

destructive of both free enterprise and political freedom under democratic capitalism. Otherwise, if business in Japan were allowed to continue with its concentration of economic power, it would lead to concentration of power in government, and from there the transition to socialism of one form or another would be natural, easy of accomplishment, and inevitable.

The statement of the Committee that "prominent leaders including many outstanding friends of freedom, have been ousted from the control of industry and their places have been taken by incompetent visionaries" finds no basis in fact. Apart from action taken with respect to the Zaibatsu, wherein the family members and their appointees are removed from positions of influence in the identical enterprises they have heretofore controlled, there have been in all less than two hundred and fifty persons removed under Allied policy from positions in the economy under the purge program. The removal of these persons was due to their close identity with the causes which led to war. In the implementation of this phase of the occupation program, I have in the exercise of the normal discretion accorded a field commander, pursued far less drastic measures than were called for by my policy directives from the Allied Powers, shifting the emphasis from punitive action to action merely designed to provide for a more healthy leadership and one unattainted by war responsibility. Even in those cases of persons removed from positions of power, involving the most aggravated circumstances, I have, against strong Allied opposition, permitted no property confiscation, no deprivation of liberty, no forfeiture of political rights, and where restriction upon future economic activity is involved embracing but a relatively few persons, I have insured that policy-makers rather than technicians were affected, and have left undisturbed a broad field of economic activity in which even they might continue

to engage without the slightest restriction. If within this small group of persons affected, there are any outstanding "friends of freedom", they are unknown to this headquarters, and all have had the opportunity, through exhaustively fair hearings before screening committees of the Japanese Government and on appeal, to prove any such contentions. The statement that the places of those few removed have been taken by incompetent visionaries is absurd. Such places have in all cases been filled by junior executives of long service in the enterprises concerned, who have moved up into opportunities which otherwise would not have been available to them.

The Committee's statement that "the government has been flooded with a horde of bureaucrats", not unlike the situation in other capitals, is probably true. Even so, on the national level of government there are less than 350,000 persons so employed, which is not disproportionate to Japan's population of seventy-eight million, should standards elsewhere be accepted as a general guide. It is not the quantity, however, which has given me most concern, but the quality and the inordinate power which the bureaucracy traditionally has arrogated to itself in Japan. To cope with this evil, we are now in the process of assisting the Japanese Government toward a civil service reform. The pattern already has been set through wise and farsighted legislation, the implementation of which will be completed within the present year. The basic purpose and effect of this reform is to require that all public officials justify the trust of public responsibility and answer for their acts directly to the people.

The general statement that the money is unsound, that foreign trade is restricted by a mass of regulations, and that production is paralyzed is wholly misrepresentative in its failure to recognize the following fundamental and controlling facts, i.e., (1) that Japan is a totally defeated

nation, still technically at war with the Allied Powers and under the controls of military occupation; (2) that a primary objective of war and cause of defeat was the destruction of Japan's industrial capacity to wage war and ability to transport its sinews on the high seas; (3) that Japan has always been dependent for the bulk of the raw materials essential to sustain the industrial capacity upon procurement from abroad, now denied by the economic blockade inherent in the present situation; (4) that Japan's shipping afloat has been destroyed, and Manchuria, Formosa and Korea, former sources of direct procurement of essential raw materials, have been taken away; and (5) that Japanese money, not unlike that even of all of the victor nations, is suffering the severe strain of war-caused economic dislocations.

Finally, the statement that "the net result has been so to paralyze production as to leave the Japanese people on the verge of starvation, and that the Americans are now called upon to furnish hundreds of millions of dollars to relieve the hunger for which our representatives are primarily responsible" is completely lacking in realism and false as an indictment. The wonder is that despite the lack of needed raw materials, widespread destruction of plant facilities, and seizures under Allied policy for reparation payments, the industrial output has risen from complete paralysis at war's end to over 40% of pre-war levels. It must be understood that the Japanese people before the war suffered a deficiency in indigenous food resources which compelled the importation from abroad of approximately 20% of food requirements. Add to this natural deficiency the fact that over six million Japanese citizens have been restricted to the home islands, with none permitted to leave during the occupation, while Manchuria, Korea

and Formosa have been removed as sources of food supply, and you can understand the actualities which exist. During the occupation we have contributed food partially to cover this deficiency, but such contribution has not even approximated the importations required during the pre-war era when industry was at full capacity and there was a smaller population to feed. Such action has not been entirely altruistic as under Japan's present status the Japanese people are in all practical aspects our prisoners of war, and as such entitled to our protection under the international conventions which we ourselves historically have never failed to respect. Even so, the Japanese people have made diligent effort themselves to solve this deficiency problem, and once a healthier economic structure has been erected, there will be seen, through the release of long suppressed energies of a people enslaved, the building of that higher productivity which alone comes from a people who are free.

The foregoing will give you the facts as they exist for comparison with those stated by the Committee, which you have been good enough to quote. The prescription for Japan's economic ills is as crystal clear as it is simple -- a structural redesign to make possible the emergence of an economic system based not solely upon the formula of "private enterprise" to which the Committee alludes, but to free private competitive enterprise which Japan has never before known, and which alone will maximize the energies of the people. Even more, the conclusion of a treaty of peace which would permit the reopening of the channels of trade and commerce to make available essential raw materials to feed the production lines, world markets to absorb the finished products, and food to sustain working energy.

DOUGLAS MacARTHUR

43

LETTER TO SENATOR BRIEF McMAHON  
DEFENDING ECONOMIC POLICY

Tokyo, Japan.

1 February 1948.

Dear Senator McMahon:

I have your letter of January 22nd and the pages from the Congressional Record subsequently received under separate cover, for which I thank you.

The discussion of Senator Knowland covers a policy paper of the United States formulated by the State, War and Navy Departments and referred to the Far Eastern Commission for consideration by the other ten governments represented on that body and to the Supreme Commander for the Allied Powers for guidance. As the sources of origin, authorship and authority are all in Washington and my responsibility limited to the executive implementation of basic decisions formulated there, I am hardly in a position ten thousand miles away to participate in the debate.

For your information, however, I did publicly state my view with respect to the underlying purpose of the policy paper known as PES 230 on New Year's Day last and subsequently on January 6th, 1948 at San Francisco the Secretary of the Army in an address before the Commonwealth Club, with marked clarity summed up the situation as it presently exists. It is somewhat difficult to understand why these published views did not figure in the discussion of the subject matter upon the floor of the Senate, and against the possibility that the texts of such statements did not come to your attention I am inclosing herewith copies thereof which I should be only too glad to have inserted in the Record as you have suggested.

In any evaluation of the economic potential here in Japan it must be understood that the tearing down of the traditional pyramid of economic power which has given only a few Japanese families direct or indirect control over all commerce and industry, all raw materials, all transportation, internal and external, and all coal and other power resources, is the first essential step to the establishment here of an economic system based upon free private competitive enterprise which Japan has never before known. Even more it is indispensable to the growth of democratic government and life, as the abnormal economic system heretofore in existence can only thrive if the people are held in poverty and slavery.

The Japanese people, you may be sure, fully understand the nature of the forces which have so ruthlessly exploited them in the past. They understand that this economic concentration not only furnished the sinews for mounting the violence of war but that its leaders, in partnership with the military, shaped the national will in the direction of war and conquest. And they understand no less fully that the material wealth comprising this vast concentration at war's start increased as war progressed, at the forfeiture of millions of Japanese lives, as resources of Japan theretofore only indirectly controlled came under direct control and ownership. These things are so well understood by the Japanese people that apart from our desire to reshape Japanese life toward a capitalistic economy, if this concentration of economic power is not torn down and redistributed peacefully and in disorder under the Occupation, there is no slightest doubt that its cleansing will eventually occur through a blood bath of revolutionary violence. For the Japanese people have tasted freedom under the American concept and they will not willingly return to the shackles of

an authoritarian government and economy or re-submit otherwise to their  
discredited masters.

With expressions of cordiality.

Faithfully yours,

DOUGLAS MacARTHUR

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44

ON RESIGNATION OF KATAYAMA CABINET

Press Release:

9 February 1948

"The Prime Minister has just called to inform me of the decision that he and his cabinet will resign. He pointed out that whereas his government has received no non-confidence vote by the Diet, it felt that it lacked the legislative support which a government should have to be truly representative of the people. The problems which it has faced are not novel but are inherent in the Japanese situation. As with all governments since hostilities ended, his has been confronted with the serious political, economic and social dislocations which are a natural consequence of the war and defeat.

"These conditions in more or less degree will continue to confront future Japanese governments until through the combined energies of the Japanese people and wise and prudent leadership, the forces of recovery re-establish a self-sustaining economy and political and social stability. This will of course take time, but decisive progress already has been made. The action now being taken is in full accord with democratic procedure, as will be the manner in which the National Diet meets the issue. The solution will be left to its decision, as the Occupation will continue to regard the determination of such internal political issues as a responsibility of the representatives of the Japanese people.

"Mr. Katayama and his cabinet have given the country a conscientious and patriotic leadership, and I have every confidence that the new government which emerges through the democratic processes ahead will be guided by no less high principles."

45  
14 February 1948

**PATTERN FOR THE OCCUPATION OF JAPAN**

The following is portion of letter, dated 14 February 1948, sent to Mr. Charles M. Englisby, 1217 East 35th Street, Brooklyn, N. Y., in response to his letter of 4 February 1948 requesting a simple pattern for the occupation of Japan.

The pattern of my course in the occupation of Japan lies deeply rooted in the lessons and experience of American history. For here I have merely sought to draw therefrom the political, economic and social concepts which throughout our own past have worked and provided the American people with a spiritual and material strength never before equalled in human history.

There is no need to experiment with new and yet untried, or already tried and discredited concepts, when success itself stands as the eloquent and convincing advocate of our own -- nor is there factual basis for the fallacious argument occasionally heard that these high principles upon which rest our own strength and progress are ill-fitted to serve the well-being of others, as history will clearly show that the entire human race, irrespective of geographical delimitations or cultural tradition, is capable of absorbing, cherishing and defending liberty, tolerance and justice, and will find maximum strength and progress when so blessed.

**DOUGLAS MACARTHUR**

46



COMMENT ON REPORT OF UNITED STATES  
LIBRARY MISSION TO JAPAN

22 February 1948.

The report and recommendations submitted to me by the United States Library Mission to Japan will be of inestimable value to the Japanese people in their efforts to establish a National Library Service. It should be a matter of great satisfaction to all that a National Diet Library Law was passed by unanimous vote of both Houses of the Diet before the Library Mission returned to the United States.

The report will be of continuing assistance as detailed plans for a great national library service are developed. The members of the Library Mission have made a substantial contribution toward the establishment of a far-reaching and enlightened library program.

DOUGLAS MacARTHUR

NOV 47

ON SECOND ANNIVERSARY OF WOMEN SUFFRAGE

10 April 1948.

Two years have now elapsed since the women of Japan first went to the polls as participants in a free election, there to discharge their solemn responsibility of citizenship which the franchise entails.

It has been a notable two years in the history of Japan, for its women have worn the mantle of political equality with becoming grace and dignity and contributed immeasurable spiritual strength and wisdom to the political decisions designed to solve the complex issues of the times. For today over eight hundred elective officials are from this newly enfranchised segment of the Japanese society, and the courage and determination with which they are meeting this new challenge of public responsibility is a heartening demonstration of the inherent capabilities of their race.

I send to all of the women of Japan on this second anniversary of their equality before the law my admiration for the great strides toward political maturity they have already made and my abiding confidence in the leading role they are yet to play in the orientation of Japan's destiny toward an enduring peace based upon liberty, tolerance and justice.

DOUGLAS MacARTHUR

48

MESSAGE TO THE JAPANESE PEOPLE ON THE FIRST  
ANNIVERSARY OF THE CONSTITUTION

3 May 1948

TO THE PEOPLE OF JAPAN:

One year ago your new constitution became the supreme law of the land, and the cause of human freedom advanced as a mantle of personal dignity thereby fell upon every Japanese citizen. The people turned their eyes toward the dawn of a higher concept of life, heralded by a charter which provides the design for a political and social edifice resting upon the pillars of liberty and justice.

Adapted from the experience of the ages, this charter embodies the most enlightened advances in the concept of human relationship which civilization thus far has been able to evolve, and as it now stands it lags behind none in form, in substance, or in progressive thought. But the written word alone gives only indirect protection to the rights and privileges which it ordains. Such protection resides actually in the resolute will of the people in whom the sovereign power dwells. And no man is entitled to the blessings of freedom unless he be vigilant in its preservation and vigorous in its defense.

It is for the people, therefore, as empowered by its terms to translate this charter into living and resourceful actuality, that the new Japanese way of life may be fashioned according to its general design, a workable and beneficent way of life which while fundamentally in complete harmony with Japanese character and culture and basic needs, yet overlooks no gain elsewhere made toward advancing human welfare. For the

course of civilization is not static, and it is therefore for the Japanese people in shaping their own free destiny carefully to scrutinize the lessons history has taught in other lands and search for weak practices as well as strong, failure as well as success, in order that the way may be oriented to the best that experience provides. The concept of human freedom is immutable but its translation into living actuality is subject to progressive advance as the minds of men find reorientation with enlightened knowledge and changing conditions with which society must cope.

Today great ideological issues are stirring mankind. These issues are clearly defined as between democracy and despotism -- freedom and slavery. While the great majority of the peoples of the earth seek freedom, the forces of despotism, composed of wilful minorities, are on the march in every land. Whether they be of the extreme left or of the extreme right makes little difference, for their purpose is to destroy freedom, and the two often exert pressure in common accord in the effort to achieve this purpose. While only minorities compose these pressure groups, they garner support from the ignorant, the gullible, and the weakminded. Their fundamental aim is to destroy the highly developed moral concepts of the modern world and to superimpose upon the ashes thereof a social system which experience has shown to be barren of truth and light, without hope or promise and bereft of faith, a system under which the masses of men are denied the fruits of their toil and the benefits of their skill to enrich a ruling few, neither responsive to the popular will nor dedicated to the public good. Defense against such minority pressure lies more than all else in the spiritual strength of the people and the unyielding firmness of their chosen leaders. For the lessons of contemporary history make it unmistakably clear that when peoples or their leaders shrink or yield before such pressure or permit invisible con-

trols to be superimposed upon representative government by any minority groups whatsoever, governments fall and freedom perishes.

The past year has witnessed notable progress in the reshaping of Japanese life to conform to Japan's constitutional mandates. The entire body of Japanese law has now been modified and the structure of government redesigned to render it a thoroughly democratic instrument, truly representative of the popular will. The highly centralized controls previously existing have been severed, with each community within the broad outline of the charter left the untrammelled right and fixed responsibility to manage its own affairs, exercise its own police power, and resolve its own peculiar social problems.

The very essence of democracy lies in the reservation of the maximum of political power in the people for exercise up through the smallest political subdivision of government. Its antithesis lies in the concentration of the political power in the hands of a few for exercise down to the smallest political subdivisions of government. Japan, traditionally governed under the latter, is now fully oriented toward the former, as all segments of Japanese life, freed from arbitrary and oppressive centralized control, are becoming welded into strong and purposeful communities, which in common cause and for the common benefit will give vitality to a free nation. Ceaseless vigilance must be maintained to insure that the maximum of local autonomy is preserved if democracy, now firmly planted, is to survive.

The Japanese people are coming to understand, apply and cherish the rights and privileges conferred by their new constitution. It is encouraging to note that care is being exercised to avoid the perversion of grants of liberty into seeming grants of license, and that there is a growing understanding that with every right and privilege conferred there is a corres-

pending obligation imposed -- an obligation to exercise that right and privilege in such manner as to avoid violence to the rights and privileges of others. Every segment of Japanese society will find its authority for advance within the provisions of this great charter, and yet unrelaxed vigilance is necessary to insure that by operation of government no one segment advances at the expense of any other. Thus you will find that if you avoid conferring special privilege upon any one segment you will confer equal privilege upon all and the constitution will thereby serve its avowed purpose of providing that equal protection shall be extended to every citizen of the land.

You have reoriented your economy toward a system based upon the principles of free competitive enterprise, and with it are reorganizing the concentration of economic power which long has suppressed any possibility for equality of opportunity, one of the great pillars to democratic life. And by wise and advanced laws you have safeguarded against any reversion to monopolistic control. If this course be firmly held and unceasing vigilance be maintained to hold to a minimum the burden of the expense of government upon the individual, you will leave unimpaired the incentive to maximized initiative and energy and the assumption of reasonable risks inherent in economic adventure, all essential to progress in a free economy.

It is heartening to observe a growing consciousness of public responsibility on the part of the people, as increasingly is heard the expression of public opinion. For the most effective curb upon excesses or corruption in government or any segment of Japanese life lies in an informed public opinion and its vigorous and fearless defense against threat to the public interest. An informed public opinion is dependent in turn upon a free, responsible and courageous press, and it is gratifying that the Japanese press

during the past year has shown great progress in the development of those qualities. It appears increasingly to understand that in the constitutional guarantee of a free press, a responsible press is intended -- a press which will play a vital role in the orientation of public opinion by propagating the truth in order that the people wherein sovereignty rests may make sound political decisions with minds uncorrupted by slanted, distorted or false propaganda.

The past year has witnessed impressive gains in the enhanced dignity and improved working conditions of labor. And both labor and management in the social struggles inherent in a society which is free are displaying a growing awareness of the fact that labor-management disputes involve triangular rather than bilateral interests, with the public interest by far the predominant one. In Japan with its economy of scarcity resulting from war and destruction no segment of society is without want and consequently many demands are understandably motivated by the wish for more of the fundamentals of life, but if a sound course is to be charted, each segment must realistically assess the resources available and measure its demands to correspond to its fair share. This necessitates more than all else responsible leadership and, on the part of the rank and file, ceaseless vigilance to insure that Japan's already meager resources be not imperiled by irresponsible action.

Japan today is a land of relative calm and purposeful effort in a turbulent and confused surrounding. That it is so reflects great credit upon the stamina, resiliency and determination of its people. So it must remain. For such a Japan with all effort dedicated to building a new and impregnable citadel of democracy in the East will provide its people with the blessings of a truly free way of life and thereby prove a factor for stability in a world torn by the uncertainties of confusion and fear.

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DOUGLAS MacARTHUR