

be completed within that period.

MR. BANERJI: Mr. Chairman, I agree with the interpretation which you have proposed that the review should have been completed within this two-year period, that is by May 3, 1949, but the fact of the case is that we have been unable to complete the review. The case has been taken up--the review has been initiated and even the paper which you have referred to as pending before the Steering Committee has come up to the Commission without approval in the working committee--it has merely been forwarded. As you have indicated, it probably would be all right if the Steering Committee passes on those points at the next meeting and the Far Eastern Commission takes its decision at its next meeting, which will be after the two-year period perhaps. But after all this is a Far Eastern Commission decision and I think so long as we have initiated a review we have to some extent work within the framework of this policy, and probably it would meet the case if we allowed an extension of a short period so that all the points which the Chinese representative has pointed out can be considered and proper action taken. This is a Far Eastern Commission decision and there is nothing to prevent us from extending the period, say, a month or maybe two, so that the working committee and the Steering Committee can discuss these matters and come to a proper decision.

MR. BUTTERNORTH: The language is very clear, "Without prejudice to the continuing jurisdiction of the Far Eastern Commission...". Obviously the Far Eastern Commission can review the constitution at any time, but the review that has been called for by this decision is a review that should be completed by May 3rd. Now, if the Commission wishes to change its meeting from Thursday to Tuesday that is quite agreeable to the United States representative. Then it can perhaps consider this matter at length. But often as a Commission we have been very technical with others about living up to the



precise commitments undertaken in Far Eastern Commission decisions; I think we ought to apply it to ourselves.

MR. GRAVES: Mr. Chairman, we do at any rate have three items before us which we can deal with in the next week. Would it not be advisable to deal with those within the period that we have set ourselves and then, if there is any question of anything else, we can decide it as a commission after the expiring of the period. We still have a week in which to work on these and there could be some concentrated effort on the part of the committee if it thinks fit. But, at any rate, these three questions could be decided on by next week I think. We are ourselves ready to speak on them--vote on them--and I would suggest that we deal with them within this next week. We should at any rate have done something which is stipulated under the Commission's policy.

MR. BANERJI: Mr. Chairman, that is exactly the point that I want to point out. Even if we take a decision next Thursday we will not be doing the review within the period. I believe--

MR. BUTTERNORTH: I believe one can consider that the review had been completed within the period. It would simply be a question of voting. But if the Indian representative would be happier about living up to the full intent of the decision, then I would propose that we hold the next meeting on Tuesday.

DR. LEE: Do you think, Mr. Chairman, that we can reach a conclusion on those proposals now pending before the working committee before Tuesday?

MR. BUTTERNORTH: I am not a pessimist about the abilities of this Commission.

DR. LEE: I am inclined to associate myself with the Indian delegate in proposing an extension of the period of review of the Japanese constitution. Of course, it is subject to the approval of the Commission as to how long the period could be. That might work



better. In points of fact, in points of law the Chairman is absolutely right in saying that we should conclude the review within the two-year period. It is in the policy decision--there is no question about that. But, on the other hand, in point of fact there are some proposals pending before the working committee which have to be resolved. What shall we do about those proposals? We must either reach a decision here or give some guidance to the working committee.

MR. BUTTERWORTH: As I understand it all the proposals before the working committee have been considered--considered at some length--except one proposal which the Chinese delegation saw fit to introduce at the last moment.

MR. DARIDAN: Mr. Chairman, may I say that I would much appreciate it if the Commission would deem it fit to stand by its own standards and conclude the review within the prescribed term. There has already been a rather lengthy discussion in the Commission on this subject and if the Commission has not taken enough time after all it has been our fault. I completely and fully agree with the point of view just expressed by the British representative, that these three points already reviewed and formulated by the committee should be decided on by next week.

MR. COLLINS: Mr. Chairman, I would like to associate myself with the British and French point of view on this. I think that your own suggestion is adequate to cover the points which are still in the working committee. If the committee considers that any of these points are worthy of further consideration and thorough discussion they can be dealt with under the clause providing for continuing jurisdiction, and there would be then no limitation whatever on the length of time which the committee can take if it so desires.

MR. BULLOCK: Mr. Chairman, I would like to associate myself also with the remarks of the United Kingdom, the French, and the Canadian representatives. It is quite true that some on the Commis-



sion have set rather rigid standards for the implementation of our policy decisions and I would, for one, be prepared to apply the same rule to the Commission itself.

MR. BUTTERNORTH: Can the chair assume that the expression of informal proposal that have been put forward are agreeable to the Commission as a whole?

(No response)

MR. BUTTERNORTH: In the absence of dissent, I suggest we pass on to the next item.

MR. LAKING: You mean this proposal in the paper itself, or are you speaking about the question of procedure?

MR. BUTTERNORTH: Yes, procedure.

MR. LAKING: Oh, yes.

ITEM 3 - AGRARIAN REFORM IN JAPAN (FEC-335/8)

MR. BUTTERNORTH: The Commission would perhaps note that since this item has been put on the agenda the Secretary General, acting on his own initiative, has compiled some helpful information which has been circulated to all the members. I hope they have all received it; I received mine this morning.

MR. BAZYKIN: Mr. Chairman, during the discussion of this question in the Steering Committee the Soviet delegation pointed out that for the adoption of the decision on agrarian land reform the Far Eastern Commission should have at its disposal necessary information from the Supreme Commander in respect to the results of the agrarian land reform, the deadline for the fulfillment of which, according to the law adopted by the Japanese Diet, lapsed on January 1, 1949. The Soviet delegation had introduced the proposal that the Far Eastern Commission request the Supreme Commander to provide it with the information in respect to the results of the carrying out of the reform. However, the proposal of the Soviet delegation has not been adopted by the Steering Committee on the assumption that the members



of the Commission, allegedly, have at their disposal adequate information and that the decision would approve only the principles for carrying out the reforms and will not touch upon the question of its implementation. In connection with this I consider it necessary to point out that these principles underlying the reform were being carried out in Japan during a period of more than two years and in deciding the question of their approval now, when the land reform should have been completed, the Far Eastern Commission undoubtedly should have at its disposal full official information from the Supreme Commander on the basis of which it will be possible to judge the results of the application of these principles. If the Far Eastern Commission is to establish or approve any principles without showing any interest as to how these principles are being carried out, hardly any useful purpose would be served since the merits of any reform can be judged only by the results of its implementation. I repeat that it is especially important to have at our disposal full information while deciding the question of approving the principles which are already being carried out during a period of more than two years in Japan and the implementation of which should have been completed by January 1, 1949, that is, four months ago.

As regards the statements that the Far Eastern Commission, allegedly, has at its disposal adequate materials and information on this question which were enumerated in the bibliography of documents circulated by the Secretariat on March 14, 1949, SC-335/1, the Soviet delegation, after studying these materials, pointed out that they contained no data on the results of carrying out the reform but contained mainly different unofficial statements in respect to the proposed measures of carrying out the agrarian land reform and data as far back as 1946 and 1947. I acquainted myself with the information circulated by the Secretariat yesterday, FEC-335/9, and must state that this information naturally cannot be considered as adequate and satisfactory since it doesn't answer a number of essential



questions and undoubtedly does not embody all the questions dealing with the carrying out of the agrarian land reform. In connection with this the Soviet delegation once again draws the attention of the Commission to the necessity of receiving materials and information from the Supreme Commander on the results of carrying out the agrarian land reform, without which information the Far Eastern Commission is unable to adopt the proposed policy decision. Therefore, the Soviet delegation again formally moves that the Far Eastern Commission request the Supreme Commander to supply it with necessary materials in respect to the results of carrying out the agrarian land reform.

This proposal reads as follows:

"In connection with the discussion of the draft policy decision in respect to the agrarian land reform, the Far Eastern Commission considers it necessary that the Supreme Commander for the Allied Powers provide the Commission with materials and information regarding the fulfillment of the agrarian land reform program in Japan."

MR. BUTTERWORTH: Would the Secretary General read the motion, please.

MR. JOHNSON: Mr. Chairman, the motion before the Commission, put by the Soviet delegate, reads:

(The Secretary General again read the motion set forth immediately above.)

MR. BUTTERWORTH: Any comments on the Soviet Government's motion?

(No response)

MR. BUTTERWORTH: For my part I would only like to say that I understand this question has been thoroughly considered in the working committee concerned, that a motion or motions of this nature have already been voted on, and as the United States member I see no reason why we shouldn't proceed to the vote on this one.

Will you call for the vote, please?



MR. JOHNSON: The question, Mr. Chairman, is to vote upon a resolution just offered by the Soviet delegate.

MR. BULLOCK: Against, for the reasons which I have already expressed in the Steering Committee.

MR. COLLINS: Against.

DR. LEE: Abstain.

MR. DARIDAN: Against.

MR. BANERJI: Against.

MR. REUCHLIN: No.

MR. LAKING: Against.

MR. LOZADA: Abstain.

MR. BAZYKIN: In favor.

MR. GRAVES: Against.

MR. BUTTERWORTH: Against.

The tally is 1 in favor, 8 against, 2 abstentions. The resolution has not been passed as a result of no majority.

DR. LEE: Mr. Chairman, I move the adoption of this paper which is in front of us.

MR. BUTTERWORTH: Is there any discussion?

DR. LEE: Incidentally, I have noted a few typographical errors in the paper and, if you will permit me, I would like to point them out to you in order to make the paper read better.

Take, for instance, paragraph 2 g: the law in question, that is, the Land Reform Law, "enacted on 21st October 1946", I think in point of fact it was enacted on the 19th of October. We might check it up.

MR. BUTTERWORTH: That is a question of fact which the Secretariat should look into.

DR. LEE: And then with reference to paragraph 2 h, the Agricultural Land Adjustment Law, the present text reads: "enacted by the Japanese Government in 1945", I think the author must have in mind the amended law--not the original law--because the Agricultural Land



Adjustment Law was subsequently amended three times. Now, should we say the law as amended or as originally enacted--there is a lot of difference between the original text and the amended text? I refer to it as a matter for the Secretariat to check up.

Also in paragraph 2 b the author has left out a very important part of the substance of the law covering the encouragement of increasing owner farmers, which is a very important--

MR. BUTTERWORTH: What paragraph is that you refer to?

DR. LEE: Paragraph 2 b, in the same law. You see, the present text reads:

"the Agricultural Land Adjustment Law enacted..... contained provisions designed to bring to an end the system of rents payable in kind and to prevent the exaction of exorbitant rents,"

Of course that is an important portion of the law, but there is another portion which is just as important, "encouragement of owner farmers", which I think coincides with one of the fundamental objectives of the Far Eastern Commission policy decision.

MR. BUTTERWORTH: I think that suggestion of yours goes--I would think goes beyond detailed corrections. This is the type of suggestion that I think the Chinese member should have made in committee, because otherwise if the Commission considers matters of this kind at this final stage it really vitiates the workings of the committee altogether. I think it's most helpful to have these suggestions of detailed fact which you have brought up in the first two instances, but as to what language should be used to summarize a referred to law I think we have to accept the paper as it comes up before the Commission. I should think there would be great difficulties if we started to rewrite details of this kind.

DR. LEE: Even with the wrong dates? You accept the first two?

MR. BUTTERWORTH: Yes, indeed. I not only accept them but the chair wishes to thank you for having brought them forward.



DR. LEE: But how about making the language more consistent? I have noted--I am no expert on the English language--but in the first paragraph you spell "program" without an "e" but in paragraph 2 g with "me". Which is better? Could we make it more uniform? I think, Mr. Chairman, you are more in favor of the American way of spelling dropping "me"?

MR. BUTTERWORTH: Well we have the highest regard for our British friends. Here again we don't want to be too technical about this matter.

MR. GRAVES: It seems to me, Mr. Chairman, to illustrate Allied solidarity.

DR. LEE: At least editorially.

MR. BUTTERWORTH: I think we will let the Secretary General compete with this weighty problem.

Is the Commission prepared to vote now?

DR. LEE: Yes.

MR. JOHNSON: Mr. Chairman, the question before the Commission is to adopt FEC-335/8, Agrarian Reform in Japan, subject to check as to dates.

MR. BUTTERWORTH: And other uniformities.

MR. BULLOCK: In favor.

MR. COLLINS: In favor.

DR. LEE: In favor.

MR. DARIDAN: In favor.

MR. BANERJI: For.

MR. REUCHLIN: In favor.

MR. LAKING: In favor.

MR. LOZADA: In favor.

MR. BAZYKIN: Abstain.

MR. GRAVES: In favor.

MR. BUTTERWORTH: In favor.



MR. BAZYKIN: Mr. Chairman, the Soviet delegation abstains from voting because it is of the opinion that for the adoption of a decision on the agrarian land reform the Far Eastern Commission does not have the necessary information in respect to the fulfillment of the agrarian land reform at its disposal, although the deadline for its fulfillment lapsed on January 1, 1949.

MR. BUTTERNORTH: The vote is 10 in favor with 1 abstention. The paper is therefore regarded as carried.

ITEM 4 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, -/1, -/2, -/3, -/4, -/5)

MR. DARIDAN: Mr. Chairman, referring once more to the question of Japanese attendance at the forthcoming conference to be held in Paris in May, the 18th or 19th, I would like to let the Commission know that the French Government has instructed its Mission in Tokyo to inform the Japanese Government that, since no policy decision has been taken in this respect by the Commission, Japan can be invited to the conference only as observers. Accordingly, a SCAP observer will attend the conference accompanied by two Japanese technicians for which visas have been granted by the French Government.

MR. BUTTERNORTH: Any comment on the remarks of the French representative?

MR. LOZADA: Mr. Chairman, the views of the Philippine delegation will be forthcoming at the next meeting.

MR. BUTTERNORTH: If there are no further comments on this item, I suggest we pass on to the next one.

ITEM 5 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339)

MR. BUTTERNORTH: If there are no comments at this time on Item 5--

MR. GRAVES: I would like to ask a question, Mr. Chairman. In Enclosure "B", which is the policy proposal, it refers to the fact that one of the basic objectives of the occupation is respect for the



rights of other nations and facilitate the progressive resumption by Japan of its normal international responsibilities. That "progressive resumption by Japan of its normal international responsibilities" referred to as one of the basic objectives of the occupation, does that mean that it refers to one of the controlling documents or to a policy of the Commission?

MR. BUTTERNORTH: I will be very glad to take that question under advisement and make known--

MR. GRAVES: Whether any policy of the Commission states as a fact that it is one of the basic objectives of the occupation.

MR. BUTTERNORTH: Any other comment?

(No response)

MR. BUTTERNORTH: We shall pass to the next item.

ITEM 6 - ECONOMIC STABILIZATION IN JAPAN

MR. BUTTERNORTH: If there are no comments on this matter, we will pass to the next item.

ITEM 7 - a LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARD JAPANESE INDUSTRY (FEC-242/32; -/35, -/37)

- b LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARD SHIPBUILDING AND SHIPPING (FEC-297/10)

ITEM 8 - REPARATIONS REMOVALS; ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; -/6, -/7, -/8, -/9, -/10)

ITEM 9 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

- b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

MR. BUTTERNORTH: On Items 7, 8 and 9 the position is unchanged.

ITEM 10- PRIORITY FOR PATENT APPLICATIONS IN JAPAN (FEC-333/7)

MR. BAZYKIN: Mr. Chairman, at the last meeting of this Commission I stated that the Soviet delegation had suggested the inclusion on the agenda the question of issuance by the United States Government of an interim directive in respect to the priority of patent



applications in Japan not for the purpose of reviewing the discussion on the substance of this matter since this subject has already been thoroughly considered and on March 17, 1949, a policy decision, FEC-284/18, was ████ adopted, which excluded the implementation of policy in respect to the priority of patent applications in Japan. The Soviet delegation included this item on the agenda because of the fact that the United States Government issued an interim directive on the implementation of such a policy which was rejected by the Far Eastern Commission. I believe that for all the members of the Commission it is clear that the reference of the United States Government in justification of the issuance of this directive to paragraph III-3 of the terms of reference of the Far Eastern Commission is absolutely unfounded, since this paragraph provides that the United States Government may issue interim directives only "whenever urgent matters arise not covered by policies already formulated by the Commission". Reference by the United States Government to this paragraph of the terms of reference of the Far Eastern Commission, which not only does not give <sup>it</sup> the right to issue interim directives on matters covered by policies already formulated by the Far Eastern Commission but, on the contrary, excludes such a right, lacks common sense and at least gives cause for surprise. It seems to me that no one among the representatives on the Far Eastern Commission can ignore the fact of issuance of this directive by the United States Government since, in this particular case, the matter is concerned with a rude violation of the terms of reference of the Far Eastern Commission.

MR. LAKING: Mr. Chairman, I am not at all clear as to why this matter remains on the agenda. It doesn't seem to me that we have any point of substance to consider in connection with this. I would be glad to know why it is still held on the agenda, and in making that inquiry perhaps I might say for the purposes of record that so far as my delegation is concerned, while they have had occasion



previously to object--the case of economic stabilization was perhaps one example--to the issuance of interim directives prior to consultation with the Commission, on the other hand I feel that the action taken by the United States in this particular instance was entirely in order, in the sense that an effort had been made over some long period to obtain agreement in the Commission on this particular point and it was only through, I think, the attitude of one delegation that agreement was not found possible. And in those circumstances, so far as my delegation is concerned it seems entirely proper that an interim directive should be issued. I make that statement, as I say, merely in the interests of consistency. But I would be glad to know if there is any substance of point which requires that this should now be held on the agenda.

MR. BUTTERWORTH: For my part I see that there is none. The item was put on the agenda at the suggestion of the Soviet member, I believe. Am I correct?

MR. JOHNSON: Pursuant to a request of the Soviet delegation.

MR. BUTTERWORTH: In order to clarify the record, I shall give a statement to the Secretary General which, on behalf of the United States, I will ask him to include in the minutes if the Commission is agreeable.

(This statement was incorporated in the official minutes of the meeting.)

MR. BUTTERWORTH: If there are no further comments on this item, I suggest we pass to the next item.

ITEM 11- OTHER BUSINESS

MR. BUTTERWORTH: The Secretary General has indicated that he has received no indication of other business. Has any member further business to bring up?

(No response)



ITEM 12- PRESS RELEASE

MR. BUTTERWORTH: As regards Item 12, Press Release, the paper on agrarian reform will be treated in the usual way.

If there is no further business, the Commission may consider itself adjourned.

(The meeting adjourned at 11:25 A.M.)



**CONFIDENTIAL**

FAR EASTERN COMMISSION

Transcript of 152nd Meeting of the Far Eastern Commission

Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, May 5, 1949

NOTE: The attention of all concerned is invited to the classification of this transcript which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

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**CONFIDENTIAL**



**CONFIDENTIAL**FAR EASTERN COMMISSION

Transcript of 152nd Meeting of the Far Eastern Commission  
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.  
Thursday, May 5, 1949

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. B. Collins	(Canada)
His Excellency Dr. W. K. Lee	(China)
Mr. J. Daridan	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. G. R. Laking	(New Zealand)
Mr. Emilio Abello	(Philippines)
Mr. V. I. Bazykin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FBC



(The 152nd meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:30 A.M., 5 May 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen. I think we are all around the table.

I am very glad to sit in with you once more. I have missed the interest of association with you gentlemen now for about a month and I must say I feel quite badly backgrounded until you help me out on this morning's session and bring me up to date, as it were. We will declare the session open this morning and concern ourselves, as usual, about the minutes of the last meeting.

MR. GRAVES: Mr. Chairman, may I say how pleased we are to see you back in your accustomed seat.

(Various representatives concurred with the foregoing statement.)

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 151st MEETING

GEN. MCCOY: Are there any comments on the minutes, gentlemen?

MR. BANERJI: Mr. Chairman, I have just one small correction on paragraph 11, page 2. It should read like this:

"MR. BANERJI (India) said that he had received no instructions from his Government but he personally agreed...".

MR. DARIDAN: Mr. Chairman, on page 4, paragraph 32, the seventh line, instead of "accompanied by two Japanese technicians" it should read "accompanied by three Japanese technicians".

GEN. MCCOY: If there are no objections, these corrections will be made and the minutes will be made a matter of record.



ITEM 2 - REVIEW OF JAPANESE CONSTITUTION (FEC-326/28)

GEN. MCCOY: We have before us this morning "Review of the Japanese Constitution" under our original directive on the subject. The paper before us is a proposed message to the Supreme Commander regarding the Commission's review of the Japanese constitution.

Is there any comment or discussion desired this morning on this consultative message?

MR. GRAVES: Mr. Chairman, I would like to move formally that the paper be adopted as a message to the Supreme Commander setting out the Commission's views on the Japanese constitution.

MR. BAZYKIN: Mr. Chairman, I would like to remind the members of the Commission of the position of the Soviet delegation on this subject which has been already stated by our representative in Committee No. 3.

Although the Soviet delegation does not agree with the views of the constitution given by the Supreme Commander in FEC-326/6 and believes that the constitution could have been bettered in the direction of its further democratization, the Soviet delegation considers at the present time the essential question is not so much the question of review of the constitution as the fact that those few democratic provisions contained in it are being systematically violated by the United States occupation authorities and the Japanese Government. In Committee No. 3 the Soviet delegation adduced concrete facts of violations of the constitution by the United States authorities and the Japanese Government. Because of the aforesaid, the Soviet delegation believes that the Far Eastern Commission should adopt matters for the actual provision of normal conditions for the development of democratic tendencies in Japan. Therefore, the Soviet delegation will abstain on voting on FEC-326/28.

GEN. MCCOY: Are there any other comments, gentlemen?

(No response)

GEN. MCCOY: My understanding is that it was the sense of the



Commission at the last meeting that the paper should be voted on at this session. So that if there is no objection, I will put the paper complete to be voted on as such now. Is there any comment or objection to that?

MR. ABELLO: Mr. Chairman, at the Steering Committee the Philippine delegation voted on these three parts of FEC-326/28 separately, voting in favor of Part 1 and abstaining on Parts 2 and 3. Do I understand it that the voting will <sup>be</sup> on the paper in the separate parts?

GEN. MCCOY: Well my understanding was that it was agreed to vote on the whole paper. I would think that would be the best way to handle it at this time.

MR. ABELLO: I would move, Mr. Chairman, then that we vote on this paper by parts, Part 1 to be voted on separately from Parts 2 and 3.

GEN. MCCOY: What is the sense of the other members on that suggestion of the Philippine delegate?

MR. GRAVES: Do I understand that is an amendment to my motion, Mr. Chairman? My motion was for approving the paper as a whole as it stood and the Philippine delegate is suggesting that we should do it part by part. So I take it that would be an amendment to my motion.

MR. ABELLO: Yes.

DR. LEE: Mr. Chairman, I will have to associate myself with Mr. Graves in proposing to have the vote taken on the paper as a whole. It is the usual procedure in this Commission that when a paper is sent up from the Steering Committee we take a vote on it as a whole instead of section by section.

MR. DARIDAN: I would take the same stand, Mr. Chairman.

MR. BULLOCK: Mr. Chairman, I would agree with the views of the United Kingdom member.

GEN. MCCOY: Canada: What is your opinion on it?

MR. COLLINS: I don't feel very strongly about it, Mr. Chairman, but I think it would be preferable to vote on the paper as a whole.



GEN. MCCOY: In view of the general opinion, would you withdraw your amendment and be ready to vote on the paper as a whole?

MR. ABELLO: Mr. Chairman, while I agree that voting on the whole paper is the general practice in this Commission, yet I believe that we can depart from that general practice and the paper can be voted on in parts in this particular case. After all, even in forwarding this paper to the Commission the paper was voted on in three parts. Part 1 covered the "Position of Aliens under the Constitution, Part 2 the "Power of Supreme Court in Constitutional Matters", and Part 3 the "Dissolution of the House of Representatives". It is entirely possible, Mr. Chairman, that while some of the members might agree to Part 1 they won't agree to Parts 2 and 3 or would abstain on Parts 2 and 3, as is the position of the Philippine delegation. So, in order to get the sense of the Commission, it is believed by the Philippine delegation that voting on the paper should be in parts.

GEN. MCCOY: Well, you make that as an amendment then on which you would like to have a vote?

MR. ABELLO: Yes.

GEN. MCCOY: The amendment to the proposal by the representative of the United Kingdom is that instead of voting on the paper as a whole it be voted on, as it was in the Steering Committee, separately on each item. Will you poll the Commission on the amendment offered by Mr. Abello, please.

MR. REUCHLIN: Mr. Chairman, may I just raise a question before we proceed on the voting on this question raised by the Philippine representative. What is the United States view on the proposal of the United Kingdom? Everybody knows that on the second part the United States voted against. So if voting on the whole paper would mean that the United States delegation would vote against the whole paper because it contains Part 2, I would favor the proposal made by the Philippine representative. We should anyhow have two parts accepted if the third one is objected to. But if the United States



delegation favors the United Kingdom proposal and wouldn't oppose the whole paper then of course I would propose that we follow Mr. Graves' suggestion.

GEN. MCCOY: Well it is the United States intention to not exercise its veto power but to approve of the paper as a whole.

MR. REUCHLIN: Thank you.

GEN. MCCOY: This is a vote on whether we should adopt the amendment proposed by the Philippine delegate.

MR. BULLOCK: I am against, Mr. Chairman.

MR. COLLINS: Abstain.

DR. LEE: Against.

MR. DARIDAN: Against.

MR. BANERJI: Abstain.

MR. REUCHLIN: Against.

MR. LAKING: Abstain.

MR. ABELLO: In favor.

MR. BAZYKIN: Abstain.

MR. GRAVES: Against.

GEN. MCCOY: Against.

The amendment is lost by the following tally, that is, 1 for, 6 against, 4 abstentions. So the amendment is lost and, if there is no objection--further objection--we will now vote on the paper as proposed by the representative of the United Kingdom as a complete paper.

MR. BULLOCK: In favor.

MR. COLLINS: In favor.

DR. LEE: In favor.

MR. DARIDAN: In favor.

MR. BANERJI: Abstain.

MR. REUCHLIN: In favor.

MR. LAKING: In favor.



MR. ABELLO: Abstain.

MR. BAZYKIN: Abstain.

MR. GRAVES: In favor.

GEN. MCCOY: Abstain.

The paper as drafted and completed is carried by a tally of 7 in favor with 4 abstentions.

MR. BANERJI: Mr. Chairman, may I make a short statement for the purpose of record to explain my abstention?

GEN. MCCOY: Please.

MR. BANERJI: Considering the limited period during which the constitution has been in operation, we feel that no useful purpose will be served by changing the constitution at this present time. We hope that the Supreme Commander will continue to guide the Japanese people in carrying out both the letter and the spirit of the constitution.

GEN. MCCOY: You would like to have that--

MR. BANERJI: Recorded.

GEN. MCCOY: --made a matter of record and sent--

MR. BANERJI: Well I believe--in the usual way--all matters go to the Supreme Commander.

MR. BULLOCK: Mr. Chairman, I wonder if I might just make a short statement for the record too. I think, as we have all be aware in the committee, that the mechanics of handling this whole problem of the review of the constitution have proved rather difficult. I think we had ourselves recently put forward, I think, six particular points that we would have liked to have put before the Supreme Commander in some way or another. But we did adopt in the committee the procedure of sending forward only those points which had substantial majority. I think, as I made clear in the committee although my colleagues did not agree with me in the committee, that we would have liked these other points to have come before the Supreme Commander in some way in a message even though they didn't have the substantial support of the Commission as a whole. However, that view



did not prevail in the committee and I don't want to re-open it this morning, that is all the issues involved. But just to say that we were a little bit disappointed that we weren't able to get those other points sent by the Commission to the Supreme Commander even if there weren't any majority support for them. Of course I don't want to open up the question; I would just like to say that this morning.

ITEM 3 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, /1, /2, /3, /4, /5)

GEN. MCCOY: I am informed that the Philippine delegate wishes to make a statement on this.

MR. ABELLO: Mr. Chairman, I would ask that consideration of Item 3 be postponed because we are not yet prepared to offer our views on this question.

GEN. MCCOY: As I understand it, you wish later on to make a statement?

MR. ABELLO: Yes, sir.

GEN. MCCOY: Is there any other comment on this paper now which we will continue on the agenda?

(No response)

ITEM 4 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339)

GEN. MCCOY: This is a proposed policy decision submitted by the United States representative. It was on the Commission agenda for the first time at the last meeting at which time the United Kingdom member inquired as to the basis for referring to the "progressive resumption of international responsibilities" as an objective of the occupation.

Have you anything this morning, Mr. Graves, on this subject?

MR. GRAVES: No, Mr. Chairman. At the last meeting I did ask the acting chairman whether it was held that that phrase had appeared in any of the controlling documents or Commission policies and Mr.



Butterworth said that in due course he would put it before the United States Government and make a reply.

GEN. MCCOY: Yes. Well I'm able to make that reply now.

"The attention of the United Kingdom member is called to the Basic Post-Surrender Policy for Japan approved by the Far Eastern Commission on June 19, 1947. The preamble to this document states that: 'The nations composing this commission...are ...agreed...to help the people of Japan in their own interest as well as that of the world at large to find means whereby they may develop within the framework of a democratic society an intercourse among themselves and with other countries along economic and cultural lines that will enable them to satisfy their reasonable individual and national needs and bring them into permanently peaceful relationship with all nations...'

"In Part I of this same document the Commission agreed that one of the ultimate objectives in relation to Japan, to which policies for the post-surrender period should conform is: 'To bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations'.

"It was these references in addition to the over-all objective of the Allied Powers to restore a peacefully inclined and responsible Japanese government to the family of nations, implicit in the Potsdam Declaration, that the United States Government had in mind in drafting its proposed policy decision on Japanese Participation in International Relations."

MR. GRAVES: Thank you, Mr. Chairman.

GEN. MCCOY: Is there any other comment on this paper this morning?

(No response)

GEN. MCCOY: There seems to be none. It will remain on the agenda.



ITEM 5 - ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: This item still remains on the agenda although the information with regard to the various papers of information as well as the views expressed are before Committee No. 2. Is there any comment at this level at this time?

(No response)

GEN. MCCOY: I believe that there was a comment made by the Soviet representative on the 3rd of March which has been made a matter of record and consideration.

ITEM 6 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD JAPANESE INDUSTRY (FEC-242/32; /35, /37)

- b LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD SHIPBUILDING AND SHIPPING (FEC-297/10)

ITEM 7 - REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5, /6, /7, /8, /9, /10)ITEM 8 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

- b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

GEN. MCCOY: I am unable this morning to offer anything on the remaining papers under Items 6, 7 and 8.

ITEM 9 - PRIORITY FOR PATENT APPLICATIONS IN JAPAN (FEC-333/7)

GEN. MCCOY: This item remains on the agenda at the request of the Soviet representative. Is there any comment on this paper this morning?

(No response)

GEN. MCCOY: If not, we will proceed to other business.

ITEM 10- OTHER BUSINESS

GEN. MCCOY: Mr. Secretary General, have you any other business?

MR. JOHNSON: Nothing, sir.

GEN. MCCOY: Any other business before us this morning?

MR. GRAVES: Mr. Chairman, next week I should like to make a short statement on excessive concentration of economic power in



Japan, the subject usually referred to as Zaibatsu. I don't think it is necessary to have a paper on the agenda; I can do it under "Other Business".

GEN. MCCOY: I will be glad to have that considered at the time.

If there is no further business, gentlemen--

ITEM 11- PRESS RELEASE

MR. REUCHLIN: Mr. Chairman, there is still the question of press release. I think it is of some importance because I think we should depart from the usual procedure giving to the press--

MR. JOHNSON: I don't think we will publish it.

MR. REUCHLIN: No, the paper we adopted this morning.

GEN. MCCOY: If there is no objection, this is between the Commission and the Supreme Commander.

We stand adjourned, gentlemen.

(The meeting adjourned at 10:55 A.M.)



**CONFIDENTIAL**FAR EASTERN COMMISSIONTranscript of 153rd Meeting of the Far Eastern CommissionHeld in Main Conference Room, 2516 Massachusetts Avenue, N.W.Thursday, May 12, 1949

NOTE: The attention of all concerned is invited to the classification of this transcript which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

**CONFIDENTIAL**

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# CONFIDENTIAL

## FAR EASTERN COMMISSION

Transcript of 153rd Meeting of the Far Eastern Commission  
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.  
Thursday, May 12, 1949

### Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. E. Collins	(Canada)
Dr. S. H. Tan	(China)
Mr. J. Daridan	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. G. R. Laking	(New Zealand)
Mr. Emilio Abello	(Philippines)
Mr. V. I. Bazykin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

### Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC



(The 153rd meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 12 May 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen: we seem to be around the table. The session is open.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 152nd MEETING

GEN. MCCOY: We will have the usual consideration of the minutes of the last meeting. There have been no corrections reported to the Secretariat. Are there any at this time, or comments?

(No response)

GEN. MCCOY: If not, the usual record will be made.

ITEM 2 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, -/1, -/2, -/3, -/4, -/5)

GEN. MCCOY: Item 2 on the agenda is still the same--the Japanese Membership in International Convention of Telecommunications.

I remember that the Philippine delegate had some remarks to make on that subject.

MR. ABELLO: Mr. Chairman, we must ask for postponement of consideration of this item. We have not yet received instructions from our Government on this matter.

GEN. MCCOY: Is there any other of my colleagues who cares to comment or make any further statement on that subject?

(No response)

GEN. MCCOY: There seems to be none. We will proceed to Item 3.

ITEM 3 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339)

MR. DARIDAN: Mr. Chairman, with your permission I should like to make a short statement. I would first ask the Secretary General kindly to distribute copies of the statement.

GEN. MCCOY: The statement will be circulated before the repre-



sentative of France reads it, for your convenience.

(Copies of the following statement were distributed to representatives.)

MR. DARIDAN: Mr. Chairman: "On behalf of the French Government, I would like to make the following comments on the American proposal concerning Japanese participation in international relations:

"This proposal points out that one of the basic objectives of the occupation is 'to facilitate the progressive resumption by Japan of its normal international responsibilities'. The French Government would like to make it clear, however, that the Basic Post-Surrender Policy, referred to by the United States representative at the 152nd meeting, did not provide that the Far Eastern Commission might be progressively deprived, as regards the control of Japanese foreign relations, of the powers given to it by the Moscow agreement of December 27, 1945.

"The result of the American proposal of April 21, 1949, as it is now worded, would be to give the Supreme Commander discretionary powers in the field of Japanese foreign relations, thus depriving the governments represented at the Far Eastern Commission of the right to be heard on these matters.

"Such discretionary powers cannot, however, be delegated to the Supreme Commander by the Far Eastern Commission, as neither the Commission nor the individual governments represented in it possess such powers.

"In order to meet the wishes of the American Government and to facilitate the task of the occupation authorities, the French Government would be willing to envisage an extension of the powers given to SCAP by the policy decision of the Commission of June 9, 1948, on the 'Attendance at Inter-Governmental Conferences', subject to the following conditions:

(a) in each case, SCAP should notify the Commission--



for its information--of any decision taken regarding Japanese participation in international non-political conferences;

(b) any commitments which might be subscribed to by the Japanese Government in bilateral or multilateral agreements of a technical character should be ultimately submitted to the Far Eastern Commission for its approval.

"In the opinion of the French Government, such a formula, while taking into account juridical considerations which cannot be overlooked, would have the advantage of keeping the statute of occupied Japan in line with the present statute of Germany."

Thank you, Mr. Chairman.

GEN. MCCOY: Thank you very much, Mr. Daridan. This will receive the consideration of my colleagues and my own Government, I am sure.

Is there anything further on this subject this morning, gentlemen?

(No response)

GEN. MCCOY: There seems to be nothing.

ITEM 4 - ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: Anything further on that this morning, gentlemen?

(No response)

GEN. MCCOY: There seems to be nothing.

ITEM 5 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD JAPANESE INDUSTRY (FEC-242/32; -/35, -/37)

- b LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD SHIP-BUILDING AND SHIPPING (FEC-297/10)

MR. BAZYRIN: Mr. Chairman: "I believe that all the members of the Far Eastern Commission are interested in having the question of level of economic life in Japan, which is of exceptionally great importance from the standpoint of the rehabilitation of



the peaceful branches of the Japanese industry, decided in the shortest possible time.

"As is known this question has not been moving forward whatsoever during the last several months because the Commission does not yet know the position of the United States on FEC-242/32.

"I wish to recall that it was at the 118th meeting of the Far Eastern Commission on September 9, 1948, i.e., eight months ago, that the United States representative in his statement (FEC-242/35) said that 'the United States Government wishes to inform its colleagues on the Commission that it will endeavor to present its view on these matters as soon as possible. However, he said, it may still be some time before it will be possible to submit its views'.

"On December 23, 1948, the Soviet delegation stated its position on this question and submitted concrete proposals (FEC-242/37). However, in expectation of the United States position the proposals of the Soviet delegation have not up to now been discussed.

"I would also like to recall that at the Far Eastern Commission meeting of January 13 the United Kingdom representative, addressing himself to the United States member with a request for a statement of the United States position at the earliest possible moment, emphasized that 'a reasonable interpretation of "some time" could be taken in these circumstances to mean a few weeks or a month or two'. This statement was supported by several of the other delegations.

"At the next meeting of the Commission on January 27, 1949, the United States representative, General McCoy, said that he had brought the attention of the United States Government to the views of the members of the Commission on this subject and further stated that 'these views of the United Kingdom represen-



tative, with which other representatives had associated themselves, had been noted by the United States Government and that the question of level of economic life in Japan was one which continued to receive the most urgent attention of the United States Government. He was confident that the United States views would be presented at the earliest possible moment'.

"Another three and a half months have passed since this statement of the United States representative was made, yet the position of the United States is still unknown and this question has not moved forward.

"I believe that all the delegations would like to know the position of the United States on the question of level of economic life in Japan in order that the Far Eastern Commission could, without any further delay, begin constructive work on this very important subject."

GEN. MCCOY: Well, I fortunately am able to comply with the suggestions and desires of my colleagues on that subject. I have a statement to make this morning under "Other Business" that will, I think, satisfy and I hope have the cooperation of the Soviet representative. In view of that I will pass over the items pertinent to that statement and for the moment refer to Item 8.

ITEM 6 - REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; -/6, -/7, -/8, -/9, -/10)

ITEM 7 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

- b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

(No discussion of the above two items.)

ITEM 8 - PRIORITY FOR PATENT APPLICATIONS IN JAPAN (FEC-333/7)

GEN. MCCOY: This has been on the agenda at the request of the Soviet representative for discussion of the legality of the issuance



of the interim directive. A United States statement has also been submitted. Since that time there has been no further discussion, and I would ask this morning if there is any further discussion desired and if not I would suggest that this item be removed from the agenda.

MR. BAZYKIN: Mr. Chairman: "In his answer of April 26, 1949, in respect to the Soviet delegation's statement of April 14, 1949, on the question of issuance by the United States Government of an interim directive dealing with the 'Priority for Patent Applications in Japan', the United States representative tried to justify the issuance of that directive by the assertion that the subject matter dealt upon in the said directive was not, allegedly, covered by the policies already formulated by the Commission by the adoption of FEC-284/17. However such an assertion of the United States representative has no foundation whatsoever. It will be sufficient to point out the fact that the drafts of the policy decision on the 'Policy towards Patents, Utility Models, and Designs in Japan', contained in the 284 series, were being discussed in the Commission during a long period of time, the right of 'Priority for Patent Applications in Japan' being provided for in paragraph 5 of these drafts. It was at the 166th meeting of Committee No. 1 on July 13, 1948, that the Soviet delegation stated that paragraph 5 in the draft policy of the 284 series was unacceptable for it and suggested the deletion of that paragraph from the draft policy. At the 142nd meeting of the Commission on February 24, 1949, the Soviet representative stated that if paragraph 5 were not deleted he would not be able to vote for the adoption of FEC-284/14. As a result of the negative position of the Soviet delegation the paper as a whole was not adopted by the Far Eastern Commission. Later the United States delegation submitted this paper



without paragraph 5 to the Commission and it was adopted by the Far Eastern Commission on March 17, 1949 (FEC-284/17). At the same meeting the Commission again rejected FEC-333/2 which was a mere repetition of paragraph 5 of FEC-284/14.

"Thus having adopted FEC-284/17 the Far Eastern Commission has formulated its policy towards 'Patents, Utility Models, and Designs in Japan', one of the elements of this policy, namely, the right of priority for patent applications being rejected. Consequently the United States delegation has no foundations whatsoever to assert that the question of priority for patent applications has not been covered by policies already formulated by the Far Eastern Commission in FEC-284/17.

"In his statement the United States representative also asserts that the right of the United States Government to issue interim directives is not, allegedly, limited by the provisions set forth in paragraph III-3 of the Terms of Reference of the Far Eastern Commission and that the United States Government may, allegedly, exercise this right also in those cases when 'by reason of disagreement in the Commission, the Commission has been unable to formulate a policy on an urgent matter'. The United States representative asserts that in such cases 'the very basis is laid for an interim directive by the United States Government'. Making this assertion the United States representative states that 'mere failure to act on the part of the Commission, whether because of a lack of majority, or, as in this case, because of a negative vote of one of the four Powers, is not "action by the Commission" and that 'it is to meet the needs for action...that the interim directive was adopted'.

"The Soviet delegation believes that this assertion of the United States Government deserves serious attention on the part



of the Commission, since in this particular case the United States Government not only distorts the meaning of paragraph III-3 of the Terms of Reference of the Far Eastern Commission and violates its international obligations in respect to the implementation of the occupation policy in Japan, but also makes a direct attempt to seize for itself the right, unlimited by any conditions, to issue at its own discretion directives to the Supreme Commander in respect to the policy not approved by the majority of the Far Eastern Commission, including the concurrent votes of the representatives of the four Powers. Lately there have been some few instances when the United States Government pursued its own policy regardless of its obligations under international agreements. In this particular case it clearly follows from the United States representative's statement that the United States Government accepts only those actions of the Far Eastern Commission which it considers acceptable for the U.S.A. However, when the Far Eastern Commission does not approve the policy desired by the U.S.A. in respect to Japan, the United States Government states that the Far Eastern Commission is unable to act and, under one or another pretext or without any pretexts whatsoever, orders the Supreme Commander to implement the policy desired by it. Such practice has nothing to do with respect to international treaties and agreements.

"The Soviet delegation fully affirms its statement of April 14, 1949, on this subject and continues to consider that the said directive of the United States Government is illegal."

GEN. MCCOY: In this statement there seems to be nothing new, in a sense, and I would feel that the statement of the United States still answers the questioning of the Soviet representative. However, it is before the Commission and if the Commission desires the opportunity will be given for other opinions beside those of the Soviet and of the United States. I believe there have been no other comments



on this heretofore.

Are there any comments on the part of other members present?

MR. LAKING: Mr. Chairman, my delegation did make a short statement on this issue, I think--I don't just recall whether it was here or in the Steering Committee, but I think in the Commission a week or two ago--which contained the suggestion that as there seemed to be no issue of substance now left to consider under this heading the item might usefully be removed from the agenda. I would like to re-affirm that--possibly not for decision today--but after the lapse of one week I think the Commission, if agreeable, might decide that this need not remain on the agenda any longer.

GEN. MCCOY: If there is no objection, the suggestion of the representative of New Zealand will be followed.

ITEM 9 - OTHER BUSINESS

GEN. MCCOY: We now come to other business, and I will recognize the representative of the United Kingdom who has informed me has a statement to make on an important subject.

a. Excessive Concentration of Economic Power in Japan

MR. GRAVES: Mr. Chairman, last week I said that I would like an opportunity of giving the attitude of my Government to the problem dissolution of the Zaibatsu. I have copies of the statement which, with your permission, I will circulate.

(Copies of the following statement were circulated to representative.)

"I should like to refer to FEC-230/3 which contained a statement made by you at the 131st meeting of the Commission on 9th December 1948 on the subject of excessive concentrations of power in Japan. In the course of that statement you said that, after a careful re-survey of the deconcentration programme in Japan, the United States Government believed that, as a practical matter, there was no need to lay down policies for the guidance



of the Supreme Commander with respect to any remaining significant aspect of the programme.

"Your statement was referred to Committee No. 2 for consideration in connection with FEC-230, and on 21st December 1948, at the 135th meeting of Committee No. 2, the United States representative moved that FEC-230 be dropped from the agenda of the committee. If such a motion were adopted, and no other policy proposal were introduced, this would mean that the Commission would take no further action on the subject of the Zaibatsu. The policy of the Commission would then remain as stated in the Basic Post-Surrender Policy, FEC-014/9, where it is laid down that one of the policies of the occupation shall be:

'To require a program for the dissolution of the large industrial and banking combinations accompanied by their progressive replacement by organizations which would widen the basis of control and ownership.'

"The United Kingdom delegation reiterates its support of this item of policy. We have watched with interest the steps which have been taken in Japan, including the proceedings of the Holding Companies Liquidation Commission and the Securities Liquidation Coordinating Commission. We are able to agree that vigorous action has been taken to break up excessive concentrations of economic power and we are ready to concur in the opinion that there is no need for the Commission to formulate any further policy to interpret the broad principles on this subject which are contained in the Basic Post-Surrender Policy.

"Nonetheless we think that there was much merit in the United Kingdom paper FEC-061 of 20th May, 1946, which attempted to work out a new pattern of ownership and control of Japanese industry, to replace the old Zaibatsu system, but which did not find acceptance in the Commission. The paper is not applicable



to conditions in Japan three years later but a complete solution has still not been achieved. In this connection I refer to your statement in FBC-230/3, Mr. Chairman, to the effect that there are considerable amounts of securities which still remain in the hands of the government and which must be disposed of. We agree that the real task at this moment is to find some satisfactory way to redistribute the assets which have been taken over from the Zaibatsu firms. While we make no specific proposal, we consider that vigilance and care should be exercised, in dealing with this still outstanding problem, to see that the relevant principles laid down in the Basic Post-Surrender Policy continue to be applied."

GEN. MCCOY: Well, on behalf of the United States Government I thank you very much for this statement, Mr. Graves. I might add, it's very gratifying to find your views as stated are in such close harmony with those of the United States.

b SCAP Statement on the Second Anniversary of the New Japanese Constitution

GEN. MCCOY: I have several statements to make this morning. The first one is a memorandum for my information about a message from the Supreme Commander in Japan with a very interesting address of his issued to the people of Japan on the second anniversary of the new Japanese constitution. That has already been circulated, and it is desired on my part to make it a matter of record in the minutes of this Commission (See MI-131/2):

"The fact that the Japanese people have a new and democratic constitution and that this constitution has been in operation for two years constitutes, in the opinion of the United States Government, a circumstance of real significance."

c Japanese Reparations and Level of Industry

GEN. MCCOY: I'm glad to be able to make a statement on behalf of my Government, using that phrase of the British that has come



into such common use "at long last". This statement is quite a long one but I shall ask your patience while I read it. In the meantime, it will be circulated for your continuing consideration and I hope for your cooperation in meeting these many important points, and especially the level of industry as brought to our attention this morning by the Soviet representative.

"The Japanese reparations problem has been one of the most important and pressing questions with which the Far Eastern Commission and its member countries have had to deal. The United States, on its part, has taken a long and continuing interest in this problem and has been keenly aware of the interest of the other Far Eastern Commission countries in finding a reasonable solution to it. It is to be regretted that this controversial issue which for such a long time has proved incapable of solution by this Commission continues to retard the achievement of economic self-support by Japan, which is so greatly in the interest of our common objectives with respect to that country.

"In our discussions of the matter here in the Commission we have proceeded from the agreement contained in the Potsdam Declaration that reparations would be exacted from Japan and that they should be in a form which would not impair the ability of the Japanese people to support themselves. From the earliest days of the Far Eastern Commission the United States has been guided by a desire that the victims of Japanese aggression receive as reparations such of Japan's resources as was possible without jeopardizing Japan's ability to meet its own peaceful needs. The United States has felt, further, that in order that the nations devastated by Japan might receive reparation while their need was greatest, in order that there might be removed from the mind of the Japanese Government and people uncertainty regarding the reparations question, and in order



that as many as possible of Japan's post-war obligations might be disposed of during the period of the occupation, a reparations program should be worked out and put into effect at the earliest practical moment.

"These factors led the United States Government to take the initiative in making a number of policy proposals to the Far Eastern Commission. In April 1946 the United States submitted to the Far Eastern Commission a pattern of proposals providing that there should be made immediately available for reparations designated quantities of industrial facilities which were at that time considered to be clearly surplus to Japan's peaceful needs. Between May and December of that year the Commission adopted a series of Interim Reparations Policy decisions based upon these United States proposals, but the subsequent inability of the Commission to agree on a schedule of shares for division of the facilities among the claimant countries prevented implementation of the decisions. In April 1947 the United States Government offered further proposals, which would have had the effect of making known to Japan precisely, and on a final basis, what industrial capacity should be considered by that country to be immune from removal as reparations and what should be eligible for removal. In the same month, the United States, because of its desire to work toward a settlement of this matter, issued an Advance Transfers interim directive, under authority granted in paragraph III-3 of the Terms of Reference of the Far Eastern Commission, instructing the Supreme Commander to effect delivery to four of the Far Eastern Commission countries of 30 per cent of the facilities which the Far Eastern Commission itself had previously determined in the Interim Removals decisions to be available for reparations removal. Issuance of this directive was motivated in part by a desire to assist



those countries which had in the course of fighting against Japan's aggression on their own territories suffered most grievously, but it was also motivated by a desire to prompt Far Eastern Commission countries to agree upon a reparations program from which all eleven countries might benefit.

"In November 1947 the United States Government took the initiative once more in an effort to end the stalemate within the Commission on the question of reparations shares, a stalemate which continued to make it impossible for any of the Commission's decisions on the reparations problem to take practical effect. This United States proposal contained the provision that if the Far Eastern Commission countries would accept the schedule of percentages which had been worked out by the United States Government--on the basis of prolonged exchanges of views among Commission members as to the equities involved--the United States Government, on its part, would make available an important part of its own share for distribution among the countries which could accept the United States proposal as a whole. Sixteen months have passed and this proposal has not been accepted by the Commission.

"I should like to emphasize at this point that the action of my Government, and, it is assumed, of the other member governments, in participating in the policy decisions which have been taken by the Commission on the question of reparations was predicated upon two basic assumptions, namely, that the resources to be removed from Japan as reparations were clearly excess to the peaceful needs of a self-supporting Japanese economy, and that there would be a shares schedule acceptable to and agreed upon by the Far Eastern Commission countries which would determine in what proportions available reparations should be divided.

"As I have already stated, and as the Commission well



knows, the second of these assumptions has not been realized and there seems little prospect of its being realized. As regards the first assumption, that reparations removals should be limited to facilities clearly excess to the needs of a self-supporting Japanese economy, successive studies during the past eighteen months of Japan's future industrial requirements have necessitated progressive upward adjustments of earlier estimates of these requirements. The first of these studies was that of Overseas Consultants, Incorporated, whose report was made available to the Commission on March 2, 1948, and the second was that of the so-called Johnston Committee, whose report was made available to the Commission on May 19, 1948. Both of these reports came to the sober conclusion that the quantity of capital equipment in Japan which could be properly considered in excess of Japan's peaceful needs had been greatly overestimated. Both reports indicated that for a variety of reasons the Japanese economy was continuing to operate at a heavy deficit even though living standards remained at a minimum level, and that the end to these deficits is not in sight. The evidence contained in these reports, and the common knowledge of all Far Eastern Commission countries, leads to the inescapable conclusion that the Japanese economy can be made to bear additional economic burdens, beyond those directly related to meeting its own requirements, only by prolonging or increasing the staggering costs borne by the American taxpayer.

"The United States has, since the time of the Japanese surrender, carried the burden of preventing such disease and unrest in Japan as might jeopardize the purposes of the occupation. The critical economic conditions with which, it is now apparent, Japan is faced, and the prospect of continuing deficits in Japan's international payments for some years to come,



render measures of Japanese economic recovery of utmost importance. It is inescapable that if the basic purposes of the occupation are to be achieved, the Japanese people must be enabled to support themselves at a tolerable standard of living. No one could reasonably suggest that Japan should be abandoned to economic despair. So to abandon Japan would be to undo the costly victory in the Pacific.

"I am sure that other Commission countries agree with my Government that the Japanese people themselves must exert maximum efforts for the attainment of recovery. For some months the United States Government has explored means whereby this objective could best be achieved. In issuing its directive of December 10 regarding Japan's economic stabilization, the United States Government took a major step towards requiring the Japanese people to exert their utmost energies in stabilizing their economy and reducing their dependence for subsistence on foreign subsidy. Under present circumstances in Japan the cost of dismantling, packing, and transporting reparations facilities would conflict with the program of Japan's economic stabilization and would constitute an additional financial burden upon the United States Government. I do not wish to emphasize this point unduly, but the United States Government would be lacking in candor if it did not point out that the resources at its disposal to meet demands from all parts of the world are limited.

"It is now apparent to the United States Government that the first as well as the second of the two basic assumptions mentioned earlier, assumptions which underlay the policy decisions of the Far Eastern Commission having to do with reparations and are a precondition for a Far Eastern Commission reparations program, has not been realized. This fact has led my Government to several conclusions. Before stating them,



however, I wish to emphasize that the United States Government maintains fully and categorically its support of the principle adopted by the Far Eastern Commission that Japan's war-making capacity should be eliminated. As you know, all of Japan's specialized war-making facilities have been destroyed. The United States Government believes that all other equipment used for war purposes in the past should, if retained in Japan, be fully converted to the purposes of and utilized in Japan's peaceful economy. Where this cannot be done, the United States Government believes that such equipment should be scrapped. The United States will not permit difficulties in reaching a solution of the reparations problem to be a means whereby Japan's war capacity might re-emerge.

"It may not be amiss at this point to recall that Japan has already been deprived not only of all of its overseas territorial possessions, but also of substantial quantities of real property of Japanese ownership and origin in the former possessions and elsewhere abroad. This property constitutes a large payment which the Japanese have already made towards satisfaction of their reparations obligations. Unfortunately, from the standpoint of equity, some countries have benefitted more than others in the reparations that they have obtained in this form. However, from the standpoint of Japan, the loss of these properties, whatever the proportions in which they happen to have been distributed, drastically reduces Japan's ability to support even at a minimum level the needs of its people.

"In view of the above considerations, the United States is forced to the following conclusions:

- (a) The deficit Japanese economy shows little prospect of being balanced in the near future and, to achieve eventual balance, will require all resources at its disposal.



(b) The burden of removing further reparations from Japan could detract seriously from the occupation objective of stabilizing the Japanese economy and permitting it to move towards self-support.

(c) There is little or no prospect of Far Eastern Commission agreement on a reparations shares schedule despite the repeated initiatives by the United States over the past three years to assist the Commission in reaching such an agreement. Without agreement on a shares schedule the existing Far Eastern Commission policy decisions regarding reparations are incapable of implementation.

(d) Japan has already paid substantial reparations through expropriation of its former overseas assets and, in smaller degree, under the Advance Transfer Program.

"In light of these conclusions the United States Government is impelled to rescind its interim directive of April 4, 1947, bringing to an end the Advance Transfer Program called for by that directive. It is impelled also to withdraw its proposal of November 6, 1947, on Japanese reparations shares, and I am so informing the Secretary General. Finally, the United States Government takes this occasion to announce that it has no intention of taking further unilateral action under its interim directive powers to make possible additional reparations removals from Japan.

"I earlier stated my Government's belief that maximum efforts should be exerted by the Japanese themselves for their economic recovery. It is the view of the United States that all facilities, including so-called 'primary war facilities', presently designated as available for reparations which can contribute to Japanese recovery should be utilized as necessary in Japan's peaceful economy for recovery purposes.



"With regard to 'primary war facilities', all of which as I earlier stated were some time ago stripped of their special-purpose equipment and thus of their 'war facilities' characteristics, it is the view of the United States that SCAP, under the authority granted in paragraph 10 of the Far Eastern Commission decision on Reduction of Japanese Industrial War Potential, should as rapidly as practicable require the dismantlement, dispersion or other action for the utilization in Japan's peaceful economy of such of these facilities as are required to meet the needs of the occupation, which needs prominently include economic recovery. Remaining 'primary war facilities' should continue to be protected, in the sense of preventing loss or scrapping of individual items, pursuant to the above-mentioned Far Eastern Commission decision requiring their 'impounding'. Impounding does not, however, include requirement that the facilities be kept in their present locations or that the Japanese devote resources to preserve their value or maintain them in working order.

"The United States, it will be recalled, has repeatedly clarified its understanding that the 'level of industry' proposals before the Commission, excepting those levels which will lapse by Far Eastern Commission decision on October 1, 1949, had application only to the question of the quantities of industrial facilities which could be spared for reparations, and had no bearing on the matter of future levels of industrial capacity in Japan. Turning now to this latter question, I have already emphasized my Government's support of the principle that Japan's capacity to make war should not be permitted to re-emerge. It is the considered view of the United States Government that this objective does not require that Japan's production for peaceful purposes be limited or that limitations be imposed on



levels of Japanese productive capacity in industries devoted to peaceful purposes. This belief, coupled with the evidence of Japan's present economic plight and the difficult problems Japan will face in future in attaining levels of industrial production and foreign trade sufficient to support its people even at minimum levels, render it clearly advisable in my Government's view that Japan be permitted to develop its peaceful industries without limitation. The problem facing us is not one of limitation of Japan's peaceful industries but of reviving these industries to provide the people's barest wants.

"The United States Government plans shortly to submit to the Far Eastern Commission for its consideration proposals for the rescission or amendment of existing and pending Far Eastern Commission reparations and level of industry policy papers so as to bring Far Eastern Commission policies on these matters, should the proposals be approved by the Commission, into conformity with the position which I have set forth. My Government earnestly hopes that the other member governments will appreciate the considerations underlying this position and will be able to concur in the new United States proposals."

The substance of this statement, gentlemen, has already been submitted through our ambassadors to your countries. I will also state that it is the purpose--intention of my Government to issue this statement to the public press today.

Are there any comments this morning on the part of any member?

MR. ABELLO: Mr. Chairman, without prejudice to giving a full expression of our views on this statement, I wish to state that we are stunned by this announcement. We still believe in the validity of the reasons which prompted this statement in the Potsdam Declaration, that would permit the exaction of just reparations in kind in Japan, and we still hope that the Commission can work out or develop



a reparations program which will implement the Potsdam Declaration.

GEN. MCCOY: Thank you very much, Mr. Abello.

Any other remarks this morning, gentlemen?

(No response)

GEN. MCCOY: If not, the Commission stands adjourned.

(The meeting adjourned at 11:35 A.M.)



**CONFIDENTIAL**

FAR EASTERN COMMISSION

Transcript of 154th Meeting of the Far Eastern Commission

Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, May 19, 1949

NOTE: The attention of all concerned is invited to the classification of this transcript which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

**CONFIDENTIAL**



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## FAR EASTERN COMMISSION

Transcript of 154th Meeting of the Far Eastern Commission  
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.  
Thursday, May 19, 1949

### Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. W. K. Lee	(China)
Mr. A. Fequant	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. G. R. Laking	(New Zealand)
His Excellency General C. P. Romulo	(Philippines)
Mr. V. I. Bazykin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

### Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--PEG



(The 154th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 19 May 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen: the United Nations seems to be over and our delegates that have been there, I hope, will now sit in for a period.

GEN. ROMULO: For a period.

GEN. MCCOY: The session is open.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 153rd MEETING

GEN. MCCOY: We will proceed to the consideration of the minutes. I believe the Secretary General has one correction to announce.

MR. JOHNSON: Mr. Chairman, on page 4, paragraph 25, the eleventh line, the Soviet delegate asks that the phrase "some few" be dropped and in place thereof the word "many" substituted.

GEN. MCCOY: Are there any other corrections, gentlemen?

(No response)

GEN. MCCOY: There seems to be none. So that the minutes will be made a matter of record in the usual way.

ITEM 2 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, -/1, /2, /3, /4, /5)

GEN. MCCOY: At the last meeting, or at the last meeting but one, the Philippine delegate stated that he would have some remarks to make on this subject. Are you ready to do that this morning, General?

GEN. ROMULO: Yes, Mr. Chairman. "In a statement before the Far Eastern Commission on April 14, 1949, the United States representative sought to justify the adherence of Japan to the International Telecommunications Convention on various grounds. He called attention to the fact that the Basic Post-Surrender Policy for Japan empowers the Supreme Commander at his discretion to authorize the Japanese Government to exercise 'all the normal



powers of government in domestic administration'. That is true. But it is obvious that Japan's accession to the Telecommunications Convention, or indeed to any international agreement whatever, does not fall within the domain of 'domestic administration'. There is in constitutional law a well-defined frontier between domestic and foreign affairs, and although it is quite true that it is not always possible to establish the distinction in the actual functioning of government, the differentiation is useful and serves a practical purpose. It is by no means impractical to observe the distinction in the operations and procedures of the Allied occupation of Japan.

"On the principle, therefore, of 'exclusion of matter not germane to the subject' (to use a technical phrase), this clause of the Basic Post-Surrender Policy, in the words of the United States representative, 'bars the Supreme Commander from authorizing the Japanese Government to take any action under any circumstances in the field of international relations' without a previous policy decision of the Far Eastern Commission to that effect. We subscribe to this conclusion, not 'by implication', but by virtue of clearly-established policy and the generally-recognized principles of statutory construction. If, as has been argued, the Far Eastern Commission had intended to invest the Supreme Commander for the Allied Powers with the same discretionary power in the field of international relations, it would have, as it did in the case of domestic jurisdiction, conferred such power upon him. But the clause, as it stands, is the best proof that the Far Eastern Commission had no such intention.

"We are asked to apply the 'rule of reason', to go beyond the text into the intent and purpose of the policy decision itself. The Basic Post-Surrender Policy is exactly what its name implies; it is an instrument of general policy relating to the occupation of Japan following the surrender. Japan's par'



pation in international affairs is clearly not within the intent and scope of that instrument.

"This contention is borne out by the explanatory note to the Basic Post-Surrender Policy, which expressly delimits its scope in these words:

'This document is a statement of general policy relating to Japan after surrender. It does not deal with all matters relating to the occupation of Japan requiring policy determinations. Such matters as are not fully covered or not included will be dealt with separately.'

"It can thus be seen that the Far Eastern Commission took special care not to make a general grant of discretionary power to SCAP and to state that matters not fully covered by the Basic Post-Surrender Policy would be reserved to the Commission for separate action.

"It is clear, Mr. Chairman, that a purely legalistic interpretation of the applicable policy decisions can give no comfort to the United States position. Nor can we accept the attempted comparison between occupied Japan, on the one hand, and the Philippine Commonwealth and India, on the other, before their independence, on the matter of international standing and capacity. The Philippine Commonwealth was a signatory of the United Nations Declaration and a member of the Pacific War Council as one of the Allies, and it was specifically capacitated to do these things by permissive authority of the then sovereign power, the United States of America through President Roosevelt.

"We are not saying that Japan is entirely without capacity to accede to international conventions; we are saying that Japan would have the capacity to do so, provided it is by the specific authority of this Commission.

"We do not wish, Mr. Chairman, as I stated the last time, to



labor this point unduly. What SCAP has done was done, we shall say, in good faith--in the belief, that Japan's participation in a special technical convention of this sort was deemed by him to be essential not only for Japan itself but for the rest of the world.

"We have an accomplished fact before us. It is, however, one that my delegation is not prepared to consider as a binding precedent in future cases, and therefore we shall abstain."

Thank you, Mr. Chairman.

GEN. MCCOY: Well, Mr. Ambassador, it's very interesting to have you always take the word and I think very pertinently from your point of view. I still think that there is a difference of opinion on the part of the United States and some of my colleagues here, including yourself, were you from time to time bring up specific things that you want referred to this Commission. I stand on that time-honored base that this Commission is a policy-making commission. Now we have a policy on this subject before the Commission for continued and careful consideration, because the specific things come up quite frequently in Japan and they must have a policy from this Commission rather than this insistence from time to time on specific cases being referred to the Commission. What I want is a policy. I'd like your cooperation in that broad *subject*. The time has come now for considering Japan differently from the proper feelings that we had three and four years ago. If you will remember, I think you were very anxious for a peace conference within a year.

GEN. ROMULO: Yes.

GEN. MCCOY: That was the Supreme Commander's point of view.

GEN. ROMULO: We are still interested in a peace conference.

GEN. MCCOY: Now if you, as representing your country, and others that feel likewise, will consider that three years ago you were ready to consider a peace conference and under the Potsdam



Declaration set loose Japan as an independent nation once more-- three years ago-- Now, due to the fact that we haven't been able to agree--our governments--on a peace conference, an awful lot of water has gone under the bridge and the conditions are such that I'm sure you would join in most of the efforts to meet the changing conditions with policies that will not go back to the punitive period or the revengeful period, although I can sympathize with you on that too. I know how you feel about that--I do too. I am with you, in talking with you about it. But we have got to look at the thing more or less with the time element of four years ~~gone~~ gone by and no peace and we have got to more or less take the place of a peace conference in bringing back Japan into normal relations with our countries, having due regard to the fact that she is a conquered country and still under occupation. So I would hope that, in considering your wishes and statement, you will also consider this condition of things that we're faced with now in meeting the time element and the effort to gradually restore Japan, in certain senses, in her peaceful relations with other countries. And certainly, you all have not only the chance here to express your opinions on it and vote on it, but conditions are such that you can help with your own government in re-establishing trade relations and other normal relations with the Japanese Government.

GEN. ROMULO: Mr. Chairman, insofar as policy is concerned, I would think at least in matters like this the Far Eastern Commission should be concerned. That is an established policy. Insofar as the larger policy of revival of participation of Japan in international relations, we have that under Item 3 that we are going to discuss and we will be ready to have our say on that subject at the appropriate time. And as to bringing in Japan for commercial relations and all that, I will have something to say on that when we come to Item 5.

GEN. MCCOY: Are there any other comments? I don't want to act



as though General Romulo and I have the floor between us. Are there any other of the delegates who have any remarks this morning on Item 2?

(No response)

GEN. MCCOY: There seems not, so that we will pass to Item 3.

ITEM 3 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339, /2)

MR. GRAVES: Mr. Chairman, I would like to state our position on this proposal now before us.

"His Majesty's Government in the United Kingdom sympathize with the broad objectives of the United States proposal contained in FEC-339 but they cannot agree to it in its present form because (a) it is expressed in such broad terms that it could result in the termination of a state of war with Japan without recourse to the signature of the treaty of peace, (b) there is no indication in it how Japan is to develop or what her status is to be, and (c) they cannot agree that the Supreme Commander should be the sole arbiter as to the degree of relationship which the Japanese shall be entitled to maintain with foreign powers outside Japan.

"His Majesty's Government in the United Kingdom would, however, be prepared to give careful consideration to a policy proposal designed to secure a greater measure of Japanese participation in international arrangements on a technical level and which would avoid the above points to which they take exception."

That is the formal position of my Government.

In addition to that, Mr. Chairman, I would like to ask one question. It is in relation to the second paragraph of the proposal in FEC-339 in which there is mention of consular arrangements. I would like to inquire of the United States delegation whether they contemplate that Japanese consuls be sent or expected to be received



abroad? If I may put that question, at a convenient moment you may give us an answer on that.

GEN. MCCOY: I don't think I can off-the-bat. Is there any answer from my learned advisers on that subject this morning?

DR. BLAKESLEE: I should think it ought to be discussed.

GEN. MCCOY: That will be referred to my Government for reply.

I would ask General Romulo and my colleagues to consider in this whole question that this is not, as the discussion would indicate, putting the whole responsibility on General MacArthur. I mean it does give him the administrative action based on his representing the sovereignty of Japan during the occupation, subject to the policies of this Commission, but in the meantime, even if you all agreed with the American position as it is now, the safeguard that you are concerned with as representing the Philippine Government would be exercised in direct relations with General MacArthur. He couldn't, for instance, if there were a conference in the Philippines send anybody that you didn't wish to receive; your representative would have to issue a visa. That's the case in all these affairs. So that it's not throwing the whole responsibility on General MacArthur; it's an international responsibility still which he exercises with your representatives in Tokyo.

I can see this is going to be a matter of continued and proper consideration and it already has had a good deal of discussion in various forms. But I was wondering if, in view of the importance of the subject, it might not be well to have this referred to the working committee, possibly No. 4 on Democratic Tendencies, which could give it the full consideration and screening that is desirable before it finally comes before the Commission for action.

GEN. ROMULO: Mr. Chairman, insofar as the statement you have just made is concerned, the Philippine Government has faith in General MacArthur and I want to make that clear. It is not because



we do not have faith in the Supreme Commander that we take the stand we have taken. We have absolute faith in him. But this is not a matter of personalities, Mr. Chairman--this is a matter of principle. To us this is paramount--the question of principle. Since my Government is not ready to make a statement of its position on this question now, if you think that this should be referred to a working committee we have no objection to that procedure.

GEN. MCCOY: Is that the sense of the Commission? I would feel it would get full consideration and should be given for continuing study, I think, to Committee No. 4 of which Mr. Suzdalev is chairman. I think the Committee on Strengthening of Democratic Tendencies would give it very full consideration before it comes back to the Commission for action.

MR. REUCHLIN: Mr. Chairman, I am afraid I will have to express some doubt and I think I would be opposed to sending this to the working committee for the reason that I don't quite see what a working committee can do with this paper before we have heard the various governments' view on the matter of principle. I think those matters of principle should be treated in this Commission and not in a working committee. So I personally would be opposed to sending it at this stage to the working committee. When we have had the views of the various governments perhaps then there would be reason to send it to the working committee. But for the present moment I would rather keep it here.

MR. GRAVES: Mr. Chairman, I am inclined to think that that's a very sensible suggestion. I think the governments will wish to give their views of principle on this paper and when those have been given then it will be obvious the type of paper that might be sent to a working committee. But, as we have already stated, we, for instance, could not accept the paper in its present form for three reasons and therefore it opens doubt whether the paper as it stands



is a fit sort of paper to send to a working committee to work on.

GEN. MCCOY: Possibly we could have it referred to the committee and keep it on the agenda here both so that they could be getting the information and consider it from time to time. What is your attitude?

MR. REUCHLIN: I have no objection to that, Mr. Chairman.

GEN. MCCOY: Are there any other comments, gentlemen, on that procedure?

(No response)

GEN. MCCOY: Well, if there is no objection, then we will keep it on the agenda and refer it also to Committee No. 4 on democratic tendencies for their screening and consideration at the same time, and your considered statement (United Kingdom) will be referred to my Government for consideration.

ITEM 4 - PRIORITY FOR PATENT APPLICATIONS IN JAPAN (FEC-333/7)

GEN. MCCOY: I notice that this has continued consideration. The paper itself was a statement of the Soviet representative on the United States interim directive, FEC-333/7 on Priority for Patent Applications in Japan. It was submitted on the 14th of April and appears on the agenda at the request of the Soviet representative for discussion of the legality of the issuance of the interim directive. At the 151st meeting a United States statement was submitted for inclusion in the minutes. There was a reaffirmation of the Soviet views at the last meeting, but there has been no discussion by other delegations and action is pending on a suggestion that, since no substantial issue is involved, it be removed from the agenda. Unless there is discussion desired by some member present--

MR. BAZYKIN: Mr. Chairman, at the last meeting the New Zealand representative repeated his suggestion that this item be dropped from the agenda since he thought there was no substance matter for discussion. At the 151st meeting the New Zealand representative supported



his suggestion by the fact that this subject matter of priority for patent applications was not approved because of the negative position of one of the delegations. This reasoning is unfounded since all the decisions in the Far Eastern Commission are adopted by the majority vote with the concurrent votes of the four Powers. As one of the examples the New Zealand representative cited a fact when the New Zealand delegation was opposed to the issuance of an interim directive only because of the fact that it was issued prior to consultation with the Far Eastern Commission. In this connection the question arises as to when the Commission turned to be an advisory organ from the organ of policy-making. Such an example could not convince anyone. It is also impossible to agree with the New Zealand representative that the substance of this matter is not the point for discussion. On the contrary, this question should be discussed in all details because it is concerned with the issuance by the United States Government of an interim directive.

On April 26th the United States representative tried to justify the action of the United States Government by an assumption that there was no action on the part of the Far Eastern Commission by the inability of the Far Eastern Commission to formulate policy. In this connection, Mr. Chairman, I would like to hear a clarification from you whether you consider this inability of the Commission to accept a policy desired by the United States as an absence of a policy, as something which permits the United States Government to issue interim directives which contradict the policies adopted by the Far Eastern Commission. Mr. Chairman, I would like to hear a clarification from the United States representative on this point.

GEN. MCCOY: Well I stand on the statement that I have already made, which is the position of my Government. Now the matter is before the Commission at the request of the Soviet representative for discussion. I'm ready to hear any discussion on the matter. He and



I have discussed it and I'm quite ready now to listen, as I have been on other occasions, if any other of my colleagues cares to discuss the matter. I believe that was the request of the Soviet representative.

MR. LAKING: Mr. Chairman, I am sorry that the remarks that I made at a recent meeting should have been taken up with such seriousness and with a certain amount of misunderstanding, which probably arises from the fact that in the course of those remarks I intended to make two points.

The first of them was made in what I regard as the interests of consistency. As I said at the time, my delegation has had occasion to take exception to the issue of an interim directive on the subject of economic stabilization before consultation with the Far Eastern Commission. I thought it was only fair and right that where we agreed with a slightly different line of policy we should also say so, and for that reason I said that on the subject of patents, where strenuous efforts it seemed to me had been made by the United States to get agreement on a policy over a long period and a position had been reached where the Commission with the exception of one member was prepared to agree on a policy, insofar as my delegation were concerned they saw no reason why, in order to get something done, an interim directive should not be issued. That was the first of the points and stood as I saw it on its own.

The other point which I made related to the question of the retention of this particular item on the agenda. It didn't seem to me ██████ a matter of great seriousness at all. When I came first to the Commission a few weeks ago I observed that there was a solid bloc of items, numbering at that time I think four to six with some submembers, which appeared on the agenda and had appeared on the agenda for some long time, and I was a little disturbed at just at the point when the ice seemed to be breaking on those there should be another item here which would confront us week after week, unless



there was some general desire on the part of the Commission to retain it there for the purpose of discussion with a view to getting something done. There was no more to my point on that issue than I have expressed at this minute. If there is a general desire on the part of some members of the Commission to discuss this matter further, well certainly I don't press its removal from the agenda at all.

GEN. MCCOY: Is there any desire on the part of other members to discuss the question?

(No response)

GEN. MCCOY: Well, I think the request of the Soviet representative has been acted upon now for some weeks and it being a procedural matter, if there is no objection, it will be removed from the agenda.

MR. BAZYKIN: Mr. Chairman, since this matter is concerned with the fact that the United States Government is desirous of having the right to issue interim directives on matters which were rejected by the Far Eastern Commission, I believe that this item should be discussed in all details. In particular, I haven't heard an answer to my question given at this meeting. The question is whether the United States Government considers that the rejection by the Commission of a policy means the absence of action on the part of the Commission, and whether this gives the right to the United States Government to issue interim directives.

GEN. MCCOY: What does the Soviet representative wish done? He's made a statement; I've made a statement, and the Commission has been offered the opportunity now for over a month to discuss the matter and so far there has been no discussion desired except as stated very explicitly by the representative from New Zealand. So that we've complied with the request. Now, is there any further request that the Soviet representative wishes to make?



MR. BAZYKIN: In particular, Mr. Chairman, I would like to hear the answer to my question and I believe that all the delegations represented here would also like to hear the answer to this question. The question was whether the United States Government considers that the negative action of the Commission means the absence of action at all, and whether this gives the right to the United States Government to issue interim directives. If the United States member is not ready to give the answer to this question it might be possible that he would be ready to do so at the next meeting of the Commission.

GEN. MCCOY: Well I think the United States position is clear and has been accepted by the other members of the Commission. I don't care to discuss it any further myself. The Soviet representative asks for discussion; no other member desires to discuss it any further. So that if there is no objection, it will be removed from the agenda.

MR. BAZYKIN: Mr. Chairman, I ask at least an answer to my question.

GEN. MCCOY: I have given the answer. The position of the United States has already been made clear to the Soviet representative and I don't care to discuss it any further.

MR. BAZYKIN: Am I correct, Mr. Chairman, in the understanding that the negative action of the Commission on the policies desired by the United States Government means, in the opinion of the United States Government, the right to issue interim directives which are contrary to the decision adopted by the Far Eastern Commission?

GEN. MCCOY: I have already answered that question. It is in the record of the Commission. What does the Soviet representative now wish to do? Does he want to review the action of the United States? If so, ask him (Mr. Bazykin) to make the resolution and we'll vote on it.

MR. BAZYKIN: The Soviet representative has already stated that this interim directive is illegal because it is contradictory to the



decision adopted by the Far Eastern Commission.

GEN. MCCOY: That is a decision only of one member of the Commission—not of the Commission. If he (Mr. Bazykin) wishes to make it a matter of the Commission, ask him to put it in such form that we can vote on it.

MR. BAZYKIN: Mr. Chairman, I haven't heard yet that the reasoning given by the Soviet delegation was unfounded. I do understand that it is not desirable for the United States delegation to retain this item on the agenda, but it is impossible to remove it until the opinion of all the delegations is heard.

GEN. MCCOY: That opportunity is now before the Commission.

MR. GRAVES: Mr. Chairman, it might be helpful if I stated our position on it. We have no desire to discuss this item and we should be happy to see it taken off the agenda. There is no motion before us; the statement by the Soviet member we and I presume everybody else have read. We know what it is about and it seems to us to be the end of it.

GEN. MCCOY: Is there any other comment, gentlemen?

GEN. ROMULO: I suggest that we pass on to the next item.

GEN. MCCOY: Well the Chairman has asked to remove this from the agenda in its present form, that is we have complied fully with the request of the Soviet representative. He's made his statement; I have made my reply on which I stand, and the table has been open for three or four sessions now for discussion of this paper and there seems to be no desire on the part of the members to further discuss it. So I still think it should be removed from the agenda, with the permission of the Commission. It's a procedural matter in the sense of removing it from the agenda. I have usually, through four years, at the request of any member kept items on the agenda—sometimes indefinitely—where I felt there was good reason. But there seems to be no reason here. The Soviet representative has asked for discussion. We have had



three or four meetings where the opportunity has been given and it is freely given this morning. Now if there is no further discussion, I will remove the item from the agenda. If the Soviet at any time wishes, the Soviet representative, if at any time he wishes to bring up any new matter connected with this item he can do so under "Other Business". We will go to the next item.

(Discussion of this matter was continued under "Other Business").

ITEM 5 - JAPANESE REPARATIONS AND LEVEL OF INDUSTRY (FEC-340)

GEN. ROMULO: Mr. Chairman, I want to warn the Commission that I have a 14-page statement to make here to make up for my absence, after having been absent for quite a while from the Commission. I hope you can sit down and relax while I make our statement on Item 5.

"Mr. Chairman: On March 17, a little over two months ago, I made here on behalf of the Philippine Government a general statement on the problem of Japanese reparations. I deplored the prolonged delay in the solution of the problem of reparations, pointing out that this in itself was the result of our vacillation in defining the basis upon which a Japanese peace-time economy should be built. Because of its special responsibilities as the occupying power in Japan, I addressed an earnest appeal to the United States to help out the vicious circle in which the Commission was doomed to travel so long as we could not make up our minds as to the future of Japan.

"On May 12th, Mr. Chairman, you, as the United States representative on the Commission, made a statement on Japanese reparations and level of industry. In that statement you announced that the United States Government was 'impelled to rescind its interim directive of April 4, 1947, bringing to an end the Advance Transfer Program called for by that directive', 'to withdraw its proposal of November 6, 1947, on Japanese reparations shares', and to state 'that it has no intention of taking



further unilateral action under its interim directive powers to make possible additional reparations removals from Japan'. He gave four reasons for this action: first, the need of stabilizing the deficit economy of Japan and permitting it to move towards self-support; second, the reluctance of American taxpayers to continue underwriting this deficit; third, the failure of the Far Eastern Commission to agree on a schedule of national reparations shares; and fourth, the fact that Japan has already paid substantial reparations through the expropriation of its former overseas assets and under the advance transfer program.

"Out of our anxiety and perplexity, we addressed two months ago a question to the United States Government. Today we have the answer before us. When first informed of the decision of the United States Government, my immediate personal reaction was as reported in the press. I said that I was 'flabbergasted'. I used a colloquialism which those who are familiar with the nuances of the American idiom know to signify a combination of chagrin, astonishment and unbelief. My reaction was personal and individual, like that of a man who, having pleaded with his friend for help and received some assurances that it would be given, is informed in the end that while his need is indeed great, that of the common enemy of the two of them is greater still.

"But this problem, Mr. Chairman, is of vital importance to the people of my country and I would be recreant to my duty if I did not try to establish before this Commission by means of this preliminary statement the basis, beyond the level of personal sentiment, upon which the attitude of my Government rests. Candor, therefore, compels me to state that the people and Government of the Philippines are greatly disturbed by the decision of the United States Government, that they protest in the strongest possible terms against it, and that they continue to have faith that



this decision, whatever its immediate effect, will not bar the Commission from reaching a just and satisfactory solution through the means that are still open to it.

"The effect of the United States statement of May 12th is that there is now neither a policy nor a program of Japanese reparations. The slate has been wiped clean. The vicious circle to which I have previously referred has not been cut; it has been swept away altogether. The partial, makeshift solutions have been discarded, and we are now face to face with the basic problem as we were in the beginning.

"The basic principles governing the question of reparations are familiar to the Commission. They were reviewed in the United States statement of May 12th, and I do not propose now to make an extended exposition of them.

"At the core of these principles stands paragraph 11 of the Potsdam Declaration, issued on July 26, 1945, defining the terms of the surrender of Japan: 'Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war'.

"This general principle was spelled out in detail in Part IV of the Basic Post-Surrender Policy for Japan adopted by the Far Eastern Commission on June 19, 1947. While making provision to avoid 'acute economic distress' among the Japanese people which might militate against the long-range objectives of the occupation itself, the Commission laid down the principle in Section 1, Part IV, that: 'The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive'. The Commission then decreed in Section 4, that one aspect of this principle would be carried out by means of reparations: 'For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied



Powers and in the interests of the destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan.....'.

"Standing like an arch over the whole structure of reparations policy is this solemn declaration to be found in Section 3: 'The plight of Japan is the direct outcome of its own behaviour, and the Allies will not undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction and basically to reform the nature and direction of their economic activities and institutions'.

"The whole policy on reparations, therefore, was based on a philosophy of stern justice tempered by a sober regard for the welfare of the Japanese people themselves and the success of the Allied occupation.

"Accordingly, the Far Eastern Commission took several steps towards an over-all reparations settlement, including a series of policy decisions establishing an interim removal program, selection of plants for reparations, setting up criteria to be used in determining shares for each claimant country, and determining the peaceful needs of Japan.

"The Commission, Mr. Chairman, has worked hard and long at these policy decisions. It is true that it has not always been possible to work out a satisfactory formula on every aspect of the reparations problem, and that on one point in particular, that of the schedule of national percentage shares, we have so far failed to come to an agreement. But I beg to point out that the Far Eastern Commission has reached agreement on a number of vital matters much more often than have the analogous bodies



concerned with the occupation of Germany or, indeed, than similar political organs of the United Nations with whose work I happen to be familiar. When, therefore, the United States Government gives this instance of our failure as one of the reasons for its decision, I am constrained to suggest that while such a show of impatience may confirm one's sense of virtue and satisfaction, in the end it accomplishes nothing. I refer to the Commission as a whole when I say that a good surgeon does not amputate a whole arm because of an infected finger; nor is it a good thing as the saying goes, for a man to cut off his nose in order to spite his face.

"Strangely enough, the spirit underlying the interia directive unilaterally issued by the United States Government on April 4, 1947, was also one of impatience--impatience, that is, with the members of the Commission who could not agree on their respective shares quickly enough to suit the generous temper of the United States. The United States Government was anxious to get on with the business of reparations, and in order to give it a firm push forward, the advance transfer program was established. That was fine and logical; but now, we are virtually being told that one and the same fact, namely, the failure of the Commission so far to adopt a schedule of reparations shares, may justify two completely contradictory acts.

"As a matter of fact, therefore, while there may be various subsidiary factors that have contributed to the new United States policy on reparations, there is only one reason behind it; namely, the desire to stabilize the deficit Japanese economy in order to permit it to move towards self-support. The argument has been angled to catch the eye of the American taxpayer, that anonymous yet politically potent being who has carried on his broad shoulders the herculean burdens of Lend-Lease, the Marshall Plan, the Atlantic Pact, and the Berlin Airlift, but who is not prepared



to carry one moment longer the crushing burden of the deficit Japanese economy. The further argument that a strengthened Japan would be a factor of some importance in the struggle for power in Asia may, of course, be assumed as corollary to the first.

"The desire to prop up the Japanese economy is understandable, and far be it from me to wish that there shall be no diminution in the heavy financial commitments of the United States. But I believe that the American taxpayer is entitled to know all the facts about the economic condition of Japan, particularly the reasons why its economy is not recovering as fast as it should. The American layman who reads in his newspaper that Japanese reparations are being stopped because otherwise the United States would have to support Japanese economy to the tune of one billion dollars every year, is apt to jump to the conclusion that the American people are in fact supporting Japan in order that she in turn may be able to pay reparations to other countries.

"As is well known, Mr. Chairman, the total reparations so far removed from Japan and delivered to the four countries amount to about \$70 millions. These have included for the most part machine tools and laboratory and pilot plant equipment. Not one single industrial plant has been removed. Now we are told that successive surveys conducted by various American investigators have necessitated 'progressive upward adjustments of earlier estimates' of Japan's future industrial requirements, and, therefore, correspondingly progressive downward adjustments of earlier estimates of the excess plants and equipment that could be earmarked for reparations.

"With all due respect for the opinions of these American experts, I would like to say that so long as vital and far-reaching policies affecting not America alone but other countries as well were to be based on the findings and recommendations of these investigators, it would have been a wise thing to have sent



mixed multi-national missions to Japan and thus ensure a certain degree of controls and counter-checks on their findings. It should be noted that three different American surveys have given three different estimates of the peace-time industrial requirements of Japan. Apart from the objective factors that could so markedly affect the estimates of three different groups, all of them composed of Americans, there would have been a certain insurance against error and partiality in the participation of non-Americans in such surveys. It is reasonable to suppose that the estimates of Chinese or Filipino experts who come from their little industrialized and devastated countries would serve as a corrective factor in the estimates of American experts who are apt to judge Japan's peacetime requirements on the basis of the massive and prosperous industrial plant of the United States.

"My first point about these survey reports, therefore, is that there is no way of checking them, and the fact that they vary so considerably from one another leaves the accuracy and validity of any one of them open to serious doubt.

"My second point concerns the internal pressures within Japan itself that have contributed to her critical economic condition. I have already stated that the Basic Post-Surrender Policy for Japan lays down the stern doctrine that 'the plight of Japan is the direct outcome of its own behaviour, and the Allies will not undertake the burden of repairing the damage'. The policy goes on to state: 'It will be necessary for them (the Japanese) to undertake physical reconstruction and basically to reform the nature and direction of their economic activities and institutions'.

"Now, we are told that the Japanese economy is in so critical a condition that the whole reparations program must be scrapped, since, in the words of the United States delegate, 'the Japanese people must be enabled to support themselves at a tol-



erable standard of living', and since 'no one could reasonably suggest that Japan should be abandoned to economic despair'.

"No, Mr. Chairman, we could not reasonably suggest such a thing, but we could more than reasonably suggest that the critical economic condition of Japan is due to its own behaviour in a war of its own making, and furthermore, that its failure to revive economically is in large measure due to a deliberate conspiracy of its own industrial leaders, the Zaibatsu, and their political agents in government to sabotage such industrial recovery.

"The responsibility of Japan for the critical condition of its economy is thus a double responsibility: the original one of being fully responsible for the consequences of its own criminal act of aggression, and the secondary one of being mainly responsible for the deliberate attempt to create financial chaos and to slow down production in order to embarrass the occupation authorities and win the sympathy of the Allies, especially the United States of America.

"There was no reference to Japanese responsibility in the United States statement of May 12th, and I feel therefore that this responsibility must be stated and fixed in order that it might become utterly clear to the world that what we ought to do is not to give the impression that Japan must be protected from the greedy reparations claims of other countries but rather that Japan needs above all to be saved from its own folly.

"There is a chapter in the book 'Prospects for Democracy in Japan' by T. A. Bisson, recently published under the imprint of the Institute of Pacific Relations, which the Commission will find interesting reading. Mr. Bisson has written with considerable authority on Far Eastern subjects and he brought to the writing of this volume first-hand knowledge and experience which he gathered as an important member of the Government Section of



General MacArthur's Headquarters in Tokyo. The Commission will find highly pertinent to this question of Japanese responsibility certain observations of Mr. Bisson. I quote from Chapter 6 on 'The Struggle on the Economic Front':

'The occupation authorities were well aware of the necessity for far-reaching changes in the Japanese economic structure. But while they were drafting long-range programs...it soon became apparent that the old guard (the Zaibatsu, that is) was waging its shrewdest battle against the occupation on the economic front.

'As far as reparations were concerned, virtually no removals of Japanese industrial plants had actually occurred, and here again it was the old business groups that were most disturbed by the prospect of such removals...

'The economic crisis in Japan reflected the operation of a more broadly determining factor...Stated in its simplest terms, this was the failure of the occupation to achieve a sufficiently rapid and thorough destruction of the Zaibatsu's power, with the result that the leaders of these great combines were left in a position where they could effectively sabotage efforts to expand productions and curb inflation."

"The author continues, and I am still quoting:

'To obtain production of essential basic materials and consumer goods, strict allocations of materials to essential industries were obviously necessary. Prudent fiscal policies were also needed...Such a program, however, did not suit the requirements of Japan's business leaders, and they had the power to prevent its application. As the occupation began, the Zaibatsu concerns had control of Japan's industrial plant and the bulk of her commodity stocks...Their power included not only operational control of fiscal measures,



but also the ability to block any program looking toward the controlled allocation of materials...

'From these vantage points, they even fought to secure government indemnities for the losses suffered in destruction and damage to their munitions plants...The Zaibatsu firms had made vast profits during the war, and it was obvious that by seeking indemnities, they also hoped to escape the burden of paying for a war that they had lost by shifting the burden to the shoulders of the Japanese people.'

"I should add, at this juncture, Mr. Chairman, that, having passed the burden on to the Japanese people, the Japanese industrialists would indeed be very happy to see that the burden is next passed on to the victims of Japanese aggression in other lands.

"In the next chapter on 'Recent Economic Trends', Mr. Bisson goes on to say: 'Inasmuch as the economic machinery of Japan was left in the hands of Japanese that were bent on sabotaging industrial recovery so long as American control remained in force, this policy imposed a continued financial drain on the United States...This situation gave American Army and banking interests a plausible excuse to deplore the heavy financial burden placed on the United States as a result of Japan's failure to achieve industrial recovery and economic stability...Their proposed solution of the problem was to restore Japan to what was, in essence, her pre-world war II industrial status, with one notable difference...henceforth American capital would be a partner of the Zaibatsu in pre-war-style international cartels, or would simply take over certain key Japanese industries by means of large direct investments'.

"I have given rather extensive quotations from this timely



book, Mr. Chairman. Of them I am not in a position to state that they are in all respects accurate or true, but only that they are pertinent to the question of whether it is reasonable to ask the Far Eastern Commission to accept as fact the statement that reparations must be discontinued because Japan is an impoverished country, so long as there is evidence that the Japanese economic crisis has been deliberately brought on by the Japanese themselves in order to arouse American sympathy and ensure American assistance.

"The Commission does not need, I am sure, to be told with what jubilation the news of the new United States policy was received in Japan. The 'Mainichi' of May 13th had an editorial saying: 'The latest Washington announcement has saved Japan's face in relation to the world. We feel that we can stand square-shouldered in front of the countries which may suspect us of attempting to re-arm ourselves'.

"Nor need I tell you, Mr. Chairman, that in Manila the same news was received with dismay, even with bitterness. The Philippine Under Secretary of Foreign Affairs was quoted as saying over the radio that the Philippine Government considers itself specially entitled to Japanese reparations, and that the United States and other members of the Far Eastern Commission will readily see the justice and fairness of our claims. The Philippines, he said, has not lost hope of winning its case before the Commission. Somewhat more realistically, the National Economic Council of the Philippines met in a hurry to study the effect on the industrialization program of the American decision to curtail Japanese reparations.

"I can recall, Sir, only one instance in recent years of a news report which created jubilation in Tokyo and consternation in Manila, and that was the news of the Japanese sneak attack on Pearl Harbor. Times must indeed have changed very much since



then to produce this curious duplication of events in reverse. Or perhaps, we should say that this is a new sneak attack, only an infinitely more insidious one--a delayed action attack that will someday explode in the very faces of those who now deplore the cost of the Japanese occupation, in the form of another massive effort of containment and perhaps war that will cost a billion dollars for every ten millions that are now being spent to sustain the Japanese economy.

"If I speak with some bitterness, I would beg you, Mr. Chairman, to understand that I but reflect in moderation the sentiments of the Filipino people. I beg you also to believe that these sentiments spring from no blind vindictive passion directed against the Japanese people. Our interest in their political and economic reformation is genuine, just because they are our immediate neighbors and we are eager in future that they shall live at peace with us. The United States can stay or pull out of the Far East as it pleases, but we have no choice, we shall always be there. In a very important sense, therefore, we have a stake in a peaceful and democratic Japan far more intimate and real than yours. For us it is not, as it is for you, a mere matter of forgetting the past and overcoming a deep and justifiable resentment toward Japan. It is rather a question of making absolutely certain that Japan will never again be a menace to our security and liberty.

"With the whole world clamoring for American products, the United States had no reason to fear, now or in the predictable future, the revival of Japanese industry. But we have. The United States can regard without alarm the prospect of Japan becoming the 'workshop of Asia', but we can't. For we know that military power is a concomitant of industrial power, and the wilful and wily Zaibatsu class which is engineering the re-emergence



of Japan as an industrial power will soon, we have no doubt of it, be clamoring for an army and navy. The time to stop them is now, before we become weary of the burdens of occupation, especially of the thankless task of watchdog and overseer. And the way to stop them is to take away the instruments of power from their hands. If we do this resolutely and refuse to fall into the snares and deceptions which are their stock-in-trade, we shall be serving not only our own interests but the interests as well of the Japanese people. For us there shall be no security and for the Japanese people themselves no peace and no prosperity while these ambitious and ruthless men remain in power.

"The problem of reparations is not a problem of Japanese-American relations. It is not a question of Soviet-American power relations. It is a question of grave international concern to all of the states on the Commission that have a stake in the future of Asia. It must, therefore, be solved on that basis, and a just solution must start not on the premise that reparations must be curtailed in order to permit Japanese industrial recovery, but rather on the premise that the remedies which lie within resources of the Japanese economy itself must first be explored and exhausted in some such manner as I have indicated. The Japanese must first help themselves to the utmost before we are asked to help them through abstention from reparations.

"Mr. Chairman, I will conclude. No one can question the right of the United States Government to rescind the program of interim reparations which it initiated unilaterally, of its own free will. This offer, for which my Government is endlessly grateful, was a gesture of magnanimity and as such may be withdrawn at any time by the same hand that bestowed it. However, in international relations, there are considerations beyond those of legal rights that ought, in our opinion, to be taken into account in questions of this kind. A decision, even if unilateral and



voluntary in the beginning, creates in the course of time a whole system of relations between the parties which subsequently limits the freedom of action of either of them. Neither may then withdraw from that new system of relations with the complete freedom, the arbitrary liberty of choice with which they first entered into the relation.

"If I should seem to draw a thin line of moral responsibility across this question, I beg you, Mr. Chairman, to believe that I do so with the greatest diffidence and only because it is difficult for me to be completely objective and to cast out of my mind the special ties of affection and loyalty that bind my country to yours. My country was one of the four that benefited from the United States program of interim Japanese reparations, but it was not the first act of the kind that had taken place during the period of our long association, in peace as well as in war. It is not out of place, I trust, for a Filipino to express, even in this gathering of various nations wherein the United States must speak impartially on a question of high policy, the hope that since this policy gravely affects the interests of my country, some means will ultimately be found to make it conform to the established pattern of generous American action towards the Philippines.

"I have made this preliminary statement on behalf of my Government, reserving my right to make subsequent submissions to the Commission either on the proposals that the United States representative has announced he will advance at a later time or on proposals of our own that we hope to be able to bring to the attention of this body."

Thank you, Mr. Chairman.



GEN. MCCOY: Have you copies, General?

GEN. ROMULO: Yes, sir. And may I say that since the statement of the United States representative was released to the press, I am releasing my statement to the press also.

(Copies of the Philippine statement were circulated to representatives.)

DR. LEE: Mr. Chairman, I don't propose to make a statement on the position of the Chinese Government today because time is getting short. I would prefer, with your permission, to do it next time so that I can explain more in detail the position our Government has taken. I shall only try briefly to clarify the attitude taken by my Government and my delegation.

I must say that the Chinese Government learns with deep regret the sudden reversal of the United States position on the problem of reparations removals from Japan. In spite of the fact that we are fully aware of the difficulties that the United States, as the principal occupying country, has encountered in the course of the last three years, still we cannot endorse the views as expressed in the United States statement issued on May 12th. We believe that these views are contradictory to a series of solemn international agreements and decisions both in spirit and in letter. We believe that these views, if taken and agreed upon and acted upon, will be grossly unjust to those countries who have fallen victims to Japanese aggression in the recent war.

I must also point out that these views as expressed by the United States delegation have not anywhere in the statement taken into consideration the most important problem of security in the whole area of the Pacific. Therefore, in our opinion the statement made by the United States Government is a retrogressive step and I am constrained to point out that it is at variance with the position that the United States Government has so far taken on this problem. It



is also contradictory to the basic fundamental principles and objectives of the occupation of Japan. Therefore the Chinese Government cannot concur in the views expressed by the United States Government in document FEC-340.

GEN. MCCOY: Thank you very much. There will be opportunity given, of course, to the members of the Commission to express their views, as has been done so eloquently by General Romulo and Dr. Lee.

It is twelve o'clock. I would be glad if any other delegates are prepared or wish to make statements this morning following the statements of the Philippine and Chinese delegates. Is it the wish of any member to speak on this subject this morning and the items remaining on the agenda pertinent?

(No response)

GEN. MCCOY: I take it that you will speak on this subject at the next meeting?

DR. LEE: With your permission, Mr. Chairman.

ITEM 6 - a LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARD JAPANESE INDUSTRY (FEC-242/32; -/35, -/37)

- b LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARD SHIP-BUILDING AND SHIPPING (FEC-297/10)

ITEM 7 - REPARATIONS REMOVALS; ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; -/6, -/7, -/8, -/9, -/10)

ITEM 8 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

ITEM 9 - ECONOMIC STABILIZATION IN JAPAN

(No discussion; see Item 5 above)

ITEM 10- OTHER BUSINESS

a. Further discussion of Item 5

GEN. MCCOY: Is there anything under other business this morning, gentlemen?

MR. BAZYKIN: Mr. Chairman, I would like to know what was the basis for the Chairman's ruling that Item 4 be dropped from the agenda when it is known that one of the delegations opposes that action?



GEN. MCCOY: It was based on the fact that other delegates agreed with the representative of the United States acting as Chairman.

MR. BAZYKIN: Mr. Chairman, but at least that suggestion should have been put to a vote since the Soviet delegation was opposed to it.

GEN. MCCOY: Well I invited the Soviet representative to make it a matter of voting and asked for him to present it and he has not done so. Other delegates do not seem concerned. Now, if the Soviet wishes to make it in the form of a resolution calling for a vote, either in the form of a review or as a procedural matter, I am ready to entertain.

MR. BAZYKIN: Mr. Chairman, I expressed that this item has not been adequately discussed and I consider that this item should continue to remain on the agenda. Therefore I didn't make any suggestion. I believe that this item cannot be removed from the agenda by the ruling of the Chairman when one of the delegations, especially one among the four Powers, is opposing such action.

GEN. MCCOY: Well I invite the Soviet representative to put it to a vote--prepare the statement that he wishes in the form of a resolution for a vote.

MR. BAZYKIN: Mr. Chairman, several times I expressed the opinion that this item has not been discussed adequately and I haven't received yet the answer to my question. Some of the items on the agenda of this Commission remain on the agenda for a very long time and the Chairman considers it appropriate. I don't see any reasons for removing the item from the agenda.

GEN. MCCOY: The Soviet representative seems to be the only one. If there are other members that wish to continue it on the agenda I would be glad to hear from them.

GEN. ROMULO: Mr. Chairman, it may help solve this sort of an impasse if the Chairman would put this to the vote of the Commission



and ask how many are ready to uphold this decision to drop it from the agenda.

GEN. MCCOY: I would be glad to have the Soviet representative make that motion if he wishes.

MR. BAZYKIN: Mr. Chairman, I have already expressed my opinion that this item should be continued on the agenda.

GEN. ROMULO: Well that could be a motion, Mr. Chairman, of the Soviet delegate, to have this item remain on the agenda.

GEN. MCCOY: I, as Chairman, have made the ruling, subject to the wishes of the Commission, that the item will be removed from the agenda. Now, if there is any objection on the part of the Soviet representative, I wish him to propose a resolution on which the Commission can vote and express its opinion.

MR. BAZYKIN: Mr. Chairman, this item is on the agenda and I don't see any reason for the Chairman to ask the Soviet representative to make any motions. I expressed the opinion of the Soviet delegation that this item should continue on the agenda since it has not been adequately discussed.

GEN. MCCOY: The other members have stated they do not wish to discuss it. The Soviet representative is the only one that has made that expression and the same expression for the last two meetings.

MR. BAZYKIN: Mr. Chairman, the fact that only the Soviet representative is in favor of retaining this item on the agenda I believe is quite enough reason for that.

GEN. MCCOY: Well I will make the ruling that it will be removed from the agenda unless there is a resolution for a vote on the part of the Soviet representative.

MR. BAZYKIN: Mr. Chairman, as I have already said, the Soviet delegation introduces no resolution and I do not understand why the Chairman insists on removing this item.

GEN. MCCOY: Because the Commission wishes to remove it from the agenda..



MR. BAZYKIN: But the decisions of the Commission cannot be adopted by only the ruling of the Chairman when one of the delegations opposes that act. As is known, the Terms of Reference of the Far Eastern Commission provide no distinction between questions of substance and questions of procedure. Consequently, if the Soviet delegation opposes, in this particular case, there is no need to make a motion.

GEN. MCCOY: The Chairman considers this a procedural matter and unless there is a call for a vote on the subject the item will be removed from the agenda.

(There was no call for a vote.)

b. Cancellation of Meeting of 9 June

MR. GRAVES: Mr. Chairman, before we adjourn: on Thursday, the 9th of June, that is three weeks from now, we celebrate the King's birthday and it would be difficult for the delegate or any of the others on the delegation to attend on that morning. I wonder whether the members of the Commission would be willing to meet on some other day of that week?

GEN. MCCOY: On Thursday, the 9th of June, there is the national holiday of Great Britain known as the King's birthday. What are your wishes, gentlemen, with respect to the request of the United Kingdom delegate?

GEN. ROMULO: I suggest that we call off the meeting of that day and have it the following week, in deference to the delegates of the United Kingdom, New Zealand, Australia, and Canada. There is no urgent business on our agenda.

GEN. MCCOY: Is there any objection to that, gentlemen?

(No response)

GEN. MCCOY: There seems to be none. We stand adjourned until next Thursday.

(The meeting adjourned at 12:15 P.M.)