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procedural steps. He does not ignore the international political aspects of the problem, emphasized in the State plan, and advances certain fairly convincing arguments to dispose of them. There are some features of the State plan, particularly the question of safeguards, which SCAP disposes of so effectively as to make it almost embarrassing.

As already stated, SCAP does not effectively demonstrate that the State retention levels are too low, but rather bases his position primarily on the arguments that delivery of a large volume of reparations goods would too greatly burden the Japanese economy, that the State program would take too long to implement, that the safeguards proposed by State to guard against excessive removals are impractical and inadequate, and that the time schedule in the State plan is too restricted. The courses open to us would therefore seem to be (A): To stick by our proposal, making such amendments to meet SCAP's points as may be possible without altering the essentials of the plan; (B): To accept the Army proposal as amended by SCAP; or (C): To advocate a program based on a further compromise between the OCI and State industrial retention levels. I would hesitate to make a snap recommendation in favor of one of these three courses, but incline toward the third, if it looks as though a compromise could be worked out for certain industries in a fairly brief period of time. If considerable time would be required I would favor alternative "B".

In order not to make this memo too long I have pencilled ~~in~~ some reactions to SCAP's points in the margin of the telegram itself.

NA:RAFearey/pm

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TOP SECRET

Memorandum

Legality of Army Proposal on Japanese Reparations

It is understood that the legality of the Army proposal on Japanese reparations is questioned by L on two grounds:

1. It is held that an interim directive based on the OCI and Johnston levels would contradict the FEC Interim Reparations decisions of early 1946, while the Moscow Agreement expressly provides that U.S. interim directives may not contravene previous FEC decisions.

It should be noted, first, that this objection applies to the State as well as to the Army proposal. While the State industrial retention levels are closer to those set in the Interim Removals decisions, they differ substantially in a number of instances. Consequently the interim directive whose issuance is contemplated under the State plan following the expected refusal of the Soviet and possibly other Delegations to accept these levels, would be subject to L's legal objection the same as the interim directive contemplated in the Army proposal.

It is believed that L's objection is without foundation, however, for the reason that the interim directive, under either the Army or State proposal, would not, or at least, need not, provide that these were the last reparations removals which could ever take pla ce from Japan. It would simply provide that facilities down to the prescribed levels were to be made available under the program set in motion by the directive, without excluding in the directive further reparations down to the levels set in the Interim Removals decisions. While the Army proposal originally contained a provision that the claimants must give a quit-claim to further reparations before they would be permitted any benefits under this program, this was later deleted and the proposal sent to SCAP for comment (Tab C, page 1) merely provided that "the U.S. should announce following position publicly and submit to FEC with info that U.S. will not agree to any policy on Japanese reparations incompatible with the program." As long as the interim directive itself does not exclude further reparations down to the levels set in the Interim Removals decisions, no violation of the Moscow Agreement would seem to be involved in the U.S. Government publicly announcing, for the benefit of the Japanese, that it is, and will remain, opposed to further reparations.

A further

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A further consideration is that the Interim Removals decisions were approved in the expectation that a schedule of reparations shares permitting the institution of a general reparations program would be approved shortly thereafter. The U.S., it could be said, agreed to these decisions on this assumption. Instead over two years have passed, during which the United States has spent almost 800 million dollars for Japanese relief and is about to spend additional millions for Japanese rehabilitation, and the FEC is still unable to agree on a schedule of shares necessary before a final program can be set in motion. It could be argued that the U.S. is entitled in view of the failure of the FEC to agree on shares, the passage of time, the funds which the U.S. alone has contributed for Japanese support, and the developing, and greatly altered, situation now prevailing in Japan, in the Far East and in the world compared with two years ago, to issue an interim directive based on other levels than those set in the Interim Removals decisions, even though this might be considered in the legal sense to run counter to one of the provisions of the Moscow Agreement.

2. The second legal objection is that although paragraph 2, a, (2) of the FEC policy decision on "Reduction of Japanese Industrial War Potential" specifies that all primary war facilities not destroyed as functionally limited to the production of combat end-products shall be made available for reparations, the Johnston Committee report recommends that only about one-third of the total quantity of primary war facilities not destroyed be made available for reparations.

It is believed that this objection, too, can be satisfactorily answered. The above-cited FEC policy decision also provides, in paragraph 10, that "The Supreme Commander should be authorized to except temporarily from the provisions of this paper particular primary war facilities, secondary war facilities and facilities in war-supporting industries, in so far as such facilities are required to meet the needs of the occupation". Moreover, as stated under "1" above, the U.S. interim directive would not, or at least need not, specify that no more reparations should ever be removed from Japan (that would simply be the view of the U.S. Government), so that technically these facilities would still be available for reparations. While SCAP's power to except particular facilities for purposes of the occupation would of course terminate with the end of the occupation, so also would the force of paragraph 2, a, (2) calling for the removal or

destruction

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destruction of all remaining primary war facilities, inasmuch as all FEC policy decisions apply only for the period of the occupation. The U.S. would then be free at the peace conference to maintain that the remaining facilities should not be removed or destroyed, and, assuming that we will possess veto voting rights at the conference, will be able to make this position effective.

The Johnston Committee, it might be noted, bases its recommendation that only one-third of Japanese primary war facilities be removed on the grounds that these facilities include many machine tools of modern design which Japan will need in future, and which can be, or already have been, deprived of all special usefulness for the manufacture of war materials by the removal and destruction of dies and other special war parts.

It is admitted that the above answers to L's objections rest on legalisms. The interim directive under the Army (or State) proposal will in fact set in motion a reparations program which we will regard as final and which clearly will not be in accord with the intent of the Interim Removals decisions of early 1946 and the Reduction of Japanese War Potential decision of August 1947. We are in situation, however, where no practical alternative appears to exist.

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CONTROL 6478

JUL 27 1948

SUPREME COMMANDER FOR THE ALLIED POWERS,

TOKYO.

Info: Army Chief of Staff

For Acting Political Adviser. 281

Re press articles on deliberations in FEC on program for replacement of lost cultural objects, Chairman of FEC on July 15 made following statement to press:

QUOTE A committee of the FEC is now considering the draft of a document regarding the replacement of cultural goods lost through Japanese acts of aggression. This draft is in a very early stage of discussion, most of the governments concerned have not yet stated their definite views, and it cannot yet be conjectured what decision the FEC shall finally take in this matter. All unauthorized statements in the press regarding this question at the present time are premature and should be disregarded. UNQUOTE.

At meeting of Steering Committee on July 20, no vote taken on SC-273/15, US substitute proposal on Conduct of Trade with Japan, in view of lack of intructions on part of Philippine and Australian members and USSR reservation on para 6 regarding port and service charges. Re SC 293/6, Travel Outside Japan of Japanese Commercial Representatives, Australian, Chinese and Philippine members still had no instructions on either paper or Soviet amendments. Re SC 309,

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SC 309, Travel of Japanese Abroad, informal poll showed majority opposed to paper. Re UK statement on removal of aircraft and private munitions plants from Japan, Australian and Chinese members associated themselves with views of UK member.

AT FEC meeting, July 22, Chinese member suggested that some numerical limitation be placed on Japanese traveling abroad under FEC 240/16, interchange of persons between Japan and other countries for cultural purposes.

The Netherlands and Chinese members expressed their appreciation for action taken by Chairman in making statement to press on consideration in FEC of document on replacement of lost cultural objects. Netherlands member expressed hope that SCAP would be informed of statement and that he would communicate it to Japanese press. USSR member criticized unilateral action of Chairman in by-passing Commission. Chairman took position that he was under general authorization by Commission to make such statements on his own responsibility.

At close of meeting US member referred to application of Pakistan and Burma for membership in the FEC and stated that he was now authorized by his GOVT to recommend that the procedure earlier proposed by him be so modified as to provide

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provide that the views of each GOVT be deposited with the Secretary General of the FEC either by its member on the Commission or by the head of its mission in Washington through normal diplomatic channels. Upon receipt of all the Governmental views the Secretary General would inform the Commission of the results and the Commission might then, if acceptance were unanimous, authorize the Chairman or Secretary General of the FEC to issue an invitation to the applicant country.

MARSHALL Marshall (Jam)

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DIVISION OF NORTHEAST ASIAN AFFAIRS
AUG 2 6 1948
DEPARTMENT OF STATE

ACTION is assigned to

NO. 679

RESTRICTED

AMERICAN CONSULATE GENERAL
Shanghai, China, July 27, 1948

SUBJECT: Chinese Attitude Toward the Rebuilding of Japan

1—1403

FE PDS WWS WE
Referred to NA for action 8/23/48 JCD
AUG - 6 1948 DEPARTMENT OF STATE

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

RECEIVED DEPARTMENT OF STATE 1948 AUG 5 AM 8 42 DC/M FACILITIES BRANCH

SIR:

1/ I have the honor to invite attention to the enclosed full translation of an article which appeared in the New Road Weekly of July 3, under the heading: "A Sincere Word of Advice to the American Government." The publication is the local organ of the China Social and Economic Research Institute.

The article warns that although with the lapse of time the emotional outburst has eased, nevertheless the gravity of the situation has not slackened and the problem of a resurgent Japan still exists; as this office has itself reported, it agrees with this analysis.

The article comes to the conclusion "that America's current tendency and efforts to help build up Japan can only be described as dishonest, unfair and unwise" and that in the interests of Chinese national interests as well as for the sake of American prestige a word of advice to the American Government is appropriate in an effort to have it change "its past dictatorial way of doing things in Japan."

The general tenor of the article is that American official pronouncements are but a camouflage for our real intent and current activities.

It is to be noted that the article's quotation of my "very words" is false, both textually and in purport.

Respectfully yours,

John M. Cabot
American Consul General

Enclosure:
1. Article from New Road Weekly of July 3.

JMC:DEdgar:cms
File No. 800
Original and Hectograph to Department
Copy to Nanking

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Enclosure No. 1 to Dispatch No. 679 to Dept. from Shanghai.

SPECIAL & FEATURE ARTICLES

A Sincere Word of Advice to the American Government

New Road Weekly (Published by the China Social & Economic Research Institute), Shanghai, Vol. I, No. 8
July 3, 1948

U.S. Ambassador Leighton Stuart's statement on America's building up of Japan aroused nationwide dissatisfaction in China. Various student bodies and teacher organizations were particularly indignant; parades and protest demonstrations were staged one after another in different places. Now that three weeks have elapsed, the emotional outburst has ceased a great deal, but the gravity of the incident has not slackened in the least. The problem still exists.

The Japan policy is a question of foremost and first class importance. The American Government cannot act arbitrarily and ignore the views of other Allied powers. The Chinese people, especially, should not now let the events take their natural course after having made such shouting and protesting. We must continue to study this question cool-headedly and make known our views whenever opportunity allows. On the one hand we must make the U.S. Government understand our people's views thoroughly and on the other we must urge our Government to conduct negotiations on the question as we have right on our side.

After much careful consideration, we come to the conclusion that America's current tendency and efforts to help building up Japan can only be described as a dishonest, unfair and unwise policy. For the sake of safeguarding our national interests and for the sake of America's national prestige and her own interests, we offer this sincere word of advice to the American Government, hoping that it would revise its Japan policy and change its past dictatorial way of doings things in Japan.

First we will speak of the dishonesty of the American Japan policy. Before and shortly after the conclusion of World War II, the measures for dealing with Japan as advocated by America were not too harsh, yet they were by no means so lenient as they are today. The attitude of the American Government at that time could be seen from the Pauley report published in December 1946. But from then on, following the deterioration of U.S.-Soviet relations, the attitudes of the U.S. Federal Government and of SCAP in Japan also changed gradually. First we have the Strike Technical Investigation Mission sent to Japan by the U.S. Army in February 1947. In February this year, the said Mission published the Strike Report which is absolutely favorable to Japan. Next came the visit to Japan of the U.S. Under-Secretary of War, William Draper, in March this year, and the release by him of a "building up Japan" statement on April 7. Though these reports and proposals have not yet been carried out, yet they suffice to show that American official attitude has changed in accordance with the deterioration of U.S.-Soviet attitude. During the past year and this year, the measures taken by SCAP in Japan tend to become more and more indulgent.

We recognize the right of a government to take precautionary measures to ensure the safety of its own country. But if the principal reason for the softening of the U.S. policy toward Japan is to be found in any one of the following points, namely, (1) Japan is an important base adjacent to Soviet Russia, and the goodwill of Japanese people is a prerequisite for the smooth use of that base, (2) Japan's manpower, resources and industrial equipment are a favorable factor in the war against Soviet Russia and (3) from the points of view of industrial technique and equipment, organizational power and combat experience, Japan is the only country in East Asia which is capable

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of checking Soviet Russia, then the American Government should, in conformity with the frank and straightforward spirit of the American people, make it known honestly and should not put forth a few secondary reasons to hide the truth, such as, "We must restore enough of Japanese economic life to enable the Japanese people to become self-supporting. No one can expect the American tax-payer to continue indefinitely paying the Japanese bills." (See Ambassador Stuart's statement)

If the U.S. Government could make known its principal reason for the softening of its policy toward Japan, then the various countries concerned could indicate their views on same to the American Government. From what America is now saying, the other countries could only guess and conjecture but could not get at the core of the problem. With her own resources, the American Government is perfectly entitled to throw in its full efforts to prepare for war. Other countries could express their views but they have of course no right to take part in the discussion of same. However, Japan is an enemy state defeated by the joint efforts of Allied powers, so every one has the right to know what the real intention of the U.S. Japan policy is, so as to conduct negotiations each from its own standpoint.

We hope the U.S. Government will be able to tell the world openly now whether its current Japan policy is connected with preparing for war against Soviet Russia. If so, the other Allied powers can make known their views on same. Whatever the U.S. Government has in the bag, the countries concerned have the right to know. But whether or not the U.S. Japan policy is connected with preparing for war, the U.S. Government has never frankly made any definite indication.

Some perhaps will say, hasn't the U.S. Government openly admitted that its Japan policy is connected with preparing for war against Soviet Russia? Did Mr. Leighton Stuart not say: "As a hungry and restless people, Japan will continue to be a threat to peace. Such a situation is made to order for Communism. If we are sincere in our profession that Communism, in the general interest, must to stopped, then we must remove the causes which encourage Communism." But to guard against Communism and to prepare for war against Soviet Russia are not one and the same thing. We do not argue whether the American Government has the right to prevent the spread of Communism in Japan, but if eliminating "hunger and restlessness" is an essential means of stemming out Communism, then as there is not a single place in Asia which is free from "hunger and restlessness", why should we let our enemy Japan enjoy abundance and prosperity first? This point alone suffices to bring out the unfairness of America's Japan policy, which we will discuss in the next paragraph. Here we hope the U.S. Government will tell the truth and not just saying what it does not mean.

There are two points which are unfair in the U.S. Japan policy. First, as the American Government wants to eliminate "hunger and restlessness" in Japan, it now intends to restore the Japanese people's standard of living to that of the 1930-34 level (though this was the decision of the Far Eastern Commission, it was in fact the view of the American Government). But as a matter of fact, even if hunger and restlessness exist in Japan today, the plight of various places in Asia far surpass that of Japan, and this is the direct result of Japan's aggressive war.

Take China for instance. Between 1930-37, we were well on our way to economic reconstruction. If all the blood, sweat and materials we sacrificed in the 8 years of war of resistance were used for reconstruction purposes, our present living standard will surely be raised to quite a high level. We are certainly not envious because the American Government is going to extend a big loan to the Japanese, but we doubtless have the right to ask

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Japan for reparations in kind so that countries which had suffered from Japanese aggression could have their standard of living raised first.

In the coming five years, Japan's living standard should certainly not be raised above that of other Asiatic countries, yet the current U.S. reparations plans aim, in every respect, at facilitating the raising of Japan's standard of living. Morally speaking, the lowering of the standard of living is the punishment due an aggressor for destroying the peaceful living of others and for obstructing the economic reconstruction of others, and from the practical standpoint, the number of people in the victorious countries in Asia who are struggling on the line of starvation is much greater than that in Japan; the consequence of "hunger and restlessness" in these countries will perhaps be much more serious than that in Allied controlled Japan.

The second unjust point is that the dictatorial way in which the American Government is behaving in Japan makes it look as if the other Allied powers made hardly any contribution at all in the war against Japan. To boast over one's merits after an achievement is, according to Chinese moral standard, a game which is not worth the candle. But under America's current way of doing things, we should no longer be too modest ourselves. So far as sacrifices and tribulations are concerned, we certainly are not behind others; even in actual contribution to victory, our share is no less than that of any other country. Were it not for our four years of war of attrition and the holding back of several million enemy troops, who can guarantee that the Japanese, after the sneak attack on Pearl Harbor, would not capture the Hawaii islands and land near San Francisco? The situation of America's military preparedness then was an open secret. We doubt whether, under the situation of unequal fire power, the American Army could defend San Francisco for four months (judging from the battle of the Philippines in 1942) like what our troops had done in the gallant Battle of Shanghai. We can say that America's present dictatorial way of doing things in Japan is, in the very words of the U.S. Consul-General in Shanghai, "an act of ingratitude."

We will now speak of the unwisdom of the U.S. Japan policy. If America and Soviet Russia should some day cast the happiness of all mankind to the four winds and face each other with guns, then this Japanese base, with its limited manpower and resources, though more than sufficient to invade weak countries, would not be able to make any decisive contribution to the U.S. fight against Russia. And at the same time, judging from the character of the Japanese people, their present circumstances and its historical tradition, when America fights Soviet Russia, Japan will surely do her best to help the U.S., whether or not the American Government would curry their favor now. That America should, just for such a little ready-made and unimportant help, forget the lesson taught by Pearl Harbor, that she should overlook the friendship and interests of the Allied powers, in throwing her whole heart and soul into building up a Japan which has never honored her pledges and which is not to be trusted, is indeed a lamentably unwise policy.

Ambassador Stuart said: "You may be rest assured the American people and Government will make sure it (Japan) does not do so." To prevent the resurgence of Japanese militarism is not the business of the United States alone. It is also the responsibility of the Chinese people and of the other Allied powers. Regarding this matter, the Chinese people are prepared to be immodest and certainly would not let any country handle this matter arbitrarily. Before the spirit of Japanese militarism is thoroughly uprooted, we want to take to heart the lesson taught by history and will not allow ourselves to rest "at ease".

Now we will speak about the attitude adopted by Mr. Leighton Stuart in his recent statement. That such an attitude, characterized by a desire to

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receive returns for favors done and implying threat, should come from an educator who has spent his lifetime in services to China and who has won fame through his achievements in China, is indeed most surprising. How could he fail to understand the nature of the Chinese people to such an extent!

Regarding this, we have heard two kinds of information. The first is that the recent Anti-American building up Japan movement was Communist inspired. Mr. Leighton Stuart evidently did not believe this, otherwise he certainly would not use the withdrawal of American aid as a threat. The second way of saying it is that a certain group of people in the Government had intended to make use of this to estrange China from the United States and to diminish the Chinese people's good impression of the U.S. To this group of people, the withdrawal of American aid is naturally an effective threat.

But Mr. Leighton Stuart forgot that his statement was made to the Chinese people. The Chinese people's anti-U.S. building up Japan movement, regardless of what some people might try to make use of it, is sincere and spontaneous. Mr. Stuart's threatening warning could serve no other purpose than to stir up the Chinese people's contempt for America and to strengthen their determination to oppose the building up of Japan. This act on the part of Mr. Stuart is "seriously damaging the traditional cordiality between the United States and China." (see Stuart's statement)

Though the tendency of the American Government to build up Japan is quite apparent and the practical measures taken by SCAP in Japan are becoming more and more lenient, yet up to now the Strike Report has not been implemented nor have the Draper proposals been carried out. So it is still not too late to hold back the rein on the brink of a precipice. The American Government should adopt an honest, fair and wise attitude and accelerate the convocation of a peace conference on Japan, and accepting the views of the great majority of Allied powers as its own, especially showing respect to the views of those countries which had suffered most from Japan and which have the deepest understanding of Japan, should put a stop to its dictatorial way of doing things and, in common effort with the various Allied powers, lead Japan onto the road of peace and democracy. (Full Translation)

Signed by Hsu Yu-nan, Liu Ta-chung, Wu Ching-chao, Quentin Pan, Tai Shih-kwang, Chao Jen-tsun, Ta Chen, Shao Fun-cheng. (Professors of National Tsinghua University)

* * *

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Return to Allison RAF

STANDARD FORM NO. 64

TOP SECRET

Office Memorandum • UNITED STATES GOVERNMENT

TO : NA - Mr. Allison

FROM : NA - R. Fearey RAF

DATE: July 29, 1948

SUBJECT: New OE Reparations Proposal Arrived at in Light of SCAP's Reparations Wire

Mr. Barnett gave me late yesterday the attached copy of a draft memo which Whitman, Smith and he plan to give Mr. Knapp. The memo was drafted entirely by Barnett and I am not sure how fully it represents Whitman's and Smith's views. As you know, Barnett is leaving for England today.

After commenting briefly, and rather inconclusively, on SCAP's wire, Barnett proposes that we accept SCAP's view that, short of formal FEC action on all aspects of a comprehensive reparations program, the reparations problem will not be disposed of, at least as a legal and political issue, until the peace treaty. Taking this as a basis, he proposes that the US Government set in motion a "Second Stage of the Advance Transfer Program", utilizing the new US schedule of shares and providing for the removal of 50 percent of the industrial facilities available for removal under the FEC interim removals decisions of early 1946. We would tell SCAP that we accepted his narrower interpretation of his power to except facilities under para 10 of FEC 084/21. SCAP would inform the Japanese that facilities not allocated under this 50 percent program could be used for productive purposes pending final action regarding them by the Allies at the peace conference.

I confess that I see little to recommend this procedure. Either the whole matter would be left completely up in the air until the peace conference or it would be generally recognized that the 50 percent removals were all that the US would ever be willing to approve, with the result that what would in effect be the final retention levels (50 percent of the FEC interim levels) would meet neither the State, Army nor FEC desires. The Japanese might, as Barnett claims in his para 5 (a), "feel assured of retention, for productive purposes, of industrial facilities not inventoried by SCAP for removal under the Second Stage of the Advance Transfer Program", but this is not the sort of assurance they are interested in. They want to know whether the facilities will be theirs to retain permanently. They might strongly suspect this was the case, as stated above, but they would not be certain until the peace conference.

TOP SECRET

NA:RAFearey/pm

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SUPREME COMMANDER FOR THE ALLIED POWERS

TOKYO

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FOR ACTING POLITICAL ADVISER

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At Steering Committee JUL 27, 1948, in spite of Chinese and Philippine reservations, SC 273/14, Conduct of Trade with Japan, discussed ~~xx~~ para by para. US amendments as set forth in SC 273/15 accepted with exception of para 1c and 7. Paper evolving from discussion was referred to ad hoc committee for further consideration where several compromise proposals were suggested.

Re FEC 011/46, Restitution of Looted Property, ad hoc subcommittee had recommended that subpara 2 of para 3 of FEC 011/46 be referred to Committee I for study with view to formulation of separate policy on subject therein and that subcommittee working paper contained in Enclosure "B" of FEC 011/48 which contains request for info on looted ships located outside Japan and implementation of para 3 of FEC 011/12 also be referred Committee I for info or consideration. It further recommended that FEC 011/46 without subpara ~~x~~ 2 of para 3 be approved by Steering Committee and forwarded to Commission.

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Commission. With reference to para 14 of FEC 011/46 US member proposed that cut-off date for lodging of claims be amended to 4 months as interim directive of March 17, 1948, provided for 8-month cut-off date and, in view of facilities already made available by SCAP, it appeared advisable to limit period. Only UK member accepted US proposal while Chinese and USSR members opposed it and other members either had no instructions or thought period should be determined by countries principally concerned. US member withdrew amendment with reservation that US member would be free to introduce it at Commission level.

At meeting FEC, JUL 29, US member formally re-introduced above amendment to FEC 011/49, Restitution of Looted Property, which was lost by vote of 4 (China, Netherlands, USSR, Australia) to 2 (US, UK) with 5 abstentions. FEC 011/49 was approved by vote of 10 in favor with USSR abstaining. Chinese member stated he was with great reluctance approving paper because of importance his Delegation attached to subpara 2 of para 3, relating to salvage of ships in waters outside Japan. He referred to fact that this para and unofficial subcommittee working paper had been referred to Committee I and expressed

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and expressed the hope that the members would find a real solution for the question of ships sunk or damaged in non-Japanese waters.

US member made following statement: QUOTE SCAP has advised the United States GOVT that upon examination of stocks of gold and silver now in Japan and pertinent records, he has made a determination that certain gold and silver is of clearly established Japanese ownership. He has placed this gold and silver in accordance with the terms of FEC-032/26, para 16c in a fund created as a means of acquiring foreign exchange to aid in financing Japanese production programs. The United States GOVT has reviewed and considers proper SCAP's finding and action in this matter. It is therefore the viewpoint of the United States GOVT that the provisions of FEC 011/51, which deal with restitution of looted property found in Japan, will not affect in any way this gold and silver which SCAP has determined to be Japanese owned, or any gold and silver which SCAP may in the future in accordance with the terms of FEC 011/51 find to be Japanese owned, or the use of such gold and silver in connection with credits under the terms of FEC 032/26, para 16c. UNQUOTE.

New Zealand

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FORM DS-322
7-18-46

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Washington

-4-

New Zealand member introduced following proposal with reference to trial of Japanese war criminals:

QUOTE The Far Eastern Commission decides as a matter of policy

QUOTE (a) that no further trials of Japanese war criminals should be initiated in respect of offences classified under Paragraph 1 (a) of the Policy Decision of the Far Eastern Commission entitled INNERQUOTE Apprehension, Trial and Punishment of War Criminals in the Far East END INNERQUOTE, passed by the Commission on April 3, 1946. Persons suspected of offences under category (a) may, however, be tried for category (b) and (c) offences as defined in the above Policy, and

QUOTE (b) that no investigation in respect of offences classified under Paragraph 1 (b) and (c) of the Policy Decision referred to above should be proceeded with after 31 December and that all trials in connection with such offences should be completed by 30 June 1949. UNQUOTE.

After adjournment of meeting members acting as representatives of their governments and not as members of Commission, discussed procedure for admission of Pakistan and Burma

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-5-

and Burma to FEC. USSR indicated they were not opposed to admission of Pakistan and Burma, but were not in full agreement with procedure proposed by US. USSR representative indicated that on receipt of instructions he would submit proposal on procedure.

Marshall
(Jma)

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DIVISION OF NORTHEAST ASIAN AFFAIRS
AUG 2 1948
DEPARTMENT OF STATE

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,

Praha, Czechoslovakia, August 2, 1948.

No. 522

UNCLASSIFIED

RECEIVED
DEPARTMENT OF STATE
1948 AUG 10 PM 1 13
FAC/IS BRANCH

Subject: Transmission of Translations from the Prague Press of Articles Criticizing the American Administration of Japan

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit translations of two articles criticizing the American administration of Japan, which appeared in the Prague press on the same day, July 24.

The article captioned "MacArthur's 'Bastion of Democracy' " by Kamil Winter, is from the Czech Communist party organ, RUDE PRAVO. It protests against what it considers to be the American policy of preserving the economic privileges of the imperial family and of Japan's vested interests, the monopolizing by the United States of Japanese foreign trade, and the re-militarization of Japan.

The second article, "Japan-Colony of American Imperialism" , by P. Krajnov, is condensed from NARODNI OSVOBOZENI, organ of Czech Legionnaires. It is principally concerned with attacking Japan's inflationary economy and its rampant "reaction."

Respectfully yours,

Emil A. Kekich
Charge d'Affaires, a.i.

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Air Force
Navy

Enclosures: att'

1. Translations

LSchaffner:egd

cc: USPOLAD, Tokyo.

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Enclosure No. 1 to Despatch No. 522, dated August 2, 1948 from Amembassy, Prague.

RUDE PRAVO

July 24, 1948

MACARTHUR'S "BASTION OF DEMOCRACY".
By Kamil Winter

Hirohito was not only the Emperor of the Japanese Empire but he was also one of the richest feudal masters in the country. His position under American administration has changed merely in that he had to cede some of his most important imperial prerogatives to General MacArthur. His ownership of tens of thousands of acres of soil and profitable investments in the concern Zaibatsu continues.

Among the visitors who arrived in Japan since the end of the war the most interesting was a group of economic and military "experts". Its leader, Major-General W. Draper, is U. S. Under-Secretary of War, Paul Hoffman, the present Director of the Marshall Plan in Europe, was one of his co-workers.

Draper's report has become the basis for American policy towards Japan. It has become the charter of colonization and militarization of Japan.

Draper's mission was generous enough not to mention demilitarization and the removal of Japan's war industries. It complained of low production instead. Draper recommended a "little Marshall Plan" for the reconstruction of Japan.

Draper's report was the signal for the parade of the colonizers from Wall Street. American Viceroy MacArthur prepared the soil for a policy of protection of Japanese trusts.

Decartelization is a word that has recently been deleted from the dictionary of the American occupation authorities. MacArthur ordered that the four biggest Japanese banks, Mitsubishi, Suminoto, Mitsui and Yasuda be excluded from anti-trust measures. Those four banks control three-fourths of the Japanese industries. Under General MacArthur's Government the friendly relations between American and Japanese concerns are being quickly renewed. These relations date from pre-war times. "Standard Oil", "General Motors", "Ford", "Westinghouse Electric" are re-establishing their old connections which were only partly interrupted by the war. More than 5,000 American businessmen have visited MacArthur's Japan since the end of the war. The American Export and Import Bank has already granted a credit of $7,250,000. But Draper insists on an "aid program" totalling $100 million.

Statistics prove that the colonization of Japan progresses quickly and satisfactorily. The American share in Japanese imports totalled before the war only 25%. MacArthur's Japan grants the USA 80% of its imports.

70% of all Japanese exports go to the USA. In 1947 alone, the exports totalled 200 million dollars. European countries, especially Great Britain, are looking with apprehension at the great development of the Japanese textile industry as MacArthur's policy grants it cheap labor.

Iron ore,

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Iron ore, necessary for the reconstruction of Japanese industry, is being delivered by Chiang-Kai-Shek's China.

Remilitarization marches hand in hand with Japan's colonization. The greater the defeats of Chiang-Kai-Shek's military dictatorship, the greater becomes Japan's reputation as "bastion of democracy" in the Far East.

MacArthur's administration does everything to arm this new "bastion" as well as possible. Mixed American-Japanese military units are being created.

Three hundred thousand Japanese war veterans are the basis of the new army. Police are being trained in special schools which are equal to military academies.

The security guards are armed with light and heavy machine-guns and many other weapons. New types of "police" have been formed, namely marine and railroad guards. Japanese war ports are now again in such a condition that the commander of the American Pacific Fleet was able to declare, that the Japanese operational bases of Kuro, Okotsuka, Sasebo, Guam and Okinawa represent a great combination of advanced American operational bases.

A statement of a group of Shanghai scientists says that the Japanese "Maritime Guards" have 38 warships. This number is to be increased to 125 warships.

Also the Japanese airfields have been overhauled in order to enable the heaviest types of American airplanes to land. Japanese pilots are being sent for training to the USA.

It is a matter of course that MacArthur directs internal policy according to the military and economic aims of Wall Street.

In the surveys of Japan's police alone, there are a thousand registered Fascist organizations.

Progressive organizations are still subject to the same terror as in the times when Hirohito was still the Japanese Mikado. Strikes are permitted only on paper. American colonization policy has created another army which in numbers surpasses the Japanese mercenaries of Wall Street. It is the army of six million unemployed.

It was, however, impossible to prevent the Japanese working people from fighting against this oppression. Within a mere three years since the end of the war there are already three million organized trade unionists in Japan. 1946 brought the first all-country strike that ended with a victory for the working people. Under the pressure of the people a puppet Government had to resign. A most conscientious movement of the Japanese people grows day by day - the Communist Party of Japan.

The grenade that was supposed to end the life of the Secretary General of the party, whows the weakness of the American-Japanese oppressors. It forces them to such desperate acts of murder.

The Japanese people did not agree with Hirohito's feudalism of the Sun. It will not agree even with the imperialism of Stars and Stripes.

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Enclosure No. 2 to Despatch No. 522, dated August 2, 1948 from Amembassy, Prague.

NARODNI OSVOBOZENI July 24, 1948.

JAPAN - COLONY OF AMERICAN IMPERIALISM

The internal situation of Japan becomes more and more tense. The country's economy is chaotic, black market is growing, inflation reigns, prices of food and articles of daily use are rising, unemployment is increasing. According to official statements, prices of food have gone up by 11% within a single month. Articles of daily use are six times as expensive as in 1945.

To meet this critical situation, Japanese governmental circles are using two methods:

1. Pressure on the masses of the working people by increasing taxes,

2. Acquisition of the "almighty" American aid....

Japanese reaction is strongly endeavoring to supplant the democratic movement inside the country because it recognizes in it the main obstacle to the achievement of its political adventures. The reaction attempts to liquidate the workers' movement in the first place and deprive it of its leaders. And so a draft bill concerning trade organizations has been worked out. This law will limit the freedom and activities of the Trade Unions. It follows the lines of the Taft-Hartley Act.

Furthermore a law has been passed that prohibits the acquisition of public offices by Communists. When the Communist Deputy Nodzaka protested in Parliament, saying that the law contradicts the Potsdam Agreement concerning demilitarization and the Japanese Constitution, Asida said cynically that such measures have been taken also in the USA and in England....

Pre-war trade unions totalled 450,000 members. Today they total five million. Over one million poor peasant tenants are united in the Peasants' Union. They fight against oppression and despotism of the landowners and for a progressive agricultural reform. The Japanese Communist Party is leading the democratic movement and calls on the people to fight against the renewal of militarism and against the country's conversion into a colony of Wall Street. It calls the people to unite their forces and to fight against reaction and for a democratic and peace-loving Japan.

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The item identified below has been withdrawn from this file:

File Designation 740.00119 CONTROL (JAPAN)/8-348

Date 3 August 1948

From AMEMBASSY, Ottawa, Harrington

To George Kennan

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

☑ Security-Classified Information

☐ Otherwise Restricted Information

CANADA/1948 Authority

5 July 1978 Date

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GENERAL SERVICES ADMINISTRATION GSA FORM 7117 (2-72)

GSA DC 72-10421

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER
FOR JAPAN

DIVISION OF NORTHEAST ASIAN AFFAIRS
AUG 13 1948
DEPARTMENT OF STATE

ACTION
is assigned to

No. 495

Tokyo, August 5, 1948.

UNCLASSIFIED

Subject: Sixty-fifth Meeting of the Allied Council for Japan, August 4, 1948.

740.0011 Control(Japan)/7-2248
FE-O-DLA

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 458 of July 22, 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-fifth meeting of the Council held on August 4, 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-fourth meeting.

Enclosures: att 1 ea with orig

1. Five copies of Agenda, Sixty-fifth Meeting of the Allied Council for Japan, August 4, 1948.

2. Five copies of Corrected Verbatim Minutes, Sixty-fifth Meeting of the Allied Council for Japan, August 4, 1948.

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RBFinn:cgf

Original and ozalid to the Department

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

740.0011 CONTROL (JAPAN)/8-548

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65-804

AGENDA

for the

SIXTY-FIFTH MEETING

ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 4 August 1948, at 1000 Hours

I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE SIXTY-FOURTH MEETING (1 Session, numbered 64-721).

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
Acting Secretary-General

30 July 1948

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65-804

CORRECTED

VERBATIM MINUTES

of the

SIXTY-FIFTH MEETING

ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 4 August 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

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

ACTING
SECRETARY-GENERAL

Colonel Thos. G. Dobyns

Office of the Secretariat
Allied Council for Japan
4 August 1948

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

THE CHAIRMAN: The meeting will please come to order.

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

Are there any procedural matters? (Pause)

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

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

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STANDARD FORM NO. 64

TOP SECRET

Office Memorandum • UNITED STATES GOVERNMENT

Office of FAR EASTERN AFFAIRS AUG - 9 1948 DIRECTOR Department of State

TO : FE - Mr. Butterworth

FROM : NA - Mr. Allison

DATE: August 6, 1948

SUBJECT: Retaliatory Action against the Soviets in Japan.

Bureau of FAR EASTERN AFFAIRS AUG 7 1952 SECRETARY Department of State

The following is provided in answer to your request for a list of retaliatory steps which SCAP might take against the Russians, citing in each case the extent to which there could be found an avowed legal basis for such action.

1. Restriction on Movement of Soviet Representatives in Japan.

Conceivably we might establish severe restrictions on the movement of Soviet officials and their dependents in Japan, more severe than those applying to other Allied representatives. As Mr. Sebald points out in his attached wire of last April, however, the regulations affecting Soviet and other Allied personnel in Japan are already restrictive. They are permitted to travel by rail only on authorized inspection trips, and travel by auto also requires a special SCAP permit. While the restrictions could of course be even further tightened, this would seem a rather petty manner of retaliation for Soviet actions in Berlin.

As regards the legal basis for this type of action, there would seem to be none except General MacArthur's general power as military governor to control the area and all persons in it, which would probably be adequate. He might take the action without any explanation at all; he might cite orders from the U.S. Government making direct reference to the Berlin crisis; or he might manufacture some pretext, as, for example, some charged, unauthorized action by a Soviet official or officials.

2. Cancellation of Recently Concluded Trade Deals and Refusal to Conclude Other Deals.

The trouble with this action is that we would to a large degree be cutting off our noses to spite our faces. The Department has authorized these deals because they will be of definite assistance to Japanese recovery. It is generally agreed, moreover, that Japan must over the long run develop a substantial trade with Soviet-dominated areas in Northeast Asia if it is to achieve a self-supporting economy

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economy at reasonable consumption levels. While cancellation of these trade deals would hurt the Soviets in some degree, it would be so generally recognized as being to our disadvantage too that the psychological and propoganda value of the action would be much reduced.

As to the legality of the action, there is an implied, even if not formally stated, obligation on SCAP not to discriminate in trade matters among the Allies whom he represents. There are, however, numerous grounds on which SCAP might legitimately cancel the Soviet contracts. He might claim, for example, that the action was necessitated by Japanese internal economic conditions, or that it had been decided that other Allied nations had more urgent need of the products which Japan had agreed to export to the Soviet Union.

3. Termination of all Sea, Air and Tele- Communications between the Soviet Member of the Allied Council and his Staff and the Soviet Union.

The Moscow Agreement of December 1945 provides in the section on the Allied Council for Japan, that "Each member shall be entitled to have an appropriate staff consisting of military and civilian advisers." On the basis of this provision the Soviet Member of the Allied Council now has a staff of 200 officials, some of whom have dependents with them. These officials are accredited to the Allied Council, and not to SCAP. They are unique in this respect in that practically all other Allied officials in Japan are accredited to SCAP -- all, I believe, except three or four Chinese officials who are accredited to the Allied Council.

It will be noted in the above quoted passage from the Moscow Agreement that there is a certain similarity between the legal status of our forces in Berlin and that of the Soviet Member of the Allied Council and his staff in Japan. Just as at the time of the Potsdam Agreement it was not considered necessary because of the greater mutual trust then prevailing to state specifically that our forces in Berlin should have certain transit rights through the Soviet Zone, so it was not considered necessary at Moscow later in the same year specifically to state that the various members of the Allied Council should have guaranteed rights of communication between Japan and their own countries. "Legal" justification may therefore exist for an instruction to General MacArthur as CINCFE to cut off all

water

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water communications between the Soviet Member of the Allied Council and his staff in Japan and the Soviet Union.

Mr. Sebald points out in the attached wire, however, that only five Soviet vessels arrived in Japan during the year prior to April 1948 in support of Soviet official personnel in Japan. The effect of the above action would therefore not be immediately felt by Soviet representatives in Japan, and might never be felt if they developed a small-scale replica to and from Japan of our air-lift to Berlin. It would seem necessary therefore, if our action is to have real effect, to accompny the ship embargo by an air embargo and, to make things really hurt, to cut off all cable and other telecommunications between the Soviets in Japan and the Soviet Union. If SCAP were then to cut off the yen funds which he now allots the Soviet representatives in Japan on a regular basis, he would leave them completely without resources, except for what they might smuggle in. It is clear, however, that an air and telecommunications embargo should not be adopted unless and until the Soviets take these or similar measures against us in Berlin, or they would simply cause instant retaliation by the Soviets against us there with unforeseen consequences.

4. Enforced Reduction in the Number of Soviet Officials in Japan.

As above stated, there are some 200 Soviet officials in Japan, compared with 128 Chinese officials, the next largest number. Also, as just stated, these officials are accredited to the Allied Council rather than to SCAP. The legal basis for their presence in Japan rests on the above quoted phrase from the Moscow Agreement stating that each member of the Allied Council shall be entitled to have an appropriate staff. It would seem entirely possible for SCAP to take the position that, in view of the considerably larger Soviet representation in Japan than other Allied countries', and in view of the shortage of accomodations in Japan, the Soviet Member of the Council's staff was considerably larger than appropriate and must be reduced by a prescribed number. He might go so far as to say that it must be reduced to the same number of officials as China has accredited to the Allied Council, which would be only three or four. If the Soviets then requested accreditation of their officials to SCAP, SCAP could insist that their numbers be no larger than those of other missions in Japan accredited to him, which would mean that they could be no

larger

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larger than the Chinese Mission, comprising 128 officials.

In considering any of the above possibilities for retaliation against the Soviets, we should not forget that there is at least one means of indirect retaliation which the Soviets might exercise against us in Japan, namely, their power to refuse to continue even the present slow rate of repatriation of Japanese from Soviet-dominated areas. This consequence of almost any retaliatory action which we might take must be considered from the point of view of its effect on the attitude of the Japanese toward the U.S., as any U.S. action leading to the termination of repatriation from these areas might occasion considerable bitterness toward us in Japan.

RAF

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DEPARTMENT OF THE ARMY
STAFF MESSAGE CENTER
OUTGOING CLASSIFIED MESSAGE

DIVISION OF NORTHEAST ASIAN AFFAIRS
AUG 11 1948
DEPARTMENT OF STATE

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PARAPHRASE NOT REQUIRED. ~~CONFIDENTIAL~~ HANDLE AS CONFIDENTIAL CORRESPONDENCE
PER PARAS 501 & 60a (4), AR 380-5

CAD Lt Col Love, 71748

7 August 1948

SCAP

Number: WAR 87238

From CSCAD cite PG.

Para 1. Understood here that under existing SCAP policy claims by Japanese natls against occupations pers for tortious acts (other than cases under AW 105) are investigated to determine liability, if any, and thereafter held for future disposition. Extended duration of occupation and improbability of obtaining treaty of peace at an early date indicates number of such claims now and hereafter so accumulated may be substantial. Indefinite postponement of redress to claimants might result in hardship or be considered inconsistent with our objectives. Para 2. State and Army request your comment on desirability of establishment of adm procedures whereby such claims when meritorious would be paid by appropriate Japanese agency from funded Yen as an occupation cost on some basis similar to that extant in other occupied areas.

ORIGINATOR: CAD

DISTRIBUTION: OUS, JAG, BUD

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, U.S.C., SECTIONS 793 AND 794. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

CM OUT 87238 (Aug 48) DTG 0718502Z

jvk

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

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TOP SECRET
Classification
approved by
H. M. Bemis
Deputy Director, FE
8-6-48

AUG 11 1948

TOP SECRET

No. 132

To the
Acting United States Political Adviser for Japan,
Tokyo.

The Secretary of State encloses for the information of the Acting Political Adviser a copy of SANACC STATUS OF PAPERS, dated 31 July 1948.

Enclosure:
✓ 1. STATUS OF PAPERS,
31 July 1948, copy no. 40.

DOD NE Unit
mgS
Walsh

A true copy of the signed original.

TOP SECRET

AUG 10 1948 P.M.

FE:HSTumas
8-6-48

740.00119 CONTROL (JAPAN)/8-1148 A/MJS
TOP SECRET FILE
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Form DS-302
(7-2-46)

JMA

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TELEGRAPH BRANCH

DEPARTMENT OF STATE

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DIVISION OF
NORTHEAST ASIAN AFFAIRS

INCOMING TELEGRAM

AUG 13 1948

DEPARTMENT OF STATE

PLAIN

Control 3815

Rec'd August 12, 1948
11:47 a.m.

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Action: FA
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FROM: Moscow

Office of
FAR EASTERN AFFAIRS
AUG 13 1948
DIRECTOR
Department of State

TO: Secretary of State

NO: 1596, August 12.

Soviet press August 12 carries one-column Tokyo Tass despatch headlined "violation by American occupying authorities of Potsdam Declaration and decisions Far Eastern Commission concerning question democratization of Japan" referring to MacArthur's July 22 letter to Ashida which allegedly demanded legislation forbidding strikes by government employees. Article quotes Kislenkov's August 11 letter to MacArthur on this subject.

Sent Dept 1596, Dept pass Tokyo 21.

WWA:ECW

Note: Relayed to Tokyo 8/12/48- 12:14 p.m. HEF

PLAIN

740.00119 CONTROL (JAPAN)/8-1248

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AUG 17 1948

DMR

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STANDARD FORM NO. 64

CONFIDENTIAL

FO-0-Records

Office Memorandum • UNITED STATES GOVERNMENT

TO : O - Mr. Wisner

FROM : O - Mr. Ray

DATE: August 13, 1948

SUBJECT: Two Texts of Draft Message to SCAP on Cabinet Labor Ordnance.

The Army draft (TAB A) differs from agreed State-Labor draft (TAB S-L) as follows:

1. In A, the Army disassociates itself from substantive criticism of the Japanese Cabinet ordnance. This criticism is ascribed only to State, Labor and organized labor in the U.S. Army takes the independent position that "we have assured other agencies that ... these aspects ... are being studied by SCAP and the Japanese Government and feel that final solution will be worked out..."

Comment:

It is undesirable and inappropriate, in a matter of such importance, for divergent positions to be taken in the same message by departments of the U.S. Government. It would seem preferable to reconcile these positions by negotiation or at the Cabinet level if necessary. Failing such reconciliation, it would seem appropriate for the views of State and Labor (the departments respectively and finally responsible for U.S. foreign and U.S. labor policy) to be transmitted without Army comment, either through Army channels or otherwise.

2. In Text A, the views of State and Labor on the Japanese Cabinet ordnance are weakened by reference to them as being based primarily on "press reports" and "interpretations", the correctness of which is hypothetical. Futhermore, the positive conclusion drawn by State and Labor as to the consequences of allowing this ordnance to stand unmodified is softened to an expression of "considerable concern" and a request for SCAP's "views on these matters".

3. Text A omits the following significant points made in S-L:

(a) That the Japanese Cabinet ordnance appears "to be in violation of U.S. and FEC labor policy in Japan".

Comment:

This is a considered conclusion based upon careful study of pertinent documents by State and Labor.

(b) That it has caused concern to organized labor not only in U.S. but also "in other countries associated with U.S. in occupation."

Comment:

This is a considered conclusion based upon official cables, conferences and reliable press reports.

CONFIDENTIAL

(c) That 2817.1

740.00119 Control (Japan)/8-1348

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

(c) That "development of responsible democratic unionism ... as you fully appreciate, is in the long run best guaranty against Communist appeal to rank and file of workers."

Comment:

By omitting this point, Army appears to disagree with this policy view which is strongly held by State-Labor.

4. Text A further omits the following positive interpretations of existing directives, which are considered by State and Labor to be important to communicate, in view of their evident mis-interpretation by the Japanese Cabinet:

(a) That "Japanese Government should allow collective bargaining rights to ... industrial or non-civil service employees..."

(b) That "Japanese Government should ... not deny strike rights where there is no danger to public interest."

(c) That "In other cases - i.e. railroads - there should be arrangements for binding arbitration or unresolved issues to prevent stoppages against public interest."

5. Text S-L concludes with the enquiry "what plans have you made to rectify the situation along these lines." This language indicates that the situation is unsatisfactory, assumes that SCAP is moving to rectify it, and asks information on his plans. Text A describes State and Labor as "most interested in obtaining your views on these matters and information as to any action contemplated by you." Text A separately states, on behalf of Army, that "the interest and concern here require that we be kept up to date as to your plans and thoughts on these matters, "and requests"..."soonest your views and comments."

Comment:

As noted above, the distinction drawn between the S-L position and the Army position is undesirable. Efforts are being made to reach a three-Department agreed wording of the request to SCAP. If this proves impossible, it would appear desirable for the State-Labor request to be communicated as such to SCAP.

Recommendations:

1. That interdepartmental working level efforts to reach an agreed text for joint dispatch continue until a deadline which might, in view of the rapid developments in Japan, be the close of business today.

2. That the Under Secretary of State and the Secretary of Labor should confer to determine whether, failing an agreed State-Labor-Army text:

(a) the issue should be referred to the White House for decision

(b) a State-

CONFIDENTIAL

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

(b) a State-Labor text should go to SCAP independently of any Army comments.

(c) State and Labor should acquiesce in a single message reflecting State-Labor position and Army position separately.

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

STATE-ARMY-NAVY-AIR FORCE COORDINATING COMMITTEE
Washington, D. C.

SANA-6198
13 August 1948

MEMORANDUM FOR THE SECRETARY OF STATE:
(Attn: Mrs. A. L. Dunning, NA)

Subject: Directive Regarding Attendance at Inter-Governmental Conferences

References: a. SANA-6134 (16 Jun 48)
b. SANA-6146 (23 Jun 48)

You are advised that Serial No. 91, copies of which were trnasmitted to you by reference b, has been downgraded to UNCLASSIFIED.

For the State-Army-Navy-Air Force Coordinating Committee:

H. W. MOSELEY
Secretary

DIVISION OF
NORTHEAST ASIAN AFFAIRS
SEP 3 1948
DEPARTMENT OF STATE

FILED
SEP 15 1948

740.00119 CONTROL (JAPAN)/8-1348

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Form DS-302
(7-2-46)

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

INCOMING TELEGRAM

PLAIN

DIVISION OF
NORTHEAST ASIAN AFFAIRS
AUG 17 1948
DEPARTMENT OF STATE

Control: [illegible]

Rec'd August 17, 1948
1:40 a.m.

OFFICE OF FAR EASTERN AFFAIRS AUG 17 1948 DIRECTOR Department of State

13

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FROM: Shanghai

TO: Secretary of State

NO: 1820, August 17

Following is Central News Agency item datelined Tokyo August 13:

"The Japanese people should not be condemned to 'internal beggary' rather they should be allowed the industrial tools needed to feed clothe and house themselves, William Sebald, SCAP's Political Adviser and chairman of the Allied Council declared at the Blackship Festival.

The ninth Blackship Festival was held today at Shimoba where Commodore Perry led the American fleet into Japan in 1853.

Sebald speaking on the occasion said the United States 'seeks no material gain' in Japan. He pointed out the United States has been giving economic aids to Japan.

Sebald added immediately 'we do not seek to build up one country against or at the expense of another.

Uncounted millions of dollars have been spent and uncountable work has been devoted by the US and its citizens to helping many countries gravely hurt by the devastation of war. To our allies have gone the bulk of such assistance as we have been able to give'.

Although advocating Japan should be allowed the tools to clothe and house themselves, Sebald said 'we share with our allies that those industrial tools shall never again be turned to war'.

Vice Admiral R.S. Berkey, new commander of the naval forces in the Far East, also speaking on the same occasion said the US with no 'thought of revenge or recompense' poured tremendous

AUG 19 1948

740.00119 CONTROL (JAPAN)/8-1748

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tremendous effort into the restoration of Japan 'because of the conviction that peace of the world depends not upon the domination of many nations by one but upon a prosperous community of nations equal regardless of sex and dedicated to the cause of peace.

Commodore Perry's 'Blackships' first opened the closed door of Japan in the 19th century and later led to the first US-Japanese treaty signed by Townsend Harris".

Sent Tokyo 159, repeated Department 1820.

CABOT

JMS:CWD

PLAIN

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(31)

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ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation 740.00119 CONTROL (JAPAN) / 8-1848

DESP.# C63094

Date 18 August 1948

From GHQ SCAP Tokyo Japan

To Dept of the ARMY, Wash DC

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

☑ Security-Classified Information

☐ Otherwise Restricted Information

UK / 1948
Authority

5 July 1978
Date

GG

GSA FORM 7117 (2-72)

GENERAL SERVICES ADMINISTRATION

GSA DC 72-10421

WITHDRAWAL NOTICE

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

THIS DOCUMENT CONSISTS OF 2 PAGES,
COPY NO. 1 OF 1 SERIES B

~~TOP SECRET~~

AUG 19 1948

740.0011G CONTROL (JAPAN)/8-1948

My dear Mr. Draper:

This is in reference to the matter of disposal of certain stocks of radioactive materials found in Japan following the occupation and held by SCAP in impoundment since early 1946, under a directive issued by the Joint Chiefs of Staff. No information with respect to the existence of these materials has been furnished to the other countries on the Far Eastern Commission except as noted below.

Through agreement among this Department, the Atomic Energy Commission, and the Department of the Army, represented by Plans and Operations, General MacArthur has recently been instructed to ship to this country or otherwise dispose of, under proper security safeguards, all of these materials with the exception of a small lot of approximately 275 pounds of uranium oxide. It is expected that shipment of the materials of interest to the Atomic Energy Commission will be made before the end of the current month.

Notice of the impoundment of the subject lot of uranium oxide was given to the Far Eastern Commission through filing of JCS Directive No. 42 to SCAP which is herewith quoted in its entirety: "Interim Directive to the Supreme Commander for the Allied Powers Issued Under the Provisions of Paragraph III, 3, of the Terms of Reference of the Far Eastern Commission. Disposition of Uranium Oxide Impounded by the Supreme Commander for the Allied Powers. The State, War, and Navy Departments request that you continue to impound the 275 pounds of uranium oxide impounded to date, except that you may, at your discretion, release such quantities of the material as you may determine to be suitable for use in the ceramics industry."

This

The Honorable
William H. Draper, Jr.,
Under Secretary of the Army,
Department of the Army.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
ERDA ltr 10 Apr 1975; Stl ltr 15 July 75
By jgs NARS, Date 8-20-75

Per 52/9 740.0011 Control (Japan) 7-2345/46 JMSWNCC

~~TOP SECRET~~

~~TOP SECRET FILE~~ Aug 19 1948

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This directive was issued after careful consideration of the problem of disposal of the uranium oxide by the State-War-Navy Coordinating Committee as recorded in SWNCC paper 52/13, April 26, 1946. It was concluded that to take unilateral action at that time to destroy the material was inadvisable and that such action might cause unfavorable political repercussions.

In view of the fact that official notice has been given to the FEC of the existence of this material and that the quantity is of insignificance to the AEC's program, it did not and still does not seem desirable to include it in the other materials being brought to the United States. In order, however, to absolve SCAP of the administrative responsibility of continuing to impound this one small lot of radioactive material which will remain in his custody after compliance with the instructions recently issued, the Department has reviewed the disposal question. It appears that outright destruction of the material might not only provoke unfavorable criticism but might also arouse suspicions and stimulate questions on the part of other Governments concerned. It is therefore the view of this Department that SCAP should be instructed to expedite release of the uranium oxide for use in the Japanese ceramic industry as already authorized under Directive No. 42 and under any safeguards deemed necessary by him, and to make unobtrusive revelation of this action to representatives in Japan of at least some of the member governments of FEC. If you concur, I request that an appropriate message be sent to SCAP embodying the above conclusions.

Sincerely yours,

Frank G. Wisner
Deputy Assistant Secretary
for Occupied Areas

AUG 19 1948

L FE

Cleared with
AEC, Mr. Hall and
Col. Lawlor, Plans
and Operations, Army

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O:PPClaxton
8/16/48

cc: AEC, O

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ACTION
is assigned to

UNITED STATES POLITICAL [illegible] DIVISION OF NORTHEAST ASIAN AFFAIRS
FOR JAPAN

SEP - 3 1948

No. 541 Tokyo, August 19, 1948.

DEPARTMENT OF STATE

UNCLASSIFIED

Subject: Sixty-sixth Meeting of the Allied Council for Japan, August 18, 1948.

740.00119 Control (Japan)/8-548
D/A FE
OIFD Ha

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 495 of August 5, 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-sixth meeting of the Council held on August 18, 1948.

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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-fifth meeting.

DC/R

Enclosures: att' 1ea w/orig

1. Five copies of Agenda, Sixty-sixth Meeting of the Allied Council for Japan, August 18, 1948.

2. Five copies of Corrected Verbatim Minutes, Sixty-sixth Meeting of the Allied Council for Japan, August 18, 1948.

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DEPARTMENT OF STATE

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Original and ozalid to the 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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66-818

AGENDA

for the

SIXTY-SIXTH MEETING

ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo,
Wednesday, 18 August 1948, at 1000 Hours

I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE SIXTY-FIFTH MEETING (1 Session, numbered 65-804).

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

13 August 1948

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

66-818

CORRECTED

VERBATIM MINUTES

of the

SIXTY-SIXTH MEETING

ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 18 August 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

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

SECRETARY-GENERAL

Colonel Thos. G. Dobyns

Office of the Secretariat
Allied Council for Japan
18 August 1948

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

THE CHAIRMAN: The meeting will please come to order.

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

Are there any procedural matters? (Pause)

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

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

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INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH
SEP 31 1948
DEPARTMENT OF STATE
Office of FAR EASTERN AFFAIRS SEP 1 1948 DIRECTOR Department of State

UNCLASSIFIED

AIRGRAM 4878

FROM USPOLAD, Tokyo

Dated: August 20, 1948

Date of mailing: August 20, 1948

Rec'd: Aug. 31, 1948 2:38 pm

Secretary of State,

Washington.

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A-172, August 20, 1948.

Lieutenant General Kuzma N. DEREVYANKO, Soviet Member, Allied Council for Japan, is due to arrive in Tokyo by air from Vladivostok about 2:00 p.m. August 21, 1948. General Derevyanko first came to Japan in January 1946 but returned to the Soviet Union in July 1947. During the General's long absence, Mrs. Derevyanko has remained in Tokyo, and there was no other indication of his probable return to Japan until several days ago when clearance for two Soviet aircraft was requested. It was stated in the request that General Derevyanko would be a passenger in one of these planes.

SEBALD

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SEP 15 1948
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DEPARTMENT

LIAISON OFFICE
SEP 8 1948

CONSULATE GENERAL

DIVISION OF
NORTHEAST ASIAN AFFAIRS

SEP 15 1948
DEPARTMENT OF STATE

ACTION
is assigned to

UNCLASSIFIED

No. 71

Peiping, China, August 23, 1948

SUBJECT: Editorial from Kalgan (China) Newspaper Attacking America's Japanese Policy.

The Honorable
J. Leighton Stuart,
American Ambassador,
Nanking.

Sir:

I have the honor to enclose an English translation of an editorial from the Min Sheng Pao, Kalgan, of August 14, 1948, which attacks America's policy in Japan. Its distortion of the facts and its inflammatory tone are readily apparent.

The editor of the Min Sheng Pao is Mrs. CH'EN Feng-chang, whose husband Mr. CH'EN Feng-chuan is currently Director of the Bureau of Education and Culture of the North China Bandit Suppression Headquarters. Mr. Ch'in was formerly Mayor of Kalgan. It has been noted in recent weeks by this office that the editorial policy of the Min Sheng Pao has been consistently critical of America and American motives.

Respectfully yours,

Joseph I. Touchette
American Consul

Enclosure:

English translation of editorial from Min Sheng Pao, Kalgan, of August 14, 1948.

File No. 800

LHLutkins:alm

Original to Embassy, Nanking.
Copy and hectograph to Department.
Copy to Mukden, Tientsin, Shanghai.

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Enclosure No. 1 to Despatch No. 71, dated August 23, 1948, from Peiping, China, on subject of "Editorial from Kalgan (China) Newspaper Attacking America's Japanese Policy".

TRANSLATION FROM CHINESE PRESS

Min Sheng Pao, Kalgan
14 August 1948

COMMENTING ON THE AMERICAN POLICY OF SUPPORTING JAPAN

(An Editorial)

The enemy of China in Asia is Japanese militarism. This is because as long as militarism exists in Japan, China will remain a victim of Japanese enslavement. Guided by reactionary militarism, the 70,000,000 Japanese tried to enslave China and endanger the peace of East Asia during the past century. As a result, tragic wars broke out between the two countries. Now war has just been concluded, but the thought, as well as the system, of Japanese militarism still exists. Facing the reality of a possible revival of Japanese aggression, how can the Japanese people pretend to ignore its factual existence?

All the measures taken by General MacArthur in Japan since the conclusion of the last war show that everything possible has been done to support Japanese militarism. During the past several years, the system of Japanese militarism has not only not been undermined but has been strengthened. The psychology of Japanese militarism has not only not been exterminated but has been inteisified. The Japanese munitions industry, which is a threat to peace, has not been dismantled and converted to peace industries. On the contrary, it is right now being built up. Such facts certainly cannot be obliterated by deceitful propaganda.

We believe that peace in Asia constitutes the foundation of world peace. The history of the past twenty years has proved the truth of this statement. Even though the leaders of America and General MacArthur might be able to forget the humiliating incident of Pearl Harbor, the Chinese people, after undergoing all its heartrending sufferings, will certainly find it impossible to forget the tragic incidents that have taken place during the past 200 years.

A struggle between democratic and totalitarian forces, between two different ways of living, is being carried on throughout the world today. After being defeated, Japan changed over and donned a democratic overcoat. She sneaked into the democratic camp and is employing deceitful and treacherous tactics to develop her militarism. Theoretically speaking, in extending support to Japan America aims to checkmate the totalitarian powers in Eastern Asia. Nevertheless it seems that American leaders do not consider whether this checkmate will be able to perform its task in the fight against the totalitarian bloc. We dare categorically to predict that until the system of militarism is exterminated, it will be most difficult for Japan to cooperate with the democracies. This has already been proved by past events.

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The action of Germany under Hitler's leadership also substantiates our prediction. If we are to ignore the lessons of history, peace in East Asia will continue to be frustrated by Japanese militarism.

Today, remembering all the lessons of history, we are obliged resolutely to oppose America's Japanese policy and the measures adopted by General MacArthur during the past several years. To support Japan is tantamount to arming China's enemy. For the sake of avoiding another catastrophe, for the sake of protecting peace in East Asia and the world, every conscientious Chinese must show his resolute opposition to the American policy of supporting Japan. (Abridged translation)

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(7-2-46)

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COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

INCOMING TELEGRAM

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Office of
FAR EASTERN AFFAIRS
AUG 25 1948
DIRECTOR
Department of State

DIVISION OF CHINESE AFFAIRS
AUG 25 1948
DEPARTMENT OF STATE

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Control 8397

Rec'd August 25, 1948
5:29 a.m.

FROM: Shanghai

TO : Secretary of State

NO : 1884, August 25

Following extract from **daily press** summary for August 25: TA KUNG PAO (IND POLSC 55000) commenting on General Chang Chun's visit to Japan says purpose is to report on occupation record. In rehash of previous charges says US has not denied that it is planning to convert Japan into the "arsenal of the Far East" and the "anti-Communist bulwark of the Far East." Makes these points first "General MacArthur should not have the interests of the US alone at heart, should not rehabilitate Japan's war industries, and should not make war preparations in Japan". Second "We oppose the strike plan and the Draper plan. Even if we cannot make good use of the industrial equipment received from Japan as reparations we should get it just the same for otherwise we could not do justice to the people before the signing of the peace treaty, Japan is still our enemy so there should be no direct diplomatic relations between her and our country nor should there be economic cooperation between the two countries." In another editorial commenting on local Okamura trial same paper complains that long list of war criminals in Japan have been given light sentences or gone unpunished including Hirohito. Says Tojo "has been accorded special treatment in Sugamo prison and so has gained in weight" concluding that "the war against Japan seems to have been **almost** forgotten."

Sent Tokyo 167, repeated Dept 1884.

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SEP 10 1948

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DIVISION OF
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DEPARTMENT OF STATE

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DIVISION OF
NORTHEAST ASIAN AFFAIRS
AUG 26 1948
DEPARTMENT OF STATE

Control 8739

Rec'd August 25, 1948
11 p.m.

Office of
FAR EASTERN AFFAIRS
AUG 26 1948
DIRECTOR
Department of State

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FROM: Moscow

TO: Secretary of State

NO: 1742, August 25, 1 p.m.

Continuously mounting wave of Tokyo Tass despatches attacking MacArthur-Ashida labor policies, bearing headlines "American Tokyo and Jap police suppress strikes", "mass arrests of strikers", "reaction on debauch", reached crest in two and half column PRAVDA article August 24 "orgy of reaction in Japan" by A. Varshavski.

Article replete with most extreme and absurd assertions resorted to by Soviet press in treatment Japan in recent months. Charging occupation staff not concealing hatred for "mass democratic movement", suppressing democratic forces, secretly arming Japan to transform her into American springboard by maintaining Jap troops under guise "agricultural colonies", article harks back to Draper mission, asserting American press forced admit that onslaught on trade unions, Communist Party, working class is practical implementation rapacious demands of American monopolies expounded in Draper's report. Article concludes that reactionary alliance of US and Jap militarists and businessmen is aimed against interests Jap masses and foundations peace and security throughout world.

Sent Department 1742, Department pass Tokyo 23.

SMITH

NOTE: Passed Tokyo 8/25/48, 11:30 p.m. JRC

EHL:ALH

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SEP 8 - 1948
DEPARTMENT OF STATE
FE/CCL
RECORDS OFFICE

740.00119 CONTROL (JAPAN)/8-2548

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AUG 31 1948

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NO. 765

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ACTION is assigned to FE

AMERICAN CONSULATE GENERAL

SHANGHAI, CHINA, AUGUST 25, 1948.

SUBJECT: STATEMENT ON JAPAN BY L.C. HAYLEN, AUSTRALIAN MEMBER OF PARLIAMENT.

DIVISION OF NORTHEAST ASIAN AFFAIRS SEP 23 1948

RECEIVED DEPARTMENT OF STATE 1948 SEP 2 AM 8 DC/M

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to report that Leslie C. Haylen, Australian Member of Parliament, en route to Australia from Japan, called on me on August 17 in the company of Major O.C.W. Fuhrman, Australian Consul General at Shanghai. During the conversation he spoke of the favorable impression he had gained of SCAP occupation policies during his recent inspection tour of Japan as head of a seven-man Australian delegation.

As sections of the Chinese public and press, in waging their campaign against American policy in Japan, have featured adverse statements made by certain Australian officials, notably MacMahon Ball, former Australian representative on the Allied Council for Japan, in order to create the impression that Australia is also opposing American aims and actions in Japan as being inimical to the interests and security of Far Eastern countries, I saw that Haylen's visit could be turned to good account in counteracting this feeling and arranged indirectly for him to be interviewed by the press. Shanghai's four English language papers published on August 22 a United Press despatch covering this interview, a copy of which is enclosed. With the exception of the Sin Wen Pao, none of the local vernacular papers carried the item. As will be noted, Haylen stated that he considered SCAP occupation policies good and sound and not "too soft" but that he favored a long-term military occupation (20 years) "to make sure that democracy has taken root and militarism has been sloughed off." He was further quoted as saying "I also think that other Pacific area nations should not be hyper-sensitive about the experiment undertaken by the United States to educate Japan into democracy. I do not think any other nation is courageous enough to try."

Mr. Haylen mentioned to an officer of USIS that upon his return to Australia he would prepare a series of articles on Japan

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No. 765 to Dept., from Shanghai, August 25, 1948.

on Japan for publication and readily agreed to the request that this office be supplied with copies of the material for use locally.

Respectfully yours,

John M. Cabot
American Consul General

Enclosure: att'
1. U.P. despatch published August 22.

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Copy to Nanking
Copy to Tokyo

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Enclosure to despatch no. 765 to Dept. from Shanghai, August 25, 1948.

"U.S. Believed doing good job in Japan.

Shanghai, Aug. 21. (UP)--Leslie C. Haylen, member of the Australian Parliament who led a seven-man Australian delegation on an inspection tour of Japan, today said he believes the Americans are doing a good job in Japan, but that military occupation would continue another 20 years.

He said he believes a 20-year Allied military supervision of Japan is necessary "to make sure that democracy has taken root and militarism has been sloughed off."

Haylen stressed, however, that it was purely his personal opinion that occupation forces should not be withdrawn for many years. He said that some other Allied quarters and even members of his delegation think occupation should end much earlier. He explained that his views represented a 'tough' Australian attitude regarding the Japanese, 'whose sincerity I doubt because there has been no evidence aside from official statements.'

Local Refugee Groups

In company with F. Penhalluriack, official of the Australian Immigration Department, Haylen stopped off in Shanghai to get information on refugee groups who are seeking to go to Australia. They left here this morning by plane for Australia.

Haylen said that in Japan he and other delegates met with General Douglas A. MacArthur, and with the Japanese Emperor 'whose retention as the constitutional head of Japan must be watched.'

'We also met some of the old guard who are seeking to re-establish Japanese supremacy in the Pacific, and some younger generals in whom Japan's hopes for a democratic outlook reside.'

Sound Policy

Haylen termed the American occupation policy good and sound, with a realistic long-term master plan for making Japan a democratic and peaceful nation.

'I also think,' he said, 'that other Pacific area nations should not be hyper-sensitive about the experiment undertaken by the United States to educate Japan into democracy. I do not think any other nation is courageous enough to try.'

He added he does not think American policy is 'too soft, but nevertheless' the success of the experiment must

be safeguarded

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be safeguarded by a lengthy occupation, since it is a tremendous job and it will be a long time before the Japanese become democratic as we know it.'

Recovering Rapidly

The Japanese are working hard and are recovering rapidly, Haylen said.

'Communism does not appear to be gaining in influence, but there is a thread of active Communism in labor unions, and Government activity is combating it.'

He said he found the Japanese plea for emigration because of the pressure of population 'not altogether honest.' He explained that on the one hand, the Japanese have not proved they are good emigrants. He pointed to Manchuria as an example. He added that on the other hand, the island of Hokkaido is underpopulated and is capable of taking at least 6,000,000 Japanese in a legitimate program of expansion."

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STANDARD FORM NO. 64

CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Weber and Col. Ken Fortier (OPD) informed 7 conclusion, 9 or 10 Sept. Orvis told 10 Sept to deal directly with Foster + Bob and NSC.

TO : O - Mr. Saltzman PC

FROM : E - Mr. Nitze PHN

DATE: August 30, 1948 PC

SUBJECT: Submission of Rehabilitation Items in the FY 1950 Japanese Appropriation Request to the National Advisory Council.

1. The Problem. It has become apparent that personnel on the working level in the Army Department hope that the rehabilitation items in the Army Department's proposed FY 1950 Japanese appropriation request (these items represent about $225,000,000 out of a total budget of $637,000,000) will not be submitted by the State Department to the National Advisory Council, as were the rehabilitation items ($144,000,000) in the Japanese FY 1949 rehabilitation appropriation request. These persons hope that, when the Army Department formally submits the proposed 1950 request in final form to the State Department for comment (probably in September), the State Department will approve the request without referring it to the NAC. Since the Army Department has agreed that State, rather than Army, is to submit appropriate matters concerning the occupied areas to the NAC, this inaction on the part of State would prevent further inter-departmental consideration of the request except in so far as such consideration might later be requested by the Bureau of the Budget.

2. Conclusions. It is believed, however, that the State Department should submit the proposed FY 1950 appropriation request to the NAC, immediately upon receiving it in final form from the Army Department, for the following reasons:

(a) It is appropriate for the NAC to consider the financing of a long-run Japanese rehabilitation program. In a letter to those U.S. Government officials concerned with the occupied areas, dated March 14, 1947, the Chairman of the NAC requested, with concurrence of the State member of NAC, that "in the future all proposed loans and financial, exchange or monetary transactions relating to these areas be submitted to the Council for its consideration pursuant to the statutory requirement." The Chairman added: "The Council would not desire, at least for the present, prior consultation in connection with requests for or use of funds appropriated by Congress to cover 'disease and unrest' imports into occupied areas." In an answer dated May 10, 1947, the Secretary of State said: "It is my understanding that information respecting most, if not all, of the transactions which have already taken place and are of concern to the Council has been or will be supplied direct to the Council by the War Department... This Department will, however, be pleased to supply such additional information as may be determined to be appropriate and will provide information to the Council on the same basis in the future." In his answer, dated May 12, 1947, the Secretary of War also said: "It is expected the Department of State will submit all proposed loans and financial transactions affecting these occupied areas to the Council for its consideration."

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(b) The Bureau of the Budget is likely to want an NAC advisory opinion with respect to the rehabilitation items in the FY 1950 appropriation request. Considerable delay in processing the FY 1949 rehabilitation appropriation resulted from the fact that it was not submitted to the NAC until some time after it had been submitted to the Bureau of the Budget. The Bureau of the Budget then refused to act on the request until the NAC could furnish advice with respect thereto. It would seem desirable to avoid such delay this year, by submitting the rehabilitation items in the 1950 appropriation request to the NAC as soon as that appropriation request is received by the State Department from the Army Department.

3. Recommendation. It is therefore recommended that O, upon receiving the proposed FY 1950 Japanese appropriation request in final form from the Army Department, advise Mr. Draper that the rehabilitation items contained in this request are being submitted by the State Department to the NAC. There would seem to be no reason to raise the issue with Mr. Draper until that time.

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER
FOR JAPAN

Tokyo, August 31, 1948.

UNCLASSIFIED

Subject: Minutes of Sixty-seventh (Special) Meeting of the Allied Council for Japan, August 28, 1948.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to this Mission's despatch no. 541 of August 19, 1948 and to previous correspondence concerning the Allied Council for Japan and to forward herewith five copies of the Corrected Verbatim Minutes of the sixty-seventh (special) meeting of the Council held on August 28, 1948.

As Chairman, I called the meeting by giving twenty-four hours' notice to the Members at the request of the Acting Soviet Member, who had by letter dated August 27, 1948 proposed that the Council discuss the substance of a letter of July 22, 1948 from General Douglas MacARTHUR to the Prime Minister of Japan concerning revision of the National Public Service Law; copy of the letter dated August 27, 1948 is enclosed. 2/

The Acting Soviet Member read a prepared statement, which first referred to provisions of the Potsdam Declaration and two policy decisions of the Far Eastern Commission--Basic Post-Surrender Policy for Japan and Principles for Japanese Trade Unions--stipulating that obstacles to the strengthening of democratic tendencies in Japan must be removed and conferring upon labor unions the right to organize freely and to engage in political activity. Following the tenor of the Acting Soviet Member's letter to the Supreme Commander for the Allied Powers, dated August 11, 1948 (this Mission's despatch no. 527 of August 17, 1948), the statement alleged that the American Occupation authorities and the Supreme Commander, whose duty it is to carry out the Potsdam Declaration and Far Eastern Commission policy decisions, were creating obstacles in the way of labor unions and democratic organizations.

It was then stated that the letter of July 22, 1948 from the Supreme Commander to the Prime Minister of Japan (this Mission's despatch no. 465 of July 24, 1948) was in violation of the Far Eastern Commission's policy decision establishing principles for Japanese trade unions because it directed the Japanese Government to prohibit by law collective bargaining between the Government and its employees. The statement also referred to the Cabinet Order issued by the Japanese Government on July 31, 1948 (this Mission's despatch no. 503, August 10, 1948) as a result of the Supreme Commander's letter

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letter and listed several incidents and cases of arrest that had occurred after issuance of the Cabinet Order.

The Acting Soviet Member concluded by proposing that the Supreme Commander's "directive" of July 22 be withdrawn, that the July 31 Cabinet Order of the Japanese Government be rescinded, and that reprisals against workers be stopped.

I opened my answering statement by emphasizing that this entire problem had already been thoroughly and publicly considered. I commented that the Soviet statement had ignored the requirement of the Potsdam Declaration that there be established in Japan a "freely inclined and responsible government," the very objective the Supreme Commander is serving, and I observed that the main Far Eastern Commission policy at issue was limited to trade unions and had no bearing upon public service. I then described the experiment tried by the Supreme Commander in applying identical principles to public servants and workers in private enterprise; this experiment failed because irresponsible labor leadership, particularly that of the transportation and communications unions among the government workers, had twice forced the Supreme Commander to stop threatened general strikes and was again threatening a general strike which had been projected for August 7 of this year.

After observing that the Supreme Commander's letter was designed to stabilize the public service of Japan and was intentionally phrased as a suggestion rather than as a directive in order to encourage the Japanese Government to exercise its own initiative, I emphasized that the Occupation is entirely friendly to labor and had restored the free trade union movement in Japan even prior to the receipt of detailed directives from Washington. The coercive connotation of the term "collective bargaining" as used by the Supreme Commander and the Japanese Government was noted, and the procedure for negotiation within the framework of the National Personnel Authority described.

In conclusion, I stated that the Supreme Commander's letter of July 22, 1948 had been almost unanimously supported by Japanese in all walks of life and that the authority of the Government of Japan must be clearly defined in order to preserve its integrity and dignity, especially since Japan had renounced its armed forces.

As a rejoinder the Acting Soviet Member asserted that this Occupation policy was offering an opportunity for reactionary, bandit and terrorist organizations; that the Far Eastern Commission policy decision on trade unions was not limited to workers in private enterprise; and that the Occupation was not established to implement the United States civil service system but to implement the decisions of all the Far Eastern Commission countries.

The British Commonwealth Member opened a prepared statement by saying that he would discuss only one topic--labor relations in the Japanese public service. He expressed the hope that the experience of democratic countries would be considered by the Japanese in

drafting

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drafting their revision of the National Public Service Law. In connection with the letter of July 22 from the Supreme Commander, he said that he was not in a position to query the Supreme Commander's estimate of the necessity for temporary curtailment of the right to strike, but that the Japanese Government order of July 31 had not made clear the distinction between clerical and administrative workers of the government and other workers, although the Supreme Commander's letter had made a clear distinction; he added that he considered the Far Eastern Commission policy decision on trade unions applicable to government workers. He further emphasized that the principal problem is not the right to strike, but the right of government employees to organize and to bargain collectively, and that therefore adequate negotiating procedure must be established. He suggested that the procedure of British countries, particularly the principle of impartial third-party arbitration, would be valuable as an example to the Japanese.

The Chinese Member concluded the discussion by emphasizing that revision of the National Public Service Law must enable public servants to express fully their grievances and must enable the government to care for the welfare and interests of the people; he added that reactionary elements should not be allowed to take advantage of the situation and obstruct the development of a healthy labor movement in Japan.

Respectfully yours,

W. J. Sebald

Enclosures: att.

1. Five copies Corrected Verbatim Minutes of the sixty-seventh (special) meeting of the Allied Council for Japan, August 28, 1948. / with orig

2. Copy of letter dated August 27, 1948 from the Acting Soviet Member to the Chairman, Allied Council for Japan.

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

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Enclosure No. 2 to Despatch No. 569
dated August 31, 1948 from the Office
of the United States Political Adviser
at Tokyo, on the subject of: "Minutes
of Sixty-seventh (Special) Meeting of
the Allied Council for Japan, August
28, 1948."

ALLIED COUNCIL FOR JAPAN

TOKYO

Office of the Member
for
The Union of Soviet Socialist Republics

Translated from the Russian

To: Mr. W. J. Sebald
Chairman of the Allied Council for Japan

Mr. Chairman:

As is known, on July 22, 1948, General MacArthur without consulting with the Allied Council for Japan sent a letter to Japanese Prime Minister Hitoshi ASHIDA about the necessity to revise the "National Public Service Law" which was passed at the October 16, 1947 session of the Diet and went into effect on July 1, 1948.

In accordance with the above letter, the Japanese Government issued a special ordinance prohibiting Government workers and civil service employees from going on strikes and bargaining collectively.

As far back as August 11, 1948, I sent a letter on this subject to General MacArthur. However, no measures have been taken by the Supreme Commander to rectify this situation.

In view of the above, I consider it necessary that this subject be discussed in the Allied Council for Japan, and on the strength of Article 5 of the Terms of Reference of the Allied Council for Japan providing that the Supreme Commander will consult with the Council prior to issuance of orders on matters of exigency as well as in accordance with section "C" of the Rules of Procedure of the Allied Council, I request that a special meeting of the Allied Council be called to discuss the above mentioned letter of the Supreme Commander.

Respectfully yours,

Major-General A.P. KISLENKO
Acting Soviet Member, Allied Council
for Japan

August 27, 1948

Copies to: Members of the Allied
Council for Japan.

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CORRECTED

VERBATIM MINUTES

of the

SIXTY-SEVENTH MEETING (SPECIAL)

ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Saturday, 28 August 1948, at 1600 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

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

SECRETARY-GENERAL

Colonel Thos. G. Dobyns

Office of the Secretariat
Allied Council for Japan
31 August 1948

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THE CHAIRMAN: The meeting will please come to order.

This special meeting was called at the request of the ACTING SOVIET MEMBER as contained in a written memorandum addressed to the CHAIRMAN dated August 27, 1948. Copies of that communication have, I presume, been sent to each Member.

In accordance with our usual procedure, I will ask the ACTING SOVIET MEMBER if he cares to make a statement.

MAJOR GENERAL KISLENKO: Yes, I do.

MR. CHAIRMAN, Gentlemen, the Potsdam Declaration of July 28, 1945, and Policy Decision of the Far Eastern Commission on "Fundamental Policy Toward Japan After the Surrender", provide that in Japan all obstacles in the way of the revival and strengthening of democratic tendencies among the Japanese people should be eliminated and that the Japanese people should be encouraged to form democratic organizations and labor unions.

Another policy decision of the Far Eastern Commission on "Principles of Organization of Japanese Labor Unions" points out specifically the right of Japanese labor unions to participate in political activities, in the democratization of the country, as well as in the activities aimed at insuring and improving the conditions of life and labor of the Japanese workers.

This decision also points out the right of the Japanese workers and employees to strike, and bans the use of police or other Government agencies for spying upon workers, breaking strikes, or suppressing legitimate labor union activities.

In spite of all these decisions, labor union and other democratic organizations in Japan are encountering grave obstacles and restrictions in the utilization of their legitimate rights.

It is well known that in Japan it has become a common occurrence of late to violate the freedom of labor union activities, to resort to large scale reprisals against labor union members and

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their leaders for participation in labor union activities, and to carry these reprisals so far as wholesale discharges and arrests of workers and employees and passing hard labor sentences upon them.

Prime Minister Hitoshi Ashida in his statement of July 10, 1948, bluntly threatened to jail strikers.

Under these circumstances, it would seem only natural that the American Occupation authorities and the SUPREME COMMANDER of the Occupation Forces, whose duty it is to carry out directives expressing policy decisions of the Far Eastern Commission, should have taken steps to implement in practice the above-mentioned decisions of the Far Eastern Commission.

Despite all of this, practice shows that the Occupation authorities are creating obstacles impeding the revival and strengthening of democratic tendencies among the Japanese people, and, in some cases, measures taken by the Occupation authorities are directly aiming at the suppression of the activities of the democratic organizations in general, and the activities of labor unions in particular.

On July 22, 1948, SUPREME COMMANDER, GENERAL MacARTHUR, sent to Prime Minister Hitoshi Ashida a letter demanding that the "National Public Service Law" passed at the October 16, 1947 session of the Diet be immediately amended and that workers and employees be prohibited by law from striking and bargaining collectively with the Government.

This demand is at variance with Section I of the above-mentioned document on "Principles of the Organization of Japanese Labor Unions" which directly sets forth that Japanese workers should be encouraged to form labor unions with the object of insuring and improving labor conditions by taking part in labor bargaining conducted to achieve that object, or assisting in some

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other way to the meeting of the legitimate labor union interest of the workers, including organized participation in the creation of a peace-loving and democratic Japan.

This demand also contradicts Section IV of the same document, stating that labor unions should be encouraged to bargain with employers on behalf of their members as to labor conditions and wages.

In compliance with the above letter by GENERAL MacARTHUR, the Japanese Government issued on July 31, 1948, a special ordinance banning collective bargaining and strike by Government workers and public service employees. The same ordinance invalidated all collective bargaining contracts previously concluded. As soon as this ordinance became effective, the Japanese Government and local authorities launched large scale reprisals against workers and public service employees.

On August 7, 1948, Chief Cabinet Secretary Gizo Tomabechi threatened Government workers and employees with severe punishments for participating in strikes.

On the same day Japanese police arrested nine workers of Government railways in the town of Matsuyama. During this action, one hundred armed policemen raided the barracks where workers had gathered after the declaration of strike.

On August 8, 1948, the Procurator General issued to all local procurators an order prescribing to arrest and punish Government workers participating in strikes.

On August 17, 1948, the Hokkaido police authorities issued warrants for the arrest of three hundred forty-one workers of Government railways for participating in strikes and, on the same day ninty-four Government railway workers were arrested in Nii, Furano, Oivake, Tomakomai, Sagibetsu. On August 18th arrests were made of one hundred twenty-eight workers in Kushiro.

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On August 20, 1948, Minister of Transportation Okada, presented to striking workers an ultimatum demanding that they resume work not later than 6 P.M., August 21st, and threatening otherwise to apply to them the severest reprisals.

On the same day, Japanese Police Director Saito made a similar threat declaring that from now on the police would arrest not only the so-called initiators of strikes but that it would make mass arrests of all strikers without exception.

As a result of this, four hundred forty warrants for the arrests only of railway workers had been issued in Hokkaido alone as of August 21, 1948, and the total number of arrests increased to one hundred seventy. According to NIPPON TIMES, the number of Government railway workers arrested reached two hundred thirty-four as of August 25, 1948; besides, numerous arrests were made among the workers of communications enterprises, electrical industries and so on.

These are only individual facts of repressive measures taken by the Japanese authorities at the direction of the American Occupation authorities against Japan's democratic organizations and labor unions. Latest reports indicate that the Occupation authorities themselves joined, alongside with the Japanese police, in these reprisals against workers and employees. Thus, for example, the strike of the workers of the Kinuto Movie Studio of Toho Company was broken on August 19, 1948 and, according to press reports, nearly one thousand Japanese police and four American tanks and one hundred fifty American military police commanded by American Major General William C. Chase took part in the suppression of these unarmed studio workers.

The above shows violation by the Occupation authorities and Japanese Government of the Potsdam Declaration and policy decisions of the Far Eastern Commission on "Fundamental Policy Toward

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Japan After the Surrender" and on "Principals of Organization of Japanese Labor Unions."

In view of this, I submit the proposal to recommend to the SUPREME COMMANDER that his directive of July 22, 1948 to the Japanese Government concerning the amendment of the "National Public Service Law" be withdrawn; that the Japanese Government ordinance of July 31, 1948 be rescinded and that reprisals against Government workers and public service employees be stopped. That is all.

THE CHAIRMAN: There is very little in the ACTING SOVIET MEMBER's statement which has not already been the subject of most searching publicity or which has not been adequately covered in various statements made by responsible officials of the Occupation. Likewise, much of the ACTING SOVIET MEMBER's statement is merely a rewording and expansion of the material contained in his letter of August 11, 1948 to the SUPREME COMMANDER. I have carefully noted the recommendations made by the ACTING SOVIET MEMBER and in order that there may be no misunderstanding, I propose to table for incorporation into the minutes of this meeting a copy of the SUPREME COMMANDER's letter of July 22, 1948 and also, a copy of a translation of the Cabinet Ordinance of July 31, 1948.

* * * * * * * * *

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

"Tokyo, Japan.
July 22, 1948

"Dear Mr. Prime Minister:

"I have reviewed the conclusions drawn from the joint studies conducted between representatives of your government and this headquarters into the adequacy of the National Public Service Law as a solution to the problems now existing with respect to the Public Service of Japan. I am in general accord with these conclusions as to existing inadequacies which must be corrected.

"It was the purpose of the National Public Service Law to provide for the installation of a democratic and efficient public service in the government of Japan. The plan envisioned a modern type personnel system which recruits public employees from the entire public by competitive test and promotes them on the basis of merit, providing scientific supervision over their classification, compensation, training, evaluation, health, safety, welfare, recreation and retirement. The system provides a grievance procedure for employees and assures them fair and equitable treatment in administration. Enforced by a quasi-judicial administrative authority and supplemented by emergency provisions aimed at immediate reform where urgency demands it, it constitutes a constructive program for dealing with the hazards which old bureaucratic practices present to the success of democracy in Japan.

"The pattern of personnel administration as here inaugurated views the entire people as exercising sovereignty and control over the employees of government through the National Diet which, functioning through a National Public Service Authority, applies principles of scientific personnel management and standardizes the public service, its recruitment, compensation, discipline, benefits and other factors incident to employment. Such a system in accordance with democratic concepts, is designed to regard the faithful administration of the law and the efficient conduct of the government's business as a prime duty without yielding to the pressure of politics or privilege.

"The studies, now completed, of various laws relating to this subject matter, reveal omissions to deal adequately with the situation. They fail to afford positive safeguards against minority pressure upon the authority and integrity of government and they fail to apply the law to many classifications of governmental employees who clearly are entitled to civil service benefits and protection and subject to its restrictions. Throughout there is a noticeable failure to distinguish between employee relationships in government and labor relations in private enterprise.

"The rapid and **unprecedentod** gains labor has made in Japan during the Occupation attest my own awareness of the vital importance of trade unionisn in modern life and of the historical significance of the trade union movement throughout the world in correcting many of the abuses associated with modern industrial economy. In government, however, this movement has but limited application and cannot substitute for or challenge duly constituted executive, judicial and legislative agencies exercising the sovereign power.

"At the start of the industrial era, the tendency existed to treat labor as a commodity, without voice in the price to be paid

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or the conditions of its employment. As the technology of mass production developed, however, workers had a better opportunity to organize for their mutual benefit and through long and arduous struggle secured the economic power of bargaining collectively through representatives of their own choice for an improved standard of life, a betterment in working conditions and some degree of social security. This right of association with its inherent power of compulsion has progressively developed in the trade union movement an economic power which has brought to bear an increasingly potent influence upon industrial economy. Such influence in democratic society has in turn been translated into political power through the support it has given to political parties, but it would be violative of the democratic concept for the trade union movement to usurp the function of the duly elected representatives of the people as a whole by superimposing union judgement upon legislation and administration.

"It is true that in all industrialized countries specific pressure groups exist, representing not only the interests of labor but also those of business, finance, agriculture, and the professions. Although such pressure groups contend for power and influence in a democracy, they are transcended by the fundamental concept of national unity. The "public" is not considered merely the residual members of the community who do not belong to such specific pressure groups, but consists of all the people and the "public interest" is synonymous with the general welfare.

"The significance of this concept is as well understood in Japan as in any western democracy. The Constitution of Japan itself recognizes the "unity of the people" and the "will of the people with whom resides sovereign power"; the Constitution itself affirms the principle that "the freedoms and rights guaranteed to the people by this Constitution shall be maintained by the constant endeavor of the people" who, "shall always be responsible for utilizing them for the public welfare"; and the Constitution itself envisages a National Diet as "the highest organ of state power" which shall be "representative of all the people".

"If this fundamental concept of the Constitution declaring the unity of the people and the supremacy of the public interest is to be preserved inviolate, no part of the power of government can be delegated to or usurped by any private group whatsover. Were the contrary true the "responsible government" for Japan contemplated by the Potsdam Declaration and created by the Constitution, could not exist. For it is axiomatic that a government which abdicates its sovereign power is no longer responsible.

"By its very nature, as a private entity the labor union does not possess the attributes of government. Wherever it has flourished, the strength of free trade unionism has always sprung from its independence of government and its freedom from domination by government in the pursuit of its lawful and legitimate objectives.

"Having experienced the suppression which was an attribute of totalitarian Japan, Japanese labor since the Occupation has in general understood this principle and chosen the path of free trade unionism, eschewing those reckless policies the inevitable effect of which would be to provoke severe repressive measures in safeguard of the general welfare. It has recognized that free workers in free private enterprise cannot exercise sovereign

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power except in their capacity as free men at free elections. Indeed, because it upholds the dignity of the individual and of his labor, free trade unionism in the pursuit of labor's legitimate objectives constitutes one of the strongest bulwarks of democracy.

"There is, however, a sharp distinction between those who have dedicated their energies to the public service and those engaged in private enterprise. The former are the very instruments used for the exercise by government of the people's sovereign power, and as such owe unconditional allegiance to the public trust imposed by virtue of their employment. For upon them rests, in the words of the late President of the United States, Franklin D. Roosevelt, a foremost exponent of the rights of labor, "the obligation to serve the whole people, whose interests and welfare requires orderliness and continuity in the conduct of Government activities. This obligation is paramount. Since their own services have to do with the functioning of the government, a strike of public employees manifests nothing less than an intent on their part to prevent or obstruct the operations of government until their demands are satisfied. Such action, looking toward the paralysis of government by those who have sworn to support it, is unthinkable and intolerable."

"I am in full accord with this view. No person holding a position by appointment or employment in the public service of Japan or in any instrumentality thereof should resort to strike or engage in delaying or other dispute tactics which tend to impair the efficiency of governmental operations. I feel that any person, holding such a position, who resorts to such action against the public of Japan thereby betrays the public trust reposed in him and forfeits all rights and privileges accruing to him by virtue of his employment. For as President Roosevelt further stated, "all government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service. It has its distinct and insurmountable limitations when applied to public personnel management. The very nature and purposes of government make it impossible for administrative officials to represent fully or to bind the employer in mutual discussions with government employee organizations. The employer is the whole people, who speak by means of laws enacted by their representatives of Congress. Accordingly, administrative officials and employees alike are governed and guided, and in many instances restricted, by laws which establish policies, procedures, or rules in personnel matters."

"It must be clearly understood, however, that this concept does not mean that public servants are deprived of 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. Such rights are inherent in a democratic society and inalienable and I believe are adequately provided for in the proposed revision of existing law. Moreover, the special restrictions which protection of the national interest impose upon the employees of government make it at all times incumbent upon government to provide adequate safeguards to the welfare and interests of such employees. Indeed, so completely is this concept understood and followed in democratic society that the opportunity for public service with the added dignity, prestige and

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permanence of such a status, is universally regarded and sought as a desirable privilege.

"So far as the railways, salt, camphor, and tobacco activities presently under government ownership are concerned, I believe that employees thereof might well be excepted from the regular civil service. In this event, however, public corporations should be established by appropriate action to manage and operate these activities. Proper provision should be made for standards, policies, and procedures of employment and while substituting mediation and arbitration measures for the protection accorded others under the civil service, safeguards should be provided to the public interest against any interruption of operations resulting from failure of employees faithfully to discharge their responsibilities of employment. Moreover, in the interest of efficiency, I believe that a complete reorganization of the Ministry of Communications is desirable, with the separation of the postal services of the government from the other functions of that Ministry and the establishment of two Cabinet agencies in lieu thereof.

"The National Public Service Law was initially conceived in recognition of the fact that a complete reform of the Japanese bureaucracy is essential to the success of democratic institutions in Japan, as such institutions, whether political, economic or social, will inevitably find strength or weakness in direct proportion to the efficiency of the governmental services and the vigorous leadership which government, as organized to safeguard the public interest and advance the general welfare, is capable of extending to the sovereign people from whom its powers are derived. The success of this reform is accordingly no less a primary objective of the Occupation than it is a prerequisite to the future well-being of the people of Japan.

"In the solution of this problem the paramountcy of the public interest is therefore of foremost consideration and corollary thereto is the need that safeguards be erected to insure that the lawful authority of the government as the political instrument to enforce the people's will as expressed in the body of public law be only challengeable at the polls as provided under well established democratic practice. To hold otherwise would be to subvert the public interest by rendering government subservient to a primacy of the special privilege of minority groups, a condition which inevitably leads to anarchy, insurrection and destruction. This is a rule fundamental to the very existence of a democratic society, and yet its enforcement in the great western democracies has only recently necessitated the full application of the police power of the State involving the employment of the armed forces as well as the civil police. In Japan, where the maintenance of armed forces is renounced by constitutional mandate, such application of police power can, however, only be supported by the civil police. This renders it all the more necessary here than elsewhere that the law carefully define and make unmistakably clear the authority of government and provision for the firm preservation of its integrity and dignity.

"It is to this end that I feel that a comprehensive revision of the National Public Service Law to bring the same within the

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framework of the concepts herein discussed should be undertaken immediately. To assist you in this matter this headquarters will continue to be available for advice and consultation.

Sincerely yours,

(Signed) Douglas MacArthur

DOUGLAS MacARTHUR

The Prime Minister of Japan,
Tokyo, Japan."

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Cabinet Order concerning the temporary measures to be taken in consequence of the letter of the Supreme Commander for the Allied Powers to the Prime Minister dated July 22, 1948.

The Cabinet hereby establishes the Cabinet Order concerning the temporary measures to be taken in consequence of the letter of the Supreme Commander for the Allied Powers to the Prime Minister dated July 22, 1948 under the Imperial Ordinance No. 542 of 1945 concerning the Orders to be issued in pursuance of the acceptance of the Potsdam Declaration.

Article 1. Those persons who hold positions as employees of the national government or local public entities, regardless of whether they are appointed or employed (hereinafter referred to as public employees and the Temporary National Personnel Commission has the authority to determine whether certain positions are in public service or not when there is doubt) shall not have the right, to be exercised against the national government or local public entities, of collective bargaining as usually understood with its coercive character supported by the strike threat. Public employees or their organizations, however, may not be denied the freedom, within the restriction of the present Cabinet Order, to negotiate with the appropriate agency of the national government or local public entity in the sense of being able freely to present individually or collectively, through their representatives, their complaints, opinions, desires and grievances and to support the same by adequate opportunity for discussion and the submission of evidence.

2. All acts heretofore taken by the government in personnel matters affecting public servants will be valid so long as they do not violate the spirit of the limitations imposed by the present Cabinet Order or were not taken in contravention of such limitations.

3. All mediation proceedings now pending in which the national government or local public entities are parties will be suspended. The National Personnel Authority will hereafter be the agency charged with the protection of the interests of public servants.

Article 2. No public employees may resort to strike or engage in delaying or other dispute tactics which tend to impair the efficiency of operation of national government or local public entities.

2. Those who act in violation of the provisions of the preceding paragraph, regardless of their status of being public employees, may not assert their rights derived from such appointment or employment against the national government or local public entities.

Article 3. Those who act in violation of paragraph 1 of Article 2 shall be liable to penal servitude not exceeding one year or a fine not exceeding 5,000 yen.

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Supplementary Provisions:

1. The present Cabinet Order shall come into force as from the day of its promulgation.

2. The present Cabinet Order shall be effective until the legislation by the Diet concerning the amendment of the National Public Service Law mentioned in the letter of the Supreme Commander for the Allied Powers to the Prime Minister dated July 22, 1948 and other measures which may be deemed necessary are undertaken and come into force.

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The ACTING SOVIET MEMBER rests his challenge upon Allied policy providing, as he states it, "that in Japan all obstacles in the way of the revival and strengthening of democratic tendencies among the Japanese people should be eliminated; freedom of assemblies, associations, as well as freedom of the press and speech should be guaranteed and the Japanese people should be encouraged to form democratic organizations and labor unions" and he points out that the "right of Japanese workers to strike" is indispensible to the fulfillment of this general policy.

He is silent, however, upon that fundamental Allied objective in the Occupation of Japan to see established "a freely inclined and responsible government" which is precisely the objective the SUPREME COMMANDER has sought to serve by substituting order for chaos, a government by law for a government controlled by the coercion, intimidation and threat of minority pressure groups which seek, not to elevate the standards and dignity of public employment, but to use the organizations of public servants as pawns in the seizure of political power, preliminary to labor's complete ~~expression~~ suppression. It is indeed significant in evaluating his purpose that the very freedoms which the SOVIET MEMBER pretends to espouse for labor in Japan are so ruthlessly denied labor in the land which he here represents on the Council.

He has challenged the SUPREME COMMANDER's action designed to see established in Japan a "freely inclined and responsible government" as in conflict with the Far Eastern Commission's policy decision on, as he puts it, "Principles of Organization of Japanese Labor Unions" when he should well know that the only policy decision of the said Commission was expressly limited by its very terms, as stated in its title to "Principles for Japanese Trade Unions" and have no bearing whatsoever, as the entire record of the corresponding Commission proceedings clearly disclose,

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upon the organization or principles governing the employment of public servants. Were the contrary true, all processes and services of Government, including the maintenance of public order and protection against fire, would be subject to the normal interruptions incident to labor's constant and legitimate struggle to improve its conditions of employment in private enterprise, and the abnormal interruptions incident to the self-serving violence of irresponsible leaders seeking to usurp the people's sovereign power. The SUPREME COMMANDER has since the beginning of the Occupation endeavored as far as possible to apply the identical principles, rights and procedures to public servants as have applied to workers in private enterprise; but the experiment has failed due to the advantage taken thereof by radicals who have infilterated into the Government union leadership.

The SUPREME COMMANDER has been greatly concerned for many months over the trend of the labor movement in Japan. It long ago ceased to be a movement of workers as contemplated under the American concept, concerning itself very little with legitimate trade union problems and becoming instead predominately political. With no background of experience and with insufficient time to develop as yet a mature and responsible leadership from its own ranks, it has proved itself easy prey to exploitation. Its control and direction due to these inherent weaknesses was seized by self-appointed radical leaders with the paramount purpose of developing personal political power, and in the pattern of the conventional tactic, using it as a springboard to ultimate political control of Japan. The opportunity for the ascendency of this type of irresponsible leadership has been enormously advanced by the complete austerity of living which war and defeat has brought to all classes of Japanese society, none to a more desperate extent than to the laboring class. Spearheading this

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misdirection of the labor movement have been two large unions of Government workers which radicals concentrated upon because of the two vital arteries to Japanese life, transportation and communications. As is well known, all of the communications and most of the railroads in Japan are Government owned and operated and the stoppage of these vital functions with its attendant paralysis of food distribution and other services essential to the preservation of life, at once threatened starvation and disaster to large sections of the Japanese population. Twice during the past year and one-half the SUPREME COMMANDER was forced to stop a general strike spearheaded by these Government unions which, if permitted to proceed, would beyond doubt have resulted in a complete collapse of the Japanese structure. A tragedy of major proportions almost certainly would have resulted. The letter of July 22nd to the Prime Minister was written in the face of another such threatened general strike projected for the following August 7th, within the period of the most pronounced food scarcity during the year, as a means of restoring some semblance of balance to a rapidly deteriorating situation.

I have given you the foregoing general background as I believe there is a lack of understanding of the existing situation and the need and pattern of corrective measures being undertaken. The general purpose of the SUPREME COMMANDER's letter was to bring into the public service of Japan some degree of the responsibility and stability, such as that existing in our own Federal government and the governments of our several states, thereby permitting the Japanese people some measure of benefit from our own long experience in such matters. The SUPREME COMMANDER confined himself to a broad statement of the basic principles involved and intentionally phrased the letter as a suggestion rather than a directive, in order to encourage the Japanese Government to exercise its own

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initiative and thought in developing and implementing details, and leave it entirely free to question provisions deemed unacceptable to it. The Japanese ordinance is an interim measure designed to maintain the status quo until the Diet meets next month to consider and act upon implementing legislation, subject of course to scrutiny to insure against the distortion of any of the principles enunciated in the letter.

The Occupation is entirely friendly to labor and, in fact, restored the free trade union movement in Japan, having instituted its development long before receipt of any detailed directives from the United States Government or the Far Eastern Commission. None, therefore, could be more reluctant to see a tightening of controls upon Government workers, even though they had been permitted much greater latitude than in the United States. Indeed, as before stated, the SUPREME COMMANDER did not move toward such an end until the situation brought about by Government union excesses had deteriorated to so marked a degree that both the objectives and security of the Occupation had become directly threatened and the advances made by labor in private enterprise toward achievement of its legitimate aims, so compromised as to face ultimate destruction.

There appears to be much confused thought concerning the meaning of "collective bargaining". As used by the SUPREME COMMANDER in his letter to the Prime Minister and by the Government in its ordinance, it carries with it the connotation as commonly understood with its coercive character supported by the strike threat--as referred to in the doctrine enunciated with such clarity by the late President Franklin D. Roosevelt, reading as follows:

> "All Government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service. It has its distinct and

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insurmountable limitations when applied to public personnel management. The very nature and purposes of Government makes it impossible for administrative officials to represent fully or to bind the employer in mutual discussions with Government employee organizations. The employer is the whole people, who speak by means of laws enacted by their representatives in Congress. Accordingly, administrative officials and employees alike are governed and guided, and in many instances restricted, by laws which establish policies, procedures, or rules in personnel matters.

"Upon employees in the Federal service,--

I am still continuing President Roosevelt's statement--

"rests the obligation to serve the whole people, whose interest and welfare require orderliness and continuity in the conduct of Government activities. This obligation is paramount. Since their own services have to do with the functioning of the Government, a strike of public employees manifests nothing less than an intent on their part to prevent or obstruct the operations of Government until their demands are satisfied. Such action, looking toward the paralysis of Government by those who have sworn to support it, is unthinkable and intolerable."

That is the end of the quotation.

The letter contemplated, in lieu of this form of collective bargaining, provisions for individual or collective negotiations by employees within the framework of the civil service system before the National Personnel Authority, an agency responsible to the Diet--something along the line of our own procedural practice before the Civil Service Commission in Washington. I understand this is the intent of the Japanese Government's ordinance and complete grievance machinery is now being evolved by the

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Government in anticipation that permanent legislation will embody this principle. As to the employees of Government, outside of the framework of the civil service system, a different form of procedure will, of course, be necessary, and the SUPREME COMMANDER is waiting with considerable interest to see just what form this takes in Japanese thinking. He will, of course, closely scrutinize such provisions as are developed to insure that adequate protection is provided for every employee in the public service and so far as he can guide the action without positive direction, will see that it closely follows American or other democratic practices.

I know of no conflict in the measures taken with the Far Eastern Commission labor policies. The freedom accorded labor in Japan is still greater than in the United States and most democracies, despite Japan's peculiar position as an enemy country under military occupation. Furthermore, the action being taken to adjust the employee relationships to Government has no direct bearing upon the Japanese labor movement in private enterprise to which the Far Eastern Commission's labor policy was directed. But even were the contrary true, the said policies specifically reserved to the SUPREME COMMANDER the right to prohibit strikes and other work stoppages when he considered that they would directly prejudice "the objectives or needs of the Occupation". Such prejudice was critically present when he was forced to intervene.

There are, of course, many systems relating to public employment quite as efficient and as democratic as in the United States, and it is not only possible, but in my opinion probable that the Japanese Diet will carefully consider and perhaps adopt such concepts.

As an example, present American law provides:

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"It shall be unlawful for any individual employed by the United States or any agency thereof, including wholly-owned Government corporations to participate in any strike. Any individual employed by the United States or by any such agency who strikes shall be discharged immediately from his employment, and shall forfeit his civil service status, if any, and shall not be eligible for re-employment for three years by the United States or any such agency."

That is the end of the quotation.

No two democratic countries, so far as I know, have established the same criteria of public employment, and it is the SUPREME COMMANDER's hope that Japan will evolve for herself, within the basic principles enunciated, her own minutiae in handling these problems.

The Japanese in all walks of life other than the Communist Party have been practically unanimous in support of the principles laid down in the SUPREME COMMANDER's letter to the Prime Minister and the Government's subsequent action thereon, and have shown manifest relief at the prospect of some semblance of order and stability being restored in a situation which so long has threatened Japanese life. The Japanese press, other than the Communist AKAHATA (RED FLAG), has given its most complete editorial support, and even large sections of organized labor have voiced their approval and moved to oust entrenched radical leadership. It is reported that even among the railroad workers there is a growing movement to bring them within the framework of the civil service system, rather than under a Government-owned corporation such as was proposed in the SUPREME COMMANDER's letter to the Prime Minister. The SUPREME COMMANDER is watching developments without further direct intervention, as he regards it as most healthy for the Japanese themselves to resolve the issues

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involved and work out the implementing details, subject only to close scrutiny to see that Occupation policy or the inherent rights of the workers are not violated.

The recovery phase of the Occupation is currently being stressed and I know of nothing more calculated to impede recovery and to destroy Occupation gains already made through painstaking effort and heavy United States' expenses, and I repeat, United States expenses, than to permit this trend toward disaster and destruction to continue.

In evaluating the situation, it must further be clearly understood that with the renunciation of armed forces by Japan and the future withdrawal of our own Occupation Force, a leadership capable of dominating the presently existing unions of communications and transportation workers would control those two vital arteries of Japanese life, communications and transportation, and would be in position almost at will to take over control of the Japanese Government. Unless steps are now taken clearly to define the authority of the Government of Japan and to preserve its integrity and dignity in the interest of all the Japanese people, a minority pressure group could easily take over the reigns of the Japanese Government. The action taken has dealt a severe blow to a radical concentration infiltrated into the leadership of the Government employee unions, by removing its power over and threat to Government. Any measures much short of those taken would be tolerant of the forces agitating confusion and unrest, would decidedly hamper the efforts at recovery, and would, in due course, tend to nullify all gains made toward a free trade union movement in Japan.

Does the ACTING SOVIET MEMBER have any further comment?

MAJOR GENERAL KISLENKO: Yes, I have.

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My statement is unequivocable. It does not require any additional comment and it does not offer any opportunity to construe it in the opposite sense. On having attentively heard the statement of MR. CHAIRMAN, I have been unable to find any justification to the policy of the American Occupation authorities, and the Japanese Government, which is being conducted at present in Japan and which offers freedom of action and virtually encourages the existence and revival of all kinds of reactionary, ultranationalistic, bandit and terrorist organizations and persons and, on the other hand, which directly suppresses the democratic movement in the country, the democratic organizations, labor unions and arrests of their leaders. I cannot subscribe to such policy since it runs counter to all the provisions of the Potsdam Declaration and the course of policy of the Far Eastern Commission and has nothing in common with the objectives of democratization of the country and establishment of a peace-loving Japan.

The statement that the strikes of Governmental employees threaten to bring Japan's economy to collapse, and also that they threaten the Occupation authorities, is without foundation and, I believe, is unsound. The Japanese workers are forced to resort to strikes and, in doing so, they are within their legitimate right by virtue of the necessity to work for the improvement of living and labor conditions.

There is nothing in the decision of the Far Eastern Commission, in regard to the rights of workers and employees to strike, to indicate that these rights do not relate to Government employees. This decision provides the extension of this right to strike to all the Japanese workers and employees without any exception and an arbitrary infringement upon the interest of any category of workers is in violation of such decisions.

As regards the American system, to which the CHAIRMAN has

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repeatedly referred, I must say that we are called upon not to transplant the system of any individual nation but to implement the decisions of Allied authorities.

As for the statement made by MR. CHAIRMAN in regard to the alleged suppression of labor in my country, this statement is clearly absurd and slanderous. This statement has no basis in fact and is, I should say, of malicious nature.

In conclusion, I insist upon the proposals which I made at the close of my statement. That is all.

THE CHAIRMAN: I doubt that the ACTING SOVIET MEMBER is interested in viewing this problem objectively or in accurately determining by a careful persual of the relative documents and information, the true facts involved in this discussion. On the other hand, I am thoroughly convinced from what I have heard that his chief interest lies in the distortion of the factual situation and a callous use of such distortion to serve his own ends. What those ends are is clear from the record, not only in Japan, but in those unhappy countries where communist infiltrations into democratic labor unions have resulted in the destruction of freedom and democracy. It is my hope, as a result of the discussion here today, that those leaders of Japanese labor unions who have the interest of their members at heart will not be misled or misguided by the distorted double talk to which we have just listened.

I see no point in prolonging this painful discussion and I would like to adjourn the meeting.

MAJOR GENERAL KISLENKO: The essence of the question I have raised is crystal clear in my statement. As regards the peculiar construction which MR. CHAIRMAN puts on my statement, and in doing so obviously distorts it, I should recommend to all those who intend to preserve objectivity, at least to a certain extent and especially to the CHAIRMAN of the Allied Council, not to indulge

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in such practice, which is ignoble and obviously not constructive, as distorting statements of any Member of the Allied Council.

THE CHAIRMAN: I am willing to stand on the record.

MAJOR GENERAL KISLENKO: I have nothing further to say.

MR. SHAW: MR. CHAIRMAN, I would like this afternoon to confine my remarks to the one topic which seems to me most relevant, namely the question of labor relations in the Japanese public service.

I would preface my remarks by emphasizing that an efficient, properly paid, responsible and contented public service is a pre-essential to any modern state. In addition, if the evils of bureaucracy and authoritarianism are to be avoided, there must be within the public service provision, not only for recruitment and promotion strictly on a merit basis, but also for an adequate machinery for the fair settlement of disputes. The SUPREME COMMANDER's letter of July 22nd to the Japanese Prime Minister laid down certain general principles for labor relations in the public service. It remains for the Japanese Government to implement amending legislation to their National Public Service Law, but already there are indications of the lines along which such a law might be drafted. I refer specifically to Japanese Cabinet Ordinance of 31 July and to the explanatory notifications which the Government has issued since regarding this ordinance. In considering the form in which the implementing legislation will be drafted, I hope that the fullest consideration will be given to the experience of democratic countries in this field.

I do not wish to speak lengthily on the right of workers to strike. The Far Eastern Commission directive of 6 December 1945, Section V states that: "Strikes and other work stoppages should be prohibited only when the Occupational authorities consider that such stoppages would directly prejudice the objectives or needs of

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the Occupation." An interpretation of this provision was contained in a report on the treatment of workers' organizations in Japan issued by GHQ, SCAP, on 30 June 1946. This report emphasized that it was deemed essential that strikes and other work stoppages be prohibited only when such stoppages would interfere with military objectives or military security or directly prejudice the objectives or needs of the Occupation.

In paragraph J-1 of that document it is stated that "A labor dispute inimical to the objectives of military occupation is one which jeopardizes the safety of Allied troups, interferes with troop supply, disrupts services or production necessary to the maintenance of public order, public service or public health, or adversely affects other purposes of the Occupation."

On 3 August 1948 Government Section, GHQ, issued a statement explaining the reasons behind the SUPREME COMMANDER's letter of 22 July. I quote: "GENERAL MacARTHUR was forced to step in to restore some semblance of order in a rapidly deteriorating situation between the Japanese Government and its employees with a paralyzing strike of Government workers announced for 7 August which, in Japan's impoverished condition, would have resulted in starvation and disaster to large sections of the Japanese people." In other words, the immediate reason for the cancellation of the right to strike of all Government employees was that starvation and disaster would otherwise threaten large sections of Japanese people. I am not in position to query the SUPREME COMMANDER's estimate of the seriousness of the situation. He alone has the executive responsibility. The point I am making is that the curtailment of rights of any kind, including the right to strike, may be justified in an emergency situation. Great care should be taken, however, in curtailing any human rights by long term legislation.

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I am not questioning the denial of the right to strike of public servants in what we would term clerical and administrative grades. On this point the SUPREME COMMANDER's directive is explicit. GENERAL MacARTHUR, however, made a distinction between Government servants proper and employees in Government enterprises. In the subsequent announcements of the Japanese Government I have not seen this distinction clearly recognized. We know that in the modern state, Government employment often embraces what would normally be considered the sphere of private enterprise. In such Government enterprises, Government employees should not necessarily be restricted in the same way as Government servants proper. In this connection, I must express disagreement with your opinion that the Far Eastern Commission directive on principles for trade unions has no relevance for the Japanese public service. It is quite possible and perhaps desirable for a person to be both a Government employee and a member of a labor union. I would regard myself as both.

More important to my mind than the denial to public servants of the right to strike is the establishment of proper collective negotiating procedure which would obviate the need to strike. This, I take it, will be one of the prime purposes of the proposed bill to amend the National Public Service Law. Until this law is drafted and passed the situation is governed by the Japanese Government ordinance of 31 July and subsequent notifications, I would not describe this ordinance as merely maintaining the status quo. Under that ordinance and subsequent notification, previously existing machinery for settling disputes has been set aside. Labor management committees have been expressly abolished and new penalties have been decreed for striking. The only alternative suggested in Cabinet Ordinance of 31 July is that "Public Employees may be able to negotiate with the appropriate agency of the

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national government, or local government entity, in the sense of being able freely to present individually or collectively through their representatives their complaints, opinions, desires, grievances and to support same by adequate opportunity for discussion and submission of evidence." I quote also from Japanese Government notification of 12 August 1948, that "Public Servants or their associations have the liberty to negotiate for amelioration of their working conditions by expressing their complaint, opinion, desire or dissatisfaction so that they can talk sufficiently over the matter and present evidence thereof."

I repeat that I am well aware that the implementing legislation has not yet been drafted, but I am all the more anxious that what appears to be an inadequate understanding of the principles of collective bargaining and labor relations, revealed through the quotations I have just made, should not be embodied in that legislation. It is not the deprivation of the right to strike to which I am objecting, but the curtailment of the right of civil servants to organize and bargain on the basis of equality. This is not linked with a coercive strike threat, rather, as I have said, a private system of collective bargaining would obviate the need for strikes.

On the two related subjects which I have been discussing, namely, labor relations and civil service, I believe that the countries which I represent have something to offer which may be helpful in Japan's present state of development. Firstly, we should encourage the Japanese to establish a public service authority which would be above political influence, incorruptible and efficient. British civil service experience should be of value to the Japanese. Secondly, I believe we have something to offer in the system of labor relations which the British Commonwealth countries have worked out over a number of years,