

neutral countries. The first was Switzerland, then Sweden, now we are negotiating with Spain and Portugal to get a settlement which is in behalf of the members of the Inter-Allied Reparations Agency and the proceeds are given to the Inter-Allied Reparations Agency to be distributed according to quota A. That is the most complicated question. We have then, according to the agreement, summoned a committee of experts on custody. This problem of conflict of custody is really so difficult that we are preparing now a report on this question which may be of some use to you, because there were so many cases on which you have really no basis to know whether an asset is neutral or of such and such nationalities. There are so many conflicts of custody that we have to billet choice experts in each country from this committee, and they are preparing very important work in this field.

GEN. MCCOY: How long do you think that the general problem there which you have outlined will work out? How long will it take probably?

MR. REUFF: About reparations in general?

GEN. MCCOY: Yes.

M. REUFF: Well that depends entirely on the policy/^{which} will be applied in Germany. You see, we have the first deliveries in plants. Well, that depends on the level of industry of Germany. You know the question has been discussed recently here. The new level of industry which has been fixed in the Western Zone, I think, will be submitted probably to the Conference of Foreign Ministers in November. If it is final it will give a certain amount of plants which will have to be distributed. Whether it will be final or not I don't know.

Well then, there remains also this problem of reparations from current production. Whether there will be reparations from current production or not I don't know. Therefore the problem of deliveries of plants may be a short one. If there is a final list that may need one year or two years--no more than that--to finish the transfer. Will there be deliveries from current production after that? All the members of

the Agency wish it but that is not in our hands.

Then, on external assets--that is a very long procedure. There are still problems of the previous war, World War I, which are not settled, but, of course, that is of quite a different nature and doesn't apply at all to the same executive organization. If we have only German foreign assets that means there is a very small body of juridical people and not a large body for administration. But there is the problem of administration of deliveries in kind. It's a very heavy and difficult problem and, therefore, if you like, I will now, which will be the last part, speak to you on the Inter-Allied Reparations Agency as an executive organ for the administration of reparations.

This Inter-Allied Reparations Agency has been established by Part II of the Paris Agreement. Article 2, Functions of the Agency, says, "A. The Agency shall allocate German reparation among the Signatory Governments in accordance with the provisions of this Agreement and of any other agreements from time to time in force among the Signatory Governments. For this purpose, the Agency shall be the medium through which the Signatory Governments receive information concerning, and express their wishes in regard to, items available as reparation. "B. The agency shall deal with all questions relating to the restitution to a Signatory Government of property situated in one of the Western Zones of Germany which may be referred to it by the Commander of that Zone (acting on behalf of his Government)....." That is another part of it but not so important as the first one. According to the first one, the Agency is the ~~primary~~ organization which has to apply these principles.

The organization of the Agency is (a) the Assembly, and (b) the Secretariat. "The Assembly shall consist of the Delegates and shall be presided over by the President of the Agency. The President of the Agency shall be the Delegate of the Government of France." My colleagues have given me the honor to make me the President of the Agency. Therefore, we have been more or less a permanent organization. The Assembly is con-

stituted of eighteen delegates which have alternate delegates which have the same right as the delegate when the delegate is not there. That is the supreme body of the agency.

Then we have the Secretariat. "The Secretariat shall be under the direction of a Secretary General, assisted by two Deputy Secretaries General. The Secretary General and the two Deputy Secretaries General shall be appointed by the Governments of France, the United States of America and the United Kingdom. The Secretariat shall be international in character. It shall act for the Agency and not for the individual Signatory Governments."

Then, what are the functions of the Secretariat? "The Secretariat shall have the following functions: A. To prepare and submit to the Assembly programs for the allocation of German reparation; B. To maintain detailed accounts of assets available for, and of assets distributed as, German reparation; C. To prepare and submit to the Assembly the budget of the Agency; D. To perform such other administrative functions as may be required." Well, the main task is to allocate deliveries in kind.

Then let me tell you how we have organized this Secretariat. We had a large number of plants to allocate. We saw at the beginning that it would be more than 2,000 and we saw 2,500 or something like that, which raised very technical problems of allocation if we are to follow the line of allocating according to the needs of each country. That implies knowing the needs and knowing what is to be allocated. Therefore, we organized the Secretariat to have a certain number of services of direction, each being headed by an expert in a special field. For instance, we have a metallurgical direction, a chemical direction, we have a division for ships, division for foreign assets, division for transporting industry, division for mechanical industry, and altogether the Secretariat includes between 150 to 200 agents. It is in Brussels. We have a Secretariat, and then outside the Secretariat the eighteen delegations which have small organizations--maybe ten people for each delegation.

Then the thing goes on this way. We will receive from the Control Council in Germany lists of plants to be allocated with inventories. These inventories are large--for each plant high like that and it looked like a very difficult problem and very expensive to reproduce these inventories. However, that was a special printing factor in Germany and not too expensive. Then we send these inventories to the Governments and they have forty-five days to present to us a demand with an explanation why they consider such a plant as useful for them and not such other plant.

Then we have great difficulties in that some plants are good and everybody wants them, and some others are not. We have to organize inspection of plants so we have special groups in Germany in each Zone for inspection purposes. But then when we receive a demand we are faced by this problem that there is always competition for the best plants. Then we begin a procedure which has been really very useful. We summon people who are asking the same thing to the Secretariat and discuss with them and discuss. It is a long discussion. Generally it takes three to four weeks, to try to adjust and avoid competition--to give something to one and something to others and sometimes to share the assets when it is possible--well, to diminish as much as possible the competition.

Then, when that is done the Secretary General on his own responsibility--he only is responsible for the figures and presents them to the Assembly--each proposal for allocation. It is his proposal. He has to decide, and sometimes in his task he doesn't avoid competition when he presents his proposals. Sometimes there is still competition on some plants. Then the proposal comes before the Assembly, which is more or less a permanent organ of eighteen. Then the Assembly hears the people when there is still competition and the program is submitted to a vote. If it is not approved it is sent back to the Secretariat for modification. But generally it is approved and it may be approved by a majority vote. That means that some people who have not been satisfied vote against. In that case these people have a right for appeal against a decision of the Assembly. That is Article 7, which says, "A. When the Assembly has not

agreed to a claim presented by a Delegate that an item should be allocated to his Government, the Assembly shall, at the request of that Delegate and within the time limit prescribed by the Assembly, refer the question to arbitration. Such reference shall suspend the effect of the decision of the Assembly on that item. B. The Delegates of the Governments claiming an item referred to arbitration under paragraph A above shall select an Arbitrator from among the other Delegates. If agreement cannot be reached upon the selection of an Arbitrator, the United States Delegates shall either act as Arbitrator or appoint as Arbitrator another Delegate from among the Delegates whose Governments are not claiming the item..." We did that because we thought the United States would not be demanding plants, generally speaking, and, therefore, generally speaking, would not be a party in the discussion of allocation of plants. Therefore, we thought that the United States would be in a good position to select an arbitrator. But we said, "If the United States Government is one of the claimant Governments, the President of the Agency shall appoint as Arbitrator a Delegate whose Government is not a claimant Government."

However, all but four proposals have been adopted unanimously. That means that the Assembly has unanimously approved the proposal of the Secretariat. In four cases only ^{have} ~~was~~ there been arbitration. Then arbitration has been given. In one case I myself have been the arbitrator; in another case the Dutch delegate has been the arbitrator; and in the two other ones I don't remember. In fact, I think they are going on now. But I think what is very important is to say that this mechanism of discussing inside the Secretariat before proposing a solution to the Assembly-- we didn't know at all what would be the amount of arbitration required. We thought that there may be a great number of cases or at least a few. Well, there has been very few cases, which shows that there is really a great spirit of cooperation in this Agency. The people are always the same; they know each other; they work together; they have been accustomed to this practice of giving and taking; and in many cases before the decision

there is private arrangement among the countries competing. One says, "I will renounce to act to ask" and the other says, "I will give to this country such and such part of the plant if it is given to me". And that is the main object of the Secretariat--to diminish as much as possible the competition.

For ships--we have allocated the German Merchant fleet without any arbitration. It has been unanimously approved. For the plants, as I told you, there have been only four cases of arbitration.

That is the general picture. The thing is going on, of course. The next Assembly is the 23rd of September. I think it is the sixteenth program of allocation. We have allocated already quite a number of plants and we hope to get the new inventory when the new level of industry will be final.

GEN. MCCOY: Have the plants which have been allocated been removed?

M. REUFF: When a plant is allocated then it is the property of the country to which it has been allocated. Then that country has to contact the Chief of the Zone in which it is located and make arrangements for its transfer. A great number of them have been transferred. Transportation is a very difficult problem but it is going on without any special difficulty--well, I don't know.

GEN. MCCOY: Well, sir, your talk was very interesting and helpful. Are there any question of M. Reuff?

DR. TAN: Mr. Chairman, I should like to here something about the problem of current production which was just mentioned--how it works with reference to industrial plants allocated for reparations. There are two categories of reparations, and then what are the materials included in the category of current production?

M. REUFF: Well, the question of current production has been referred to in the Paris Conference, but there wasn't unanimous agreement. There has only been a resolution, which is an annex of the Paris Agreement and which expresses the wish of some countries--the hope, rather--that the occupying Powers will consider it possible to allocate in the future as

reparations current production. That is Resolution 2., Resolution on Reparation from Existing Stocks and Current Production. "The delegates of Albania, Belgium, Czechoslovakia, Denmark, Egypt, France, Greece, India, Luxembourg, the Netherlands, Norway, and Yugoslavia,

In view of the decision of the Crimea Conference that Germany shall make compensation to the greatest possible extent for the losses and suffering which she has inflicted on the United Nations,

Considering that it will not be possible to satisfy the diverse needs of the Governments entitled to reparation unless the assets to be allocated are sufficiently varied in nature and the methods of allocation are sufficiently flexible,

Express the hope that no category of economic resources in excess of Germany's requirements as defined in Part III, article 15 of the Potsdam Declaration, due account being taken of article 19 of the same Part, shall in principle be excluded from the assets, the sum total of which should serve to meet the reparation claims of the Signatory Governments." We have used this process of resolution. There are quite a lot. There are eight resolutions after the Paris Agreement because it was not possible to get an unanimous agreement on this part of the Conference. You know that the question is still under discussion and that it is outside our power, which is only dependent on the Governments of the occupying Powers in Germany. It was chiefly discussed in Moscow at the last conference in April.

Then about war material. There is a reference there in the agreement itself in Article 7, "The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to Signatory Governments shall be charged against their reparation shares in so far as such supplies and materials have not been or are not, in the future either paid for or delivered under arrangements precluding any change. It is recognized that transfers of such supplies and material by the United Kingdom and United States Governments to other Governments are agreed to be subject to such final approval

by the legislature of the United Kingdom or the United States of America as may be required."

MR. GRAVES: Mr. Chairman, I should like to thank Mr. Reuff for a very larned discourse on what was evidently a most successful activity. We haven't gotten so far, unfortunately, in our own reparations attempts. He referred briefly to one question which is still extremely important to us, and that is the question of external assets which are held by recipient countries, that is, claimant countries, and I wonder whether he could tell us briefly how external assets were acted on amongst the claimant accounts?

M. REUFF: As I told you at the beginning, that has been the most difficult part of our task and you will find the settlement in Article 6. As I told you, you have to impute the value of German external assets, but you don't know at the beginning because it is still going on, the process of selling these assets, and you don't know what their value really will be. And then there is the right of each country. The right depends upon the German assets in its own country. So as to be fair to other countries you have to know as much as possible what the value of these assets is. Therefore, this is what we have decided, "A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the former German owners of such assets)." We have done that only for practical purposes. First we thought that we ought to make a pool of the German assets but practically it has seemed that it was unthinkable that we should ask a country which has four or five German assets in its territory to give them back to the pool. So we have decided that each country shall keep these assets in its own territory. In its own territory only. But then

we say that, "F. The Inter-Allied Reparation Agency, to be established in accordance with Part II of this Agreement, shall charge the reparation account of each Signatory Government for the German assets within that Government's jurisdiction over a period of five years. The charges at the date of the entry into force of this Agreement shall be not less than 20 per cent of the net value of such assets (as defined in Article 6 of Part I of this Agreement) as then estimated, at the beginning of the second year thereafter not less than 25 per cent of the balance as then estimated, at the beginning of the third year not less than 33.1/3 per cent of the balance as then estimated, at the beginning of the fourth year not less than 50 per cent of the balance as then estimated, at the beginning of the fifth year not less than 90 per cent of the balance as then estimated, and at the end of the fifth year the entire remainder of the total amount actually realized." So we have received from each country a declaration of the value of these assets but in many cases only an estimation because the assets have not yet been sold. So we have entered this value and entered 20% to each country and the next year 25% and at the end of the fifth year it will be the full amount, that is, for the assets in each country.

Then the most complicated question has been the negotiations with the neutral. You know that it is still going on. There again there has been some difficulty with some countries because some people think it involves the sovereignty of the country. We have just been negotiating with Sweden and the question has been settled by agreement, and now the three negotiating Powers more or less consider that they are negotiating on behalf of the entire group in the Inter-Allied Reparations Agency.

DR. TAN: Mr. Chairman, following that line, may I ask this question, whether any attempt has been made to differentiate between the location of internal assets of different kinds as well as those which have been allocated? Take for illustration, suppose there are German assets in ~~//////~~ Argentina or in Spain or, for instance, in the United States

or in the United Kingdom--purely assets in another country, which countries have not been occupied, and then another kind which, for instance, is located in a European country which was occupied. Take for instance during the time of occupation they just requisitioned your material, your manpower with your plant. Take a coal mine or something like that. The coal mine belongs to your country. It is your country's property. Or they may have bought something from France, for instance, and in order to by such things they issued a kind of note which was worthless because it had no backing. Now, has there been any attempt to differentiate between these things in order to get at the root of the problem?

M. REUFF: Yes. The question--you are right--is a very important one. This kind of damage was included in the questionnaire to which I referred in the beginning and was considered among the items defining the right to reparations, and we have entered a clause there which says that this right to reparations nullifies all other rights outside with certain reservations. That is Article 2, Settlement of Claims against Germany, "A. The Signatory Governments agree among themselves that their respective shares of reparation, as determined by the present Agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its Agencies, of a governmental or private nature, arising out of the war (which are not otherwise provided for), including costs of German occupation, credits acquired during occupation on clearing accounts and claims against the Reichskreditkassen. B. The provisions of Paragraph A above are without prejudice to: (1) The determination at the proper time of the forms, duration or total amount of reparation to be made by Germany..." Well, no need to follow. And then paragraph C. "Notwithstanding anything in the provisions of paragraph A above, the present Agreement shall not be considered as affecting: (1) The obligation of the appropriate authorities in Germany to secure at a future date the discharge of claims against

Germany and German nationals arising out of contracts and other obligations entered into, and rights acquired, before the existence of a state of war between Germany and the Signatory Government concerned or before the occupation of its territory by Germany, whichever was earlier..." Therefore these reparations rights waives all the claims which have arisen after the entry into war and all the accruing balance from it. There has been only an exception in favor of Czechoslovakia in paragraph B. It's a very small thing. "D. Notwithstanding the provisions of paragraph A of this Article, the Signatory Governments agree that, so far as they are concerned, the Czechoslovak Government will be entitled to draw upon the Giro Account of the National Bank of Czechoslovakia at the Reichsbank, should such action be decided upon by the Czechoslovak Government and approved by the Control Council for Germany, in connection with the movement from Czechoslovakia to Germany of former Czechoslovak nationals." That means that it has been recognized that Czechoslovakia has a right to give Marks to Germans sent out of Czechoslovakia. But that is a special position.

GEN. MCCOY: Well, thank you very much. It has been a great privilege to have you sit in with us and talk with us so frankly and informatively. We appreciate it and hope that you continue to consort with us while you are in America.

M. REUFF: It has been a great pleasure for me and a privilege to meet you.

GEN. MCCOY: Gentlemen, we stand adjourned.

(Whereupon the meeting adjourned at 12:15 P.M.)

FAR EASTERN COMMISSION

Transcript of Seventy-third Meeting of the Far Eastern Commission,

Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.

Thursday, September 18, 1947

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Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. A. Stirling	(Australia)
Mr. R. L. Rogers	(Canada)
Dr. S. H. Tan	(China)
Mr. Robert Douteau	(France)
Mr. S. N. Banerji	(India)
Dr. R. H. van Gulik	(Netherlands)
Mr. G. R. Powles	(New Zealand)
Mr. F. Rodriguez	(Philippines)
Rear Admiral S. S. Ramishvili	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The seventy-third meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 18 September 1947. Major General Frank R. McCoy, Chairman.)

G GEN. MCCOY: Gentlemen, we are all around the table and our session is open.

ITEM 1 - APPROVAL OF THE MINUTES OF THE 72nd MEETING

GEN. MCCOY: I ask your observation and any comment or correction of the minutes of the last meeting.

DR. TAN: Mr. Chairman, with your permission, on page 2, the remarks under my name ought to read something like this:

"Dr. Tan said that the ad hoc subcommittee had had two meetings. He estimated that one or two more meetings might be required before a report could be submitted to the Far Eastern Commission. Thus far the discussion centered on paragraphs 14, 8 and the last part of paragraph 10 (FEC-011/32). In this connection, he continued, he should like to ask the Chairman if the United States delegation could furnish him some information. He said the Chinese delegation had received a report which, however, was unconfirmed that the SCAP had allotted a sum of some United States \$170,000,000 for the financing of imports into Japan. He presumed, if the report were true, it might be for the financing of the self-liquidating imports into Japan. He called attention to the fact that one of the main points of paragraph 8 had to do with the use of the proceeds from the sale of unidentified looted property for the financing of self-liquidating imports into Japan and the fact that this paragraph was still under discussion. He expressed that he would appreciate it if the United States delegation could give him some information regarding this report."

I would appreciate it, Mr. Chairman, if you would insert this paragraph in the minutes instead of the one now in the minutes.

GEN. MCCOY: This is the substituted statement?

DR. TAN: Yes, sir.

GEN. MCCOY: Yes. I was just discussing that point with my assistants and we are anxious to reply to your question but are not able to do it this morning. We are in the midst of getting some definite statement that we will give you very shortly.

DR. TAN: Thank you, Mr. Chairman.

GEN. MCCOY: But we will change the question as you indicate.

Are there any other comments? There seems to be none. If there is no objection the minutes will be made a matter of record.

ITEM 2 - JAPANESE TAXATION OF ALIENS (FEC-232/5, FEC-232)

GEN. MCCOY: Item 2 involves a request from the Swiss Government in reference to their exemption from taxation and there is before you a reply suggested which has received unanimous approval in the Steering Committee, and, if it is satisfactory to the members of the Commission, I will communicate the reply to the State Department in the form and wording before you. If there is no objection I will assume approval of this letter for transmittal to the State Department.

ITEM 3 - REPORT OF AD HOC SUBCOMMITTEE ON TRADE REPRESENTATIVES IN JAPAN AND REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/9, FEC-088/12)

TRADE REPRESENTATIVES IN JAPAN (FEC-088/9)

REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6)

GEN. MCCOY: The Commission on the 4th of September referred FEC-228/6, Reopening of Private Trade with Japan, and FEC-088/9, Trade Representatives in Japan, to an ad hoc subcommittee of the whole Steering Committee with the United States member as Chairman. FEC-228/9 is the report of the ad hoc subcommittee and contains a proposed definition of the term "negligible" as used in both of the above proposed policy decisions.

I think there has been sympathetic work there in reaching agreement but there are some still awaiting instructions. Have you had any instructions?

ADM. RAMISHVILI: Yes, Mr. Chairman, we are not awaiting instructions. The proposal of the subcommittee was submitted to my Government and I am instructed, Mr. Chairman, as follows, that the proposal of the subcommittee is not acceptable to my Government and my Government considers it highly desirable to adopt the proposals of our delegation on both papers. We have instructions and I am afraid that they are final and the proposal of the committee is not acceptable.

GEN. MCCOY: What would you like to have done as a result of your instructions, still with the hope of our reaching some agreement?

Have you any suggestion at this time or would you prefer to let it ride while we consider it together?

ADM. RAMISHVILI: As a member of the Steering Committee and the subcommittee, I submitted the proposed suggestion to my Government but my Government considers it unacceptable. We don't have any special suggestions, Mr. Chairman. Unless our proposal is met we will be compelled to vote against both documents.

GEN. MCCOY: I am informed that there was agreement on the part of all other members of the Commission, so, naturally, and in view of the importance of the paper, we will look for some way of meeting the wishes of the Soviet representative. I understand that your Government then stands on the express amendment?

ADM. RAMISHVILI: Well, if it is necessary, I can repeat it, Mr. Chairman, but everybody knows that on both papers--we are discussing the first one--the proposal of the subcommittee applied to both of them--but my Government considers it unacceptable. I am not ready to submit any proposal right now, Mr. Chairman.

GEN. MCCOY: Are there any other, in view of the fact that the effort at reaching agreement on this paper in the subcommittee has failed, is there any comment on the part of any member or any suggestions as to the continued effort to reach agreement? If not, I feel that our record is such that we always can reach agreement if we continue to be reasonable, and if there is no objection I will ask the subcommittee to continue to consider this paper with the other representatives on the ad hoc committee. That applies to both papers, FEC-088/9, and FEC-228/6.

ITEM 4 - RESTITUTION OF LOOTED PROPERTY: REPORT OF THE AD HOC SUB-COMMITTEE (FEC-011/35; FEC-011/12, FEC-011/32)

GENERAL McCOY: FEC-011/35 is the report of the ad hoc subcommittee resulting from consideration of Chinese and Soviet amendments to FEC-011/32, which was referred to the subcommittee on 14 August.

Would Mr. Graves of the United Kingdom report on this paper?

MR. GRAVES: Mr. Chairman, the subcommittee appointed by this Commission met four times and has now presented a report which is before the delegates as FEC-011/35. Perhaps it would be useful if I expanded the report to a certain extent. The operative paper to which I shall refer is FEC-011/32.

The report which we now present begins by saying that the United States member said that any agreement which he might express on any particular proposal would be contingent on the subcommittee's ability to effect a compromise on the other proposals under discussion. He made that point very clear and he wished this to appear in the beginning of the subcommittee's report, because although the United States, as you are well aware, sir, is not vitally interested in this paper from its own particular point of view it is merely interested in the paper in getting general agreement, so that the United States member made that reservation, that any agreement which he would make on particular proposals would be contingent on general agreement on the paper as a whole. That view was also taken by the United Kingdom member.

Now, coming to the various amendments which were put in, the majority of which were submitted by the Chinese member and one amendment by the Soviet member, the first is a minor amendment to paragraph 8 of the paper FEC-011/32--the Chinese member proposed a slight emendation of the first sentence and the amendment has a reference to a period and a period which is determined in paragraph 14, so that the Chinese amendment reads that "After full opportunities have been given, having regard for the provisions of paragraph 14,..." that simply means having regard to the period which is stipulated in paragraph 14 "to inspect claim objects

known to have been looted, etc." that is a comparatively minor amendment and the subcommittee was able to agree on that, the Chinese member on a personal basis and the Soviet member reserving their positions.

Then on the second one we turned to paragraph 14 of the operative paper and the subcommittee recommended, subject to the Soviet member's reservation, that the period should be extended from eight months to twelve months.

The third amendment, turning again to paragraph 8, is in relation to the portion of the paragraph which deals with the secured fund which will arise from liquidation of these unidentified looted properties, and the subcommittee's recommendation now reads as follows: "The secured fund should finally be distributed among the countries herein specified in accordance with the percentages mentioned above, payable in U. S. dollars, or, at the discretion of SCAP, in foreign exchange acceptable to the recipient countries concerned." That is rather a clearer statement of the principles and the committee thought that was an improvement on the language which previously occurred in the paper. The Chinese member agreed to that subject, of course, to what he said at a later date concerning "the percentage mentioned above". He has another proposal which would affect that. But, assuming that there can be agreement on that, then he supports the language of this proposed amendment. The Soviet member again had to reserve his position on this.

The next amendment, also a Chinese proposal, is in regard to the use of the proceeds from the sale of unidentified looted property. The amendment suggests that the proceeds should be available immediately upon the liquidation. The paragraph as it stands in the operative paper says that the proceeds should be used as a secured fund and then not later than the 1st of January 1950 should be divided. The Chinese member would prefer that the proceeds should be divided immediately upon liquidation, and if we adopted that the effect would be no secured fund, a revolving fund, for helping ~~the~~ imports. The United States member

and the United Kingdom member were both opposed to that, but we had a very long discussion of it and there was a general feeling that it might be possible to get some adjustment of the paragraph which would meet everybody's wishes. It wasn't obvious that there was any suggestion which would be adopted but there was a general feeling that it was susceptible of adjustment. It might come about by making the date on which the proceeds might be divided a little bit earlier than stipulated in the paragraph or there might be other means. So, in presenting this record of disagreement on this, we do so with the feeling that if we tackle it a little bit longer there might be possibility of agreement.

The next one, also a Chinese amendment, has to do with the shares. In the paragraph as it stands there are seven countries, seven looted countries, which would benefit on the liquidation of this fund which arises from unidentified looted property, and it has been proposed up to date that the fund should be divided according to the basis of the national reparations shares adjusted to the figure 100%. The Chinese proposal which has been put in is that China should have more than 50% of that. When they first mentioned it they were talking in terms of 60%, but that has been varied slightly and now we have a proposal that the Chinese should have more than 50% of this fund. Well, some rather firm opposition was given to that by the United Kingdom member and the United States member said that in its present form it would be unacceptable to the United States Government because it was doubtful whether it would be acceptable to the six other looted countries in which negotiation for shares for restitution would result in excessive delays in settling the problem. The United Kingdom objected to it because in the words of the United Kingdom member it would give China preferential treatment. Now the Chinese member, as you will see in the very able statement which he made and which occurs on page 3 of FEC-011/35, said that the Chinese had no intention of seeking preferential treatment. He contests the United Kingdom statement that it would be preferential treatment and I would ask the delegates to read the Chinese member's statement on page 3

of FEC-011/35, which says that the Chinese have no intention of seeking preferential treatment, to see the basis of his claim for more than 50%.

The last amendment which we had to consider is one relating to paragraph 10 of the operative paper. This is a proposal by the Soviet member that "The cost of the necessary work of the salvaging, repairing and refitting of looted ships in the cases where they were sunk or damaged should be borne by the Japanese Government." The intention of that is that ships wherever sunk and wherever found should be repaired and salvaged, refitted at the expense of the Japanese Government. The United States member said that this would present various difficulties, the two important ones of which are that in a paper of this nature we can't give a directive to the Supreme Commander which is beyond his competence. That is, when a ship is found in waters outside Japan that is really outside the competence of the Supreme Commander direction. The other difficulty would be the question of Japan finding the foreign exchange which would have to be provided to provide for the refitting of ships found outside Japanese waters. So the United States member and the United Kingdom member both opposed this. The Chinese member said that he would prefer this to be kept outside this paper, and that is roughly the view of the United States and the United Kingdom. The Soviet member, however, said that he would have to insist on the inclusion of this amendment in paragraph 10 of the restitution paper.

That is roughly the report of the proceedings of the committee, and you will therefore see, Mr. Chairman, that there are two rather large issues on which it hasn't been possible for the subcommittee to agree. There are three minor amendments on which we have agreed, subject to the Soviet reservation. So that we are unable to present an unanimous report on this and it has only been possible to bring it to the Commission in this particular form.

GENERAL McCOY: I thank you very much for that very clear exposition of the complicated problems. I have been getting it as the straws ~~blow~~ blow to me, and this gives me a very clear understanding of

the position and wishes of the respective countries involved, so that I am sympathetic to hear any other comment.

DR. TAN: Mr. Chairman, I would just like to make one brief statement. I ask your permission because I have to leave for an appointment which I cannot cancel and my colleague will take my place here. I have been representing China in the ad hoc subcommittee meetings and it is really too bad that I've got to leave.

I just want to say that the meetings so far have been very fruitful and we have a very large area of agreement, and it seems as though we have these two problems which are rather important, as Mr. Graves, the Chairman of the ad hoc subcommittee said, so I don't know whether this question should be handled continuously by the ad hoc subcommittee or should be decided by the Far Eastern Commission as such. I will leave the matter to your wise judgment.

GENERAL MCCOY: Is there any other comment to this report or any suggestions that may be helpful? There seems to be none.

(Dr. Tan, the Chinese representative, departed the meeting at 11:05 A.M., and Dr. Y. C. Yang assumed his seat as alternate.)

MR. STIRLING: Mr. Chairman, we were authorized to support this paper, FEC-011/32, generally and we've no authority to support the Chinese amendment to paragraph 8, that is, the one about China having more than 50%. Our thought/^{was}that the provision for the distribution of this fund among the seven looted countries in accordance with their reparations percentage was a reasonable and equitable one, and if it should be decided that some other basis should be, for the distribution of the fund should be used I think we would require considerably more evidence presented by the Chinese to support their claim that they should receive as much as or more than 50%.

MR. POWLES: Mr. Chairman, I also had previously been in receipt of instructions to give general support to the paper and my position in respect to the Chinese suggestion would be approximately the same as that of the representative of Australia. Nevertheless, I

would like to say that during the long history of this paper we have been concerned mainly in endeavoring to assist the more interested parties to come to an agreement and in this connection perhaps the Chairman of the subcommittee would be good enough to enlighten us on a particular point which is not clear to me. It refers to the second aspect on which the subcommittee was unable to come to an agreement. That is the question of the Soviet suggestion that the cost of the necessary work of salvaging and refitting ships should be borne by the Japanese Government and that this provision should be inserted in the paper. Well now, if my recollection of the matter is correct, that provision is already in the existing policy. One mustn't overlook the fact that this restitution paper is an endeavor to amend the policy which was passed by the Commission last year and upon which a directive was issued to General MacArthur and, of course, which is binding on General MacArthur as a result of that. Now, FEC-011/12, which I believe is the Commission's existing policy on the matter, does actually contain that provision relating to the cost of repair of ships and it would seem to me that under those circumstances the onus is quite strongly on the United Kingdom and the United States representatives to convince the rest of the Commission why it should now be left out. It can't be a question of the Soviet endeavoring to insert it in the present paper. Perhaps the members of the subcommittee could enlighten me a little bit about that because I feel somewhat confused.

MR. GRAVES: Mr. Chairman, I think the answer to that is to be found in the paper which I have referred to, FEC-011/12, paragraph 2, which says that steps should be taken to restore to Allied countries ships of all types and sizes found in Japanese waters. Paragraph 3 says, "Within the limits of feasibility, ships damaged or sunk and found in Japanese waters, on the request of the claimant country, should as a matter of priority be salvaged, repaired, or refitted as may be necessary to permit their return in a condition substantially similar to that at the

time they came into Japanese hands. The costs of necessary salvage, repair and refitting in Japan should be borne by the Japanese Government but should be applied against the reparations apportionment to the claimant country." The essence of that particular paragraph is ^{about} ~~that~~ ships found in Japanese waters. Now the proposal which was before the subcommittee was rather wider than that and referred to ships which were found anywhere. That is, a ship found in waters outside Japan. On that particular point the two difficulties which I have referred to is in regard to the repairing of ships found outside Japanese waters, which is the real essence of the Soviet proposal.

MR. POWLES: Oh, I see.

GENERAL McCOY: Was there any list of such ships brought before the ad hoc committee or the committee that drafted the paper?

MR. GRAVES: It was mentioned in a general way, sir. The Chinese member referred to certain number of ships which are now in Chinese waters and the Soviet member referred, I believe, to three ships, but the subject has jogged my memory on that. May we ask the Soviet member?

GENERAL McCOY: Admiral, could you tell us where the ships concerned are that you have reference to?

ADM. RAMISHVILI: Before I do, if you will permit me, I have some words to say on the paper in general.

I think it is the principle involved and not the quantity of ships. Of course, there might be five or six or ten, as the Chinese representative said--they had considered nine ships in Korea, if I am not mistaken. Of course some proof must be presented that they were really looted and damaged and of course the paper cannot deal with such details.

The question which arises, Mr. Chairman, is that my Government feels very strongly that since the ships found in Japanese waters are subject to the provision that they must be repaired, it will be quite

proper and just to apply the same principle to the ships--well, of course, not only damaged in the war but looted--of course I emphasize that--if they were looted and then damaged they must be repaired.

The Chairman of the subcommittee very ably explained our proposal and all deliberations which took place, but I want to add some words here since I think that my point was not quite covered about what we feel.

There are two difficulties--one that this amendment, if adopted, would create some difficulties for SCAP because these ships would be in countries outside its jurisdiction. But the main point lies not in geographical position of the ships. The main decision is who will pay. Of course, if this proposal is adopted and SCAP--I am quite sure can and has jurisdiction to order the Japanese Government to pay--then will arise some technical questions. There will be three parties, one the claimant country, another the country where the ship at the present time is situated, and the third party will be the Japanese Government. So some adjustments and some negotiations between them on how to do this will take place. The main principle we are interested in, and I am quite sure not only we but some other members of the Commission, is to apply the same just and proper principle to the ships looted--not merely damaged--as a consequence of the war but looted and then damaged outside of Japanese waters.

Another difficulty, Mr. Chairman, on which I would not try to elaborate very much since it is a rather difficult question for me--I mean--not quite familiar--is that of money and assets--how to pay. We have had here, mostly in the Steering Committee and subcommittee, quite a few proposals of the Soviet delegation on how to raise this money and we indicated several ways that these ships can be repaired and the cost paid by the Japanese Government. This is the second difficulty. Of both difficulties I feel the questions are not insurmountable and I feel they can be overcome.

I would like, Mr. Chairman, to say a few words about the

Chinese proposals. I have the instructions of my Government regarding our proposal to insist on it and try to persuade the members of the Commission to adopt our proposal; otherwise we will be for the time being unable to vote for the paper. So far as the Chinese proposals are concerned, I would refrain for the time being from making any comment except that which I already made in the Steering Committee. I repeat that I personally gave quite sympathetic consideration to all of them; I am quite sure my Government will sympathetically and thoroughly consider them and find out a decision. But for the time being I don't have anything special to say on the Chinese proposals. I repeat, Mr. Chairman, that after that meeting of which Mr. Graves has just made a report, we submitted the proposal of the subcommittee to the Government and we are under instructions to ask the Commission for the adoption of our amendment.

MR. DOUTEAU: Mr. Chairman, in the subcommittee we have been in great sympathy with the Russian position on ships because we have some ships which are in this category. But it seemed to us that in the paper as it stands there is already something which covers this case. If we refer to paragraph 10 of the paper under discussion, that is, FEC-011/32, we see that "The Far Eastern Commission should recommend to the Government of those countries within whose territories..." that, outside Japanese waters, "may be found objects looted or acquired..." that is ships, then it ends by saying "that bilateral arrangements to be drawn up providing for restitution according to these principles." These principles are the principles which are embodied in this paper. Since we are talking about ships we must refer to paragraph 3 of the same paper, that is, this paper in which we read that one of the principles is that the cost of salvaging ships should be borne by the Japanese Government. There is an implication there which should be permission for any country, which is possible in the case of Russia, China, or France, to ask one way or another that the cost of salvaging ships outside of Japanese waters should be borne by the Japanese Government. I

I think there is a matter for thought here, and if we have not made it clear, that is, if any other interpretation can be given to this inference, then we have to reword our paragraph 3 or our paragraph 10 or make it clear in a separate paper, if we don't want to have any misinterpretation of this paper as far as ships found outside of Japanese waters are concerned.

Our interpretation is this--I would be very glad to hear the interpretation of the other members of the Commission whenever a ship found outside of Japanese waters has to be restituted to any country. Let's take an example--a ship found in Formosan waters or Philippine waters belonging to China--how is it going to be restituted? How is it going to be salvaged according to the provisions of this paper? It seems to us that the arrangements should be provided between the two countries. We should refer to the principles involved in this paper and the Japanese Government should pay for it. That is our interpretation, that is, for ships.

Now, Mr. Chairman, may I say a word on paragraph 8, which has been also under discussion. I beg you to remember that the French Government is against the principle embodied in paragraph 8 but we don't want to make it such a strong matter as to be against this paper when it is discussed for voting. We would simply abstain, since we are against the principle of having any sort of fund provided for the construction of the Japanese economy whereas some countries which were aggressed by Japan are in a worse state than Japan. We wouldn't have any strong feeling, of course, logically on the Chinese proposal. We feel very sympathetically that, of course, China has been looted so a very great extent and we were opposed to any adjustment within that fund according to the reparations shares. But it seems to me that if we have to take any stand on this question we would be opposed to any preferential treatment in favor of any country at all. This, Mr. Chairman, were the remarks I had to make on this paper at this stage.

GEN. MCCOY: Thank you very much.

MR. RODRIGUEZ: Mr. Chairman, we have had instructions to vote for the paper before the Commission, and we would like to vote for it because we feel that it is an improvement over the existing policy paper and that its enforcement will make possible further advances in restitution of looted property which, as we all know, is deteriorating. We are conscious that the paper as a whole is not fully satisfactory but we are willing to forego these little deficiencies in favor of action.

We are sympathetic with the position of China that the division of the proceeds from the sale of looted property which, on the basis of reparations shares, is not the most equitable way of dividing such assets. It is true that in the determination of these reparations shares the criteria used are not necessarily the extent of loot, but we are conscious that to go into any further discussion of the division of the fund derived from the sale of the looted property before the Commission, the further merits that would be achieved would not be commensurate with the delay in the settlement of the problem. So, Mr. Chairman, we are satisfied that the paper should be approved as it is and we hope that the other countries here represented will see their way clear to adjusting their views as to facilitate approval of the paper as the earliest practicable time.

GEN. MCCOY: Well I think it is evident that there are still points at issue that need ironing out. They have been very well presented here--very effectively. I join with my Philippine colleague in feeling that there are many mute questions that have been considered for so many months; I thought that in my innocence when we got out our first policy paper on restitution it was in such a broad line and gave such broad implications to the Supreme Commander it would work out before this.

I am quite conscious of the needs, the feelings, and otherwise on the part of the countries that were looted when they see in Japan this great quantity of looted material. I look to my Dutch colleague, remem-

bering how they felt about tin and rubber and diamonds and the fact that nothing has been done apparently. And those questions we are concerned with in this paper. So that if we don't reach agreement, why, nothing will be done and the looted articles and property will deteriorate or have been for over a year and more and if we can't reach agreement it will just go on indefinitely and with great embarrassment to the Supreme Commander not to get instructions to dispose of this property which is concerning him at this time very much as well as those that were looted.

Fortunately, American interest in this affair is only sympathetic with the rest of you and those of you who were so many years at the mercy of Japan that we are anxious to get as much back as possible and in as good a condition as possible. So that we will try our best to reach some agreement that will give some movement and quicker action than seems forecast for the moment. It is evident what a trying question it is and how necessary it is to be sweetly reasonable and compromise as far as we can--all concerned. It is a question of compromise. There is no doubt about that, in any question of restitution, and I think that there has been a genuine effort to compromise, subject to the instructions of the governments concerned. So that, if there are no objections, we will ask, with continued hope, that the committee will continue its good work and see if they can find some way of reaching a more or less happy compromise on the points at issue. If they don't, why then there is just nothing that can be done to cut the Gordian knot and the things will be looted again with the best of effort to guard them. So that it's important to get some more or less happy compromise. I leave that up to this able committee to tackle again.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

GEN. MCCOY: Items 5 and 6 seem to be still like Mohammed's coffin and both the Government in Japan and the departments here are under great pressure from the point of view of eleemosynary organizations and from the continuing international conferences. My attention was called since the last meeting to a very important scientific conference in St. Louis on cancer, where they were very much upset that they were not able to get the benefit of some work that has been done on cancer in Japan, and my Government is under constant pressure from such conferences to permit scientists, scholars and also leaders of labor movements to attend international conferences pending a final peace conference, which seems quite far in the future, so that if there is anything that we can do here to ease the situation I would hope for your sympathetic consideration. I was hoping that some of you who are opposed to this paper would find that you get some pressure from your home people that would move you to more sympathetic consideration. I don't think it is of the greatest importance. To a man on a scientific conference where he has some colleague that he is working with in Japan it does seem important. These doctors in St. Louis seemed to feel that they were very much lacking due to some experts, some authority that had gotten ahead of them in Japan and couldn't be present to share his work with them in St. Louis. However, there are certain governments awaiting instructions and we will continue items 5 and 6 on the agenda.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

(There was no discussion of this item.)

ITEM 8 - OTHER BUSINESS

GEN. MCCOY: Is there any other business that any delegate wishes to bring up at this time--any inquiries?

a. Welcome of Mr. G. R. Powles by the Chairman

GEN. MCCOY: I would like to join with you in welcoming Mr. Powles back from all kinds of conferences and interests in Australia and at home. Did you get home?

MR. POWLES: Yes, I did, sir.

GEN. MCCOY: I am glad to hear that. I was afraid you were called directly to Australia, which seems very near to New Zealand here but when you're down there it might seem quite far.

MR. POWLES: Yes, it does.

GEN. MCCOY: We would be very glad if you would give us any matter of interest or any report as to what happened in Canberra that might be interesting to the Commission.

MR. POWLES: Mr. Chairman, I don't have anything to say at this stage. I am very grateful for your kind remarks for me and I might possibly have something to say at a later stage when it is suitable.

b. Remarks by Chairman concerning Major Plimsoll

GEN. MCCOY: I had a very nice letter from our friend, Major Plimsoll. I always wonder why the Australian Government has such an outstanding, valuable man that we have to call "Major". I think I'd make him a general from my experience here with him.

MR. STIRLING: I shall pass on the suggestion, Mr. Chairman.

GEN. MCCOY: I don't think that Major Plimsoll would object to my reading that (letter) to the Commission. Will you look it over and see if you think it is all right for me to read it? It is a personal note but it is interesting.

MR. STIRLING: I am sure he wouldn't.

GEN. MCCOY: Major Plimsoll joined Dr. Evatt and was with him in Japan and, like Dr. Evatt, subjected to those well-known wiles of the Commander-in-Chief. Then he came back to the Canberra Conference and now is in New York with the Australian delegation to the U.N. He writes,

"I arrived in New York this morning with Dr. Evatt to attend next week's meeting of the General Assembly, and will

do some work in connection with the Japanese peace settlement if negotiations begin soon. I hope to be in Washington before long, and will call and see you."

I was still holding the hope that he might continue to be with us in our work.

"Our visit to Japan was very pleasant and profitable, and Dr. Evatt and General MacArthur got on extremely well together. The British Commonwealth conference on Japan was also successful and indicated that on most matters our views are not likely to be very different from those of the United States."

And I hope that applies to all the others here sitting and no doubt it does from what follows.

"No decisions were made by the conference, which was of value chiefly in exploring the issues and informing the Governments of the principal matters involved, but it was clear that all the countries represented had a similar approach to the problem of Japan.

"I am enclosing a copy of a press statement which was made by Dr. Evatt in New York this afternoon."

I find it is a very interesting statement. You will notice it in the newspapers, but I would like, since we get so seldom any flowers pinned on us, to have this one from Dr. Evatt brought to your particular attention.

Statement by Dr. Evatt

"A large measure of agreement already exists as to the principles of the Japanese peace settlement. Over the past two years the eleven powers who took part in the Pacific fighting have been working together in Washington, as members of the Far Eastern Commission, establishing occupation policies based on principles of the Potsdam Declaration. A valuable guide to the peace settlement is to be found in the basic policy of the Commission, whose industrious and valuable work has received far too little notice."

That is sort of lifted out of the context, so I would like you to look over his whole address. He says again, in referring to the Far Eastern Commission,

"But the present phase of the occupation must soon come to an end. The Far Eastern Commission, which is confined in its functions to the occupation period, is not the appropriate body for determining long-term Allied policy towards Japan. As General MacArthur himself has made clear, the time is rapidly approaching when the existing system of Allied control in Japan should be replaced by a peace treaty redefining the obli-

gations of Japan and establishing a more permanent basis for the political and economic future of Japan and the Far East."

I hope Dr. Evatt will visit us while he is in this country.

MR. STIRLING: Thank you, sir. I shall pass that on to him too, and I hope he will be here before long.

g. Printed Document "Activities of the Far Eastern Commission"

GEN. MCCOY: I see before you or did see before you the printed copy of the report of the Secretariat. Have you all received copies? I understand there are others available in case you need them. I have made bold to send the preliminary report, that is, the mimeographed sheet, around to scholars and others interested in international affairs and have had quite a remarkable number of letters. I sent them out just in a casual way not expecting anything like the personal interest that has been shown by a great many people in different parts of our country, and I think in this easier form to handle and refer to it will continue to be an interesting document to colleges and scholars that principally are concerned in a scholarly sense and in a teaching sense, and also members of the United Nations and in our different departments. I have received more than the casual reply, which does indicate almost in every letter a surprise that there has been an international commission operating so successfully, quietly and efficiently throughout most of two years and getting general agreement on so many of our complicated problems, and where naturally a selfish interest--when I use "selfish" I mean it in the best sense--is involved, and that is, of course, the reason that we are sitting together--we do have such interests that require consideration and gradual approach. So I continue to hold my consistent feeling that there is nothing before us in the past or present that we can't reach agreement on by continued effort.

I mention this now because I find that from reports of two Committees, the Reparations Committee and the Economic and Financial Affairs Committee, there is considerable of a jam and some need of cutting a Gordian knot, and surgical operations are never pleasant.

I don't even want to intimate that it has reached that hardened stage, but I do feel that in Committee No. 2, in watching the votes there--well in both Committees--we ought to take renewed interest there and realize that something has got to be done about those two important papers, first, in the Economic and Financial Affairs Committee the original paper FEC-218 of the United States, which has been before that Committee since April and, as you will see, was very earnestly studied by a subcommittee which produced a report that has the most features that can be acceptable. I would think, certainly most of it seems to be acceptable to the United States.

I am always conscious, when I begin to get pressure on me from my own Government, that very often it is my own Government that has been holding it up, but in this case I don't think that is the case. I am conscious, however, that I will have to play a certain part with my own Government to help clear the slate for the United States, so that it is not all the rest of you. We are all concerned with the slow progress of that paper. But it is of great importance, I think we will all recognize, and it is so consistent with what we have agreed on before in the ad interim approach to settlement on the reparations and economic side that, in going over it, it seems to me that there is a great opportunity for reaching final agreement on that paper in the course of a few weeks. A bit of a shock came to me when I discovered that there were so many items or categories that have been before that Committee since April that a number of the governments have not given instructions on yet, and I hope you will join me, as I press the United States Government, also in helping to get instructions from the governments that have not already given their delegates freedom of action.

Is there any remarks on this subject?

DR. VAN GULIK: Mr. Chairman, with regard to the very apt and most timely survey of the activities of the Far Eastern Commission, I would like to propose a vote of thanks to the Secretariat for the

excellent work they have done in seeing this booklet through the press and in preparing it. I would like to propose a vote of thanks to the Secretariat.

GEN. MCCOY: Well I am glad always to pat the Secretariat. We can do that and the others, if there is no disagreement on it.

DR. TAN: Mr. Chairman, I would also like to join in doing that.

GEN. MCCOY: Well I will see that it is drawn in the form that you wish and accepted on behalf of the Secretariat. I know that Mr. Johnson will very much appreciate it, and I appreciate it very much because I get so much credit for this good work myself and I share that with all of you and without any reservation.

If there are no other remarks or business before us, we stand adjourned.

(Whereupon the meeting adjourned at 11:45 A.M.)

FAR EASTERN COMMISSION

Transcript of Seventy-fourth Meeting of the Far Eastern Commission,

Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.

Thursday, September 25, 1947

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Transcript of Seventy-fourth Meeting of the Far Eastern Commission,
Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.
Thursday, September 25, 1947

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. A. Stirling	(Australia)
Mr. R. L. Rogers	(Canada)
Dr. S. H. Tan	(China)
Mr. F. Lacoste	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. G. R. Powles	(New Zealand)
Mr. F. C. Rodriguez	(Philippines)
Rear Admiral S. S. Ramishvili	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holts, Department of State—FEC

(The seventy-fourth meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 25 September 1947. Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen. We are around the table and we will open the session.

ITEM 1 - APPROVAL OF THE MINUTES OF THE 73rd MEETING

GEN. MCCOY: The minutes of the previous meeting are before you and there is a correction called to my attention which is also before you. I ask you to note the correction made, if it is agreeable to you, and ask if there are any other corrections or observations on the subject. How about my share colleagues? Are the minutes all right from your point of view? If so, we will make them a matter of record in the usual way.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

GEN. MCCOY: Item No. 2 is the food paper. FEC-248/4 is a proposed policy decision approved by the Steering Committee on 23 September. It has received due consideration. There were certain amendments and I think there was general agreement except, I believe, the Soviet representative had not received instructions at the time it was before the Steering Committee.

ADM. RAMISHVILI: Mr. Chairman, the paper is before my Government and if you will allow me more time.

GEN. MCCOY: There was a query, I believe, with reference to the former food paper as to the natural course of this paper, and it is in such a form and will be handled in the way of all other policy papers in the form of a directive to the Supreme Commander, if full agreement. It will be kept on the agenda awaiting the information from the Soviet representative.

ITEM 3 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

ITEM 4 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

GEN. MCCOY: Items 3 and 4 are still matters of disagreement

awaiting instructions, and if there is no objection will be retained on the agenda, as well as Item 5.

ITEM 5 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

(There was no discussion of this Item as indicated immediately above.)

ITEM 6 - OTHER BUSINESS

GEN. MCCOY: That brings us to Other Business.

a. Article in New York Times concerning Food Relief in Japan

GEN. MCCOY: There will be circulated for your information a very interesting article that I have before me in today's New York Times. I don't think it is necessary for me to read it. It is quite an article on the subject and pertinent to the food paper. Had you noticed it?

MR. GRAVES: Yes, I saw it, Mr. Chairman.

GEN. MCCOY: It seems to me a matter of sufficient interest for your--

DR. TAN: What is the subject, Mr. Chairman?

GEN. MCCOY: It is headed in this morning's New York Times "Japan must face food import cuts. Allied Command says supplies must be curtailed because of the world shortage." And then it goes on to give a very interesting consideration of the question out there. So that I will have that circulated so that you won't have to bother about looking it up. I just mention it as a matter of interest.

DR. TAN: I noticed in the papers, Mr. Chairman, yesterday's Evening Star and today's Post also, a very interesting item regarding the disposal of looted gold by Germany, and that is also, I think, a very interesting item which has a bearing on the paper which is under discussion, the restitution paper.

GEN. MCCOY: Well that is an important paper for us all, and I think you are particularly interested in it. We were just discussing the paper itself before coming down here and Mr. Barnett is going to give you what we know about it. I believe you made some queries at one time and the question was differently formulated at the last meeting.

DR. TAN: But what I have in mind is that this item is of special interest with reference to paragraph 8 of this restitution paper, which is one of the most important questions of discussion in the ad hoc sub-committee.

GEN. MCCOY: Yes, I agree with you there. Well I think we'll be able to give you more information, and the Commission too, shortly. It is a question that is concerning us very greatly and, as I have mentioned at other meetings, General MacArthur and his organization are very much concerned about getting such a policy paper through so they can dispose of this vast amount of loot and restore it to its owners. He's very much interested, and naturally we are to help him. But there are complications that we are trying to work out now and in a very conciliatory manner.

b. Departure of Mr. Richard B. Finn from the Secretariat

GEN. MCCOY: We are losing another of our Secretariat, Mr. Finn, Mr. Richard B. Finn has worked here with us for a year and with whom you are all acquainted. We are very sorry to lose him. I think, in looking back over the last couple of years, both on the part of my colleagues and on the part of the United States, that we seem to be a training school here for experts. As a consequence we are losing people right along both from the United States group and the Secretariat and from foreign groups, and I'm concerned about what is going to happen when the peace conference sits because I imagine that I'll find nearly all of you being taken off to the peace conference and leave us more or less flat for a while. But I'm still hoping that we can clear our slate sufficiently of these important papers before us.

Mr. Stratton calls my attention to the fact that Mr. Finn left us in June but is to become a Foreign Service officer, and that his departure now is for assignment to the Advisory Council in Japan with Mr. Siebold as Chairman.

g. Remarks of Mr. Powles Concerning Recent Commonwealth Conference at Canberra, Australia

GEN. MCCOY: We have been very much interested in a personal conversation I had with Mr. Powles as to the recent visit to New Zealand and his part in the Canberra Conference. So it was to interesting to me that I asked him to talk to the Commission about it. I thought it would interest you all, and, if Colonel Powles will be so inclined this morning, I would like to here him again and have a Commission record of his remarks.

MR. POWLES: Mr. Chairman, you will recall at the last meeting you asked me whether I had anything that I cared to say on the subject of the Canberra Conference and you took me by surprise and thereby, naturally cautious at the time in having no documents with me, I merely declined and said at that stage I had nothing to say. But I am happy to be able to accept your invitation to say something about it because I know that the subject matter of the Conference, that is to say, the peace settlement with Japan, is of very great concern to all our Governments and it has become, I think, of great personal concern to all of us who sit around this table. We feel personally interested in what has been going on and what is going to happen.

Also I think that the press coverage which, as far as I have been able to learn, was given the Canberra Conference in the papers here was not particularly adequate. Actually the Conference had two public statements. It had certain of its proceedings broadcast over the radio and after each daily session a press communique was issued, and this was followed at the conclusion of the conference by the issue of a further press report which summed up the work and the whole situation. So that, from the point of view of the public at any rate in Australia, the proceedings of the conference were pretty well known and, of course, what gets out of Australia depends entirely on the whim of the press men. We have no influence of that end, of course--perhaps others as well--but from that point of view I think it would be very useful if I did go into

matters in some detail.

I would like to make two introductory points before I go any further, that the Conference was held for the express purpose of exchanging views. It wasn't held for the purpose of making any decisions or making any commitments at all. It was a conference held for the purpose of gathering information about the views of other countries relating to the subject under discussion. It did not make any decisions at all. That, of course, meant that on certain issues where views were expressed which were not in agreement there was not much further discussion which would lead to an agreement, and it also meant that on the much more frequent occasions when views were expressed which were similar or in some cases identical that it is convenient to refer to it by using the expression "agree". So I hope that when I am referring to the proceedings of the Conference as I go on this morning, if I say that the Conference "agreed" to do this and the other or agreed that such a thing should go in the treaty, you will understand that it wasn't a formal agreement at all; it was only just a convenient method of expressing the fact that those delegations who expressed a view on a particular point did express views which were similar or identical. My second introductory note of caution is, of course, that I speak only for the New Zealand Government and I don't have any authority or any call to speak on behalf of any of the other Governments that were represented there at all and consequently what I say will necessarily be somewhat one-sided.

Mr. Chairman, the Conference consisted of the following nations: Australia, Burma, Canada, India, New Zealand, Pakistan, South Africa, and the United Kingdom. The agenda of the Conference covered two main aspects. The first was the proceedings and machinery for making the peace settlement with Japan, including (a) the composition, (b), the level of representation, (c) the time, (d) the place, (e) the voting, (f) the timetable for the peace settlement procedure, and (g) the subsequent procedure. The second part of the Conference proceedings concerned

the content of a possible or desirable Japanese peace treaty and this was covered under the following heads: the basic objectives of the settlement; the territorial provisions; disarmament and demilitarization; political provisions; economic and financial provisions; reparations; machinery for enforcement, including three subheads (a) the arrangements for the termination of the occupation, (b) the control organization, discussing its composition, manner of voting, place of meeting, executive action, and relation to the United Nations, and (c) the termination of the control arrangement; and the last item on the agenda was the form of the peace settlement--one instrument or two, the participation of Japan, the coming into force of the treaty, and the question of adherences. So you will see, Mr. Chairman, from the agenda that there was a very wide field to be covered and the Conference didn't last very long, with the result that, generally speaking, the Conference found itself unable to discuss questions of detail at all and confined itself to a discussion of matters of general principle.

Now I think the best way for me to do it would be to go through the agenda just briefly. I am not going to weary you by going into too much detail, but ~~the~~ the first part of the agenda, you will remember, I said dealt with the peace settlement procedure and the views expressed by most delegations were that the peace settlement machinery should be put into motion at an early date; that the primary treaty-making functions should rest with all the eleven Powers who are members of the Far Eastern Commission plus Pakistan, should she desire to become a member. It was thought that there would be a drafting conference in Washington and there seemed to be a general acceptance of the view that Washington was the most suitable place for the hard work of treaty making to be done. Indeed, it seemed fairly obvious that some delegations had contemplated certain changes of hats taking place in Washington between representatives who were members on the Far Eastern Commission and representatives who might be representatives at the peace conference, and I think too that

there was a suggestion made by one delegation that it would be proper to actually hold the peace conference in this building, that is, the building where we are now, and to make use of the existing Secretariat facilities. That suggestion, however, was just thrown out and wasn't followed up. Then at a later stage in the development of the peace treaty there seemed to be an expression of opinion to the effect that all the belligerents against Japan should come into the formation of the peace treaty but in such a way that control over the actual contents of the peace treaty would not be lost by the eleven or twelve or perhaps more Powers who were entrusted with the primary function of drawing the treaty.

As far as the procedure in the Conference is concerned, in spite of the fact that I am in the presence of four of the veto Powers, I don't think I could pass over this point without saying that most of the delegations at the conference expressed a reluctance to agree to a system of voting at the peace conference in which any one power had a veto. The New Zealand view put forward was that a peace conference is not quite the same as an executive body; that in a peace conference any one of the participating nations has in effect a veto because you can't compel any nation to sign a peace treaty that doesn't want to sign, with the result that, considering the initial fact that all nations have vetoes, it would be a more practical solution to abandon all the vetoes and get down to a consideration of the ordinary points of drafting and the meetings which will no doubt have to take place for quite a long time, considering all the details without the hampering provisions of a veto in the voting procedure. However, those were views which were just expressed and it was also agreed that one must await developments, that is, as far as the procedure is concerned.

On the question of the content of the treaty itself, the basic objectives for the peace settlement for Japan were recognized as being set down in the Potsdam Declaration and also in the Basic Policy of the

Far Eastern Commission, particularly in its preamble and in its first section where it sets out the basic objectives for the occupation and control of Japan. And I might interpolate here that I think it is a useful stage to say that the good work which had been done by the Far Eastern Commission was recognized and complimented upon by all the delegations at the Conference. It was interesting to note because after all in this body here we have done a lot of work but at the same time our light has been very much under a bushel. We haven't had very much publicity, and it was interesting to note that the work that has been done was recognized as being sound and as of being of very great assistance to the treaty makers.

Now, if one examines the Potsdam Declaration and the Far Eastern Commission's Basic Policy, one will appreciate that the Conference accepted the three main basic objectives of disarmament, democratization, and a reasonable peacetime economy, those three objectives as being the ones which would dictate the nature of the peace settlement.

The rest of the agenda concerned the actual contents of the treaty itself, and here I might say that there was a good deal of discussion time and again during the proceedings of the conference—not on the point of view as to whether a particular provision or a particular obligation which it might be sought to place on the Japanese Government was desirable in itself but whether the obligation was suitable or proper to be inserted in the peace treaty, and it was recognized that one of the most difficult things that the peace conference will have to determine is to draw the line between those things that we all agree are sound and proper and wise for the Japanese to do or for the Japanese Government to carry out those developments that we would like to see take place in Japan; I think there is almost unanimity about what we would like to see—to draw the line between those and between those more specific and more readily enforceable obligations which are of the type to be inserted in a peace treaty. And that particular line of thought came up under every subsequent

heading in the agenda.

Now let me come to the territorial provisions in the treaty. It was recognized that the framework had been set already--that the Cairo, Yalta, and Potsdam Declarations, all of which were regarded as unreservedly binding, had fixed a territorial framework within which the peace settlement for Japan must be carried out. It was readily agreed that in the peace treaty, in order to acknowledge this framework, there must be a renunciation of Japanese rights in connection with the territories which are mentioned in those international agreements as being disposed of to other powers. But the question as to whether there should be any more than that in the Japanese peace treaty was regarded as one of very great difficulty. The question as to whether it would be proper to put in the Japanese peace treaty an implementation of some of the provisions of the agreement relating to territories which were once Japanese but have now been disposed of to other powers is one which the peace conference will definitely have to consider. But there was no suggestion at Canberra that any of the nations concerned there had any firm views on the point. It was merely recognized that it would be a difficult problem and that the conference would have to consider it.

Now before the question of convenience, in discussing it I won't go right through the agenda but I'll jump to the question of the enforcement of the treaty because the viewpoint was that the basic objectives and the territorial provisions, which are binding and have already been agreed to, do themselves lead inevitably to some restriction on Japan long after the treaty comes into force. But it was also realized that the content of the peace treaty itself would probably be influenced by the means which the nations desire to adopt to enforce the treaty and, consequently, I would like to refer to this question of means of enforcement.

It was recognized straight away that there were certain positive incentives that would move the Japanese to obey strictly the provisions

of any treaty and that these positive incentives were that the Japanese desire to stand well with the world, her desire to progressively achieve membership in international bodies and finally of the United Nations, and the further positive incentive could be provided by a relaxation from time to time of restrictions which might be imposed on Japanese economic life from points of view of security. And it was recognized that there would have to be some form of control or supervisory organization set up to supervise the Japanese observance of the treaty.

Now I think I could give you an outline of the New Zealand scheme as a sample of the methods of control that was discussed by the Conference, and here I may say that there were a number of schemes put forward none of which differed very much in principle although they differed in detail and there wasn't discussion of the respective merits of one scheme as against another--merely an indication that these were the matters which would have to be discussed in the peace conference. Consequently, if I give you the New Zealand scheme it will be a sample, I think, of the line of thought.

The New Zealand scheme envisaged a representative body sitting in Tokyo having the function of supervising the Japanese observance of the treaty. This body probably could consist of the representatives of all powers who considered themselves primarily concerned with the question of security and who were prepared to accept the obligations of becoming a member of this body, and it was obviously thought that those powers would again be the eleven or twelve or perhaps more powers who are represented on the Far Eastern Commission. This body would have the general function of supervising the Japanese observance of the treaty and the specific duty of inspecting the observance of the disarmament and demilitarization provisions, it being considered that that was a particular task which simply must be carried out and for that purpose an inspectoral staff was envisaged; that the body would have naval and air patrol forces at its disposal, perhaps based on nearby islands but

that it would not be necessary for any occupation of Japan proper after the peace treaty comes into force unless it were felt from a technical point of view that these naval and air patrol forces, which were to be under the control of the control authority could not adequately operate unless they had a base in Japan in which case it might be necessary to occupy such a base. The control authority would have power to increase or to relax the economic restrictions imposed by the treaty, and this was regarded by New Zealand as being absolutely vital--it would have a very close relationship to the United Nations. It would be, in our view, an organ of the United Nations and it would thus avoid a number of the difficulties which would arise in connection with the relationship between the control authority and other nations and it would leave to the United Nations the ultimate problem of enforcement of peace in the Pacific where that problem ultimately belongs. Japan's membership at the United Nations would also be a subject to be dealt with by the control authority--whether it would be necessary for the control authority actually to permit the Japanese to apply for membership at the United Nations or whether it would be advisable to allow the Japanese to apply at any time they wished and merely ensure that the control authority had the right to make a report to the United Nations on such application were matters which would have to be carefully considered by the peace conference. There was no identity of view at Canberra on that particular question. The identity of view consisted in recognizing the importance of the Japanese application for membership at the United Nations and the tremendous effect that that was likely to have on her and on the carrying out of the treaty. It was also realized that in some way or other the Powers responsible for the enforcement of the treaty would have to be permitted to express their views to the United Nations on the manner in which Japan was carrying out her obligations under the treaty, but the method or the procedure for doing that, as I say, there was no identity of view. It was also thought, in this particular scheme that was put up

by New Zealand, that this control authority would have to remain in existence for about twenty to twenty-five years or perhaps until such time as the control ~~authority~~ authority itself determined that the Japanese were now fully responsible and democratic people and could be completely removed from control. That gives, I think, an idea of the thinking upon that particular line.

Now the next item in the agenda was disarmament and demilitarization and here it was recognized that we had one of the most important aspects of the whole matter. It was recognized that most of the disarmament had been done already, also most of the demilitarization. The Conference had before it that paper which is now in the Far Eastern Commission, FEC-017/7. I think it is in the Steering Committee now dealing with disarmament of Japan and generally recognized that, and thought that the principles in that paper were very sound and it was a good paper. But here it was most interesting to note that even at Canberra where the representation was really on quite a high level it was impossible for even those delegates to discuss that paper without getting into an argument as to whether the Japanese police should have pistols or machine guns. (Laughter) And there was quite an argument about that. I won't say what the conclusion was; I don't think there was any.

ADM. RAMISHVILI: Were you the initiator of this discussion?

MR. POWLES: No, I didn't initiate it, Admiral. It grew up of its own accord to show how one's mind naturally turns to it. It must be very important.

There was one point made by some of the delegations which I think is worthwhile mentioning, and that was that this paper in the Far Eastern Commission omitted any reference to a civilian coast guard service, and it was thought that the Japanese will have to be allowed a civilian coast guard service with much the same status as their civilian police in order to allow them to exercise ordinary disciplinary control over their customs and over their fisheries within their territorial waters.

There was a good deal of discussion about the scientific aspects of disarmament and there again there was a reflection of the two views one knows that I held, one view being that as embodied in the present Far Eastern Commission policy that, with reference to fundamental research into atomic energy, the Japanese must be prohibited from doing so, the other view being that you just simply can't prohibit people from doing fundamental research and that the only way to make sure that it is safe to allow them to do it is subject to certain conditions and make quite sure it is being brought out into the open. Those two views were expressed at the Conference and I came away just as wise on the subject as I was when I went there, which isn't wise at all. I just don't know what the answer is between those two particular points of view. It was, of course, on the disarmament side definitely agreed that there must be no armaments manufactured, no aircraft industry, and that there must be a long-term supervision of heavy industry.

On the political provisions reference was made to the Far Eastern Commission decision for review of the Constitution, and it was pointed out that some provision will have to be made for the implementation of that policy decision and that whether it will be done by the Far Eastern Commission or by some other body will depend on the time factor, it generally being thought that the Far Eastern Commission will go out of existence when the peace treaty comes into force. It was also stated that the Constitution itself, the new Constitution, was an extremely good document and it would be worthwhile for the peace conference to consider inserting in the peace treaty a clause obligating the Japanese to maintain their Constitution subject to their own constitutional method of amending it. There was another view which thought that that went a bit far and that all that was necessary was to put in the peace treaty some clauses relating to human rights. There was a great approbation at the Conference of the Far Eastern Commission policy on trade unions, which was regarded as an extremely good document. The

extent to which that policy ought to be inserted in the peace treaty again was a matter which there was no identity of view expressed. There was no detailed view expressed. It was desired quite clearly that something would have to be gotten in the peace treaty about trade unions but exactly what was a matter for the consideration after the actual skeleton form of the peace treaty had been already fixed and after one had cleared one's mind on the nature of the control of Japan that one was going to exercise for the next twenty or twenty-five years. Similarly the Far Eastern Commission policy on education was referred to in satisfactory and complimentary terms and there was a similar realization that it would be good to put it into the peace treaty. But would it be wise? I mean, is that the sort of obligation which ought to go into a peace treaty? Those questions came up and one interesting remark was made that UNESCO, the United Nations organization on the subject of education, et cetera, might be able to assist the Japanese in the production of a democratic system of education very materially, and I think that is an idea we could have in mind. It was definitely agreed that the provisions on the purge directives relating to ultra-nationalist societies, relating to special police and para-military organizations, and the provision of the directive relating to religious matters--the separation of Shintoism from the State--these provisions would have to be perpetuated in the peace treaty. The provision of the purge directive itself, which prevents the employment in official positions of ultra-nationalist people or people with a militaristic record, was recognized as a subject for consideration by the conference--not necessarily from the point of view that the purge would have to be perpetuated for twenty-five years because it was thought by more than one delegation that it is not going to be either wise or practical to keep in Japan for the next twenty-five years a body of men who were at one time extremely influential in the State but now have been purged of all official connection with it and therefore very largely irresponsible, and it was thought that perhaps

the control authority might be given some task or some duty to perhaps examine or reexamine the situation relating to certain purges and allow them to come back to public life, the idea being that it is better that anything that these people are going to do should be done in the open than or rather/done under cover or underground where they have been driven by the present directive.

The question of treaties and the question of international relations were also discussed but I don't think I will weary you with that because time is getting on.

Then under the economic and financial provisions section the Conference recognized the immense difficulty of these problems because of the detailed considerations involved and at the outset it refused to discuss or consider figures. I think that was very wise because it didn't have the time to do so. But generally speaking one could say that it seemed prepared to follow the line of approach which one can already see growing in the Far Eastern Commission, starting from the basic consideration that there must be no restrictions on the Japanese economy which are not wanted for security considerations. One then can see that the pattern that is being formed here is to prohibit some industries altogether, to cut down the capacity of certain key industries, such as iron and oil, and to keep this capacity cut down for the period of control, to place import restrictions on certain basic raw materials, and to remove the excess war capacity in a large number of other industries but subject to what I have already said to place them under no long-term restriction. That seemed to be the general pattern which was in accordance with the views which were expressed by most of the delegates, but it was made quite clear that the detailed working out of such a program would need a tremendous amount of discussion and reference was made to the extremely valuable work which the Far Eastern Commission was in the process of doing in considering its levels of industries paper and also to the one just finished. You will remember that industrial disarmament paper was

passed by the Far Eastern Commission just a week or so before the Conference started. And there seemed to be a general feeling that that approach was sound although, as I say, there were no detailed views expressed because there was no time. But it was clear that the schemes put forward did envisage a long-term control of Japanese industry with the fundamental principle that there must be no restrictions which are not warranted by security considerations.

The Conference, however, did produce an identical expression of views on the subject of Zaibatsu dissolution program. It seemed to be the general view that whatever else you put in the treaty under the economic section and although there might be a lot of argument as to a lot of desirable things that could go in the treaty, one thing ought definitely go in and that would be the perpetuation and continuation of the program for the dissolution of the Zaibatsu. The actual details or the merits of the present program which is underway in Japan were not discussed at all and it was recognized that there were a lot of immense difficulties yet to be overcome, but it was thought that the principal objective of getting away, doing away with these concentrations of economic power must be implemented in the peace treaty.

There was discussion as to whether in the peace treaty anything should be inserted on the subject of land reform or of commercial policy or of economic equality or access to raw materials, but there were doubts expressed, as I have mentioned before, as to how far the treaty should go in these respects.

Then reparations. Now I think the Commission will be disappointed to hear that the Canberra Conference didn't discuss the allocation of shares at all. I wouldn't like to say it was too difficult for them but I feel that taking the view they did that they had no time to consider questions of figures and detail they were probably wise in not even embarking on a discussion. It just simply wasn't discussed at all.

GEN. MCCOY: Was there any hope expressed?

MR. POWLES: Well I don't even know whether there was, sir. There was a feeling that most delegates felt a little bit nonplussed on the subject and preferred to say nothing. There were several statements made about the unhappy possibility of a substantial failure in the present reparations program and there were also several statements made which indicated a marked reluctance to consider reparations from current production as a suitable alternative to the present program.

On the question of the form of the peace settlement it was realized that the peace conference would have to determine whether there would be a single peace treaty which would contain within it the provisions relating to the long-term control of Japan and the obligations assumed by the nations who were going to control Japan or whether there should be a peace treaty of a more ordinary kind supplemented by a separate treaty between the control Powers, and I couldn't see whether there was a leaning in the expression of views either to the one way or the other. I can only say that from the New Zealand point of view we expressed quite strongly the feeling that it should all be in one document in spite of the fact that it would probably be a precedent-making document. ¶ There never has been quite a peace treaty like that in the history of the world before, but we see no objection to that and we see no reason why there shouldn't be one now and we think that there are a number of advantages of having it in one document.

On the question of the participation of Japan in the peace conference it seemed quite clear to me that the delegations did not envisage at all any discussions with the Japanese nor would they have envisaged-- I notice in the Japanese reports recently--a strong delegation from Japan and headed by the prime minister, et cetera--that is certainly most surprising. It was, however, admitted that the Japanese were entitled to make representations to the conference on the subject matter of the peace treaty but that there could be no suggestion whatever that we were bargaining with them nor could there be any discussion on the terms. They

would be entitled to be heard but the decision must rest with the conference.

As far as the coming into force of the treaty was concerned, it was felt that some arrangements might be made whereby it could come into force upon ratifications being deposited by a certain specified number or group of powers, and that would mean that the control machinery could come into force at an early date and the present system of control of Japan could at the same time be stopped. On that point it was made clear by more than one delegation that it would be most important for the control machinery of Japan to succeed from the administrative point of view to the machinery and the work which had been used and done by SCAP in Japan, including the records, method of approach, and all that sort of thing.

Summing it up, Mr. Chairman, I think it could be fair to say that the Conference was single-minded in its search for security and permanent peace in the Pacific, and in its recognition of the basic framework within which that solution must be found. The deliberations of the Far Eastern Commission and agreements of Cairo, Yalta, and Potsdam have greatly simplified the problem and this was recognized by the Conference. The result was that six or seven nations going out to Australia, thinking quite independently, did and could produce closely similar approaches to the peace settlement, and I think with this experience I wouldn't be surprised to see, and I would hope to see, no fundamental difficulties at the peace conference itself.

Mr. Chairman, if anyone would like to ask me any questions, I would be happy to answer them. I hope I haven't taken too long in covering the field.

GEN. MCCOY: You have not. It is a very clarifying series of statements and a very interesting one. I would hope that we can still have time to query Mr. Poulos on any point that occurred to any member. It seems to me he has covered it pretty widely and fully but I have a couple

of questions which occurred to me--not important--but I would like to ask them just for my own interest possibly after the other delegates have had an opportunity to query him. Gentlemen, the round table is round.

MR. REUCHLIN: Mr. Chairman, may I ask one question of Mr. Powles. Mr. Powles told us that the States of Pakistan and Burma both were represented in Canberra. The first question I would ask myself is why wasn't Hindustan represented?

MR. POWLES: India was.

MR. REUCHLIN: Then he told us that it was envisaged that Pakistan should also become one of the Far Eastern Commission members. My question would be, was it discussed whether Burma should become one of the members?

GEN. MCCOY: Was Burma represented?

MR. POWLES: Burma was represented at the Conference. The question of Burma becoming a member of the peace-making body wasn't adequately discussed for rather clear reasons. The Burmese minister of foreign affairs, who was due to arrive at the Conference, was held up by bad weather and didn't arrive with his delegation until the middle of the second day of the proceedings. On the first day, of course, we had gone through this question of procedure and it was stated by more than one delegation that the claims of Burma would have to be very carefully considered. When we were discussing the question of Pakistan--but that was as far as it went because Burma just wasn't there at the time the thing was discussed.

GEN. MCCOY: And, of course, Burma has not yet been given formal Dominion status, has it?

MR. POWLES: No. It is supposed to happen later this year.

MR. REUCHLIN: And one last question, Mr. Chairman, if you will allow me. Was the question of the jurisdiction of Japanese police and Japanese courts over foreigners discussed at all after the peace treaty?

MR. POWLES: No, Mr. Chairman, that question was not discussed.

MR. LACOSTE: Mr. Chairman, I had thought of a similar question, only perhaps a little bit wider, and I was wondering whether it had been

envisaged to have any clauses pertaining to what we generally call a counselor establishment in the treaty, I mean, the status of foreigners in Japan, as far as the right of circulation and commerce jurisdiction and all connected questions. Was there anything said about that?

MR. POWLES: There was a document filed by one delegation, quite a comprehensive document, which made a number of suggestions, sort of machinery clauses for the treaty including property rights and all that sort of thing, the treatment of aliens, and although the document was before the Conference it wasn't discussed. It didn't come up at all.

MR. LACOSTE: I imagine that is one of the questions that should be broached when we come to the ~~drafting~~ drafting of the peace treaty.

MR. POWLES: Yes.

GEN. MCCOY: That would involve also the reestablishment of freedom of Japan to reestablish diplomatic relations.

MR. LACOSTE: Yes, that would also have to be dealt with.

MR. POWLES: That particular point, I didn't mention it when I was going through, but that particular point was discussed just briefly by more than one delegation, and it was realized that it was a question for consideration whether Japan should be given, after the peace treaty comes into force, complete freedom to enter into diplomatic relations with any other nation who was willing to reciprocate with here and it was recognized it would be very difficult to prevent it, even if one should want to prevent it.

ADM. RAMISHVILI: Mr. Chairman, since there were countries not members of the Far Eastern Commission--Burma, South Africa--could Mr. Powles elaborate more on South Africa as in comparison with Burma?

MR. POWLES: Well I don't think--of course there are no South Africans here and I don't think I would like to say very much about them. I don't think it would be right. If I did only say this that South Africa was there because she was a member of the British Commonwealth but she made no suggestion or no claim that she should be admitted as a member of the Far Eastern Commission or as one of the principal drafting powers in the peace

considered

conference. They didn't make that suggestion.

MR. LACOSTE: Was there any indication of their own particular interests in Japanese matters?

MR. POWLES: No, I don't think so.

MR. LACOSTE: I was wondering whether there had been any indication that South Africa had any particular interests in Japanese affairs.

MR. POWLES: I don't think there was anything special said at all. The views on general topics which were expressed by the South African delegation were quite in line with the views expressed by all the others and I don't think that the occasion arose for South Africa to make any statement as to whether she was particularly interested or not.

GEN. MCCOY: That brings up a point that has always seemed queer to me in our arrogating to ourselves in particular interest in the Pacific without ever any of the Latin American countries that front on the Pacific being considered or even any part being taken by them in trying to be considered. Does anybody have any remembrance of any one of the Pacific countries of Latin America ever bringing up the point? For instance, in this it has occurred to me often in the American line up here in the Pan-American Union, and in organizations like the Institute of Pacific Relations, which was very active for many years in conferences on the Pacific, I don't think they ever had any delegate from any one of the Pacific Powers in Latin America. I have talked about it several times in conferences and round tables on the subject of the Pacific but I never have found any interests there, at least in any of the conferences that I have sat in on. I just wondered if it ever occurred then if any Latin American diplomats had ever brought up the subject as far as you know. I course they have had diplomatic representation in China for many years and in Japan heretofore and it hasn't come up here in any of our considerations in the Far Eastern Commission.

ADM. RAMISHVILI: Except for Bolivia, Mr. Chairman. We have a paper under discussion in Committee No. 2 on Bolivian claims.

GEN. MCCOY: She doesn't face on the Pacific.

AIDM. RAMISHVILI: She still wants her money back, or something.

GEN. MCCOY: It's not of any importance as far as we are concerned, but it has always interested me that they didn't show any interest themselves in the Pacific problems.

(To the New Zealand delegate) Do you have any trade at all with Chile or Peru? I mean, are there any ships trading direct?

MR. POWLES: No, no direct ships. We used to have casual contact with the Argentine, and still do from a trade point of view, but in a very limited way.

GEN. MCCOY: Was there any consideration given to the over-all approval or adoption of any of the previous policy papers of the Far Eastern Commission in a blanket way? That is, very often that comes up when there is a change of administration. I noticed that the United Kingdom, the last time we were discussing the Constitution, was very concerned about a statement as to the former code or the former trade relations or other previous laws or treaties being covered in a blanket form as to the future and that would be particularly pertinent with regard to a great many of our policy papers. Of course, these interests you mentioned in certain policy papers will bring them up for that consideration, but I was just wondering if there were any thoughts expressed as to a blanket carrying on of any background policy?

MR. POWLES: Yes, there was, and it was recognized as a problem for the draftsmen really to decide how it was to be done. But it appeared to be thought by some delegations, and I think quite rightly, that the obligations which have been imposed on the Japanese Government by the successive directives of General MacArthur, some of which of course have been issued on his own and some of which have been issued as a result of Far Eastern Commission policies, that it wouldn't be the policies themselves that you would perpetuate but you would have to perpetuate the obligations imposed on the Japanese Government by all of General MacArthur's directives which had anything in the nature of a long-term effect. It was also thought that it will be important to ensure that there is a provision in the peace treaty

protecting against victimization within Japan of any Japanese who have acted pursuant to occupation directives or who have cooperated with the occupation.

GEN. MCCOY: There is one thing that occurred to me when you were talking about the purge policy. It seems to me that old Father Time will settle that, that is, the purge in effect had to do with men of considerable age, that is, there were no young men involved in it really. It was nearly all old men, so that it doesn't seem to me that we have to bother much about that.

MR. POWLES: I think, from a general point of view, we probably wouldn't, but there was expressed by one or two delegations that the peace conference would be wise to consider some provisions whereby exceptions could be made because, although it was recognized that a large number of them were old men, yet there are some of them who are not and those who are not old men and who are probably the most dangerous or potentially dangerous, if they have a fairly long life to look forward to, they are going to carry on some sort of activities making use of ~~the~~ it unofficially, and it would be better from some points of view to arrange it so that they could come out into the open. But that's a thing one would have to discuss very carefully.

GEN. MCCOY: Are there any other questions, gentlemen? There seem to be none.

The session is adjourned.

(Whereupon the meeting adjourned at 11:40 A.M.)

FAR EASTERN COMMISSION

Transcript of Seventy-fifth Meeting of the Far Eastern Commission.

Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.

Thursday, October 2, 1947

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Transcript of Seventy-fifth Meeting of the Far Eastern Commission,
Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.
Thursday, October 2, 1947

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. L. Rogers	(Canada)
Dr. S. H. Tan	(China)
Mr. F. Lacoste	(France)
His Excellency Mr. Asaf Ali	(India)
Mr. O. Reuchlin	
Dr. R. H. van Gulik	(Netherlands)
Mr. G. R. Powles	(New Zealand)
Mr. F. C. Rodriguez	(Philippines)
Rear Admiral S. S. Ramishvili	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The seventy-fifth meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 2 October 1947. Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Gentlemen, we are ready to proceed with the work of the morning, which at a glance doesn't seem very hopeful in number of items on the agenda. Possibly the point has been reached where, when we disagree, we can find some way of patiently continuing to seek agreement.

I am asked to call attention to the fact that a revised agenda was circulated yesterday and should be before you.

ITEM 1 - APPROVAL OF THE MINUTES OF THE 74th MEETING

GEN. MCCOY: The minutes of the last meeting are for your observation, suggestion, and correction.

DR. TAN: Mr. Chairman, the last paragraph on page 1, the third line, I would like to correct to read like this: "He thought that the proposal that this gold be returned to countries which were looted..." and then continue "might be relevant..."

GEN. MCCOY: Is that all, Dr. Tan?

DR. TAN: Yes, sir.

GEN. MCCOY: That correction will be made.

ADM. RAMISHVILI: Mr. Chairman, we had at the last meeting very comprehensive remarks by Mr. Powles on the Canberra Conference. I think it our obligation to give some thanks to Mr. Powles and to include it in the minutes. At any rate, Mr. Chairman, I am going to express my personal thanks to Mr. Powles for his very good remarks on the Canberra Conference.

GEN. MCCOY: I join you. I think we all can join in that because they were very pertinent to our general problems, and very interesting, in view of the fact that it was a new procedure for the Dominions in the sense. So we will make it a matter of record and we have already shown our appreciation, but we will register our formal thanks. I think it is a very happy suggestion.

In view of the pertinent remarks that were made by Mr. Powles in such a very interesting way, I had hoped this morning, since we don't seem to be faced with much business, to have our distinguished returned Ambassador from India, who has just been to India, give us some of the observations that are of historical importance at this time, and possibly if you will think it over, Mr. Ambassador, when we get through our morning agenda, you may feel that you can also advise us as to what's happening in your own country and in other places you stopped on the way.

ITEM 2 - REPORT OF AD HOC SUBCOMMITTEE ON TRADE WITH JAPAN (FEC-273/1, FEC-273; FEC-088/6, FEC-228/9)

GEN. MCCOY: FEC-273/1 contains recommendations that the Commission table FEC-228/6, or, in other words, remove it from the agenda, and that the Commission refer FEC-273, a United States proposal on Operation of Private Trade in Japan, to Committee No. 2: Economic and Financial Affairs. I think you were chairman of that subcommittee, were you not?

MR. GRAVES: No, I wasn't chairman. Dr. Blakeslee was.

GEN. MCCOY: Do you care to comment on the report of the subcommittee, Dr. Blakeslee?

DR. BLAKESLEE: Mr. Chairman, I think that this is quite clear. If there are any questions I should be very glad to answer them.

GEN. MCCOY: I think the committee made a very honest and intelligent effort to reach agreement and there seems to be nothing further to be done on that paper, particularly in view of the new paper which has been circulated. So that if there is no objection the paper in question, on which the subcommittee has done their best--FEC-228/6 and FEC-088/9 are the two papers to be tabled, and your attention is called to FEC-273 which is before you and which, if there is no objection, will be referred to Committee No. 2. Is that agreeable to the Commission? It seems to be so and will be done.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4;
248 series, FEC-026/10, -/12, -/14)

GEN. MCCOY: The food paper is still under consideration and it is hoped that, since there seems to be no real difference of opinion there and one of our representative's position is still reserved awaiting instructions - I am glad to know that the Soviet representative has received instructions.

ADM. RAMISHVILI: Mr. Chairman, it is not exactly instructions to vote today for that paper, but it is a question in which my Government is interested and we have to explain by consultation with our Government. It is this paragraph 4, Mr. Chairman, which got the attention of our Government as to the exact meaning of this paragraph-- whether this paragraph imposes any particular responsibility of feeding Japan on any government. I personally thought, Mr. Chairman, that this paragraph was drafted with a view exactly contrary to this view--that other members cooperate in the implementation of this paper in order not to feed Japan more than as provided by this paper. If I am right, Mr. Chairman, then we are of course satisfied and we will communicate it to our Government.

GEN. MCCOY: Will the United Kingdom representative comment on that understanding?

MR. GRAVES: Mr. Chairman, I am quite sure that it was not in the minds of the drafters of this policy that it would impose any obligation on any government to feed Japan and I don't think that can be read into the wording of paragraph 4. All it says is that the Far Eastern Commission will recommend to member governments that they take all steps within their power to assist in the implementation of the policy, and the policy does not say that the governments shall feed Japan. It merely says that they take measures to see that the Japanese Government takes the necessary measures to obtain the maximum production of indigenous foods and ensure equitable distribution of indigenous foods, and it also supposes that when international bodies consider food of

any kind should be allocated all governments would be consulted and make whatever contributions they can towards that policy.

GEN. MCCOY: That was the way I understood it, but I feel possibly that that explanation in the minutes might cover your point.

ADM. RAMISHVILI: Yes, sir. I just wanted to make it sure for me that that was the understanding. That explanation is a great help to me.

GEN. MCCOY: The action of the Steering Committee was complete with that reservation, wasn't it?

DR. BLAKESLEE: There are several statements of position here.

GEN. MCCOY: Apparently there were a number of statements--not in opposition to the paper as a policy paper but certain explanations and understandings to be recorded in the minutes in the same way that the Soviet representative now asks the interpretation which the United Kingdom representative has given and which will be prepared for your vice.

ADM. RAMISHVILI: Yes, but I don't want any special recording of this statement--just clarification.

GEN. MCCOY: Yes. I think it will be well for me to call attention to the fact that the United States member asked that the following statement be recorded in the minutes of the Commission at the time of adoption of this policy paper:

"The United States approves the policy statement on food contained in FEC-248/4 on the understanding that:

1. As a first step in implementation of paragraph 3 of this policy the Supreme Commander will present his requirements for food imports to the United States Government as requested by current directives classified separately as to:

a. Requirements essential to the safety of the occupation troops.

b. Additional requirements necessary to meet the objectives of the occupation.

2. In order to make it possible for the United States Government to 'take all steps within its power to assist this policy to be carried into effect' the Supreme Commander for the Allied Powers will forward to the United States Government all necessary data as to Japanese indigenous resources, measures being taken to increase production and provide equitable distribution of such resources, dietary standards necessary to prevent disease and unrest such as would endanger the safety of the occupation forces and other required information.

3. The United States Government will determine, on the basis of information submitted by the Supreme Commander for the Allied Powers and other information available to it, and after consultation with appropriate international bodies, the imports other than those needed for the safety of the occupation forces which would not have the effect of giving preferential treatment to the Japanese.

4. The United States Government will then inform the Supreme Commander of its views as to the maximum imports which would not provide preferential treatment for the Japanese."

These comments were to be considered and made a matter of record in the minutes on the adoption of the paper.

The Chinese member made the following statement of understanding which he asked to be recorded in the minutes:

"It is the understanding of the Chinese delegation that paragraph 2a should not be interpreted to prevent removal as reparations of Japanese fertilizer plants and facilities, or to pre-determine the ultimate capacity of such industry to be retained in Japan."

In reference to the above Chinese statement the United States member asked that the following statement of understanding also be recorded in the minutes:

"The United States Government does not acquiesce in any statement which implies that fertilizer plants may be used for reparations."

"6. In accordance with paragraph 3 of FEC-067/3 the Steering Committee recommends that the enclosure be released to the press in the normal course after being received by the Supreme Commander for the Allied Powers."

With those statements and that of the Soviet representative, which has been clarified by the United Kingdom statement, I now put the paper before you for final action.

MR. GRAVES: Mr. Chairman, I move that it be adopted.

ADM. RAMISHVILI: Mr. Chairman, I would not be ready before I get the final answer from my Government.

GEN. MCCOY: You would like to have it postponed?

ADM. RAMISHVILI: Yes.

GEN. MCCOY: It will be postponed for further instructions from the Soviet Government.

ITEM 4 - FURTHER REPORT OF AD HOC SUBCOMMITTEE ON RESTITUTION OF LOOTED PROPERTY (FEC-011/37; -011/35, -011/32, -011/12)

GEN. MCCOY: FEC-011/37 is a report of the subcommittee which considered further the areas of disagreement in FEC-011/35. Mr. Graves will comment orally on the report of the subcommittee of which he was chairman.

MR. GRAVES: Mr. Chairman, when I made a previous report to the Commission on the 18th of September, I said that it was evident that there was a large area of disagreement but that we felt, as a subcommittee, that in regard to one of the items at any rate it was susceptible of adjustment. The Commission directed the subcommittee to continue its labors and we have had one very long meeting in which the three problems that are still in dispute were very fully discussed.

I am afraid that we were unduly optimistic when we said that we thought we should be able to reach agreement and, as you will see from the report which is now before you, sir, in FEC-011/37, that we have not been able to come to any unanimous recommendation on any of these three points.

The three subjects that are still outstanding are, first, the revolving fund. The committee, when it framed this paper, FEC-011/32, did suggest that the unidentified looted property, when it was liquidated, should be turned into a revolving fund and that that should be used for the trading program in Japan until a certain date, the date was stated to be the end of 1949, when that liquidated fund would be divided amongst those countries which have been looted. Although there is a large measure of agreement on the paragraph in the paper, which is paragraph 8, the Chinese representative is unable to agree with the principle of the revolving fund. We know that he has discussed it with his foreign minister and put all points of view before him, but for very important reasons the Chinese Government is not able to accept that principle of the revolving fund. The Chinese member told us that he would not be able to associate himself with the paragraph as it now stands.

Now, in the remarks made by the United States member he referred to a paper, FEC-032/26, which is the Interim Import-Export Policy for Japan, and he explained that if we did not adopt the provisions which are now in the paper FEC-011/32 that unidentified gold would have to be treated in accordance with paragraph 16 of that paper relating to imports and exports, and perhaps I may quote the paragraph since it has an important bearing. Paragraph 16 of that paper says:

"16 b. Stocks of gold, silver, precious metals looted from occupied areas should be treated in accordance with FEC policy..."

That is the policy which we are trying to get through.

"...and pending establishment of a new restitution policy, items known to have been looted or probably looted, should not be exported from Japan."

There is an additional paragraph g, which says:

"Stocks of gold, silver, other precious metals, precious stones and jewels of clearly established Japanese ownership ultimately should be disposed of as reparations. In the meantime, values of such Japanese assets should be preserved, but such assets themselves may be used as a means of acquiring foreign exchange to aid in financing production programs designed to contribute to the revival of productivity in a Japanese peace economy."

So what it amounts to is if there is any unidentified looted property and it is gold, silver, or precious metals looted from an occupied area, it has to be retained in Japan. But if there is evidence of ownership, that is, evidence of being owned by the Japanese Government, then it can be used in the revolving fund for the establishment of trade. The United States member has pointed out that in the policy which we now have on looted property, which is FEC-011/12 in the series, there is a rather stringent clause with regard to identification and that the object of our new policy, FEC-011/32, was to widen the base on which identification could be made to make it easier for a country whose property has been looted to lay claim to it. But he pointed out that if the Supreme Commander has to be bound by the provisions of the present policy on looted property he has to be bound by very stringent regulations with regard to identification of looted property. We were,

therefore, unable to come to any agreement in regard to the revolving fund from this liquidated, unidentified property.

The next item was shares. The Chinese member, as you will recollect, sir, had proposed that China, because of extensive looting, should be guaranteed more than 50% of the liquidated fund. The United Kingdom have had an opportunity in the subcommittee of stating their case on that which is one of opposition to the Chinese proposal. But there are five other designated members who have not had an opportunity yet of speaking their piece on that, and I think probably that you may wish, sir, this morning to give those delegates an opportunity. They are the delegates for Australia, France, India, the Netherlands, and the Philippines. They have only made the most general observations on it and they may wish this morning to say something more in detail.

Then we turn to the last problem which is the problem under paragraph 10 of the paper which refers to looted ships, and the subcommittee felt that, in a general way, as those two paragraphs were recommendations to member governments rather than in the nature of a directive or policy which would be translated into a directive to SCAP, they really didn't find any proper place in the paper. It seemed to the subcommittee that there was no use putting into a policy paper a recommendation to member governments. This is the basis of a directive and General MacArthur is really not concerned with recommendations to member governments, and the subcommittee felt that it would be better if those two paragraphs were excised and dealt with in some other way. There was a strong feeling in the subcommittee that that would be the best way of dealing with them, but the Soviet member inclined to the view that it would be better to build onto these two paragraphs rather than take them out of the paper, although he agreed that they weren't properly a matter for a directive. The Chinese member had a proposal to make that if these paragraphs were excised then he would enter an amendment which would put onto paragraph 3, which deals with looted ships, or

in some other place in the paper. The Soviet member said that he might be able to agree to that provided that there were some provision in the paper which would definitely tie us to making a policy in regard to looted ships.

Now we have discussed this in very great detail in the subcommittee and I think we've covered all the points to such an extent that it is not very much good proceeding with it in the subcommittee and that we are therefore bound to say that we are sorry that we will have to report that there is a fundamental disagreement on these three points and that there is little apparent hope of devising a solution in the subcommittee.

MR. ASAF ALI: Mr. Chairman, may I just say a word about it? After having heard the United Kingdom representative's account of the discussions over this paper, will it be very much relevant to the issue today to discuss it over here again? It is a matter which must be thrashed out elsewhere before we can proceed any further. The area of disagreement must be reduced to the minimum in the committee itself, whether in an ad hoc committee or any other committee which can possibly take cognizance of it, because if we reopen the discussion here it appears to me that the points which were debated at length in the ad hoc committee will be repeated over again, and I do not know how we can come to an agreement on those points. Personally I do not see why there should be such wide disagreement on a question like this. After all, it is perfectly obvious that the larger category of looted property can be subdivided, as you yourself have just now pointed out, according to its location. To begin with some looted property must be outside Japan, like the ships which you are talking about, and some looted property must be in Japan itself; some is identifiable; other property is not identifiable. Now, if it is identifiable and it is located in Japan I don't see what difficulty there can be about its restitution. That is number one. Number two: if it is outside Japan

it is obvious that we cannot lay hold of it straight away and the matter will have to be considered either here or by an ad hoc committee. And finally, when we come to unidentifiable property it is perfectly obvious, to my mind, that it has got to be brought into a pool because nobody can say to whom it belongs. Now, when it comes into a pool it must be converted into devisible assets. The devisible assets will be obviously liquidation. Now you have to get rid of the junk and get some value out of it. When you have got the value out of it the next question will naturally arise in what shares it should be distributed and to whom. I suppose there is an agreement on that point, by which I mean that each country which has been looted has got a certain interest in this liquidated assets. When they should be distributed is a question which may be considered.

I have very great regard and respect for the view which the Chinese representative has expressed, but I respectfully submit a point of view. If we stand in the way of the liquidation of this unidentifiable property and allow it to deteriorate somebody suffers somewhere. So the sooner it is liquidated the better. As for its distribution, well naturally the share of each country looted will have to be adjusted and, therefore, I feel that the area of disagreement should be reduced to its minimum on the point of the liquidated assets of unidentifiable looted property.

The rest appears to me to be perfectly plain sailing. If an occasion arises I shall perhaps request you, sir, to let me participate in the discussion again, but personally I feel that if the disagreement is as wide as Mr. Graves says it is, well then I don't know what good we can get out of a discussion here.

GEN. MCCOY: Thank you very much, Mr. Ambassador.

DR. TAN: Mr. Chairman, before we go into a discussion of the various points involved, I should like to point out in the minutes of this report the suggestion of the Chinese member with reference to

ships looted or sunk outside Japanese waters. Now in the first place, I want to call attention that when I make a remark I make it in the light of the paper or the report that was already submitted, that is, FEC-011/25. The Chinese position was that some provision should be made in FEC-011/32 or in another paper. We don't insist that the provisions be made in this particular paper but perhaps in another paper to the effect that "...ships of countries, members of the Far Eastern Commission, which were looted by the Japanese and subsequently sunk or damaged outside of Japanese waters, should, on the request of the country concerned, be salvaged, repaired, or refitted by the Japanese Government..." I want to make my position clear. The Chinese delegation has not insisted that such a provision be put in this paper. We are only talking as a matter of principle. The ships damaged or sunk outside Japanese waters should be taken care of along with those which happen to have been sunk or damaged in Japanese waters. The position of the Chinese Government is that as long as some provision to that effect can be made it would be beneficial to all the parties concerned, but we don't insist in putting it in this paper. So the minutes, Mr. Chairman, are somewhat at variance with our position. So I think that it should be changed in such a way as to convey the real intention on the part of the Chinese delegation, all to be read in the light of the last report. Thank you.

GEN. MCCOY: I think there was general agreement that that subject of the ships outside of Japanese waters be considered in another paper. But that is a very pertinent point that the Soviet representative takes in connection with this paper.

ADM. RAMISHVILI: Yes, Mr. Chairman, may I say a few words concerning this point? In paragraph 4, subparagraph a, we read that the Soviet member regretted that he could not agree to the elimination of paragraphs 10 and 11 from this paper. I was not ready to agree to this elimination before consultation with my Government, but I am quite sure

that the point, of course, was not as to the elimination of paragraphs 10 and 11 from this paper. The point is that my Government wants a principle that the Japanese are to be charged for the repairing of ships be included in this paper and thereby safeguard this principle. Then, of course, we could have the details of how to bring these ships to Japan or what negotiations we have to conduct with third governments—well, of course, concerning the other points here—industrial, transportation, cultural objects—everything can be dealt with in detail in other papers. But what we want, and I thought, as I understood it, that was the meaning of the Chinese representative—I am speaking now for myself, of course. We want in this paper—not matter whether in paragraphs 10 or 11 or if these paragraphs are to be removed from this paper as separate paragraphs—a statement of the principle that the Japanese are to be charged for the restoration of the looted property and we are particularly interested in ships. But there are other items in paragraphs 10 and 11 found in other countries.

Now on paragraph b, Mr. Chairman, there is one phrase which, I am not quite sure, the Chinese representative might not like this eliminated from this part: "This proposal, it was pointed out, in contrast to the original Soviet proposal, would make the Japanese liable for such costs even when the ships were located in territory of the claimant country itself." No special qualification was given in the Soviet proposal of where the ships can be found. The general meaning was outside of Japan and, as everybody know, Mr. Chairman, now it is qualifications of a third country or own territory or former Japanese territories—it is very complicated. We think that if they looted this property and dropped it in any place—I don't know where—they must pay for it. So I don't think that that might be special consideration about the territory. In any case I can not subscribe now to the principle that we don't want anything if this looted property is found in any place outside of Japan if it were looted not merely damaged.

DR. TAN: Mr. Chairman, following my remark about the minutes, in the interest of accuracy, I might as well take this opportunity to read exactly what I read before the ad hoc committee, which I did two times. When Mr. Graves, the Chairman, made the recommendation that a certain part of it be deleted, I explained that I saw the logic of it absolutely because there was quite a good reason we could make that suggestion. So I said: "If those parts were deleted then the Chinese delegation would propose that a provision be made in an appropriate part of FEC-011/32 or in another paper stipulating that ships of Allied countries represented in the Far Eastern Commission sunk or damaged outside Japanese waters by Japan should, on the request of the countries concerned, be salvaged, repaired, and refitted to permit them to return in a condition sufficiently similar to that at the time they came into Japanese hands. The costs for such salvage, repair, and refitting should be borne by the Government of Japan. The Supreme Commander for the Allied Powers is authorized to pay for such costs out of Japanese funds." Then I further went on to explain, because I tried to understand perfectly what my Soviet colleague had in mind and then what our delegation had in mind and I was trying to make a draft at the moment, I explained that the draft is by no means a perfect one. It was done on the spur of the moment but at any rate would express an idea. So, in the interest of accuracy and in view of the fact that the minutes are rather brief, I took this opportunity to read it as I said it, Mr. Chairman.

ADM. RAMISHVILI: Mr. Chairman, lest I forget, I should like to say at this point that I am quite sure that neither Dr. Tan nor myself do not want to criticize the work of the subcommittee or Mr. Graves. There was very long conversations and, of course, the report is generally good, but there is need of some clarification. This is not a criticism of our Chairman. I want to make that quite clear. It is nobody's fault; nobody is to blame for this.

So far as the Chinese representative's draft, Mr. Chairman, which was twice read at the subcommittee and does not appear here, I

said at the committee meetings and I can repeat it now in substance—I can subscribe to the proposal of the Chinese representative with the possible or with the necessary, shall we say, exception that we would ask the inclusion of this draft as a separate paper if 10 or 11 is eliminated from this paper. I am not going now to discuss any other possibilities to safeguard this principle or decision of the Far Eastern Commission but there is no other way other than including in this paper, and, of course, strange as it might sound, after we have this principle admitted we are perfectly ready to discuss the substance and details of paragraphs 10 and 11 in a separate paper.

MR. GRAVES: Mr. Chairman, may I just make one comment on the Soviet member's original amendment, because there has been considerable misapprehension on this and at one point I believe that the circumstances were not fully comprehended by the Soviet member.

Paragraph 10 of FEC-011/32 said that: "The Far Eastern Commission should recommend to the Government of those countries within whose territories may be found objects.....ships; that bilateral arrangements to be drawn up..." Now that paragraph 10 obviously only applies to ships which might be found in the waters of a third country—not in the waters of the Soviet Government but in waters only of countries... Now the Soviet member introduced his amendment as an amendment to paragraph 10 and therefore its application is controlled by the clauses preceding it. Those clauses relate, of course, to waters which are not Soviet waters and that accounts for this expression which appears in the minutes that "in contrast to the original Soviet proposal". Now the Soviet member did, in fact, want his amendment to refer to ships found in waters anywhere, that is, Soviet waters or non-Soviet waters, but his amendment cannot, therefore, be applied to paragraph 10 because paragraph 10 excludes Soviet waters. It relates to bilateral arrangements and that is arrangements between the Soviet and a third government and cannot by any stretch of language apply to ships that might be found in Soviet waters. Now it was evident from the discussions in the sub-

committee that at first that was not apparent to the introducer of the amendment, and that led to the Chinese amendment being put in which would cover ships that are found in the waters of the country of the claimant. And if we examine the amendment that is now proposed by the Chinese member it would refer to looted ships which are now found in Chinese waters and would cover what the Soviet member had originally in mind but which was excluded, in practice, by being tacked on to paragraph 10 of this paper.

ADM. RAMISHVILI: Mr. Chairman, this is quite a mess. In our amendment no qualification was taken, but I cannot quite imagine any ships looted by the Japanese being found in Soviet waters. I wanted not to commit myself to any place after the proposal of the Chinese Government. Of course, it might be of interest to other governments. There are now some territories which cannot be considered right now as Japanese or not as Japanese or anybody else's, though some governments and some countries are helping them. So these are the details which we have to discuss. But the proposal is that the Japanese must be liable for ships damaged and everything else, of course, and that was in the amendment—other properties looted and found outside Japan. So the members of the subcommittee wanted to express their wish to have detailed information about what we are talking about—how many ships and where they are. I am quite sure that in my case the ~~the~~ discussion about where they can be found in the claimant countries or not will be immediately eliminated as soon as we get the information. I am quite sure there are no ships in Soviet waters exactly but there might be for other countries. That is why I don't want to commit myself to any position that will damage the position of other countries. But we did not mean specially ships found in our waters. This information, Mr. Chairman, will be presented of course to my Government. Of course no details to prove that they were looted, et cetera, this is a detail which can be decided later, but the principle that if the

claimant country can prove that these ships were looted by the Japanese, then they must be refitted, repaired and returned to their owners as other ships which are found in Japanese waters.

GEN. MCCOY: Are there any other comments?

DR. TAN: Mr. Chairman, at the subcommittee meeting last time the United States representative pointed out that what we were discussing was restitution; therefore it was appropriate to have another paper deal with this question of ships some of which were damaged outside Japanese waters. I explained that I saw perfectly the reasonableness for his position. Of course we are discussing a paper on restitution. Now there is a reason why the Chinese delegation takes the view that it would not interpose any objection if we were going to treat this subject in another paper.

GEN. MCCOY: What other countries were not represented on the subcommittee?

MR. GRAVES: The countries who are interested in the division of the proceeds of looted property are Australia, France, India, the Netherlands, and the Philippines.

GEN. MCCOY: And they were not represented?

MR. GRAVES: They were not represented on the subcommittee.

GEN. MCCOY: Possibly, since they were not represented, we might find some help since they are vitally interested in this restitution paper.

MR. REUCHLIN: Mr. Chairman, of course we are vitally interested in this paper and I have stated in other meetings that we were very much interested in expediting the solution of this problem. But it is only five minutes before this meeting that I saw this report, so it is very difficult for me to give in this meeting our opinion. By the remarks which I have heard, especially of our colleague of India, I couldn't agree more with the logic which is the basis of the Ambassador's statement and it seems to me that the consequences of those remarks

are that we should have three papers: looted property, identifiable; looted property, unidentifiable; and then this third question which I am a little surprised to see--looted ships. I wonder if that expression is correct. I thought that it was a well-recognized right of a belligerent to use ships of another nation it is at war with and and that you don't talk then about looting. Looting is not a right; it is a practice. It's stealing things like art objects, gold, and other things. But you can't loot ships, in my opinion, so that is another very strong reason not to include ships in a paper on looted property. Now these are only remarks which I make and I hope at the next meeting to go fully into this question.

MR. RODRIGUEZ: Mr. Chairman, I would like to review the paper as a whole in order to find out a solution to the difficulty involved in reaching agreement. First of all the paper deals with several categories of goods and articles: looted property which can be identified; looted property which cannot be identified; and then looted ships which are not in the possession of the Japanese. The original paper on restitution was found deficient in that it did not include all categories of articles which have been looted and which were found in Japan, and therefore there was no procedure whereby those articles can be returned to their rightful owners. It is very pressing that a policy on that should be approved as soon as possible in order ~~that~~ to accelerate the return of such articles that are now found in Japan and which can be identified and which are not returned.

Now the other point refers to the articles which are found to have been looted but which cannot be identified. Now under the original paper the system of identification was very stringent. It was quite difficult for countries to prove their claim on certain particular things. Now the paper before the Commission proposes to widen and to liberalize the procedure whereby claims can be established and thereby facilitate the distribution of these articles. That provision should

also be approved as soon as possible in order to facilitate the distribution of articles that can be identified and within a reasonable degree of interpretation of the claims that may be submitted and thereby accelerate in the restitution of such articles.

Now the difficulty, as I see it, for the Commission lies in the matter of solving articles which cannot be identified. They are to be sold according to the proposed paper and the proceeds will be kept as a fund. Whether this fund will be used as a revolving fund or whether there should be immediate distribution among victimized countries is the one under discussion. We are in sympathy with the principle that the proceeds from this fund should be immediately distributed to the countries which should receive benefits from such a fund because I think that to effect justice the action should be taken as soon as possible. To use such proceeds from this sale of looted property for the benefit of the Japanese is inconsistent with what we would consider just treatment for the people that were victimized. However, we have agreed to the proposal as herein set forth in the interest of general agreement.

With respect to the matter of dealing with ships which are found in non-Japanese waters, we believe that this is essentially not a restitution problem. Restitution involves the return by the Japanese of things that they have gotten and they still have, and if the property is not in the possession of Japan, it is not a problem for the Japanese to restore them. The paper only makes ~~possible~~ possible a procedure whereby arrangements can be effected between the claimant countries and the countries where the ships can be found for such return, and therefore, we do not think that it is vital to the structure of the paper for such a policy to be included.

Now, Mr. Chairman, my suggestion would be to reconsider the paper as a whole with a view to deciding these points; separate those points that refer to identification and enlarging the categories of

articles that should be restituted and provide a means whereby the articles which have been looted and which are found and which can be identified by liberal interpretation can be returned as soon as possible. That would permit the ordinary work to proceed and facilitate progress in that respect. The other areas could be explored in so far as possible to effect the most ^{expeditious} ~~speedious~~ action and without sacrificing the other benefits that we could derive from the other parts of the paper. Thank you, Mr. Chairman.

MR. GRAVES: Mr. Chairman, may I reply to that last suggestion, which is that clauses relating to unidentified property should be treated separately. That was also mentioned by Mr. Reuchlin. In the report on FEC-011/37, paragraph 2g, you will see that the United States member, in response to a suggestion to the United Kingdom member, agreed to consider exploring again with his Government the possibility of removing paragraph 8 from FEC-011/32 and dealing with it separately but held out little hope of the acceptance of this proposal. That proposal to treat unidentified property, which was really the substance of paragraph 8, has been made on my occasions in the committees and the United States Government, as I understand it, and it has been stated by the United States member several times is opposed to having that excluded from this paper. He says that the paper really must be treated as a whole and we understand that it was thought to be the United States position that they would not agree to the paper if this particular paragraph were excluded. Mr. Barnett said yes, he would explore it again and find out, but he did say that there was very little hope that the United States Government would accept it. The feeling of the subcommittee on excluding ships was much stronger except insofar as I mention that the Soviet member does not want those paragraphs excluded. But there was a much stronger feeling that it would be advisable to exclude the paragraphs on ships and treat those in a separate paper.

DR. TAN: Mr. Chairman, the view of the Chinese delegation is that

there is no matter whether paragraph 8 is to be treated separately or is considered as an integral part of this paper. We feel that it is very difficult to justify to our people that here is a sum of money coming from the proceeds of the sale of unidentified looted property and then give the aggressor nation the benefit of the use of that money instead of the people who are victims of aggression who are also in dire need of means to finance their import trade. We feel that not only the Chinese delegation should feel that way; I think most of the countries represented here should feel the same way too. Any man in the foreign office or the cabinet, when he accepts a paper of that type unless it is a secret agreement which would never be published, the moment that any interrogation happened in parliament or any representative assembly or public discussion in the free press, no government can stand that impression. I imagine it constitutes too small a subject to have a poll or plebiscite but I think if the people concerned could be given a chance to express themselves, I think all the people concerned of countries represented here would not be in favor of such a proposal. So that our position is not so much of the material interest involved but there is the principle which we find that if adopted as provided in this paragraph it would be very difficult to explain to the people why such a clause should find a place in a paper of this type. The precise point, Mr. Chairman, is that I would request that all of us would give this question serious consideration purely from the standpoint of justice and legality and also from the standpoint of public reaction to a paper of this type.

MR. ASAF ALI: Mr. Chairman, may I just say a word. After having heard the observations of various members around this table, it appears to mean that it is possible now to clean up what the Soviet representative described as a "mess" a little more easily. It should seem to be clarifying or they have been clarifying. It's different categories

and each category can be handled separately as well as in a systematic coordination of all the points. If we can have a comprehensive paper which may be a little more precise in dealing with details which have been dealt with by various people here, perhaps our task will be facilitated very much. But, if that is not possible for some odd reason or other, then the next alternative is simple. Let us break up the paper into the three categories which seem to be more or less acceptable to every one and let us deal with each paper separately, keeping all the time in view the fundamental principles.

Then I should like—I do not wish to detain the Commission by going into long details—but coming to the point which has just now been raised by Dr. Tan, I assure him that the sentiments to which he has given expression are fully recognized and appreciated by everyone, at least I hope so, but at the same time I must request him to consider another point. It is true that from a practical point of view every government has, while adhering to principles, to think of the reactions of the people. Sometimes we know that certain principles are perfectly sound and when we start acting on them we find that the people rebel against them. That is true. But we have to prepare the minds of the people and that is the duty of all governments, I hope, that if they feel that a certain thing is sound in principle and it ought to go down, then they have to explain it to the people and prepare their minds and to console them to its acceptance. Now in a case like this, for instance, I fully appreciate—fully appreciate the bitterness of feeling in China, in particular, because their sufferings have been long—their sufferings have been dreadful, and I can very well imagine millions of people just rebelling against anything which may look like making a concession to the party at whose instance these sufferings they had to bear.

But we have to take a long-range view. The long-range view is this - after all, Japan has got to pay through the nose for every act of aggression which she has committed. How is she to do it? A

country whose economy has completely collapsed becomes a bankruptcy. You can't get anything out of it. But if you want any reparations of any kind whatsoever you have to allow your bankrupt party to build up again. In fact, you may have to lend money to build them up and get something out of them. It would be a bad creditor who goes to his debtor and says, "I know you have no assets but I must have my pound of flesh". Well he will all right. "Get what you like; but I have nothing". If you look around you will find that state of affairs in the world pretty prevalent, barring a very few countries today whom I can name, if you like, and whom you can count on perhaps half the fingers of one hand; the others are in a state of economic collapse. Japan is undoubtedly, to my mind, one of the countries who will take a long, long, long time to get back on her feet. Now, if you want only revenge, well all right then, wipe them out. That is one way of looking at it. The other way is the practical way, and that is to allow them only so much as may be necessary for rebuilding their civilian economy both for existence and for paying back to those to whom they owe a lot.

Now that is one point of view. That is where I feel the justification of the proposition comes in. This property is unidentifiable. If it were identifiable there would be no difficulty about it. We would just say, "Well, it belongs to 'A'; 'A' must have it". Other problems might arise in further details. For instance, looted property may have deteriorated. Its original value may have to be considered, then the quantum of reparations would be bigger, but that also must come out of the nation who has inflicted the wound. Therefore, it is obvious that if this property is not identifiable it must go into the pool and, having gotten into the pool, we must get the maximum out of it and the maximum can be gotten out of it only by investment and investment which you have got both ways, first of all, help this country to subsist and also yield some surplus which we can draw upon.

Now that is the way of looking at it. I do not know whether

I am justified in offering this observation to my friend here, but this is the justification as far as I can see. It is a long-term justification and I feel that we ought to be able to reconcile ourselves to it.

GEN. MCCOY: Thank you very much.

Gentlemen, I beg your pardon for this aside with the Chairman of the subcommittee. I am fully conscious of the clarification of the positions of the different members presented to the Commission and I think they have been very helpful. I ^{haven't} ~~happen to have~~ lost hope that we could reach agreement in a reasonable time on this paper. Of course, it is an effort on the part of my Government to make more easy the distribution of unidentifiable property, and I still feel that there is ground for compromise in spite of the fact that we have gone through a procedure of months in the working committee and the Steering Committee took action on it--put it before the Commission. We have had very considerable discussion here, which has been very helpful, but something has to be done with the paper to meet as far as possible the wishes of the different representatives and the area of disagreement seems to be quite large, certainly much larger than when it left the hard-working Committee No. 1. Substantial amendments have been posed since and it is perfectly plain that we can reach no agreement on the Commission. So, with your approval, I will ask Committee No. 1 to once more take the responsibility of ironing out these agreements, with the hope that the paper will come out ready for action.

DR. TAN: Mr. Chairman, may I make some other suggestions. You see, my delegation has always been dedicated to a spirit of cooperation. When it was a good thing to adopt a paper in time we always undertook to do that although there may be certain provisions which are not quite to our liking. But this case we feel to be different and we want to narrow the area of disagreement as much as possible. I am instructed, Mr. Chairman, to withdraw one of our amendments. Will you kindly turn to the report made by the ad hoc committee, FEC-011/35, page 1, point 2,

of the enclosure dealing with paragraph 14, which originally provided for 8 months for the presentation of claims. So the Chinese delegation suggested an amendment and the ad hoc committee accepted it tentatively and also conditioned on something else. So this question, as you know, is still pending. So, may I, Mr. Chairman, withdraw this so that we may eliminate this point?

And then, another one I am also under instructions to produce. Let us turn to the same page, paragraph 1, dealing with paragraph 8 itself. Originally the Chinese amendment was somewhat different from this as it appears here. This, as you say, is a sort of compromise measure after many valuable suggestions were made by my colleagues and so you may say representative of a sort of general consensus of opinion that would facilitate agreement, which, as you know, by reading paragraphs 2 and 3 of this page the United States delegation and United Kingdom delegation accepted also with a proviso. So I want to withdraw that also. But, Mr. Chairman, this is not quite the Chinese delegation's suggestion, so I don't know whether the Chinese delegation could withdraw it or not. If you would allow me to do so I would, Mr. Chairman, but as I explained it is the result of discussion--give and take. Inasmuch as there is a proviso there concerning paragraphs 2 and 3, if you take it out that would narrow down the area of disagreement.

GEN. MCCOY: Thank you very much for this cooperative spirit. It will help very much in the ironing out of the remaining differences by the Committee.

DR. TAN: And, Mr. Chairman, I am also instructed to say what I said in the ad hoc committee last time. What we are trying is to establish a matter of principle. In doing that the Chinese delegation is fully conscious of the difficult task that the United States Government, that General MacArthur, are doing there, and, in our judgment, the United States Government and the Commanding Chief have been discharging their duties with distinction and merit. I want this to go

in the record, and we know, although the United States delegation is insisting on this point very much ~~of~~ of using the profits of the sale of unidentified property for the financing of Japanese imports, we realize, of course, that that was a good purpose. The United States delegation thought that perhaps that would facilitate the duty of the United States Government as the principal occupying power. We fully realize the tremendous task involved and the good work so far which has been done by your Government, Mr. Chairman.

GEN. MCCOY: Thank you very much. The reference will include these remarks of the very conciliatory attitude of the representative of China.

DR. TAN: And then, following that line of thought, may I make another suggestion? I also made another amendment that appears in paragraph 3 of the same page that I imagine will admit of approval for all that such an amendment would stand because it is purely a matter of drafting, to improving the language. There is no material point involved at all because, as you know, in paragraph 8 such terms as "claim" and "lien" are used and any man^y having a knowledge of Anglo-American law knows how complicated the word "lien" can be. You apply a lien, second lien, first lien, et cetera. And then you introduce a term such as "secured", et cetera. As you read it you will find that language. We feel that in the interest of having a better document it is advisable to redraft it and that what is proposed by me is purely in that spirit. I think it will meet the approval of the delegations.

GEN. MCCOY: Well I think your statement will help the Committee very much in approving the ironing out of the--

DR. TAN: And then the question of percentage. Although I think I have undertaken to present the point of view of my Government, especially much more in detail in the meetings of the ad hoc committee, which had only five meetings so far, I think nevertheless in one of the reports, that is, the report submitted before this present one, it was

month and stayed for about five days in London and saw some of the ministers of state there in a private capacity because there was no question of any consultation or anything of that sort. Then I arrived home on the 5th of this month and took off again on the 10th and arrived back here on the 24th, spending another five days or six days in London for the simple reason that, unfortunately, some tin stuff was served on the plane and knocked about half dozen of us out of normal health, and I was confined to bed in London for about five days. That is as far as the procedure of the trip is concerned.

As regards the state of affairs as I observed them, I noticed during my stay in London that the Government and the people were making a determined effort to meet what appeared to be a very hard situation. I certainly found a more cheerful note this time, Mr. Graves will be interested to note, among the people this time in spite of the austerity campaign and all the hardships which they are called upon to bear than I had found some months ago when I passed through London. Some months ago there was gloom--brooding all over the place. Of course, I visited London at that time after thirty-three years and therefore I could notice many more changes which were not easily noticeable by those who had actually gone through the whole thing, and I myself felt very depressed at that time. But I am happy to say that this time I found a more cheerful atmosphere in spite of the fact that the hardships which the people have to bear are perhaps more acute, and I noticed, as I say, a tone of determination to meet a situation.

Of course I did get some impression of what was happening in Europe at the time. I do not know whether it will interest the members around this table to know my reactions. After all, my reactions are nothing else but the layman's reaction or perhaps you may say a diplomat's reactions in a diplomatic way. But I did feel, after my talks with various people in responsible positions, that Europe is still suffering from what I described some time ago "pernicious anaemia" and

without transfusion of fresh blood Europe is in a bad way. There is no doubt about that. Of course, it is felt that it is unfortunate that the whole of Europe cannot coalesce and enter upon an united effort to rehabilitate itself. But the situation is there and whatever the reasons, of course, the reasons are almost known all around the table here.

Then I went home, sir, and as bad luck would have it I arrived there just one day after the worst possible trouble had arisen in the capital itself, and I stayed there for ten days of the most dreadful crisis that the Government had to face. I am being very frank here. After the 15th of August, after India had actually entered upon its new role as an independent country, for about twenty-four hours there was amazing--amazing expression of general enthusiasm and in that enthusiasm everyone forgot that there were certain spots here and there where a little gun powder might be lit. But within forty-eight hours this new government had to face a situation which even a far more experienced and well-established government would have found extremely difficult to handle.

A decision had been taken about the creation of these two Dominions, the Dominion of India with practically 320,000,000 to 330,000,000 people on the one hand, and the Dominion of Pakistan with the rest of the population, with two or three states standing out for the time being not making up their mind about joining one or the other. This decision was taken after ten years or more of very acute controversy and that is where the strangeness of history comes in. A government may take a decision but sometimes that decision doesn't go down with the people and then the people take the law into their own hands.

In Punjab, which constitutes about one-twelfth or one-thirteenth of the entire country, the situation was very critical on account of this spontaneous upheaval of frenzy among a certain section of the people. The total population involved in that frenzy did not exceed

at any time about 4,000,000, which consisted of people who wanted to move from one part to the other. Nearly a million to 2,000,000 people were on the roads migrating - from eastern Punjab into western Punjab and from western Punjab into eastern Punjab - and during that movement certain very, very deplorable incidents took place. There is no doubt about that.

But we must see the whole thing in its proper perspective. I am granting the maximum number, which is doubtful; it may be less. Even if, say, 4,000,000 people were involved in this trouble—well, we have a total population of 400,000,000 people. It means just one percent. It means only one percent of the entire population of the country happened to be in the state of trouble. But the way the news comes out makes one feel as if the whole continent had gone up in flames or something like that, which is entirely untrue. It is just the other way about.

But, as I say, during the ten days that I was in India this stream of refugees or evacuees, which was moving down from western Punjab into eastern Punjab and from eastern Punjab down to the capital, created an extremely difficult situation because it was not anticipated. Nobody expected it. I am being very frank with you. We did not have enough troops at the time to cope with the situation. Two hundred fifty thousand refugees had been staying there and then suddenly came a new wave of highly-frenzied people with harrowing tales of their sufferings, et cetera, which created a very bad situation for about two to three days. I must be very, very candid about it. For two to three days we felt that the ground was shaking. It was almost like an earthquake. But on the third day we started creating a new machinery to deal with the whole thing which worked with a will. We created a Ministry of Refugees. We also created another ministry and we gave them enough powers to deal with the whole question. And by the fifth or the sixth day we had gotten hold of the right end of the stick and we could deal with the situation. On the day I left the capital had

been cleared of the troublesome elements and new troops had come from the south—completely impartial troops who are utterly unaffected by any kind of frenzy, which formed the real basis of the whole thing. They had come up and they were posted at strategic points and the whole situation was under control. Once the capital was under control of the Government the rest of the trouble became sporadic incidents here and sporadic incidents there. However, today, according to my information from home, the situation is very, very much under control and ways and means are being devised to resettle these people who have been displaced, either out of sheer panic or either on account of force applied on either side by certain sections, and the problems are colossal. There is no doubt about it. Even if the population involved is no more than 4,000,000 the problem is terrific. We have got to resettle them. There is a certain dislocation of the economic structure of that area however small it may be as compared with the rest of the country and the problem has got to be tackled. It is being tackled with a will and determination. There is no doubt about that. Much of the news which you may be reading in the papers, while on the factual side, may have a little to be objected to as it paints rather a lurid picture of what the rest of the country is like because naturally, you see, it overshadows the whole thing. It is unfortunate that it should be so because in the present day international atmosphere it is but only essential, when we have been talking of the areas of disagreement, that the areas of temptation should be reduced to the minimum.

GEN. MCCOY: Do you have provision in the Government there for our habit of declaring martial law?

MR. ASAF ALI: Yes, sir, they considered that very seriously and in most of these areas now there is a state of affairs which may be described as being as near martial law as possible. But for technical reasons we did not think we could do it because of little islands here of one constitutional complexion and then you have another area there and you can't very well cover the whole area with one law.

GEN. MCCOY: What was the reaction of what might be called volunteer beneficent organizations to help the Government?

MR. ASAF ALI: Most excellent, sir, most excellent because the local population of every place naturally was inclined to stave off this trouble because the trouble came from this stream of disgruntled people, and people who had suffered also, and therefore they wanted to do whatever they possibly could. Of course, in the first flush it was very difficult to organize things but now volunteers are coming forward--and volunteers were working even at that time.

GEN. MCCOY: Is there a Red Cross there?

MR. ASAF ALI: The Red Cross organization is there but I regret to say that the Red Cross did not come into action, so to speak, as swiftly as it might have done. But by now things are moving very satisfactorily--very satisfactorily indeed. I can fairly promise that the improvement may be expected to be maintained, because after all these sufferings people are beginning to realize how utterly insane the whole thing was. After all they stand to suffer if all these things continue. As I say, it may be only one percent of the population, it may be only one twentieth of the entire territory of the country, but even then these people have got problems and they have got to settle down. Some people might kill others out of frenzy; they might injure them; they might loot one another and afterwards find they have no other place to go. I mean, if they move from one place to another and they get hold of someone else's property, again the question of restitution comes in. If there is any looted property it must be restored. The Government can't allow this kind of lawlessness to continue and therefore these troubles arise again and they begin to realize that all their action has been completely insane.

That is how things stand at present. I don't think I have any right to take any more time of the Commission.

GEN. MCCOY: Well, thank you very much for giving us your obser-

vations. Where is your home in India, Mr. Ambassador?

MR. ASAF ALI: Delhi.

GEN. MCCOY: Gentlemen, we stand adjourned.

(Whereupon the meeting adjourned at 12:25 P.M.)

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FAR EASTERN COMMISSIONTranscript of Seventy-sixth Meeting of the Far Eastern Commission,Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.Thursday, October 16, 1947

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FAR EASTERN COMMISSION

Transcript of Seventy-sixth Meeting of the Far Eastern Commission,
Held in Main Conference Room, 2516 Massachusetts Avenue, N. W.
Thursday, October 16, 1947

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. A. Stirling	(Australia)
Mr. R. L. Rogers	(Canada)
Dr. S. H. Tan	(China)
Mr. F. Lacoste	(France)
His Excellency Mr. Asaf Ali	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. G. R. Powles	(New Zealand)
Mr. F. C. Rodriguez	(Philippines)
Rear Admiral S. S. Ramishvili	(U.S.S.R.)
Mr. F. C. Everson	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The seventy-sixth meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 16 October 1947. Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Gentlemen, we all seem to be present. The session is open.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-FIFTH MEETING

GEN. MCCOY: We now have our usual procedure of the minutes of the last meeting for your acceptance or correction or any opinion on them.

ADM. RAMISHVILI: Mr. Chairman, I have a slight correction. After the words, "ADMIRAL RAMISHVILI said that he was not yet prepared to vote on FEC-248/4" make a full stop, and the rest of the paragraph should read as follows:

"In the meantime he said he wanted to make clear the meaning of paragraph 4 of FEC-248/4. He thought that this paragraph could not be interpreted as imposing on any government any particular responsibility for feeding Japan. He therefore wished to hear any comments on this subject from representatives."

That is what I said, Mr. Chairman. If you will remember, Mr. Graves was kind enough to answer my request, and if you don't mind I will pass this to the Secretary.

GEN. MCCOY: Thank you, Admiral, the correction will be made. Any other corrections?

MR. EVERSON: Mr. Chairman, there is a tiny mistake on page 2. In the third paragraph: "MR. GRAVES said that during the deliberations..." in the fourth line the reference should be to paragraph "16" instead of paragraph "6".

GEN. MCCOY: The correction will be made. The minutes, with these corrections, will be made a matter of record.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4;
248 series, FEC-026/10, -/12, -/14)

GEN. MCCOY: FEC-248/4 is a proposed policy decision approved by the Steering Committee on 23 September. The paper was not fully agreed upon when presented to the Commission, and I find, in surveying the Commission informally, that there is still consideration desired on one or two points by my own Government and I ask postponement until the next meeting, before what I hope will be final action. I am very sorry to have to do that because I thought we had it all cleared for action today.

MR. EVERSON: Mr. Chairman, before we pass on may I ask whether our Soviet colleague has instructions on this paper, because if he has any proposals to make it might save time if we could be aware of them today.

ADM. RAMISHVILI: Mr. Chairman, I have full instructions to vote for the draft of the paper itself and, if I'm allowed to state only briefly, we have some questions to be cleared with the United States delegation, which, I hope, we will do in the meantime since we are postponing the paper. But I am authorized to vote for the draft itself.

ITEM 3 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION
REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25;
219 series)

GEN. MCCOY: Item 3 is a report of Committee No. 1, the Reparations Committee, regarding division of reparations shares. The report is on the status of negotiations concerning the division of shares of industrial facilities within Japan declared available for reparations. The Netherlands and Soviet members of Committee No. 1 voted against forwarding the report to the Commission.

This is a very interesting report and concludes a long series of earnest effort on the part of all concerned to reach agreement on that very hard nut of natural differences of opinion. I think we have almost gotten to the point that Mr. Rueff, was it, that honored us by telling about the difficulties in Europe on that score, and he seemed to think that the only way to cut the Gordian knot was when everybody

disagreed or was dissatisfied. Well, we haven't gotten to that point yet. We still have considerable opportunity to consider this very earnestly together. I must say that I had hoped against hope that the Reparations Committee would finally find a way out for us. But it is now before the Commission.

I believe the Chairman of the Committee consulted the Chairman of the Steering Committee before it being put before the Commission. So that it is in order and on our agenda for what I hope will be finally agreed, which certainly the United States Government will do everything in its power to help this Commission decide the most thorny problem that we have had before us.

I haven't read the report yet, I am ashamed to say. I took it home last night and then got other wise engaged--on Japan, by the way, with my old friend, Colonel Babcock, who is back here for a period, so that I didn't get to read it. So I'm not going to discuss it myself, but, in view of the fact that it was the proposal of the United Kingdom representative to put it before the Commission, possibly he can give us a little light and help in starting this important subject.

MR. EVERSON: Mr. Chairman, I feel I can't be of very much help to you in that respect. We thought the time had come when the Commission should be made fully aware of the position reached in the Reparations Committee, because that position seemed to us not to hold out any promise that agreement could be reached in that Committee by further consideration of the problem on the same basis. We hoped that by bringing it to the attention of the Commission, by summarizing the position reached there, we should be able to make governments fully aware of the danger that we were running into in this respect--the danger of not being able to reach agreement in good time. We hoped that it might have the effect of bringing some pressure to bear on the governments which sit around this table to reconsider their position and to try and think out for themselves ways of breaking this deadlock. I am afraid I have no con-

crete proposal to offer this morning, Mr. Chairman. Like you, I have not had time to read it and what is more important my Government hasn't had time to consider the position now reached. I wish to have time to get instructions before saying anything useful to the Commission.

GEN. MCCOY: I have had such illuminating information from time to time from the Chairman of the Committee, Mr. van Gulik - do you care to add anything from your experience in this knotty problem?

DR. VAN GULIK: Mr. Chairman, I think it might be useful to add a few words on the last line of the document which is now before you about the results of the vote that was taken, that the Soviet delegation voted against referring this paper to the full Commission because it was the feeling of the Soviet delegate that little purpose would be served by bringing this paper to a higher level, so to speak, and it was my impression that it was also the opinion of the Soviet delegation that all possibilities existing in the Committee had not yet been fully explored. I, in my capacity as Chairman of the Committee and at the same time speaking for the Netherlands delegation, voted against this because I had a strong impression that all possibilities for solving this knotty problem had not yet been fully exhausted in our own Committee, and, feeling my responsibility as Chairman, I felt it incumbent upon me to oppose referring this problem to you and burdening the full Commission with this problem before we ourselves had really done everything possible to solve the problem. But, since it was the consensus of the Committee that it should be referred and since a great majority of the Committee was in favor of having it referred to the Commission, we had to put it before you and submit it for the wiser counsel of the full Commission.

I may add a few words about what seemed to me, at least personally, to be the main difficulties. The general discussions of this problem were hampered, it seemed to me, by the fact that various members of the Committee had not received from their governments sufficient

authority for what might be properly called bargaining margin, and for almost every change in their proposals they had to refer back to their governments, which was a process which took much time.

Secondly, from the point of view of procedure we had right from the start to cope with the situation created by the uncompromising attitude of the Australian Government who refused to give a schedule of percentages for other countries and who only gave the percentage which they thought they were entitled to themselves. Further, in the field of procedure there was more than one delegation who did not present to us a full list of percentage shares but rather a list divided into groups. Now that is, of course, entirely a matter of procedure but it increased our difficulties.

Finally, Mr. Chairman, I would like to repeat here what I said in the meetings of our Committee. I wish to report here upon the most praiseworthy work done by the New Zealand delegation who, being the most disinterested one, made great efforts toward solving our problems for us, really, as I say, because the New Zealand delegation is the least concerned in it. So I would wish to utilize again this opportunity to express the thanks of Committee No. 1 for the great amount of useful work done by the New Zealand delegation.

Secondly, with regard to the document which is now before you, Mr. Chairman, I would like to point out that it is mainly due to the efforts of the Secretary of our Committee, who has on more than one occasion shown extraordinary zeal and great efficiency in dealing with the affairs of that Committee.

I have said these things before in the Committee meetings, but I would like to utilize the opportunity of repeating them here. Thank you, Mr. Chairman.

GEN. MCCOY: Well thank you very much. That is a very interesting survey.

ADM. RAMISHVILI: Mr. Chairman, may I say a few words? The report

is big and, of course, very carefully drafted. Of course everybody would have preferred to have had instead of these fifty or sixty pages only one page of a report on shares. I fully appreciate the earnest efforts of the Committee and the members of the Committee. However, I must express my regrets that we are not very much advanced.

I want to make a slight correction in the position of the U.S.S.R. Government concerning the voting on this paper. We were not against the report, Mr. Chairman. We were, as Mr. van Gulik said, against sending this paper to the Commission, thinking that it would serve no useful purpose, and we thought that there still was in the Committee possibilities to approach the final solution more than they did.

Now, Mr. Chairman, if the Commission would like to hear Mr. Korobochkin, who, of course, is very familiar with this question, he is anxious to say a few words, if you will allow him.

GEN. MCCOY: Yes, we will be very glad to have him speak.

(Mr. Korobochkin, the Soviet representative on Committee No. 1, spoke through an interpreter.)

MR. KOROBOCHKIN: Mr. Chairman and gentlemen, as the Admiral as already stated, we were not against the drawing up of such a document but we were against the forwarding of the document to the Commission. We thought that the reference of this document to the Commission would not serve any useful purpose in achieving a desirable solution to this question. We also don't share the pessimistic point of view of the wording of this document, which says that the Committee has exhausted all its possibilities and has failed to decide this problem. We have no doubt, Mr. Chairman, that there are certain difficulties in the Committee but these difficulties are not insurmountable.

What are those difficulties? I would like to say one or two words. The main difficulty would seem to be in the definition of shares by individual countries. Naturally it would be difficult to achieve any practical solution if one of the countries requires 125%