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court determination given under paragraph 1 of Article 67 shall be liable to a non-criminal fine for not more than thirty thousand (30,000) *yen*.

Article 99. Any person or party coming under any one of the following items shall be liable to a non-criminal fine for not more than five hundred (500) *yen*:

1. one who, in violation of measures taken by the Fair Trade Commission in accordance with the provisions of Article 40, failed to appear, failed to submit reports, information or data, or submitted false reports, information or data,
2. one who, in violation of measures taken against the parties concerned with the case and witnesses in accordance with the provisions of item 1 of paragraph 1 or paragraph 2 of Article 46, failed to appear, failed to give testimony, gave false testimony, or failed to submit reports, or submitted false report,
3. one who, in violation of measures taken against an export in accordance with the provisions of item 2 of paragraph 1 or paragraph 2 of Article 45, failed to appear, failed to give export testimony or gave false export testimony,
4. one who, in violation of measures taken against a holder of matter in accordance with the provisions of item 3 of paragraph 1 of paragraph 2 of Article 45, failed to submit such matter.

Article 100. In such a case coming under Article 89 or Article 90, the Court may, according to circumstances, render the following sentences at the same time as when the verdict is given, provided that such a sentence as coming under item 1 shall be issued only when said patent right, or license right for patented invention belongs to the offender:

1. sentence to effect that said patent right or license right for patented invention shall be revoked,
2. sentence to effect that becoming a party to a contract with the Government shall be prohibited for a period of not less than six (6) months and not more than three (3) years after the date when the verdict becomes final and conclusive.

In case a verdict including such a sentence as provided for by item 1 of the preceding paragraph becomes final and conclusive, the Court shall transmit a copy of the verdict to the President of the Bureau of Patents and Standards.

The President of the Bureau of Patents and Standards shall, when he receives such a transmission as provided for by the preceding paragraph, revoke the patent under said patent rights of revoke said license right for patented invention.

Supplementary Provisions:

Article 101. The date for enforcement of this law shall be fixed by separate order for each provision.

Article 102. Any contract which actually exists at the time for the enforcement of each provision of this law and which is in violation of said provision shall become null and void as from the date for enforcement of said provision.

Article 103. The provisions of this law shall not apply to such an act executed by an entrepreneur in accordance with the reorganization plan as provided for by the Enterprise Reconstruction and Reorganization Law or with the reorganization plan as provided for by the Financial Institutions Reconstruction and Reorganization Law.

Article 104. The disposition of any juridical person or other organization actually existing at the time for enforcement of the provisions of Article 5 and undertaking control of distribution of the whole or a part of materials and products by method of exclusive purchase or sale, or undertakes allocation of the whole or a part of materials and products shall be provided for by separate order.

Article 105. Disposition of a holding company actually existing at the time for the enforcement of this Law shall be provided for separate order.

Article 106. The provisions of Article 9, Article 10, Article 12, paragraph 1 and paragraph 2 of Article 14, the preceding Article, Article 107 and Article 110 shall not apply to the North-east Development Co., Ltd. (the Tohoku Kogyo Kabushiki Kaisha).

Article 107. Disposition of stocks or debentures owned by a company other than one whose business is financial at the time for enforcemen of the provisions of Article 10 or Article 12 in violation of said provisions shall be provided for by separate order.

Article 108. Disposition of stocks or debentures owned by a company whose business is financial at the time for enforcement of the provisions of Article 11 or Article 12 in violation of said provisions shall be provided for by separate order.

Article 109. Any person holding concurrently positions as an officer of a company at the time for enforcement of the provisions of Article 13 in violation of the provisions of paragraph 1 of said Article shall resign from all except any one of such positions within a period of ninety (90) days of the date for enforcement of said article.

Any person holding positions as an officer in four (4) or more companies on the date for enforcement of the provisions of Article 13 shall resign from all except any one of such positions within a period of ninety (90) days of the date for enforcement of said article.

Article 110. Disposition of stocks actually owned at the time for enforcement of the provisions of Article 14 in violation of the provisions of said article shall be provided for by separate order.

Article 111. Any person or party coming under any one of the following items shall be punished by penal servitude for not more than one (1) year or by a fine not more than five thousand (5,000) *yen*:

1. one who violated the provisions of Article 109,
2. one who violated an order given in accordance with the provisions of Article 104, Article 105, Article 107, Article 108, or the preceding article.

Article 112. In case a representative of juridical person, or an agent, an employee or any other person is in service of a juridical person or of an individual violates the provisions of item 2 of the preceding article with respect to the business or property of said juridical person or individual, not only shall the offender be punished but said juridical person or said individual shall also be punished by such fine as provided for in the preceding article.

Article 113. The Chairman and commissioners of the Fair Trade Commission may attend meetings of

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the Holding Company Liquidation Commission or those of the Securities Coordinating Liquidation Committee and express their views.

Article 114. Terms of Office for the initial commissioners of the Fair Trade Commission shall be one (1) year for one (1) comissioner, two (2) years for two (2) commissioners, three (3) years for one (1) commissioner, four (4) years for two (2) commissioners and five (5) years for one (1) commissioner in accordance with such appointments as the Prime Minister may make.

INSTRUCTIONS

Cabinet Instruction No. 5

April 14, 1947

To the Ministries and Boards

In accordance with the second paragraph, Article 1 of the Economic Stabilization Board Ordinance, following decision has been made concerning the measures to be taken for violation of the Orders based upon the Temporary Supply and Demand Adjustment Law:

Prime Minister
YOSHIDA Shigeru

Concerning the Measures to be taken for Violations of the Orders based upon the Temporary Supply and Demand Adjustment Law

Article 1. The competent Minister must withhold or reduce the allocation of designated production materials or designated rationing goods for the current or next quarter to those who have violated the Orders based upon the Temporary Supply and Demand Adjustment Law, unless he determines that the withdrawal or decrease of the allocation will substantially impair the general welfare by materially decreasing the available supply of essenital materials.

Article 2. In case those mentioned in the preceding Article hold the designated production materials or the designated rationing goods, the competent Minister may order delivery of the whole or a part of the said materials or goods connected with the violation of the Temporary Supply and Demand Adjustment Law to the designated government agency, if he deems it necessary to do so.

Article 3. The delivery of the preceding Article shall be made at official price or at the price fixed by the Price Board specially for the respective materials or goods less than the official price.

Article 4. Any person who is not satisfied with the actions taken under the three preceding Articles may appeal to the Economic Stabilization Board within 10 days after receiving orders.

Article 5. The Government agency who received the delivery of the materials or goods according to the provisions of Article 2, shall sell them without delay in accordance with the general distribution procedures.

NOTIFICATIONS

Board of Price Notification No. 161

April 14, 1947

Ministry of Finance Notification No. 91 of March, 1946 (concerning the designation of the controlled prices of gravel sand, and "tamaishi"), is partly revised as follows:

Director-General of Board of Price
TAKASE Sotaro

a. "1. The Controlled Prices of Seller of Higashi Nippon Gravel Co., Ltd. and the Designated Seller by the same company" is revised as "1. The Controlled Prices of Seller at Tokyo and other five prefectures," and item 16 in paragraph 1 is deleted.

b. "2. The Controlled Prices of Nishi Nippon Gravel Co., Ltd." is revised as "2. The Controlled Prices of Seller at Osaka and other seven prefectures," and item 16 in paragraph 2 is deleted.

c. "3. The Controlled Prices of Seibu Gravel Co., Ltd." is revised as "3. The Controlled Prices of Seller at Fukuoka and other nine prefectures," and item 17 in paragraph 3 is deleted.

Board of Price and Ministry of Transportation Notification No. 12

April 14, 1947

The special goods rates for the imported goods shall be provided as follows:

Director-General of Board of Price
TAKASE Sotaro

Minister of Transportation
MASUDA Kaneshichi

Contents are omitted. Refer to April 14 (1947) issue of Ministry of Transportation Gazette.

Ministry for Home Affairs Notification No. 88

April 14, 1947

In accordance with Article 8 of the River Law, we execute the improvement works of the upper part of the River Kuma and the upper part of the River Tenryu and the repairing works of the River Yoshino and River Agano as from the fiscal year of 1947. The lengths of the execution are given as follows:

Minister for Home Affairs
UEHARA Etsujiro

1. The upper part of the River Kuma

Main
- left bank; from Hitoyoshi-city, Kumamoto Pref. down to Yumae-mura, Kuma-gun, Kumamoto Pref.
- right bank; from Hitoyoshi-city, Kumamoto Pref. down to Minakami-mura, Kuma-gun, Kumamoto Pref.

Branch, the River Yamada
- left bank; from Yamae-mura, Kuma-gun, Kumamoto Pref. down to the meeting point with the main.
- right bank; same.

Branch, the River Takahashira
- left bank; Nishi-mura, Kuma-gun, Kumamoto Pref. down to the meeting point with the main.
- right bank; same.

Branch, the River Manko
- left bank; from Yamae-mura, Kuma-gun, Kumamoto Pref. down to the meeting point with the main.
- right bank; same.

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Table 3

The actual annual amount of a salary on which is based the calculation of the actual annual amount of an ordinary pension	The privisional annual amount of a salary
¥ 540	¥ 14,400
600	15,840
660	17,280
780	18,720
900	20,160
1,020	22,080
1,140	24,000
1,260	25,920
1,380	27,840
1,500	29,760
1,620	31,680
1,740	33,600
1,920	36,000
2,100	38,400
2,280	40,800
2,460	43,200
2,640	45,600
2,880	48,000
3,120	50,400
3,360	52,800
3,600	55,200
3,840	57,600
4,320	62,400
4,800	67,200
5,280	72,000
5,760	76,800
6,240	81,600
6,720	86,400
7,200	91,200
7,800	96,000
8,400	120,000
12,000	144,000

"The provisional annual amount of a salary" corresponding to "the actual annual amount of a salary less than ¥540" on which was based the calculation of the annual amount of an ordinary pension shall be equal to an amount 26 times as large as the annual amount of the above actual salary.

In case "the actual annual amount of a salary on which was based the calculation of an ordinary pension" does not agree with any of the actual annual amounts shown in this Table, "the provisional annual amount of a salary" corresponding to "the actual amount of the salary nearest to and larger than the above actual amount of the salary" shall be used as the basis of calculation.

Prime Minister
ASHIDA Hitoshi

I hereby promulgate the Trade Association Law.

Signed: HIROHITO, Seal of the Emperor

This twenty-ninth day of the seventh month of the twenty-third year of Showa (July 29, 1948)

Prime Minister
ASHIDA Hitoshi

Law No. 191

The Trade Association Law

(Purpose)

Article 1. The purpose of this Law is to define the legitimate scope of activities of trade associations and to provide for a system of their notification to the Fair Trade Commission.

(Definitions)

Article 2. The term "trade association" as used in this Law shall mean any grouping or federation of groupings of two (2) or more entrepreneurs having among its purposes the furtherance of their common interests as entrepreneurs, in whatever form, whether established pursuant to any law, ordinance, order or contract, as a juridical or non-juridical entity, for profit or non-profit purposes, with or without requirement for registration, and whether composed of large or small-scale entrepreneurs, including trade associations taking the following from:

1. Any company, juridical associational entity (SHADAN HOJIN) or non-juridical associational entity (SHADAN) whose stockholders or partnership shareholders (or persons or parties similar thereto) consist of two (2) or more entrepreneurs;
2. Any juridical foundation (ZAIDAN HOJIN) or non-juridical foundation (ZAIDAN) the appointment or dismissal of whose directors or administrators, the execution of those business or whose existence is controlled by two (2) or more entrepreneurs;
3. Any association (KUMIAI) whose members consist of two (2) or more entrepreneurs or any contractual combination of of two (2) or more entrepreneurs.

The term "entrepreneur" as used in this Law shall mean any person, juridical or non-juridical, who operates a commercial, industrial, financial or any other business enterprise, and any officers, employees, agents or other persons acting in its behalf.

The term "constituent entrepreneur" as used in this Law shall mean the constituent members of a trade association, including entrepreneurs provided for by each Item of Paragraph 1.

(Filing Requirements

Article 3. Within thirty (30) days after becoming a trade association (with regard to a trade association actually existing at the

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time of enforcement of this Law, within thirty (30) days of said enforcement date) every trade association shall file a report of said fact with the Fair Trade Commission. Every such report shall be accompanied by the following documents or statements:

1. The articles of incorporation or association, by laws or copies of contracts;
2. A list of the names of the directors and other officers or administrators (in the case of an association (KUMIAI) or a contractual combination coming under Item 3 of Paragraph 1 of the preceding Article, the names of the constituent members of the association (KUMIAI) or those of the contracting parties);
3. In case establishment is based upon special law, ordinance or order, a statement describing the provisions thereof.

In case a trade association dissolves itself or undertakes any change in the matters coming under any one (1) of the items of the preceding paragraph, the said trade association shall, within thirty (30) days of the day of dissolution or change, file a report thereof with the Fair Trade Commission.

The Fair Trade Commission may fix such rules and regulations as are necessary for filing reports in accordance with the provisions of the preceding two (2) paragraphs.

(Permitted Activities)

Article 4. A trade association may engage in only the following activities:

1. Receiving voluntary submission of statistical data and publishing such data in summary form without disclosing business information or conditions of particular entrepreneurs;
2. Publishing technical or scientific information, or potential market information which will assist the constituent entrepreneurs in the operation of their businesses and advance the skills and efficiency of the industry or trade;
3. Providing for voluntary interchange of research or scientific or technical information between the constituent entrepreneurs on an open and non-discriminatory basis (including the use of various benefits arising from the ownership or operation of natural science research facilities on an open and non-discriminatory basis whenever the ownership or operation of such facilities has been approved in accordance with the provisions of Paragraph 3 of Article 5):
4. Fostering the development of quality standards, specifications and methods of improving efficiency of production and distribution only by means of voluntary contributions to appropriate governmental agencies, the Industrial Standards Investigating Committee (KOGYO HYOJUN CHOSA KAI), or other competent and generally recognized standardizing agencies or research institutions;
5. Conducting general educational work or propaganda, or adopting resolutions expressing its position on matters of interest to the trade or industry;
6. Conducting collective bargaining negotiations with labor unions when authorized and within the limits of due delegation of power on the part of the whole or a part of the constituent entrepreneurs;
7. Issuance of certificates of origins by chambers of commerce that are juridical associational entities (SHADAN HOJIN) whenever such certificates are required for customs clearance in foreign countries;
8. Arbitrating or settling business disputes between a foreign entrepreneur, on the one hand, and a constituent entrepreneur or another, on the other hand;
9. Assisting the functions of the Fair Trade Commission as provided for in Article 71 and other provisions of the Law relating to Prohibition of Private Monopolization and Methods of Preserving Fair Trade (Law No. 54 of 1947; hereinafter to be referred to as the Anti-monopoly Law);
10. In addition to such activities or acts as provided for in the preceding items, carrying out any act for which the approval of the Fair Trade Commission has been granted.

The Fair Trade Commission may, in case it receives an application for approval in accordance with the provisions of Item 10 of the preceding paragraph, grant approval when it determines that the act in question does not violate the provisions of the Anti-monopoly Law or those of Item 1 to Item 18 inclusive of Paragraph 1 of Article 5.

The Fair Trade Commission may fix such rules and regulations as are necessary for filing applications as provided for in the preceding paragraph..

(Prohibited Activities)

Article 5. No trade association shall engage in any one (1) of the following Items:

1. Controlling or attempting to control production or distribution by any means, including allocation of raw materials or orders, formulating or submitting plans or programs to the Government for the allocation of raw materials, goods or facilities;
2. Participating in or undertaking any con-

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tract or agreement the contents of which include such matters as coming under any one (1) of the Items of Paragraph 1 of Article 4 or any one (1) of the Items of Paragraph 1 of Article 6 of the Anti-monopoly Law;

3. Participating in or undertaking any contract or understanding which unduly restrains trade or controls prices, or which will have the effect thereof, between the constituent entrepreneurs, such an entrepreneurs and his suppliers of commodities, funds and other economic benefits or his customers, or between such an entrepreneur and his competitors;
4. Controlling or fixing prices or undertaking any action for the purpose of affecting prices by any means, including dissemination of information concerning future prices, terms and conditions of sale, or customer classification;
5. Restricting or attempting to restrict the present or future number of entrepreneurs in any particular field;
6. Giving favor or causing disadvantage to a specific entrepreneur or entrepreneurs by disseminating lists of approved or preferred entrepreneurs, lists for blacklisting or boycotting any entrepreneur, information misrepresenting the business or financial or credit standing of any entrepreneur, or by any other means;
7. Compulsorily requiring the constituent entrepreneurs to submit reports on sales, prices, terms, orders, inventories, production, plant capacities, or business accounts, activities or facilites; or advising on, inspecting, or investigating the business affairs of the constituent entrepreneurs without their consent;
8. Restricting or attempting to restrict the functions or activities of the constituent entrepreneurs;
9. Owning or operating business facilities, or owning stocks (including partnership shares; hereinafter the same shall apply) or debentures;
10. Owning or operating facilities for carrying our research in any field of natural science; provided that the foregoing shall not apply whenever the Fair Trade Commission has approved the ownership or operation thereof;
11. Owning or controlling patents, or providing facilities of other services for the licensing or pooling of patents;
12. Making loans to the constitutent entrepreneurs or others;
13. Engaging in business in any field including buying, selling, producing, manufacturing, processing, handling, warehousing, transporting or distributing;
14. Acting as agent in business transactions or becoming a party to business contracts on behalf of the constituent entrepreneurs or others;
15. Collecting accounts for the constituent entrepreneurs, or others;
16. Arbitrating or settling disputes between the constituent entrepreneurs or others, or attempting to control the name; provided that the foregoing shall not apply to such as permitted by Item 8 of Paragraph 1 of Article 4;
17. Unduly influencing legislation or government policy;
18. Participating in, regulating, or affecting bids for government or private orders by acting as a depository, or otherwise.

No trade association shall commit any act in whatever manner or form to evade the prohibitions or restrictions provided for in the preceding paragraph.

The Fair Trade Commission shall, in case it receives an application for approval in accordance with the proviso to Item 10 of Paragraph 1, grant such approval whenever the applying trade association meets with the following conditions:

1. Membership or participation in the trade association is open to entrepreneurs generally throughout the industry on such fair and non-discriminatory terms as will actually make participation or membership therein reasonably available and within the means of such entrepreneurs generally who wish to join;
2. The constituent entrepreneurs of the trade association shall not consist only of a relatively few dominant or leading competitors in the industry nor shall voting and association activities, or the benefits resulting from the ownership and operation of natural science research facilities, be controlled by such dominant or leading competitors;
3. The benefits flowing from the ownership and operation of such research facilities shall be available to the constituent entrepreneurs of the trade association, regardless of the number of shares held, the amount of financial contributions, or the size of the entrepreneur.

As to any matter coming under Item 10 of Paragraph 1 (excluding the proviso), the Holding Company Liquidation Commission may, pursuant to a final order or a modification thereof issued in accordance with the provisions of the Elimination of Excessive Economic Concentrations Law (Law

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No. 207 of 1947), make reasonable exceptions from the conditions set forth in each of the items of the preceding paragraph for such period of time as shall be prescribed in its order. Such a final order or modification thereof issued pursuant to the provisions of the Elimination of Excessive Economic Concentrations Law whose contents include any matter coming under Item 10 of Paragraph 1 shall constitute the approval required by the proviso to said Item.

The Fair Trade Commission may fix such rules and regulations as are necessary for filing applications as provided for by the proviso to Item 10 of Paragraph 1.

(Exempted Organizations)

Article 6. The provisions of this Law (except Article 3) shall not apply to any of the following organizations:

1. Cooperative associations and other organizations which conform with the qualifications set forth in Article 24 of the Anti-monopoly Law and are established under the provisions of the following laws:
   a. Industrial Association Law (SANGYO KUMIAI HO) Law No. 34 of 1900;
   b. Salt Monopoly Law (SHIO SEMBAI HO) Law No. 11 of 1905;
   c. House Owners Association Law (KASHIYA KUMIAI HO) Law No. 47 of 1941;
   d. Urban Credit Association Law (SHIGAICHI SHIN-YO KUMIAI HO) Law No. 45 of 1943;
   e. Silk-reeling Industry Law (SANSHIGYO HO) Law No. 57 of 1945;
   f. Forestry Association Law (RINGYO KAI HO) Law No. 35 of 1946;
   g. Commercial and Industrial Cooperative Association Law (SHOKO KYODO KUMIAI HO) Law No. 51 of 1946:
2. Trade associations established under the provisions of the following laws:
   a. Hokkaido Public Works Association Law (HOKKAIDO DOKO KUMIAI HO) Law No. 12 of 1902;
   b. Forest Law (SHINRIN HO) Law No. 43 of 1907;
   c. Irrigation Association Law (SUIRI KUMIAI HO) Law No. 50 of 1908;
   d. Arable Land Readjustment Law (KOCHISEIRI KUMIAI HO) Law No. 30 of 1910: including such cases where said provisions are applied mutatis mutandis in Paragraph 2 of Article 12 of Urban Planning Law (TOSHI KEIKAKU HO) Law No. 36 of 1919;
   e. Horse Association Law (BAHITSU KUMIAI HO) Law No. 1 of 1915;
   f. Health Iusurance Law (KENKO HO-KEN HO) Law No. 70 of 1922;
   g. Agricultural Central Depository Law (NORIN CHUO KINKO HO) Law No. 42 of 1923;
   h. Former Sericultural Association Law (KYU SANSHIGYO KUMIAI HO) Law No. 24 of 1931;
   i. Pasture Land Law (BOKUYA HO) Law No. 37 of 1931;
   j. Agricultural Village Debt Adjustment Association Law (NOSON FUSAI SEIRI KUMIAI HO) Law No. 21 of 1933;
   k. Commercial and Industrial Central Depository Law (SHOKO CHUO KINKO HO) Law No. 14 of 1936;
   l. Fishing Boat Insurance Law (GYOSEN HOKEN HO) Law No. 23 of 1937;
   m. Agricultural Cooperative Association Autonomous Inspection Law (NOGYO KYODO KUMIAI JICHI KANSA HO) Law No. 15 of 1938;
   n. National Health Insurance Law (KOKUMIN KENKO HOKEN HO) Law No. 60 of 1938;
   o. Wooden-boat Insurance Law (MOKUSEN HOKEN HO) Law No. 39 of 1943;
   p. Former Agricultural Organization Law (KYU NOGYO DANTAI HO) Law No. 46 of 1943;
   q. Fisheries Organization Law (SUISAN DANTAI HO) Law No. 47 of 1943;
   r. Agricultural Cooperative Association Law (NOGYO KYODO KUMIAI HO) Law No. 132 of 1947;
   s. Agricultural Disaster Indemnity Law (NOGYO SAIGAI HOSHO HO) Law No. 185 of 1947;
3. The following arganizations:
   a. Securities Exchanges established pursuant to the provisions of Securities Transactions Law (SHOKEN TORIHIKI HO) Law No. 23 of 1948;
   b. Commodities Exchanges established pursuant to Commodities Exchange Law (SHOHIN TORIHIKI HO) Law No. 5 of 1893;
   c. Animal Stock-breeding Registration Associations established pursuant to Stock Breeding Law (SHUCHIKU HO) Law No. 155 of 1948;
4. The following organizations, to the extent that they execute legitimate activities necessary for their particular functions:
   a. Clearing House Associations attaches to Securities and Commodities Exchanges provided for in the preceding item;
   b. Bill Clearing Houses designated in accordance with the provisions of Bill of Exchange Law (TEGATA HO) Law No. 20 of 1932 and those of Cheque Law

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(KOGITTE HO) Law No. 57 of 1934;

c. Associational Entities (SHADAN HOJIN), the purposes of which are supplying news to those engaged in the newspaper or radio broadcasting businesses;

d. Syndicate Organizations organized by persons or parties engaged in financial business (including securities business) for the purpose af a joint financing or joint under-writing or sales of a single issue of securities.

5. Organizations designated in accordance with the provisions of Article 1 of Closed Institutions Ordinance (Imperial Ordinance No. 74 of 1947);

6. Organizations under designation pursuant to the provisions of Paragraph 2 of the Supplementary Provisions of Temporary Commodities Supply and Demand Adjustment (Law No. 38 of 1946);

7. Organizations registered as shipping, collecting or receiving agencies, or wholesale or retailers for designated rationed commodities pursuant to orders issued under the Temporary Commodities Supply and Demand Adjustment Law; provided that the foregoing shall not apply after the lapse of ninety (90) days of the day of enforcement of this Law;

8. The Japan Shipping Exchange, Ind. (SHADAN HOJIN NIHON KAIUN SHUKAIJO) to the extent of legitimate activities necessary for arbitrating or settling disputes on matters relating to ship charterings, marine transportation, marine insurance, buying and selling of ships, collisions, between ships or marine salvage between the constituent entrepreneurs themselves, the constituent entrepreneurs and others, or other persons or parties, which were referred to it prior to the enforcement of this Law or prior to ninety (90) days after the day of enforcement of this Law.

The provisions of this Law shall not apply to any organization formed for the purpose of mutual-aid and whose constituent entrepreneurs consist of less than nineteen (19) individual small-scale entrepreneurs. The term "small-scale entrepreneur," as used in this case shall mean an entrepreneur who employs not more than twenty (20) employees.

(Exempted Acts)

Article 7. The provisions of Article 5 shall not apply to legitimate acts of a trade association carried out in accordance with the provisions of the following laws and ordinances, or ordinances or orders issued thereunder:

1. Local Railway Act (CHIHO TETSUDO HO) Law No. 52 of 1919, Paragraph 1 of Article 25 (including such cases where said provisions are applied mutatis mutandis in Article 26 of Narrow Gauge Railway Act Law No. 76 of 1921);

2. Road Transportation Act (DORO UNSO HO) Law No. 191 of 1947, Article 23 and Paragraph 1 of Article 24 (limited only to agreements with regard to joint use of facilities, connecting transportation, joint management or operation and transportation);

3. Tobacco Monopoly Law (TABAKO SEMBAI HO) Law No. 14 of 1904, Article 20-2;

4. Electric Measuring Act (DENKI SOKUTEI HO) Law No. 26 of 1910, Article 7;

5. Marine Safety Act (SEMPAKU ANZEN HO) Law No. 11 of 1933, Article 8;

6. Major Export Commodities Control Law (JUYO YUSHUTSU-HIN TORISHIMARI HO) Law No. 26 of 1936;

7. Export Marine Produts Control Law (YUSHUTSU SUISAMBUTSU TORISHIMARI HO) Law No. 36 of 1934;

8. Imperial Ordinance concerning Orders to be issued in consequence of Acceptance of the Pots an Declaration (Imperial Ordinance No. 542 of 1945).

(Necessary Measures to Eliminate Violations)

Article 8. In case there exists any act going beyond the permitted activities provided for by each item of Paragraph 1 of Article 4 or any act which comprises a violation of the provisions of Article 5, the Fair Trade Commission may order the trade association concerned, in accordance with the procedures as provided for in Article 9 hereof, to cease such act, to dispose of its assets to dissolve, or to take any other measures necessary to eliminate such violation.

(Procedure)

Article 9. The provisions of Articles 40 to 44 of the Antimonopoly Law relating to the powers of the Fair Trade Commission and those of Articles 45 to 64, Paragraph 2 of Article 66, Articles 67 to 70, Articles 73 to 83 and Article 88 of said Law relating to procedure and legal suits, including reports of violations, investigations, hearings, decisions, suits to revoke or modify decisions and filing of accusations with the Procurator General and other matters necessary to the disposition of cases, and the rules and regulations or orders issued thereunder shall be applied mutatis mutandis to the carrying out of the functions of the Fair Trade Commission necessary to attain the purpose of this Law as well as to matters, cases and criminal violations arising under this Law, wherever the following terms appear in the forementioned provisions (excluding Article 40 and Article 41) of the Anti-monopoly Law, (a)

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"entrepreneur" (b) when it deems that an entrepreneur has effected a private monopolization, or has undertaken an unreasonable restraint of trade or has employed unfair methods of competition, or when it deems that undue dispartities in bargaining power exist," (c) "such measures as provided for by Article 7, Paragraph 1 of Article 8 or Article 20," and (d) "an act suspected of private monopolization, unreasonable restraint of trade or unfair method of competition," they shall read (a) "trade association," (b) "when it deems a trade association has gone beyond the permitted activities provided for by each item of Paragraph 1 of Article 4 or when it deems that a trade association violated the provisions of Article 5" (c) "such measures as provided for by Article 8," and (d) "an act suspected of going beyond the permitted activities as provided for by each item of Paragraph 1 of Article 4 or an act suspected of violation of the provisions of Article 57, when applied mutatis mutandis to this Law.

The Fair Trade Commission shall, in case it receives an application for approval in accordance with the provisions of Paragraph 3 of Article 5 or these of Paragraph 3 of Article 13, reject such application by decision when it deems that the application does not meet with the conditions provided for in each item of Paragraph 3 of Article 5.

The provisions of Paragraph 2 of Article 65 and these of Paragraph 1 of Article 66 of the Anti-monopoly Law shall apply mutatis mutandis to such applications, approval or decisions as provided for in the preceding paragraph.

(Reports)

Article 10. The Fair Trade Commission may, in order to carry out the provisions of this Law in a fair and proper manner, order a trade association to submit such reports, information or data as are deemed necessary.

(Public Prosecutors)

Article 11. Public prosecutors included in the personnel of the staff office of the Fair Trade Commission may assume responsibilities with respect to duties concerned with a criminal violation of the provisions of this Law.

(Jurisdiction of High Court of Tokyo)

Article 12. Jurisdiction of primary trials of any suit coming under any one of the following items shall rest with the High Court of Tokyo:

1. A suit concerning a decision of the Fair Trade Commission;
2. A suit concerning an offense as provided for by each item of Article 14.

All suits as provided for in the preceding paragraph, all cases arising under Article 9 of this Law by applying mutatis mutandis the provisions of Paragraph 1 of Article 62, Paragreph 1 of Article 63 (including such cases where said provisions are applicable mutatis mutandis in Paragraph 2 of Article 68) and Paragraph 1 of Article 67 of the Anti-monopoly Law as well as all cases arising under Paragraph 6 of Article 14 of this Law by applying mutatis mutandis the provisions of Article 97 and Article 98 of the Anti-monopoly Law shall come under the exclusive jurisdiction of the panel of judges established within the High Court of Tokyo in accordance with the provisions of Paragraph 1 of Article 87 of the Anti-monopoly Law.

(Disposition of Property)

Article 13. All business facilities, facilities for the carrying out of research in the field of natural science, stocks or debentures, excluding stocks or debentures required to be disposed of in accordance with the provision of the Cabinet Order on Disposition pursuant to Article 104 of the Anti-monopoly Law (Cabinet Order No. 238 of 1947), Cabinet Order on Disposition pursuant to Article 105 of the Anti-monopoly Law (Cabinet Order No. 239 of 1947), and Cabinet Order on Disposition of Stocks or Debentures pursuant to Article 107, Article 108 and Article 110 of the Anti-monopoly Law (Cabinet Order No. 43 of 1948) and patents actually owned by a trade association at the time of enforcement of this Law, shall be disposed of within ninety (90) days of the enforcement date of this Law.

The provisions of the preceding paragraph shall be applicable to cases where an organization newly becomes a trade association or where an organization provided for by Item 6 and Item 7 of Article 6 comes to receive application of the provisions of this Law (excluding those of Article 3). In the foregoing cases, "the day of enforcement of this Law" shall read as "the day it becomes a trade association or the day when it receives application of the provisions of this Law (excluding those of Article 3)."

Every trade association shall, in case it desires to retain ownership or to continue operation of natural science research facilities when it actually owns or operates such facilities in such cases as coming under the preceding two (2) paragraphs, file an application to such effect with the Fair Trade Commission within such period of time as provided for in Paragraph 1 and obtain its approval.

The provisions of Paragraph 3 of Article

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

5 shall be applicable mutatis mutandis to such applications as provided for in the preceding paragraph.

The provisions of Paragraph 4 of Article 5 shall apply mutatis mutandis to such cases as coming under Paragraph 1 to Paragraph 3 inclusive.

The Fair Trade Commission may, upon application, extend the limit of time provided for in Paragraph 1 whenever it deems that special circumstances justify an extension. In such cases and in cases where applications have been filed pursuant to the provisions of Paragraph 3, the running of the ninety (90) day period shall be computed until said application is either approved or rejected.

Every trade association shall, within thirty (30) days after disposal in accordance with the provisions of Paragraph 1 and Paragraph 2, file a report with the Fair Trade Commission setting forth the manner of disposal.

The Fair Trade Commission may fix such rules and regulations as are necessary for filing of applications and reports provided for in Paragraph 3 and the preceding two (2) paragraphs.

(Penalties)

Article 14. In case of violation of the provisions of this Law, the penalties against the violater shall be any of the following penalties:

1. For violating the provisions of Article 5, a penal servitude for not more than two (2) years or a criminal fine not more than thirty thousand yen (¥30,000), or both;
2. For failure to comply with a decision as provided for by Paragraph 3 of Article 48 and Article 54 of the Anti-monopoly Law when said provisions are applicable mutatis mutandis under Paragraph 1 of Article 9, a penal servitude for not more than two (2) years or a criminal fine not more than thirty thousand yen (¥30,000), or both;
3. For failure to file reports provided for by Article 3 or for filing false reports, a criminal fine not more than twenty thousand yen (¥20,000);
4. For failure to dispose of business facilities, natural science research facilities, stocks, debentures or patents within such period of time as provided for by Paragraph 1, Paragraph 2 or Paragraph 6 of Article 13, or for failure to file reports in accordance with the provisions of Paragraph 7 of said Article or for filing false reports thereof, a penal servitude for not more than one (1) year or a criminal fine not more than five thousand yen (¥5,000), or both;
5. For failure to submit reports, information or data as provided for by Article 10 or for filing false reports, information or data thereof, a criminal fine not more than five thousand yen (¥5,000).

In case of any violation as provided for in the preceding paragraph, the directors and other officers of administrators, or the constituent-entrepreneurs (in case a constituent entrepreneur is acting on behalf of another entrepreneur, including such other entrepreneurs) of the trade association involved shall, whenever they had knowledge of the violation and failed to take necessary measures to prevent or to remedy such violation, be subjected to such criminal fines as provided for in each of the items of the preceding paragraph.

In case of any violation as provided for by Paragraph 1, the trade association itself, whether juridical or non-juridical, shall be subjected to such criminal fines as provided for in each of the items of Paragraph 1.

Where a non-juridical trade association is subjected to punishment in accordance with the provisions of the preceding paragraph, its representative or administrator shall represent said trade association in the case concerned and, furthermore, the provisions of law on criminal suits where a juridical person is the defendant shall apply mutatis mutandis.

The provisions of Paragraph 2 shall, in case the directors and other officers or administrators, or the constituent entrepreneurs are in themselves juridical persons or other organizations, apply to the directors and other officers or administrators of such organizations.

The provisions of Article 94, Article 97, Article 98 and Article 99 of the Anti-monopoly Law shall be applicable mutatis mutandis to violations arising from such cases where the provisions of Article 40, Article 46, Paragraph 3 of Article 48, Article 54, Paragraph 1 of Article 66 and Paragraph 1 of Article 67 of the Anti-monopoly Law are applicable mutatis mutandis in this Law.

(Additional Punishments)

Article 15. In addition to any penalty provided for in each item of Paragraph 1 of the preceding Article, the sentence of the Court may, where sufficient grounds exist, include dissolution of the trade association.

Where the sentence includes dissolution in accordance with the provisions of the preceding paragraph, the trade association shall become dissolved thereby, notwithstanding the provisions of any other law, ordinance, order, or contract.

(Accusations)

Article 16. Any offense under each item of Para-

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graph 1 of Article 14 shall be considered after the filing of an accusation by the Fair Trade Commission. The provisions of Paragraph 2 and Paragraph 4 of Article 96 of the Anti-monopoly Law shall be applicable mutatis mutandis with regard to such an accusation.

The Fair Trade Commission may, when filing an accusation in accordance with the provisions of the preceding paragraph and when it deems that the sentence shall carry with it dissolution of the trade association, state said fact in its accusation.

(Anti-monopoly Law Uneffected)

Article 17. The provisions of the Anti-monopoly Law and the functions and powers of the Fair Trade Commission thereunder shall not in any manner be repealed, modified or amended by this Law.

Supplementary Provisions:

(Enforcement Date)

Article 18. This Law shall come into force as from the day of its promulgation.

(Conflicting Laws and Contracts)

Article 19. The provisions of existing laws, ordinances, orders, contracts, articles or charters in conflict with this Law at the time of its enforcement shall become null and void as from such date.

Prime Minister
ASHIDA Hitoshi
Minister for Foreign Affairs
ASHIDA Hitoshi
Minister of Finance
KITAMURA Tokutaro
Attorney-General
SUZUKI Yoshio
Minister of Education
MORITO Tatsuo
Minister of Welfare
TAKEDA Giichi
Minister of Agriculture and Forestry
NAGAE Kazuo
Minister of Commerce and Industry
MIZUTANI Chozaburo
Minister of Transportation
OKADA Seiichi
Minister of Communications
TOMIYOSHI Eiji
Minister of Labor
KATO Kanju
Minister of Construction
HITOTSUMATSU Sadayoshi

I hereby promulgate the Law amending a part of the Law concerning Adjustment and Coordination, etc. of Disposal of Securities Law.

Signed: HIROHITO, Seal of the Emperor

This twenty-ninth day of the seventh month of the twenty-third year of Showa (July 29, 1948)

Prime Minister
ASHIDA Hitoshi

end

Law No. 192

The Law Amending a Part of the Law concerning Adjustment and Coordination etc. of Disposal of Securities

The Law concerning Adjustment and Coordination of Disposal of Securities (Law No. 8, 1947) shall partially be amended as follows:

Article 2. Paragraph 1, item 6 shall be amended as follows:

6. Deleted.

In Paragraph 1 of Article 10, "such cases whereby Special According Joint-stock Companies or those provided for by Article 52 of the Enterprise Recostruction and Reorganization Law (hereinafter referred to as Special Accounting Companies, etc.) contemplate transfer of designated securities provided for in Article 2, Paragraph 1, item 6, or" shall be deleted.

Article 11. As regards those securities which are to be transferred in compliance with the provisions of an order provided for in Article 107 of the Law relating to Prohibition of Private Monopoly and Method of Preserving Fair Trade (Law No. 54, 1947), special accounting companies as provided for in the Enterprise Reconstruction and Reorganization Law (Law No. 40, 1946) and those persons stipulated in Article 52 of the same Law (hereinafter referred to as Special Accounting Companies, etc.) may entrust the transfer of such securities to the Committee.

In Article 11-2, "Special Accounting Joint-stock Companies" shall read "Special Accounting Joint-stock Companies as provided for in the Enterprise Reconstruction and Reorganization Law (hereinafter referred to as Special Accounting Joint-stock Companies," and "Article 29-4 of the Enterprise Reconstruction and Reorganization Law" shall read "Article 29-4 of the same Law."

In Article 12, "Paragraph 4 of Article 11" shall read "Article 11" and "of disignated securities" shall be deleted.

In Article 20, item 2 shall be amended as follows:

2. Deleted.

Supplementary Provisions:

The present Law shall come into force as from the day of its promulgation.

The particulars concerning the disposition of stocks provided for in reroganization plans of Special Accounting Companies, etc., for which approval has been obtained pursuant to the provisions of Paragraphs 1 to 3 inclusive of Article

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INCOMING AIRGRAM

File DC/R

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

Action Assigned to NA
Action Taken no action required
Date of Action Sept 23, 49
Action Office NA
Name of Officer M. Green
Direction to DC/R file

G DIVISION OF NORTHEAST ASIAN AFFAIRS
SEP 23 1949

3791

FROM: HAROLD, Tokyo.

Dated: September 7, 1949.

Date of mailing: Unknown

Received: Sept. 22, 1949 3:52 p.m.

DEPARTMENT OF STATE

OFFICE OF FAR EASTERN AFFAIRS SEP 22 1949 DEPUTY DIRECTOR Department of State

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Secretary of State,

Washington.

A-221, September 7, 1949.

Sir Alvary GASCOIGNE, Head of United Kingdom Liaison Mission in Tokyo, informally advised me on September 1 that he had arranged for the Right Honorable Malcolm MacDONALD's visit to Tokyo while enroute to England early in May last. He said that he hopes during the course of the next few months also to have Lieutenant General Sir John HARDING invited by General MacARTHUR.

The purpose of the visits according to Sir Alvary is to make it possible for Occupation authorities to learn first hand of the problems being encountered by British authorities "at the other end of the line". He said that Japan, being at the northern end is also vital to Great Britain and he felt that Southeast Asia likewise is equally so to the United States, being part of the line of containment against Communism.

Sir Alvary also stated that he expects to attend an East Asia Area conference of UK Chiefs of Missions to be held in Singapore in February 1950. Sir Alvary said that the purpose of this conference will be to interchange ideas among Chiefs of Missions and is primarily an area conference.

In connection with Mr. MacDonald's visit to Tokyo, General Headquarters has arranged for a general briefing concerning the Occupation and conditions in Japan, although it is understood that subject matters discussed will be limited to unclassified matters.

cc: American Embassy, London.
Consulate General, Singapore.

PERMANENT RECORD COPY.—This copy must be returned to DC/R central files with notation of action taken.

WJSebald:gmd

740.001 19 CONTROL (JAPAN) 49-1749

SECRET FILE

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6 DIVISION OF NORTHEAST ASIAN AFFAIRS SEP 23 1949

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

Action Assigned to NA
Action Taken no action
Action Office Symbol NA
Name of Officer
Direction to DC/R file

740.00119 Control (Japan)/9-749 DEPARTMENT OF STATE

Yokohama Branch,
Office of the U. S. Political Adviser,
Yokohama, Japan, September 7, 1949. Oct 1, 49

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REC'D SEP 23

ACTION
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No. 168

SUBJECT: Analysis of Recent Changes in Military Government Structure in Japan

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The Consul in charge has the honor to forward herewith memoranda of conversations with Military Government officials of widely separated areas of Japan as written by Vice Consul William L. MAGISTRETTI of this office. It will be noted that the conversations were held at different times and independently of each other so that neither official has in any way been influenced by the opinion of the other nor do they know each other personally. Therefore, while the conversations report the opinions of only two officials taken at random cross section, it may be considered significant that they were in substantial agreement that the removal of local Military Government teams and the establishment of regional military government offices will provide a stimulus toward setting Japan upon her own feet preparatory to the emergence of a new democratic Japanese government.

Both officers are in agreement that so long as the local teams remain there is a tendency for local Japanese officials to rely upon the Military Government team for direction where they should institute their own action and for them to make the local team a political scapegoat for the various shortcomings of the Japanese government. Both officials are agreed that the presence of large concentrations of troops does create friction in the particular area where they are stationed because of the inevitable small percentage of wrong doers, but, by and large, the troops were favorably regarded by the Japanese people. One officer in particular felt that while some segments wished removal of the troops for their own selfish political purposes the probability was that the majority of the Japanese people viewed the onrush of Communism in Asia as a very vital threat to now disarmed Japan and earnestly desired the retention of American troop strength sufficient to protect Japan.

Of interest

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RETURN TO DC/R FILES WITHIN 14 DAYS WITH A NOTATION OF ACTION TAKEN

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Of interest from the standpoint of attainment of long range American policy in Japan is the observation that the seeds of democracy have been planted through the guarantee of civil liberties in the Constitution but their development should rather be regarded as a long range process somewhat akin to the spread of Christianity in Japan.

In sharp contrast to the attitude of these field team officials in close contact with the Japanese people have been the opinions of some key headquarters military government personnel. Informal conversations with Headquarter officials held during the course of a dinner meeting of the MG Association attended by Mr. Magistretti, revealed a consensus of opinion that the removal of the local teams was too early at this stage because on the spot controls for the carrying out of specific SCAP policy for the democratization of Japan would thereby be removed. Further, it was felt that the personal contact of MG team personnel and local Japanese officials and members of the general public was particularly vital in carrying out these policies.

Respectfully yours,

Charles H. Stephan
American Consul

CC: USPOLAD, Tokyo

O.N.T.

WLMagistretti/fa

Parchment mat to Department.

Enclosures:
3 memoranda of conversations

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

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Enclosure to Despatch No. 168,
dated September 7, 1949, from Yokohama

MEMORANDUM OF CONVERSATION

Subject: Change from Local Military Government Teams to Civil Affairs

Participants: Captain Callahan, Legal Officer, Shizuoka Military Government Team
William L. Magistretti, Vice Consul, US POLAD, Yokohama

Date: August 5, 1949

Captain Callahan was asked whether he viewed the change-over from MG teams to 8 regional offices as a helpful move. He replied that in general he did inasmuch as on his team there was very little to be gained from personal contact by the team members and local Japanese officialdom. Captain Callahan stated frankly that during the more than two years he had been on the team only two of his complement of 38 members were really interested in their jobs. He went on to indicate that most of them were interested in the black market, that he had reports from the Japanese police along these lines and knew that the Japanese officials were likewise aware of this situation. This, he felt, seriously detracted from the mission of the team inasmuch as most members thereof had lost the respect of the Japanese officials through these activities and accordingly had no real leadership value.

In addition, the Captain observed that the Military Government team had become the scapegoat for Japanese politicians who blamed the team whenever anything went vitally wrong. The situation had become considerably aggravated also by the local officials playing members of the Government Section, GHQ SCAP, against the local team. Shizuoka is located close enough to Tokyo so that the local officials can easily travel to Tokyo to seek Headquarters opinion. Therefore it frequently happened that a SCAP directive would come out in broad policy leaving the interpretations to the local officials. The Japanese would first seek Military Government opinion which would be given and then proceed to Tokyo to obtain a SCAP opinion which would frequently vary with that of the local Military Government team. The team would then be placed in the embarrassing position of being confronted with the SCAP opinion by the local Japanese officials.

Captain

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Captain Callahan reported that in his area there had been a fairly large incidence of crime among the troops while on maneuvers which had a bad effect on the local populace. He felt that this was in part due to inadequate command function by the officer in charge but nevertheless viewed the presence of troops in his area as a source of trouble.

It should be noted that as in the case of the vast majority of Military Government team officers, Captain Callahan is not a Japanese language officer but has handled his work through Japanese interpreters.

William L. Magistretti
American Vice Consul

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Enclosure No. 2 to Despatch No. 168,
dated September 7, 1949, from Yokohama

MEMORANDUM OF CONVERSATION

Subject: Change from Local Military Government Teams to Civil Affairs

Participants: Captain Vernon C. Hill, Nagasaki Military Government Team

William L. Magistretti, Vice Consul, US POLAD, Yokohama

Date: August 24, 1949

Questioned as to whether removal of teams to regional headquarters would be desirable, Captain Hill replied that it would. He explained by saying that there was a great tendency on the part of Japanese officials to rely on Military Government teams. This developed from the earlier days when SCAP issued directives to the Japanese government putting a time date on the directive and also sent copies of the directive to the Team. Because of inadequate Japanese government communications the Military Government team got their copy via 8th Army first whereas local Japanese officials frequently did not get their copy in time to meet the deadline. Accordingly, Military Government personnel would contact the local Japanese officials who would take action on the basis of the local team orders.

Nowadays Japanese government communications have improved to the extent that they are quicker than MG facilities, but the Japanese officials still rely on MG for direction and interpretation of the orders of their own government. In view of these facts, Captain Hill is of the opinion that removal of the MG teams will serve to put the Japanese government on its own feet and alleviate undue reliance on occupation authorities.

The change will also serve to prevent the Japanese officials from blaming occupation authorities for acts causing resentment among the people. The Japanese

officials

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officials in Nagasaki take credit on behalf of the Japanese government for all legislation welcomed by the people. However, as in the case of the unpopular tax collection measures fixing payment by a certain date or imposing a penalty, the Japanese tax officials stated it was due to occupation demands. They did not explain it was legislation of their own government which was in the interest of that government and the people.

Captain Hill was next asked whether the Japanese people would welcome the end of the Occupation. He indicated that while certain people would, others are desirous of continuing the Occupation fearing the Soviet menace in Asia. In general the farmers (who are a nouveau riche class) are in favor of the Occupation and its continuance for the time being, inasmuch as it has been responsible for the land reform, placing them on their own land for the first time in memory. However, there are a certain element who are resentful of the Occupation because of imposition of ways of doing things which are alien to Japan.

The Captain was of the opinion that good groundwork for the fruition of democracy in Japan had been laid, but the spreading of such ideas, plus those of sanitation and reforms in the education system would require a generation or generations. With the seeds sown, however, he felt that there would be a gradual healthy spread. Upon termination of the Occupation there would be a swing of the pendulum to more Japanese ways of doing things, but it probably would only be a half swing, resulting in a half gain as a result of Occupation directives and teaching.

By and large the ideas and ideals of the new constitution have taken hold in the larger cities where a large portion of the people are conscious of their rights. In the farm villages, however, the Captain has personally encountered indirect retention of power by purged former village masters. The method utilized is financing and coaching relatives to run for political office. The villagers who have only vaguely read of their rights are afraid to protest feeling that they will cut off their source of livelihood should they do so.

Questioned

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Questioned about Japanese feeling toward the troops, the Captain said the troops were well received in those areas where there were not regiments or divisions stationed. However, because of the inevitable percentage of trouble makers and certain cocky soldiers who considered themselves as the conquering heroes, feeling in towns where troops in large numbers are stationed is not good, as in Kumamoto. While disorders of the troops circulates widely by word of mouth, the balancing number of good acts (such as emergency aid to Japanese suffering an automobile accident) does not travel so widely and it is incumbent on MG to see that it does get sufficient publicity.

It should be noted that as in the case of the vast majority of Military Government team officers, Captain Hill is not a Japanese language officer but has handled his work through Japanese interpreters.

William L. Magistretti
American Vice Consul

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Enclosure No. 3 to Despatch No. 168,
dated September 7, 1949, from Yokohama

MEMORANDUM OF CONVERSATION

Subject: Effect of Change from Military Government Teams to Military Government Regions

Participants: Captain Callahan, Legal Officer, Shizuoka Military Government Team

William L. Magistretti, Vice Consul, US POLAD, Yokohama

Date: September 2, 1949

Further discussion was held with Captain Callahan relative to the Japanese opinion about troops remaining in Japan. Captain Callahan stated that he had no indication that the Japanese would welcome troops remaining in his particular area but rather felt that the number of serious rape cases (19 from June 1949 to August 1949 with 5,000 troops on maneuver) had seriously alienated the Japanese population inasmuch as these occurred in very small villages. These came to the attention of an investigating board from GHQ which felt that 19 out of 5,000 was not a bad percentage. However, Callahan analysed the situation along the lines that if a murder happened in Chicago no one paid much attention to it whereas if it happened in a small town in Illinois the people remembered it 25 years or a hundred years later.

In this connection Callahan complained that adverse reports were usually stopped in channels and were not forwarded to the policy making level of GHQ with the result that in his experience and observation policy formulated on the GHQ level was entirely unrealistic as opposed to local needs and background.

Callahan felt that ideas and ideals of civil liberty, while known among lawyers and politicians, had not penetrated to the local level. The farm villages are entirely unacquainted with these ideas and in fact, the old politicos are still controlling

the villages

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

the villages although purged. Even in the case of the large city of Numazu, Callahan pointed out, the purged mayor still runs the city through controlled office holders. Callahan claimed to have made a report on this situation through channels but nothing has ever been done about it. One of Callahan's greatest criticisms of the Occupation, particularly from the attainment of MG objectives, is that MG personnel were not screened for racial prejudice, nor were competent people with background selected for the particular job. One instance he cited was that of a Mr. Jones, a former bond salesman who now runs all of the industry in Shizuoka Prefecture which includes what is probably the largest light metal factory in Japan. These facts are known to the Japanese because Japanese employees handle the personnel records of the Team and the information gets back through them. In another instance on the small Shizuoka Military Government team an officer named Cullison, who formerly worked in the advertising department of a newspaper, is telling the Japanese farmers how to grow rice. Captain Callahan feels that this lack of appropriate background together with the lack of interest prevalent at least in his team, is a serious deterrent to the attainment of MG objectives.

While these personnel problems are an impediment to obtaining Occupation objectives, Callahan also believes that the Occupation, through its MG teams, missed a tremendous opportunity in the earlier days through failure to bring the message of democracy and what democracy means in terms of civil rights and liberties directly to the people. For the most part MG personnel dealt only with Japanese officials so that the message could not penetrate to the people and even today the majority of them do not understand democracy. There has been a tendency in Callahan's experience to regard the pre-war days of Japan as preferable to what the Japanese have to-day. In this connection the Japanese tend to interpret democracy from the daily lives of MG personnel which Callahan believes has not been particularly exemplary. He cited several instances of excessive drinking, rude conduct, and disparaging of the Japanese.

Because of the fact that the Occupation message was not brought directly to the people and because of the Japanese attitude of "it can't be helped" Callahan is of the opinion that the message of the Occupation has not and probably will not penetrate to the grass roots.

William L. Magistretti
American Vice Consul

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STANDARD FORM NO. 64

CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

NWB
HM
BAF
DCR

TO : Mr. Bond

DATE: 10/3/49

FROM : Mr. Green MG.

SUBJECT: Yokohama's 168 of September 7, 1949

According to the enclosed memoranda of conversation between Vice Consul Magistretti and MG officials, the latter held that the removal of the MG local teams would have a salutary effect inasmuch as the Japanese have used the teams as scapegoats for their own shortcomings. One MG officer stated frankly that during the more than two years he had been on the team only two of his complement of 38 members had been really interested in their jobs, most of the others having been more concerned with black marketeering. By and large, he added, the Japanese seem well enough disposed toward the troops probably due to a feelingof insecurity in the face of Communist gains in Asia.

Unlike the MG officers, Headquarters officials criticized the withdrawal of the local MG teams as premature.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

United States Political Adviser
for Japan

740.00119 Control
(Japan)/9-749

Tokyo, September 7, 1949

No. 615

UNCLASSIFIED

LEGAL ADVISER
SEP 16 1949
DEPARTMENT OF STA

DIVISION OF
NORTHEAST ASIAN AFFAIRS
SEP 1949
DEPARTMENT OF STATE

REC'D

SEPT 12

file no action required

Subject: Authority of Village Masters, Mayors, Chiefs of Ward Offices, and Like Japanese Officials to Issue Miscellaneous Certificates

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The Acting Political Adviser has the honor to refer to Note 41, Section X-5, of the Foreign Service Regulations and to enclose a Japanese-language document and translation entitled "Authority of Village Masters, Mayors, Chiefs of Ward Offices, and Like Officials to Issue Miscellaneous Certificates".

On July 21, 1949, the Mission requested the Legal Section of the General Headquarters to obtain from the Japanese Government an authoritative statement setting forth the authority for the issuance of, and the competency of duly constituted Japanese officials to issue, certificates showing the facts pertinent in a given case. The enclosed statement was prepared by the Chief, Second Division, Civil Affairs Bureau, Attorney General's Office, Tokyo, and is deemed satisfactorily to establish what Japanese authorities are empowered to issue documents for presentation at American consular offices in Japan in connection with the settlement of estates, the handling of pension, insurance, and like cases, the transfer of real property, et cetera. This document is deemed conclusively to show that village masters, mayors, chiefs of ward offices, and like officials are authorized to issue certified copies of Japanese family census registers, certificates of temporary residence, certificates of domicile, official authentications of personal seals, certificates as to competency, et cetera. It may be observed that although authority for the issuance of certificates to status of licensed medical practitioners and midwives was, as of October 27, 1948, transferred to the jurisdiction of public health offices, such certificates continue to emanate from village masters and other like authorities, presumably because of the absence of local public health offices in many localities.

Enclosure: att

Original Japanese-language
document, in translation,
entitled "Authority of
Village Masters, Mayors, Chiefs
of Ward Offices, and Like
Officials to Issue
Miscellaneous Certificates".

Parchment mat to the Department.
cc to Kobe.
cc to Yokohama.

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FILED
SEP 26 1949

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RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

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Enclosure to Despatch No. 615, dated September 7, 1949 from the United States Political Adviser for Japan, Tokyo, on the subject, "Authority of Village Masters, Mayors, Chiefs of Ward Offices, and Like Japanese Officials to Issue Miscellaneous Certificates".

UNCLASSIFIED

[Translation]

AUTHORITY OF VILLAGE MASTERS, MAYORS, CHIEFS OF WARD OFFICES, AND LIKE OFFICIALS TO ISSUE MISCELLANEOUS CERTIFICATES

Kinds and names of certificates:		CERTIFICATES TO STATUS OF LICENSED MEDICAL PRACTITIONERS AND MIDWIVES
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	List of Licensed Medical Practitioners; List of Midwives.
Basis and process of preparation of authoritative documents	:	In principle lists are prepared on the basis of reports. As to subsequent changes, corrections in lists are also made on the basis of reports. However, in cases where, for instance, a license is revoked for violation of the Licensed Medical Practitioners' Law, correction is made ex officio upon receipt of a notice of such revocation.
Remarks	:	This business was transferred to the Public Health Office as a result of enforcement of Licensed Medical Practitioners' Law on October 27, 1948. [TN: These certificates are still being issued by Village Masters, et cetera, due perhaps to the absence of Public Health Offices in the locality concerned]

Kinds and names of certificates:		CERTIFICATES AS TO COMPETENCY
Basis of authority to issue certificates	:	Custom.

Authoritative

UNCLASSIFIED

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

Enclosure to
Tokyo's Despatch No. 615,
September 7 , 1949.

Authoritative documents on which certificates are based	:	List of Convicts; List of Persons Adjudged Incompetent; List of Quasi-incompetent Persons; List of Insolvents.
Basis and process of preparation of authoritative documents	:	Home Ministry Instruction No. 1 dated April 12, 1917, concerning Preparation of List of Convicts by Mayors of Cities and Towns, and Village Masters on the basis of notices from courts, procurators' offices, courts-martial, or from mayors of other cities, towns, or village masters. Home Ministry Instruction No. 3, January 29, 1927, concerning preparation by Mayors of Cities and Towns, and Village Masters of List of Convicts among Temporary Residents within their jurisdiction. Home Ministry Instruction No. 4, January 29, 1927, concerning Preparation by Mayors of Cities and Towns, and Village Masters of Lists of Persons Adjudged Incompetent, Quasi-incompetent Persons, and of Insolvents, among residents, both permanent and temporary, within their jurisdiction. Corrections of such lists are made on receipt of notices from courts, procurators' offices, Domestic Relations Courts, etc.
Remarks	:	As regards certificates on criminal matters it is the practice, in accordance with instruction from Director of Local Government Bureau, Home Ministry, dated November 12, 1946, not to issue certificates even requested by a

convict

UNCLASSIFIED

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: convict himself except when requested by police, procurators' offices, or courts.

Kinds and names of certificates	:	CERTIFICATES PERTAINING TO JURIDICAL PERSONS: Certificate as to the Place Where Juridical Persons are Located
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	Register of Juridical Persons.
Basis and process of preparation of authoritative documents	:	In principle the Register is compiled on the basis of reports. However, corrections are sometimes made ex officio, on the basis of data supplied by Taxation Office for purposes of tax collection.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES PERTAINING TO JURIDICAL PERSONS: Certificates as to Business Activities:
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	Records of Business Investigation
Basis and process of preparation of authoritative documents	:	An applicant for a certificate is required to produce an extract copy from the Register of Juridical Persons, and this extract copy is certified. No positive action is taken to complete the records by requiring reports or through use of authority.

Remarks

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Remarks : [Blank]

Kinds and names of certificates	:	CERTIFICATES PERTAINING TO JURIDICAL PERSONS: Certificates to Genuineness of Juridical Persons:
Basis of authority to issue certificates	:	Regulations governing cities, towns, and villages.
Authoritative documents on which certificates are based	:	Registers of Seals of Juridical Persons.
Basis and process of preparation of authoritative documents	:	Registers are compiled and brought up-to-date on the basis of reports.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES TO GENUINENESS OF [PERSONAL] SEALS:
Basis of authority to issue certificates	:	Regulations governing cities, towns, and villages.
Authoritative documents on which certificates are based	:	Registers of [Personal] Seals.
Basis and process of preparation of authoritative documents	:	In principle Registers are compiled and brought up-to-date on the basis of reports. However, in some cases deletions are made ex officio on the basis of reports of family census registration.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES TO PAYMENT OF TAXES:
Basis of authority to issue certificates	:	Custom.

Authoritative

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Authoritative documents on which certificates are based	:	Registers of Collection of Local Taxes.
Basis and process of preparation of authoritative documents	:	Registers of Tax-payers are compiled, in which each individual tax-payer is listed giving the amount of taxes assessed. In all cases this register is compiled and brought up-to-date ex officio.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES OF OWNERSHIP:
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	Duplicate Land Registers.
Basis and process of preparation of authoritative documents	:	These Duplicate Registers are compiled and brought up-to-date on the basis of notices of registration received from Taxation Offices.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES TO HOUSE (BUILDINGS) OWNERSHIP:
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	Duplicate House (Buildings) Registers.
Basis and process of preparation of authoritative documents	:	These registers are compiled and brought up-to-date on the basis of notices of registration received from Taxation Offices.
Remarks	:	[Blank]

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

Enclosure to Tokyo's
Despatch No. 615,
September 7, 1949.

Kinds and names of certificates	:	CERTIFICATES OF DOMICILE:
Basis of authority to issue certificates	:	Regulations governing cities, towns, and villages.
Authoritative documents on which certificates are based	:	Registers of Households (Card file).
Basis and process of preparation of authoritative documents	:	These registers are compiled and brought up-to-date on the basis of reports.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES REGARDING FAMILY DEPENDENTS:
Basis of authority to issue certificates	:	Custom.
Authoritative documents on which certificates are based	:	Registers of Households (Card file)
Basis and process of preparation of authoritative documents	:	These registers are compiled and brought up-to-date on the basis of reports.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES CONCERNING FAMILY CENSUS REGISTERS:
Basis of authority to issue certificates	:	Art. 10, Family Registration Law; Art. 111, Labor Standards Law; Art. 45, Labor Casualty Insurance Law; Art. 119, Seamen's Law; Art. 11, National Government and Public Office Workers Mutual aid Association Law; et cetera.

Authoritative

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

Authoritative documents on which certificates are based	:	Family Census Registers.
Basis and process of preparation of authoritative documents	:	Entries, deletions, and corrections are made on the basis of filing of registrations, reports, applications, copies of [ships'] logs, or court decisions.
Remarks	:	[Blank]

Kinds and names of certificates	:	CERTIFICATES CONCERNING TEMPORARY RESIDENCE:
Basis of authority to issue certificates	:	Art. 4 (paragraph 2), and Art. 12, Ordinance Governing Procedure Relating to Temporary Residence.
Authoritative documents on which certificates are based	:	Registers of Temporary Residents.
Basis and process of preparation of authoritative documents	:	Entries, deletions, or corrections are made on the basis of reports or ex officio.
Remarks	:	[Blank]

August 17, 1949 Prepared by:

UZAWA Susumu,
Chief, Second Division,
Civil Affairs Bureau,
Attorney General's Office

(Seal)

[Translated by:
MATSUO Chuhei, Interpreter-Translator]

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

Enclosure to Despatch No. 615
dated September 7, 1949 from the
United States Political Adviser
for Japan, Tokyo, on the subject,
"Authority of Village Masters,
Mayors, Chiefs of Ward Offices,
and Like Japanese Officials to
Issue Miscellaneous Certificates".

市区町村長等の証明書発行の権限について

証明書の種類名称等の別	証明の根拠	証明資料	資料の基礎又は其の整備
開業医師又は同助産婦たることの証明	慣行	医師名簿 助産婦名簿	届出に基き名簿が作製され、其の届出については届出に基き名簿の加除を原則とするが、例えば医師法違反の行状を伴われたような場合には、市長職権により加除することも可
能力証明	〃	既決犯罪人名簿 禁治産者名簿 準禁治産者名簿 破産者名簿	○大正六、四、一二内務省訓令第一号 市町村長は裁判所書記、軍法会議その他の市町村長の通知に依り本籍人の名簿を整備すべし ○昭和二、一、二九内務省訓令第三号 市町村長ヨリ入寄留者犯罪人ノ通知ヲ為すべし件 内務省訓令第四号 ○〃 市町村長ヲシテ本籍人及入寄留者ノ者準禁治産者及破産者名簿ヲ為サシムル件 裁判所、検察庁、法務局等から基き加除整備とする。
法人関係の証明 所在証明	〃	法人名帳	届出によって作製するのを原則とす資料として税務署から通知される(地)職権で加除することもある。
営業証明	〃	営業調査簿	登記簿謄本を義務者に提出させ手数料徴収で、届出とせず又は職権で積極的に整備しているいない。
印鑑証明	市町村条例	法人印鑑簿	届出によって整備する。

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

証明書発行の権限について

根拠	証明資料	資料の基礎又はその整備等	備考
医師名簿 助産婦名簿	届出によって名簿が作製され、その後の異動についても届出に基き名簿の加除をするのが原則であるが、例えば医師法違反等で免許状を奪われたような場合には、その通知によって職権により加除することもある。	本事務は昭和二十三年十月二十五日医師法の施行によって、保健所に移管された。	
既決犯罪人名簿 禁治産者名簿 準禁治産者名簿 破産者名簿	○大正六、四、一二内務省訓令第一号 市町村長は戸籍事務、軍法会議又は他の市町村長の通知に依り本籍人の犯罪人名簿整備等の件 ○昭和二、一二、九内務省訓令第二号 市町村長ヨリシテ入寄留者犯罪人名簿ノ整備ヲ為サシムル件 ○〃 内務省訓令第四号 市町村長ヨリシテ本籍人及入寄留者ニ付禁治産者準禁治産者及破産者名簿ノ整備ヲ為サシムル件 裁判所、検察庁、刑務所等からの通知に基き加除整備をする。	犯罪に関する証明については、昭和三、二、一三除内務省訓令第一号通牒により「警察、検事局、裁判所等の照会に対するもの、本人から請求があった場合」に証明を与えなく前提である。	
法人名帳 営業調査簿 法人印鑑簿	届出によって作製するのを原則とするが、営業資料として税務署から通知されるものに基いて職権で加除することもある。 登記簿謄本を提出者に提出させて証明を与える程度で、届出とコセ又は職権等で積極的に整備していない。 届出によって整備する。		

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印鑑証明	〃	個人印鑑簿	届出によって整備するものと原則として届出者による職権で消除する。
納税証明	慣行	地方税徴収簿	納税義務者ごとに税の調定帳簿とし、すべて職権で整備する。
所有証明	土地に関する証明	土地台帳副本	税務署からの登記済通知書により作成する。
	家屋に関する証明	家屋台帳副本	〃
住所証明		世帯台帳(案)	届出によって処理する。
扶養親族証明	慣行	〃	〃
戸籍に関する証明	戸籍法一〇条、市町村事務処理法一二条、市町村吏員法一二条、戸籍法一九条、国家公務員共済組合法一二条等	戸籍簿	届出、報告、申請等による戸籍の訂正又は新規による又は消除並びに新設される。
寄留に関する証明	寄留法一〇条、同一二条	寄留簿	届出又は職権による新設又は消除並びに変更される。

昭和二十四年八月十七日

法務府 民

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

個人印鑑簿	地方稅徵收簿	土地台帳副本	家屋台帳副本	去帶台帳(寫)	〃	戶籍簿	寄留簿	
届出によって整備するものと原則とするが、届出者による職権で消除することもある。	納稅義務者ごとに稅の調定をして帳簿とし、すべて職権で整備する。	稅務署からの登記所通知書によって補充する。	〃	届出によって処理する。	〃	届出、報告、申請若しくは請求、官吏は職権の職務上又は職務により、又は法律並びに勅令により、記載又は消除並びに訂正される。	届出又は職権によって記載又は消除並びに訂正される。	

八月十七日

法務府 民事局第二課長

[illegible]

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

FORM DS-322
7-1-48

INDICATE
Collect
Charge Department X
Charge to

OUTGOING TELEGRAM

Department of State

CONFIDENTIAL
CLASSIFICATION

2 P.M.
CONTROL
2483

SEP 10 1949
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740.00119 CONTROL (JAPAN) 9-1049

Supreme Commander for the Allied Powers,

Tokyo,

440

Info: Army Chief of Staff,

For Acting Political Adviser.

SUBJ is Summary Steering COMITE MTG, SEP 6, 1949.

Fishing and Aquatic Industries in JAP (SC 271/24).

No discussion on US amendment to add FOL as new PARA 5: QTE Nothing in this paper shall be interpreted to apply to JAP ~~whk~~ whaling activities UNQTE. RE US amendment to delete all PARA 2 b after QTE FEC UNQTE in fifth line and replace with FOL: QTE ~~asserts~~ asserts a direct concern in respect to fishing or other commercial aquatic activities, SCAP will attempt to secure consent of such country to an agreement reasonably calculated to benefit the JAP economy and to protect the legitimate interests of such country, UNQTE other members expressed no views and/no one appeared opposed to vote being taken except CHI who requested postponement until FOL week.

CANAD member informally informed US Member after MTG RE first US amendment that it WLD be helpful if US SHLD in some way make it clear that adoption of amendment WLD not authorize JAP to disregard INTERNATL regulations, as to conservation, RE whaling. He also indicated informally that he WLD vote for second US amendment if US WLD inform SCAP of negotiation RE Convention for Fisheries of North Pacific Ocean, in accordance with which JAP WLD be barred from fishing within 150 miles of coasts of either

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740.00119 Control (Japan) 9-1049

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FORM DS-322
7-1-48

INDICATE
Collect
Charge Department
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OUTGOING TELEGRAM

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US or CANAD, and that there be understanding that SCAP, pending consummation of convention, SHLD not grant permission to JAP to fish within 150 miles of CANAD coast.

UK member indicated informally that he had no INSTRs RE second US amendment.

JAP Assets in Neutral Countries (SC 295/6)

No discussion.

Acheson
(N.W.B.)

ACHESON

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W.N.M.
FE:NA:[illegible]unning:lk
9/9/49

N.W.B.

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Letters Sebald FE

September 12, 1949

SECRET

740.00119 Control (Japan)

Dear Sebald:

I am forwarding under cover of this letter an exchange of correspondence between General MacArthur and the Secretary on the subject of possible changes in the regime of control in Japan. General MacArthur sent similar letters to Under Secretary of Defense Early and to Under Secretary of the Army Voorhees, who indicated that such replies as they might make would be presented informally by Mr. Voorhees in Tokyo. You will note that Mr. Acheson personally drafted his reply (which was cleared by the Secretary of Defense and the President before dispatch) as he wished to share with General MacArthur "personal rather than institutional thoughts".

Mr. Dening of the UK Foreign Office is here now, and we are going over various Far Eastern problems of common concern including that of the Japanese peace treaty prior to a meeting between the Secretary and Mr. Bevin. Having just taken two weeks of leave I am afraid my end of the correspondence has not been kept up, but I will be writing soon to give you further news of developments here.

Faithfully yours,

W. Walton Butterworth
Director for Far Eastern Affairs

Enclosures:
1. Letter from General MacArthur.
2. Letter from Secretary Acheson.

The Honorable
William J. Sebald,
Acting United States Political Adviser for Japan,
Tokyo.

740.00119 Control (Japan)/9-1249

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

See Gold

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

OFFICE OF
FAR EASTERN AFFAIRS
AUG 11 1949
DIRECTOR
DEPARTMENT OF STATE

Tokyo, August 3, 1949.

File

PERSONAL and
SECRET

Dear Walt:

I have had further opportunity to discuss the Siamese gold problem with General MacArthur and, specifically, the underlying reasons for his recent telegram* to Bob West, a copy of which you have undoubtedly seen. I told the General that I was rather surprised at the equivocal tone of his telegram, especially in view of our previous conversation in which he had led me to believe that he would be willing to carry out the terms of the directive if and when received.

General MacArthur said that at no time has he stated, either orally or in writing, that he would not carry out the considered policy of the United States Government. On the other hand, he said that he had given considerable thought to the reply which he sent to Bob West's request for comment, a request which, incidentally, he felt was most unreasonable in that it implied that he is in opposition to United States foreign policy. He said that the reason for the tenor of his reply was to have his "last say", as he feels that a grave mistake is being made. This does not mean, however, that he has refused, or intends to refuse, to comply with the directive. He said that he has been a soldier for more than fifty years and has often carried out instructions with which he did not concur and which, in fact, he felt were illegal.

Some of the reasons for his attitude, he said, are (1) the incongruity of delivering this gold after the United States had made it clear that there would be no further reparations; (2) the strong equities involved in so far as the Chinese and Philippine Governments are concerned---gold was also looted from these countries and it does not appear fair to him to turn over the gold by reason of a title based upon collaboration; (3) the danger that other governments will use this transaction as a precedent for further demands against Japan; (4) the absolute necessity, in his opinion, to notify the FEC in advance rather than to confront that body with a fait accompli.

The

The Honorable
W. Walton Butterworth,
Assistant Secretary for
Far Eastern Affairs,
Department of State,
Washington.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

The General expressed some annoyance at Bob West's telegram in which it was stated in effect that the President would be consulted in this matter. He said that he saw no necessity for this as he has not refused to comply with the directive, but rather, he wished to make it clear on the facts of the case as he understands them, that in his opinion the solution is not a correct one. Should the United States Government, however, decide the policy, which presumably it has already done, he naturally will carry out such policy even if he does not agree with it.

Sincerely yours,

Bill.

W. J. Sebald

*(C-51646, July 28, 1949)

PERSONAL and
SECRET

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

740.00119 Control
(Japan)/9-1449
Secret file

DIVISION OF
NORTHEAST ASIAN AFF
SEP 27 1949
DEPARTMENT OF STATE

United States Political Adviser
for Japan

Tokyo, September 14, 1949.

REC'D
SEPT 23

No. 634

no action required
mg.

DC/R
File

ACTION
FE

~~SECRET~~ -(FOR DEPARTMENT USE ONLY)

INFO
DCR
OLI

Subject: Implementation of Program to Effect Relaxation of Occupation Controls in Japan.

m

006454

The Acting Political Adviser has the honor to refer to the Mission's despatch no. 477 of July 22, 1949, entitled "Launching of Program to Effect Relaxation of Occupation Controls in Japan," and to enclose a copy of a memorandum dated September 9, 1949, on the subject of "Relaxation of Controls," addressed by Mr. Calvin VERITY, Deputy Chief, Economic and Scientific Section (ESS), General Headquarters, SCAP, to members of the ESS executive staff and division chiefs.

Copies of this memorandum were made available to those concerned at the regular weekly ESS staff meeting held on September 12, 1949, and attended by an officer of this Mission. Referring to the memorandum, Major General W. F. MARQUAT, Chief, ESS, said that the policy for relaxation of controls would be strictly adhered to and that any ESS officials intent upon building up or maintaining their "little empires of control over the Japanese" would be well advised to alter their line of thinking to take account of the new program for relaxation of controls.

Enclosure:

Copy of memorandum dated September 9, 1949, on subject "Relaxation of Controls"

Parchment mat to the Department

360
CHBoehringer:pf

~~SECRET~~

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Authority NND 760035
By CGD NA 25 AUG. 1975

File Document Must Be Returned to
ECA
Central
Files

740.00119 CONTROL (JAPAN)/9-1449

~~SECRET FILE~~

CS/H
FILED
JUL 14 1952

ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

Enclosure No. 1 to Despatch No. 634 dated September 14, 1949 from the United States Political Adviser for Japan, Tokyo, on the subject "Implementation of Program to Effect Relaxation of Occupation Controls in Japan".

~~CONFIDENTIAL~~

(COPY)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Economic and Scientific Section

9 September 1949

MEMORANDUM FOR: Members of the Executive Staff
Division Chiefs

SUBJECT: Relaxation of Controls

1. References are:

a. SCAP and FEC Staff Memorandum No. 28 dated 16 July 1949.

b. Informal comments of the Chief, ESS, made at the section staff meeting 22 August 1949.

2. Reference a above directs that the Japanese Government and its agencies will generally be permitted and encouraged to exercise the normal powers of government in matters of domestic administration and instructs the occupation forces to continue to advance the transition as rapidly as the Japanese Government is able to assume the attending autonomous responsibility.

3. The Chief, Economic and Scientific Section desires that his comments made at the staff meeting 22 August relative to the above subject be employed as a policy guide to govern continued operations of the agencies of this section. The substance of these comments is reproduced herein for the information and guidance of all concerned:

"Operational and administrative functions now being performed by the various agencies of this section pertinent to the conduct of Japanese Government and private affairs will be turned over as responsibilities of those entities as rapidly as they can be assimilated. In general, it is desired to reduce section responsibilities to those of proper surveillance and to maintain direct controls only in those areas where such controls are necessary specifically to accomplish objectives, viz, controls over the employment of foreign exchange available to Japan in order to insure that requirements for U.S. appropriated funds are reduced to absolute minimum."

FOR THE CHIEF, ECONOMIC AND SCIENTIFIC SECTION:

Calvin Verity
Deputy Chief
ESS

~~CONFIDENTIAL~~

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

~~SECRET~~

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: September 28, 1949

TO : NA - Mr. Bond

FROM : NA - Mr. Green MG 740.00119 Control (Japan)/9-1449 Secret file

SUBJECT: Tokyo's 634, September 14, 1949

Members of the executive staff and the Division Chiefs of ESS wereinformed by the Chief of ESS that they should reduce the responsibilities of their sections as rapidly as possible to those of surveillance over the Japanese Government and private industry and maintain direct controls only in those areas where such controls are necessary for the accomplishment of specific objectives. Referring to this memorandum, General Marquat added the informal admonition that any ESS officials intent upon building up or maintaining their "little empires of control over the Japanese" would be well-advised to alter their line of thinking.

Good!

FE:NA:MGreen/pm

~~SECRET~~

~~JMA~~ ~~HM~~ ~~NH~~ ~~RAF~~ ~~HL~~ ~~AL~~ ~~JE~~ ~~SEK~~ ~~CTW~~ ~~DJH~~

FW 740.00119 Control (Japan)/9-1449

~~SECRET~~ FILE

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FE
file

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

United States Political Adviser
for Japan

740.00119 Control(Japan)
/9-1449

6 DIVISION OF
NORTHEAST ASIAN AFFAIRS

Tokyo, September 14, 1949.

REC'D
SEPT 20

No. 635

SEP 2 1949

file

ACTION
FE-2 enc

UNCLASSIFIED

DEPARTMENT OF STATE

no action required
MG.

INFO
DC/R
OLI-2 enc
EUR-enc

Subject: Ninety-fifth Meeting of the Allied Council for Japan, September 14, 1949.

740.00119 Control
FE OLI Eur (Japan)/8-2149

scm

The Acting Political Adviser has the honor to refer to this Mission's despatch no. 601 of August 31, 1949, and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the ninety-fifth meeting of the Council held on September 14, 1949.

As there were neither procedural nor official matters on the Agenda, there was no discussion and the meeting adjourned after approval of the minutes of the ninety-fourth meeting.

Enclosures: att

1. Five copies of Agenda, Ninety-fifth Meeting of the Allied Council for Japan, September 14, 1949.

2. Five copies of Corrected Verbatim Minutes, Ninety-fifth Meeting of the Allied Council for Japan, September 14, 1949.

310

CCoville:gmd

cc: American Embassy, London.
American Embassy, Nanking.
American Embassy, Moscow.
American Embassy, Canberra.
American Embassy, New Delhi.
American Embassy, Wellington.

Parchment Mat to the Department.

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740.00119 CONTROL (JAPAN)/9-1449

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AGENDA

for the

NINETY-FIFTH MEETING

ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 14 September 1949, at 1000 Hours

I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE NINETY-FOURTH MEETING (1 Session, numbered 94-831).

II PROCEDURAL MATTERS

None held over or submitted as subjects for this Agenda.

III OFFICIAL MATTERS

None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:

Thos. G. Dobyns

THOS. G. DOBYNS
Colonel, U.S.A.
Secretary-General

9 September 1949

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

95-914

CORRECTED

VERBATIM MINUTES

of the

NINETY-FIFTH MEETING

ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday 14 September 1949, at 1000 Hours

MEMBERS PRESENT

The Honorable William J. Sebald, Deputy for the Supreme Commander, Chairman, and Member for the United States

Lieutenant General Chu Shih-ming, Member for China

The Honorable Patrick Shaw, Member representing jointly the United Kingdom, Australia, New Zealand and India

Lieutenant General Kuzma N. Derevyanko, Member for the Union of Soviet Socialist Republics

SECRETARY-GENERAL

Colonel Thos. G. Dobyns

Office of the Secretariat
Allied Council for Japan
14 September 1949

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THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Ninety-fourth Meeting have been circulated among the Members and in the absence of objection (Pause) are approved.

Are there any procedural matters? (Pause)

There are no official matters on the agenda; that would appear to conclude the meeting.

(The meeting adjourned at 1001 hours.)

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STANDARD FORM NO. 64

SECRET

Office Memorandum • UNITED STATES GOVERNMENT

Office of FAR EASTERN AFFAIRS 15 1949 DIRECTOR Department of State

TO : FE - Mr. Allison

DATE: September 15, 1949

FROM : NA - R. Fearey

SUBJECT: Comment on Attached Memorandum.

Following are comments and recommendations on the more significant points in Boehringer's enclosed memorandum. The paragraph numbers correspond with those penciled in the margin of the memorandum.

1. Although it is believed that Mr. Voorhees merits all possible support in his stated intention to attempt to induce the Department of Agriculture to make U.S. cotton available to Japan free or at slashed prices, it is very doubtful if Agriculture will accede no matter how great its stocks of surplus cotton. The proposal has been considered in Army and State before but has not been acted on due to the known opposition of the cotton interests in Congress. These interests have succeeded in perpetuating a system whereby Congress appropriates sufficient earmarked funds to enable the Army and ECA to purchase their cotton export requirements from surplus stocks at the market price, a system which conceals the subsidy to cotton producers more effectively than would be possible if Agriculture were compelled to sell its surplus cotton at a heavy loss.

2. It is interesting that Mr. Voorhees here by implication contradicts SCAP's statements in his recent Fortune article and elsewhere that Japanese economic revival has surpassed that of Germany. Although it is not stated what Dr. Fine's and General Marquat's explanations were, it is assumed that they pointed out that whereas Japan's principal natural markets have been cut off since the war, Germany's markets, outside of Eastern Europe, remain, and are fortified by far larger quantities of U.S. dollar aid available for the purchase of German products than are Japan's remaining markets.

3. Mr. Voorhees' statement that our authorities in Germany allow a margin of some $30,000,000 or $40,000,000 either way in trade with given areas, with settlement indefinitely postponed, points up the fact that SCAP has consistently pursued more rigid trade balancing practices than have the occupation authorities in Germany. It has been felt for some time that SCAP would do better over the long run to permit quite large trade margins to develop with countries such as Siam or India whose long-range credit should be good. The principal reasons he has not done so are probably that the unfavorable balances built

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built up with China two years ago scared him, and that he wants to minimize Japan's annual trade deficits so as to make the best possible showing each year. Medium or long term credit might permit a larger total trade over a period of years, but in the meantime Japan's annual dollar deficits would be larger. It would be highly desirable if an exchange of information between SCAP and GEIA officials could serve to reduce this tendency.

4. While Colonel Miller may be correct in stating that the British have ships available which might be chartered by Japan, British shipping interests and maritime labor are likely to oppose such charter as strongly as American shipping interests and labor do here. It would certainly seem, however, that the possibility of utilizing accumulated sterling to charter British vessels should be explored.

5. Mr. Voorhees may exaggerate in stating that there may be "a great political uproar in the U.S." if the Army were to propose using Japanese ships to carry GARIOA goods. In our letter of July 21 to the Army, we advocated permitting Japanese ships to enter U.S. ports "as business demands indicate". This phrase was inserted in recognition of the fact that the requirement in the 1904 law that cargoes to which the Army holds title be carried on U.S. vessels if available would leave only the small carriage trade from Japan to the U.S. to be handled by Japanese vessels at present, with these vessels returning empty. Mr. Voorhees' proposal that a provision be inserted in the Army Department's 1951 Appropriation Bill permitting 50 per cent of GARIOA goods to be carried in other than American bottoms would, if accepted, provide at least a small number of Japanese vessels with cargoes in both directions. Use of these and other foreign vessels would permit considerable dollar savings.

Whether Congress would approve such a provision might depend in part on how large a proportion of GARIOA cargoes are being carried on Army vessels rather than on privately owned vessels. Political opposition if the greater part is being carried on Army vessels may be less. At the same time, Army vessels are operated by union seamen the same as private vessels and the influence of the CIO Maritime Union in Congress is reported to be even greater than that of the National Federation of Ship Owners. Mr. Voorhees' position is completely logical, however, and it may be possible to push it through.

6. There

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6. There is to my knowledge and that of EP no FEC directive prohibiting our dealing in any way with the operation of SCAJAP vessels between Japan and the U.S. or any other areas. There seems to be an unfortunate tendency among SCAP officials when in a spot to attribute their difficulties to non-existent State Department or FEC directives.

7. Revival of Japanese overseas shipping will probably of necessity be gradual. Colonel Miller's statement that Japan has about forty vessels capable of serving deep sea routes is very surprising, our previous information having been that it possessed less than a half-dozen such vessels. If this latter figure is the more correct, as I believe it is, Japan will be prevented by her lack of ships from reviving her overseas shipping at a rapid rate. Only one large ship has been completed in Japan for Japanese account during the occupation and it is doubtful if this rate can be ~~greatly~~ rapidly increased in view of the lack of building materials, a handicap which does not exist in the construction of ships for export where materials are provided by the contracting nation or purchased against the price of the finished vessel. If these physical obstacles do not operate to permit only a gradual expansion of Japanese overseas shipping during the next few years, as I believe they will, it is believed that restrictions to insure this result should be enforced, at least up to the time of a peace treaty. It does not seem that restrictions should be placed on Japanese shipbuilding for other than valid security reasons, however, though modification of this position may become necessary.

8. Mr. Voorhees' statements that it would be hopeless to attempt to secure Congressional consent to the charter of U.S. liberty ships to Japan, and that it might be advisable for the first Japanese ships coming to this country to call at Gulf ports rather than at the Pacific Coast, accord with our position on these points in our July letter. It might actually be better for the first Japanese ships to call at New York, where, due to the greater shipping activity, they might be even less noticeable than at Gulf ports. I understand that a German ship with a German crew called at Montreal a while ago without occasioning any press comment whatsoever.

I recently called Colonel Hendrick to find out what steps the Army had taken or was planning in the shipping field in light of the comments in our July letter on their staff study. He said that they had deferred any action in the matter until

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the reply to our other letter regarding the possible necessity for restriction of Japanese shipping and other industries for security needs had been prepared and cleared by the JCS. (It seems that the reply was prepared by CAD and sent to the JCS "for comment from a military point of view", instead of being prepared initially by the JCS.) I doubt whether there is anything which State can contribute in the circumstances until Mr. Voorhees returns, when he will probably ask for our support for the steps discussed above. TRC would undoubtedly be interested in seeing Boehringer's memorandum.

Northeast Asian Affairs Division

FE:NA:RAFearey:db

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DIVISION OF
NORTHEAST ASIAN AFFAIRS
SEP 19 1949

Control 6220

Rec'd September 16, 1949
6:31 a.m.

Office of
FAR EASTERN AFFAIRS
SEP 17 1949
DEPUTY DIRECTOR
Department of State

DEPARTMENT OF STATE

FROM: Seoul

TO: Secretary of State

NO: 1162, September 16, 6 p.m.

Referring President Rhee's reply to last question quoted EMBTEL 1160 September 16, following closing sentence was deleted:

"When SCAP does not, or cannot do anything about the matter, then we will send our army or police to Japan to solve the problem for ourselves". Following termination of press conference Director Korean PIO immediately took steps apparently with President concurrence preclude publication in local press of sentence quoted above. He also made personal appeal to United Press correspondent who only American reporter present to suppress President's remark. Embassy understands United Press reporter sent story to Tokyo by phone to be held unless story breaks. So far as Embassy knows Rhee's remark has not gained public currency.

Sent Department; repeated SCAP

Action Assigned to ~~NA~~
Action Taken ~~Noted~~ MUCCIO

MAM:ECW

Date of Action Sept 19/49
Action Office Symbol FE
Name of Officer
Direction to DC/R

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

No. 641

Office of the U. S. Political Adviser
for Japan

740.00119 Control (Japan)/9-1649

UNCLASSIFIED

Tokyo, September 16, 1949.

DIVISION OF
NORTHEAST ASIAN AFFAIRS
SEP 28 1949
DEPARTMENT OF STATE

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Subject: Press Conference by Under Secretary of the Army Tracy S. VOORHEES.

The Acting Political Adviser has the honor to forward herewith five copies of a release issued by the Public Information Office of General Headquarters containing the text of statements made by Under Secretary of the Army Tracy S. VOORHEES in a press conference which he held in Tokyo on September 10, 1949.

Referring to the fact that the purpose of his visit to Japan was merely to gain at first hand some knowledge of conditions here in order to give more effective support and liaison to General MacARTHUR from Washington, Mr. Voorhees stated that he expected "over a period of months" to devote his full time to matters relating to the Occupation of Japan, which indeed had been the purpose of his accepting the appointment as Under Secretary of the Army. It was, he said, a source of satisfaction to him that his thinking and the ideas in Washington are so closely in accord with the views of General MacArthur.

Mr. Voorhees referred briefly to the question of trade with Communist China, saying that this question at present is largely academic because "there is no exportable surplus in China---Nationalist or Communist---in its present economic condition". Trade with China, he said, had been reduced to negligible proportions even before the communist advance; there is still a trade deficit owed by China to Japan of several million dollars and "we would be in a most receptive mood to obtain goods from China to pay this".

Turning to questions which had been submitted to him by correspondents in writing in advance, Mr. Voorhees proceeded to speak frankly and at some length on the various aspects of the Occupation. The following particular points are of some interest:

1. The total appropriations for Japan and the Ryukyus will probably be about four hundred and seventy million dollars, about one quarter for materials relating primarily to economic recovery and about three quarters for GARIOA relief.

2. The essential

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2. The essential purposes of GARIOA and EROA funds can probably be satisfactorily accomplished in the fiscal year beginning July 1, 1950 under appropriations reduced by twenty per cent or perhaps more; it is likely that these appropriations will be reduced progressively year by year, and probably very substantially.

3. If the United States wishes to continue to supply Japan with a large amount of United States agricultural products as at present, it will probably take longer before Japan will become economically self-supporting; on the other hand, adequate long range United States credits might enable Japan to develop long term trade agreements for mutually beneficial exchanges in the Far Eastern and Southeast Asian area.

4. A peace treaty would not eliminate the need for aid, as "a peace treaty alone isn't going to feed people".

5. There will be a reduction of approximately twenty per cent in the civilian staff of the Occupation during the present fiscal year, or more in the discretion of General MacArthur. No change in the combat strength in Japan is contemplated.

6. No change is anticipated in the basic authority of the Supreme Commander and, so far as is known, there is no plan pending for the Department of State to take responsibility for direction of the Occupation. This should not be an Army job and the Army does not wish to continue it any longer than necessary, but the State Department "does not want to undertake a great operational job".

7. It is impossible to foresee the date when Japan will be able to balance its foreign trade. The problem of permitting Japan's foreign trade to be carried in Japanese bottoms is complicated and requires considerable further study, but there are no idle Japanese ships at the present time.

8. It is hoped that the Japanese Government will apply for membership in the International Wheat Council and that Japan will be elected to membership, both for material reasons and as another step in restoring Japan to the family of nations.

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9. Life

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9. Life expectancy in Japan has in recent years been increased, mainly as a result of the Occupation, by three years for men and 8 years for women.

During the seventeen day visit in Japan, Mr. Voorhees had a full program of briefing, consultations, trips to Yokosuka and other points outside of Tokyo including Okinawa, social functions, a military review, and numerous conversations and conferences with many Japanese officials, including the Prime Minister.

Enclosure: a/a
Five copies of a release containing text of statements made by Under Secretary of the Army at press conference in Tokyo, September 10, 1949.

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GENERAL HEADQUARTERS
FAR EAST COMMAND
Public Information Office

10 September 1949

THIS IS A FUTURE RELEASE

PRESS CONFERENCE BY TRACY S. VOORHEES, UNDER-SECRETARY OF THE ARMY, Sept. 10 at 1100...For release to morning papers in Japan dated Sept. 11 and to radio and world wide at 1900 hours, Tokyo Time.

For the conveniecne of everyone concerned, I request that this press conference be treated as a release for the Sunday morning papers here and in America. Colonel Echols tells me that this means a release date of 7 p.m. Tokyo time. We will have this conference taken verbatim by a court reporter and will have the text mimeograhped and distributed to you by the middle of this afternoon.in ample time for the release hour.

The first thing I want to do is to thank the Tokyo press representatives for interpreting the Occupation to the world. We are not troubled by such criticism as you feel justified in making. We can take it. But the great thing to us is your help in keeping the basic facts of the Occupation, and thereby its importance, before the public in America and throughout the world, because this is indeed an important task which is being performed here.

Because I was told that the press in Tokyo would want to ask me some questions, I arranged this conference. This was not done because I had or expected to have any sparkling news story. I am afraid, therefore, that I amd bound to be something of a disappointment to you as far as furnishing much of news value. But I personally am very glad to have the opportunity to talk with you frankly and to answer such of your questions as I can within the field of my competence. I asked to have your questions submitted in advance because I felt that I could give you in that way better thought-out, more accurate and more satisfying answers than if I attempted merely curbstone replies. Your questions were given me by Colonel Echols without any suggestion, without any steering,and without any request as to how I should reply. Whatever I may say accordingly is my own thinking, if it may be dignified by such a name. Therefore, any errors, omissions, or weaknesses which you may find will be entirely my own fault and my own responsibility.

When I arrived in Tokyo a week ago Monday I told the press that the purpose of my visit was merely to gain at first hand some knowledge of conditions here, with the objective of placing myself in a position to give more effective support and liaison from Washington to General MacArthur in his historic work as Supreme Commander for the Allied Powers. That was not merely a formal or polite remark. It was a simple statement of fact. It is still true. I have no apology to make for my deep and abiding respect and admiration for the truly historic work which General MacArthur has done, is doing and will, I know, continue to do in post-war Japan. Whatever the luster of his achievements in war, they will, I believe, not outshine in the judgment of history his accomplishments in peace. I do not say these things because I am a visitor. The converse is true--I undertook this job--because I believe these things.

The Army has, for many years, had a basic policy of giving a very large measure of autonomy to its theater commanders overseas. It does not attempt to do backseat driving from Washington, thousands of miles away, as to the manner and the detailed steps by which the broad U.S. policy objectives are to be achieved by Army theater commanders overseas. There will be no change in this policy.

Every day that I have been in Tokyo, General MacArthur and I have spent an hour to two hours going over informally a wide range of questions, and it is a source of satisfaction to me that my thinking and our ideas in Washington are so closely in accord with General MacArthur's views. From these talks and from the talks with General MacArthur's staff, I have learned much.

I expect over a period of months to devote my full time to matters concerning the occupation of Japan. This indeed was the purpose of my accepting appointment as Under-Secretary of the Army. I shall hope to come back here again

(more)
(over)

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for informal talks within a few months. In the meantime, there will be similar close and equally informal contacts between the SCAP staff and my staff in Washington. To this end there will be frequent personal meetings and a minimum of formal directives, paper work, and red tape. As a beginning, I am taking back with me for a brief visit Colonel Babcock and Lt. Colonel Nugent of General MacArthur's staff, who will help me improve certain specific matters in which I feel that we should be doing a better job in Washington. Similarly, at General MacArthur's invitation, various key members of my staff in Washington will, I hope, come here this fall and obtain through first hand contact a better understanding of matters here -- as I have been doing, or trying to do, over the past two weeks.

Yesterday I had the great privilege of meeting for an informal talk with Prime Minister Yoshida and later with the Prime Minister and members of his Cabinet. I should like to emphasize to you that I come here as a friend of Japan in the great effort which its Government and its people are making toward restoration of a peaceful nation, in which human dignity and the rights of the individual are of paramount inportance, and in which democracy is alike the cherished faith of Japan and of the United States.

Within the past thee months, General Clay, as to Germany, and General MacArthur, as to Japan, have independently and without in either case having any knowledge of the statement made by the other, expressed to me almost identical opinions as to the American occupation of the countries with which they have been concerned. Their considered opinion is that the success achieved has been due in very large measure to the essentially humanitarian character of the Occupations, made possible in turn by the inherent humanity of America. Never before in history has a victorious nation treated vanquished enemies as the United States, through Generals MacArthur and Clay and through the Department of the Army in Washington, has treated Japan and Germany. Two great and civilized peoples had fallen into evil ways under despicable laedership. But the treatment of some 50 million people in Western Germany and some 80 million people in Japan cannot be primarily punitive. It has been the genius of the United States that it saw that these people must be restored, helped, and re-educated rather than punished in mass. To that end, the War Department (and later its successor the Department of the Army) which had done its part in war undertook the task of peace. The Army did not desire this work; it was merely one of the services which the Army is constantly rendering to the Government. There is no other agency in Washington which as yet has been able to take over this task. It is an interesting fact that over a four year period at the request of the Army, which had fought Germany and Japan, upwards of four billion dollars has been or is in this fiscal year being appropriated to feed millions of former enemies who would have otherwise starved, and to give both of these great peoples, the Germans and the Japanese, a chance to live again. The Pentagon, which was built to fight Germany and Japan, has continued in operation to save them. From the fund appropriated and being this year appropriated by the Congress, the Army has bought over a four-year period or will buy before the end of the present fiscal year, a grand total of over one billion nine hundred million dollars of relief supplies for Japan and the Ryukyus alone, including now many materials necessary for economic recovery. It is indeed a new conception of international law, if such it be called, that reparations should be paid not from the defeated to the conquerors but by the victor to the vanquished. But it is the essential humanity inherent in this policy which General MacArthur and General Clay believe has done more than any other one thing to lead these peoples to the ways of peace, democracy and law and thereby to enable them to play their part in maintaining a peaceful world. The United States has no ulterior purpose in this policy. It seeks no domination by it. Its objective is only a peaceful world. To this great post-war goal Germany and Japan are already making significant contributions and, I believe, these will increase with the years. Germany is one of the participating nations under the Marshall Plan. The Marshall Plan could not succeed without it. Germany begins this month existence under a new federal democratic government.

Moving now to this side of the world, Japan has courageously and firmly, I believe, entered upon the paths of democracy and peace.

The chance to participate, even in a small way, in this great post-war task of the United States which is carried out in Washington through the Department of the Army, (now, as you know, now part of the Department of Defense), and carried out here through General MacArthur and his staff is an opportunity for which I am profoundly gratiful, and to which I am giving and will give the best that is in me.

* * * * * * * *

(more)

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Now, I am going to try to answer as far as I can the questions you presented to me and here again a transcript will be made and will be furnished to you in ample time for you to prepare your stories before the specified time of release. In answering these questions, I shall deal only with matters which are within my competence as the Under-Secretary of the Army charged with matters relating to the Occupation. On this account, I cannot attempt to answer questions relating to military problems - those are for the Joint Chiefs of Staff--nor questions relating to the foreign policy of the United States which are for the Secretary of State. Nor can I answer questions as to China aid -- a subject for decision far above my level in the government and one which is now being, as you know intensively studied in Washington.

I have been asked as to trade with Communist China. As General MacArthur recently stated, this question is at present largely academic because there is no exportable surplus in China--Nationalist or Communist--in its present economic condition. Even before the Communist advance, trade with Japan was, I have learned, reduced to merely a trickle, and very little having been exported from China to Japan for nearly a year. There is still, I find, a trade deficit owed by China to Japan of several million dollars and we would be in a most receptive mood to obtain goods from China to pay this.

Now, I shall read the questions and then attempt my best to answer them.

First, "For how long do you believe GARIOA and EROA appropriations or other forms of United States aid must be continued?"

For any of you who are not familiar with our Washington gobbledegook, GARIOA is an abbreviation for an appropriation made to the Army and known as "Government and Relief in Occupied Areas".* EROA only applies to Japan and the Ryukyus because economic recovery in Germany, as you know, is a function of the Economic Cooperation Administration. Taken together, GARIOA and EROA appropriations represent the funds for relief and economic recovery in Japan and the Ryukyus. Such funds will, in my judgment, be progressively reduced. From what I can see, based upon bills which have passed the House and the Senate but have not as yet, as far as I know, been agreed to in conference, the total appropriations for Japan and the Ryukyus will probably be about four hundred and seventy million dollars, of which in the neighborhood of a quarter will be for materials primarily relating to economic recovery and about three-quarters for so-called GARIOA relief food, nitrogen fertilizer, etc. Let me say that GARIOA and EROA appropriations are part of the foreign assistance appropriations bill and therefore part of the bill as for the Economic Cooperation Administration. There have been various questions between the Senate and the House affecting ECA. There aren't any serious problems of that nature as far as I know affecting these Army appropriations for GARIOA and EROA, but because they are in the same bill they have been held up. I estimate that in the fiscal year beginning next July 1 such appropriations could be reduced by 20% or perhaps a little more and still accomplish their essential purposes as Japan's economic recovery proceeds. The date of final balance when Japan could be economically self-supporting is something that I cannot predict because when I was born there was an unfortunate omission as a result of which I lack the gift of prophecy I think that these appropriations will be reduced progressively year by year and probably very substantially. I think that can be done and that it should be done. But the date of final balance to some degree depends not only upon world conditions but as well upon solution of the soft currency--hard currency situation in which Japan has to buy its essential raw materials in large measure in dollar areas.** This is a problem which is identical with that which Mr. Hoffman and the ECA are struggling with in Europe. The date of final self support for Japan also depends to some extent upon the policy of the United States. If the United States wishes to continue to supply Japan with large amounts of U.S. agricultural products as at present, it will probably take longer before Japan becomes economically self-supporting and appropriations from the United States to make up the food deficit here will have to continue. On the other hand, if adequate long range credit were in some way made available by the United States for Japan to proceed to develop very long term trade agreements, it might be possible for her to supply equipment, nitrogen fertilizer, etc. to other Far Eastern areas, such as South East Asia, to enable them to develop additional food resources. These nations nations could then pay back in food for the equipment, nitrogen fertilizer and other goods they had received from Japan. If that were done there would, of course be a reduction for the market found in Japan for U.S. agricultural products. Now this concerns the Secretary of Agriculture. It concerns also other departments of

*EROA means Economic Rehabilitation of Occupied Areas.

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**but on the other hand can sell the bulk of its finished goods only in soft currency areas.

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the government and it is above my level. I have discussed it with General MacArthur and I think the fuction of the Department of the Army is to present these long range alternatives, study them out, see what the possibilities are and let the highest governmental authorities decide what the best way is. Of course it might well be a combination of both.

The next question is, "Do you believe such aid must be continued after a peace treaty and if so under what form, if any, of Allied supervision?"

I don't think a peace treaty has anything in particular to do with it. A peace treaty alone isn't going to feed people. A continuation of aid would be based on the economic situation whatever the status of the peace treaty and I don't see that the supervision would be very different. As things are developing here now there isn't going to be any fundamental difference between the way we are administering the aid here and the way Mr. Hoffman is doing it for various countries which have never been enemy countries. There will always be some supervision. Otherwise appropriations would not be made by Congress and would not be justified. ECA maintains such supervision. But the program in general will be supervised by the Japanese themselves and General MacArthur is proceeding very rapidly towards such Japanese supervision now, as you already know.

The next question is, "In broad terms, what are the Defense Department's or Army Department's plans for reduction of personnel (civilian and military) on the Japanese occupation staff?"

Under the policy of a large measure of autonomy to the theater commander, our plans are those which General MacArthur recently announced for a reduction in staff, that is the civilian staff, of the Occupation. The only comment that I could make is that I anticipate that the ceiling which the pending appropriation law will fix on total funds that can be spent for administrative purposes such as salaries, travel, etc. of civilian personnel, will, I think be approximately 20% below that of the last fiscal year. I speak now of reductions in the fiscal year commencing July 1, 1949, as contrasted to the year commencing July 1, 1948. Whether there will be a reduction greater than 20% will be left to General MacArthur. If he can get along and do the job with less personnel he will certainly do it. But when we are spending over here almost half a billion dollars of United States money, the most important thing is to make sure that the money is needed, is well spent, and is achieving its purpose I therefore make no apology for there being a substantial staff to see that this vast outpouring of wealth from the United States to help Japan is achieving its purpose. I am sure that the Japanese would also agree with the desirability of that. Now I want to say that I have been talking solely about civilians. There is no change in contemplation in the combat strength in Japan.

The next question is, "Do you believe that Japan has progressed sufficiently along the path to democracy and economic recovery to permit radical reduction of Occupation controls and assistance?"

I want to emphasize here the great reduction in Occupation control which has already been announced by General MacArthur and the progressive reduction in assistance which I have discussed in answer to a preceding questions. The question of the relaxation of such controls is a matter for the theater commander; it is not one in which I would think of interfering. I may say that aside from the fact that I have a great deal more respect for General MacArthur's ability than I have for my own, I have looked up the statistics. These show that he has been here over four years and I have been here less than two weeks. So I prefer his judgment on these matters rather than my own and I propose to act accordingly.

Next, "Do you subscribe to the view that Occupation civil affairs administration should be transferred to civilian control?"

This is a question which has come up repeatedly over the past six months. There isn't anything new to add to what I have said previously upon it. Basic authority is in the Supreme Commander for the Allied Powers, who is, as you all know, an international officer.

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Therefore I should not anticipate any change in that arrangement. Now as to the U.S. organization in Washington--that is as to whether direction should come from the Department of the Army or the Department of State--I know of no pending plan for the Department of State to take this responsibility. I don't believe that this will be done at any early date that I can now foresee. The Army's basic policy as to this is that it is not an Army job, but a service that we are rendering. We are not building any empires. We don't want to continue it any longer than we have to, but since there is no other agency of the Government that is apparently in a position to do it I assume the Army must continue with it. I should perhaps explain the differences in this respect--which I don't think are fully understood--between Germany and Japan. There are many differences. In the first place, under the new German Government, the only powers reserved are those under the Occupation Statute and they are reserved to an Allied High Commission of three members of which the United States is only one. Therefore the task of Occupation is much reduced and is much more of a supervisory and much less of an operating job than it has been in the past or than it is now in Japan where all of the residual powers are in General MacArthur. But even more important is the fact--perhaps, not fully understood--that the State Department does not want to undertake a great operational job. It was possible in Germany to make the change because the Economic Cooperation Administration was in existence and already had a large appropriation running in the neighborhood of three hundred fifty million to four hundred million dollars. which it was administering for Germany for Economic recovery. The Army had its GARIOA appropriation of between four hundred million and five hundred million. So by an administrative accident there were two appropriations for relief and economic recovery in Germany which were being administered by two separate agencies. We felt that we could correct that condition by turning over the GARIOA responsibility for Germany, the funds and the operating job, the ECA and letting ECA furnish all the aid, both for relief and for economic recovery for Germany. That made it possible for the State Department to take over other responsibilities because it didn't have to assume a big operating job. But there is no ECA that is in Japan, and I can see no arrangement comparable to that in Germany which could be made as to Japan.

Next: "Have your conversations here encouraged or discouraged the hope that Japan will be able to balance its foreign trade and end dependence upon American aid before 1953?"

I would say that my conversations have certainly encouraged the hope for a progressive reduction in such aid because I believe that great improvements are being made in the economy of Japan and will continue. But due to the lack of the gift of prophecy, I can't tell by what date a final balance will be reached. I believe however, that it will come because there is great vitality and willingness to work on the part of the Japanese people; they want to stand on their own and I believe they will be able to do so.

Next: "In view of general agreement, both official and unofficial, that Japan must have a sizeable merchant marine and carry a large proportion of its foreign trade in Japanese bottoms, does the Army Department propose to take any action to remove current restrictions on Japanese shipping?"

First let me say that--aside from some small coastal ships about which I am not talking there are, I find, no idle Japanese ships at the present time. They are all busy. The problem of Japanese shipping is not at present a Japanese problem. It is primarily a question of moving cargoes purchased with U.S. funds appropriated to the Army. Now, there are certain legal questions applicable to this. In the ECA Statute, for example, the provision is that 50 percent of the U.S. aid cargoes must be carried in U.S. bottoms. There is no comparable provision in the GARIOA and EROA legislation for Japan, but there are other complicated legal questions. The problem is one which is going to receive a good deal further study. It is not, however, an immediate question. The U.S. tax payers are paying for the shipment at the present time, and so this is not affecting or prejudicing Japanese recovery at present.

The next question is "What do you think about the state of Japan's economic recovery?"

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I think I have covered that as well as I can. The economic recovery I think is remarkable considering the tremendous difficulties which are being faced. I am going to touch on that in a moment in answer to another question of comparison of Germany's and Japan's economic recovery.

The next question, "Will you make any recommendations in Washington that the Occupation be altered or reduced from its present strength? What recommendations will you make?"

I think I have already pretty well covered that. I am not going to make any such recommendation. I think a splendid job is being done. General MacArthur himself has taken the initiative and is making such cuts as he found possible. I have great confidence in the way he is running it and he is the man who is going to make the decisions as to what should be done.

The next question that I shall attempt to answer concerns the problem of Japan's entering or benefiting from the International Wheat Agreement.

In keeping with the terms of the International Wheat Agreement an International Wheat Council has been formed and its next meeting is in November. Election to Council required an application by a nation and a two-thirds vote of approval by the member nations. I would certainly hope that the Japanese Government would apply for membership and I would earnestly hope that Japan would be elected to membership. Following election to membership, a nation determines what amount of wheat it will accept over a period of four or five years. The process requires, therefore, considerable looking ahead and planning, not only just as to joining but as to the amount that the nation would propose to buy. I should think that with the situation as it is now that Japan would want to contract for a very substantial amount. Certainly our view is that membership would be a step forward for Japan, since it would result in getting what from the United States at prices very substantially below the current market prices as they were when I left Washington. This would also be another step in restoring Japan to the family of nations. The same incidentally applies to Germany which hadn't been able to join because it didn't have any government until this month. I am hopeful that it will join also.

The nxt question involves the redemption of prewar foreign bonds.

There is nothing that I can add to the statement which was made by Prime Minister Yoshida the other day in which he said entirely on his own initiative that Japan proposed to undxrtake the servicing and payment of those bonds, as soon as it was in a position to do so. I am referring to his statement merely by recollection. I am not sure my memory is precisely accurate. There is nothing that I can add to Mr. Yoshida's statement.

The next question relates to the use of $150,000,000 worth of gold and silver held by Japan.

Of course all assets which have been dxtermined to belong to Japan have been used and are being used and will be used to the maximum extent possible as a credit base for Japan. These assets represent about the only base for foreign credit that Japan has. As you know, we haven't gotten as much credit from that gold as we wished but that is a matter on which you had better ask the bankers rather than me because I don't know. The assets are being utilized as fully as is possible.

The next question, "The amount of U.S. aid to Japan for the 1949-50 fiscal year has not yet been settled by the U.S. Congress. What is your outlook for this appropriation, and in what direction do you think the U.S. policies in this connection are moving?"

The estimated amount for Japan without the Ryukyus, is about 440 million, and I think the way we are moving is towards a substantial yearly reduction. I would estimate the reduction will total perhaps 20% next year, that is the fiscal year beginning July 1, 1950.

The next question, "What is the future U.S. policy re Japanese reparations?" I don't know about the future policy but the existing policy is that stated by General McCoy to the Far Eastern Commission, a pronouncement which I think is of very great importance. I have nothing I could add to that.

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The next question: "When do you think the establishment of Japanese semi-diplomatic offices and commercial agencies in foreign countries will be permitted?"

It is my understanding that that question is being considered by the Far Eastern Commission. Within the United States Government, however, that is a function of the Department of State.

The next question: "The Yen-Dollar exchange rate of 360 to one was favorable to yen from the outset, and now with the decline of the price-level in America this ratio has become disproportionately favorable to the yen. Don't the U.S. authorities consider it necessary to re-adjust the exhange rate?"

This exchange rate was established only a few months ago by General MacArthur after consultation with the highest U.S. authorities. I know of no consideration of any change in it and I believe that experience has demonstrated its soundness.

The next question: "Is there any intention on your part to recognize such a law in Japan as the Webb-Pomelin Act of April 1918, which legalized formation of a joint organization by exporters under the Sherman Anti-Trust Act?"

I haven't practiced law for over seven years and this is a little too difficult a question for my legal capacity. The subject is one involving existing Japanese anti-monopoly and anti-trust legislation. I may say I know little about U.S. anti-trust laws, and nothing about those in Japan. I don't think I could make any helpful answer to that.

The next question: "Do you agree with General Eichelberger in his view that the present Japanese police force should be reinforced?"

General Eichelberger's comments were made from observations a year or more ago when conditions in the police force were quite different. Since then I have learned from General MacArthur personally that he feels that great improvement has been made in the organization, training, and equipment of the police force and that he believes still further progress can be anticipated. I learned that the size of the police force is that which was requested by the Japanese themselves. It is my belief that General MacArthur is satisfied with the progress being made, and I know that he feels confident that the Japanese police force can control any possible internal disorders with the moral support which would be given by the Occupation Forces.

The last question that I will attempt to answer is "Can you please compare the rehabilitation of Japan with that of Germany?"

That is certainly a $64 question. The basic conditions are so fundamentally different that no direct comparison can be made in the economic recofery of Germany and Japan. I think you realize in the first place that the amounts of U.S. aid to Germany have been very much greater than the amounts to Japan. The Economic Cooperation Administration's allocation to Germany in the year just finished was, as I recall it, in the neighborhood of four hundred million dollars for economic recovery - that is apart from the Army's GARIOA appropriation. You compare that to about one hundred million for economic recovery in Japan under the Army's EROA appropriation. Furthermore the prgram for economic recovery started earlier in Germany. But perhaps even more important than that is the fact that ECA aid to the other countries which are the natural markets for Germany's products has also been very great and that those countries not only need Germany's products but have the wherewithall to buy from ECA aid. As you all know there hasn't been a similar situation for Japan and due to political disorders large markets in the Far East have been non-existent and Japan's exports have been restricted. Furthermore, Japan has had need of essential raw materials such as cotton in large amounts from dollar areas, whereas its market for the textiles which it can make with the cotton are very largely in soft currency areas, so that there isn't at the present time an adequate way to keep that trade in balance. It you look at it as a revolving fund, it is a fine thing but it doesn't revolve. In Germany and Europe that situation is being dealt with in a very comprehensive way for the time being by ECA so that

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conditions there are not comparable. Again, Western Germany is much more of a food deficit area than Japan in spite of the fact that there are 80 million people in Japan and only 50 million in Western Germany. Japan is producing about 85% of its food whereas Western Germany is able to produce all the food for her 7 million farmers and perhaps a little over half of the rationed food for some 37 million, (these figures are for the bizonal, not the tri-zonal area,) people in the cities. Therefore Germany must, to survive, be much more industrialized than Japan. Considering these differences and the difficulties which have been faced in Japan, I believe that what has been done is very remarkable.

I am going to add one more thing, if you will pardon me. What impressed me very greatly as a contribution that the United States has made to Japan through the Occupation is longer life. I want to compare the death rate in Japan, the average death rate for the seven year period before the Occupation, with the death rate for the year 1948 after the very great public health measures had been initiated. It is startling to see that the deaths in the 7 year period prior to the Occupation were approximately 50% more per thousand than they were in the year 1948. Translated into length of life, the life expectancy for men has been increased since 1941 over three years and for women 8 years. The doctors seem to treat the women much better than the men. Can you think of anything which is a better gift that can be made to a nation than added life? This is an expression of some of the best that the United States has to offer. It is the kind of thing which makes me proud to be an American.

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Office of FAR EASTERN AFFAIRS OCT - 3 1949 DIRECTOR Department of State

TO : NA - Mr. Bond

DATE: 10/3/49

FROM : NA - Mr. Green

SUBJECT: Tokyo's 641 of September 16, 1949

Particular points of note made by Undersecretary Voorhees at his press conference in Tokyo on September 10 included:

(1) The essential purposes of GARIOA and EROA funds can probably be met during FY 1951 by a 20% or more reduction in the 470 million dollars earmarked for FY 1950.

(2) There will be a reduction of about 20% in the civilian staff of the Occupation during the current fiscal year. No change in the combat strength in Japan is contemplated.

(3) The occupation will continue to be the primary responsibility of the Army Department, since the State Department "does not want to undertake a great operational job".

(4) Japan can attain self-support more rapidly through adequate long range US credits for fostering trade with Asia than it can through receipt of large amounts of US agricultural products as at present.

(5) Washington's views are in close accord with those of General MacArthur.

FE:NA:MGreen:aw

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THE SECRETARY OF DEFENSE
WASHINGTON

2 SEP 1949

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Dear Mr. Secretary:

Thank you very much for sending me for comment your proposed reply to General MacArthur's letter of 16 June. I can only say that it is an excellent letter from our point of view, and I believe that it should go forward without change.

Sincerely yours,

Louis Johnson

The Honorable

The Secretary of State

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7.h

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

London, September 27, 1949

SECRET

Dear Max:

(1) I enclose the original and a copy of a note dated September 27, 1949, addressed to Carl Boehringer in Tokyo on the question of KMA exports to SCAP. If you have no objection, I should appreciate your forwarding the original to him through the usual channels.

7.h. Please do WB

Sincerely yours,

Arthur

Arthur R. Ringwalt

DIVISION OF
NORTHEAST ASIAN AFFAIRS
OCT 6 1949
DEPARTMENT OF STATE

Enclosure:
Letter to
Carl Boehringer

(Forwarded to Mr Boehringer 10/6/49 — jh

Max W. Bishop, Esq.,
Division of Northeast Asian Affairs,
The Department of State,
Washington.

This Document Must Be Returned to
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STANDARD FORM NO. 64

SECRET

Office Memorandum • UNITED STATES GOVERNMENT

TO : GA - Ambassador Murphy

DATE: September 28, 1949

FROM : NA - R. Fearey RAF

SUBJECT: Office of the Political Adviser in Japan

I believe the attached papers will provide you with the information you require regarding the status and functions of POLAD in Tokyo. The following brief review may be helpful, however.

Mr. Atcheson was appointed Political Adviser to General MacArthur with the rank of Minister by the President shortly after the Japanese surrender and arrived in Tokyo in late September, 1945, with a staff of three or four State Department officers. Although General MacArthur's understanding had been that Mr. Atcheson would serve under him in his Headquarters, Mr. Atcheson's instructions were that he maintain a separate State Department office. Supported by the Department, he maintained this position for about six months, but the relationship between POLAD and SCAP during this time was not a happy or productive one. In February, 1946, Mr. Atcheson was called back for consultation and on his return POLAD, by agreement between State, War, and SCAP, was incorporated in SCAP Headquarters as "the Diplomatic Section", on a par with some thirteen other SCAP Special Staff Sections.

Mr. Atcheson was at the same time appointed SCAP's Deputy on the Allied Council. In the period prior to his death in late 1947 Mr. Atcheson became very close to General MacArthur and might even be said to have become his principal adviser. After his death, however, the title of Political Adviser lost most of its meaning since none of Mr. Atcheson's successors have possessed comparable rank with Ambassador Atcheson (the rank he held at his death) or enjoyed General MacArthur's confidence to the same extent. Their role in practice has been solely that of Chief of the Diplomatic Section, which has been little more than a protocol office in Headquarters, responsible for liaison with the Diplomatic Missions in Tokyo. Mr. Sebald sees General MacArthur fairly frequently but is not a principal adviser.

POLAD (or DIPSEC) has no independent telegraphic communications with the Department, though it does have secret pouch facilities. Although under SCAP regulations it is not authorized to report independently to the Department by means of these facilities or by any other means, it has always done so, and SCAP,

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SCAP, though almost certainly aware of this fact, has not chosen to close this channel. The U.S. Consulates at Yokohama and Kobe are technically sub-sections of the Diplomatic Section and communicate with the Department through POLAD, which in turn communicates through the Army.

If you will call me, I would be glad to try and answer any questions you may have.

FE:NA:RAFearey:db

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SECRET

October 6, 1948
(Situation unchanged Sept '49)

State Department Representation in Japan

The top State Department representative in Japan is Mr. Sebald (FSO-Class 2) who has the temporary personal rank of Minister and who has held the title of Acting Political Adviser ever since the sudden death last year of the Political Adviser, Ambassador Atcheson. Mr. Sebald is the Acting head of the State Department Mission in Japan, whose activities consist largely of protocol operations for SCAP Headquarters, reporting to the State Department, consular services and some information work. In contrast to POLAD, Germany, our Mission in Japan engages in virtually no negotiation activities. As Acting Political Adviser, Mr. Sebald serves as the Supreme Commander's deputy on the Allied Council of which he is also Chairman. However, it must be emphasized that the Allied Council is an advisory, not a policy-making, body and that it has held only two real meetings during the last nine months. In short, it is the stated policy of General MacArthur to minimize discussions in the Allied Council, which has been used by the Soviet Member as a sounding board for Communist propaganda.

"Dept Only"

The title "Acting Political Adviser" is misleading. General MacArthur's real advisers are General Whitney (Chief of the Government Section and an old Philippine associate of General MacArthur's) and General Mueller, Chief of Staff. In advance of making an important policy decision, General MacArthur rarely, if ever, seeks the advice of Mr. Sebald, even though that decision may directly affect US foreign policy.

Mr. Sebald's "only real function" is as acting head of the Diplomatic Section which is but one of 14 staff sections under the Supreme Commander's Chief of Staff. The main task of the Diplomatic Section, staffed by members of the Foreign Service, is the handling of diplomatic correspondence between General Headquarters and the diplomatic missions accredited to SCAP. The Diplomatic Section also prepares reports for the Department and, through a Consul General assigned to the Diplomatic Section but resident in Yokohama, supervises the two US Consulates in Yokohama and Kobe, which operate as sub-sections of the Diplomatic Section, not as regular consular offices.

The State Department still has no independent channels of telegraphic communication with its Mission in Japan. All State Department cables to and from USPOLAD, including personal messages, are sent through Army channels. Copies of these messages circulate in the Department of the Army and in SCAP Headquarters. It is understood that State Department messages for USPOLAD are often read by the Supreme Commander, his Chief of Staff, his Deputy Chief of Staff, and sometimes by the Chief of the Government Section and others before they are routed to USPOLAD.

~~BEGIN CONFIDENTIAL~~

"Dept Only"

Despite the recent reissuance of a SCAP directive requiring that all intelligence and information reports prepared for outside distribution by SCAP sections on military, political, politico-economic,

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politico-economic, etc. subjects be cleared through G-2, our Mission in Tokyo continues to send uncleared despatches and airgrams direct to the Department for its exclusive use. These despatches and airgrams bear the legend "for Department use only" and are routed by DC/R solely within the Department. Due to several misroutings to the Army through DC/L and due to inadvertent reference to them in State Department cables to USPOLAD, both the Army Department and SCAP are undoubtedly aware that USPOLAD is reporting to the Department in this unauthorized manner.

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AIR MAIL

No. 202

AUG 29 1949

To the

Office of the Acting United States

Political Adviser for Japan,

Tokyo.

The Secretary of State refers to the Acting Political Adviser's despatch no. 500, July 28, 1949 requesting the Department to use its good offices in obtaining for the Japanese Foreign Office all documents pertaining to personal status problems of Japanese nationals which are a part of those Japanese diplomatic and consular archives presently held under joint trusteeship in various countries throughout the world.

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The Department feels that all Japanese diplomatic and consular archives should remain where they are until such a time as authorized Japanese consular officers can take possession of them. For the following reasons it is felt that it is not feasible to issue any instructions in connection with the Political Adviser's request:

1. The proposed undertaking is in itself prodigious and it promises too few tangible results.

2. In most trusteeship countries where there are Japanese archives they have been crated and stored away for safekeeping. In some cases these archives are stored in private warehouses and in other cases in the basements or upper floors of buildings used by the various trustees. To assemble these archives and to attempt to extract specific material from them would entail considerable physical labor, and in addition there would be a language difficulty as it is assumed that most of the documents are written in the Japanese language.

3. The Department's records indicate that many American Embassies sharing in trusteeship arrangements reported after these arrangements were put into effect that there were never any Japanese archives in existence in the countries where these Embassies are situated or that the Japanese previously destroyed their archives. Quite a number of other Embassies reported archives of little consequence.

An alternative

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An alternative to the action proposed in despatch no. 500 has already been suggested by the Japanese Foreign Ministry. Reference in this connection is made to its memorandum of July 16, 1949 a copy of which was transmitted to the Department under cover of the Political Adviser's despatch no. 491 of July 26, 1949. In this memorandum the Japanese Foreign Ministry advises its nationals in North and South America who attempted to file documents with the Japanese Government between March 1941 and August 1945 to resubmit these documents. This indicates the Japanese Government is willing to recognize resubmitted documents from its nationals in countries where there are trusteeship arrangements and countries where there are not. There are trusteeship arrangements in all but one of the South American countries but the only one in North America is in Mexico. Similarly there are no trusteeship arrangements in Cuba, Haiti and the other Central American countries.

With further reference to the Japanese Foreign Ministry's memorandum, it is noted that Japanese nationals in Argentina, a country where there is a trusteeship, are excepted from resubmitting their documents since it is stated that Japanese diplomatic and consular files there are safely preserved. The Department fails to understand why the Japanese Foreign Ministry makes this exception unless it was assumed that as a consequence of a favorable reply to the despatch under reference, any documents in Argentina would be made available to it. This is not the case and the sense of this instruction applies to Argentina as well as to all other countries where there is a trusteeship. However, if it will be of assistance to the Supreme Commander, the Department, through the American mission at Buenos Aires is willing to publicize the Foreign Ministry's instructions that Japanese nationals should resubmit their personal documents.

It is also thought that the Swedish mission at Tokyo may be able to furnish the Supreme Commander with information concerning any Japanese citizenship papers which may be in the possession of those Swedish missions in certain countries performing consular services for Japanese nationals. It is assumed that this matter already has been coordinated to some extent with the Swedish diplomatic mission since despatch no. 491 requests the Department to take steps to publicize the contents of the Japanese Memorandum only in those Latin American countries where representatives of the Swedish Government do not perform services for Japanese nationals.

AUG 25 PM

A true copy of the signed original

NA
FE

CON:DS:DO'Brien:jm 8/18,24/49

W.J.C.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DIVISION OF NORTHEAST ASIAN AFFAIRS OCT 1 1949 DEPARTMENT OF STATE

OFFICE OF FAR EASTERN AFFAIRS OCT 3 1949 DIRECTOR DEPARTMENT OF STATE

PERSONAL
and SECRET

Tokyo, September 28, 1949.

Dear Walt:

I appreciate your letter of September 12, 1949 (which arrived only yesterday), enclosing an exchange of correspondence between General MacArthur and the Secretary. I like the tone of the Secretary's letter and especially the quiet manner in which he so effectively emphasized the principle of the purely American, as well as international, character of the Supreme Commander.

I note an intimation in the letter that before long the Secretary might send "one of our most trusted officers to discuss some of these questions...". It would be helpful, if time permits and if someone is to be sent to Tokyo, for me to have some background information concerning his position in the Department, etc., to enable me to prepare the ground with the General. The General welcomes visits by officers from the Department, but invariably asks me all sorts of questions concerning their background, authority, and position prior to receiving them.

I am glad to learn that you have had an opportunity to take two weeks' holiday. Lord knows you needed it!

With best wishes,

Sincerely yours,

Bill

W. ~~J. Sebald~~

The Honorable
W. Walton Butterworth,
Assistant Secretary of State
for Far Eastern Affairs,
Washington.

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740.00119-CONTROL (JAPAN)/9-2849

FILED JUL 23 1956

CS/W 9-2849

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

United States Political Adviser
for Japan

Tokyo, September 29, 1949.

REC'D
OCT 4

ACTION
FE-enc

INFO
DCR
OLI-enc
EUR-enc

No. 680

UNCLASSIFIED

Subject: Ninety-sixth Meeting of the Allied Council for Japan, September 28, 1949.

740.00119 Control (Japan)/9-1449

The Acting Political Adviser has the honor to refer to this Mission's despatch no. 635 of September 14, 1949, and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the ninety-sixth meeting of the Council held on September 28, 1949.

As there were neither procedural nor official matters on the Agenda, there was no discussion and the meeting adjourned after approval of the minutes of the ninety-fifth meeting.

Enclosures:

1. Five copies of Agenda, Ninety-sixth Meeting of the Allied Council for Japan, September 28, 1949.

2. Five copies of Corrected Verbatim Minutes, Ninety-sixth Meeting of the Allied Council for Japan, September 28, 1949.

310

CCoville:gmd

cc: American Embassy, London.
American Embassy, Nanking.
American Embassy, Moscow.
American Embassy, Canberra.
American Embassy, New Delhi.
American Embassy, Wellington.

Parchment Mat to the Department.

UNCLASSIFIED
ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

740.00119 CONTROL (JAPAN)/9-2949

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FILED
OCT 14 1949

DIVISION OF NORTHEAST ASIAN AFFAIRS
OCT 1949
DEPARTMENT OF STATE

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

96-928

AGENDA

for the

NINETY-SIXTH MEETING

ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 28 September 1949, at 1000 Hours

I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE NINETY-FIFTH MEETING (1 Session, numbered 95-914).

II PROCEDURAL MATTERS

None held over or submitted as subjects for this Agenda.

III OFFICIAL MATTERS

None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:

Thos G Dobyns

THOS. G. DOBYNS
Colonel, U.S.A.
Secretary-General

23 September 1949

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

96-928

CORRECTED

VERBATIM MINUTES

of the

NINETY-SIXTH MEETING

ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday 28 September 1949, at 1000 Hours

MEMBERS PRESENT

The Honorable William J. Sebald, Deputy for the Supreme Commander, Chairman, and Member for the United States

Lieutenant General Chu Shih-ming, Member for China

The Honorable Patrick Shaw, Member representing jointly the United Kingdom, Australia, New Zealand and India

Lieutenant General Kuzma N. Derevyanko, Member for the Union of Soviet Socialist Republics

SECRETARY-GENERAL

Colonel Thos. G. Dobyns

Office of the Secretariat
Allied Council for Japan
28 September 1949

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Ninety-fifth Meeting have been circulated among the Members and in the absence of objection (Pause) are approved.

Are there any procedural matters? (Pause)

As there are no official matters on the agenda today, that would appear to conclude the meeting.

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NNDG# 760050

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28 September 1949

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