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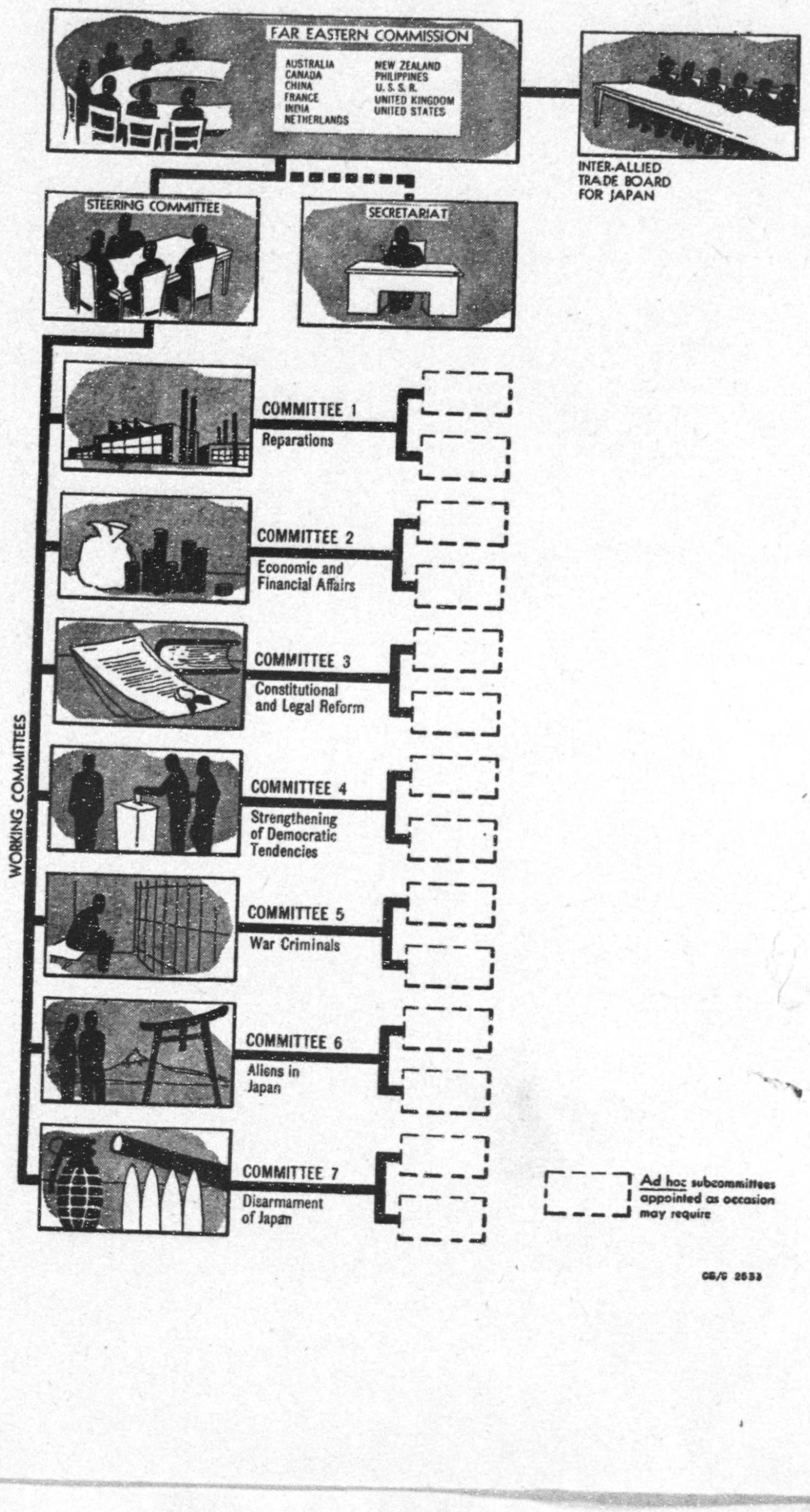
Activities of the FAR EASTERN COMMISSION

Report by the Secretary General

ORGANIZATION OF FAR EASTERN COMMISSION



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Activities of the FAR EASTERN COMMISSION

Report by the Secretary General

FEBRUARY 26, 1946–
JULY 10, 1947

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LETTER OF TRANSMITTAL

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVE., N.W.
WASHINGTON 8, D.C.

17 July 1947.

MY DEAR MR. SECRETARY:

I have the honor to transmit herewith for your information a copy of a report by the Secretary General of the Far Eastern Commission, which covers the activities of the Commission from its inception on February 26, 1946 through July 10, 1947. This report is being released to the press today.

Because of the important part which the Far Eastern Commission plays in the formulation of Allied policy for Japan, and the interest and concern of the American people in that policy, I would recommend to you that the Department of State undertake to reprint the text of the Secretary General's report as an item in its program of keeping the public at large informed of the developments in American foreign policy.

Sincerely yours,

FRANK R. MCCOY
Chairman

Enclosure

The Honorable GEORGE C. MARSHALL
Secretary of State
Department of State
Washington, D.C.

PREFACE

FROM ITS BEGINNING the control of Japan has been an Allied responsibility. It was to the Allied powers that the Japanese surrendered on August 14, 1945. General MacArthur formally accepted that surrender on September 2, 1945, as Supreme Commander for the Allied Powers. Since February 26, 1946, the task of formulating Allied policies under which the Japanese were to fulfill the obligations imposed upon them by the Terms of Surrender has been carried out by the Far Eastern Commission, an inter-Allied body composed of representatives of eleven nations and meeting regularly in Washington.

Welcoming the members of the Far Eastern Commission at their first meeting, the United States Secretary of State, James F. Byrnes, outlined in broad terms the responsibility that had been entrusted to the Commission by the Moscow agreement of the Foreign Secretaries. "Peace in the Pacific", he said, "is an essential cornerstone to a stable world structure. The guidance of Japan to a position of peaceful association with other nations is therefore a task of major responsibility. That responsibility now belongs to you of the Far Eastern Commission. . . . The Terms of Reference agreed to last December in Moscow placed the final and ultimate responsibility for formulating the policies and principles upon which the peace and security of the Pacific may well be based, in your hands."

As the occupation forces under General MacArthur's command have carried on their work in Japan, the Far Eastern Commission in Washington has been engaged in formulating Allied policy. The following summary describing the structure of the Commission and giving an account of its activities has been prepared by the Secretary General of the Commission in the hope that it will acquaint the public at large with the work of an important international organization concerned with the formulation of principles for the control of Japan.

NELSON T. JOHNSON
Secretary General

WASHINGTON, D. C.
July 17, 1947

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I. HISTORY AND BACKGROUND

Japanese Surrender

THE FIRST OFFICIAL Japanese surrender offer, made in response to the Potsdam Declaration of July 26, 1945 (appendix 1), came on August 10, 1945. Acceptance of this offer entailed the appointment of a supreme commander to receive the surrender on behalf of the Allied powers, with the understanding that from the moment of surrender the authority of the Japanese Emperor and the Japanese state were to be subject to the Supreme Commander for the Allied Powers. On August 14, 1945, Gen. Douglas MacArthur was designated Supreme Commander. On September 2, 1945, acting for the Republic of China, the United Kingdom, the Union of Soviet Socialist Republics, and the United States, and in the interests of the other United Nations at war with Japan, General MacArthur formally accepted the surrender of Japan on board the United States battleship *Missouri*. Representatives of the following nine nations also signed the instrument of surrender with General MacArthur: Australia, Canada, China, France, the Netherlands, New Zealand, the Union of Soviet Socialist Republics, the United Kingdom, and the United States.

Occupation forces which first went ashore under General MacArthur's leadership were in the main United States troops, and the policy directives under which the Supreme Commander began enforcing Japanese fulfilment of the surrender terms were issued to him by the United States Government. A statement of United States Initial Post-Surrender Policy for Japan was forwarded in substance to General MacArthur by radio on August 29, 1945, and following formal approval by the President was dispatched by special messenger on September 6. Further directives covering specific policy matters not included in the basic statement were subsequently forwarded through the channels of the United States Government as the occasion required.

Far Eastern Advisory Commission

Growing out of negotiations originally begun on August 21, 1945, a Far Eastern Advisory Commission was convened in Washington on October 30, 1945, for the purpose of making "recommendations" on the "formulation of policies, principles and standards by which the fulfillment by Japan of its obligations under the instrument of surrender may be determined." The Commission met regularly over the next two months. It was composed of representatives of Australia, Canada, China, France, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States. The Soviet Union declined the proposal to take part in the Far Eastern Advisory Commission because of its purely advisory character. In December 1945 the Advisory Commission undertook a trip to Japan and returned to Washington in February 1946.

Establishment of the Far Eastern Commission

At the Moscow Meeting of Foreign Secretaries in December 1945 further negotiations between the United States, the Soviet Union, and the United Kingdom were conducted on the subject of greater Allied participation in the control of Japan during the occupation, and with the concurrence of China the three Foreign Ministers on December 27, 1945, issued a communiqué establishing Terms of Reference for a Far Eastern Commission to replace the Far Eastern Advisory Commission (appendix 2). The Moscow agreement was made known one day after the Advisory Commission had left Washington on its trip to Japan. Accordingly, upon this body's return to Washington the Far Eastern Commission came into being, consisting of representatives of those powers which had been members of the Advisory Commission and a Soviet representative. Headquarters were established in the former Japanese Embassy in Washington, and the first meeting of the Far Eastern Commission was held there on February 26, 1946.

Terms of Reference

Under its Terms of Reference the Far Eastern Commission has two principal functions: first, "To formulate the policies, principles, and standards in conformity with which the fulfillment by Japan

of its obligations under the Terms of Surrender may be accomplished"; and second, "To review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." In addition, the Commission is empowered "To consider such other matters as may be assigned to it by agreement among the participating Governments". Making recommendations with regard to either the conduct of military operations or territorial adjustments, however, is specifically excluded.

The Terms of Reference provide that the Commission should "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Policy decisions of the Commission are transmitted to the United States Government, and the United States Government is then made responsible for preparing directives in accordance with these decisions and transmitting the directives to the Supreme Commander for his guidance. As sole executive authority for the Allied powers in Japan, the Supreme Commander is charged with the implementation of the directives prepared in accordance with Commission policy decisions.

The Commission may take action by a majority vote, provided the representatives of the United States, the United Kingdom, the Soviet Union, and China all concur in the action taken.

The Terms of Reference stipulate, however, that "The United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

While the main seat of the Commission is in Washington, the Terms of Reference authorize it to meet in Tokyo or in any other place it may desire. The Commission is authorized to make such arrangements through the Chairman as may be practicable for "consultation" with the Supreme Commander.

No time limit is placed upon the functioning of the Commission by the Terms of Reference. The Commission "shall cease to function when a decision to that effect is taken" in accordance with the voting procedure described above. Prior to concluding its functions, however, the Commission is directed by the Terms of Reference to transfer such functions as may appropriately be transferred to "any interim or permanent security organization of which the participating Governments are members".

Allied Council for Japan

The Moscow agreement which established the Terms of Reference of the Far Eastern Commission also established Terms of Reference for an Allied Council for Japan, which was to have the function of "consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the occupation and control of Japan, and of directives supplementary thereto." The seat of the Allied Council for Japan was to be in Tokyo. The Chairman of the Council would be either the Supreme Commander himself or his Deputy. In addition, the membership would include representatives of China and the Soviet Union, and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

Reference to the Allied Council is made in the Terms of Reference of the Far Eastern Commission as follows: "The Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan". The Terms of Reference of the Allied Council include the following provision with reference to the Far Eastern Commission: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."

II. ORGANIZATION OF THE COMMISSION

Commission

THE FAR EASTERN COMMISSION is composed of representatives of the eleven nations referred to in the Terms of Reference. Maj. Gen. Frank R. McCoy, United States Army (Retired), the United States representative, who serves with the personal rank of Ambassador, was unanimously elected Chairman of the Commission at its first meeting. In most cases the representatives of the other countries are the chiefs of mission of those countries in Washington. A list of representatives and their alternates follows in alphabetical order, and a complete roster of the personnel of each national delegation on the Commission will be found in appendix 3.

Australia	Ambassador NORMAN J. O. MAKIN Alternate: Maj. J. PLIMSOLL
Canada	Ambassador HUME WRONG Alternate: Mr. RALPH E. COLLINS
China	Ambassador V. K. WELLINGTON KOO Alternate: Dr. SHAO-HWA TAN
France	Ambassador PAUL E. NAGGIAR, Special Ambassador of the Republic of France to the Far Eastern Commission Alternate: Mr. FRANCIS LACOSTE
India	Ambassador M. ASAF ALI Alternate: Mr. B. R. SEN
Netherlands	Mr. O. REUCHLIN Alternate: Dr. R. H. VAN GULIK
New Zealand	Sir CARL BERENDSEN, New Zealand Minister to the United States Alternate: Mr. G. R. POWLES
Philippines	Ambassador CARLOS P. ROMULO, Permanent Representative of the Republic of the Philippines to the United Nations and on the Far Eastern Commission Alternate: Mr. F. C. RODRIGUEZ
Union of Soviet Socialist Republics	Ambassador NIKOLAI V. NOVIKOV Alternate: Mr. S. K. TSARAPKIN

United Kingdom	Sir GEORGE SANSOM, His Britannic Majesty's Minister to the British Embassy in Washington
	Alternate: Mr. H. A. GRAVES
United States	Maj. Gen. FRANK R. MCCOY, U.S.A. (Ret.)
	Alternate: Maj. Gen. JOHN H. HILLDRING, Assistant Secretary of State for Occupied Areas

A list of both present and former representatives on the Far Eastern Commission with their dates of service will be found in appendix 4.

Steering Committee

A Steering Committee of the Commission has been established and is responsible for organizing Commission business and coordinating the functions of the various working committees described below. Recommendations from working committees regarding resolutions and policy proposals are normally considered by the Steering Committee before being forwarded to the Commission. Areas of disagreement between members are canvassed and wherever possible are resolved before proposals are forwarded to the Commission itself for consideration. The Chairman of the Steering Committee is Sir Carl Berendsen (New Zealand), and the Deputy Chairman is Mr. O. Reuchlin (the Netherlands).

A list of members of the Steering Committee follows (see also appendix 3):

Australia	Maj. J. PLIMSOLL
Canada	Mr. RALPH E. COLLINS
China	Dr. SHAO-HWA TAN
France	Mr. FRANCIS LACOSTE
India	Mr. B. R. SEN
Netherlands	Mr. O. REUCHLIN
New Zealand	Sir CARL BERENDSEN
Philippines	Mr. F. C. RODRIGUEZ
Union of Soviet Socialist Republics	Rear Adm. S. S. RAMISHVILI
United Kingdom	Mr. H. A. GRAVES
United States	Dr. GEORGE H. BLAKESLEE

Committees

The Commission has also established seven working committees to consider and make appropriate recommendations on various aspects of Commission business. Each of the working committees is composed

of delegates from all of the eleven nations constituting the Commission.

Officers and the principal fields of business of the working committees are listed as follows:

Committee No. 1: Reparations

Chairman: Maj. J. Plimsoll (Australia)
Deputy Chairman: Dr. R. H. van Gulik (Netherlands)
Subjects for consideration: Japanese reparations; restitution of looted property.

Committee No. 2: Economic and Financial Affairs

Chairman: Mr. F. C. Everson (United Kingdom)
Deputy Chairman: Mr. Roswell H. Whitman (United States)
Subjects for consideration: Extent and character of Japanese industry, commerce, and agriculture necessary for a viable economy in Japan; measures necessary to establish such an economy, such as regulation of Japanese foreign commerce, control of agriculture, control of fishing and aquatic industries, control of transportation and communication, and control of industries; democratic agrarian reform; liquidation of monopolistic financial and industrial concerns (zaibatsu); complete elimination of Japanese war industry; reduction, control, and reconversion to peacetime production of industry, commerce, shipping, shipbuilding, and other industries which were used for war purposes during wartime; control of scientific and industrial research; stocks of strategic raw materials; relief problems, such as prevention of mass unemployment, public health, food, housing, and financial problems.

Committee No. 3: Constitutional and Legal Reform

Chairman: Mr. B. R. Sen (India)
Deputy Chairman: Mr. Ralph E. Collins (Canada)
Subjects for consideration: The Emperor institution, Diet, Cabinet, local government, political parties; a bill of rights; Japanese Constitution and machinery for drafting a new constitution; judiciary; electoral system; reform of the police system.

Committee No. 4: Strengthening of Democratic Tendencies

Chairman: Mr. G. G. Dolbin (U.S.S.R.)
Deputy Chairman: Dr. T. T. Mar (China)
Subjects for consideration: Positive policy for democratization of the Japanese; removal from the Government and governmental institutions, as well as from organs of local administration and self-government, of all militarist and totalitarian elements who actively sup-

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ported the aggressive policy of Japan; dissolution of former military, semi-military, fascist, nationalistic, and secret organizations; trade unions and peasants' organizations; supervision of elections in order to insure free expression of the people's will; activities of the Japanese Diet; educational system; public information, including press and radio and public entertainment, e. g. theaters and movies; political and social status of women; working of the Japanese Constitution; state Shinto.

Committee No. 5: War Criminals

Chairman: Mr. HSUAN-TSUI LIU (China)
Deputy Chairman: Mr. F. C. RODRIGUEZ (Philippines)

Subjects for consideration: Identification, apprehension, and trial of persons suspected of war crimes; punishment of convicted war criminals.

Committee No. 6: Aliens in Japan

Chairman: Mr. FRANCIS LACOSTE (France)
Deputy Chairman: Mr. F. C. EVERSON (United Kingdom)

Subjects for consideration: Status and property of persons other than Japanese nationals.

Committee No. 7: Disarmament of Japan

Chairman: Mr. O. REUCHLIN (Netherlands)
Deputy Chairman: Rear Adm. S. S. RAMISHVILI (U.S.S.R.)

Subjects for consideration: Disarmament and dissolution of Japanese armed forces; disposition of Japanese armaments and military equipment; long-range control of armaments necessary for internal police security in Japan.

Each of these committees appoints *ad hoc* subcommittees as the occasion may require, and several committees have one or two standing subcommittees.

Secretariat

In its capacity as host to the Commission, the United States Government has furnished the headquarters for the Commission, has underwritten the Commission's budget, and has in the main provided the staff for the Commission's Secretariat.

Mr. Nelson T. Johnson, former United States Ambassador to China and Minister to Australia, is Secretary General of the Commission, and Mr. Samuel S. Stratton is his Deputy. The Commission

has agreed that any nation is free to nominate and pay the salary and expenses of members of the Secretary General's staff, and upon this basis Mr. Donald G. Badger of Australia was appointed by the Secretary General to the position of Economic Secretary. The remainder of the Secretariat are citizens and employees of the United States.

The Secretariat is charged with the performance of all of the technical and administrative duties which Commission and committee meetings involve, including preparation of committee agenda and minutes, procurement, analysis, and dissemination of informational material about Japan; receiving and distributing official communications from governments; handling official Commission policy decisions and consultations; advising Commission members on questions of procedure; and performing such other functions as may be specifically assigned.

III. ACCOMPLISHMENTS

THE UNITED STATES Initial Post-Surrender Policy statement issued by the United States Government to General MacArthur in September 1945 covered a wide variety of subjects, providing for democratic, constitutional, and economic reform, as well as for military disarmament. From time to time as the occupation progressed, this basic policy was supplemented and elaborated by further United States policy directives intended to meet particular situations arising in Japan. By the time the Far Eastern Commission began its operation, therefore, a considerable number of exclusively United States policies had already been transmitted to the Supreme Commander, and the occupation of Japan based upon these policies was already under way. Under the Terms of Reference of the Far Eastern Commission these policies were subject to review by the Commission, and the Commission was authorized to modify them if it so desired. On all subjects within its Terms of Reference the Commission was authorized to formulate such additional Allied policies as might be deemed necessary. When a policy was formulated and issued as a directive it superseded previous directives in conflict with it.

To date 41 policy decisions have been adopted by the Commission and a total of 12 formal consultations with the Supreme Commander on matters relating to policy have been approved.

A. *Basic Post-Surrender Policy for Japan*

Growing out of discussions begun by the Far Eastern Advisory Commission well over a year ago, and under consideration since that time, a statement of Basic Post-Surrender Policy for Japan to cover the period of the occupation was approved by the Far Eastern Commission on June 19, 1947 (appendix 5). Members of the Commission felt that a general formulation of the over-all purposes and objectives of the Allied powers in Japan would be useful, and continued with the

drafting of such a policy statement at the same time that other policy decisions on specific issues were being considered and approved.

Based on the Potsdam Declaration and expanding principles set forth in the United States Initial Post-Surrender Policy for Japan, this statement declared the ultimate objectives of the Commission's work to be both to insure that Japan would not again become a menace to the peace and security of the world and to bring about the earliest possible establishment of a democratic and peaceful government which would carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations.

The Commission's formulation of basic policy covered in broad outline all phases of the control of Japan. It defined the nature of Allied authority in regard to the military occupation and in relation to the Japanese Government. In the field of political reform militarists and ultranationalists were to be excluded from public office; war criminals were to be punished; and individual liberties and democratic processes were to be encouraged. Economically, the basic policy provided for economic demilitarization, for promotion of democratic forces in industry and agriculture, for resumption of peaceful economic activity, for eventual participation in world trade, and for equality of commercial opportunity in Japan among all United Nations and their nationals. The basic policy also set forth in detail standards for the disarmament and demilitarization of Japan. Finally, it established general principles to be followed in the determination of percentage shares of reparations for claimant countries.

When the text of the Basic Post-Surrender Policy for Japan was released to the press, the Secretary General issued the following statement:

"1. The Far Eastern Commission in adopting the Basic Post-Surrender Policy for Japan on 19 June 1947 gave final approval to a set of fundamental principles which had been under continuing examination since the organization of the Commission.

"2. The Commission's Basic Post-Surrender Policy for Japan will be effective until such time as the treaty of peace comes into force."

B. *Japanese Constitution*

DATE OF JAPANESE GENERAL ELECTIONS

One of the first items with which the Commission concerned itself was the general election for the first post-surrender House of Representatives in the Japanese Diet. This election had been scheduled by

the Japanese Government, after several postponements, for April 10, 1946. Within the Commission the thought was expressed by some members that the election as scheduled was premature: candidates representing long-suppressed liberal forces of Japan would not have had enough time, it was felt, to organize themselves in such a way that the results of the election would adequately reflect the real extent of liberal political thought in Japan. Moreover, on March 6, 1946, the Japanese Cabinet had announced completion of a preliminary draft of a proposed revision of the Japanese Constitution. This announcement had an important bearing on the election for the House of Representatives because of the part the new Diet would be likely to play in adopting proposed constitutional revisions.

On March 20, 1946, the Commission accordingly approved a message of consultation with the Supreme Commander, communicating to him the doubts expressed by members as to the date of the general election and requesting the Supreme Commander's views on the advisability of postponing the election (appendix 6). The Supreme Commander subsequently replied that it was "probable that the new Diet will be the most truly responsive body to the will of the people that has ever served Japan and will provide the basis for a much more representative cabinet." Under these circumstances, he went on, any postponement of the election "would have a profound adverse reaction upon the purposes and success of the occupation." He added that, in any case, if "the results of the election prove disadvantageous to the purposes of the occupation, the remedy is always in my power to require the dissolution of the Diet and the holding of a new election under such provisions as are deemed necessary" (appendix 7). After considering the Supreme Commander's reply, the Commission voted on a proposal to require postponement of the election; a majority agreed that no action was necessary.

DRAFT JAPANESE CONSTITUTION

Revision of the Japanese Constitution was of major concern to the Allied powers. Although the Meiji Constitution of 1889, which was still in effect, possessed a deceptively liberal appearance, it was actually a highly undemocratic document and had contributed greatly to perpetuating the basic feudal structure of Japanese life. During the period of military aggression the Meiji Constitution had served as a tool by which militaristic and ultranationalistic elements were able to obtain political power and exercise it without restraint in behalf of their designs for conquest.

The appearance on March 6, 1946, therefore, of a draft revision of the Meiji Constitution which was sponsored by the Japanese Government and released with the personal endorsement of General Mac-

Arthur, focused the Commission's attention urgently upon the question of constitutional reform. Essentially the Commission's responsibility amounted to insuring that any new constitution adopted should not be inconsistent with the principles of the Potsdam Declaration and, as prescribed by the Potsdam Declaration, should be a free expression of the will of the Japanese people.

In order to prevent hasty consideration by the Diet of the Government-sponsored draft, give the Japanese people themselves, as they approached the general election for the House of Representatives, a clear indication of their own prerogatives in the matter of constitutional reform, and enunciate at the very beginning the Commission's own authority in the matter of constitutional reform, the Commission on March 10, 1946, approved a policy decision entitled "Draft Constitution" (appendix 8). In this policy it was stated that "the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the Powers represented on this Commission." The policy accordingly provided that the Supreme Commander should make known to the Japanese people that the submission of a draft constitution by the Government did not preclude favorable consideration of other proposals or drafts which might subsequently be submitted to the Diet. Furthermore, the policy provided, the Supreme Commander should also make known to the Japanese the fact that "the Far Eastern Commission must be given an opportunity to pass upon the final draft of the Constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid."

CRITERIA FOR ADOPTING A NEW CONSTITUTION

For the purpose of determining whether any constitutional revision actually did represent the free will of the Japanese people, the manner in which such a constitutional revision was adopted would be of very great importance. Before turning their attention, therefore, to the task of drawing up a set of principles by means of which it would be possible to determine whether a new constitution conformed with the requirements of the Potsdam Declaration, the Commission first proceeded to establish criteria governing the method of adopting a new Japanese constitution. This policy, which was approved on May 17, 1946, provided that the new constitution should have "complete legal continuity" from the Meiji Constitution of 1889, and that "adequate time and opportunity should be allowed for the full dis-

cussion and consideration of the terms of the new Constitution" (appendix 9). The manner in which the new constitution was adopted, the policy declared, should "demonstrate that it affirmatively expresses the free will of the Japanese people."

BASIC PRINCIPLES FOR A NEW CONSTITUTION

A Commission policy decision setting forth principles for use as a basis in determining whether or not a new constitution conformed with the Potsdam Declaration was approved on July 2, 1946 (appendix 10). Among the requirements set forth in this decision was the principle that the sovereign power should reside not, as in the past, in the Emperor but in the people. The Commission declared that retention of the Emperor system in its "present constitutional form" was not considered desirable and that "the Japanese should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines."

Under the terms of the Commission's decision, an acceptable constitution should provide for a representative government based upon universal adult suffrage, with an executive deriving its authority from and responsible to either the electorate or a fully representative legislative body. The constitution should accord the legislature full legislative powers, including complete control over the raising and spending of public funds. An independent judiciary should be established. The Prime Minister and the Ministers of State—all of whom should be civilians and of whom a majority, including the Prime Minister, should be selected from the Diet—should form a Cabinet collectively responsible to the legislature. If the chief executive were to be directly elected to that office by the people, then the provision that a majority of the Cabinet should be chosen from the legislature need not apply. It was further provided that all property of the Imperial Household should be declared property of the state. Retention of the Privy Council and the House of Peers "in their present form and with their present powers" was declared to be undesirable. Provisions guaranteeing fundamental civil rights and local self-government were also included in the Commission's decision.

After deciding on this policy, the Commission continued to consider carefully the progress of the Government-sponsored draft constitution within the Japanese Diet and was in frequent consultation with the Supreme Commander during this period.

FURTHER POLICIES RELATING TO A NEW JAPANESE CONSTITUTION

On September 25, 1946, the Commission approved a policy decision setting forth additional principles and policies governing a new Japa-

nese constitution (appendix 11). These included an affirmation of the Commission's previous decision, taken in the policy on Basic Principles for a New Japanese Constitution, to the effect that all Cabinet Ministers should be civilians, together with a further decision that the House of Councillors, the proposed new upper house of the Diet, "should not have any predominance" over the House of Representatives. In this connection the Commission declared that it considered "essential its continuing right to scrutinize the implementing legislation very carefully to insure that such predominance is not established."

In accordance with this decision, the Commission has received to date from the Supreme Commander 35 laws implementing the new Japanese Constitution since it was officially promulgated on November 3, 1946. The Commission has consulted with the Supreme Commander several times in connection with some of these laws, and reserves the right to review them.

REVIEW OF THE NEW CONSTITUTION

When it became clear that the Japanese Government intended to adopt the new Constitution by means of approval by the Diet, some doubt was expressed within the Commission as to whether this particular method would in fact represent a free expression of the will of the Japanese people within the meaning of the Potsdam Declaration and the Commission's own policy on Criteria for the Adoption of a New Japanese Constitution (appendix 9). In the first place, there was still some dissatisfaction on the part of Commission members as to the composition of the then existing Diet, based upon arguments already suggested in the Commission's consultation concerning the advisability of postponing the date of the general election for the House of Representatives (appendix 6). In addition there was a feeling among certain members that the Government-sponsored revision had not been before the Japanese people sufficiently in advance of the April elections so as to become a real election issue and so that the Diet then elected could be said to have a clear mandate from the Japanese people to approve the Government-sponsored Constitution. Another opportunity to express themselves on this new Constitution should be given to the Japanese people, it was felt, in order to make doubly sure that the new Constitution actually did represent the freely expressed will of the Japanese people.

These considerations, coupled with an equally strong desire to give the Japanese people and the Allied powers a chance to examine the new Constitution in actual operation, led the Commission on October 17, 1946, to approve a policy decision calling for subsequent review of the new Constitution (appendix 12). Not sooner than one year after the new Constitution went into effect on May 3, 1947, and not later

than two years, the policy provided, "the situation with respect to the new constitution should be reviewed by the Diet", and "Without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period." Also included was a provision that the Commission, "in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution." Meanwhile, the provision for review should not alter the status of the new Constitution, once it had gone into effect, as the "legal successor of the present constitution".

ISSUANCE OF THE REVIEW POLICY DECISION

At the request of the United States representative, the Commission approved this policy decision on constitutional review with the understanding that the "time and manner of issuance" of the decision would be a subject for further consideration by the Commission. On December 12, 1946, the Commission approved a decision directing that the terms of the policy decision on review of a new Japanese constitution "should be formally communicated to the Government of Japan" (appendix 13), and on March 20, 1947, the text of the policy decision on constitutional review was released to the press.

C. *Reparations*

INTERIM REPARATIONS REMOVALS

The Potsdam Declaration provided that "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." It has been the task of the Far Eastern Commission to determine: (1) exactly what "just reparations in kind" should be, (2) how much of the Japanese industrial machine could be included in reparations without undermining the essential Japanese peacetime economy, and (3) how reparations thus made available were to be apportioned among the various claimant countries.

As a first step toward an over-all reparations settlement, the Commission at an early stage adopted a series of policy decisions which together comprised a program of so-called "interim reparations removals". It was felt that a final reparations settlement might require a considerable period of time, but that relatively swift agreement could be reached on the designation for reparations of industrial facilities

which were obviously in excess of Japan's peacetime needs and which were in those industries most directly part of Japanese war potential. The Commission has still to determine whether further capacity is to be removed as reparations from these or other industries.

Adoption of the interim program was intended to allow the Supreme Commander to designate immediately certain plants which would be removed as reparations, and to prepare the Japanese for some of the readjustments in their peacetime economy that would eventually be required before their reparations obligations were completely fulfilled.

The program of "interim removals" adopted by the Commission was confined to industrial facilities which were considered basic to Japan's war economy. This program, however, did not authorize any actual removals from Japan, in spite of its name, but merely authorized the designation by the Supreme Commander of appropriate industrial facilities within Japan to be made "available for claim" as reparations. No actual transfer of the facilities thus designated could be undertaken until some determination had been made of the various percentages of available assets which claimant countries were to receive, and of the procedure by which such percentage shares were to be fulfilled with specific Japanese facilities.

The pertinent Commission policy decisions establishing the interim removal program follow.

1. Arsenals, Aircraft, and Light Metals

On May 13, 1946, the Commission adopted a policy to the effect that, with certain exceptions, facilities in Army and Navy arsenals, all aircraft plants and establishments, and all light-metals plants and establishments should be made available for reparations claim (appendix 14).

2. Machine Tools, Sulphuric Acid, and Shipbuilding

On May 23, 1946, the Commission approved a policy decision providing for interim removals in the machine-tool, sulphuric-acid, and shipbuilding industries (appendix 15). Under this policy all installations of the Japanese machine-tool industry, except that portion required for the production of a "balanced type-size aggregate" of 27,000 units annually, were to be made immediately available for reparations claim. Subject to certain specified limitations, all Japanese capacity for the production of sulphuric acid in excess of 3.5 million metric tons annually was likewise to be made immediately available for reparations claim. All naval shipbuilding facilities, and those remaining shipbuilding facilities in excess of those required to build 150,000 gross tons annually and to service a merchant fleet of 3,000,000 gross tons, were to be made available for claim, subject to certain specified limitations.

3. Ball and Roller Bearings

On May 29, 1946, the Commission approved a policy making available for reparations claim all ball- and roller-bearing capacity in Japan in excess of 32.5 million yen a year, computed on a basis of 1943–44 average prices (appendix 16).

4. Iron and Steel, Thermal Electric Power, and Soda Ash, Chlorine and Caustic Soda

On June 12, 1946, a policy was approved providing for interim removals in the iron and steel, thermal-electric-power, and soda-ash, chlorine, and caustic-soda industries (appendix 17). With certain specified limitations, these policies, when carried out, would leave Japan with facilities for an annual production of 3.5 million metric tons of steel ingot, 2.0 million tons of pig iron, 2.1 million thermal-electrically generated kilowatts of power, 75,000 metric tons of chlorine, 82,500 metric tons of caustic soda in electrolytic plants, and 630,000 metric tons of soda ash.

5. Privately Owned Munitions

On June 20, 1946, the Commission approved a policy that all privately owned munitions plants, with certain exceptions, should be made available for reparations claim (appendix 18).

6. Synthetic Oil and Synthetic Rubber

On September 12, 1946, the Commission approved a policy to the effect that all facilities in the synthetic-oil and synthetic-rubber industries should be made available for claim, subject to the condition that synthetic-oil plants designated for actual or potential conversion to the manufacture of sulphate of ammonia and fertilizers should be retained in operation until the supply of nitrogen from other sources became adequate (appendix 19).

7. Steel-Rolling Industry

On December 6, 1946, a policy was approved making available for reparations claim all steel-rolling capacity in excess of that required to produce a "balanced annual output" of 2,775,000 metric tons of rolled-steel products (appendix 20). This policy decision was accompanied by another approved on the same date (appendix 21) authorizing the Supreme Commander to retain in Japan until June 30, 1947, certain electric-steel-furnace capacity together with the rolling mills integrated with it. The Supreme Commander had indicated to the Commission that these furnaces were temporarily required because of a current coal shortage. If at any time before June 30, 1947, the

Supreme Commander should consider that in order to meet the needs of the occupation an extension of this retention policy was necessary, the Far Eastern Commission declared that it would review the situation. On June 26, 1947, the Commission extended this retention policy temporarily for a period of one month until July 31, 1947 (appendix 22), while considering a request from the Supreme Commander, in view of the continuing coal shortage in Japan, for an extension of the provisions of the policy for an additional full year.

REPARATIONS IN RELATION TO DISSOLUTION OF THE ZAIBATSU

A policy relating to the selection of specific plants within those industries covered under the terms of the interim removal program was adopted by the Commission on May 13, 1946 (appendix 23), preliminary to the broader statement on selection of plants for reparations set forth immediately below. This policy required that the general objective of dissolving the so-called "zaibatsu" industrial and financial monopoly should be one of the criteria employed in the selection of specific plants.

SELECTION OF PLANTS FOR REPARATIONS REMOVALS, DESTRUCTION, OR RETENTION IN JAPAN

The Commission on May 22, 1947, approved a policy decision establishing in broader terms the criteria for selection of plants for reparations (appendix 24). Security and industrial-disarmament requirements were emphasized, so that facilities employed in primary and secondary war industries should be removed in preference to other facilities. A fair balance should be sought, the policy declared, between the general preferences of reparations claimants for modern, integrated, and efficient equipment and the legitimate needs of the Japanese peacetime economy for similar equipment. Occupation policies of dissolving large industrial and banking corporations, already referred to above, constituted another criterion. Consistent with the above standards, an order of preference in the selection of plants was indicated, so that the property of the zaibatsu and other large industrial and financial concerns would be selected first; followed by plants and equipment owned by other Japanese, the Japanese Government, and Axis nationals and governments; and finally by plants and equipment owned by nationals and governments of neutral countries. Under the terms of the Commission's decision, property of nationals of members of the United Nations was to receive special treatment in accordance with another policy decision (see p. 30, below, and appendix 44).

DELIVERY OF REPARATIONS GOODS

Another step in the direction of a final settlement of reparations was taken by the Commission on February 13, 1947, when a policy was approved providing that "the Japanese Government should bear all costs connected with dismantling, packing, transporting to a port in Japan for waterborne craft or for airborne craft, handling, and loading on board the craft at that port" of all reparations goods subsequently allocated for delivery to claimant countries. The total costs thus sustained by the Japanese were to be divided up and added to the reparations accounts of the various recipient countries in proportion to their national percentage shares of reparations goods from Japan, with the proviso, however, that the addition of these costs "should not affect the distribution of reparations received by claimant countries". In other words, the addition of these delivery costs was not to reduce the actual amount of goods delivered as reparations. Title to the reparations goods would pass to the recipient country when the goods were delivered on board at the designated port, the policy provided, and the responsibility of arranging for their further transportation from Japan would rest upon the recipient country (appendix 25).

DIVISION OF REPARATIONS SHARES

Progress has been made toward determining the various national percentage shares of reparations goods. The Commission on May 8, 1947, approved a policy entitled "Division of Reparations Shares", comprising certain paragraphs extracted from a preliminary draft of the Basic Post-Surrender Policy for Japan (appendix 5) which set forth in broad terms the criteria to be used in determining shares for each country (appendix 26). Under the terms of this policy, the shares of particular countries in the total settlement of reparations from Japan were to be determined on a "broad political basis. taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression". The policy further provided that reparations should be "in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living". The policy expressly provided, furthermore, that these references to reparations should be

"without prejudice to the views of Governments on the overseas assets issue."

At the present time the Commission is proceeding with discussions looking toward final agreement as to specific shares, determined on the basis of this broad policy.

RESTITUTION OF LOOTED PROPERTY

Closely related to reparations is the problem of recovering and returning to the original owners property which had been looted by the Japanese during the war and the identity and original ownership of which could be clearly established. On July 18, 1946, the Commission approved a policy requiring the restitution of specified categories of identifiable property looted from occupied countries and of ships found in Japanese waters which had been seized or sunk by the Japanese (appendix 27). This policy established the principle that the fact that the Japanese had made payment "should be disregarded unless there is conclusive evidence that fraud or duress did not take place." On October 10, 1946, this policy was amended, in response to a request from the Supreme Commander for clarification of the paragraph dealing with ships damaged or sunk, to provide that the deadline of December 31, 1946, should not apply in certain cases to the repairing and returning of damaged ships (appendix 28).

The Commission is currently considering revisions of this policy which would liberalize the standards of identification and expand the categories of looted objects. Separate consideration is also being given to a policy for replacing cultural objects looted by the Japanese from occupied areas and subsequently lost or destroyed.

RESTITUTION OF PROPERTY CONFISCATED WITHIN JAPAN

A further policy of the Commission, which sets forth on an interim basis certain principles to be used by the Supreme Commander in making restitution to nationals of any of the United Nations of any identifiable property which had been located in Japan prior "to the outbreak of hostilities between their government and the Government of Japan," and which was looted or confiscated by the Japanese, was adopted on March 6, 1947 (appendix 29). As an interim measure this policy made provision only for natural persons present in Japan, or juridical persons "where the holders of a controlling interest are nationals of Members of the United Nations now resident in Japan," or charitable and religious institutions financed primarily by non-Japanese funds. It was stipulated, however, that the right to restitution did not constitute permission "to operate properties where the Supreme Commander for the Allied Powers considers the opera-

tion of such property injurious to the occupying forces or to the purposes of the occupation." On the other hand, the Supreme Commander was authorized to operate any properties which, "upon consultation with the Allied Council for Japan in accordance with the Terms of Reference of the Allied Council for Japan" he considered "to be beneficial to the occupying forces and/or the accomplishment of the purposes of the occupation" without awaiting the restitution of title or the transfer of possession of such properties, provided that "in such cases compensation for the use of the property should be paid for the account of the owner."

D. *Japanese Economic Problems*

Establishing policies which will make possible in Japan an economy capable of sustaining the various political reforms contemplated by the Potsdam Declaration but which would not enable Japan to rearm for war has constituted another major part of the Commission's work.

DETERMINATION OF THE PEACEFUL NEEDS OF JAPAN

In practical terms, the achievement of this objective entails the fixing of specific production levels for various Japanese industries. Before any determination could be taken on levels to be prescribed for individual industries, however, it was necessary first to reach some over-all decision establishing in general terms the basis on which a viable peacetime Japanese economy should be built. A policy decision covering this subject was approved by the Commission on January 23, 1947, establishing the principle that the "peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930–1934" (appendix 30). In order to determine the extent of industrial capacity which would be required to permit this 1930–34 standard, the Commission selected the statistical year 1950 as an early normal postwar year—in terms of population growth, etc.—on the basis of which specific Japanese postwar peacetime needs could be projected. In estimating the nature and size of the industrial structure within the 1930–34 level, account should be taken of such factors as technological development, balance of payments, and employment. The Commission's policy further provided that acceptance by the Commission of this level "should not be interpreted to mean acceptance in advance of a specific level for any particular industry."

The Commission is currently proceeding with a consideration of the next step in this task, namely determining the exact levels to be fixed for specific industries, and in that connection is also considering the subject of the reduction of industrial war potential.

INTER-ALLIED TRADE BOARD

World trade, particularly for a country like Japan which is deficient in natural resources, is an important factor in a healthy economic life. The Potsdam Declaration provided that the Japanese should eventually be permitted to participate in world trade, and the Commission has accordingly devoted its attention to the form that such trade should take. Because many of the problems involved are of a specialized or technical nature, the establishment of a special body concerned with Japan's world trade was decided upon as a first step. On October 10, 1946, the Commission approved as a policy decision the Terms of Reference for an Inter-Allied Trade Board for Japan to be composed of representatives of all of the nations which are members of the Far Eastern Commission (appendix 31). Within a broad framework of policies on trade subsequently to be laid down by the Commission, the function of the Board was to be to consult with and advise the United States Government as to the disposition of exports from Japan and the procurement of imports required for Japan. Although the Board in general was to function independently, under the provisions of its Terms of Reference "All recommendations of the Board involving matters of policy shall be subject to the approval of the Far Eastern Commission."

The first meeting of the Board was held on October 24, 1946. Mr. Roswell H. Whitman, United States member, was elected Chairman. The Board accepted the offer of the Secretary General of the Far Eastern Commission to have the Commission Secretariat provide necessary services, and Mr. Donald G. Badger of Australia, Economic Secretary of the Commission, was designated by the Secretary General to serve as Secretary of the Trade Board. A list of members of the Trade Board will be found included in appendix 3.

To date the Board has been concerned primarily with the allocation of Japanese textile exports, the marketing of Japanese raw silk, and the problems of reopening Japan to private trade.

SOURCES OF JAPANESE IMPORTS AND DESTINATION OF JAPANESE EXPORTS

In furtherance of the trade program for Japan, the Far Eastern Commission on May 8, 1947, approved two policy decisions setting forth the criteria that should govern the conduct of Japanese world

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trade—the first entitled "Sources of Japanese Imports" (appendix 32), and the second "Destination of Japanese Exports" (appendix 33).

The primary objective of the Japanese import program, it was declared, should be to "minimize the cost and difficulty of procurement", with particular attention being paid to price, other terms of purchase, and assurance of meeting scheduled requirements. The needs of countries other than Japan should be duly considered where commodities in world short supply are involved. In the procurement of commodities in world surplus, the policy said, account should be taken of other relevant factors such as "the interests of all members of the United Nations, including any new trade situations" and "pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic interests of the countries concerned." The United States responsibility for the prevention of such disease or unrest as would endanger the occupation is also recognized.

The primary object of the export program, the Commission declared, should be to "maximize the proceeds", with consideration being given to "price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export". Commercial exports are to be made "only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports". The interests of all members of the United Nations are to be considered, and "the Inter-Allied Trade Board may recommend individual treatment for different types of exports", just as it may do in the case of imports. The principles in accordance with which foreign exchange is to be considered usable, and by which prices should be fixed, are also set forth in this policy decision.

ALLIED TRADE REPRESENTATIVES

In providing for imports into and exports from Japan, General MacArthur had for some time been assisted by a group of trade specialists representing the various countries comprising the Far Eastern Commission, who worked with the Supreme Commander pursuant to arrangements informally worked out earlier in the Commission. These trade representatives advised the Supreme Commander's headquarters as to the needs and interests of their respective nations in connection with specific Japanese exports and imports and assumed any other duties that arose in connection with delivering and paying for goods in question. Because of a desire within the Commission to formalize the duties of these representatives, the Commission on March 13, 1947, approved a policy decision covering the functions of Allied trade representatives in Japan (appendix 34). This decision, which detailed

the functions already informally accepted by the Commission, was specifically designated as an interim policy, subject to review in the light of experience.

FOOD SUPPLY FOR JAPAN

Because of the extensive food shortage and desperate conditions prevailing in most of the territories devastated by the Japanese, the Commission on April 25, 1946, adopted a policy providing that, "except to the extent that the Supreme Commander for the Allied Powers, with the advice of the Allied Council for Japan, determines that imports are essential immediately for the safety of the Occupation Forces, no imports shall be permitted which will have the effect of giving to the Japanese a priority or preferential treatment over the requirements of the peoples of any Allied Power or liberated area" (appendix 35).

Included in this policy was a request to the United States Government to review immediately the food-import program for Japan in consultation with the various international food-allocating authorities.

In expressing his concurrence in the policy, the United States representative stated for the record that the principles adopted by the Commission were in full accord with those upon which the United States had, in the past, acted in supplying food to Japan.

This decision of the Far Eastern Commission was duly communicated to the United States Government. The United States Government, as the Government immediately responsible for applying policy to the allotment of food to meet requisitions from the Supreme Commander in Japan, accepted this decision as a guide to it in determining amounts of food to be supplied Japan and at the same time communicated a copy to the Supreme Commander, not as a directive but for his information as to the policy which would govern the United States as well as the other governments participating in the Far Eastern Commission in the allotment of food supplies.

SHORT-PERIOD ECONOMIC CONTROLS

In further recognition of world-wide economic shortages, the Commission on February 27, 1947, approved a policy decision requiring the Japanese to help as far as possible in supplying goods needed in areas which had been deprived of them because of Japanese aggression (appendix 36). Production of goods required for export by Japan was to be increased, while consumption by Japan of textiles and other necessary consumer goods was to be curtailed. In the case of textiles, consumption in Japan was, with certain exceptions, not to exceed 2½ pounds a person annually. Because of the emergency nature of the

policy, provision was made for its termination automatically on December 31, 1947, unless extended by the Commission.

Another subject within the economic field to which consideration is still being given is the subject of agrarian reform, although as yet no policy decision has been reached. This subject is being considered from both its economic and its political aspects.

E. *Strengthening of Democratic Tendencies*

The Potsdam Declaration provided for "strengthening of democratic tendencies" in Japan, and much of the Commission's work has been directed to this end, especially in constitutional reform.

TRADE UNIONS

In addition, two formal policy decisions covering aspects of this subject in the field of political and social reform have been adopted. The first, entitled "Principles for Japanese Trade Unions", was approved on December 6, 1946 (appendix 37). In accordance with this policy, Japanese workers are to be encouraged to form themselves into trade unions. Discrimination against employees because of union membership is forbidden, and the passage of appropriate legislation to guarantee the right of workers to participate in trade-union activity is required. Strikes or other work stoppages may be prohibited in accordance with the terms of this policy only where such stoppage would "directly prejudice the objectives or needs of the occupation." Also guaranteed was the right of trade unions to participate in political activities and to support political parties, and encouragement was given to "organized participation by trade unions and their officials in the democratization process in Japan", with the qualification, however, that such participation should not hinder the principal responsibility of unions to organize for the protection of union members and union interests.

The Commission's trade-union policy also provided that "the Japanese should be free to choose the form of organization of their unions" with emphasis being placed on the importance of a solid local basis for future trade-union activity. The formation of trade unions was to be a process of democratic self-expression and initiative; trade-union officials and standing committees were to be elected by the workers by secret ballot and democratic methods. Trade-union organizations should be protected against spying activities by the police and other Government agencies. Undemocratic workers' organizations, such

as the "Patriotic Industrial Associations," should be dissolved, and no person subject to "purge" directives should be allowed to hold office in a trade union.

EDUCATION

Revision of the Japanese educational system is the second specific subject within the general field of "democratic tendencies" on which the Commission has adopted a formal policy decision. On March 27, 1947, a policy was approved providing in detail standards and principles for the revision of the traditional Japanese educational system (appendix 38). One of these principles specified that "education should be looked upon as the pursuit of truth, as a preparation for life in a democratic nation, and as a training for the social and political responsibilities which freedom entails." The Commission's decision provided certain guiding objectives for education, among them "the dignity and worth of the individual", and an emphasis upon the "inter-dependent character of international life". Equal opportunity for both sexes was to be provided at all levels of education. Teachers with records as exponents of ultranationalistic and militaristic ideas were to be excluded from educational activity, and provision was made for the issuance of new textbooks from which the objectionable doctrines of militarism, Emperor-worship and state Shintoism would be expunged. The Commission policy also provided that the Japanese Government should exercise such control over the educational system as would insure the achievement of the objectives of the occupation, particularly the reforms called for by this policy decision; but, subject to this provision and to the maintenance of standards prescribed by the Government, responsibility for the administration of educational establishments should in due time be decentralized. Provision was made in regard to the difficult problem of finance: "In order that educational standards in poor districts should not be lowered by the inability of some local bodies to provide sufficient finance from local revenue, finance for education should come for the most part from the national government, which should be responsible for the maintenance of an adequate level of education throughout Japan. Local and private bodies should be encouraged to supplement these funds provided by the national government."

F. *War Crimes*

Shortly after the surrender of Japan a United States policy directive was sent to General MacArthur providing for the apprehension, trial, and punishment of war criminals both within Japan and in

areas previously dominated by the Japanese. This directive accorded with a provision of the Potsdam Declaration specifying that "stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners." Because of the international nature of the problem of war criminals, the Far Eastern Commission decided that any policy dealing with the subject ought more appropriately to be an Allied rather than a unilateral United States policy. Using the United States directives as the basis of its consideration, therefore, the Commission formulated a policy decision relative to war criminals, which was approved on April 3, 1946 (appendix 39).

In the Commission's policy the term *war crimes* was defined to include: (*a*) "Planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements and assurances, or participation in a common plan or conspiracy for the accomplishment of any of the foregoing"; (*b*) "Violations of the laws or customs of war", including deportation as slave labor of civilian populations, murder or ill-treatment of prisoners of war, improper treatment of hostages, and wanton destruction of cities; (*c*) "Murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population, before or during the war", or prosecution on political, racial, or religious grounds. Any of these offenses was declared punishable if committed since or in the period immediately preceding the Mukden Incident of September 18, 1931. The function of the Supreme Commander with respect to these trials was carefully defined, and procedures providing for the arrest and detention of suspects and gathering of information relating to the alleged crimes were detailed.

The Commission policy differed in several significant respects from the original United States directive. In the first place, the International Military Tribunal for the Far East, already set up in Tokyo to try accused war criminals, was enlarged to include a judge nominated by each nation represented on the Far Eastern Commission; this meant the addition to the Tribunal of judges representing the Philippines and India. Also, judges were to be nominated for each international court by each state represented on the Far Eastern Commission, and not by the Supreme Commander. Finally, the responsibility of the Supreme Commander to carry out the judgments of the tribunal, as well as his power to approve, reduce, or alter sentences imposed, was made subject to consultation on these points with the Allied Council for Japan and with representatives in Japan of other nations who were members of the Far Eastern Commission but were not represented on the Council.

Apart from those major war criminals whose indictments were based on offenses of an international scope, the policy decision also provided

for the establishment of national military courts to deal with persons who were suspected of war crimes committed in or against the nation concerned and who were not held for trial by an international military tribunal. Such courts could be set up by the military command of any nation participating in the occupation of areas previously dominated by Japan. Where such suspected war criminals were known to be within the territorial limits of another military command, they might be extradited, subject to certain conditions, to the military court of the nation by which they were accused of war crimes.

PROPERTY OF WAR CRIMINALS

The Commission's decision had also required that "Military commanders should take under their control, pending subsequent decisions as to its eventual disposition, property, real and personal, found in areas of their respective jurisdiction and owned or controlled by persons taken into custody". The Supreme Commander in March 1947 requested instructions as to the disposition of impounded and blocked property, and therefore the Commission on June 12, 1947, adopted a policy (appendix 40) to govern the disposition of such property. Property of convicted war criminals, under the Commission's decision, was to be forfeited if so ordered by a tribunal and in the absence of an order was to be returned to the owner or to his legal heirs, unless subject to other occupation-policy directives requiring impounding, forfeiture, or restitution. Property forfeited or fines levied were to be made available for occupation costs. Property of accused persons who were acquitted or who died before completion of trial was to be returned to them or to their legal heirs, except where otherwise provided by occupation-policy directives.

G. *Aliens in Japan*

In formulating policy for the treatment of non-Japanese nationals in Japan, the Commission used another United States directive as the basis of its consideration. The Commission's policy decision was adopted on June 5, 1946, and was entitled "Aliens in Japan" (appendix 41). It defined the status and determined the treatment to be accorded non-Japanese in Japan. Under the terms of the Commission's policy a distinction in status was made between the nationals of members of the United Nations, neutral nationals, and Axis nationals other than Japanese, with special provisions for treatment being set out for each category. In addition, special principles governing the treatment of Formosans and Koreans in Japan were prescribed,

including their repatriation and the protection of their property. Prisoners of non-Japanese nationality detained solely on political, racial, or religious grounds were ordered released.

JAPANESE TAXATION OF ALIENS

The Commission on July 18, 1946, approved a policy providing that "No Japanese taxation should discriminate against aliens" and that no capital levy should be made by the Japanese with respect to property inside or outside Japan owned by nationals of members of the United Nations (appendix 42).

LEGAL JURISDICTION OVER ALIENS

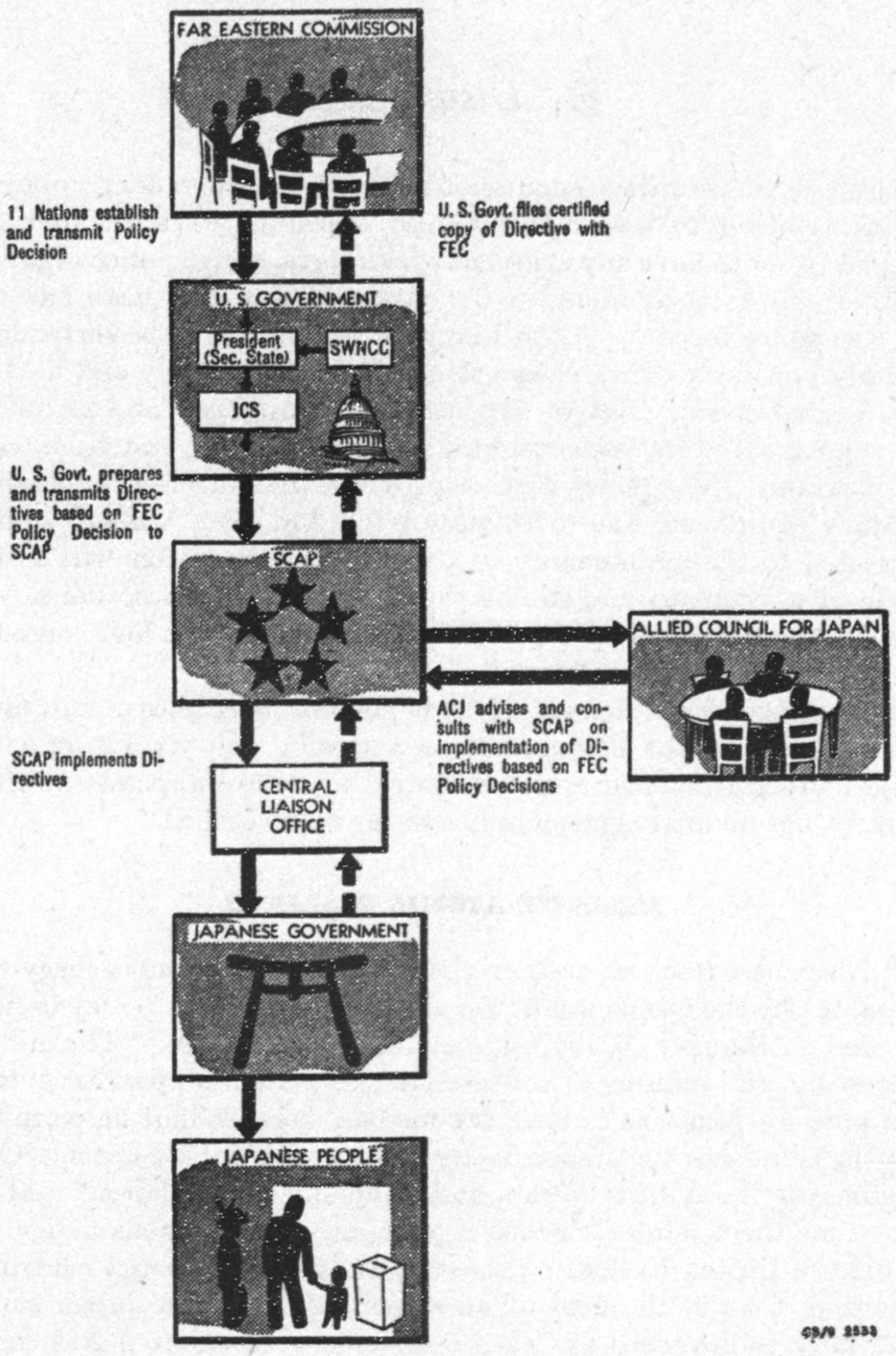
In order to anticipate and provide for the contingency that the United Nations nationals resident in Japan might be made subject to the jurisdiction of Japanese courts during the period of the occupation, the Commission on August 15, 1946, approved a policy limiting the extent of Japanese legal authority in this regard (appendix 43). By the terms of the Commission's policy "The Supreme Commander for the Allied Powers should provide that no criminal jurisdiction of any sort will be exercised by Japanese courts with respect to nationals of Members of the United Nations," but that such criminal jurisdiction should be exercised by Allied military courts. Japanese courts should exercise no civil jurisdiction over nationals of members of the United Nations attached to or accompanying the armed forces, it was provided, and decisions in civil cases affecting other nationals of members of the United Nations should be reviewed by the Supreme Commander, who was given authority to revise these decisions or to take any other action considered necessary in order to protect the interests of these nationals.

DESTRUCTION OR REMOVAL OF UNITED NATIONS PROPERTY IN JAPAN

In order to protect as far as possible the property of nationals of members of the United Nations from the effects of the reparations program, a policy was approved on April 24, 1947, providing that United Nations property which is subject to destruction pursuant to Commission policy decisions should be destroyed irrespective of the nationality of its owner, but that United Nations owners should be entitled to full compensation for the value of their interest at the time of destruction (appendix 44). United Nations property which is subject to removal in accordance with Commission policies, however, was not to be selected for removal so long as Japanese-owned

RELATIONS BETWEEN FEC AND SCAP

NORMAL PROCEDURE FOR POLICY DECISIONS



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industrial facilities within the same category were available. If such property should nevertheless be made available for reparations, the Government of the owner was to be given reasonable opportunity to remove the property as part of its own share of reparations, and in addition the Japanese Government was to compensate the owner in yen.

H. *Disarmament*

Those sections of the Commission's Basic Post-Surrender Policy for Japan relating to disarmament (see appendix 5) stipulated that "Japan is not to have any army, navy, airforce, secret police organization, or any civil aviation, or gendarmerie, but may have adequate civilian police forces." All military equipment was to be surrendered and high military officials were to be taken into custody and held for future disposition. Active exponents of militarism and antidemocratic practices were to be excluded from public office and from teaching positions. The policy further provided that future production of military equipment was to be prohibited and that "Japan shall be restricted to the maintenance of those industries which will sustain the level of economy and standard of living fixed in accordance with principles determined by the Far Eastern Commission and consistent with the Potsdam Declaration."

A more detailed statement of these general principles is still under consideration by the Commission as a specific policy decision on the subject of disarmament and the control of future Japanese military activity, but no final agreement has so far been reached.

JAPANESE ATOMIC RESEARCH

All Japanese research and activity in the field of atomic energy were forbidden by the Commission "for the time being" in a policy decision adopted on January 30, 1947 (appendix 45), except that "The mining, processing, and refining of radioactive materials in Japan for authorized purposes, such as radium for medical uses, should be permitted only in those instances specifically approved by the Supreme Commander for the Allied Powers and under his surveillance." At the same time the Commission took cognizance of discussions under way within the United Nations on the subject of atomic-energy control by providing that in the field of atomic-energy research Japan should eventually be governed by "such decisions by the United Nations on international control of atomic energy as are applicable," and by "additional restrictive policies established for the disarmament and control of Japan."

Appendixes

APPENDIX 1

Proclamation Defining Terms for Japanese Surrender

[POTSDAM DECLARATION]

[July 26, 1945]

(1) We—the President of the United States, the President of the National Government of the Republic of China, and the Prime Minister of Great Britain, representing the hundreds of millions of our countrymen, have conferred and agree that Japan shall be given an opportunity to end this war.

(2) The prodigious land, sea and air forces of the United States, the British Empire and of China, many times reinforced by their armies and air fleets from the west, are poised to strike the final blows upon Japan. This military power is sustained and inspired by the determination of all the Allied Nations to prosecute the war against Japan until she ceases to resist.

(3) The result of the futile and senseless German resistance to the might of the aroused free peoples of the world stands forth in awful clarity as an example to the people of Japan. The might that now converges on Japan is immeasurably greater than that which, when applied to the resisting Nazis, necessarily laid waste to the lands, the industry and the method of life of the whole German people. The full application of our military power, backed by our resolve, *will* mean the inevitable and complete destruction of the Japanese armed forces and just as inevitably the utter devastation of the Japanese homeland.

(4) The time has come for Japan to decide whether she will continue to be controlled by those self-willed militaristic advisers whose unintelligent calculations have brought the Empire of Japan to the threshold of annihilation, or whether she will follow the path of reason.

(5) Following are our terms. We will not deviate from them. There are no alternatives. We shall brook no delay.

(6) There must be eliminated for all times the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

(7) Until such a new order is established *and* until there is convincing proof that Japan's war-making power is destroyed, points in

Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.

(8) The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.

(9) The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

(10) We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners. The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion, and of thought, as well as respect for the fundamental human rights shall be established.

(11) 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. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted.

(12) The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished and there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government.

(13) We call upon the government of Japan to proclaim now the unconditional surrender of all Japanese armed forces, and to provide proper and adequate assurances of their good faith in such action. The alternative for Japan is prompt and utter destruction.

APPENDIX 2

Terms of Reference of the Far Eastern Commission

[December 27, 1945]

Agreement was reached, with the concurrence of China, for the establishment of a Far Eastern Commission to take the place of the Far Eastern Advisory Commission. The Terms of Reference for the Far Eastern Commission are as follows:

I. ESTABLISHMENT OF THE COMMISSION

A Far Eastern Commission is hereby established composed of the representatives of the Union of Soviet Socialist Republics, United Kingdom, United States, China, France, the Netherlands, Canada, Australia, New Zealand, India, and the Philippine Commonwealth.

II. FUNCTIONS

A. The functions of the Far Eastern Commission shall be:

1. To formulate the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished.

2. To review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission.

3. To consider such other matters as may be assigned to it by agreement among the participating Governments reached in accordance with the voting procedure provided for in Article V–2 hereunder.

B. The Commission shall not make recommendations with regard to the conduct of military operations nor with regard to territorial adjustments.

C. The Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan and will respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces.

III. FUNCTIONS OF THE UNITED STATES GOVERNMENT

1. The United States Government shall prepare directives in accordance with policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency. The Supreme Commander shall be charged with the implementation of the directives which express the policy decisions of the Commission.

2. If the Commission decides that any directive or action reviewed in accordance with Article II–A–2 should be modified, its decision shall be regarded as a policy decision.

3. The United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated

by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission.

4. All directives issued shall be filed with the Commission.

IV. OTHER METHODS OF CONSULTATION

The establishment of the Commission shall not preclude the use of other methods of consultation on Far Eastern issues by the participating Governments.

V. COMPOSITION

1. The Far Eastern Commission shall consist of one representative of each of the States party to this agreement. The membership of the Commission may be increased by agreement among the participating Powers as conditions warrant by the addition of representatives of other United Nations in the Far East or having territories therein. The Commission shall provide for full and adequate consultations, as occasion may require, with representatives of the United Nations not members of the Commission in regard to matters before the Commission which are of particular concern to such nations.

2. The Commission may take action by less than unanimous vote provided that action shall have the concurrence of at least a majority of all the representatives including the representatives of the four following Powers: United States, United Kingdom, Union of Soviet Socialist Republics and China.

VI. LOCATION AND ORGANIZATION

1. The Far Eastern Commission shall have its headquarters in Washington. It may meet at other places as occasion requires, including Tokyo, if and when it deems it desirable to do so. It may make such arrangements through the Chairman as may be practicable for consultation with the Supreme Commander for the Allied Powers.

2. Each representative on the Commission may be accompanied by an appropriate staff comprising both civilian and military representation.

3. The Commission shall organize its secretariat, appoint such committees as may be deemed advisable, and otherwise perfect its organization and procedure.

VII. TERMINATION

The Far Eastern Commission shall cease to function when a decision to that effect is taken by the concurrence of at least a majority of all the representatives including the representatives of the four following Powers: United States, United Kingdom, Union of Soviet Socialist Republics and China. Prior to the termination of its functions the Commission shall transfer to any interim or permanent security organization of which the participating Governments are members those functions which may appropriately be transferred. . . .

APPENDIX 3

Roster of Present Far Eastern Commission Personnel

I. DELEGATIONS

Australia

H.E. Hon. N. J. O. MAKIN (Ambassador)
Mr. ALFRED STIRLING
Maj. J. PLIMSOLL
Maj. Gen. J. A. CHAPMAN
Capt. S. H. K. SPURGEON, RAN
Mr. H. W. BULLOCK

Canada

H.E. Mr. H. H. WRONG (Ambassador)
Mr. R. E. COLLINS
Commander F. J. D. PEMBERTON, RCN (R)
Mr. R. L. ROGERS

China

H.E. Dr. V. K. WELLINGTON KOO (Ambassador)
Dr. SHAO-HWA TAN
Mr. YUN-CHU YANG
Dr. SHOU-CHIN WANG
Dr. T. T. MAR
Mr. HSUAN-TSUI LIU
Mr. CHEN YUN
Mr. P. Y. HU
Dr. U. Y. YEN
Mr. T. L. TSUI
Mr. KING CHING
Mr. S. S. CHEN
Mr. E. H. CHOW
Mr. JOHN YOUNG
Dr. ANTHONY KOO
Mr. K. K. TSIEN
Mr. S. Y. LIANG
Mr. S. Y. HUANG
Miss DOROTHY WEI

France

H.E. Mr. PAUL E. NAGGIAR (Ambassador)
Mr. FRANCIS LACOSTE
Mr. PAUL GUERIN
Mr. ROBERT DOUTEAU
Col. ALBERT J. P. LEBEL
Mr. PIERRE SAUVAGEOT
Mr. LOUIS BACQUIER
Mr. MARCEL CLEMENT
Mr. JAQUES DE FERLUC

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Appendix 3—Contd

India

H.E. Mr. M. ASAF ALI (Ambassador)
Mr. B. R. SEN
Mr. M. O. A. BAIG
Mr. M. AHMAD
Mr. M. S. SUNDARAM
Col. NOWABZADA SHER ALI KHAN
Mr. W. AHMAD
Mr. S. N. BANERJI

Netherlands

Jhr. O. REUCHLIN (Minister, Chargé d'Affaires ad interim)
Dr. R. H. VAN GULIK
Dr. H. M. J. HART
Capt. F. STAM

New Zealand

H.E. Sir CARL BERENDSEN (Minister)
Mr. G. R. POWLES
Mr. J. S. REID
Air Commodore J. L. FINDLAY
Mr. R. B. TAYLOR

Philippines

H.E. Gen. CARLOS P. ROMULO (Ambassador)
Mr. F. C. RODRIGUEZ
Mr. LEONIDES S. VIRATA
Mr. SALVADOR P. LOPEZ
Col. A. BAUTISTA
Mr. J. U. JOVELLANOS

Union of Soviet Socialist Republics

H.E. Mr. N. V. NOVIKOV (Ambassador)
Mr. S. K. TSARAPKIN
Rear Adm. S. S. RAMISHVILI
Mr. G. G. DOLBIN
Mr. A. P. KOROBOCHKIN
Mr. S. M. SERGEEV

United Kingdom

Sir GEORGE SANSOM (Minister)
Mr. H. A. GRAVES
Mr. B. COCKRAM
Mr. F. C. EVERSON
Mr. M. B. THRESHER
Mrs. J. LOCKE
Brig. J. D. P. CHAPMAN
Maj. L. A. SUMMERSELL
Mr. A. C. CHRISTELOW

United States

H.E. Maj. Gen. FRANK R. McCOY (Chairman)
The Hon. JOHN H. HILLDRING
Dr. GEORGE H. BLAKESLEE
Mr. ERLE R. DICKOVER
Mr. ROBERT W. BARNETT
Mr. HUGH BORTON
Lt. Col. GEORGE W. CHILDS
Lt. Col. TREVOR N. DUPUY
Mr. DANIEL FAHEY
Miss KATHERINE B. FITE
Capt. FRANK FENNO, Jr., USN
Mr. ERNEST A. GROSS
Mr. CHARLES L. HODGE
Mrs. S. G. KALLIS
Lt. Col. JEAN K. LAMBERT
Mr. EDWIN M. MARTIN
Mr. LEONARD MEEKER
Lt. Col. ALLEN G. PIXTON
Mr. W. A. RUDLIN
Mr. FRANK A. SCHULER
Mr. BUER SMITH
Mr. C. E. SNOW
Mr. WILLIAM T. STONE
Col. C. B. WESTOVER
Mr. ROSWELL H. WHITMAN
Miss EDNA V. CULBRETH

II. COMMITTEES

Steering Committee

Chairman:	Sir CARL BERENDSEN (New Zealand)
Deputy Chairman:	Mr. O. REUCHLIN (Netherlands)
Secretary:	Mr. SAMUEL S. STRATTON
Australia	Maj. J. PLIMSOLL
	Mr. ALFRED STIRLING (Acting)
Canada	Mr. R. E. COLLINS
China	Dr. SHAO-HWA TAN
	Mr. YUN-CHU YANG
	Dr. T. T. MAB
France	Mr. FRANCIS LACOSTE
India	Mr. B. R. SEN
	Mr. M. AHMAD
Netherlands	Mr. O. REUCHLIN
	Dr. R. H. VAN GULIK
New Zealand	Sir CARL BERENDSEN
	Mr. G. R. POWLES
Philippines	Mr. F. C. RODRIGUEZ
United Kingdom	Mr. H. A. GRAVES
	Mr. F. C. EVERSON
United States	Dr. GEORGE BLAKESLEE
U.S.S.R.	Rear Adm. S. S. RAMISHVILI

Committee 1: Reparations

Chairman:	Maj. J. PLIMSOLL (Australia)
Deputy Chairman:	Dr. R. H. VAN GULIK (Netherlands)
Secretary:	Mr. DAVID K. EICHLER
Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. E. COLLINS
China	Dr. SHOU-CHIN WANG
	Dr. ANTHONY KOO
	Mr. K. K. TSIEN
France	Mr. ROBERT DOUTEAU
India	Mr. M. AHMAD
Netherlands	Dr. R. H. VAN GULIK
New Zealand	Mr. G. R. POWLES
	Mr. R. B. TAYLOR
Philippines	Mr. F. C. RODRIGUEZ
	Mr. J. U. JOVELLANOS
United Kingdom	Mr. H. A. GRAVES
	Mr. M. B. THRESHER
United States	Mr. ROBERT W. BARNETT
	Mr. ERLE R. DICKOVER
	Mr. BURR SMITH
U.S.S.R.	Mr. A. P. KOROBOCHKIN

Appendix 3—Contd

Committee 2: Economic and Financial Affairs

Chairman:	Mr. F. C. EVERSON (United Kingdom)
Deputy Chairman:	Mr. ROSWELL H. WHITMAN (United States)
Secretary:	Mr. DONALD G. BADGER
Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. E. COLLINS
China	Dr. SHOU-CHIN WANG
	Mr. K. K. TSIEN
	Dr. ANTHONY KOO
France	Mr. ROBERT DOUTEAU
India	Mr. M. AHMAD
Netherlands	Dr. R. H. VAN GULIK
	Dr. H. M. J. HART
New Zealand	Mr. G. R. POWLES
	Mr. R. B. TAYLOR
Philippines	Mr. F. C. RODRIGUEZ
	Mr. J. U. JOVELLANOS
United Kingdom	Mr. F. C. EVERSON
	Mr. M. B. THRESHER
United States	Mr. ROSWELL H. WHITMAN
	Mr. EBLE R. DICKOVER
	Mr. ROBERT W. BARNETT
U.S.S.R.	Mr. A. P. KOROBOCHKIN

Committee 3: Constitutional and Legal Reform

Chairman:	Mr. B. R. SEN (India)
Deputy Chairman:	Mr. R. E. COLLINS (Canada)
Secretary:	Mr. RALPH A. JONES
Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. E. COLLINS
China	Mr. HSUAN-TSUI LIU
France	Mr. PAUL GUERIN
India	Mr. B. R. SEN
Netherlands	Dr. R. H. VAN GULIK
New Zealand	Mr. G. R. POWLES
	Air Commodore J. L. FINDLAY
Philippines	Mr. F. C. RODRIGUEZ
	Mr. J. U. JOVELLANOS
United Kingdom	Mr. F. C. EVERSON
United States	Mr. HUGH BORTON
	Mr. ERLE R. DICKOVER
U.S.S.R.	Mr. G. G. DOLBIN

Committee 4: Strengthening of Democratic Tendencies

Chairman:	Mr. G. G. DOLBIN (U.S.S.R.)
Deputy Chairman:	Dr. T. T. MAB (China)
Secretary:	Mr. CARL H. PFUNTNER

Committee 4: Strengthening of Democratic Tendencies—Continued

Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. E. COLLINS
China	Dr. T. T. MAB
France	Mr. PAUL GUEBIN
India	Mr. M. S. SUNDARAM
Netherlands	Dr. R. H. VAN GULIK
New Zealand	Mr. G. R. POWLES
	Mr. R. B. TAYLOR
Philippines	Mr. F. C. RODRIGUEZ
	Mr. J. U. JOVELLANOS
United Kingdom	Mr. B. COCKRAM
United States	Mr. WILLIAM T. STONE
	Mr. FRANK SCHULER
U.S.S.R.	Mr. G. G. DOLBIN

Committee 5: War Criminals

Chairman:	Mr. HSUAN-TSUI LIU (China)
Deputy Chairman:	Mr. F. C. RODRIGUEZ (Philippines)
Secretary:	Mr. RALPH A. JONES
Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. L. ROGERS
China	Mr. HSUAN-TSUI LIU
France	Mr. PAUL GUERIN
India	Mr. M. O. A. BAIG
Netherlands	Mr. O. REUCHLIN
New Zealand	Air Commodore J. L. FINDLAY
	Mr. G. R. POWLES
Philippines	Mr. F. C. RODRIGUEZ
United Kingdom	Mr. F. C. EVERSON
United States	Miss KATHERINE B. FITE
U.S.S.R.	Rear Adm. S. S. RAMISHVILI

Committee 6: Aliens in Japan

Chairman:	Mr. FRANCIS LACOSTE (France)
Deputy Chairman:	Mr. F. C. EVERSON (United Kingdom)
Secretary:	Mr. CARL H. PFUNTNER
Australia	Maj. J. PLIMSOLL
	Mr. H. W. BULLOCK (Acting)
Canada	Mr. R. E. COLLINS
China	Mr. YUN-CHU YANG
	Dr. T. T. MAB
France	Mr. FRANCIS LACOSTE
India	Mr. M. AHMAD
Netherlands	Dr. R. H. VAN GULIK
New Zealand	Air Commodore J. L. FINDLAY
	Mr. G. R. POWLES

Appendix 3—Contd

Committee 6: Aliens in Japan—Continued

Philippines	Col. A. BAUTISTA
	Mr. F. C. RODRIGUEZ
United Kingdom	Mr. F. C. EVERSON
United States	Mr. C. E. SNOW
U.S.S.R.	Mr. S. M. SERGEEV

Committee 7: Disarmament of Japan

Chairman:	Mr. O. REUCHLIN (Netherlands)
Deputy Chairman:	Rear Adm. S. S. RAMISHVILI (U.S.S.R.)
Secretary:	Mr. HENRY L. TREPAGNIER, Jr.
Australia	Maj. Gen. J. A. CHAPMAN
	Capt. S. H. K. SPURGEON, RAN
Canada	Commander F. J. PEMBERTON, RCN (R)
China	Dr. T. T. MAR
France	Col. ALBERT J. P. LEBEL
India	Col. NOWABZADA SHER ALI KHAN
Netherlands	Mr. O. REUCHLIN
	Col. R. ROOS
	Capt. F. STAM
New Zealand	Mr. G. R. POWLES
	Air Commodore J. L. FINDLAY
Philippines	Col. A. BAUTISTA
	Mr. F. C. RODRIGUEZ
United Kingdom	Brig. D. CHAPMAN
	Maj. L. A. SUMMERSELL
United States	Lt. Col. T. N. DUPUY
	Capt. FRANK FENNO, Jr., USN
U.S.S.R.	Rear Adm. S. S. RAMISHVILI

III. INTER-ALLIED TRADE BOARD FOR JAPAN

Chairman:	Mr. ROSWELL H. WHITMAN (United States)
Secretary:	Mr. DONALD G. BADGER
Australia	Mr. JAMES U. GARSIDE
	Mr. H. W. BULLOCK
Canada	Mr. H. A. SCOTT
	Dr. T. N. BEAUPRE
China	Dr. SHOU-CHIN WANG
	Mr. K. T. HU
France	Mr. ROBERT DOUTEAU
	Mr. LOUIS BACQUIER
India	Mr. M. AHMAD
	Mr. S. N. BANERJI
Netherlands	Dr. R. H. VAN GULIK
New Zealand	Mr. R. W. MARSHALL
	Mr. J. S. SCOTT
Philippines	Mr. NARCISO RAMOS
	Mr. J. TEODORO, Jr.

III. INTER-ALLIED TRADE BOARD FOR JAPAN—Continued

United Kingdom	Mr. A. E. PERCIVAL
	Mr. F. C. EVERSON
	Mr. J. E. CHADWICK
	Mr. M. B. THRESHER
United States	Mr. ROSWELL H. WHITMAN
	Mr. DEAN O. BOWMAN
U.S.S.R.	Mr. J. I. KRASUIK

IV. SECRETARIAT

Secretary General	Mr. NELSON T. JOHNSON
Deputy Secretary General	Mr. SAMUEL S. STRATTON
Special Assistants to the Secretary General	Mr. HAROLD W. MOSELEY
	Mr. JOHN P. GARDINER
Documents Officer	Mr. HENRY L. TREPAGNIER, Jr.
Administrative Officer	Mr. C. H. PENDLETON
Recording Secretary	Mr. CARL H. PFUNTNER
Economic Secretary	Mr. DONALD G. BADGER
Research and Analysis Secretary	Mr. FRANK L. TURNER
Reparations Secretary	Mr. DAVID K. EICHLER
Assistant Research and Analysis Secretary	Mr. RALPH A. JONES
Assistant Documents Officer	Mr. GENE W. ABBOTT

Staff

Miss THERESA M. CATELLA	Miss MARY MARTIN
Miss JULIANA CLARK	Mrs. LOUISE MITCHELL
Miss LUCILLE C. DE PRETIS	Mr. ROBERT MOSLEY
Miss GLORIA ENGEL	Miss MIRIAM NIELAND
Mr. GEORGE FORBUS	Miss MARY ANN ROLLMAN
Mr. RUDOLPH HOLTZ	Miss DORAINE RUSSELL
Miss ELIZABETH A. HUFF	Mr. HAROLD M. STERN
Mr. JAMES V. KENNEDY	Mrs. THERESA SWOPE
Miss CHRISTINE M. KOERNER	Mr. DOYLE A. WALKER
Mr. FRANK D. LEWIS	Miss KATHLEEN M. WELSH

APPENDIX 4

Roster of Former Commission Personnel, Including List of Past and Present Commission Representatives With Their Terms of Service

AUSTRALIA

Chief Representatives

H.E. Sir Frederic Eggleston	Feb. 26, '46–Mar. 17, '46
Lt. Gen. Sir John Lavarack	Mar. 17, '46–May 29, '46
The Rt. Hon. Dr. H. V. Evatt	May 29, '46–Jul. 19, '46
Maj. J. Plimsoll	Jul. 19, '46–Oct. 8, '46
H.E. The Hon. Norman J. O. Makin	Oct. 8, '46–Present

Former Delegation Members

Mr. John Oldham
Dr. John Andrews

CANADA

Chief Representatives

H.E. Mr. Lester B. Pearson	Feb. 26, '46–Oct. 9, '46
H.E. Mr. H. H. Wrong	Oct. 9, '46–Present

Former Delegation Members

Mr. E. Herbert Norman
Dr. George S. Patterson
Maj. Gen. H. F. Letson
Brig. N. E. Rodger
Mr. Paul Tremblay
Mr. A. E. Ritchie
Mr. B. J. Bachand
Mr. Charles Hebert

CHINA

Chief Representatives

H.E. Dr. Wei Tao-Ming	Feb. 26, '46–Jul. 9, '46
H.E. Dr. V. K. Wellington Koo	Jul. 9, '46–Present

Former Delegation Members

Dr. Liu Shih-Shun
Dr. C. L. Hsia
Dr. Lin Mou-Sheng
Col. Lin Shen-Mu
Dr. Howard K. C. Wang
Lt. T. L. Chow

FRANCE

Chief Representative

H.E. Mr. PAUL E. NAGGIAR — Feb. 26, '46–Present

Former Delegation Members

Capt. MAURICE HOLLEY WILLIAMS
Mr. BLOCK-LAINE

INDIA

Chief Representatives

The Hon. Sir GIRJA SHANKAR BAJPAI — Feb. 26, '46–Jan. 31, '47
H.E. Mr. M. ASAF ALI — Mar. 5, '47–Present

Former Delegation Members

Mr. J. VESUGAR
Mr. R. R. SAKSENA
Mr. E. RADBONE
Mr. P. A. MENON
Mr. S. K. KIRPALANI
Col. M. S. RAJENDRASINHJI

NETHERLANDS

Chief Representatives

H.E. Dr. A. LOUDON — Feb. 26, '46–Jul. 1, '47
Jhr. O. REUCHLIN — Jul. 1, '47–Present

Former Delegation Members

Dr. A. D. A. DE KAT ANGELINO
Dr. G. A. PH. WEYER
Rear Adm. J. E. MEYER RANNEFT
Dr. J. G. DE BEUS

NEW ZEALAND

Chief Representative

H.E. Sir CARL BERENDSEN — Feb. 26, '46–Present

PHILIPPINES

Chief Representative

H.E. Gen. CARLOS P. ROMULO — Feb. 26, '46–Present

Former Delegation Members

Mr. MANUEL A. ADEVA
Mr. SOLOMON V. ARNALDO
Mr. T. BAJA
Mr. THOMAS DE CASTRO

Appendix 4—Contd

Former Delegation Members—Continued

Senator TOMAS CONFESOR
Mr. CIRIACO CORONEL
Mr. MANUEL V. GALLEGO
Dr. MELQUIADES J. GAMBOA
Mr. DELFIN GARCIA
Dr. JOSE F. IMPERIAL

UNION OF SOVIET SOCIALIST REPUBLICS

Chief Representatives	
H.E. Mr. ANDREI GROMYKO	Feb. 26, '46–June 19, '46
H.E. Mr. N. V. NOVIKOV	June 19, '46–Present
Former Delegation Members	
Maj. Gen. A. V. VASILIEV	
Mr. FEDOR OREKHOV	
Mr. L. I. PAVLOV	
Mr. ANATOLI A. ERMOLAEV	

UNITED KINGDOM

Chief Representatives	
H.E. The Rt. Hon. Lord HALIFAX	Feb. 26, '46–May 13, '46
Sir GEORGE SANSOM	May 13, '46–Present
Former Delegation Member	
Group Capt. J. R. WILSON	

UNITED STATES

Chief Representative	
H.E. Maj. Gen. FRANK R. McCOY	Feb. 26, '46–Present
Former Delegation Members	
The Hon. BENJAMIN V. COHEN	
Col. C. STANTON BABCOCK	
Mr. WILLIAM W. BISHOP, Jr.	
Mr. JOHN K. EMMERSON	
Mr. A. V. FREEMAN	
Mr. JOHN K. GALBRAITH	
Mr. ALBERT H. GARRETSON	
Mr. JOHN HAZARD	
Mrs. MARION A. JOHNSTON	
Mr. WILLIAM W. LOCKWOOD	
Brig. Gen. JAMES McCORMACK, Jr.	
Mr. HAMILTON ROBINSON	

FORMER MEMBERS OF THE SECRETARIAT

Mr. HUGH D. FARLEY (Deputy Secretary General)
Mr. RICHARD B. FINN (Executive Secretary)
Mrs. JANE M. ALDEN (Legal Secretary)
Mrs. B. REUBENS (Economic Secretary)
Mrs. KATHRYN BARTIMO (Assistant Research and Analysis Secretary)
Mr. WILLIAM D. MISFELDT (Assistant Documents Officer)
Mrs. DOROTHY E. BARSTOW
Miss LUCILLE L. BAILEY
Mr. FRANKLIN FALKENHAINER
Mr. RUSSELL JENKINS
Miss WILMA L. MCELROY
Miss MARY ANN MCGUIGAN
Miss DEMETRIA PANAGOS
Mrs. MARGARET ROBERTSON
Miss BARBARA QUANDT
Miss ANN SHELTON
Mr. JOSEPH WHALEN

APPENDIX 5

Basic Post-Surrender Policy for Japan

[FEC Policy Decision, June 19, 1947]

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 included or are not fully covered will be dealt with separately.

PREAMBLE

WHEREAS on September 2, 1945, Japan surrendered unconditionally to the Allied Powers and is now under military occupation by forces of these Powers under the command of General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers, and

WHEREAS representatives of the following nations, namely, Australia, Canada, China, France, India, the Netherlands, New Zealand, the Philippines, the U.S.S.R., the United Kingdom, and the United States of America, which were engaged in the war against Japan, have on the decision of the Moscow Conference of Foreign Ministers met together at Washington as a Far Eastern Commission, to formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished:

The nations composing this commission, with the object of fulfilling the intentions of the Potsdam Declaration, of carrying out the instrument of surrender and of establishing international security and stability,

Conscious that such security and stability depend first, upon the complete destruction of the military machine which has been the chief means whereby Japan has carried out the aggressions of past decades; second, upon the establishment of such political and economic conditions as would make impossible any revival of militarism in Japan; and third, upon bringing the Japanese to a realization that their will to war, their plan of conquest, and the methods used to accomplish such plans, have brought them to the verge of ruin,

Resolved that Japan cannot be allowed to control her own destinies again until there is on her part a determination to abandon militarism in all its aspects and a desire to live with the rest of the world in peace, and until democratic principles are established in all spheres of the political, economic, and cultural life of Japan;

Are therefore agreed:

To ensure the fulfillment of Japan's obligations to the Allied Powers;

To complete the task of physical and spiritual demilitarization of Japan by measures including total disarmament, economic reform designed to deprive Japan of power to make war, elimination of militaristic influences, and stern justice to war criminals, and requiring a period of strict control; and

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;

And have adopted the following basic objectives and policies in dealing with Japan:

PART I—ULTIMATE OBJECTIVES

1. The ultimate objectives in relation to Japan, to which policies for the post-surrender period for Japan should conform, are:

a. To insure that Japan will not again become a menace to the peace and security of the world.

b. 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. Such government in Japan should be established in accordance with the freely expressed will of the Japanese people.

2. These objectives will be achieved by the following principal means:

a. Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined.

b. Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated. All institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.

c. The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly and association, speech and the press. They shall be encouraged to form democratic and representative organizations.

d. 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 rearm for war. To this end access to, as distinguished from control of, raw materials should be permitted. Eventual Japanese participation in world trade relations will be permitted.

PART II—ALLIED AUTHORITY

1. *Military Occupation*

There will be a military occupation of the Japanese home islands to carry into effect the surrender terms and further the achievement of the ultimate objectives stated above.

The occupation shall have the character of an operation in behalf of the Powers that have participated in the war against Japan. The principle of participation in the occupation of Japan by forces of these nations is affirmed. The occupation forces will be under the command of a Supreme Commander designated by the United States.

2. *Relationship to Japanese Government*

The authority of the Emperor and the Japanese Government will be subject to the Supreme Commander, who will possess all powers necessary to effectuate the surrender terms and to carry out the policies established for the conduct of the occupation and the control of Japan.

The Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, but only to the extent that this satisfactorily furthers the objectives and policies stated herein. According to the judgment and discretion of the Supreme Commander, the Japanese Government may be permitted to exercise the normal powers of government in matters of domestic administration, or the Supreme Commander may in any case direct action to be taken without making use of the agencies of the Japanese Government.

After appropriate preliminary consultation with the representatives of the Allied Powers in the Allied Council for Japan, the Supreme Commander may, in cases of necessity, take decisions concerning the removal of individual ministers of the Japanese Government, or concerning the filling of vacancies created by the resignation of individual cabinet members. Changes in the governmental machinery, or a change in the Japanese Government as a whole, will be made in accordance with the principles laid down in the Terms of Reference of the Far Eastern Commission.

The Supreme Commander is not committed to support the Emperor or any other Japanese governmental authority. The policy is to use the existing form of government in Japan and not to support it. Changes in the pre-surrender form of the Emperor institution and in the form of government in the direction of modifying or removing its feudal and authoritarian character and of establishing a democratic Japan are to be encouraged.

3. *Protection of United Nations Interests*

It shall be the duty of the Supreme Commander to protect the interests, assets, and rights of all Members of the United Nations and their nationals. Where such protection conflicts with the fulfillment of the objectives and policies of the occupation, the government of the nation concerned shall be informed through diplomatic channels and shall be consulted on the question of proper adjustment.

4. *Publicity as to Policies*

The peoples of the nations which have participated in the war against Japan, the Japanese people, and the world at large shall be kept fully informed of the objectives and policies of the occupation, and of progress made in their fulfillment.

PART III—POLITICAL

1. *Disarmament and Demilitarization*

Disarmament and Demilitarization are the initial tasks of the military occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by those who have deceived and misled them into embarking on world conquest, and those who collaborated in so doing.

Japan is not to have any army, navy, airforce, secret police organization, or any civil aviation, or gendarmerie, but may have adequate civilian police forces. Japan's ground, air and naval forces shall be disarmed and disbanded, and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved. Military and naval material, military and naval vessels and military and naval installations, and military, naval and civilian aircraft, wherever situated, shall be surrendered to the appropriate Allied commanders in their zones of capitulation of the Japanese troops and shall be disposed of in accordance with decisions of the Allied Powers already adopted or which may be adopted. Inventories shall be made and inspections authorized to insure complete execution of these provisions.

High officials of the Japanese Imperial General Headquarters and General Staff, other high military and naval officials of the Japanese Government, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

The restoration, even in a disguised form, of any anti-democratic and militaristic activity shall be prevented, particularly on the part of former Japanese career military and naval officers, gendarmerie, and former members of dissolved militaristic, ultra-nationalistic and other anti-democratic organizations.

Militaristic, ultra-nationalistic and anti-democratic doctrines and practices, including para-military training, shall be eliminated from the educational system. Former career military and naval officers, both commissioned and non-commissioned, and all other exponents of militaristic, ultra-nationalistic and anti-democratic doctrines and practices shall be excluded from supervisory and teaching positions.

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2. *War Criminals*

Stern justice shall be meted out to all war criminals, including those who visited cruelties upon prisoners of war or other nationals of Members of the United Nations. Persons charged by the Supreme Commander, or appropriate United Nations agencies with being war criminals shall be arrested, tried and, if convicted, punished. Those wanted by another of the United Nations for offenses against its nationals, shall, if not wanted for trial or as witnesses or otherwise by the Supreme Commander, be turned over to the custody of such other nation.

3. *Encouragement of Desire for Individual Liberties and Democratic Processes*

Freedom of worship and observance of all religions shall be proclaimed and guaranteed for the future. It should also be made plain to the Japanese that ultra-nationalistic, militaristic and anti-democratic organizations and movements will not be permitted to hide behind the cloak of religion.

The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture and the accomplishments of the democracies.

Obstacles to the revival and strengthening of democratic tendencies among the Japanese people shall be removed.

Democratic political parties, with rights of assembly and public discussion, and the formation of trade unions shall be encouraged, subject to the necessity for maintaining the security of the occupying forces.

Laws, decrees, and regulations which establish discrimination on grounds of race, nationality, creed or political opinion shall be abrogated; those which conflict with the objectives and policies outlined in this document shall be repealed, suspended or amended as required, and agencies charged specifically with their enforcement shall be abolished or appropriately modified. Persons unjustly confined by Japanese authority on political grounds shall be released. The judicial, legal and police systems shall be reformed as soon as practicable to conform to the policies set forth herein and it shall be the duty of all judicial, legal and police officers to protect individual liberties and civil rights.

PART IV—ECONOMIC

1. *Economic Demilitarization*

The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

Therefore, a program will be enforced containing the following elements, among others: the immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control designed to prevent concealed or disguised military preparation; the elimination in Japan of those industries or branches of production which would provide Japan with the capacity to rearm for war; and the prohibition of specialized research and instruction contributing directly to the development of war-making power. Research for peaceful ends will be permitted, but shall be strictly supervised by the Supreme Commander to prevent its use for war purposes. Japan shall be restricted to the maintenance of those industries which will sustain the level of economy and standard of living fixed in accordance with principles determined by the Far Eastern Commission, and consistent with the Potsdam Declaration.

The eventual disposition of those existing production facilities within Japan which are to be eliminated in accord with this program, as between transfer abroad for the purpose of reparations, scrapping, and conversion to other uses, will be determined, after inventory, in accordance with the principles laid down by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission. Pending decision, no such facilities either suitable for transfer abroad or readily convertible for civilian use, shall be destroyed except in emergency situations.

2. *Promotion of Democratic Forces*

Organizations of labor in industry and agriculture, organized on a democratic basis, shall be encouraged. Other organizations in industry and agriculture, organized on a democratic basis, shall be encouraged if they will contribute to furthering the democratization of Japan or other objectives of the occupation.

Policies shall be laid down with the object of insuring a wide and just distribution of income and of the ownership of the means of production and trade.

Encouragement shall be given to those forms of economic activity, organization and leadership deemed likely to strengthen the democratic forces in Japan and to prevent economic activity from being used in support of military ends.

To this end it shall be the policy of the Supreme Commander:

a. To prohibit the retention in important positions in the economic field of individuals who because of their past associations or for other

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reasons cannot be trusted to direct Japanese economic effort solely towards peaceful and democratic ends; and

b. 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.

3. *Resumption of Peaceful Economic Activity*

The policies of Japan have brought down upon the people great economic destruction and confronted them with economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, 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. In accordance with assurances contained in the Potsdam Declaration, the Allies have no intention of imposing conditions which would prevent the accomplishment of these tasks in due time.

Japan will be expected to provide goods and services to meet the needs of the occupying forces to the extent that this can, in the judgment of the Supreme Commander, be effected without causing starvation, wide-spread disease and acute physical distress.

The Japanese authorities will be expected, and if necessary directed, to maintain, develop and enforce programs, subject to the approval of the Supreme Commander, which are designed to serve the following purposes:

a. To avoid acute economic distress.

b. To assure just and impartial distribution of available supplies.

c. To meet the requirements for reparations deliveries.

d. To make such provision for the needs of the Japanese population as may be deemed reasonable in accordance with principles formulated by the Far Eastern Commission in the light both of supplies available and of obligations to other peoples of the United Nations and territories formerly occupied by Japan.

4. *Reparations and Restitution*

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 destruction of the Japanese war po-

tential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparation and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

Restitution

Full and prompt restitution will be required of all identifiable property, looted, delivered under duress, or paid for in worthless currency.

5. *Fiscal, Monetary, and Banking Policies*

While the Japanese authorities will remain responsible for the management and direction of the domestic fiscal, monetary, and credit policies, this responsibility is subject to the approval and review of the Supreme Commander, and wherever necessary to his direction.

6. *International Trade and Financial Relations*

Eventual Japanese participation in world trade relations shall be permitted. During occupation and under suitable controls and subject to the prior requirements of the peoples of countries which have participated in the war against Japan, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes. Japan will also be permitted under suitable controls to export goods to pay for approved imports. Exports other than those directed to be shipped on reparations account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange usable in purchasing imports. The pro-

ceeds of Japanese exports may be used after the minimum civilian standard of living has been secured to pay for the costs of non-military imports necessary for the occupation which have already been made since the surrender.

Control is to be maintained over all imports and exports of goods and foreign exchange and financial transactions. The Far Eastern Commission shall formulate the policies and principles governing exports from and imports to Japan. The Far Eastern Commission will formulate the policies to be followed in the exercise of these controls.

7. *Japanese Property Located Abroad*

The clauses herein on reparations and references to this subject are without prejudice to the views of Governments on the overseas assets issue.

8. *Equality of Opportunity for Foreign Enterprise within Japan*

All business organizations of any of the United Nations shall have equal opportunity in the overseas trade and commerce of Japan. Within Japan equal treatment shall be accorded to all nationals of the United Nations.

9. *Imperial Household Property*

Imperial Household property shall not be exempt from any action necessary to carry out the objectives of the occupation.

APPENDIX 6

Japanese General Election

[Commission Consultation, March 20, 1946]

The Far Eastern Commission has given some short preliminary and tentative consideration to the position that may arise after the forthcoming Japanese elections. Having regard to the established position throughout the country of the more reactionary political parties, and to the very short period available to the parties of a more liberal tendency to circulate their views and organize support, the members of the Commission are not without the apprehension that the holding of the election at such an early date may well give a decisive advantage to the reactionary parties and thus create the embarrass-

ment of a Japanese Government elected in terms of the Potsdam Declaration "in accordance with the freely expressed will of the Japanese people", which might not, in fact, truly represent their wishes, and with which it might prove impossible for the Supreme Command to co-operate. From another point of view, the Commission feel the difficulty of expecting a fully instructed, intelligent and authoritative expression of the views of the Japanese people on their political future during this uncertain period when the whole of the future economic structure of Japan is still in doubt, and when a proportion of the electorate must necessarily be disfranchised owing to absence. Finally, the issue of the draft Constitution, of which you have approved, makes the Constitution at this late stage an election issue, upon which there can be little time for consideration by the Japanese people, and at the same time may give an undue political advantage to the political party preferring this Constitution.

The Far Eastern Commission would be most grateful if the Supreme Commander could let them have a very early expression of his views generally, and in particular on the following questions:

1. Does the Supreme Commander share the apprehensions expressed above?

2. If so, would he consider it possible and desirable to require a further postponement of the Japanese elections, and in that case, for what period?

3. If the Supreme Commander should not consider a further postponement desirable at this late date, would he express his views on the desirability, as an alternative, of publicly prescribing that the forthcoming election will be regarded as a test of the ability of Japan to produce a responsible and democratic government in full accordance with the wishes of the people and that further elections will be held at a later date.

APPENDIX 7

Japanese General Election

REPLY OF THE SUPREME COMMANDER FOR THE ALLIED POWERS

[March 29, 1946]

The basis of occupational policy is the utilization of the Japanese Government to the fullest extent, under SCAP supervision and control. This is only possible through a functioning legislative body to

enact new laws required to implement SCAP directives and to provide for routine governmental business. The alternative is government by Imperial Edict which denies to the Japanese People the right to participate in their own domestic affairs. Such emphasis upon the power of the Emperor would obviously be both undemocratic and unwise and would negative the basic principles envisaged at Potsdam, which we have proclaimed and are meticulously following. The present Diet is completely unsatisfactory because of its war attaint and its unrepresentative character, having been elected in 1942 under Tojo's control. It is imperative that a more representative body be organized at the earliest possible date. The urgent requirements of the present situation demand an expression of popular will. The results of the election will serve to define more clearly the political picture, to clarify political issues and political parties and to indicate the nature and trend of popular opinion. It will also provide for popular participation in the determination of major questions.

The suffrage base has been greatly broadened through the lowering of the minimum age requirement and the removal of restrictions on sex. By the application of the purge directive of January 4th 90 per centum of the members of the present Diet, as well as many other persons holding high government office in the war administration, have been removed from government service and barred from public office or activity as officers of political parties. No political group has hereby suffered so greatly as the reactionaries. Every candidate for the New Diet, of whom there are over 3,000, has been screened for affiliation or association with militarism and ultra-nationalism. Many reforms in the electoral system have been accomplished. The election laws are now sufficiently democratic to provide ample opportunity for a free expression of the popular will. The campaign and the election are being carefully watched and closely studied by the forces under my command, with the objective of verifying the democratic nature of the electoral process.

It is probable that the new Diet will be the most truly responsive body to the will of the people that has ever served Japan and will provide the basis for a much more representative cabinet. Under any circumstances it will certainly be a great improvement over the last Diet along democratic and liberal lines.

There is no ground for supposition that the reactionary party will secure a greater advantage as a result of the election at this time than at a later date. Political activity is now widespread. Any postponement of the election would inevitably result in greater advantage to the more experienced and better organized reactionary group severely crippled by the purge order who would thereby be provided the opportunity to regroup and strengthen.

Any postponement would certainly be misunderstood by the Japanese People, and would have a profound adverse reaction upon the purposes and success of the occupation. Should the results of the election prove disadvantageous to the purposes of the occupation, the remedy is always in my power to require the dissolution of the Diet and the holding of a new election under such provisions as are deemed necessary.

The Commission expressed the following view: "Finally, the issue of the draft Constitution, of which you have approved, makes the Constitution at this late stage an election issue, upon which there can be little time for consideration by the Japanese people, and at the same time may give an undue political advantage to the political party preferring this Constitution."

The Commission seems to be laboring under a confusion of thought in believing that the constitution has been put forth by any particular party. The Cabinet itself does not represent any party. The Prime Minister, Shidehara, is completely independent and has no party affiliations whatsoever. All parties in Japan, except the Communistic Party, overwhelmingly favor the proposed constitution, which represents the work of men from many different groups and many different affiliations. It has created confidence in the Cabinet but cannot be regarded as an appreciable factor in the elections as practically every candidate except the Communist support it. My own approval of it will have no slightest effect in any way on the election returns of any party or any candidate.

[*The following additional information has been received from the Supreme Commander for the Allied Powers.*]

The following from Nippon Times, 26 March 1946, appears to impartially estimate the existing political situation and may be of interest to the commission: HEADING "Parties are probing chances for victory." SUBHEADING "Difficulty found in making estimates as election setup has been changed." ARTICLE "What party will have the majority support of the people at the coming general elections? That is not a problem of interest only to the people for all the political parties themselves would like to know the answer to that problem. Already the progressive party with Kan Inukai, the Liberal Party with Tsuruhei Matsuno, The Social Democratic Party with Niyiyzo Hirano, The Communist Party with Kyuichi Tokuda, and the Kyodoto with Tadao Ikawa, as their respective election campaign managers, are busily engaged now in figuring the prospect of their parties, with statistics and tabulations, reports the Mainichi.

"Yet all parties are finding it difficult to make estimates because it is yet unknown how woman voters, new youth voters, and the Re-

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stricted Plural Ballot System will affect the election. Furthermore, as most of the candidates are new men, their strength and positions are unknown. As a result all parties are unable to predict correctly the election results and, therefore, are determined to place more emphasis on their campaign activities.

"The Progressive Party, after studying the situation all over the country, recognizes the popularity of the Social Democratic Party, but calculates results favorable to itself, because its candidates are mostly influential men in their localities who have public confidence. The progressive party is succeeding mainly to the grounds of the former Minseito, with the addition of the anti-Hatoyama faction. Thus it believes it is stronger than the Liberal Party. The Progressive Party thus estimates that it will have 150 to 200 members elected, and further believes that it will be able to bring into its organization, independent and neutral candidates who compose more than ½ of the candidates.

"On the other hand, the Liberal Party is certain of winning more than ½ of the members from almost 20 prefectures and of having about 200 members elected, thereby becoming the First Party.

"The Social Democratic Party is confident of gaining the support of majority of the voters in Aomori, Iwate, Akita, Fukushima, Tokyo, Yamanashi, Nagano, Niigata, Aichi, Fukuoka and Kagoshima. As to the result of the election, The Social Democratic Party believes that the 3 parties, Progressive, Liberal and Social, and Social Democratic, will occupy the three main positions, each with 150 members elected. The party's candidates, the party headquarters insists, have gained the true support of the masses.

"The Communist Party has about 100 candidates, and its campaign meetings are well attended. But the observations made by the above mentioned 3 parties say that the Communist Party will have less than 10 members elected.

"The Kyodo Party is hopeful of having about 30 candidates elected, its influence being strong in the Hokkaido, Nagano and Ibaragi.

"The election of independent, neutral and small party candidates, is estimated at about 80 to 90.

"Informed government circles observe that The Liberal Party will become the First Party with about 150 elected, while the 2nd and 3rd parties will come with only a 20 to 30 difference. It is yet to be seen whether The Liberal Party or the Social Democratic Party will become the 2nd party.

"The actual results will depend on the future campaign but it is observed that The Social Democratic Party will cut into the grounds

of The Progressive and Liberal Parties, and particularly influence the youths who newly gained franchise rights."

With reference to the three specific questions listed in the request of the Far Eastern Commission for consultation with the Supreme Commander for the Allied Powers on the subject of the date of the forthcoming Japanese general election, the following answers were received from the Supreme Commander for the consideration of the Commission:

1. *Question:* Does the Supreme Commander share the apprehensions expressed above?

Answer: No.

2. *Question:* If so, would he consider it possible and desirable to require a further postponement of the Japanese elections, and in that case, for what period?

Answer: No.

3. *Question:* If the Supreme Commander should not consider a further postponement desirable at this late date, would he express his views on the desirability, as an alternative, of publicly prescribing that the forthcoming election will be regarded as a test of the ability of Japan to produce a responsible and democratic government in full accordance with the wishes of the people and that further elections will be held at a later date.

Answer: The suggested statement seems wholly unnecessary. The conditions it would announce are inherent in the situation and are completely understood, as I can require dissolution of the Diet and call for another election at any time.

APPENDIX 8

Draft Constitution

[FEC Policy Decision, March 20, 1946]

The Commission has received from the United States Government the text of a draft constitution which appears to have been drawn up in compliance with an Imperial rescript, the text of which has also been supplied by the United States Government, along with the Supreme Commander's comments on that text.

The opening sentences of this draft indicate to the Commission that it will be presented to the first session of the Japanese Diet which

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will be chosen at the forthcoming general elections. The Commission therefore assumes that this and possibly other texts will be debated in the Diet and that amendments may be offered and perhaps other proposals introduced.

The Commission, therefore, desires that the Supreme Commander keep it informed of the progress and development of this and other drafts that may be considered by the Diet.

For mindful of its responsibilities under its Terms of Reference for the formulation of policy in regard to the implementation of the surrender terms, and of the important bearing which this or any other proposed changes in the constitutional structure of Japan may have upon the decisions in carrying out that responsibility, the Commission desires that the Supreme Commander for the Allies make clear to the Japanese Government that the Far Eastern Commission must be given an opportunity to pass upon the final draft of the Constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid.

The Commission believes that in this way hasty action by the Japanese Diet will be prevented and time given for all elements inside and outside the Diet to consider this very important question and bring to that consideration all available thought produced by the freely expressed will of the Japanese people.

In this connection the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the Powers represented on this Commission.

As such is not necessarily the case and as the Commission does not want to take any action in regard to this or any other draft constitution that might prejudice Japanese public opinion for or against any proposal of this nature, it considers that the Supreme Commander for the Allied Powers should in some appropriate manner make it known to the Japanese people that while this draft of a proposed Constitution is a document of obvious merit and is available now for consideration and study, the fact that it is a draft prepared by the Government does not preclude favorable consideration of other proposals or drafts which may be submitted to the Diet for study and comparison.

The Commission requests that the United States Government inform the Supreme Commander of its views as expressed above, and since the constitutional issue is one that is likely to influence the votes of the electors, it do so with a minimum of delay.

APPENDIX 9

Criteria for the Adoption of a New Japanese Constitution

[FEC Policy Decision, May 13, 1946]

The criteria for the adoption of a new Constitution should be such as to ensure that the Constitution, when finally adopted, is, in fact, a free expression of the will of the Japanese people. To this end, the following principles should be observed:

a. Adequate time and opportunity should be allowed for the full discussion and consideration of the terms of the new Constitution.

b. Complete legal continuity from the Constitution of 1889 to the new Constitution should be assured.

c. The new Constitution should be adopted in such a manner as to demonstrate that it affirmatively expresses the free will of the Japanese people.

APPENDIX 10

Basic Principles for a New Japanese Constitution

[FEC Policy Decision, July 2, 1946]

1. The Japanese Constitution should recognize that sovereign power resides in the people. It should be so framed as to provide for:

a. A representative government based upon universal adult suffrage consisting of:

(1) An executive deriving its authority from and responsible to either the electorate or a fully representative legislative body;

(2) A legislature, fully representative of the electorate, which should have full legislative powers including full control over raising of public revenue and expenditure of public funds;

b. The establishment of an independent judiciary;

c. The guarantee of fundamental civil rights to all Japanese and to all persons within Japanese jurisdiction. All Japanese shall enjoy equal rights before the law and no special privileges of particular social groups such as the nobility shall be allowed;

d. The popular election of heads of institutions of local government such as prefectures, cities, towns and villages;

e. The popular election of local assemblies such as prefectural, city, town, and village.

Appendix 10—Contd

f. The adoption of constitutional amendments in a manner which will give effect to the freely expressed will of the Japanese people.

2. Though the ultimate form of government in Japan is to be established by the freely expressed will of the Japanese people, the retention of the Emperor Institution in its present constitutional form is not considered consistent with the foregoing general objectives. Consequently, the Japanese should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines.

3. If the Japanese people decide that the Emperor Institution is not to be retained, constitutional safeguards against the institution will obviously not be required, but the constitution will have to conform to the requirements of paragraph 1 and shall also provide:

a. That the legislature shall have sole authority over financial measures and any other organ shall possess only a temporary veto power over other legislative measures;

b. That the prime minister and the ministers of state, all of whom shall be civilians and of whom a majority, including the prime minister, shall be selected from the Diet, shall form a Cabinet collectively responsible to the legislature. If a system of government is adopted whereby the chief executive is elected to that office by the people, the provision that a majority of the Cabinet members shall be chosen from the legislature should not necessarily apply;

c. That the legislative organ shall have the power to meet at will.

4. If the Japanese decide to retain the Institution of the Emperor, the following safeguards in addition to those enumerated in 1 and 3 above will be necessary:

a. When a Cabinet loses the confidence of the legislature it shall either resign or appeal to the electorate;

b. The Emperor shall have no powers other than those to be conferred on him by the new Constitution. He shall act in all cases in accordance with the advice of the Cabinet;

c. The Emperor shall be deprived of all military authority such as that provided in Articles XI, XII, XIII, and XIV of Chapter 1 of the Constitution of 1889;

d. All property of the Imperial household shall be declared property of the State. The expenses of the Imperial household shall be appropriated by the legislature.

5. The retention of the Privy Council and the House of Peers in their present form and with their present powers is not considered consistent with the foregoing general objectives.

APPENDIX 11

Further Policies Relating to a New Japanese Constitution

[FEC Policy Decision, September 25, 1946]

The Far Eastern Commission reaffirms its previous decision, taken in Basic Principles for a New Japanese Constitution [appendix 10], that all cabinet ministers should be civilians, and further decides as a matter of policy that the House of Councillors should not have any predominance over the House of Representatives. The Commission considers essential its continuing right to scrutinize the implementing legislation very carefully to insure that such predominance is not established.

APPENDIX 12

Provisions for the Review of a New Japanese Constitution

[FEC Policy Decision, October 17, 1946]

1. The new constitution, which will in due season after promulgation become the legal successor of the present constitution with such changes as have been made or may be made as a result of consideration and policy decision of the Far Eastern Commission, shall be subject to further review by the Diet and the Far Eastern Commission in terms of the following paragraph.

2. In order that the Japanese people may have an opportunity, after the new constitution goes into effect, to reconsider it in the light of the experience of its working, and in order that the Far Eastern Commission may satisfy itself that the constitution fulfills the terms of the Potsdam Declaration and other controlling documents, the Commission decides as a matter of policy that, not sooner than one year and not later than two years after it goes into effect, the situation with respect to the new constitution should be reviewed by the Diet. Without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period. The Far Eastern Commission, in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution.

APPENDIX 13

Issuance of the Policy Decision on Review of the Japanese Constitution

[FEC Policy Decision, December 12, 1946]

1. The terms of the policy decision contained in Provisions for the Review of a New Japanese Constitution [appendix 12] should be formally communicated to the Government of Japan.

2. The Supreme Commander for the Allied Powers should be informed that the time and manner of public announcement of this policy decision are still being considered by the Far Eastern Commission.

APPENDIX 14

Interim Reparations Removals: Army and Navy Arsenals; Aircraft Industry; Light Metals Industry

[FEC Policy Decision, May 13, 1946]

The action specified below should be taken with respect to facilities identified in the three listed categories of Japanese industry. Such action, under the Interim Reparations Removal Program, should be taken without prejudice to further removals that may be ordered under a final reparations program.

1. ARMY AND NAVY ARSENALS

(Definitions: "Plants and establishments owned and operated by the Japanese Army or Navy engaged in the development, production, maintenance, testing or storage of equipment or supplies for use in war or warlike purposes. (Arsenals as defined herein embraces a broad category of facilities distinguished by their ownership rather than by the nature of the operation and departs from the more usual connotation of ordnance manufacture.) Privately owned arsenals will be treated in a separate paper.")

a. All facilities within this category should be made available for claim, subject to the following limitations:

(1) *Special purpose Machinery and Equipment*

All machinery, equipment and accessories which by virtue of initial design, construction, or major structural change are, as individual items, special purpose in nature and functionally limited to use in connection with equipment or supplies for war or warlike purposes, should be held pending further instructions concerning their disposition.

(2) *Shipyards*

Shipbuilding and ship repair facilities should be disposed of in accordance with policy to be decided later.

(3) *Non-armament Facilities*

Those facilities which have been engaged in the production of such non-durable consumer goods as textiles, clothing, processed foods, and pharmaceuticals, should be left for disposal under the final reparations program, and not be made available for claim under the Interim Reparations Removal Program.

(4) *Fertilizer and Fuel Facilities*

Those facilities which can be readily used in the production of fertilizer and fuel, other than synthetic oil, should be left for disposal later and not be made available immediately for claim under the Interim Reparations Removal Program.

2. AIRCRAFT INDUSTRY

(Definitions: "Plants and establishments primarily engaged in the manufacture or assembly of finished aircraft, airframes, aircraft engines, and aircraft propellers, or in supplying fabricated materials, semi-finished, or finished parts, components, or accessories, (exclusive of arms and armaments, instruments and communication equipment) especially designed for incorporation in finished aircraft.")

a. All facilities in plants and establishments originally designed, constructed, and equipped, or converted through major change in the nature of installed machinery and equipment to serve in this category should be made available for claim.

b. Plants and establishments within this category, other than those covered in (*a*) above, the use of whose products by the aircraft industry represents merely a diversion during the war without major change in character of product from former peacetime civil consumption, or

Appendix 14—Contd

in the nature of installed machinery and equipment, should not be made available for claim pending Allied decision as to the final disposition of the industry with which they are normally associated.

3. LIGHT METALS INDUSTRY

(Definitions: "Plants and establishments primarily engaged in the production of alumina, primary or secondary aluminum and magnesium, and in the rolling, extruding, drawing, forging and casting of aluminum and magnesium and their alloys.")

a. All facilities identified within this category should be made available for claim, subject to the following limitations:

(1) No facilities engaged in remelting light metal scrap into secondary ingot should be made available for claim.

(2) In cement plants converted to produce alumina from clays or shales, only the equipment introduced to effect such conversion should be made available for claim.

(3) Sufficient rolling and drawing equipment should be retained to handle 15,000 metric tons per annum of fabricated aluminum. Such equipment should be of a general purpose character and can be obtained from any surplus available in other branches of the non-ferrous metals industry.

APPENDIX 15

Interim Reparations Removals: Machine Tool Industry; Sulphuric Acid Industry; Shipbuilding Industry

[FEC Policy Decision, May 23, 1946]

The action specified below should be taken with respect to facilities identified in the three listed categories of Japanese industry. Such action, under the Interim Reparations Removal Program, should be taken without prejudice to further removals that may be ordered under a final reparations program.

1. MACHINE TOOL INDUSTRY

(Definition: "Plants and establishments primarily engaged in the manufacture of non-portable, power-driven machines designed to

shape metal by the progressive cutting away of stock in the form of chips or shavings, or by abrasive action.")

a. That portion of Japan's capacity for the production of machine tools that is in excess of a balanced type-size aggregate of 27,000 units annually, should be made available for claim.

2. SULPHURIC ACID INDUSTRY

(Definition: "Plants and establishments primarily engaged in the production of sulphuric acid.")

a. That portion of Japan's capacity for the production of sulphuric acid that is in excess of 3.5 million metric tons annually, should be made available for claim. All facilities made available for claim should be of the contact process type, as distinguished from the lead chamber type, but should not include any contact plants, when they are serving as integral functional units in:

(1) a non-ferrous metal smelting plant;

(2) a fertilizer manufacturing establishment in which the contact process plant is not supported by a lead chamber plant of at least equivalent capacity.

3. SHIPBUILDING INDUSTRY

(Definition: "Shipyards, including all facilities, plants, and establishments located within their confines, primarily engaged in the building, repair, or maintenance of steel ships over 100 gross tons." The term "merchant shipping" when used in this report should be construed to include steel cargo and passenger vessels and tankers over 100 gross tons.

a. All facilities located in naval shipyards whether publicly or privately owned, that were originally organized or were converted through major change in the original structure or in the size and volume of installed machinery and equipment to build, service, or repair naval combat vessels or specialized naval auxiliary ships should be made available for claim under the Interim Reparations Removal Program subject to the following limitations:

Special Purpose Structures, Machinery, and Equipment

(1) All structures, machinery, equipment and accessories which by virtue of initial design, construction, or major structural change are, as individual items special purpose in nature and functionally limited to use for purposes of an exclusively military nature, should be held pending further instructions concerning their disposition.

(2) No facilities should be made available pending certification by the SCAP that they are not necessary for purposes of the occupation.

b. That portion of Japan's shipbuilding capacity, located in shipyards other than those covered in *a* above in excess of that necessary to build 150,000 gross tons of merchant shipping annually and to service and repair a merchant fleet aggregating 3.0 million gross tons, should be made available for claim subject to the following limitations:

(1) No facilities should be made available for claim until such time as Japan's merchant fleet is restored to a level which, in the judgment of SCAP, is sufficient to meet the needs of the occupation.

(2) Two 20,000 ton drydocks should be retained for purposes of servicing foreign ships touching at Japanese ports.

Reference to 3.0 million tons should not in any way imply acceptance of this tonnage for the ultimate size of the Japanese merchant fleet.

APPENDIX 16

Interim Reparations Removals: Ball and Roller Bearing Industry

[FEC Policy Decision, May 29, 1946]

The action specified below should be taken with respect to facilities identified in the following category of Japanese industry. Such action, under the Interim Reparations Removal Program, should be taken without prejudice to further removals that may be ordered under a final reparations program.

1. BALL AND ROLLER BEARING INDUSTRY

(Definition: "Plants and establishments primarily engaged in the manufacture or assembly of complete ball and roller bearings, or their major component parts, namely, balls, rollers, races, and cages".)

a. That portion of Japan's capacity for the production of ball and roller bearings that is in excess of 32.5 million yen (based on 1943–1944 average prices) per year, should be made available for claim. Facilities selected for removal should include all plants and establishments whose products are specifically adapted to use in aircraft or other war material.

APPENDIX 17

Interim Reparations Removals: Iron and Steel Industry; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry

[FEC Policy Decision, June 12, 1946]

1. IRON AND STEEL INDUSTRY

(Definition: "Plants and establishments primarily engaged in the production of pig iron or steel ingot".)

a. That portion of Japan's capacity for the production of steel ingot that is in excess of 3.5 million metric tons annually should be made available immediately for claim. In selecting plants for removal first consideration should be given to electric furnace capacity, which should be reduced to an aggregate of 100,000 metric tons annual capacity made up as far as possible of furnaces of individual charge capacity of 1½ tons or less. No Bessemer steel capacity should be removed.

b. That portion of Japan's capacity for the production of pig iron that is in excess of 2.0 million metric tons annually should be made available immediately for claim.

Plants and establishments engaged in the process of rolling will be treated in a supplementary paper.

2. THERMAL ELECTRIC POWER

(Definition: "Plants and establishments primarily engaged in the production of electric energy through the use of fuel (coal) as the basic energy source".)

a. That portion of Japan's thermal electric generating capacity that is in excess of her requirements after the reduction of her industrial capacity in accordance with the remainder of this program (tentatively estimated at capacity in excess of 2.1 million kw.) should be made available for claim subject to the following limitations:

(1) In undertaking removals giving effect to this program, the Supreme Commander for the Allied Powers should give special attention to the interrelation of hydro and thermal electric capacities, and should retain facilities, including stand-by equipment, necessary to ensure at all seasons the distribution of sufficient electric power to satisfy demands as they may be manifested in each supply area after completion of the other phases of the interim program.

(2) If, in the course of effecting these removals, the Supreme Commander for the Allied Powers should find that thermal electric capacity reduced to 2.1 million kw. would not be adequate to meet Japan's requirements as modified by the reduced industrial demand consequent upon completion of the other phases of the interim program, he should so advise the Far Eastern Commission and should state to what total capacity Japan's thermal electric generating plants can be reduced without violating the considerations set out in (1) above.

3. SODA ASH, CHLORINE, AND CAUSTIC SODA INDUSTRY

(Definition: "Plants and establishments primarily engaged in the production of soda ash (sodium carbonate), chlorine, and caustic soda (sodium hydroxide).")

a. That portion of Japan's capacity for the production of chlorine and caustic soda in electrolytic plants which is in excess of about 75,000 metric tons of chlorine and about 82,500 metric tons of caustic soda, should be made available for claim.

b. That portion of Japan's capacity for the production of soda ash that is in excess of 630,000 metric tons, should be made available for claim. Removal of this excess soda ash capacity should be accomplished by seizure of one large modern soda ash plant, together with its integrated facilities for conversion of soda ash to caustic soda.

APPENDIX 18

Interim Reparations Removals: Privately Owned Munitions Plants

[FEC Policy Decision, June 20, 1946]

PRIVATELY-OWNED MUNITIONS PLANTS

(Definition: Privately-owned plants and establishments primarily engaged in manufacture of weapons, missiles, ammunition, and military explosives.)

All facilities within this category that were originally organized for munitions production, or were converted to munitions production through such major change in the volume and character of their equipment as to render them unsuitable for reconversion to peace-time

purposes, should be made available for claim, subject to the following limitation:

Special Purpose Machinery and Equipment

All machinery, equipment, and accessories, which by virtue of initial design, construction, or major structural change, are, as individual items, special purpose in nature and functionally limited to use in connection with the manufacture of equipment or supplies for war or warlike purposes, should be held pending further instructions concerning their disposition.

APPENDIX 19

Interim Reparations Removals: Synthetic Oil and Synthetic Rubber Industries

[FEC Policy Decision, September 12, 1946]

The action specified below should be taken with respect to facilities identified in the following categories of Japanese industry. Such action, under the Interim Reparations Removals Program, should be taken without prejudice to further removals that may be ordered under a final reparations program.

1. SYNTHETIC OIL INDUSTRY

(Definition: Those plants and establishments, both government and privately owned, engaged in the manufacture of petroleum products from coal, whether by high-pressure hydrogenation, the Fischer-Tropsch hydro-carbon synthesis, or low temperature carbonization).

a. All facilities identified within this category should be made available for claim, subject to the following reservation:

(1) Any plant designated as suitable for actual or potential conversion to the manufacture of sulphate of ammonia for fertilizers should be retained in operation until the supply of fixed nitrogen from other sources becomes adequate.

2. SYNTHETIC RUBBER INDUSTRY

(Definition: Plants and establishments engaged in the production of synthetic rubber.)

a. All facilities which have been engaged in the production of synthetic rubber should be made available for claim.

APPENDIX 20

Interim Reparations Removals: Steel Rolling Industry

[FEC Policy Decision, December 6, 1946]

(Definition: Plants and establishments engaged in producing basic steel shapes, such as rails, rods, bars, tubes, plates, strips, sheets, and structural shapes, by rolling, drawing and extruding steel ingots.)

That portion of Japan's steel rolling capacity in excess of that required to produce a balanced annual output of 2,775,000 metric tons of rolled steel products should be made immediately available as reparations.

APPENDIX 21

Interim Reparations Removals: Temporary Retention of Electric Steel Furnaces

[FEC Policy Decision, December 6, 1946]

In view of the current coal shortage in Japan, electric steel furnaces in excess of the 100,000 metric tons annual capacity referred to in Interim Reparations Removals: Iron and Steel Industry; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry [appendix 17], together with the rolling mill capacity integrated with such electric furnaces, may be retained in Japan up to 30 June 1947 to a miximum of an additional 300,000 metric tons annual capacity.

If before 30 June 1947 it should be the opinion of the Supreme Commander for the Allied Powers that, in order to meet the needs of the occupation, an extension of the period is necessary, he should furnish the Far Eastern Commission with a statement of his reasons so that a review of the position may be made.

The above policy should not postpone the designation of these facilities under the interim reparations removal program.

APPENDIX 22

Temporary Extension of Far Eastern Commission Policy on Temporary Retention of Electric Steel Furnaces

[FEC Policy Decision, June 26, 1947]

The provisions of Interim Reparations Removals: Temporary Retention of Electric Steel Furnaces [appendix 21] are hereby extended until 31 July 1947, pending decision by the Far Eastern Commission on the subject of further review of these provisions.

APPENDIX 23

Removal of Facilities From Japan for Reparations—Priority According to Ownership or Control

[FEC Policy Decision, May 13, 1946]

Among the criteria to be employed in the selection of individual plants and items of equipment for removal from Japan as reparations should be the principle of reinforcing the occupation objective of dissolving large industrial and banking corporations which have exercised control over a great part of Japanese trade and industry.

The following interests, combinations, and concerns, which assisted in Japanese aggression, and their subsidiaries and affiliates, should be included with others which have been or may be designated: Mitsui; Mitsubishi; Sumitomo; Kuhara; Okura; Yasuda; Mori; Rikken; Nissan; Mangyo; and Nakajima.

APPENDIX 24

Selection of Plants for Reparations Removals: Destruction or Retention in Japan

[FEC Policy Decision, May 22, 1947]

1. Within those amounts of industrial capacity determined by the Far Eastern Commission for retention in Japan, for destruction or for removal as reparations, the Supreme Commander for the Allied

Powers should, in selecting specific plants, machinery, equipment, and other facilities, give consideration to the following:

a. Security and industrial disarmament requirements: facilities which have been employed in primary and secondary war industries and facilities in war-supporting industries, the operation of which was directly and closely related to war industries, should be removed in preference to those not so employed.

b. The achievement of a fair balance between:

(1) The general preferences of reparations claimants for plants, machinery, equipment and other facilities

(*a*) Of modern and efficient design and manufacture

(*b*) In good working condition and capable of being removed from Japan with minimum loss of value and efficiency

(*c*) In consolidated or integrated units

(*d*) Of special value or need to claimant countries, and

(2) The legitimate needs, as determined by the Far Eastern Commission, of Japan's peacetime economy for similar equipment having due regard for the geographical location of individual plants in reference to markets, raw materials, manpower, fuel supply, and complementary facilities; for variations in specific products as among types, sizes and other variable characteristics; and for the feasibility of repair and rehabilitation in Japan.

c. The occupation policies of dissolving large industrial and banking corporations which have exercised control over a great part of Japanese trade and industry.

d. Consistent with the provisions of paragraphs *a*, *b*, and *c*, the following order of preference in the selection of particular plants, machinery and equipment for removal:

(1) Plants and equipment owned by the "Zaibatsu" concerns and other big industrial and financial concerns and companies

(2) Plants and equipment owned by other Japanese nationals, the Japanese Government, and by nationals and Governments of the countries which were allies of Japan

(3) Plants and equipment owned by nationals and Governments of the neutral countries.

2. Property of nationals of Members of the United Nations should be dealt with in accordance with Destruction or Removal of United Nations' Property in Japan [appendix 43].

APPENDIX 25

Delivery of Reparations Goods in Japan

[FEC Policy Decision, February 13, 1947]

1. In delivering reparations goods in Japan to claimant countries, the Japanese Government should bear all costs connected with dismantling, packing, transporting to a port in Japan for waterborne craft or for airborne craft, handling, and loading on board the craft at that port. The port should be designated by the Supreme Commander for the Allied Powers after consultation with the claimant country. None of the above-mentioned costs should be paid by the recipient country; however, all those costs involved in the delivery of reparations goods should in the future be appropriately charged toward the reparations accounts of the recipient countries in the same proportions as their respective national shares of reparations from Japan. The charging of these costs to the reparations accounts of recipient countries should not affect the distribution of reparations received by claimant countries.

2. When particular reparations goods have been designated for delivery to a particular country, the Supreme Commander for the Allied Powers will afford claimant countries the opportunity to be consulted prior to and represented at the dismantling and packing of such goods and to make such constructional plans and drawings as may be necessary for the purpose of re-erection, provided the making of such plans and drawings shall not be permitted to delay unduly the process of dismantling and removal. Before proceeding with the removal of designated goods from their location, the Supreme Commander will require the recipient country to provide him with a written undertaking to accept such goods, provided they are delivered on board at the designated port free from any major damage sustained in the processes of dismantling, packing, transporting, handling, and loading. The Japanese Government will be required to make good any damage or shortage resulting from the processes of dismantling, packing, transporting, handling, and loading if such damage or shortage occurred prior to delivery on board the carrying craft.

3. The goods in question should become the property of the recipient country when they have been delivered on board at the designated port and thereafter they become the entire responsibility of such recipient country. Receipt for the goods shall be given by the recipient country when they have been delivered on board the carrying craft at the designated port.

4. Each recipient country will be responsible for arranging for the waterborne or airborne craft necessary to transport its reparations goods from the designated port in Japan.

APPENDIX 26

Division of Reparations Shares

[FEC Policy Decision, May 8, 1947]

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 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 through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and reference to this subject are without prejudice to the views of Governments on the overseas assets issue.

APPENDIX 27

Restitution of Looted Property

[FEC Policy Decision, July 18, 1946]

1. Immediate steps should be taken to restore to Allied countries objects in the four categories listed below which are found in Japan and which are identified as having been located in an Allied country at the time of occupation of that country, and which were removed by fraud or duress by the Japanese or their agents. The fact that payment was made should be disregarded unless there is conclusive evidence that fraud or duress did not take place. Restitution of any

object included in category *a* which follows should be deferred, however, so long as its retention is required for the safety of the occupation forces. In such cases the Supreme Commander for the Allied Powers should provide an explanation of reasons for retention and an estimated date of restoration.

a. Industrial and transportation machinery and equipment.

b. Gold, other precious metals, precious gems, foreign securities, foreign currencies, and other foreign exchange assets.

c. Cultural objects.

d. Agricultural products and industrial raw materials.

2. Steps should be taken to restore to Allied countries ships of all types and sizes found in Japanese waters which are identified as having been registered in an Allied country at the time of seizure or sinking by the Japanese or their agents, or at the time of acquisition by the Japanese or their agents by fraud or duress. The fact that payment was made should be disregarded unless there is conclusive evidence that fraud or duress did not take place. Restitution of such Allied vessels should be accomplished as rapidly as conditions permit and should be completed not later than December 31, 1946.

3. Within the limits of feasibility, ships damaged or sunk and found in Japanese waters, on the request of the claimant country should as a matter of priority be salvaged, repaired, or refitted as may be necessary to permit their return in a condition substantially similar to that at the time they came into Japanese hands. The costs of necessary salvage, repair and refitting in Japan should be borne by the Japanese Government but should be applied against the reparations apportionment to the claimant country.

4. The processing of claims for industrial and transportation machinery and equipment found in Japan should not be permitted in general to delay removals of machinery and equipment on reparations account, but no item for which restitution claim has been received by the Supreme Commander for the Allied Powers should be allocated on reparations account until the claim has been acted upon. On the other hand, no restitution claim should be recognized for articles already allocated to particular countries on reparations account.

5. The claimant government should take delivery at a point in Japan designated by the Supreme Commander for the Allied Powers except that in the case of Allied vessels subject to restitution the Supreme Commander may at his discretion make delivery at Western Pacific points outside Japan whenever delivery will thereby be facilitated. Expenses incurred after delivery to the claimant government should be borne by that government, except that in the case of delivery within Japan, relevant transportation expenses within Japan and any

dismantling, packing and repairs necessary for proper transportation, including the necessary manpower, materials and organization, should be borne by Japan and be included in restitution. The recipient government should indemnify the Supreme Commander for the Allied Powers against all claims made in respect of the property received.

6. Restitution claims for property other than ships should be made by the government of the Allied country from whose territory the property claimed was removed; and restitution made to that government. In the case of ships restitution claims should be filed by, and restitution made to, the government of the country whose flag the vessels were wearing or on whose register of shipping the vessels were borne at the time of sinking, seizure or acquisition as specified in paragraph 2.

7. No items should be included in Japanese export programs which the Supreme Commander for the Allied Powers considers as probably subject to restitution as defined above. If items later found to be subject to restitution should be exported, equitable compensation should be made to that country to which the items exported should have been restored.

8. Without prejudice to other arrangements which may be made between the interested parties, the foregoing restitution policies especially those in paragraph 6, are not intended to give the Allied government concerned the right to withhold from a person who is a national of another Allied Power any property as to which he may establish a legitimate title.

9. The Far Eastern Commission should recommend to the Government of those countries within whose territories may be found looted objects such as:

a. Industrial and transportation machinery and equipment;

b. Gold, other precious metals, precious gems, foreign securities, foreign currencies, and other foreign exchange assets;

c. Cultural objects;

d. Agricultural products and industrial raw materials;

e. Ships;

that bilateral arrangements be drawn up providing for restitution according to these principles.

10. The Far Eastern Commission should request the U.S. Government to forward this statement of policy through the usual channels to States which are not represented on the Far Eastern Commission and within whose territories such looted objects may be found.

APPENDIX 28

Restitution of Looted Property

[FEC Policy Decision, October 10, 1946]

The policy adopted by the Far Eastern Commission on 18 July 1946 regarding the Restitution of Looted Property [appendix 26] is revised as follows:

(1) In the last sentence of paragraph 2, the words "if seaworthy" are added after the words "Allied vessels".

(2) In paragraph 3, the following sentence is added: "Salvage, repair or refitting should be completed as soon as possible but not necessarily before 31 December 1946."

APPENDIX 29

Interim Principles for Restitution of Identifiable Property Confiscated in Japan From Allied Nationals

[FEC Policy Decision, March 6, 1947]

1. The Supreme Commander for the Allied Powers should be authorized to restore to nationals of any of the United Nations identifiable property, tangible or intangible, which was located in Japan prior to the outbreak of hostilities between their government and the government of Japan and owned by them at that time or lawfully acquired thereafter, and which was seized, confiscated, or sequestered, formally or otherwise, during the recent hostilities by the Japanese Government, members of its armed forces, or by official or private Japanese or other enemy individuals or groups; provided that:

a. subject to the discretion of the Supreme Commander, restitution should be made at this time only to:

(1) natural persons present in Japan;

(2) juridical persons where the holders of a controlling interest are nationals of Members of the United Nations now resident in Japan;

(3) charitable and religious institutions financed primarily by non-Japanese funds, where a duly authorized agent or properly qualified person is resident in Japan to receive title;

b. without in any way prejudging the definitive policy later to be adopted by the Far Eastern Commission with respect to the disposi-

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tion of large-scale enterprises, only small-scale commercial and industrial enterprises should be restored at the present time;

c. though title to gold, other precious metals and foreign exchange may be restored to the United Nations owners, they should remain subject to the laws and regulations in force at any time governing the custody, control and transfer of such assets;

d. the Supreme Commander is satisfied as to the identification of such property.

2. The policy for restitution of similar property to nationals of Members of the United Nations who are not resident in Japan at present will be dealt with in a future paper.

3. For the purpose of determining whether property was in fact confiscated it should be assumed that all property taken by the Japanese or other enemy Government, Armed Forces, or nationals during the recent hostilities from nationals of any of the United Nations was confiscated whether or not payment was made at the time of acquisition unless it can be definitely shown that no duress or fraud was involved.

4. The restitution of property should be made without expense for the owners and without prejudicing the claim of the original owners against the Japanese or other enemy Government and/or their nationals for damages to property, rent, depreciation, and other ascertainable losses. To facilitate the preparation and adjudication of claims, agreed statements as to the extent and condition of the property restored should be drawn up at the time of its return. The Japanese Government should be required to furnish to the owner a complete inventory of the property together with a report by the Japanese official administrator on the management of it and, in the case of industrial and commercial concerns, a closing balance sheet.

5. If payment to restoree was made at the time of confiscation the Supreme Commander for the Allied Powers should require persons repossessing the property to agree to remit such amounts to the Japanese Government as a prerequisite to restitution. However, actual payment of such amounts should be made only after settlement of claims as specified in paragraph 4 above.

6. If funds received in payment for confiscated property were blocked by the Japanese Government, such funds should be unblocked and the owner permitted to draw upon them on the same basis as depositors in general draw upon their bank funds, except that in the event that the confiscated property is returned such funds should be unblocked only in an amount sufficient to make the payment required in paragraph 5 above.

7. The right to restitution provided in the foregoing paragraphs

and even the completion of restitution should not be considered as permission to operate properties where the Supreme Commander for the Allied Powers considers the operation of such property injurious to the occupying forces or to the purposes of the occupation. Similarly, the operation of properties considered by the Supreme Commander for the Allied Powers, upon consultation with the Allied Council for Japan in accordance with the Terms of Reference of the Allied Council for Japan, to be beneficial to the occupying forces and/or the accomplishment of the purposes of the occupation should not await restitution of title or the transfer of possession of such properties; but in such cases compensation for the use of the property should be paid for the account of the owner.

8. Japanese nationals injured by the provisions of the foregoing paragraphs should look to the Japanese Government for relief.

APPENDIX 30

Determination of the Peaceful Needs of Japan

[FEC Policy Decision, January 23, 1947]

1. The Far Eastern Commission determines as a matter of policy that the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period of 1930–1934.

2. Data about the standard of living during 1930–1934 should for present purposes be used to make an estimate of Japan's peaceful needs in 1950. In estimating the nature and size of the industrial structure within that level, account should be taken of such factors as technological developments, the balance of payments and employment.

3. Acceptance of the above policy should not be interpreted to mean acceptance in advance of a specific level for any particular industry.

APPENDIX 31

Terms of Reference of the Inter-Allied Trade Board for Japan

[FEC Policy Decision, October 10, 1946]

1. At the request of the United States Government the Far Eastern Commission hereby establishes the Inter-Allied Trade Board for

Japan. The United States Government will request each of the Governments represented on the Far Eastern Commission to appoint a representative to the Board. The Board will meet in Washington, D. C.

2. The purpose of the Board is to provide easy and rapid means of consultation between the United States Government as the principal occupying power and the other Governments represented on the Far Eastern Commission regarding the disposition of exports available from Japan and the furnishing of imports required for Japan, which lie beyond the scope of the Supreme Commander for the Allied Powers' own authority to arrange.

3. Within the framework of the Potsdam Declaration, policies established in accordance with the Terms of Reference of the Far Eastern Commission and the declared objectives of the occupation, the functions of the Inter-Allied Trade Board for Japan will be to make recommendations to the United States Government on:

a. The disposition of commodities available for export from Japan;

b. The sources from which commodities shall be imported into Japan;

c. The best arrangements for facilitating Japanese exports and imports generally.

All recommendations of the Board involving matters of policy shall be subject to the approval of the Far Eastern Commission.

EXPORTS

4. In the case of commodities which are in short world supply, the Inter-Allied Trade Board may use any statistical data and consult with allocating authorities and other similar organizations.

5. In considering the disposition of other commodities which may be made available for export from Japan, the Board shall consider any evidence or arguments which may be presented to it by its members and shall either recommend that the commodity be disposed of at the discretion of the Supreme Commander for the Allied Powers or shall recommend an allocation of the commodity which in its opinion, shall further the objectives of the Allied Powers with respect to Japan as stated in the Potsdam Declaration and insure the equitable distribution of the supply among countries which wish to purchase the commodity.

6. It shall be the responsibility of the Board to make recommendations as to terms of sale of Japanese exports.

IMPORTS

7. It shall be the responsibility of the Board to make recommendations as to the terms of purchase of Japanese imports so as to further the announced objectives of the occupation, giving full weight to the desirability of minimizing the cost of procurement.

8. In considering procurement of commodities which are required by Japan, the Board shall either (*a*) decide that the commodity can be acquired at the discretion of the authorities making the purchase or (*b*) shall recommend the source of the commodity in such manner as, in its opinion, shall further the announced objectives of the Allied Powers with respect to Japan and provide for the equitable distribution of purchases among the supplying countries.

APPENDIX 32

Sources of Japanese Imports

[FEC Policy Decision, May 8, 1947]

1. The primary objective in selecting the sources of imports into Japan should be to minimize the cost and difficulty of procurement. Factors to be taken into account are price, terms of purchase other than price, and assurance of meeting scheduled requirements.

2. In determining the sources of imports into Japan of commodities in world short supply due consideration should be given to the needs of countries other than Japan in addition to the factors mentioned in paragraph 1.

3. In procurement of commodities in world surplus or in procurement of any commodity whose export to Japan is of substantial commercial importance to a member of the United Nations, while primary consideration should be given to the objectives outlined in paragraph 1 above, consideration should also be given to such other relevant factors as the interests of all members of the United Nations, including any new trade situations or demands arising in post-war circumstances and pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic interests of the countries concerned. Taking into account the foregoing principles the Inter-Allied Trade Board may recommend individual treatment for different types of imports.

4. This statement of policy will in no way be permitted to jeopardize the fulfillment of United States responsibilities for the prevention of such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations.

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APPENDIX 33

Destination of Japanese Exports

[FEC Policy Decision, May 8, 1947]

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid—subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destination of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a Member of the United Nations, consideration should be given to the interests of all Members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising in post-war circumstances and the pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

APPENDIX 34

Allied Trade Representatives in Japan

[FEC Policy Decision, March 13, 1947]

1. The Far Eastern Commission establishes as a policy decision the following status for the Allied trade representatives in Japan.

2. The trade representatives shall represent their governments and for the time being exercise the following functions:

a. To know what items are desired by their governments for import from Japan and for export to Japan.

b. To keep the Supreme Commander for the Allied Powers currently informed as to progress of import and export programs, and items requested or suggested by their governments.

c. To accept for their governments terms of sale, with Japanese selling agencies, agreed to by the Supreme Commander for the Allied Powers.

d. To accept delivery of Japanese exports F.O.B. Japanese port, and to handle details of ocean shipping and insurance.

e. To deliver to the Supreme Commander for the Allied Powers all documents from their governments covering imports, and to facilitate such importation and delivery.

f. To supply the Supreme Commander for the Allied Powers with all financial data such as costs, sale prices, and claims, and any necessary documents affecting imports from and exports to their governments.

g. To maintain an operating relationship with military or diplomatic liaison missions which their governments have established in Japan, in order to coordinate action and take care of routine matters such as communication.

h. The trade representatives may use secret code for communication with their governments through the Missions of their governments in Japan.

3. The functions of the Allied trade representatives defined in this interim document may subsequently be reviewed by the Far Eastern Commission in the light of experience.

APPENDIX 35

Food Supply for Japan

[FEC Policy Decision, April 25, 1946]

In view of the world food shortage, which will be at its most critical stage over the next three months, and in view of the conditions prevailing in the territories of the Allied Powers, the Far Eastern Commission:

(1) decides as a matter of policy that, except to the extent that the Supreme Commander for the Allied Powers, with the advice of the Allied Council for Japan, determines that imports are essential immediately for the safety of the Occupation Forces, no imports shall be permitted which will have the effect of giving to the Japanese a priority or preferential treatment over the requirements of the peoples of any Allied Power or liberated area; and

(2) requests the United States Government, in the light of the policy set out above, immediately to review the food import program for Japan in consultation with the United Nations Relief and Rehabilitation Administration, the Combined Food Board, and other allocating authorities.

APPENDIX 36

Short Period Controls Over the Japanese Economy To Relieve World Shortages

STATEMENT OF POLICY

[FEC Policy Decision, February 27, 1947]

1. During the present period of world shortages Japan should supply, to the maximum extent consistent with the objectives of the occupation, goods needed in areas which, as a result of Japanese aggression, have been deprived of them during the war. Whenever necessary to attain these objectives, Japanese consumption of such goods should be restricted to minimum requirements.

2. *Restriction of Japanese domestic consumption*

(*a*) Whenever it is necessary in order to attain the objectives stated in paragraph 1, Japanese consumption of textiles and necessary consumption goods such as hardware, rubber goods, pottery and electri-

cal goods, which before the war found a ready market in certain countries, should be restricted to minimum requirements.

(*b*) Except as determined by the Supreme Commander for the Allied Powers to be required to meet objectives of the occupation, the Japanese use of textiles should not exceed a consumption of 2½ lbs. per head per annum for all household textiles and clothing, with additional supplies of textiles permitted to workers to the extent necessary to maintain or increase production or to farmers to the extent necessary to increase deliveries of food; such additional supplies should not exceed 50 million lbs. per annum, except at the discretion of the Supreme Commander for the Allied Powers to meet occupation objectives.

3. *Encouragement of production*

Measures should be continued or taken to stimulate Japanese production of goods required for exports, particularly coal, textile machinery, mill stores and similar light equipment in addition to those specified in paragraph 2 (*a*) above, and to ensure that the types produced are those in demand in countries requiring supplies from Japan.

4. This policy statement in no way affects decisions as to reparations removals or the future level of Japanese economic life.

5. This policy should be terminated on 31 December 1947 unless extended by the Far Eastern Commission.

APPENDIX 37

Principles for Japanese Trade Unions

[FEC Policy Decision, December 6, 1946]

1. Japanese workers should be encouraged to form themselves into trade unions for the purpose of preserving and improving conditions of work participating in industrial negotiations to this end, and otherwise assisting the legitimate trade union interests of workers, including organized participation in building up a peaceful and democratic Japan.

2. The right of trade unions and their members to organize for these purposes should be assured and protected by law. The freedom of workers to join trade unions should be provided for by law. All laws and regulations preventing trade unions achieving these objectives should be immediately abrogated. Employers should be for-

bidden to refuse employment to, or discriminate against, a worker because he is a member of a trade union.

3. Trade unions should have the right of free assembly, speech and the press, and access to broadcasting facilities on a nondiscriminatory basis, provided only that such assembly, speech, or writing does not directly interfere with the interests of the occupation.

4. Trade unions should be encouraged to negotiate with the employers on behalf of their members regarding terms and conditions of employment. The Japanese Government should establish mediation and arbitration machinery for dealing with industrial disputes that cannot be settled by direct and voluntary negotiation between the worker or his representative and the employer. The mediation and arbitration machinery should operate under conditions assuring the protection of the interests of the workers, and if employers are represented on the machinery, trade unions should be given equal representation.

5. Strikes and other work stoppages should be prohibited only when the occupation authorities consider that such stoppages would directly prejudice the objectives or needs of the occupation.

6. Trade unions should be allowed to take part in political activities and to support political parties.

7. Encouragement should be given to organized participation by trade unions and their officials in the democratization process in Japan and in measures taken to achieve the objectives of the occupation, such as the elimination of militaristic and monopolistic practices. But such participation should not be encouraged in such a way as to hinder the achievement of the principal obligation and responsibility of the unions and their officials to organize for the protection of union members and union interests.

8. Trade unions should be encouraged to promote adult education and an understanding of democratic processes and of trade union practices and aims among their members. The Japanese Government should as far as possible assist trade union officials in obtaining information on trade union activities in other countries. These objectives should be given due weight when allocations of paper supplies and imports of foreign publications are made.

9. The Japanese should be free to choose the form of organization of their unions, whether on a craft, industry, company, factory or territorial basis. Emphasis should be placed on the importance of a solid local basis for future trade union activity in Japan. However, unions should be allowed to form federations or other groupings, for example in the same area or in related industries or on a nationwide basis.