

DEC File

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E.O. 11652, Sec 3(E) and 5(D) or (E) NND

760050

740.00119 CONTROL (JAPAN) / 9-148, --- 10-3148

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND

760050

740.00119 CONTROL (JAPAN) / 9-148, --- 10-3148

INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DIVISION OF
NORTH-EAST ASIAN AFFAIRS

SEP 7 1948

AIRGRAM

DEPARTMENT OF STATE

734

FROM: USPOLAD, Tokyo

Date of Mailing: September 3, 1948

Rec'd:

UNCLASSIFIED

Secretary of State,
Washington.

A-180, September 1, 1948.

Sept. 7, 1948 8:27 a.m.

Office of
FAR EASTERN AFFAIRS
SEP 7 1948
DIRECTOR
Department of State

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Reference is made to my confidential airgram No. A-67 of April 3, 1948, concerning my conversation with Lieutenant General Cybrandus Schilling, Head of the Netherlands Military Mission in Japan, concerning the desire of the Netherlands Government to change the present Netherlands Military Mission to a diplomatic mission, with the possibility that the mission would then be in a position to approach the Japanese Government directly. It will be recalled that I informed General Schilling at that time that, as far as I was aware, no change was contemplated in the existing system under which diplomatic missions in Japan deal with and through General Headquarters, Supreme Commander for the Allied Powers, and are not permitted to deal directly with the Japanese Government.

The Netherlands Military Mission has now informed this Mission, in its capacity as the Diplomatic Section of General Headquarters, Supreme Commander for the Allied Powers, that the Netherlands Government has decided to transform the Netherlands Mission from a military into a civilian organization, effective September 7, 1948, and that the Mission will thenceforth be known as the Netherlands Mission in Japan. The Mission further advises that, effective September 7, Lieutenant General Schilling will be "honorably discharged" as Head of the Netherlands Military Mission in Japan and that, effective the same date, Mr. Hendrik Louw, former Head of the Office of Far Eastern Affairs in Batavia, has been appointed as Head of the Netherlands Mission in Japan, accredited to the Supreme Commander for the Allied Powers, with the personal rank of Ambassador Extraordinary and Plenipotentiary. Ambassador Louw is expected to arrive in Tokyo in the month of October, 1948. From September 7 until the date of arrival of Ambassador Louw, Baron E.J. Leye van Aduard, Counselor and Deputy Chief of the Mission, will serve as Acting Chief of Mission.

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740.00119 CONTROL (JAPAN) / 9-148

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

Tokyo's A-180
September 1, 1948

- 2 -

It may be stated that the Netherlands Military Mission has long been considered to have diplomatic character and status, similar to the other foreign diplomatic missions accredited to the Supreme Commander for the Allied Powers, whose names vary from "diplomatic mission" to "liaison mission" and simply "mission". The above reported change will therefore, at least locally and externally, represent no basic change in the status of Netherlands representation in Japan. The Mission will continue to be accredited to the Supreme Commander for the Allied Powers and will not be authorized to deal directly with the Japanese Government, as is the case with all foreign diplomatic representations in Japan.

SEBALD

Copy to American Embassy, The Hague.

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OUTGOING AIRGRAM

CLASSIFICATION

Department of State

UNCLASSIFIED

NO. A-129

Washington, Sept. 16, 1948

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1426

USPOLAD

Tokyo

Re your A-180, September 1, 1948, you may wish to call to the attention of the appropriate officials of SCAP our airgram A-98, July 7, 1948.

740.00119 Control (Japan) 9-148

Marshall
MARSHALL

740.00119 Control (P) 7-748

Re Netherlands military mission in Japan

DDP NE Unit
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740.00119 CONTROL (JAPAN) / 9-148

740.00119 Control (Japan) / 9-148
CS/A

at

DISTRIBUTION DESIRED (OFFICES ONLY)

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FE:NA:ALDunning/pm
9/14/48

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UNCLASSIFIED

CR CLEARANCE

SEP 16 1948 P.M.

UMA

AUSTRALIAN EMBASSY
WASHINGTON, D. C.

No. 328/48.

Letter from J. L. ...
Note 9/8/48
SEP 17 1948
DEPARTMENT OF STATE
10/10/48
file

2nd September, 1948

ACTION
is assigned to

FE

Sir,

I have the honour to advise that the Australian Government has given full consideration to the note dated 740.00119 Control (Japan) / 5-748 8 July received from the Government of the United States in reply to my note of 7 May last concerning the proposal to reduce the Australian contingent of the British Commonwealth Occupation Force by 31 December 1948. It is regretted that it has not been possible to reply at an earlier date owing to the necessity of consulting the United Kingdom and New Zealand Governments in regard to the request of the United States Government for favourable consideration to be given to maintaining in Japan a British Commonwealth force equivalent to one U.S. infantry division (less one regimental combat team) plus the necessary service troops.

2. The United States Government having approved of the withdrawal of the United Kingdom, Indian and New Zealand contingents of the B C O F, the Force now consists of Australians, a few United Kingdom specialist personnel and some New Zealanders whose movement from Japan is now in train. The size of the British Commonwealth force proposed by the United States Government would involve a substantial increase in the present strength of the B.C.O.F.

740.00119 CONTROL (JAPAN) / 9-248

CS 8740.00119 Control (Japan)

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DEPARTMENT OF STATE

1948 SEP 23 PM 1 22

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2565/3

- 2 -

3. The reasons given when the approval of the United States Government was sought for the complete withdrawal of the U.K. and New Zealand contingents from the Force are still applicable and so neither the Government of the United Kingdom nor of New Zealand is in a position to participate further in the occupation of Japan.

4. The situation in regard to Australian land forces is that despite every effort the numbers of recruits forthcoming have been insufficient to maintain even one brigade in Japan. Many personnel at present serving there are due for release from army service before the end of this year and the Government's service advisers have again reported that after December next it will be quite impracticable to provide and maintain in Japan a greater force than 2,750 all ranks.

5. The Australian Government regrets that the services manpower position in Australia leaves the Government no option but to request the United States Government to agree to the reduction of the Australian contingent of the B C O F to the maximum force which can be maintained in the present circumstances, namely, one infantry battalion, one air force squadron with the necessary administrative units for their maintenance.

6. It is noted that the United States is unable to provide additional troops to S C A P to take over the B C O F areas. The

/ Australian
2865

- 3 -

Australian Chiefs of Staff Committee is being requested to instruct the Commander-in-Chief to consult S C A P in regard to the area for which responsibility should be accepted which is consistent with the strength of the reduced force.

7. An early reply to the Australian Government's request in paragraph 5 would be appreciated.

I have the honour to be,

with the highest consideration

Sir,

Your obedient servant,

Norman Makin

(Norman Makin)
Ambassador.

The Honourable

George C. Marshall,

Secretary of State of the United States of America,

Washington, D.C.

cy/be

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Excellency:

I have the honor to acknowledge receipt of your note No. 328/48 of September 2, 1948, referring to your note of May 7, 1948, concerning the proposal of the Australian Government to reduce the Australian contingent of the British Commonwealth Occupation Force by December 31, 1948.

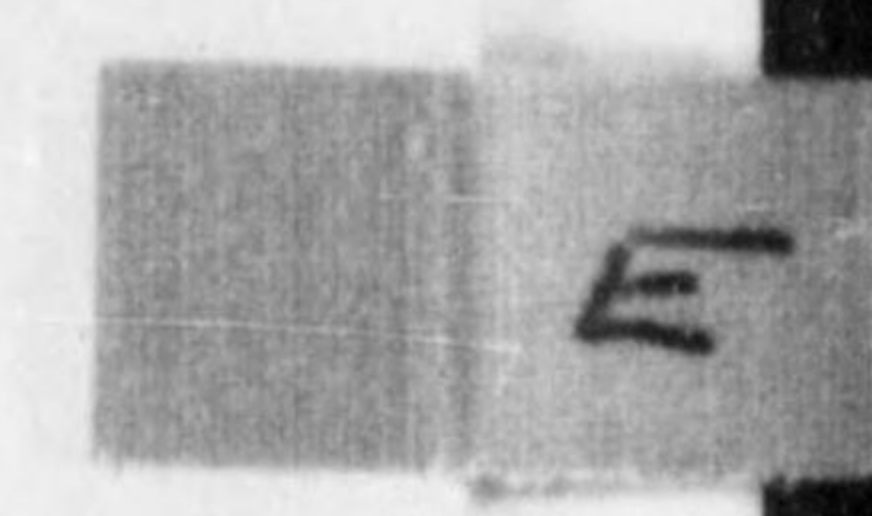
The Department of the Army was notified of your latest communication and on the basis of information received from the Secretary of the Army it is requested that the Australian Government give favorable consideration to maintaining in Japan a British Commonwealth force equivalent to one United States infantry division (less one regimental team) plus necessary service troops, at least until such time as it may be determined that a substantial reduction may be made in the occupation forces.

The Government

His Excellency
The Honorable
Norman J. O. Makin,
Ambassador of Australia.

DC/R
Date 31
Rev
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Central Files
740.00119 CONTROL
740.00119 Contact (Japan)
19-248
Must Be Returned to



- 2 -

The Government of the United States, while appreciating Australia's recruiting difficulties, feels that steps might be taken either to overcome them or to modify current plans for deployment of the regular forces in order to maintain Australia's participation in the united security effort in the Pacific-Far Eastern area. In view of our own very extensive military commitments not only in Japan but throughout the world, the Government of the United States cannot subscribe to this proposed further reduction of the British Commonwealth forces in Japan.

It is recognized that the MacArthur-Northcott agreement provides that the British Commonwealth Occupation Force may be withdrawn wholly or in part upon agreement between the United States and the Australian Governments or upon six months' notice by either party. If the Australian Government furnishes the United States Government firm notice of the reduction of the Australian contingent, the Supreme Commander for the Allied Powers will be advised through the Department of the Army to redeploy

United States

- 3 -

United States forces then in Japan as may be necessitated
by the reduction in the strength of the British Common-
wealth forces.

Accept Excellency, the renewed assurances of my
highest consideration.

~~For the Acting Secretary of State:~~

740.00119 Central (Japan) / 9-248

[Handwritten signature]

FE:NA:ALDunning/pm
10/7/48

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(NA memo to Mr. Lovett of Oct. 13
initialed by
Mr Saltzman)
a/s/zk

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OR

NOV 1 1948 P.M.

CLASSIFICATION CHANGED
 TO **UNCLASSIFIED**
 BY AUTHORITY OF *SPA*
Form NS-507 DATE *7-30-58*
 BY *Robye A. Gibson - RAGS*

UNCLASSIFIED

DIVISION OF
 NORTHEAST ASIAN AFFAIRS
 Classification approved by:
 Name: _____
 DATE: _____
 SEP 16 1948
 DEPARTMENT OF STATE
 SEP 14 1948

FE

In reply refer to
NA

My dear Mr. Secretary:

With reference to your letter of June 18, 1948, regarding the proposed reduction of the Australian contingent of the British Commonwealth Occupation Force in Japan, the substance of your letter was transmitted to the Australian Ambassador in a note dated July 8, 1948, a copy of which is enclosed.

There is also enclosed a note from the Australian Ambassador in answer to the United States note of July 8, 1948, requesting the United States Government to agree to the reduction of the Australian contingent of the BCOF to the maximum force which can be maintained in the present circumstances, namely one infantry battalion and one air force squadron, with the necessary administrative units for their maintenance.

It would be appreciated if you could supply the necessary information upon which to base a reply.

Sincerely yours,

For the Secretary of State:

Am
 Charles E. Saltzman
 Assistant Secretary

Enclosures:

- ✓ 1. Note to Australian Ambassador, July 8, 1948.
- ✓ 2. Note from Australian Ambassador, September 2, 1948.

The Honorable
 Kenneth G. Royall,
 Secretary of the Army.

AM
 FE:NA:ALDunning/pm
 9/8/48

UNCLASSIFIED

BC

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740.00119 CONTROL (JAPAN) / 9-248

CS/S UNCLASSIFIED

SEP 10 1948 P.M.
 SEP 14 1948 P.M.

A COPY OF THE ABOVE IS BEING FORWARDED TO THE SECRETARY OF THE ARMY
 19-248

FORM DS-507 9-22-54	DEPARTMENT OF STATE REQUEST FOR CHANGE OF CLASSIFICATION OR DESIGNATION	SECURITY CLASSIFICATION OR ADMINISTRATIVE DESIGNATION
------------------------	---------------------------------------------------------------------------------------	----------------------------------------------------------

SECTION A

TO: 1. ORIGINATING OR ACTION OFFICE SPA	EXTENSION 2893	BUILDING NS	ROOM NO. 2180
2. REQUESTER'S NAME Department of the Army	AREA OR AGENCY	EXTENSION	BUILDING ROOM NO.
3. OFFICE OF RECORD: OCR, PD, etc. RM/R and Department of the Army			

SECTION B

THE FOLLOWING ATTACHED ~~DESCRIBED~~ DOCUMENT(S) NO LONGER APPEARS TO WARRANT ITS SECURITY CLASSIFICATION OR ADMINISTRATIVE CONTROL DESIGNATION.

TYPE OF DOCUMENT
Letter

TO: Secretary of the Army DATE 9-14-48

FROM: Assistant Secretary

SUBJECT: Reduction of the Australian contingent of the British Commonwealth Occupation in Japan

PRESENT CLASSIFICATION OR DESIGNATION: Secret REQUESTED CLASSIFICATION OR DESIGNATION: Unclassified

SECTION C

THE CHIEF OF THE OFFICE TO WHICH THIS FORM IS ADDRESSED OR A PERSON DESIGNATED BY HIM WILL REVIEW THE SUBJECT DOCUMENT AND INDICATE THE DESIRED CLASSIFICATION OR ADMINISTRATIVE CONTROL DESIGNATION.

RETAIN PRESENT CLASSIFICATION OR DESIGNATION	CHANGE TO:
	<input type="checkbox"/> TOP SECRET* <input type="checkbox"/> SECRET <input type="checkbox"/> CONFIDENTIAL <input checked="" type="checkbox"/> UNCLASSIFIED <input type="checkbox"/> LIMITED OFFICIAL USE <input type="checkbox"/> OFFICIAL USE ONLY *(If reclassified or redesignated to a higher classification explain on reverse side)

BY AUTHORITY OF: Robert H. Moore, Officer in Charge, Australia & New Zealand Affairs DATE: 7/30/58 OFFICE: FE:SPA

SECTION D INSTRUCTIONS

- (1) The requesting office will complete lines (1) and (2) of Section A and all of Section B of this form in duplicate. If the request is from another agency, OC/RM prepares the form.
- (2) Both copies of this form together with one copy of the document or documents concerned, when possible, will be forwarded to the action or originating office concerned.
- (3) The action or originating office will, if the contents warrant, declassify, downgrade, or redesignate the document by completing Section C of this form in duplicate and will route both copies to the office responsible for maintaining the official record copy. SY will take no action unless concurrence is requested.
- (4) The office that is the custodian of the record copy, upon receipt of this form, will file the original of Form DS-507 with the record copy, change the classification on the record copy of the document involved, forward the duplicate copy of this form to the office initiating the request, and notify all copy holders.
- (5) The office which initiated the request will note the action taken and make the necessary changes in classification or designation of documents in its possession.
- (6) In cases where the originating or action office wishes to initiate the declassification or redesignation, the entire form will be completed and routed to the office maintaining the official record copy for attachment thereto.
- (7) If the originating or action office does not hold the record copy, both completed copies of this form will be returned to OC/RM. OC/RM will forward the original of this form to the office holding the record copy.
- (8) If the request is from another agency and if the classification or designation has been changed, OC/RM will notify offices within the Department holding copies of the documents.
- (9) For all requests originating outside the Department, OC/RM presents the request and notifies the requesting agency of action taken.

SECURITY CLASSIFICATION OR ADMINISTRATIVE DESIGNATION



THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER

FOR JAPAN

No. 574

Tokyo, September 2, 1948.

UNCLASSIFIED

DIVISION OF NORTHEAST ASIAN AFFAIRS

SEP 9 1948

DEPARTMENT OF STATE

Subject: Sixty-eighth Meeting of the Allied Council for Japan, September 1, 1948.

ACTION is assigned to



740.00119 CONTROL (JAPAN) / 9-248

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 569 of August 31, 1948 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 sixty-eighth meeting of the Council held on September 1, 1948.

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 sixty-sixth meeting and of the sixty-seventh (special) meeting.

Enclosures:

att 1 ea with orig.

- 1. Five copies of Agenda, Sixty-eighth Meeting of the Allied Council for Japan, September 1, 1948.

- Five copies of Corrected Verbatim Minutes, Sixty-eighth Meeting of the Allied Council for Japan, September 1, 1948.

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CCoville:cgf

Original and hectograph to Department

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

DCR NE Unit

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SEP 28 1948

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68-901

AGENDA
for the
SIXTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo,
Wednesday, 1 September 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE SIXTY-SIXTH MEETING AND OF THE SIXTY-SEVENTH MEETING (SPECIAL) numbered 66-818 and 67-828 respectively.
- 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. Dobyns

THOS. G. DOBYNS
Colonel, Cavalry
Secretary-General

31 August 1948

68-901

AGENDA
for the
SIXTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

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Wednesday, 1 September 1948, at 1000 Hours

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Thos. Dobyns

THOS. G. DOBYNS
Colonel, Cavalry
Secretary-General

31 August 1948

68-901

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THOS. G. DOBYNS
Colonel, Cavalry
Secretary-General

31 August 1948

68-901

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ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo,
Wednesday, 1 September 1948, at 1000 Hours

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By Direction of the Chairman:

Thos. G. Dobyns

THOS. G. DOBYNS
Colonel, Cavalry
Secretary-General

31 August 1948

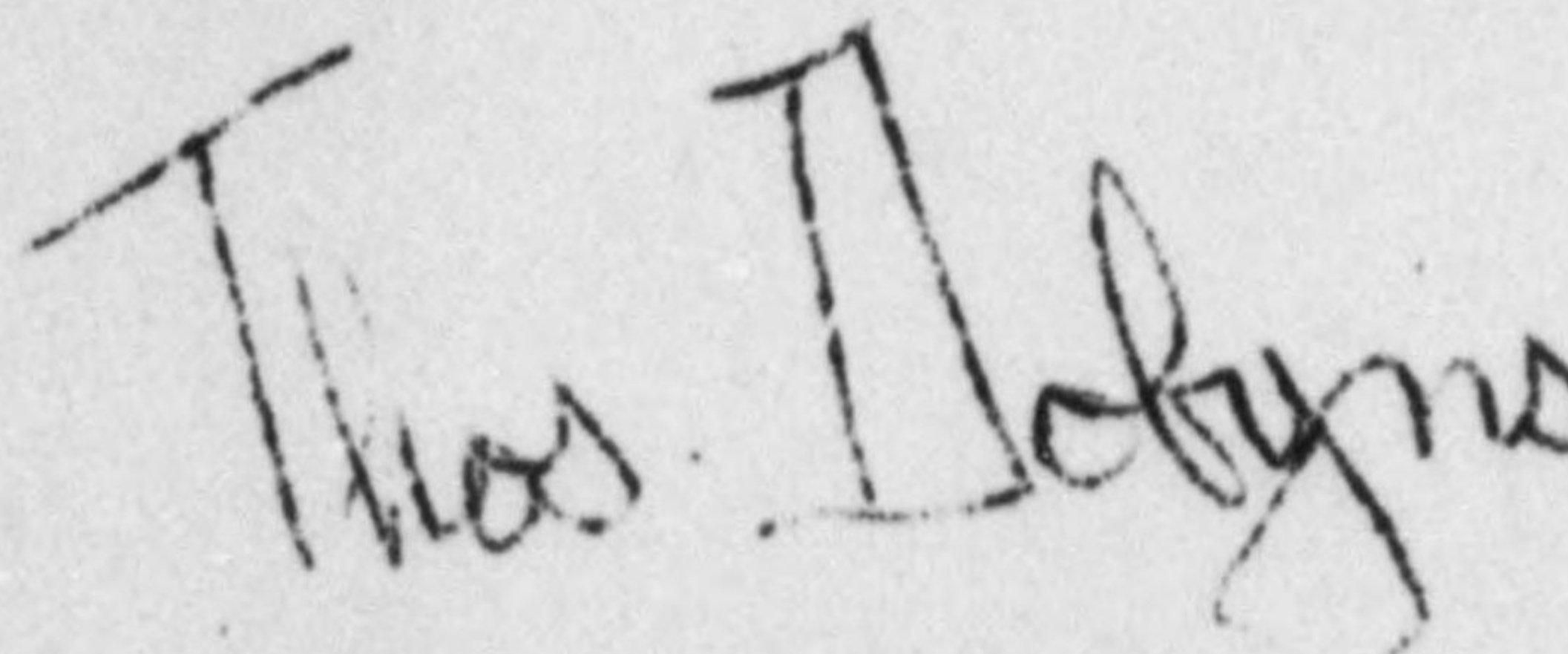
68-901

AGENDA
for the
SIXTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo,
Wednesday, 1 September 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE SIXTY-SIXTH MEETING AND OF THE SIXTY-SEVENTH MEETING (SPECIAL) numbered 66-818 and 67-828 respectively.
- 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
Colonel, Cavalry
Secretary-General

31 August 1948

68-901

CORRECTED
VERBATIM MINUTES
of the
SIXTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 1 September 1948, at 1000 Hours

MEMBERS PRESENT

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

The Honorable Yorkson C. T. Shen, Representing the Member
for China

Mr. Patrick Shaw, Member representing jointly the United Kingdom,
Australia, New Zealand and India

Major General A. P. Kislenko, representing the Member for the
Union of Soviet Socialist Republics

SECRETARY-GENERAL

Colonel Thos. G. Dobyms

Office of the Secretariat
Allied Council for Japan
1 September 1948

THE CHAIRMAN: The meeting will please come to order.

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

The Corrected Verbatim Minutes of the Sixty-seventh Meeting, (Special) 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, that would appear to conclude the business for today.

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA
DIVISION OF
NORTHEAST ASIAN AFFAIRS
UNITED STATES POLITICAL ADVISER
FOR JAPAN

SEP 16 1948
DEPARTMENT OF STATE

ACTION
is assigned to



No. 583

RESTRICTED

Tokyo, September 7, 1948.

Subject: Anti-SCAP Article in Novaya Zhizn (Shanghai).

1/

The Acting Political Adviser has the honor to transmit herewith a translation of an article entitled "Reaction's Offensive Against Japanese Youth", prepared by the Foreign Liaison Sub-Section of the G-2 Section, General Headquarters, Supreme Commander for the Allied Powers, which appeared in the June 16, 1948 issue of Novaya Zhizn (New Life), a Russian language daily newspaper published in Shanghai. This paper claims circulation of about 70,000 copies and is believed to enjoy Soviet support.

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Although Novaya Zhizn has consistently hurled typical communist criticism against the Occupation, this particular article is significant for its unusually vituperative attacks. The article charges that the Occupation is designed to make Japan a bulwark of anti-communism, and has set in motion "a widespread program of ideological processing of youth" in order to destroy its spirit, corrupt it morally, tear it away from the democratic movement, and throw it into the depth of fanaticism. For this purpose, the article charges, the youth of Japan are being "Americanized" by Occupation-controlled motion pictures, press, radio, schools and churches.

Novaya Zhizn claims that "Hollywood trash" is inundating Japan with stories of murders, hold-ups, glamorized jazz and depravity. Side by side with moving pictures, comes, in this article's words, the "cut-throats of the press", releasing to the Japanese public articles slandering the Japanese Communist Party along with other "fascist" literature, cheap detective stories, and reactionary anthologies. Simultaneously, the radio presents "a wild picture of jazz, prayers and the 'latest news' teeming with rot from Hearst's 'International News Service'". The article contends that the entire educational system, under American control, is steeped in ultra-militarism, with demobilized Army officers employed as teachers. "The cult of the Emperor," the article charges, "continues to exist and is actually being encouraged not only by the government but also by the occupational authorities;" Shinto is still utilized as a device to promote reaction among youth; and the Catholic Church "is engaged not so much in preaching Christian humility as in preaching anti-Soviet slander and attacking democracy."

740.00119 CONTROL (JAPAN) / 9-748

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DEPARTMENT OF STATE

CS/AMCT 8 1948

740.00119 Control (Japan) (Copy)

Tokyo's 583
September 7, 1948.

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In conclusion, Novaya Zhizn makes the following editorial peroration:

Such is the picture, far from being complete, of the unrestrained ideological processing of youth, which is being conducted day in and day out by the Japanese reactionaries under MacArthur's protection, who are trying to recruit youth to serve as instigators of a new war.

Enclosure: *att.*

Translation of article in
Novaya Zhizn, June 16, 1948.

Copies to: American Embassy, Moscow
American Consulate General, Shanghai

Original and hectograph to Department.

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CNSpinks:mhp

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L.B.B. *at*

Enclosure to despatch No. 583 dated September 7, 1948 from the Office of the Political Adviser for Japan, Tokyo, on the subject, "Anti-SCAP Article in Novaya Zhizn (Shanghai)".

COPY

GENERAL HEADQUARTERS
FAR EAST COMMAND
Military Intelligence Section, General Staff
Foreign Liaison Sub-Section

23 August 1948

TRANSLATION: No. 206

SUBJECT: Struggle for control of youth in Japan.

SOURCE: Russian-language daily newspaper "Novaya Zhizn" (The New Life), published in Shanghai, 16 June 1948, page 4, columns 1 - 6.

REACTION'S OFFENSIVE AGAINST JAPANESE YOUTH

-- BY V. Mayevskiy

The fight for the future is the fight for control of Japanese youth.

For years Japanese obscurantists have been rearing the younger generations in a spirit of racial discrimination and beastly cruelty. Poisoning the minds of the young people by monarchist fanaticism, Japanese militarists were turning them into an instrument for realization of their criminal plans to establish a "new order" in Asia.

The defeat of Japanese imperialism in the course of World War II, seemingly, opened to Japan the road of democratic development. However the two-and-half years of rule by the American "bearers of democracy" did not eliminate the predominance of reaction in Japan. Talking idly about "democracy" and "spiritual revolution" in Japan, the Americans are consistently carrying out the policy of turning this country into an economic supplement to the American monopolies and at the same time are striving to restore Japan to the role of the "gendarme of Asia", which would be obedient to Washington.

Every single faction of Japanese reaction, ranging from the former agents of the industrial and financial clique, Shidehara and Yoshida, to "Socialist" Katayama, the betrayer of labor interests, become accomplices in the accomplishment of the plans of American imperialism. The governments, headed by these puppets of the American headquarters, did nothing in regard to the rehabilitation of the country's economy or to stop the inflation. At the same time, the Japanese-American reactionaries made a large scale attack upon the democratic movement in labor. They deny the elementary democratic liberties, are trying to split the labor unions and are persecuting the Communist Party.

In their struggle for the preservation of reaction in Japan, American and Japanese imperialists lay special emphasis on youth. The fate of the country depends on whether the youth will be brought up in a democratic spirit or whether a new generation of murderers and aggressors will be grown. Japan will either be a democratic state or will again become the

bulwark

Enclosure to Tokyo's
No. 583, September 7,
1948.

-2-

bulwark of "anti-Communism", a threat to peace and security in the entire world. Preparing Japan for this latter role, reaction is carrying out a wide program of ideological processing of youth, expecting to destroy its spirit, morally corrupt it, to tear it away from the democratic movement and throw it into the depth of fanaticism, either monarchistic or materialistic--it does not make any difference which. The ideological hodge-podge which the Japanese-American apostles of "democracy" are feeding Japanese youth contains in it everything from propaganda on "Americanism" and pornography to the idea of revenge and anti-Soviet slander.

Japanese obscurantists, who not long ago were freely cursing the United States, quickly seized upon the idea of "Americanism", realizing that it is the most convenient method of preserving the Japanese past and at the same time making a profit from American sops. The newspapers are going out of their way to praise everything American: in Ueno park in Tokyo the foreigners are shown the cypress tree planted there by General Grant, former president of the U.S.A., who visited Japan in 1879; founders of the "Society of Bloodhounds" in Yokohama refer to the existence in the U.S.A. of "Society of the Bald-headed." Societies of American-Japanese friendship are being propagated everywhere.

However, the "Americanization" is far from being as innocent as it looks at first. Functioning under the pretense of "Americanization" is an ideological machine which is preventing the Japanese youth from getting out of the slough of spiritual poverty into which it was driven by Japanese militarists. The components of this machine are movies, press, radios, schools, churches, etc.

From the very beginning of the occupation a stream of Hollywood trash began to flow into Japan: stories with murders and hold-ups, pictures of glamorized jazz, family "tragedies" of millionaires steeped in depravity, enterprising and impudent men successfully marrying millionaires, more murders and hold-ups. American moving picture companies sent off to Japan all the trash that could be collected, including even silent pictures that are at least twenty years old.

The "Hollywood invasion" forced the Japanese movie industry to readjust itself in accordance with the American models, and so to speak "supplement" the American films. The direct result of the adoption of practices taught by the Hollywood experts of "banditry" was the increase of crime among college and school students and, according to newspapers, children of "good" families.

Carrying out the attack on Japan side by side with the businessmen of the movie industry are cut-throats of the press. In November of last year alone the Japanese Ministry of Education distributed among colleges and primary schools 4.5 tons of American books and magazines, including "fiction". American detective novels and anthologies of reactionary articles have long since taken their place in book stores alongside the "fascist" literature of the Japanese, as well as foreign type left lying about. Time has "not yet been found" since the occupation to withdraw this "literature", not only from book stores but even from the library of the largest university, the Tokyo University. Yet so many things were said about the "eradication" of the hotbeds of militarism and Fascism! ...The "classical" trans-oceanic detective novel produced numerous Japanese variants. All this is reverently and widely advertised today as "spiritual food" for the Japanese youth.

Japanese

Enclosure to Tokyo's
No. 583, September 7,
1948.

-3-

Japanese reactionary newspapers and magazines are full of the most disgusting banalities. The gutter-press type material takes up from 25 to 40 percent of the space in these newspapers. For example, in October of last year, newspapers published a great number of articles, photographs, and interviews of the notorious Japanese bandit Sekine, apprehended by the Japanese police. Simultaneously with those were published malicious, slanderous articles on the Japanese Communist Party and the democratic movement abroad. Occupational authorities, encouraging the reactionary press, at the same time are strangling the democratic newspapers and especially "Akahata", the organ of the Communist Party. The American radio presents a wild mixture of jazz, prayers, and "latest news" teeming with rot from Hearst's "International News Service." Japanese "liars of the radio" are adopting more and more the tune of their masters. Japanese night clubs are arranging their programs closer and closer to the American patterns: indecent dances by the standard "girls", vulgar songs, deafening jazz. All these "artistic theatrical productions" are in a sense a poison corrupting the human soul and arousing in it the most base instincts.

The school was always the strongest means of influence upon youth, in the hands of Japanese militarists. Creation of a democratic system of education is one of the basic links in the chain of measures necessary for the democratic reorganization of the country. Japanese leaders, advised by American "specialists" and with the aid of MacArthur's headquarters, are accomplishing the "decentralization" of the school system, i.e., placing schools under the control of local government agencies, the leading part in which always has been and still is played by reactionary elements: capitalists, landowners, government officials. The controversy over the school reform question has been going on now for two years. In the meantime, a number of subjects are being taught from textbooks containing ultra-militaristic ideas.

Many demobilized officers found refuge in universities and schools, where they are preaching to youth various ideas of revenge. In Sapporo University, for instance, is widely propagandized the idea that Japan was fighting for "sacred ideals", that the military and political leaders of Japan are guilty only in that they failed to cope with the duties assigned to them and thus, by losing the war, "disgraced his imperial highness". The cult of the Emperor continues to exist and is actually being encouraged not only by the government but also by the occupational authorities.

The connivance of government agencies contributes to the existence in the country of militaristic terrorist organizations, which specialize in recruiting young men. In January of last year two young men from the terrorist party "Shinei Taishuto" made an attempt on the life of Kikunami, former chairman of the National Congress of Industrial Trade Unions. At the same time, American magazines are publishing, as proof of the "democratization of Japan", pictures of the heir to the throne engaged in harmless pastimes such as physical culture and feeding chickens.

Shinto, the state religion, which during the war, played a very important part in the "spiritual mobilization" of the nation for the continuation of the aggressive adventure of the Japanese militarists, has been abolished in schools. However, it still remains a means of influencing the youth in the hands of reaction, which has established itself in numerous temples.

More

Enclosure to Tokyo's
No. 583, September 7,
1948.

-4-

More than ever has grown up the influence of the Catholic Church, which is engaged not so much in preaching Christian humility as in preaching anti-Soviet slander and attacking democracy.

Such is the picture, far from being complete, of the unrestrained ideological processing of youth, which is being conducted day in and day out by the Japanese reactionaries under MacArthur's protection, who are trying to recruit youth to serve as instigators of a new war. However, the furious activities set in motion by the Japanese-American reactionaries prove their weakness and uncertainty rather than their strength.

The fact is that the defeat of Japan in World War II showed to millions of Japanese how cruelly they were deceived by the ruling clique and the emperor, whom they were taught to "idolize". The war brought nothing for the Japanese except unexpected hardships and hatred by other nations.

An important shift in the psychology of the masses was inevitable. The democratic movement, in spite of the hidden and unhidden barriers which are placed in its path by American and Japanese authorities, is growing, and becoming stronger. The strike movement is growing. Hundreds of thousands of workers go out in the streets of cities demanding improvement of their lot and creation of a truly democratic state. Unrest is also enveloping the rural districts.

The best part of Japanese youth is taking an active part in the democratic labor movement. Youth is joining the Communist Party. The ranks of the "Komsomol" [Young Communist League] are growing.

These young men and women are struggling to keep their country from becoming a colony of American imperialism. They are fighting for establishment of a truly democratic Japan.

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Department of State
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Washington

Charge Department:

Charge to

September 9, 1948 **SEPT 9 1948**

SUPREME COMMANDER FOR THE
ALLIED POWERS

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TOKYO.

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PERSONAL

EYES ONLY FOR MacARTHUR FROM MARSHALL

Thank you for your C 63630. I am looking into the matter and
will wire you my full reaction early next week.

740.00119 CONTROL (JAPAN) / 9-9-48

MARSHALL

*Marshall
(WCC)*

Handwritten initials and signatures in a box.

ACCEPTANCE DESK

1948 SEP 9 PM 4 08

DCT **CS/A**

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*740.00119 Control
(Japan) / 9-9-48*

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AIRGRAM

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JMTT

From ~~DIVISION OF~~ *file* ~~NORTHEAST ASIAN AFFAIRS~~ Consulate General, Singapore.

Date SEP 20 1948, 1948

DEPARTMENT OF STATE 8:34 a.m.

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WASHINGTON, D. C.

A-244, September 9, 1948.

Office of
FAR EASTERN AFFAIRS
SEP 21 1948
DIRECTOR
Department of State

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September 8, 1948 Following is text of editorial entitled "MacArthur's Miracle" appearing in today's issue of THE MORNING TRIBUNE, Singapore left-center, Chinese-owned, English-language newspaper:

"General MacArthur would have us believe that he has accomplished a minor-miracle in Japan. He has transformed the Japanese tiger, which terrorised Asia for many years, into a cooing dove.

"He said last week that Japan has now become an asset upon which the free world may confidently count." In some quarters this statement is taken to mean that Japan may be allowed to rearm should the international situation demand it.

"At least one Japanese paper, somewhat elated by the General's statement, hinted strongly that it would not be a bad idea if the cooing dove were provided with the necessary fangs.

"But we doubt very much whether Asian countries which have experienced the yoke of Japanese occupation are likely to share the General's confidence.

file
DIVISION OF SOUTHEAST ASIAN AFFAIRS
SEP 21 1948
OFFICE OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

"It is true that today the Japanese tiger has taken to vegetarian habits. But deprived of its murderous fangs it has no option but to resort to this kind of diet.

"But once Japan is provided with fangs and given a certain measure of liberty the chances are that it will revert to its old habits.

"Some Americans are deluding themselves into believing that an armed Japan can be relied upon to watch American

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interests in the

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- 2 -

American Consulate General,
Singapore.

A-244, September 9, 1948.

interests in the Pacific. But it is our opinion that the Japanese are very bad watch-dogs, being, like most ambitious nations, inclined to look after their own interests."

Other editorials mildly critical of Japanese revival have appeared in Chinese and British newspapers in Singapore the past few months, some of which have been inspired by commercial considerations.

JOSELYN

Copy to: American Embassy, London.

800.
John Hanlin:man

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A

DEPARTMENT OF STATE
ASSISTANT SECRETARY

September 10, 1948

O - Mr. Saltzman

Subject: Attached Memo and Draft Letter

I have discussed the attached memorandum and draft letter at length with Mr. Owen, the drafting officer.

As you will see, the letter deals with two major ideas. The first is to communicate to SCAP, to make known to the Japanese people, three principles, placing on the Japanese government responsibility for achieving economic goals and relating U. S. aid to the Japanese effort. The second, referred to in paragraph 2 of the memorandum and on page 2 of the letter, is to place the U. S. forces in Japan on a pay-as-you-go basis, in the sense that the occupation forces would pay Japan the dollar equivalent of yen costs incurred by Japan in meeting the needs of the occupation forces. The reasons which are envisaged as justifying this change in policy are set out in the memorandum and letter.

It seems to be generally agreed that the total dollar cost to the U. S. under the present policy or the proposed change of policy would be more or less the same. It is argued by the interested people in the Department, however, that if the Army had to justify an appropriation in dollars to pay the yen value of goods and services furnished to the occupying troops, the Army might be more circumspect in its expenditures and hence the total cost to the U. S. might be reduced. Aside from this, the main argument in favor of the suggested policy is that it would clearly indicate the net amount of U. S. aid being furnished to Japan. This is thought to be beneficial from the standpoint of the Japanese, the occupation forces, other countries in Asia and the Congress.

I can't help but have some feeling of anomaly that an occupying force in a conquered country pays in its own currency for the cost of services and materials furnished by the occupied country to the occupying troops. In view of the strong opposition by Mr. Case and to a lesser degree by Mr. Stefan to our policy in Austria of paying dollars for goods and services furnished our forces rather than paying for them out of shillings realized from the sale of our aid supplies, I would envisage that at least these gentlemen might react strongly against the proposal if it were made to the Congress. However, despite their strong opposition

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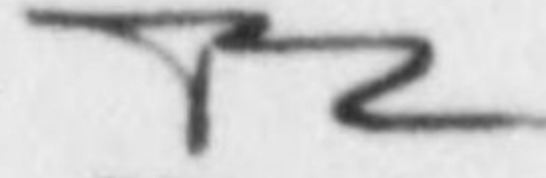
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-2-

in the Austrian case the Appropriations Committee made no change in the Army's request for funds for Austria, and I rather got the impression that Mr. Taber was sympathetic to the point of view that the Administration present~~ed~~.

Despite the anomaly I mentioned above, the real fact is that in Japan the U. S. is paying for materials and services furnished the occupying forces because if such materials and services were not furnished the occupying forces they could be used for export or for cranking up the Japanese economy for the production of goods for export. I have no doubt that this could be made clear to the Appropriations Committee though it might be something of a task.

Under all the circumstances I am inclined to recommend that the letter be sent to Mr. Draper and the idea tried out on him.


P. P. Claxton, Jr.

Attachments *cut 2/11/69*
Memo and Draft Letter

O:PPClaxton:br

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : O - Mr. Saltzman

DATE:

FROM : E - Mr. Nitze *PAN*

August 23, 1948

SUBJECT: Attached Proposed Letter to Under Secretary Draper.

1. A cable (copy attached) has recently been sent to SCAP, requesting him to prepare, in conjunction with the Japanese Government, a long-range economic plan, and to forward that plan to Washington for approval by the U.S. Government. It is to be expected that SCAP will forward the plan in question by about October.

2. When it has approved the plan, it is contemplated that the U.S. Government will give SCAP policy guidance concerning certain aspects of its execution. This guidance should be of a character which will place increasing responsibility for Japanese economic performance in Japanese hands and which will clearly relate U.S. aid grants to the caliber of that performance.

It is believed that the policy suggested by this guidance could be carried out more effectively if the U.S. Government henceforth reimbursed the Japanese Government for goods and services furnished by that Government to the occupation forces. This would permit the Japanese to develop a genuine sense of responsibility for the management of their economy, and it would make clear to both the Japanese and ourselves the net amount of U.S. aid being furnished to Japan.

It is therefore believed that, at the same time as the above-mentioned guidance is furnished to SCAP, the U.S. Government should announce its intention of paying to the Japanese Government the dollar value of all goods and services requisitioned from that Government after the fiscal year 1949.

3. It seems desirable that discussions with the Army Department on these matters be initiated as soon as possible, especially since the FY 1950 budget request for Japan is already in course of preparation. The outcome of discussions with the Army Department concerning these proposals will influence the position to be taken with regard to that request by the State Department and, probably, by the other civilian agencies represented on the National Advisory Council. In view of the importance of these issues, it is believed desirable that they should be initiated on a sufficiently high level to induce the Army Department to give them prompt and serious consideration. It is therefore recommended that the attached letter to Mr. Draper be sent to him over your signature or that of Under Secretary Lovett, as you may think most appropriate.

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E.O. 11652, Sec. 3(E) and 5(D) or (E)

Authority *NND 760035*By *CD/sr* NARS, Date *22 AUG 1975*

C O P Y

DEPARTMENT OF THE ARMY

STAFF MESSAGE CENTER

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PRIORITY

PARAPHRASE NOT REQUIRED. HANDLE AS CONFIDENTIAL CORRESPONDENCE
PER PARAS 51i AND 60a (4), AR 380-5
CAD Lt Col John P Buehler 2556

22 July, 1948

SCAP

INFORMATION

COMGENPHILRYKOM, COMGENUSAFIK

Number: WARX 86279

From CSCAD cite ECON. Reourad July WARX 85777. This cable in three parts.

Part 1. (Budget estimate for FY 50 for economic rehabilitation for Japan and Ryukyus is subj).

1. Ourad informed you of amts FY 49 appropriated funds planned to be avail now from GARIOA appropriation for econ rehab purposes.

2. Request that concurrently with your revision FY 49 programs for Japan and Ryukyus, you evaluate impact of reduction from amts originally requested for FY 49 on FY 50 budget estimates for econ rehab purposes and furnish your comments and desired revisions thereof not later than 5 Aug, with add justifications therefor.

Part 2. (Long range economic plan and presentation for Japan and corresponding material for Ryukyus is subj).

1. As both your reduced procurement program for this FY and consequent modification of your FY 50 budget estimates will affect rate of recovery originally contemplated by basic recovery programs outlined in "Green Book" (Econ Rehab Occupied Areas 1 April 48-30 June 49), which was used to support recent appropriation requests, this basic supporting material for both Japan and Ryukyus must be realistically revised and expanded in detail.

CM OUT 86279

(Jul 48)

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PRIORITY

Page 2

Number: WARX 86279

22 July, 1948

2. This expanded material should constitute for Japan long-range economic plan, in whose preparation Japanese Govt has participated to maximum extent of its capabilities under present circumstances, and for whose execution it could--if plan is apd by US Govt--assume increasing responsibility.

(A) Long-range economic plan, covering this and next several FYs, should be designed to achieve balance of Japans internatl pmts in earliest practicable FY at minimum balanced economy level. It should assume, in addition to appropriated funds for FY 49, availability of US appropriated funds for FY 50 and subsequent FY in such minimum amts as you stipulate as essential to achieve this objective. It should include, for each of these years, up-to-date import, export, production, and consumption goals, both for entire economy and for key commodities, as was done in SCAP report of Oct 47: "possibility of a balanced Japanese Economy."

(B) In its treatment of prospective domestic economic programs, revised plan should be considerably more detailed than "Green Book", and should specify steps to be taken by Japanese Govt in order to restrict domestic consumption and to facilitate production of maximum amts of marketable export products.

(C) This revised plan should set realistic export goals, and import goals which recognize desirability and practicability of procuring imports in non-dollar areas to maximum extent possible. These export and import projections should also reflect and be supported by considerations of:

(1) Present and prospective political and economic conditions in Japans far east trade areas, including potential export sales thereto and availability of food and raw material imports from those areas.

(2) Present and prospective markets for exports to, and import availabilities from, other world trade areas.

CM OUT 86279 (Jul 48)

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PRIORITY

Number: WARX 86279

22 July, 1948

Page 3

(3) Use of initial and any prospective Ojeirf credits, and extent of estimates SCAP participation in \$150,000,000 natural fibers revolving fund, including realistic appraisal of dollar markets required for SCAPs estimated utilization of these credit sources.

(4) Prospects of dollar exports to assume increasing burden of providing food and other GARIOA commodities in conjunction with annually decreasing GARIOA appropriations.

(5) Any plans looking towards stimulation of production, particularly of food and raw materials, in order far east areas through provision by Japan of incentive goods and capital equip on off-set barter basis so that less dependence is placed by Japan on us for such materials or their financing. This would also have added effect of reducing similar dependence of far eastern countries on us.

(D) Appended to, or included in, long-range plan referred to above should again be info and key statistics of pre-war base period economy, and progress to date in key segments of economy and overall indices by comparisons of year to year (US FY) progress under occupation. Info concerning role and potential contribution of Japan to economic recovery in far east and interdependence of countries of that trade sphere under their present and contemplated levels of trade and industry, as known to you, will ad materially to presentation value of long-range plan here. Completeness and effectiveness of this presentation of Japans pre-war, post-war, and prospective self-supporting economy will materially effect degree of success achieved here in securing required appropriated funds.

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(Jul 48)

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CONFIDENTIAL

Page 4

3. Approach outlined in Para 2 above for Japan is of course too comprehensive for and in many respects not applicable to Ryukyus. However, presentation of pre-war standards, post-war progress, and current planning goals for these islands economy is essential to support any reasonable request for assistance above maintenance of GARIOA standards. It is suggested that revision of Ryukyus part of "Economic Rehab Occupied Areas", booklet also be expanded to present any prospective export trade for dollars, credits, or barter in terms of balance of pmts statement to reflect overall program, and consequent dollar deficiencies requiring appropriated funds to implement plans.

4. For your info, South Korea aid program will be presented separately from Japan-Ryukyus for FY 50.

Part 3.

1. Recognize magnitude of above requests. However:

(A) It is essential that your comments on, and any revisions of, FY 50 econ rehab budget requests for Japan and Ryukyus be recd not later than 5 Aug for required processing.

(B) Revised long-range program presentation requested in Part 2 will require inter-departmental coordination prior to use in support of FY 50 budget requests before Bureau Budget and Congressional Committees, so request estimate of date of its earliest availability be furnished. Exec Br may have to seek enabling legislation from 81st Congress instead of attempting to secure auth via Appropriation Act language as was permitted finally by last Congress to permit expenditures for econ rehab in Far East occupied areas, and this requested program presentation will be essential for that purpose as well as for support of appropriation requests. Request you furnish 10 copies of this presentation, and, fol exec br coordination, final reproduction will be accomplished here.

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Files
 Please return
 to *J. Hill, Room*
 4202, NS

September 13, 1948

Dear Mr. Draper:

Restoration of Japan to self-support is a major objective of U. S. foreign policy. The "Policy Recommendations With Respect to Japan" presently before the National Security Council provide that, as an important step to this end, the Japanese Government and people should assume increasing responsibility for Japanese economic recovery. However, a major obstacle to effectuation of this recommendation may well arise, namely, the apparent expectation of the Japanese Government and people that they can rely upon continued U. S. aid to relieve them of the results of any failure on their part to initiate or carry out effective economic policies.

An opportunity for disabusing the Japanese of this expectation will shortly present itself. SCAP has recently been requested to prepare, in conjunction with the Japanese Government, a long-range economic recovery plan, which will include realistic economic goals that can be accepted by the U.S. and Japanese Governments. SCAP is expected to forward that plan to Washington in October, for review and approval by the U. S. Government. I suggest that the State and Army Departments, after approving that plan, communicate the following policies concerning its execution to SCAP, and ask SCAP to make them known to the Japanese Government and people:

- (a) full responsibility for execution of the plan to be assumed by the Japanese Government;
- (b) SCAP continuously to inspect Japanese economic performance under this plan, and to forward quarterly reports thereon to the U. S. Government;
- (c) consideration of these reports by the State and Army Departments to serve as a basis for periodic decisions by the U. S. Government concerning both the amount of

Japanese

The Honorable
 William H. Draper, Jr.,
 Under Secretary of the Army,
 Washington, D. C.

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Japanese appropriated aid to be requested of the Congress during the next fiscal year and the extent to which appropriated aid made available by the Congress for use in the occupied areas is to be assigned to Japan during any given period of the current fiscal year.

The adoption of these policies will place our Japanese aid program on somewhat the same basis as our aid programs in other parts of the world. They will, of course, diminish SCAP's immediate control over the economic administration of the Japanese Government. However, basic economic policies in Japan can still be powerfully influenced by the U. S. Government if it clearly fulfills its announced intention of directly and continually relating the amount of U. S. aid to the caliber of Japanese economic performance.

Effectiveness of this policy would, I believe, be enhanced if the United States simultaneously announced its intention to pay to the Japanese Government, beginning in the fiscal year 1950, the dollar equivalent of all yen costs incurred by that Government in meeting the needs of the occupation forces - less a suitable allowance for capital installations of permanent value to the Japanese. The introduction of this pay-as-you-go arrangement would not affect the total amount of funds to be requested of the Congress for Japan in FY 1950, since the appropriation for Japanese import procurement could be reduced by the amount of dollars made available to Japan to cover occupation costs. However, the net amount of U. S. aid being furnished to Japan would be made more clear both to the Japanese and to ourselves than it is at present, and, as a result, execution of a policy relating the amount of that aid to Japan's economic performance could be more easily effected and more generally understood. In particular, the Japanese would no longer be able to depreciate the significance of U. S. aid by indulging in loose allegations concerning the heavy counter-vailing burden of occupation costs.

Since payment for Japan on a current basis of the dollar equivalent of yen costs incurred by the Japanese Government in support of the occupation would reduce Japan's dollar deficit, this proposed policy would also have the effect of reducing future appropriation requests for aid to Japan, as distinct from appropriation requests to meet occupation cost payments. This would have beneficial diplomatic consequences, since the smaller appropriation requests for Japanese aid would arouse less Far Eastern antagonism towards the United States and Japan.

I am aware that this pay-as-you-go arrangement, although followed in Austria and Korea, is not in effect in Germany; it does not seem to me, however, that the German and Japanese situations are necessarily

comparable

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comparable, in view of the existence of a central Japanese Government, of SCAP's undivided executive responsibility in Japan, and of the revised policy to be followed towards Japan during the pre-treaty period under the terms of the above-mentioned NSC policy paper.

I would appreciate hearing from you concerning these proposals at your earliest convenience, so that appropriate officials of the State and Army Departments may consult concerning them. I hope that it will be possible for the State and Army Departments to reach agreement on these proposals in the near future, as the Department of State would be assisted in determining its position in regard to future Japanese appropriation requests by knowledge of the course to be pursued with respect to these proposals.

Yours sincerely,

Charles E. Saltzman
Assistant Secretary

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the signed orig-
inal. *Dr*

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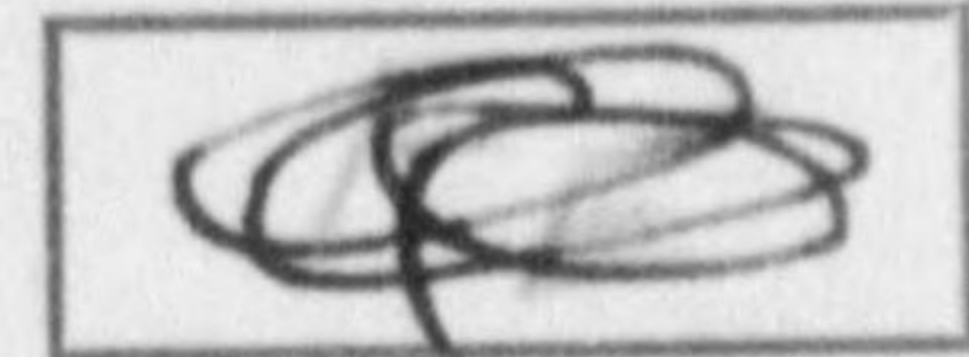


THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA
DIVISION OF
NORTHEAST ASIAN AFFAIRS

UNITED STATES POLITICAL ADVISER
FOR JAPAN OCT 15 1948

DEPARTMENT OF STATE

ACTION
is assigned to



No. 594

UNCLASSIFIED

Tokyo, September 10, 1948.

Subject: Press Statement of Soviet Member, Allied Council for Japan.

1192nd (9) / 8-31-48
2016 FE OFFICE OLD
The Acting Political Adviser has the honor to refer to this Mission's despatch No. 569 of August 31, 1948 concerning the sixty-seventh (special) meeting of the Allied Council for Japan and to enclose a copy of a statement issued to the press September 6, 1948 by the Soviet Press Bureau on behalf of the Soviet Member, Allied Council for Japan. The statement is a continuation of the Soviet Member's campaign opposing revision of the National Public Service Law recommended in General of the Army Douglas MacARTHUR's letter of July 22, 1948 (this Mission's despatch No. 465 of July 24, 1948).

When the statement was given to the press, it was accompanied by a copy of a statement made by Major General A. P. KISLENKO at the sixty-seventh meeting of the Council. This latter statement has already been forwarded to the Department as part of the minutes for the sixty-seventh meeting enclosed with despatch No. 569.

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Enclosure:

- 1. Copy of statement of the Soviet Mission to the press, dated September 6, 1948.

Original and hectograph to the Department.

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UNCLASSIFIED

Enclosure to Despatch No. 594 dated September 10, 1948 from the Office of the Political Adviser for Japan, Tokyo, on the subject, "Press Statement of Soviet Member, Allied Council for Japan."

C O P Y

STATEMENT OF THE SOVIET MISSION TO THE PRESS
September 6, 1948.

As is known a special meeting of the Allied Council for Japan was called on August 28, 1948 at the suggestion of the USSR member of the Allied Council to discuss a subject dealing with the Japanese Cabinet Ordinance, issued in compliance with General MacArthur's letter of July 22, and prohibiting Government workers and public service employees from striking and bargaining collectively.

At this meeting, Major General A. P. Kislenko, USSR representative on the Allied Council made the following statement:

(The text of the statement is given separately.)

What's wrong?

Mr. W. J. (Sic) SEBALD, Chairman of the Council, made in reply a statement in which he endeavored to prove, contrary to obvious facts and logic, that the FEC decision granting Japanese workers and employees the right to strike allegedly did not have any bearing upon Government workers and public service employees and that the ban on strikes and collective bargaining for these workers and employees was allegedly not in conflict with the Far Eastern Commission policy.

In further attempt to justify SCAP's unilateral actions in regard to the revision of the National Public Service Law and the banning of strikes and collective bargaining for public servants, Mr. SEBALD declared that this letter of SCAP was not a directive but a mere suggestion.

It is significant to note in this connection that regardless of such an official statement made by the Chairman of the Allied Council, the Japanese Government in its September 3 statement repeats again the assertion that SCAP's letter is a directive.

In his statement Mr. SEBALD made a number of anti-Soviet charges and slanderous assertions concerning the rights of labor in the Soviet Union. We do not deem it necessary to deny again such libellous charges as statements of this nature can be made only by people either absolutely ignorant of the labor rights and labor situation in the USSR or seeking deliberately to misrepresent them to serve their own selfish political ends.

Major General KISLENKO pointed out at the meeting of the Allied Council that in the FEC decision on the rights of workers and employees to strike, there is no indication that these rights do not apply to Government workers and public service employees. Therefore, the arbitrary curtailment by the Occupation authorities of the rights of any category of workers and employees is a violation of these decisions.

UNCLASSIFIED

Mr. SHAW

Enclosure to
Tokyo's No. 594
September 10, 1948
UNCLASSIFIED

- 2 -

Mr. SHAW, British Commonwealth Representative on the Allied Council, also criticized measures being taken over this matter. He objected to the denial of collective bargaining to workers and employees and emphasized his disagreement with Mr. SEBALD's opinion that the Far Eastern Commission directive allegedly has no relevance for public employees. Mr. SHAW repeatedly confirmed his attitude in an interview given by him to correspondents on September 3, pointing out that the imposition of such a ban tends to curtail human rights.

Thus, it is absolutely clear that this policy and these measures of the Occupation authorities and the Japanese Government are being carried out in violation of the Potsdam Declaration and the Far Eastern Commission Policy Decisions.

Under these conditions, a large wave of strikes by Japanese workers and employees and their labor union organizations against the arbitrary curtailment of the rights to strike and bargain collectively as well as the sympathetic response to their demands on the part of public opinion in Japan proper and abroad, appear to be natural.

Despite all this, the American Occupation authorities in Japan, instead of canceling immediately wrong orders banning strikes and collective bargaining, are continuing persistently to follow their line of policy aimed at creating obstacles to the revival of democratic tendencies among the Japanese people as well as at suppressing the activities of democratic organizations in general and the activities of labor unions in particular.

This is borne out by the increased repressive measures being resorted to by the Japanese Government against striking workers and employees and their labor unions: arrests, persecutions, court actions, discharges and so on, all being done at the knowledge of the American Occupation authorities and on their encouragement.

All these facts are well known, and I do not have to cite them here.

As to the attitude of the USSR Representative on the Allied Council, it remains unchanged. The Supreme Commander should cancel his directive of July 22 to the Japanese Government concerning the amendment of the National Public Service Law; he should rescind the Japanese Cabinet Ordinance of July 31 and stop repressive measures against Government workers and public employees.

C O P Y

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and which we believe to be second to none in the world. Satisfactory labor relations in any sphere, including the public service, involves some right of appeal to an external conciliation or arbitration authority, recognized as such by both parties. To our way of thinking, the mere right of carrying a petition to a Government agency, such as the Japanese Government seems to have in mind, is not a substitute for collective bargaining in the sense that we know it.

I was glad to hear the CHAIRMAN's statement that the Japanese Government would be quite free to evolve their own labor legislation. Last Wednesday there was published a statement from Government Section, GHQ, SCAP, which went into some detail regarding the nature of the public service authority. Much of this statement expressed admirable ideas on the need for a responsible public service. On the question of labor relations, however, there was little recognition of the need for a third party arbitrator or conciliator. Nor, was there a reference to the SUPREME COMMANDER's distinction between public servants and workers in Government enterprises. However, I note your assurance that different procedures will probably be made for these two categories.

In conclusion, I would emphasize, MR. CHAIRMAN, that I have no wish to merely be critical. You, yourself, spoke of the need for applying to the Japanese the long experience of the Federal and State governments of the United States, and you yourself suggested that the Japanese Government and Diet might wish to consider the experience of other countries. I should be only too glad, on behalf of the countries which I represent, to provide whatever material there is at hand which might assist in the framing of legislation on this important topic. That is all.

THE CHAIRMAN: Thank you, MR. SHAW. You obviously have given considerable thought to the problem under discussion. I think

many of the things you have mentioned will be helpful, certainly in assisting the SUPREME COMMANDER and his General Headquarters in properly evaluating results which come out of the Japanese mill in consequence of their consideration of this rather difficult problem.

GENERAL SHANG: Regarding the question of the revision of the National Public Service Law, should it be deemed necessary, it is earnestly hoped that full consideration be given to allow public servants to have "the untrammelled right, individually or collectively, personally or by chosen representatives, freely to express their views, opinions or grievances for the purpose of seeking a betterment of their conditions of public employment", as so rightly emphasized by GENERAL MacARTHUR in his letter to Prime Minister Ashida. With equal emphasis SCAP stresses the obligation of the Government "to provide adequate safeguards to the welfare and interests of such employees". Let us hope that these praiseworthy concepts will be incorporated into the National Public Service Law, if revised.

However, proper precaution must be taken to guard against the possibility of reactionary elements in Japan taking undue advantage of the contemplated revision to obstruct the healthy development of free labor movement in this country. That is all.

THE CHAIRMAN: Thank you very much, GENERAL SHANG.

I think we have thoroughly discussed this subject and the meeting is therefore adjourned.

(The meeting adjourned at 1750 hours.)

ooOoo

SUMMARY OF RECOMMENDATIONS AND
SUGGESTIONS FOR SCAP

ITEM I - "A Discussion of Matters Contained in the Soviet Member's Letter of August 27, 1948 to the Chairman, Allied Council for Japan."

MAJOR GENERAL A. P. KISLENKO made the following recommendation: That the SUPREME COMMANDER for the ALLIED POWERS withdraw his directive of 22 July 1948 to the Japanese Government concerning the amendment of the "National Public Service Law"; that the Japanese Government ordinance of 31 July 1948 be rescinded; and that reprisals against Government workers and public service employees be stopped.

END



DCR File

Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Butterworth

DATE: Sept. 13, 1948

FROM : NA - Mr. Green

SUBJECT:

Handwritten signatures and initials

The following is in reply to your recent inquiries:

1. The telegram to SCAP requesting information on the terms of reference of the Deconcentration Review Board and requesting a progress report on DRB activities to date has not been sent. Mr. Draper's office is apparently hesitant about sending it.

2. The substance of your letter to Mr. Draper transmitting Mr. Grave's request for the release of British property requisitioned by the occupation was sent air mail to SCAP early in August. No reply has been received from SCAP.

DIVISION OF NORTHEAST ASIAN AFFAIRS

SEP 13 1948

DEPARTMENT OF STATE

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FE:NA:MGreen:lt

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(Japan)/9-1348
CS/H

9/16/48

Mr. Saltzman:

I believe you will find the attached quite interesting re Jap Reparations.

*① PPC Very interesting. Thank you
② HH P's prepare a memorandum of appreciation interest
PPC
S. S. S.*

W.

September 13, 1948

Dear Mr. Saltzman:

The other day I returned the formal call of the Ambassador from India, who has recently come from Japan where he was chief of the Indian Mission, near SCAP. I found the Ambassador not only agreeable but quite talkative on his relations with SCAP and his opinions on the occupation and pertinent matters at issue which affect both the policy of the United States and that of the Far Eastern Commission. I forward herewith for your information a memorandum of the conversation.

Very sincerely yours,

attachment

Frank McCoy

Frank R. McCoy
Chairman

The Honorable Charles E. Saltzman
Assistant Secretary of State
Department of State

SEP 17 1948
cc

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740.00119 Control (Japan)

SEP 21 1948

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4 VR's*

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



September 13, 1948

Dear Mr. Saltzman:

The other day I returned the formal call of the Ambassador from India, who has recently come from Japan where he was chief of the Indian Mission, near SCAP. I found the Ambassador not only agreeable but quite talkative on his relations with SCAP and his opinions on the occupation and pertinent matters at issue which affect both the policy of the United States and that of the Far Eastern Commission. I forward herewith for your information a memorandum of the conversation.

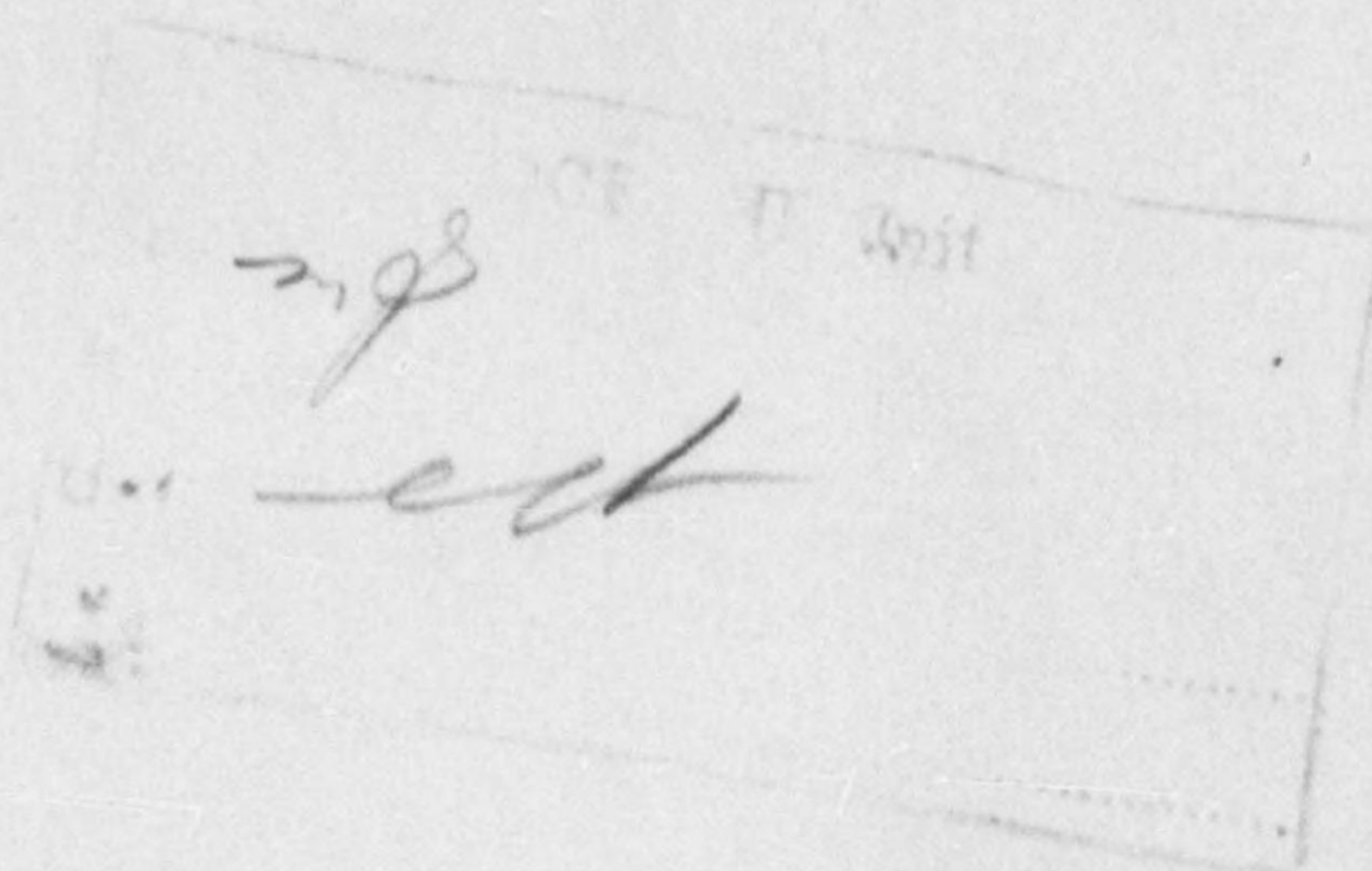
Very sincerely yours,

attachment

Frank McCoy

Frank R. McCoy
Chairman

The Honorable Charles E. Saltzman
Assistant Secretary of State
Department of State



SEP 21 1948

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CONFIDENTIALFAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

September 13, 1948

MEMORANDUM FOR: General McCoy

FROM: Mr. Johnson

SUBJECT: Memorandum of conversation between Ambassador of India, Sir Rama Rau, and General McCoy on September 10, 1948. (Present N. T. Johnson).

1. General McCoy, by appointment, returned the call of the newly appointed Indian Ambassador, Sir Rama Rau, at his Embassy. The Ambassador of India remarked that he had been serving in Japan as head of the Indian Mission. He said that he admired General MacArthur and felt that he had given to Japan a very statesman-like administration. He said that the interesting part about the matter was that the occupation was popular with the Japanese who had been disarmed and who now felt that if the United States withdrew they way would be open for someone else to come in. He thought this attitude on the part of the Japanese natural. He said that as we had disarmed the Japanese the responsibility for their security quite naturally now devolved upon those who had put her in a weak position. He thought that this presented a problem that had to be settled on a much broader plane than thus far presented in the Far Eastern Commission.

2. The Ambassador stated that he had had long talks with General MacArthur. He said that he agreed with the ideas set forth in the Strike and Johnson reports concerning reparations and the problem of Japan's economic recovery. It was his opinion that reparations in kind or out of current production were useless as reparations for they interfered with the economic recovery of the country receiving the reparations. Also to weaken Japan's economy would leave Japan's population to be victimized by Communist propoganda. Disarmed and impoverished, the blame for Japan's condition would easily be transferred from the error of their own ways to us by the Communists. He expressed the opinion that his own Prime Minister is also of the same mind. He said that he had also talked with the Chinese Minister of Foreign Affairs, Dr. Wang Shih-Chieh, who had passed through Japan on his return from a visit abroad. He said that he had found the Chinese Foreign Minister of a similar position. The difficulty was that the Chinese public had been persuaded that they were to get some reparations out of Japan. The problem was now to change that public attitude.

3. The Indian Ambassador recalled that General MacArthur had given him some figure--he could not recall it exactly, but thought it was somewhere in the neighborhood of fifty billion--as the value of Japanese investments in plants and improvements in Formosa and Manchuria.

CONFIDENTIAL

Memorandum to Gen. McCoy

- 2 -

13 September 1948

All of this had passed to the Chinese and to the Russians. Naturally the Chinese had already been indemnified as had also the Russians.

4. The Ambassador thought that it was extremely short-sighted for any of the countries to look for reparations from Japan. If you agree that reparations should come out of current production, you will find that the goods you get are goods that your own people might be producing. Also the Japanese authorities might well discourage their people from working fast on such kind of reparations and this would leave the claimant country in a most unenviable position because it would be unable to compel production.

VR
740,00118W (Peace) 5. The Indian Ambassador referred to General MacArthur's desire for an early peace settlement. He expressed the thought that an early settlement in the Pacific might be unwise until a settlement had been reached in Europe. He said that a peace conference on the Pacific issue would be just another opportunity for propaganda blasts against the Allies. He thought that once the situation in Europe was settled, then everything would work out very quickly in the Pacific.

Nelson T. Johnson
Secretary General

CONFIDENTIAL

2931

September 20, 1948

Dear General McCoy:


I appreciate very much your thoughtfulness in sending me the memorandum of conversation which was had by you with the Ambassador from India. I have found it to be most interesting.

Yours sincerely,

Charles E. Saltzman

Maj. General Frank R. McCoy,
Chairman, Far Eastern Commission,
2516 Massachusetts Avenue, NW,
Washington, D. C.

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SEP 20 1948 P.M.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA
UNITED STATES POLITICAL ADVISER
FOR JAPAN

ACTION
is assigned to

No. 609

UNCLASSIFIED

Tokyo, September 14, 1948.

BASE OF
NORTHEAST ASIAN AFFAIRS
SEP 21 1948
DEPARTMENT OF STATE

Subject: Military Government in the Ryukyus Islands
and Non-Military Activities in Korea.

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The Acting Political Adviser has the honor to refer to this Mission's despatch No. 447 of July 16, 1948 and to enclose five copies of Staff Memorandum No. 33, September 8, 1948, of the Supreme Commander for the Allied Powers and the Far East Command, concerning military government in the Ryukyu Islands and non-military activities in Korea, and five copies of General Orders No. 22 of September 6, 1948 concerning the establishment of a Ryukyus Military Government Section in this Headquarters with a listing of the staff of this Section.

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By Staff Memorandum No. 33 the Commanding General, Ryukyus Command, is made responsible to the Commander-in-Chief, Far East, for military government activities in the Ryukyu Islands. At the same time the Chief, Ryukyus Military Government Section, General Headquarters, Far East Command, is charged with responsibility at this Headquarters for coordination of non-military activities in these Islands. The Deputy Chief of Staff, Supreme Commander of the Allied Powers, remains responsible at this Headquarters for coordination of all matters pertaining to non-military activities in Korea.

By General Orders No. 22 the Ryukyus Military Government Section is established to advise the Commander-in-Chief, Far East, on matters pertaining to military government in the Ryukyu Islands. Brigadier General John WECKERLING, United States Army, has already taken over duties as Chief, Ryukyus Military Government Section, and departed for a two week's tour of the entire Ryukyu Islands on September 11, 1948.

Enclosures:

1. Five copies of GHQ, SCAP, FEC, Staff Memorandum No. 33, 9/8/48.
2. Five copies of GHQ, FEC, General Orders No. 22 of 9/6/48.

Original and hectograph to Department.

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WH Lawrence Jr/eg

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Enclosure No. 1 to Despatch No. 609 dated Sept. 14, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, on the subject, "Military Government in the Ryukyus Islands and Non-Military Activities in Korea.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
AND
FAR EAST COMMAND

AG 350.05 (8 Sep 48)SGS

STAFF MEMORANDUM)

NO.....33)

(SCAP & FEC)

APO 500

8 September 1948

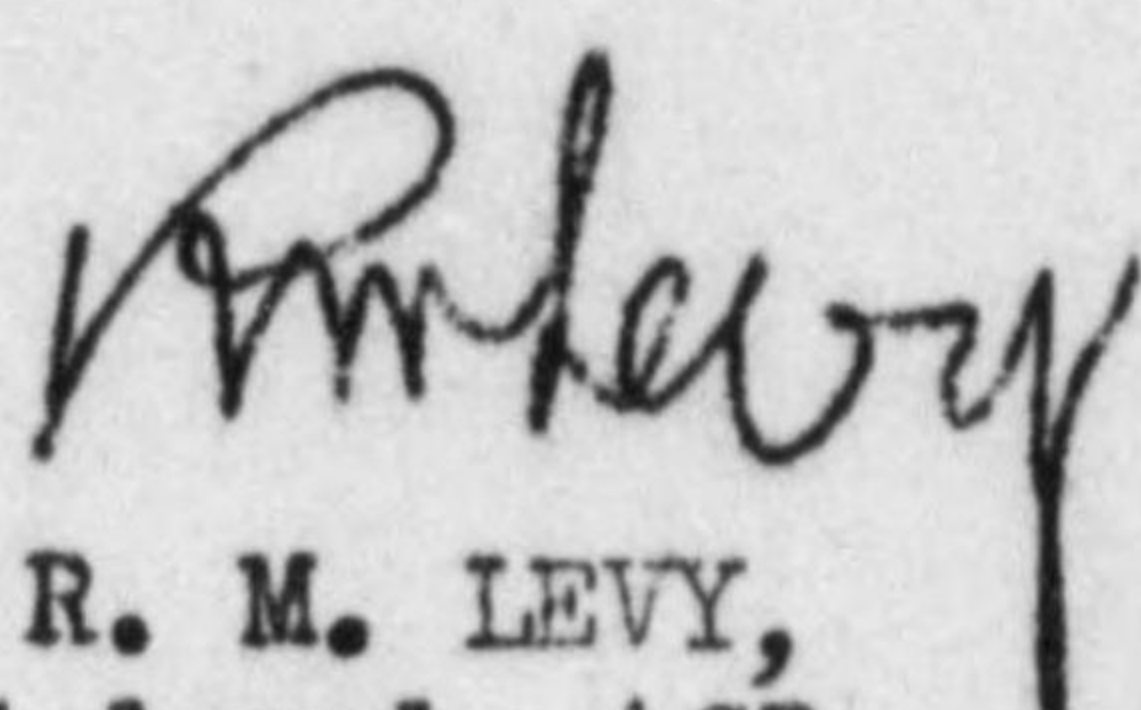
MILITARY GOVERNMENT IN THE RYUKYU ISLANDS
AND NON-MILITARY ACTIVITIES IN KOREA

1. Rescission. Staff Memorandum 5, General Headquarters, Supreme Commander for the Allied Powers and Far East Command, 3 February 1948.
2. The Commanding General, Ryukyus Command, is responsible to the Commander-in-Chief, Far East, for civil affairs and military government activities in the Ryukyu Islands.
3. The Chief, Ryukyus Military Government Section, General Headquarters, Far East Command, is charged with primary staff responsibility at this headquarters for coordination of matters pertaining to non-military activities in the Ryukyu Islands.
4. The Deputy Chief of Staff, Supreme Commander for the Allied Powers, remains charged with primary staff responsibility at this headquarters for coordination of residual matters pertaining to non-military activities in Korea.
5. All outgoing correspondence affecting civil affairs and military government in the Ryukyu Islands or Korea will be processed through Far East Command military channels.

BY COMMAND OF GENERAL MacARTHUR:

PAUL J. MUELLER,
Major General, General Staff Corps,
Chief of Staff.

OFFICIAL:


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

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Enclosure No. 2 to Despatch No. 609 dated Sept. 14, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, on the subject, "Military Government in the Ryukyus Islands and Non-Military Activities in Korea."
 GENERAL HEADQUARTERS
 FAR EAST COMMAND

GENERAL ORDERS)
 :
 NO.....22)

APC 500
 6 September 1948

ESTABLISHMENT OF RYUKYUS MILITARY GOVERNMENT
 SECTION AND ANNOUNCEMENT OF STAFF

	<u>Section</u>
Establishment of Ryukyus Military	
Government Section.....	I
Announcement of Staff.....	II

I. ESTABLISHMENT OF RYUKYUS MILITARY GOVERNMENT SECTION. 1. The Ryukyus Military Government Section is established as a special staff section of General Headquarters, Far East Command, to advise the Commander-in-Chief, Far East, on matters pertaining to military government in the Ryukyu Islands.

2. It will be the function of the Ryukyus Military Government Section to:

a. Make recommendations and establish and implement procedures under approved policies and decisions relative matters pertaining to military government in the Ryukyu Islands. The over-all objectives of military government administration in the Ryukyus are set forth in current operations instructions of General Headquarters, Far East Command.

b. Act as the agency for:

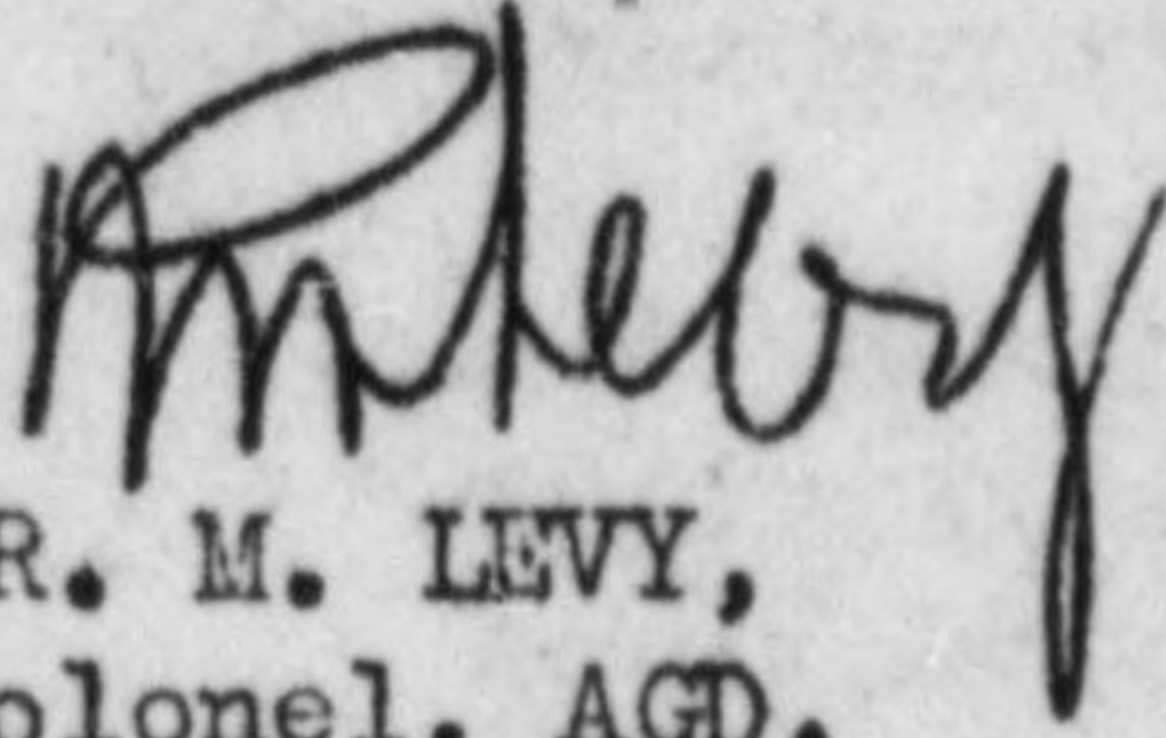
- (1) Providing information and advice to other staff sections of General Headquarters, Far East Command, relative current military government operations in the Ryukyu Islands.
- (2) Expediting matters relating to military government in the Ryukyu Islands which pertain to more than one staff section of General Headquarters, Far East Command.
- (3) Preparing, reviewing and processing reports relative military government operations in the Ryukyu Islands.

(GO 22)

II. ANNOUNCEMENT OF STAFF. Brigadier General John Weckerling, O-11974, United States Army, is announced as Chief of the Ryukyus Military Government Section, General Headquarters, Far East Command.

BY COMMAND OF GENERAL MacARTHUR:

OFFICIAL:


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

PAUL J. MUELLER,
Major General, General Staff Corps,
Chief of Staff.

FORM DS-322
7-18-48

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SUPREME COMMANDER FOR THE ALLIED POWERS

TOKYO 326

SEP 15 1948

INFO ARMY CHIEF OF STAFF

FOR ACTING POLITICAL ADVISER

At Steering Committee meeting SEPT 7, 1948, re SC-309, Travel of Japanese Ex Abroad, US member in order to eliminate alleged necessity for such paper stated he was authorized to inform members that administrative control exercised by SCAP over Japanese nationals abroad under his authorization includes periodic review of their status, and, where necessary, the taking of appropriate action. He further informed members that US GOVT would furnish pertinent info, when requested, on travel abroad of such Japanese nationals, to interested members of FEC. Australian member requested postponement of discussion on this subject while he sent US statement to his GOVT.

Committee approved SC-293/6, Travel Outside Japan of Japanese Commercial Representatives, by vote of seven in favor with four abstentions--China, Australia, Philippines and USSR.

Re SC-297/7, Level of Economic Life in Japan: Policy Towards Japanese Shipbuilding and Shipping, on which US retains

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7-18-46

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-2-

retains general reservation, UK member read statement urging immediate approval of paper. Netherlands member expressed agreement with UK views.

Re SC-312, Removal of Aircraft and Private Munitions Plants from Japan, US member stated he had submitted UK statement to his GOVT, but had as yet ^{rec'd} received no instructions. The Philippine member associated himself with UK views and expressed opinion that SCAP should effect an early and speedy delivery of reparations facilities from all categories of Japanese industry specified in Commission's QUOTE interim removals program UNQUOTE and that any supervision of program at this stage would defeat avowed purposes for which it had been authorized by US interim directive.

SC-273/17, Conduct of Trade with Japan, revised version of SC 273/16, forwarded Steering Committee by ad hoc subcommittee but no action taken.

At FEC meeting SEPT 9, 1948, US member in order to remove Australian objections to FEC-293/8, Travel Outside Japan of Japanese Commercial Representatives, stated that SCAP authorizes travel of Japanese abroad only to further attainment of objectives of occupation and that SCAP so far as it

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7-18-46

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Department of State
Washington

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-3-

as ~~it~~ lies within his power will not permit such Japanese
~~to~~ remain abroad longer than necessary ~~to~~ accomplish ~~the~~
purposes for which ~~they were~~ permitted ~~to~~ leave Japan
without ~~an~~ extension by SCAP ~~for~~ same or another authorized
purpose. Australian member requested ~~that~~ subject be
retained ~~on~~ agenda while he referred US statement ~~to~~ his
GOVT.

US member suggested ~~that~~ discussion ~~on~~ FEC-240/16,
Interchange ~~of~~ Persons Between Japan and Other Countries
~~for~~ Cultural Purposes, be postponed ~~in~~ view ~~of~~ relationship
existing between it and FEC-293/8.

~~With reference~~ ~~to~~ FEC-242/32, Level ~~of~~ Economic Life in
Japan: Policy Towards Japanese Industry, ~~and~~ related items,
US member stated ~~that~~ his GOVT ~~had~~ not furnished him ~~with~~
instructions ~~on~~ these papers, but ~~that~~ his GOVT ~~had~~ directed
him ~~to~~ inform ~~the~~ Commission ~~that~~ it ~~is~~ giving ~~the~~ most
intensive consideration ~~to~~ this paper and ~~that~~ in view ~~of~~
~~the~~ interest shared by all ~~the~~ GOVTs represented ~~on~~ FEC
in ~~a~~ settlement ~~of~~ these vital problems, it will endeavor
~~to~~ present its views ~~on~~ these matters ~~as soon as possible~~.

~~Re~~ FEC-245/18, Civil Aviation ~~in~~ Japan, US member stated
~~that~~ he had no instructions. ~~Re~~ FEC-304/16, Port and Service
Charges

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Department of State
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Charges ~~on~~ Foreign Vessels, Chinese member read long state-
 ment requesting immediate action ~~on~~ this paper. ~~He stated~~
 He understood SCAP Circular No. 10 ~~of~~ APR 2 exempted
 reparations cargoes but ~~did~~ not ~~exempt~~ restitution cargoes
 and ~~that~~ SCAP was collecting such charges. He pointed out
~~that~~ FEC-304/16 exempts both types ~~of~~ cargo, that wording
~~of~~ FEC-304/16 has been incorporated ~~into~~ SC-273/14, Conduct
 of Trade with Japan, and ~~that~~ US ~~has~~ no objection ~~to~~ pro-
 vision when incorporated into broader policy. US member
 stated ~~that~~ he would be glad ~~to~~ forward Chinese statement
 to SCAP along with statement ~~that~~ US GOVT ~~is~~ entirely in
 sympathy with it and ~~that~~ it will be included, it is hoped,
 in policy paper soon to be sent him.

Chinese member called attention ~~to~~ Commission ~~to~~ article
 appearing in Newsweek on AUG 16, 1948, regarding discussion
 in FEC ~~on~~ subject ~~of~~ leaks on Replacement ~~of~~ Lost Cultural
 Objects paper, ~~xxx~~ noted ~~that~~ article emphasized views opposed
 and requested ~~that~~ attempt be made ~~to~~ stop such leakages.
 by Chinese, / Netherlands, French ~~and~~ USSR members expressed
 views similar ~~to~~ Chinese. US member agreed ~~to~~ continue
 investigation ~~of~~ matter.

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FE:NA:ALDunning/pm
9/13/48

Handwritten signatures: Marshall, FE, JWO

MARSHALL

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CR CLEARANCE

SEP 15 1948

ACCEPTANCE DESK

1948 SEP 15 PM 4 19

DCR 1049B

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Auchincloss *lw*

FROM : G. W. Lewis *gwl*

SUBJECT: Uranium Oxide Held by SCAP.

DATE: Sept. 16, 1948

You will recall ^{that} a short time ago I turned over to you a letter from General Draper asking for State Department concurrence to a cable to SCAP on the above subject. You talked with Mr. Wendel of Mr. Lovett's office who is the man handling this matter.

The general gist of the cable was an instruction giving SCAP authorization to relieve himself of the responsibility for this material by turning it over to the Ceramic industries. State Department concurrence was, I believe, given as requested. It now appears, according to a Lt. Col. Allen who handles these matters in Japan and who is here for a short time, that for a variety of reasons SCAP does not wish to be relieved of the responsibility for this material and that the Ceramic industries cannot use it. It was, therefore, agreed at a meeting today, which I attended since you were tied up and in which the other participants were Mr. Wendel, Lt. Col. Lawlor of P&W Division, and Lt. Col. Allen of SCAP, that the cable in which State and Army concurred would not be dispatched until Lt. Col. Allen had a chance to return to Japan, whereupon Col. Allen would see that a cable was sent from SCAP suggesting that SCAP be authorized to retain this material under his control indefinitely in the warehouse where it now is, thus avoiding possible embarrassing questions from other powers as to what had happened to it.

The above is for your information and I suppose had better be filed with the rest of the file.

O:GWLewis:mds

740.00119 Central (Japan) / 9-1648

CONFIDENTIAL

FILE

U - Mr. C. A. Wendel

September 10, 1948

O - G. W. Lewis

Enclosed is a reply from General Draper to a letter which was drafted by you and signed by Mr. Wisner, Mr. Saltzman's Deputy.

Enclosed also is a cable to SCAP on this subject, upon which the Army requests State Department concurrence. After checking with anyone else in the Department who is interested, could you let me know by telephone (extension 2235) if the Department can approve the Army's suggested draft, or if not, what changes we suggest? I will then immediately notify the Civil Affairs Division.

Enclosures:

1. From Mr. Draper,
September 3, 1948.
2. Draft cable to SCAP.

OK - 13 Sept.
No further
clearance,
says Wendel.
HWA

Ce Lynch 73953
Ce Cron 3613

O:GWLewis:jed
9/10/48

CONFIDENTIAL

14 Sept.
Told Col Lynch by phone
that this had been
cleared in State
and covered for ad. JWA

CONFIDENTIAL

3 September 1948

Mr. Charles E. Saltzman
Assistant Secretary of State
State Department

Dear Mr. Saltzman:

I refer to Mr. Wisner's letter of 19 August 1948, wherein he presented the State Department's view as to the disposal of 275 pounds of uranium oxide now impounded by SCAP.

I am in general agreement with the view of the State Department in regard to this matter. However, I would consider it preferable that, in lieu of issuing firm instructions to SCAP, a State-Army cable be forwarded merely setting forth our position, thus allowing SCAP to comment if he so desires.

Accordingly, there is enclosed for your approval a proposed cable. If there is no objection to the dispatch of this message it is requested that the Executive Officer, Civil Affairs Division, be notified telephonically of your concurrence.

Sincerely yours,

(Signed) William H. Draper, Jr.

1 Incl.
Cable to SCAP

William H. Draper, Jr.
Under Secretary of the Army

CONFIDENTIAL

2837

CONFIDENTIAL

DRAFT

TO: SCAP

Re par 5 WAR 87240 7 August.

In order to absolve you of administrative responsibility of this small lot, State-Army suggest you expedite release this material in manner authorized under Directive No. 42, with safeguards you deem necessary. Unobtrusive revelation of this action to representatives of some of FEC nations would appear to be desirable. Request comment, if desired.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER
FOR JAPAN

ACTION
is assigned to

No. 611

UNCLASSIFIED

Tokyo, September 16, 1948.

DEPARTMENT OF STATE
EAST ASIAN AFFAIRS

SEP 28 1948

DEPARTMENT OF STATE

Subject: Sixty-ninth Meeting of the Allied Council for Japan,
September 15, 1948.

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 574 of September 2, 1948 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 sixty-ninth meeting of the Council held on September 15, 1948.

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 sixty-eighth meeting.

Enclosures:

1. Five copies of Agenda, Sixty-ninth Meeting of the Allied Council for Japan, September 15, 1948.
2. Five copies of Corrected Verbatim Minutes, Sixty-ninth Meeting of the Allied Council for Japan, September 15, 1948.

Original and hectograph to Department

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

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69-915

AGENDA
for the
SIXTY-NINTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 15 September 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE SIXTY-EIGHTH MEETING (1 Session, numbered 68-901).
- 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, Cavalry
Secretary-General

10 September 1948

69-915

CORRECTED
VERBATIM MINUTES
of the
SIXTY-NINTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 15 September 1948, at 1000 Hours

MEMBERS PRESENT

- Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States
- His Excellency General Shang Chen, Member for China
- Mr. Patrick Shaw, Member representing jointly the United Kingdom,
Australia, New Zealand and India
- Mr. Nikolai I. Generalov, representing the Member for the Union
of Soviet Socialist Republics

SECRETARY-GENERAL

Colonel Thos. G. Dobyms

Office of the Secretariat
Allied Council for Japan
15 September 1948

THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Sixty-eighth 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. The meeting is, therefore, adjourned.

(The meeting adjourned at 1001 hours.)

UNITED STATES POLITICAL ADVISER
FOR JAPAN

Tokyo, September 17, 1948.

PERSONAL and SECRET

Dear Bennie:

There are one or two questions concerning which I would appreciate your comment and guidance as I am not quite sure what the Department's attitude would be should these questions arise.

While admittedly somewhat hypothetic, there is always the possibility that the Soviet Member of the Allied Council for Japan may at some stage boycott the meetings of the Council. At the last meeting, Mr. Generalov, the Political Adviser, attended as the representative of the Soviet Member, notwithstanding that both Derevyanko and Kislenko were in Tokyo at the time of the meeting. He was actually seven minutes late and kept General Shang, Shaw, and myself waiting until his arrival. On the basis of the terms of reference of the Council, it would appear unlikely that the Soviet Member would refuse to attend the meetings unless this were to become part of Soviet policy and tactics to show their displeasure at the fact that the Council apparently no longer serves a "constructive" purpose, if it ever did.

In the absence of clear-cut instructions from the Department or from General MacArthur (with whom I have not discussed this question as yet), I would think that the proper way to handle a situation of this kind, i.e., should the Soviets not be represented at a meeting, would be to adjourn the meeting and fail to call further meetings until the Soviet Member serves notice that he is ready once again to attend. The alternative would be to carry on pro forma meetings every two weeks with only three Members present.

The terms of reference are silent on this point and merely state that the Council shall meet not less often than once every two weeks. The point therefore arises, if one country fails to attend, whether three Members would in fact constitute a Council in consonance with the terms of reference.

I would appreciate your ideas concerning the above.

The second point which is of possible interest is a renewed campaign among certain Japanese circles, including left-wing and communist groups,

regarding the

H. Merrell Benninghoff, Esquire,
Deputy Director, Office of Far Eastern Affairs,
Department of State,
Washington 25, D.C.

740.00119 Contact (Japan) / 9-1748

H. Merrell Benninghoff

- 2 -

September 17, 1948

regarding the abdication of the Emperor. Even a number of chiefs of diplomatic missions are actively discussing this question among themselves and with Japanese. The discussions are primarily based on an alleged responsibility of the Emperor for the war and for what took place during the war, the proponents of his abdication stating that the Emperor should "take responsibility" along with the major war criminals whose sentences will soon be announced. The discussions then go on to say that his son should be the successor under a regency with possibly Prince Chichibu as one of the regents. Others think that the Diet should select the regents.

My own views are that no useful purpose would be served in the immediate future were the Emperor to abdicate for any reason whatsoever. His abdication, in my opinion, would immediately be the signal for tremendous unrest in Japan which might even lead to chaotic conditions by reason of the deep-seated reverence which the Japanese have for the Emperor, not only as a person, but as an institution. In the final analysis, the Japanese people at large would blame the Occupation and specifically the United States for having "overthrown" the Emperor and for having meddled into their time-honored way of life. So far, the Occupation has wisely utilized the Emperor in a negative sense largely by leaving him alone and by doing nothing to undermine him as a person and ruler of the Japanese.

I will admit that should the Emperor himself make the decision to abdicate--something which appears unlikely--I presume General MacArthur would be ill-advised to intervene, especially as the Emperor himself would make it entirely clear that he was doing so on his own responsibility. Even this, however, I feel would backfire upon the Occupation and the United States and might undo much of the good that has been accomplished.

I do not know whether much thought has been given in the Department to this subject, but if the present straws in the wind are any indication of public sentiment in Japan, I feel that we should be prepared to face this problem in the possible event that it should arise.

Sincerely yours,

Bill
W. J. Sebald

PERSONAL and SECRET

PERSONAL AND SECRET

October 6, 1948.

Dear Bill:

Please accept my congratulations on your recent elevation to the rank of Minister. You certainly had it coming to you, and we are very glad that it finally went through.

I have received your letter of September 17 in which you raise the question of the policy to be followed in the event the Russians boycott the Allied Council for Japan. The legal people in the Department apparently feel that, as there is no provision in the terms of reference of the Allied Council for Japan setting the quorum at four, it appears that the presence of a majority, or three, would suffice for a meeting. The legal people further feel that SCAP would not be excused from his duty to consult and advise with the Council by the refusal of one of the four members to attend meetings. It would therefore appear that as far as this Department is concerned it would be better to carry on pro forma meetings every two weeks with only three members present provided the Russians decide as a matter of policy not to attend. One suggestion was made that in such an event the Chairman might immediately place important matters on the agenda and give them considerable publicity, with the thought that the Russians would in all probability hasten to reappear at Council meetings.

In the same letter you refer to the possibility of the abdication of the Emperor. We are of course aware that there has been considerable discussion on this subject in various quarters during the past few months, but we remain of the opinion that nothing should be done and that the Emperor should remain on the throne. We agree with you that in all probability his abdication, whether suggested by SCAP or on his own initiative, would backfire on the Occupation and the US. In the unlikely event that the Emperor should decide to abdicate on his own initiative, we feel that an effort should be made by SCAP or possibly by you with SCAP's concurrence to dissuade the Emperor from such a course.

These thoughts naturally reflect the opinion of us in FE and must be regarded as purely informal. Nevertheless, we feel

that
The Honorable
William J. Sebald,
Minister Plenipotentiary of the United States,
Tokyo.

PERSONAL AND SECRET

PERSONAL AND SECRET

-2-

that the Department would reply in similar vein if approached formally for an expression of opinion or policy on the above questions.

Please give my best to Edith and to the staff.

Sincerely,

PERSONAL AND SECRET

FE:HMBenninghoff:hst

FE/HMG

L/P, General Snow
FE, Mr. Benninghoff
Allied Council for Japan

September 29,
1948.

SECRET

There is attached an excerpt from a letter I have just received from Bill Sebald in Tokyo which raises a very interesting question and concerning which we would like your comments.

Our own feelings are that if the Russians should boycott the Council it would be advisable to continue the meetings as usual, keeping the Russians informed in the routine manner. (Presumably notices are sent around prior to each meeting.)

Conversely, there might be objection from the legal standpoint to cease holding the meetings.

It has been suggested that, if the Russians should actually boycott the Council, the Chairman might then immediately place important matters on the agenda and give them considerable publicity, with the thought that the Russians would in all probability hasten to reappear at Council meetings.

SECRET

Attachment:
Excerpt from letter of
September 17, 1948,
from Mr. Sebald.

FE:HMBenninghoff:hst

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DEPARTMENT OF STATE

THE LEGAL ADVISER

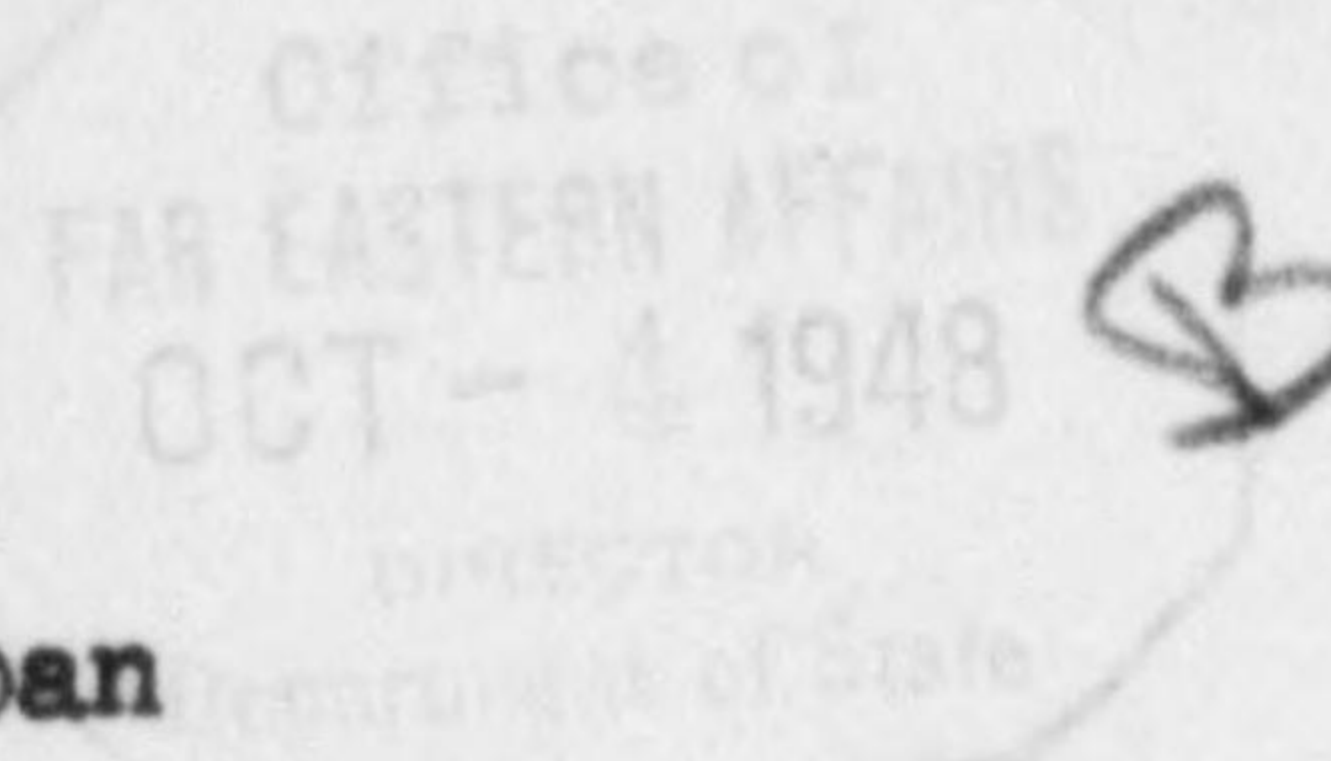
SECRET

October 4, 1948

To: FE - Mr. Benninghoff

From: L/P - Conrad E. Snow

Subject: Allied Council for Japan



1. Reference is made to your memorandum of September 29, 1948 - Subject: Allied Council for Japan.

2. Since there is no provision in the Terms of Reference of the Allied Council for Japan setting the quorum at four, it appears that the presence of a majority, or 3, members of the Council will suffice for a meeting.

3. It is believed that SCAP would not be excused from his duty to consult and advise with the Council by the refusal of one of the four members to attend meetings.

CS
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SECRET

SECRET

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : L/P, General Snow

DATE: September 29,
1948.FROM : FE, Mr. Benninghoff *HMB*

SUBJECT: Allied Council for Japan

cc. Snow.
LEGAL ADVISER
Memo to Mr. Benninghoff 3/1 a 10-4-48
SEP 30 1948
File
DEPARTMENT OF STATE
SECRET

There is attached an excerpt from a letter I have just received from Bill Sebald in Tokyo which raises a very interesting question and concerning which we would like your comments.

Our own feelings are that if the Russians should boycott the Council it would be advisable to continue the meetings as usual, keeping the Russians informed in the routine manner. (Presumably notices are sent around prior to each meeting.)

Conversely, there might be objection from the legal standpoint to cease holding the meetings.

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SECRET

Attachment:
Excerpt from letter of
September 17, 1948,
from Mr. Sebald.

FE:HMBenninghoff:hst

SECRET

EXCERPT FROM LETTER DATED SEPTEMBER 17, 1948, FROM MR. SEBALD

"While admittedly somewhat hypothetical, there is always the possibility that the Soviet Member of the Allied Council for Japan may at some stage boycott the meetings of the Council. At the last meeting, Mr. Generalov, the Political Adviser, attended as the representative of the Soviet Member, notwithstanding that both Derevyanko and Kislenko were in Tokyo at the time of the meeting. He was actually seven minutes late and kept General Shang, Shaw, and myself waiting until his arrival. On the basis of the terms of reference of the Council, it would appear unlikely that the Soviet Member would refuse to attend the meetings unless this were to become part of Soviet policy and tactics to show their displeasure at the fact that the Council apparently no longer serves a 'constructive' purpose, if it ever did.

"In the absence of clear-cut instructions from the Department or from General MacArthur (with whom I have not discussed this question as yet), I would think that the proper way to handle a situation of this kind, i.e., should the Soviets not be represented at a meeting, would be to adjourn the meeting and fail to call further meetings until the Soviet Member serves notice that he is ready once again to attend. The alternative would be to carry on pro forma meetings every two weeks with only three Members present.

"The terms of reference are silent on this point and merely state that the Council shall meet not less often than once every two weeks. The point therefore arises, if one country fails to attend, whether three Members would in fact constitute a Council in consonance with the terms of reference."

SECRET

CONFIDENTIAL

DEPARTMENT OF STATE

Memorandum of ConversationOffice of
FAR EASTERN AFFAIRS
SEP 22 1948
DATE: Sept. 21, 1948

SUBJECT: Payment for Services Provided by Indigenous Personnel in Japan.

PARTICIPANTS: Mr. Bullock - Australian Embassy
Mr. Allison - Chief, NA
Col. Vestal - Plans & Operations, Department of the Army
Mr. Green - NACOPIES TO: NA
FE
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Department of the Army.

... 1-1493

Background: On June 12, 1948, SCAP was directed by the Department of the Army to ensure that, "effective July 1, 1948, personal servants of, and indigenous persons providing service to US quasi-official activities and US 'authorized' individual personnel in Japan, Korea and the Ryukyus be paid for by the US activity or individual utilizing same. Basic minimum maintenance personnel for building and utility upkeep might be continued to be provided as 'occupation costs' or, when appropriate, from appropriated funds." SCAP subsequently issued the required instructions to all Commands and Missions in Japan, but received a communication from Lt. Gen. Robertson, Commanding Officer of the BCOF, to the effect that he would not accept this directive, stating that it would be necessary for the matter to be referred to the Australian Government for direction in view of the fact that the alteration in policy, if accepted, would "involve the expenditure of appropriated funds for the benefit of the Japanese economy."

The BCOF Command is still awaiting instructions from the Australian Government. Meanwhile, SCAP has recommended to the Department of the Army that the matter be taken up with the Governments concerned on a governmental level as no compulsory action might be practicably undertaken by him.

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After outlining the above background of the problem, Mr. Allison stated that he had asked Mr. Bullock to call at the Department for the purpose of expressing to him the hope that the BCOF might soon comply with SCAP's directive of July 1, 1948. Mr. Allison pointed out that the US Government had not received copies of the directive in question and that without this information and without data on BCOF employment of Japanese personnel, it would not be feasible for the US Government to take the matter up formally with the Australian Embassy. He thought that, alternatively, the matter should be settled directly between the Australian Government and BCOF, the latter in consultation with General Headquarters.

Mr. Bullock said that he had received no instructions or information from his Government on this subject. He inquired to what extent SCAP's directive would oblige the Australian Government to make payments from appropriated funds.

Colonel Vestal replied that, on the basis of Far Eastern Command experience, this amount would presumably be very small. "Basic maintenance personnel" would continue to be charged as an occupation cost. In the case of the Far Eastern Command, "basic maintenance personnel" included something in the nature of one or two household servants for each officer and of one gardener for every six officers. In any event, Colonel Vestal believed, payments for the services of the few indigenous personnel, not chargeable to the occupation, might possibly be made from frozen yen accounts credited to the Australian Government.

Mr. Allison stated that SCAP's directive was issued partly in order to head off anticipated criticisms that occupation personnel are living off a severely strained Japanese economy. If the BCOF failed to comply with SCAP's directive, he foresaw dangers that the BCOF would be singled out for criticisms in the press and elsewhere. Colonel Vestal added that the system of payments for indigenous personnel recently introduced in Japan had been, in effect in Germany and Austria for over a year. SCAP's directive enabled the US Government to pursue for budgetary purposes a uniform policy on this matter in all areas under its occupation.

The meeting concluded with an assurance by Mr. Bullock that he would bring the US Government's concern over this

matter

CONFIDENTIAL

CONFIDENTIAL

-3-

matter to his Government's attention, and would recommend that it be taken up directly between the Australian Government and BCOF, the latter in consultation with SCAP.

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FE:NA:MGreen:lt

CONFIDENTIAL

MCR **CATCH** -----SLIP-----

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FILE NUMBER 740.00119 Control Japan 9/2448

(THE MORE LEGIBLY YOU WRITE, THE MORE ACCURATE IS THE CATCH)

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DC/L	PHONE NO.	Despatch # 37	Ross 12/15/48
Ross			

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When file specified above is returned to file, make a charge as indicated above, marking thru catch-sheet thus; (). Send this catch-sheet with the papers to the office or person requesting same, before REMOVING ANY PAPERS FROM FILE, ASCERTAIN WHETHER OR NOT THE PAPER YOU HAVE FITS EXACTLY THE DESCRIPTION AS GIVEN ABOVE. FOR INSTANCE, DO NOT CHARGE OUT A BLUE OR GREEN WHEN THE ORIGINAL OR INCOMING IS REQUESTING.

INFORMATION DATA FOR USE OF DCR PERSONNEL REQUESTING FILE:

REASON FOR CATCH BEING MADE To send to "Bulby" with
740.00119 Control Japan 9/2448
minutes of meeting re. Proposed Initial
financial a Prop settlement - Korea

MINUTES PREPARED BY THE UNITED STATES NEGOTIATING COMMITTEE

SUBJECT: Proposed Initial Financial and Property Settlement Between the Government of the United States of America and the Government of the Republic of Korea

FIRST MEETING

16 August 1948 - 1400 Hours

Negotiators

Major General Charles G. Helmick
Mr. Everett F. Drumright

Lee, Bum Suk, Prime Minister
Yun, Chi Young, Minister, Home Affairs
Chang, Taik Sang, Minister, Foreign Affairs

Also Present

Dr. Edgar A. J. Johnson
Mr. Owen T. Jones
Mr. Allan Loren
Dr. Wilhelm Anderson
Dr. Ernest Fraenkel
Dr. Paul J. Sturm

Lee, Sun Taik
Yu, Chin Oh

Interpreter: Kim Kil Choon
Reporter: Luella Eldridge

General Helmick: Gentlemen, before we start here I would like to introduce to you a number of our expert advisers who have worked on this matter for some time. They have the details and I would like to have you meet them and know who they are: First, is Dr. Johnson whom you all know, he has coordinated the work on the agreement which we are to take up; Mr. Jones who is with Dr. Bunce's Mission, State Department; Mr. Allan Loren who has been adviser to the Department of Finance; Dr. Wilhelm Anderson who has been Chairman of the National Economic Board; Dr. Fraenkel who has been our legal adviser and Dr. Sturm, also with Dr. Bunce's Mission.

I thought today it would be more or less of a discussion of how we should carry on the negotiations here. As you can see, I don't know all the details and I have asked my advisers to be here to give me advice on details of the agreement, and undoubtedly you will desire also to have advisers here who can give you advice on details of the agreement. We have prepared a place here for anyone you desire to have. We also expect to have a verbatim record of the agreements and the negotiations, and you may wish to bring some secretary to take notes for you. We will be glad to furnish a transcript of what is taken down - it will be in English, however. I think that since Mr. Chang and Mr. Yun understand English, it will save time

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Conference 16 August 1948

if we have this interpreted for Mr. Lee as we go along to save a great deal of delay.

Mr. Lee Bum Suk: That is a good idea. However, as we go along if there is any question you would like to raise --

General Helmick: Oh, yes, by all means.

Mr. Lee Bum Suk: My opinion is that the details of the work for transferring the different departments and offices can be handled by the different departments. I think it would be a nice idea to handle the general problems here.

General Helmick: May I explain generally what we conceive as the mission of this group. Resolution No. 2 of the General Assembly of the United Nations, 14 November, states that the General Assembly recommends that immediately upon establishment of a national government that government should, in consultation with the United Nations' Temporary Commission on Korea: constitute its own national security forces and dissolve all military or semi-military formations not included therein; will take over the functions of the government from Military Commands and civilian authorities of North and South Korea and; arrange with occupying powers for the complete withdrawal from Korea of their armed forces as early as practicable and, if possible, within ninety days. Those are the resolutions of the General Assembly of the United Nations under which we are working in carrying out these negotiations. President Syngman Rhee in a letter to General Hodge on August 9, appointed Mr. Lee, Bum Suk, Mr. Yun, Chi Young and Mr. Chang, Taik Sang to consult with representatives of this Command with a view of providing an orderly transfer of full government responsibility from the United States Army Forces in Korea to the Government of the Republic of Korea. In a letter of 11 August 1948 to President Syngman Rhee, General Hodge designated General C. G. Helmick and Mr. Everett F. Drumright to consult with representatives of the Korean Government. This meeting is for the purpose of a preliminary discussion and of determining the general methods of arriving at an agreement which will carry out the objectives of the United Nations resolution.

Conference 16 August 1948

Very careful thought and study have been given to the best means of transferring the powers of government. The initial agreement must be one which turns over to the new government the accounts, the property and the machinery of government and that is the agreement (the proposed agreement) which we desire to work for with this group. It is termed the "Initial Financial and Property Settlement" and will cover all of the elements which can be determined definitely at this time. I visualize at a later date - at about the time when the troop withdrawal is completed - that there will be a final settlement when we can determine all of the matters definitely. In addition to the financial and property settlement, it is visualized that the United States will enter into an agreement to aid the Republic of Korea, providing the Republic of Korea desires such, and that I visualize as happening after this proposed agreement is settled and out of the way. As I say, a great deal of thought has been spent on the details of this agreement and I can give you very hastily the general suggestions which we will take up. The agreement will be in final form tomorrow. We will have it typed in English and there will be a Korean translation the first thing tomorrow. That will be the working sheet on which you will work and we will go over that paragraph by paragraph and will give all the necessary explanations, and we will use that to work on. From that proposed agreement we will draw up a final agreement. This is just a work sheet. What we put out is our best thought on the way to turn these things over and it will be used as a work sheet which we will discuss in detail. It will involve the details of turning over or transferring to the Government of the Republic of Korea all national property with any additions and improvements; all the property held by SKIG; all bank deposits of SKIG (South Korean Interim Government) and all equipment, supplies and other property which are owned by the governmental departments. It will go into the details of turning over all relief and rehabilitation supplies shipped in by the United States Government for the aid of Korea during the last two or three years. All of the rehabilitation supplies which we have on hand or coming will be turned over. All relief supplies will be turned over as will also the net proceeds of sales of relief supplies and accounts receivable.

Conference 16 August 1948

These supplies when they were brought in were sold and the funds were placed in a separate account. Those accounts and the funds in those accounts will be turned over to the Korean Government. The United States proposes also to settle all outstanding accounts for goods which she has had shipped in from Japan.

(Lee Sun Taik, Head of the Office of Planning, and Yu Chin Ho,)
(Legal Adviser, entered and were introduced.)

All relief or rehabilitation supplies which have been shipped in from Japan at the request of the government will be turned over to the new government, and the United States will assume the responsibility for settling for those. The Korean Foreign Exchange Bank - the shares, the assets and the liabilities and the balances of the foreign exchange - will be turned over. All vested property, all property of the Japanese government or Japanese owners that was vested will be turned over in an orderly manner. The United States will agree to liquidate the North Korea Power debt, (That is the debt for power from the time we came in to the time when the electricity was turned off) when a fair dollar value is agreed on that is satisfactory to South Korea, the United States and North Korea. The United States will make a payment at a fair dollar value, for goods, services and facilities furnished by the Korean economy to the United States troops. The United States will agree to settle for goods and services and facilities which have been furnished from the Korean economy to the United States troops. Certain property and equipment in the hands of the Korean Constabulary and Coast Guard - that is Army equipment - will be turned over from time to time. The final transfer will be made at a later date. The United States will ask that it be allowed to purchase certain buildings for the Consulate and for the Embassy here, and it will ask, if there is an aid mission (that is if Korea asks the United States for aid and an aid mission is sent here to administer that aid) it will ask that certain houses be reserved for their use. The United States will also ask that in order to take over vested property quickly and with the greatest smoothness, that a special group be set up to handle that in the Korean Government. It will ask that a special organization be set up to handle any aid property which is brought in - aid

Conference 16 August 1948

equipment and property which will be brought in by the United States. The laws of the United States require certain accounting and certain handling of this property and it is almost essential that a separate organization in the Korean Government be set up to handle it. It will ask for certain joint control of the disposition of funds which are obtained from the sale of goods furnished in the aid program. These funds will be used for the Korean Government and for won expenses relating to the United States aid program. The United States will ask for payment, in won, of a loan of \$25,000,000 which General Lerch made on behalf of military government, and which was used for the purpose of equipment and supplies which have been brought into Korea. The repayment of this loan will be requested in won. It will be spread over a long period of time and it will be spent in Korea. A part of it will be used to purchase the houses which we asked for and the remainder will be used for educational purposes in Korea for Koreans. It will ask the Korean Government to assume certain responsibilities for vested property of nationals of the United Nations - property which the Japanese had taken over (and which has not yet been divested) - and it will ask the Government of the Republic of Korea to take over certain obligations and claims of the military government and SKIG, the details of which I will explain later.

As you can see, this is largely a financial settlement and a property settlement so that transfer of all finances can be made and the Government of the Republic of Korea can have the financial power to start right in. What I hope to do is to have the proposed agreement ready tomorrow so that you can examine it in all its details.

Mr. Lee Bum Suk: In order to make the transfer in an orderly manner, we have our own suggestions here and if you will read them tomorrow, you will see that in an effort to make it orderly, we have put emphasis on following the fundamental lines of the present government. We will have these copies typed up by tomorrow. We have also put the same emphasis on financial problems.

Conference 16 August 1948

General Helmick: There is one thing that I would like to suggest here. That is - agreements will be between the two governments and I think we should have full and free discussion here as what we wish to have is a full understanding of the situation and agreements. I think it is imperative that this not be discussed widely. Of course you have to discuss it with your experts, but I think the less that we can have known generally, the better, and I would like to have this considered confidential and not to be broadcast at all. I would ask that each one of us consider this secret and only to be taken up officially with the necessary people in the government.

Mr. Lee Bum Suk: It should be kept secret. I will have all of my group consider this secret and will not have it discussed except with those who may have an interest in it. I will take the responsibility for reminding each one of this.

General Helmick: I suggest we take a break now.

Meeting adjourned at 1450 for rest period.

* * * * *

General Helmick: We discussed the matter for which we will meet. I know that you, and, in fact, all of the negotiators here are extremely busy men. We have other things to do besides this, so I suggest that we meet in the morning, say from 9:30 or 10:00 until noon, and in the afternoon from 2:00 until 4:00. That will give us a little time to do our other work. If there are other hours that are convenient to you, I will be very glad to cooperate. I think we would like to push this thing through as quickly as possible, because we all have the objective of getting the task done as quickly as possible.

Mr. Lee: We wish to propose starting from 10:00 o'clock in the morning.

General Helmick: Very good. Is that satisfactory to everyone?

Mr. Lee: From 9:30 in the morning is quite inconvenient, for we have to spend thirty minutes at the cabinet meetings.

General Helmick: Would you rather make it after 10:00 o'clock?

Mr. Lee: 10:00 o'clock will be all right. Also, I have to spend some time on National Defense.

Conference 16 August 1948

General Helmick: I well know all the duties you can have.

Mr. Lee: How about the place?

General Helmick: I think here should be all right. Would you like these advisers and other advisers with you also?

Mr. Lee: Maybe one or two more; not more than that.

General Helmick: I think the fewer there are, the better; that is, on both sides.

Mr. Lee: Yes, for this matter is so secret.

General Helmick: We will have a room downstairs, and I believe it is Room 104, which will be set up as a small conference room in case you wish to confer alone. That room will be available for your use. If we arrived at any agreement, which it is desired to have published, I suggest that we work up a joint press release, which can be approved by both parties.

Mr. Lee: The people are very much interested in how this negotiation is getting along, so we should release a press statement regularly; jointly, until the matter is settled.

General Helmick: Do you wish to announce that the negotiators have met and discussed preliminary matters and will immediately start their negotiations?

Mr. Lee: Yes, I think it is a nice idea to release something for the press.

Mr. Chang: We can initiate a statement that the joint commission and political group have met today at such and such an hour, etc.

General Helmick: I will ask Dr. Sturm to draft something on that order, and you can read it, saying that the joint negotiations have started, who the negotiators are, that we have met and made preliminary arrangements to start tomorrow on the negotiations for the financial and property settlements, and for the turning over of the Government. Let them know we are getting under way. Are there any questions or anything that should be discussed? (No comments) There is one thing that I would suggest, and that is that you talk with Koreans who are familiar with the past financial activities of the Government. I think you will find that Dr. Kim, who is Minister of Finance, will be very much interested in these agreements. We have Mr. Loren, who is the Adviser to the Department of Finance, and

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he is the one on whom we rely for our financial findings. It might be well for you to have Dr. Kim for that, and I know Mr. Hong is familiar with all of the details of finance.

Mr. Lee: Do you wish to have them here?

General Helmick: Yes, as your experts.

Mr. Chang: We shall have Mr. Hong as our adviser.

General Helmick: Do you wish any of those who held Military Government positions?

Mr. Chang: We should like to have Mr. Min Oon Whan also.

Mr. Yun: Also Mr. Yim, Assistant Secretary of the Department of Commerce. He is now with NEB.

General Helmick: Is there any other point that we wish to bring out? I am sorry that we have not the complete draft of the proposed agreement ready at the present time. I think that when we get the draft, the written draft, I would like to suggest you consider the articles and go over them. I think unless we have the draft right before us, it is a waste of time to discuss it. Do you have any other matters to take up?

Mr. Drumright: Only our press release; that is all. (At this point, Mr. Drumright interpreted some Chinese for Mr. Lee.) He said they are getting their papers ready and haven't completed the translations as yet, and they hope to have them and bring them here tomorrow. We can put both papers down together, discuss them, and get down to business and work out an agreement. He said, also, from their point of view they have nothing to give us; whereas, we are giving a great deal.

General Helmick: We all have suggestions.

Mr. Drumright for Mr. Lee: He said there may be some things that they may bring up that you hadn't thought about and hope that you will give them consideration.

General Helmick: We all wish to have a meeting of the minds and find out the best solutions. I am anxious to see what the solutions of the problems will be. We cannot get out that press release today, for it is too late, but I will have that draft ready tomorrow and show it to you tomorrow in time for the press conference.

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Mr. Lee: The press conference is at ten.

General Helmick: We will meet tomorrow at ten.

At 3:30 p.m., the meeting adjourned until the following day.

MINUTES PREPARED BY THE UNITED STATES NEGOTIATING COMMITTEE

SUBJECT: Proposed Initial Financial and Property Settlement Between the Government of the United States of America and the Government of the Republic of Korea

SECOND MEETING

17 August 1948 - 1000 Hours

Negotiators

Major General Charles G. Helmick
Mr. Everett F. Drumright

Lee, Bum Suk, Prime Minister
Yun, Chi Young, Minister, Home Affairs
Chang, Taik Sang, Minister, Foreign Affairs

Also Present

Dr. Edgar A. J. Johnson
Mr. Owen T. Jones
Mr. Allan Loren
Dr. Wilhelm Anderson
Dr. Ernest Fraenkel
Dr. Paul J. Sturm

Min, Won Sik
Koh, Chang Il
Lee, Soon Tak
Hong, Hun Pyo
Yu, Chin Oh

Interpreter: Kim Kil Choon
Reporter: Thelma Clark

General Helmick: General Lee, we have here a copy of our proposed agreement. Before we go ahead with the discussion I would suggest we read this agreement and get the general sense of it.

The transfer of a government is a very complex operation. A government cannot operate unless it has money, unless it has equipment, unless it has supplies, and this agreement is the one in which we propose to turn over those funds, equipment and supplies. As I visualize the turn over, the ministers who are going to take over from the departments should be orienting themselves now. We think they should take over the units as they are, where they are and then make any changes to set the organizations up after they take over.

I would like to explain the outline or the general subjects of this agreement. It is divided into thirteen articles.

The first article deals with the transfer of the National property of the government; cash, equipment and funds.

The second article covers the agreement of the United States to settle for imports from Japan.

The third article takes up German property of which there is practically nothing here.

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The fourth article deals with the Foreign Exchange Bank and Foreign Exchange controls.

The fifth article deals with the transfer of vested property.

The sixth article deals with the property of the United Nations' Nationals; which was vested by the Japanese.

The seventh article deals with the North Korea power debt.

The eighth article covers our settlement for goods and services provided to the United States Forces from the Korean economy.

The ninth article covers the settlement of what we call the Foreign Liquidation Commission Loan, the FLC, a loan which was made to the United States Military Government for the economy of Korea.

The tenth article is an agreement not to re-export any American goods which are brought into Korea, except by mutual agreement.

Chang, Taik Sang: Does that include the 38th Parallel, General Helmick?

General Helmick: Yes, it is the prohibition of re-export of American goods brought in under the U. S. Aid Program.

Mr. Chang, Taik Sang: Then the 38th Parallel is included?

General Helmick: Yes, it is. This article covers the prohibition of re-export of American goods except by mutual agreement.

Article eleven asks that all existing laws remain in full force unless or until changed by your Assembly.

Mr. Chang, Taik Sang: Does that include the Proclamations issued by General MacArthur?

General Helmick: Yes, it is to insure that present laws will not be wiped out in a blanket manner. Any changes desired by the new government will be made by their legal actions. It does not put any restrictions upon any changes your government wishes to make. It is put in merely to avoid confusion of what is existing and what is not existing.

Article twelve requests that rights and privileges now enjoyed by

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United Nations' Nationals will remain in effect until treaties of amity and commerce are negotiated.

The last article is merely an indication that the government will be turned over in a progressive and orderly manner.

That is just a general outline of the agreement. I suggest that you probably will wish to have an adjournment to look over the details of the agreement, and when we meet again we can then take up the agreement in detail, paragraph by paragraph.

General Lee: I propose we recess for twenty minutes.

The meeting recessed from 1030 hours until 1100 hours.

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Conference Resumed at 1100 hours. All present who were present at the 1000 hour session and also Mr. John Z. Williams.

General Helmick: Mr. Lee, you have had very little time to look this over. If you have looked it over sufficiently, I would be glad to suggest that we go over the agreement paragraph by paragraph and explain what we consider the meaning and the figures that are attached.

Mr. Chang: After reading it paragraph by paragraph, we are quite satisfied with the agreement, and we wish to express, for all of us, thanks for the spirit of this great agreement.

General Helmick: The agreement, Mr. Chang, reflects the feeling of the United States that we wish to do everything we can to assure Korea of having a sound economy, a sound government.

Mr. Chang: We fully realize the spirit of the agreement and we are very grateful to the military government for such a great agreement. We would like to have a full explanation of the paragraphs. Some of those Korean translations are not very satisfactory. We explained to them in accordance with the English. We would like to have some more copies of the translation prepared - enough to distribute to our Korean advisers.

General Helmick: What we had planned to do was, as soon as the translation was completed, to have the translation inscribed on stencils and have a mimeograph made. We thought you would like to look over the translations and see if the translation is correct, if you agree with the translation. I would suggest, if you have someone who can work with Mr. Whang - Mr. Whang made the translation. I must explain that we gave them very little time for the translation. They worked under great pressure and this is the first, you might say the rough draft. They have worked very hard, but it is difficult to make an exact translation of technical language like this. I would be very glad to have anyone you suggest work with Mr. Whang on the translation so that we can agree on the translation.

Mr. Chang: I will present a man who is an able translator of English who will assist Mr. Whang.

General Helmick: Excellent. As soon as they can agree on a translation, we will have it put on stencils.

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Mr. Chang: All right, General Helmick.

Dr. Johnson: Could that translator be in this afternoon?

General Helmick: If we can get that translator as soon as possible, we can get the translated copies on the stencils and then we will have a number of working copies.

Mr. Chang: Yes, Dr. Johnson.

General Helmick: You will have that translator this afternoon?

Mr. Chang: Yes, I will.

General Helmick: All right, fine.

Mr. Chang: I will have the man here at two o'clock.

Dr. Johnson: Right in the next room here we have the facilities. He can work there.

Mr. Chang: I will have the man here at two o'clock.

General Helmick: If you wish we can start in on this. I will start with Article I. I think there is no question on the preamble, I think. "The Government of the United States of America hereby transfers to the Government of the Republic of Korea, all right, title and interest held by the United States in all property classified as national property in the land and building ledger and map books of the district tax register and the land and building register of the courts." I will stop there because that is one group.

I have here, and will give to Mr. Lee, Bum Suk, if he desires, the figures which we have on the national property in South Korea. These are figures of 31 March 1944, and they are the assessed value at that time.

Mr. Lee: I would like to get a copy of that.

General Helmick: Yes, I am getting that now. The figures that we have show that the assessed value in won, 1944, is 3,101,555,949, and this article transfers all titles. The United States retains no interest in those lands at all - this is a complete turn over.

The next phrase is, "together with all improvements on and additions to such property," which means everything which has been built by the government or any additions which have been made to these buildings.

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General Helmick: The next phrase is, "all cash and bank deposits."

Have you got some overall figures on that Mr Loren - the cash and bank deposits?

Mr. Loren: Yes Sir.

General Helmick: Have we any totals on that - I don't see an overall total on that.

Mr. Loren: No Sir, there is no total figure given there. The principal accounts are the Civilian Supply account, 4,888,000,000; the USAMGIK Disbursing account which has about 640,000,000 and the SKIG Disbursing accounts, 1,300,000,000.

General Helmick: We will give you a list on all these balances.

Mr. Loren: We have a list of the balances to give them, yes.

General Helmick: We have a list of all the balances which we have in the banks here and I think it might be well - Mr. Hong is familiar with that is he not. I think he is familiar with all these accounts.

The next phrase is, "all equipment, supplies and other property owned by the departments, offices and agencies of the South Korea Interim Government," and we have a list of the properties which are inventories of the properties controlled by the Office of Administration. These are the best that we can give at this time because it is difficult to get the complete inventory of all public properties, but this agreement turns over all public properties. The next is, "all relief - (Interruption)

What we have been trying to do is to get an inventory of the property in the hands of the South Korea Interim Government so that we can state to you, "this is what we are turning over." We have been unable to get a complete inventory, but the agreement turns over all government property. It all goes to the new Korean government. We can't tell you exactly how much it is, but that I think you can get - it is a matter of getting an inventory for the government.

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General Helmick: I am sorry we have not the complete inventory. We will make the turn over, in colloquial English "as is, where is." In other words, any property where it is in the condition that it is in. It is a complete turn over of the government property owned by the South Korean Interim Government.

Mr. Drumright: General, all these documents are numbered.

General Helmick: All the documents which we are giving you here, the supporting documents, if you will look at the bottom it gives a reference number and that reference number refers to the paragraph - 402 is paragraph 402 of the agreement and A2 - that is the subject, that is the order in which they come in the paragraph.

Mr. Chang: General Helmick, may I ask what is the exchange official rate of the dollar and the Korean won at the present time?

General Helmick: There is no fixed rate. Some of these won values are the won values in 1944. That is they are the old won values and that is the best figure that we could determine.

The next item that we take up is, "The United States transfers all relief and rehabilitation supplies heretofore furnished to the Korean economy by the Government of the United States of America." These supplies are those which have been brought in to Korea and paid for by the United States Government. This sentence applies only to those goods which have been brought in before. We will, a little later, take up goods which are to be coming. The total amount which has been brought in (and will you check me on this) is \$255,976,604 worth. Now does that include the pipeline also?

Mr. Loren: That does not include the pipeline.

General Helmick: That does not include the pipeline, only the goods that have been landed in Korea. That is Reference A5, I think.

Dr. Johnson: That is the last page of that exhibit.

General Helmick: That is Reference 402-A5, and that shows the things which have been brought in since the beginning of the occupation. Many of these things have been brought in long ago and have been used. There

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There is grain in there and other things, but all of this is turned over to the Korean Government.

The next sentence refers to equipment - more or less military equipment. "Military property of the Government of the United States of America furnished to the Korean Constabulary, Police or Coast Guard will be transferred to the Government of the Republic of Korea from time to time as authority for such transfer is given by the Government of the United States of America to its representatives in Korea. Such transfers of military property shall be accomplished through the office of the Foreign Liquidation Commissioner of the United States Department of State in accordance with separate agreements to be entered into between the said Foreign Liquidation Commissioner and the Government of the Republic of Korea." The transfer of military equipment has to be done according to certain rules and regulations of the Army. We will be given authority from time to time by Washington to transfer certain things. We have authority now to transfer a certain amount - I think amounting to \$385,000 immediately. There are some other things which they are examining and will give us authority to transfer later. The United States, when they authorize the transfer of property (of military property) will turn it from the military over to the Foreign Liquidation Commissioner. He is the man who handles that property. He will then turn the property over to the Republic of Korea under a separate agreement. In return we ask the Government of the Republic of Korea to agree that property retained for use by or under the control of the United States Army Forces in Korea during the period of troop withdrawal shall be made available for the use of the Government of the United States of America and maintained without charge to the Government of the United States of America during the period of troop withdrawal. What we ask here is that while the Army is withdrawing we wish to have the use of the buildings and equipment that we are using and we wish to have them maintained. There will be caretakers so that when we pull out the caretakers will be there to see that the property

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is cared for and goes immediately to the government. The figures which we have on the maintenance costs of all the properties occupied by the United States Army Forces in Korea is 9,538,000 won per month. That is for labor, the maintenance personnel; and there may be additional costs for the maintenance of the buildings - that is materials to keep the buildings in repair so that they will not deteriorate. The Office of Administration, Colonel Melchior's office, has these figures and we scanned those figures very carefully to see that only the bare maintenance and the bare maintenance personnel and repairs, etc. are included. This agreement is put in here with the expectation of carrying out the United Nations agreement that the withdrawal will be made as quickly as possible. We do not visualize that this will be a long time burden and that as the troops move out, the facilities and buildings will be turned over to the government and the costs will go down. We ask that the Government of the Republic of Korea agree that property which will be indicated shall be made available for the temporary use of the Government of the United States on free leaseholds and that it will bear all costs in Korean currency for the repair and maintenance of such properties. I would like to explain Exhibit A. When the military withdraws we expect to have a mission which will remain with the Ambassador, an aid mission.

We are going to ask for certain buildings for our Diplomatic Mission which we propose to buy. That is for the permanent agencies. That is in Article 9 and we will take it up later. There will also be some temporary groups. There is one group which we will keep here as an aid group which will be attached to the Diplomatic Mission but it will be more or less temporary. There will be a military advisory group which will advise the military forces of the Republic. For those two groups we are requesting the use of the buildings for the time that they are here. Now there is a third group which is a group of Americans whom we are retaining until the Republic of Korea lets us know whether they desire them or not as consultants. We will make arrangements with the Korean Government regarding this group of consultants - how they wish to employ them and how they

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wish to house them. This last group is not included in the list which will be given to you here. This list is more or less a tentative list. We haven't yet made all of our final plans on that. These plans have been flexible. Are there any questions on that?

The next sentence, "The Government of the Republic of Korea hereby assumes and relieves the Government of the United States of America of all liability for the South Korea Interim Government overdraft account in the Bank of Chosun, commitments under government guaranteed loans and all other obligations incurred by the United States Military Government in Korea and by the South Korea Interim Government including present and future claims of every kind and description." The South Korea Interim Government overdraft account is given in 402-A8 and that is 21,572,725,429 won, and on the last page, which is A9, are government guaranteed loans as of 30 June 1948, amounting to 7,713,626,220. The remaining part would be the current obligations of the government at the time of taking over, or signing of this contract - that is the current assets and liabilities.

We have finished the first paragraph of Article I. It is twelve o'clock and I suggest we recess for lunch and if it is agreeable, we will meet at two o'clock.

Conference recessed at 1200 hours for lunch.