSTITUTE QUOTE A MAJOR UNQUOTE FOR QUOTE
A PRIMARY UNQUOTE PD PAGE TWO CIA SUBPARA FOUR PAREN DOG PAREN PD
REVISE TO READ QUOTE BECAUSE THE INCREASED URBAN POPULATION CIA
BROUGHT ABOUT BY JAPAN'S INDUSTRIALIZATION OF KOREA CIA NOW FACES
UNEMPLOYMENT UNQUOTE PD PAGE THREE CIA PARA EIGHT PD ADD SUBPARA
CHARLIE TO READ QUOTE A COLLAPSE OF LARGE SCALE INDUSTRIAL PRO-
DUCTION UNQUOTE PD PAGE FOUR CIA SUBPARA SIX BLE PAREN ONE PAREN
PD SUBSTITUTE QUOTE NON DASH COOPERATION UNQUOTE FOR QUOTE ACTIVE
OPPOSITION UNQUOTE PD PAGE FIVE CIA SUBPARA PAREN FOUR PAREN PD
DELETE QUOTE AND SUSPICION UNQUOTE PD PAGE FIVE CIA LAST PARA PD
DELETE PORTION STARTING WITH QUOTE MANY OF THESE MEN UNQUOTE TO
AND INCLUDING END OF PARA TOP OF PAGE SIX PD PAGE SIX CIA PARA ONE
PD SUBSTITUTE QUOTE CHAOS UNQUOTE FOR QUOTE BREAKDOWNS WHICH OCCURRED
LATER UNQUOTE PD PAGE SIX CIA DELETE UNDERLINED PARA FIVE PD PAGE
SIX CIA PARA SEVEN CIA DELETE QUOTE PERSONNEL ARRANGEMENTS UNQUOTE PD
PAGE SIX CIA PARA EIGHT PD REVISE SECOND SENTENCE TO READ QUOTE
ALTHOUGH IT WAS KNOWN THAT ASSETS WERE BEING DISSIPATED AND THAT
QUESTIONABLE FINANCIAL TRANSACTIONS WERE OCCURRING CIA POST
HOSTILITY DEMOBILIZATION PROGRAMS CIA STARTED BEFORE ADEQUATE
CIVILIAN REPLACEMENTS COULD BE FURNISHED CIA REDUCED THE NUMBER
OF AMERICAN OFFICIALS TO THE POINT WHERE IT WAS IMPOSSIBLE TO
CONTROL THE SITUATION UNQUOTE PD PAGE SEVEN CIA PARA FOUR PD END

PAGE FOUR
CX 50095 15 Feb 47

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STATEMENT AT QUOTE ASTRONOMICAL FIGURES UNQUOTE CMA DELETING
REMAINDER PD PAGE TEN PD DELETE PARAS TWO TO FIVE INCLUSIVE PD
PAGE TEN CMA PARA SIX PD SUBSTITUTE QUOTE URBAN UNQUOTE FOR QUOTE
OVER SEVEN HUNDRED THOUSAND UNQUOTE PD PAGE ELEVEN CMA PARA FOUR PD
SUBSTITUTE QUOTE AT A LEVEL NORMAL TO AND SUPPORTABLE BY KOREAN
REQUIREMENTS AND RESOURCES UNQUOTE FOR QUOTE ON THE TECHNICAL LEVELS
AT WHICH IT WAS PREVIOUSLY MAINTAINED UNQUOTE PD PAGE TWELVE CMA
PARA THREE PD DELETE LAST SENTENCE PD
PARA ITEM PD GENERAL COMMENTS ON PART ONE PD FOOD DEFICIT IN SOUTH
KOREA CMA WHILE UNDENIABLY SERIOUS CMA SHOULD BE THE MOST READILY
REMEDIAL OF MAJOR WEAKNESSES OF PRESENT ECONOMY PD FOOD PRODUCTION
CMA TOGETHER WITH GATHERING AND DISTRIBUTION CMA SHOULD NOT BE
COUNTENANCED AS A CONTINUING WEAKNESS PD
PARA JIG PD PART TWO CMA SEC ONE PD PAGE FOURTEEN CMA SUBPARA ONE
PAREN ABLE PAREN PD SUBSTITUTE QUOTE NON DASH AGRICULTURAL UNQUOTE
FOR QUOTE INDUSTRIAL UNQUOTE PD PARA THREE PD INSERT AS PAREN BAKER
PAREN NEW SUBPARA READING QUOTE THE NATURAL RESSENTMENT OF FARMERS
TO FORCED SALE OF THEIR CROPS AT NON DASH INFLATIONARY PRICES IN AN
INFLATED ECONOMY UNQUOTE PD REVISE LETTERING SUBPARAS PAREN BAKER
PAREN CMA PAREN CHARLIE PAREN AND PAREN BOB PAREN PD PAGE TWENTY CMA
PARA SIX PD DELETE QUOTE WITHIN THE NEXT TWO MONTHS UNQUOTE PD
PAGE TWENTY-TWO CMA PARA SIX PD SUBSTITUTE QUOTE DESIGNATION UNQUOTE
FOR QUOTE CREATION UNQUOTE PD PAGE TWENTY-FOUR CMA PARA ONE PAREN
DOG PAREN PD SUBSTITUTE QUOTE INABILITY OF JAPANESE SOURCES TO
ADQUATELY SUPPLY UNQUOTE FOR QUOTE FAILURE TO OBTAIN UNQUOTE PD
DELETE QUOTE FROM JAPAN UNQUOTE PD PAGE TWENTY-FOUR CMA PARA THREE PD

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SUBSTITUTE QUOTE PREVAILING WAGE RATES UNQUOTE FOR QUOTE A WAGE
SCALE WHICH PROVIDES ONLY THE BAREST MINIMUM OF SUBSISTENCE UNQUOTE
PD

PARA KING CMA PART TWO CMA SECTION TWO PD PAGE TWENTY-FIVE CMA
SUBPARA ONE PAREN ONE PAREN PD REVISE SECOND PART OF PARA TO READ
QUOTE HENCE THE APPLICATION OF GIVEN AMOUNTS OF FERTILIZERS WILL
BRING PROPORTIONATELY GREATER AND MORE IMMEDIATE RESULTS THAN IF
KOREAN SOIL WERE ALREADY AT A HIGH LEVEL OF PRODUCTIVITY UNQUOTE PD
PAGE TWENTY-FIVE CMA PARA THREE PD DELETE IN ENTIRETY FROM QUOTE
ATTENTION IS CALLED UNQUOTE TO AND INCLUDING QUOTE INCREASE IN
AGRICULTURE PRODUCTION UNQUOTE PD PAGE TWENTY-EIGHT CMA SUBPARA
ONE PAREN ONE PAREN PD DELETE QUOTE WHICH ARE MADE IN JAPAN
UNQUOTE PD PAGE THIRTY CMA PARA FOUR PD DELETE FIFTH SENTENCE QUOTE
ACTUAL DELIVERIES FROM JAPAN CMA ETC PD UNQUOTE PD PAGE THIRTY-ONE
CMA PARA FIVE PD REVISE SECOND SENTENCE TO READ QUOTE NORMAL FOREIGN
TRADE HOWEVER CMA ASSUMING THAT EXPORTABLE GOODS ARE AVAILABLE CMA
DEPENDS UPON CMA ETC PD UNQUOTE PD
PARA LOVE PD GENERAL COMMENTS ON PART TWO PD IMPORTANCE OF FORESTRY
IN KOREAN ECONOMY AND KOREA'S CAPABILITY TO PRODUCE ESSENTIAL LUMBER
CMA CONSTRUCTION AND INDUSTRIAL TIMBERS CMA AND PULP FOR PAPER
MANUFACTURE NOT DISCUSSED PD THE LAST SENTENCE OF PARA FOUR CMA
PAGE THIRTY-ONE CMA STARTING QUOTE AS PREVIOUSLY NOTED UNQUOTE IS
APPARENTLY GARBLED PD
PARA MIKE CMA PART THREE CMA APPENDIX PD DELETE PAGES THIRTY-THREE
CMA THIRTY-FOUR AND THIRTY-FIVE IN THEIR ENTIRETY AND ALL REFERENCES
THERETO PD

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FARA NAN PD OVERALL COMMENT ON REPORT PD CONSIDERING VOLUME OF CORRECTIONS CMA THE FACT THAT REPORT IS OUT OF DATE AND THAT APPENDIX PROVIDING FOR SUPPLEMENTARY REPORTS HAS BEEN DELETED CMA IT IS OPINION OF SUGAR CHARLIE ABLE THAT STUDY SHOULD BE REWRITTEN WITH FULL CONSIDERATION GIVEN TO CORRECTIONS AND VIEWS EXPRESSED IN THIS MESSAGE PD

OFFICIAL:

JOHN B. COOLEY
Colonel AGD
Adjutant General

APPROVED:

Courtney Whitney
COURTNEY WHITNEY
Brigadier General, U. S. Army
Chief, Government Section

INFO COPIES TO:

C of S
G-4
ESS
NRS
CI&E
Fiscal

Memorandum for Record:

1. Radio WNR 90304 dated 21 Jan 47 advised that Shoemaker and Joyner, on TDY Wash from HQ USAMGIK, had submitted 35-page "Summary Review and Action Program for Economy South Korea" for reproduction and distribution to SCIP, USAFIK, State, War and other government agencies, and requested advice as to release.
2. Report had not been previously submitted through channels for approval.
3. Radio C 69682 dtd 30 Jan 47 withheld authorization pending CG USAFIK and SCIP approval.
4. Radio C 69686 dtd 30 Jan 47 advised CG USAFIK of withholding action and requested comments on Summary Review.
5. Check Sheet dtd 5 Feb 47 requested G-4, ESS, CI&E, Fiscal and NRS comments.

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Memorandum for Record (contd)

6. Comments of CG HQAFIB, contained in Radio ZGCG 168 and of GHQ Staff sections were received 9 Feb 47.
7. 3-4. ESS, CMB, Fiscal and NBS copies.

William H. Fildes

WILLIAM H. FIELDS
Lieut. Colonel, Korean Division

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