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surrender to the time of the conclusion of the peace. During this period this policy will be in force. What policy will be adopted after the conclusion of peace is a matter to be decided by the governments with which the peace will be concluded. And therefore I don't see how it can possibly affect the post-peace period. It is not a post-peace policy but a pre-peace policy.

Before I vote for this policy I should like to say just a word about the little statement that I made the other day which was really intended to be in the nature of an amendment. But I don't want it to be treated as an amendment to this at all. I have only stated a few principles there, which may be considered by the representatives of the Far Eastern Commission, and I feel that quite apart from the wording and the phrasing, which may not be agreed to by others, the principles which I have stated there are worth considering as a statement that may be issued simultaneously with this policy paper, because we must explain why we have not been able to issue this paper earlier. We must explain that: number one. And number two: we must make it quite clear that in pursuing this policy the object in view was to deter others from launching upon a war, whether economic, political, or otherwise, any aggressive war. And I should like that to be a sort of warning to everyone. If that is acceptable, perhaps the Far Eastern Commission will agree to whatever phrasing may be acceptable to them, incorporating in this statement the principles which I have stated.

GENERAL McCOY: In your absence I consulted your representative and also the Commission with reference to your proposed amendment, and in order to clear the decks for the basic paper I have referred your paper, as I will also this further statement, to the subcommittee of the Steering Committee that has been working on this paper for due consideration, apart from the basic paper. That is, in the sense of not considering it at the Commission board while the basic paper is being voted upon.

MR. ASAF ALI: I am quite content, sir. Perfectly content. Probably that is the only natural procedure under the circumstances. Let the subcommittee consider that point and if they reject it perhaps it can come back to us and we can reconsider it.

GENERAL McCOY: Are there any other points or any other discussion that seems important from the point of view of any representative? If not, and if there is no objection, I will declare this basic policy paper a matter of record as a policy decision of the Commission. There seems to be unanimity so that we will make it so.

MAJOR PLIMSOLL: Mr. Chairman, when this statement is published by the Commission I would like to ask that the Australian understanding also be published. I am under instructions on that point, Mr. Chairman. We would like that published. Of course, Australia could issue its own press release, but then that causes publicity people to ask why we did it and suspect differences of opinion. I thought that at the end of the statement a note could be added to the effect that the Australian Representative said in supporting this paper that he did it on this understanding.

MR. REID: What would be Major Plimsoll's definition of publication?

MAJOR PLIMSOLL: The press release.

MR. REID: That means the document prepared by the Commission for release to the public--not necessarily what the newspapers publish?

MAJOR PLIMSOLL: We have no control over the newspapers.

GENERAL McCOY: How would it be, Major Plimsoll, since this is a subject that involves all here who made statements for the record, including the amendment of the Indian Representative, to consider them all together in the subcommittee?

RESTRICTED

MAJOR PLIMSOLL: Yes, that is quite all right.

GENERAL McCOY: If that is agreeable these statements will be considered by the subcommittee apart from the basic paper. The basic paper is now a matter of record as a policy paper. These statements will be, if there is no objection, considered in the subcommittee and reported on, but not as part of this basic paper. Is the Soviet Representative on that subcommittee?

MR. TSARAPKIN: Yes.

GENERAL McCOY: So it can be considered there in that subcommittee.

MAJOR PLIMSOLL: The Basic Policy itself will not be published until we get that report?

GENERAL McCOY: Will it will be some time before it gets around. There will be time for the committee to consider it. We will see to that.

MINUTES--FECRESTRICTEDMINUTES--63rd FEC Mtg.26 June 1947FAR EASTERN COMMISSION

Minutes of the Sixty-third Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.,
Washington
26 June 1947, 10:30 A.M.

Representatives Present

Major General Frank R. McCoy (United States) Chairman
His Excellency Norman J. O. Makin (Australia)
Mr. R. E. Collins (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Paul Guerin (France)
His Excellency M. Asaf Ali (India)
His Excellency Dr. A. Loudon (Netherlands)
His Excellency Sir Carl Berendsen (New Zealand)
Mr. J. U. Jovellanos (Philippines)
Mr. S. K. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

Secretary General

Mr. Nelson T. Johnson

RESTRICTED8 July 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF SIXTY-THIRD MEETINGNote by the Secretary General

1. The Commission at its sixty-fourth meeting, 3 July 1947, approved the minutes of its sixty-third meeting with the following change requested by the Chinese Representative:

Page 6, third sentence from end of second paragraph to read: "It was as a measure of restricting such restoration ~~that~~ the Chinese Delegation had consistently supported the main idea of the proposal shown in FEC-231/4, although it reserved its position with regard to certain aspects of the question."

2. The Commission also noted the following typographical errors:

Page 8, Item 5, penultimate line of the first paragraph - Word "with" to read "without".

3. All Representatives are requested to note the above changes in their copies of the sixty-third meeting of the Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum to Minutes
63rd FEC Meeting

RESTRICTED

GENERAL McCOY opened the meeting at 10:40 A.M.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-SECOND MEETING.

MR. GRAVES requested that the word "policy" in the third line of the sixth paragraph on page 2 of the Appendix to the Minutes of the 62nd FEC Meeting be changed to "period".

SIR CARL BERENDSEN requested that the last sentence of the third paragraph on page 2 of the Appendix to the Minutes of the 62nd FEC Meeting be amended to read, "We have no objection to the present form".

DR. KOO requested that the word "are" in the penultimate line of the third paragraph on page 3 of the Appendix to the Minutes of the 62nd FEC Meeting be changed to "is". He also requested that the tenth paragraph on page 4 of the Appendix to the Minutes of the 62nd FEC meeting be amended to read: "The peace conference as a whole will have power to discuss, modify, and make any agreement".

THE COMMISSION unanimously approved the minutes of its 62nd meeting with the above amendments.

ITEM 2 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, FEC-035/1)

MR. MAKIN presented the following formal statement:

"My Government's opposition to the resumption of Japanese Antarctic whaling is well-known. It has been stated by Australian representatives at meetings of this Commission and of its Committees, and has been pointed out in aide-memoires to the State Department. Australia's position has been unambiguous from the beginning: we are opposed to any deep-sea whaling by the Japanese before the permanent future of this industry has been decided by the peace conference.

"This opposition has been based on many grounds. We consider that the presence of Japanese in Australian or Antarctic waters constitutes a threat to the security and welfare of Australia. Factory ships are capable of conversion into tankers and submarine refuelling vessels, and chasers can be converted into naval patrol craft. We know that during the war former Japanese whaling vessels were used for naval purposes, and proved of great value to the enemy because they were specially constructed in order to be readily converted into war uses. Moreover, the crews of these ships are given an opportunity to gain valuable experience in Antarctic waters and to make scientific observations. These things should not be permitted before the peace conference has had an opportunity to discuss and determine the whole question of the military disarmament and control of Japan. I would like to point out, Mr. Chairman, that if these arguments seem to carry much more weight in Australia and New Zealand than they apparently do in Washington, it is because both Dominions are exposed and alone in the South Pacific and are the ones most closely affected by these operations of the Japanese. Ninety per cent of the whales captured by the Japanese last year were taken off Australian Antarctic territories.

"The Japanese violations of international whaling conventions in the past are well known. Their depredations have done much to reduce the numbers of whales now living in these seas and thus to reduce the quantity

RESTRICTED

of whale oil available to the world. The Japanese ruthlessly killed all the whales they could get, regardless of sex or age, regardless of whether they were with calf or not. A few years of enforced abstinence from whaling would do no more than allow the Japanese to make some recompense to the rest of the world for their past conduct in reducing the total number of whales to its present figure. Moreover, Mr. Chairman, we have no confidence that the Japanese in future will observe the international whaling conventions with any better faith than in the past.

"Another Japanese expedition to the Antarctic will not increase the quantity of oil available to the world this year. The international whaling conference has limited the total catch to 16,000 blue whale units. Exclusive of the Japanese, at least sixteen Allied factory ships will be operating in 1947/48, and they will be able to attain the maximum of 16,000 whales. Therefore, any Japanese catches will be at the expense of Allied vessels. But not only will the total number of whales captured be no greater; the total output of oil will probably be smaller. Japanese whaling methods before the war were most wasteful and unsatisfactory, and they continued to be so last year. My Government has estimated that, from the whales which were captured by the Japanese last year, at least 3,000 tons more oil could have been obtained, which at the present price of £100 a ton represents a loss of £300,000, or some \$1,000,000. I understand that the Norwegian Government has made estimates which are even higher. We are informed that the Supreme Commander intends to take steps to improve the Japanese ships and methods so that this waste will not continue, but we cannot forget that ships were allowed to leave Japan last year obviously unfitted for their job, despite the fact that the Supreme Commander's attention had been drawn to the dangers of waste. I might add, for the information of members who might not have already perused it, that I have had distributed to members, on 11 June, a copy of the official report of the Australian observer who accompanied the last Japanese whaling expedition to the Antarctic--this is document C2-231/2, and fully bears out what I have been saying about waste and infringements of the international conventions.

"At this stage, Mr. Chairman, I should like to recapitulate the course of events over the past year. My Government, in common with the Governments of New Zealand, Norway and the United Kingdom, protested very strongly in 1946 against the Japanese expedition to the Antarctic last year. Our protests were of no avail, and the expeditions sailed. However, we did receive certain assurances from the United States Government, one of which was that the question of the future of the Japanese whaling industry was a matter of Allied consultation and decision. We were also assured that the Australian Government would be fully consulted in connection with any future proposals concerning

RESTRICTED

Japanese whaling with which the United States was concerned. I understand that similar assurances were given to the Governments of New Zealand, Norway and the United Kingdom.

"Last December my Government introduced a paper into the Far Eastern Commission -- FEC-035/1 -- which would have had the effect of forbidding Japanese whaling in the Antarctic. This paper was carefully considered in the economic committee, and by the end of February had secured the support of every country represented on the Commission with the exception of the United States. At this stage the American member, finding himself outvoted by 10 to 1, suggested that the committee agree to divide the paper into two separate papers covering fishing and whaling, and the committee was led to believe that the United States was preparing a paper which would have forbidden Japanese Antarctic whaling. On that understanding the committee adjourned its discussion, and whenever members raised questions subsequently they were assured that the papers were being prepared. Suddenly my Government was confronted on 27th May with a statement from General Hilldring that a second Japanese expedition was contemplated, and this was followed swiftly on 9 June with an aide-memoire bluntly announcing that an expedition would definitely be authorized--a unilateral act which disregarded the wishes of every other member of this Commission and every other interested Government. Apparently, Mr. Chairman, the three months' respite which the economic committee gave the United States Government as a matter of courtesy, resulted, not in an American counter-proposal designed to meet the views of other Governments, but in the rest of the Commission being lulled into a sense of false security and in the ultimate frustration of their wishes.

"Surely no one could maintain that the assurances given to my Government in 1946 have been fulfilled. There was no real 'Allied consultation and decision'. My Government was not 'fully consulted in connection with future proposals concerning Japanese whaling'. Apparently General MacArthur's proposal for a second expedition was considered in Washington for some weeks before any other Government was informed. If we had been approached frankly in April and informed of the Supreme Commander's proposals and the United States views, we are confident we could have reached a detailed agreement acceptable to all. My Government proposed last year that the expedition should be manned by Allied crews, and assured the United States of Australia's ability to provide the crew of one factory ship and ancillary craft. I remember very well an interview which I had with Mr. Dean Acheson on 5 October, in which I renewed that offer. But apparently, in all the consideration given to this latest expedition before other Governments were consulted, no consideration was given to the earlier Australian offer to provide crews, or to the possibility of an Allied expedition.

"Immediately my Government learned that a second expedition was contemplated, we made an earnest endeavour to find a solution which would not only meet our position but satisfy the United States. The chief argument posed by the United States appears as follows in an aide-memoire to my Government on 9 June of this year: 'The protein food products and whale oil provided by the expedition will be a vitally necessary component of Japanese food and oil supplies during the calendar year 1948....If the requisite protein foods and oil for calendar 1948 are not obtained from whaling operations, it will fall upon the United States, which continues in the interest and to the advantage of all the Allies to supply the entire Japanese food deficit, to make up the deficiency, something which, in view of the

RESTRICTED

manifold demands on its fats and oils resources, it can ill afford to do.'

"My Government carefully considered this argument. We are not unappreciative of the burdens borne by the United States, and on many occasions in this Commission and in Japan we have shown a willingness to cooperate in sharing or relieving those burdens. You must remember that we did not have much time to act on this matter. If we had been consulted last April, we could have discussed various proposals in detail. But we did what we could. Mr. Macmahon Ball discussed the position with General MacArthur and officials of his staff. Here in Washington last week we began to discuss a proposal which I can best summarize by quoting from an aide-memoire which I have since given to the State Department:

" 'The difficulties of the United States Government in financing relief for Japan and the difficulties of the Supreme Commander in securing adequate supplies are fully appreciated. The Australian Government is prepared to play its part in relieving these difficulties. To this end it proposes that a factory ship and chasers should be made available to Australia immediately for use in the coming whaling season. The Australian Government is in a position to man these ships and operate them more efficiently than the Japanese, thus increasing the amount of oil available. The allocation of the food products to relieve the Japanese food shortage would be entirely a matter for determination by the Supreme Commander, and the oil would be allocated as at present by the International Food Emergency Committee, thus assuring supplies at least as adequate as those which would be obtained from the proposed Japanese expedition. The Australian Government is prepared to consider methods of payment which would avoid the cost being a charge on United States revenue. If a separate Australian expedition is not considered feasible or desirable, Australia is prepared to conduct the expedition in association with other Allies, in particular the United Kingdom, New Zealand, and Norway.'

"In putting forward that proposal, Mr. Chairman, my Government deliberately refrained from going into detail because we wished to give full opportunity for the United States to state, and for us to take account of, the practical difficulties and views of the Supreme Commander and the United States Government. There are obviously many courses open in giving effect to our offer, such as allocating a ship as advance reparations deliveries or leasing a ship, and there are many ways of considering the financial problems involved. We feel that details can readily be worked out if agreement is first reached on the fundamental principles: that Japanese Antarctic whaling this year should be forbidden; and that the Allies themselves should be given all rights of operating any emergency expedition for the purpose of obtaining whale meat and oil for the Japanese, to be allocated by SCAP and the International Emergency Food Committee.

"My Government feels this is a matter for decision by the Far Eastern Commission, not for unilateral action by one Government. My Government's position has been supported at Committee level by nine other Governments, and I hope they will remain firm.

RESTRICTED

"Furthermore, finally I say, surely when a matter of this description is to be decided, the claims and rights and furthermore the feelings of members of those who have been allied governments together should at least receive much greater consideration than those that indeed accommodate the ideas of a government that has been an enemy of each and every one of the members of this particular Commission. And that being so, I do feel that the considerations that are due to Australia in this matter are such that should immediately engage the considerations of this Commission, and that we should determine as to what the policy shall be in regard to situations of this character, and I accordingly move the adoption of the paper before the Commission, FEC-231/4."

MR. MAKIN accordingly moved and SIR CARL BERENDSEN seconded the motion that the Commission approve FEC-231/4.

SIR CARL BERENDSEN said that his Government took the same general position as that taken by the Australian Government. He said that he had on the previous day lodged, through diplomatic channels, a protest on behalf of his Government with regard to the permission granted the Japanese by the Supreme Commander to conduct a future whaling expedition. The main objections of the New Zealand Government to such an expedition were concerned with the security aspect of the matter. The New Zealand Government had no direct economic interest in Japanese whaling except to insure proper conservation of whales and the proper use of whale products. His Government did not feel that there had been proper consultation by the United States Government in this matter with the Allies. There was full realization on the part of New Zealand of the difficulties confronting the United States in meeting its responsibility for feeding the Japanese people, and the New Zealand Government wished to share in this responsibility just as it had in the more vital responsibilities of making the necessary sacrifices to win the war.

In conclusion, SIR CARL said that his vote would certainly be cast for FEC-231/4, and he urged the United States Representative to give due consideration to the very deep convictions of the New Zealand Government and people on this matter.

DR. LOUDON said that in the opinion of the Netherlands Delegation two matters were involved with regard to whaling: first, the general principle of whaling, and second, the specific problem of whaling by the Japanese. With regard to the formulation of a general whaling policy, it was the view of the Netherlands Government that the principle of freedom of whaling should prevail, provided the international whaling conventions were strictly observed. With regard to whaling by the Japanese, it was the Netherlands view that because of the status of Japan as an ex-enemy country, if any whaling were to be permitted in order to enable the Japanese to obtain necessary food, it should be restricted to two expeditions which should be carried out under strict observation to insure adherence to the international whaling conventions.

MR. GRAVES said that the United Kingdom position was in full accord with that which had just been presented by the Australian Representative. He pointed out that since the formal statement by General McCoy to the effect that the United States Government could not approve the proposed policy (page 1, minutes 62nd FEC meeting), a directive had been issued by the Supreme Commander to the Japanese Government granting authorization for another whaling expedition. In view of these developments it was now the view of the United Kingdom Government that to bring FEC-231/4 to a vote at present might hinder the progress of diplomatic negotiations being carried on by various Governments, including his own. For this reason, and for the further

RESTRICTED

reason that Chinese, Philippine, and Soviet reservations were still maintained on the paper, he said that he would welcome postponement of final action on the paper.

MR. GUERIN said that the French view on this subject was in accord with that expressed by the Australian Government. The French Government regarded a whaling expedition to the Antarctic as a matter of international concern and a matter for consideration by the Far Eastern Commission, and it considered the security aspects to be of paramount importance. MR. GUERIN also agreed with the suggestion of the United Kingdom Representative that, in view of the diplomatic negotiations now going on, final action on FEC-231/4 should be postponed.

DR. KOO said that China's interest in whaling had heretofore been very limited. The main interest of his Government in this question for the time being centered around the security aspect of the question. China had experienced the Japanese tactic of carrying out strategic surveys under the guise of fishing expeditions, and he therefore appreciated the concern of other Representatives with regard to the Antarctic whaling expeditions by the Japanese. Although the Chinese Delegation fully appreciated the need of supplying food during the period of the occupation, the danger, in connection with whaling expeditions, of increasing or restoring Japanese war potential should be very carefully considered. *It was as a measure of restricting such restoration that the Chinese Delegation had consistently supported the proposal shown in FEC-231/4.* However, the matter had been referred to the Chinese Government for further instructions, and such instructions had not yet been received. He therefore supported the suggestion of Mr. Graves that final action be deferred.

although it reserved its position with regard to certain aspects of the question:

MR. MAKIN said, that although he was not unmindful of the reasons offered for postponement of final action, the feeling of urgency on the part of the Australian Government in this matter was so great that he would suggest that any postponement be for some period less than a week. He thought that the Commission might well hold a special meeting on Saturday, 28 June 1947, in order to reach a final decision on this extremely urgent subject.

MR. ASAF ALI said that the Indian Government at present was not directly affected by the question of Japanese whaling. It was possible, however, that in the future the Government of India would take a very lively interest in long-range agreements pertaining to worldwide allocations and participation in whaling operations. With regard to the question of security, he felt that more than security from Japan was involved, and he said that his own Government was interested in international agreements which would secure India against the activities of any Government in waters close to India.

MR. ASAF ALI realized that the minimum economic needs of Japan must be taken into consideration and that consequently any attempt to deal with the particular decision of the Supreme Commander to authorize a Japanese whaling expedition would necessarily lead to a broader consideration of the economic and financial aspects of the occupation. He therefore thought that the Australian position, as supported by other Representatives, deserved very earnest consideration on the part of the United States.

MR. ASAF ALI said that he would support the request of the United Kingdom Representative for postponement of final action on FEC-231/4.

MR. COLLINS said that although his Government had no direct interest in whaling and was in full sympathy with the economic difficulties confronted by the United States as the Power responsible for the maintenance of the Japanese food supply, it nevertheless regretted this unilateral action which had been taken by the Supreme Commander in the face of the opposing opinions of the majority of the Commission. The Canadian Delegation had supported the United Kingdom proposed policy statement and would continue to do so. He thought, however, that the Australian proposal of an Allied whaling expedition constituted a feasible means of solution of the economic difficulties and at the same time avoided unilateral action, with its numerous unfortunate aspects. He therefore urged earnest consideration of this suggestion. He had no strong views on the length of time final action on FEC-231/4 should be postponed.

RESTRICTED

GENERAL McCOY said that he greatly appreciated the exchange of views which had just taken place on this very important subject. He was not in a position to reply to the particular charges concerning the United States Government which had been raised in the formal statement by the Australian Representative. However, he felt that a certain amount of misunderstanding of the United States action had arisen and he presumed that this misunderstanding had been at least partly caused by the fact that diplomatic negotiations on the subject of whaling had commenced subsequently to the beginning of consideration of the subject by Committee No. 2. He thought that, since any Japanese whaling expedition would not leave Japan until October in any event, there was ample time for these negotiations to be carried through. He therefore took the view that under the circumstances which had been enumerated during the foregoing discussion the United Kingdom request for postponement should be granted.

MR. MAKIN said that on the assurance that there would be time for consideration of such alternative proposals as might be submitted through diplomatic channels, he was prepared to concur in the decision to postpone final action on FEC-231/4. However, he urged that Representatives continue to regard the subject as one of urgency, particularly because if an Allied expedition were to be organized, a tremendous amount of preparation would be necessary before October.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-231/4.

ITEM 3 - SECRETARY GENERAL'S PRESS STATEMENT TO ACCOMPANY RELEASE TO THE PRESS OF TEXT OF THE BASIC POST-SURRENDER POLICY FOR JAPAN (FEC-238/2, SC-238/1, FEC-238)

MR. ASAF ALI referred to the amendment (FEC-014/6) which he had proposed for inclusion in the text of the basic post-surrender policy. He felt that, with the exception of his proposed warning to aggressors, the substance of his amendment had been included in the proposed press statement to be released by the Secretary General. Since the statement itself might be taken to constitute a kind of warning to aggressors, he had no desire to urge further the inclusion of a warning in more concrete form, and he was prepared to support the granting of authority to the Secretary General to release the statement in FEC-238/2.

MR. TSARAPKIN said that he was not yet prepared to state the views of his Government on FEC-238/2.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-238/2.

ITEM 4 - PROPOSED TEXT FOR PUBLIC REPORT ON COMMISSION ACTIVITIES (SC-215/6, FEC-215/7, FEC-215/8; 215 series)

MR. TSARAPKIN presented the following formal statement:

"The Soviet Government agrees to authorize the Secretary General to publish his report to the Commission on the activities of the Far Eastern Commission under the conditions stated in paragraph 2 of FEC-215/7 which were adopted by the Commission at the meeting on June 12 (Item 4 of the agenda).

"The Soviet Delegation deems it necessary to emphasize that the above consent of the Soviet Government relates to the text of SC-215/6 under the condition of the addition of the amendments to it set forth in FEC-215/8.

"Giving its consent to the publication of Document SC-215/6 together with the amendments set forth in Document FEC-215/8, the Soviet Delegation deems it necessary to state that the Soviet Government cannot associate itself with the wording of the third sentence, paragraph 4, Section C, Reparations, of SC-215/6. The Soviet Delegation

RESTRICTED

would like to draw the attention of the members of the Commission to the fact that in determining the interim removals programs it was understood without any doubt that actual transfers for reparations could take place not after 'some determination had been made of the various percentages' as it is stated in the above-mentioned sentence of SC-215/6, but only after the determination of final reparations percentage shares for all the 11 countries members of the Far Eastern Commission.

"The Soviet Delegation fully approves the formulation of this question as stated in the initial draft of the Secretary General's report (FEC-215, page 21) which is quoted below:

'Until some agreement, at least, could be reached on the various percentages of available assets which each claimant country was to receive as reparations, the actual transfer of facilities could not be undertaken.'

"The Soviet Delegation considers that the change of the wording of FEC-215 is not justified and, on behalf of the U.S.S.R. Government states that it considers itself free from any obligation relating to the wording of the third sentence, paragraph 4, Section C, Reparations, of Document SC-215/6."

MR. TSARAPKIN added that his Delegation considered it necessary that final decision on the publication of the Public Report should be postponed to allow Representatives time for adequate consideration of the amendments shown in FEC-215/8.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

(A document containing the text of the proposed public report as amended by SC-215/8 was subsequently circulated as FEC-215/9).

ITEM 5 - CONTROL OF JAPANESE MILITARY ACTIVITY IN JAPAN (FEC-017/5, SC-020/13, SC-020/14; SC-020/11, SC-020/12)

GENERAL McCOY said that he was prepared to support the adoption of FEC-017/5 but that he could not support the inclusion of the proposed amendments which were indicated on the cover page of the document. He said that it was the view of the Supreme Commander and of the United States Government that for all practical purposes demobilization of Japanese armed forces had been completed and that consequently any statement of the nature of the one proposed by the Soviet Delegation (paragraph 2, cover page of FEC-017/5) would be superfluous and would indeed give rise to possible undesirable implications. He asked whether there were objections on the part of any Representative to adoption of the proposed policy decision ~~with~~ the amendments indicated on its cover page.

MR. COLLINS said that he was prepared to vote for the paper in the form shown in the enclosure to FEC-017/5. The Canadian proposal (paragraph 4 b. of the cover page) had been offered not as an amendment but as a compromise intended to reconcile the Soviet view with that of the other Delegations and thereby hasten adoption of the paper.

MR. GRAVES said that the purpose of the United Kingdom proposal (paragraph 4 a. of the cover page) had been the same as that of the Canadian proposal. He, too, was prepared to support adoption of FEC-017/5 without amendment.

RESTRICTED

Mr. TSARAPKIN requested postponement of further consideration of FEC-017/5 in order to enable him to secure further instructions from his Government.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-017/5.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 7 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - OTHER BUSINESS

a. EXTENSION OF FAR EASTERN COMMISSION POLICY ON TEMPORARY RETENTION OF ELECTRIC STEEL FURNACES (FEC-239, FEC-239/1: FEC-059/13, FEC-059/30)

GENERAL McCOY drew attention to FEC-239 and FEC-239/1, a request from the Supreme Commander for an extension of his authority under FEC-059/30 permitting the temporary retention in Japan up to 30 June 1947 of additional electric steel furnace capacity. He pointed out that due to the imminence of the date involved an immediate decision was necessary, and he asked the authority of the Commission to grant the extension requested.

DR. KOO said that the request was of great interest to his Government. Before giving any opinion on the Supreme Commander's request he desired information on the following questions:

- (a) How much electric furnace capacity is operating in Japan at present?
- (b) How much electric furnace capacity will be listed for reparations under the interim removals program after retention of 400,000 metric tons capacity?
- (c) How much electric furnace capacity has been designated up to the present time for interim removals?

MR. MAKIN said that it would be very helpful in reaching a decision to have information on the reasons for the failure of the coal situation in Japan to improve.

In reply to Mr. Makin's question, GENERAL McCOY offered the following information which had been supplied to him on the circumstances resulting in the request from the Supreme Commander:

"SCAP has now requested extension of this authorization because of:

1. The continued shortage of coal and prospects of shortage through the coming winter. In December 1946, when the authorization was granted, coal production in Japan was 2,196,000 m.t. Production in March 1947, normally the month of peak production in Japanese coal mines, was 2,257,000 m.t. Production in April was 2,077,500 m.t., 6% below the quota for that month. Indications, therefore, are that total 1947 production may not exceed 25,000,000 m.t. The Industry Division of ESS estimates minimum Japanese needs at 36,000,000 m.t. annually. It is evident that little improvement in coal allocations to the iron and steel industry can be hoped for within the next year.

RESTRICTED

2. The important part which electric furnace production is playing in total steel output. Electric furnace steel production since 1 January 1947 has been at an annual rate of 403,000 m.t., representing full utilization of the capacity which SCAP has been authorized to retain, and constituting 57% of total steel ingot production during this period. Without the use of the additional 300,000 m.t. of electric furnace steel capacity, less than 60% of the current very inadequate rate of steel production could have been achieved. Whether or not any over-all progress can be made in Japanese industrial recovery within the next year is therefore directly related to this request by SCAP for extension of the present authorization to retain temporarily additional electric steel capacity.

With regard to the questions asked by Dr. Koo, MR. BARNETT, at the request of General McCoy, stated that the United States Delegation was informed that approximately 2,000,000 tons of rated electric furnace capacity existed in Japan. Should the Commission approve the Supreme Commander's request for an extension of authority under FEC-059/30 to retain up to 400,000 tons of actual productive capacity, then the remaining electric furnace productive capacity would be available for removal as reparations. It was the opinion of the United States Delegation that the authority requested by the Supreme Commander would not have any particular effect upon the amount or the quality of the furnaces likely to be removed for reparations prior to the expiration of the authority. With regard to the amount of electric furnace capacity which had been designated for interim reparations removals, MR. BARNETT said that the Supreme Commander should be handling this question in Tokyo with the reparations missions of the various governments. Information on the quantity of electric furnace equipment which had been inventoried and could be considered available for removal was not at hand in Washington but probably could be obtained through any of the reparations missions in Tokyo. In reply to a further question from General McCoy, MR. BARNETT said that it was possible to assure Representatives that the granting of the authorization requested by the Supreme Commander would not affect the amount of electric furnace capacity immediately removable as reparations unless claimant countries, prior to 30 June 1948, requested the removal of capacity well in excess of that capacity not being utilized by the Supreme Commander.

MR. GRAVES pointed out that the request from the Supreme Commander involved highly technical matters and that there had been no time since receiving the paper for Representatives to consult their Governments. He suggested, therefore, that the request be referred to Committee No. 2: Economic and Financial Affairs for urgent consideration.

GENERAL McCOY agreed with the suggestion of Mr. Graves but wondered whether, in view of the very short time before 30 June, the Commission could not grant an extension of authority for one month in order to enable proper consideration to be given the proposal at the committee level.

THE COMMISSION unanimously agreed to refer FEC-239/1 to Committee No. 2: Economic and Financial Affairs for consideration, and unanimously approved the following policy decision granting a temporary extension of FEC-059/30:

"The provisions of FEC-059/30 are hereby extended until 31 July 1947 pending decision by the Far Eastern Commission on the subject of further review of these provisions." (Subsequently circulated as FEC-239/2).

RESTRICTEDb. SUMMER SCHEDULE OF COMMISSION MEETINGS

GENERAL McCOY invited comments from Representatives as to means of lessening the number of scheduled meetings of the Commission during the mid-summer months.

MR. MAKIN suggested that no recess be taken until all matters deemed vital by any Representative had been carried to a decision. He thought that at that time a recess of four to six weeks might be taken with the understanding that, in the event of business arising which any Representative considered vital, that Representative could request the Chairman to convene a meeting of the Commission.

MR. GRAVES suggested that no Commission meetings be scheduled for the month of August, with discretion left to the Chairman for convening special meetings.

MR. ASAF ALI suggested that every effort be made to conclude vital business in the next ten or fifteen days and that a recess of approximately six weeks then be declared, with the understanding that any Representative, with the support of one other Representative, might request the Chairman to convene a special meeting.

GENERAL McCOY thanked Representatives for their expressions and said that the concrete suggestions offered would be used by the Secretary General to prepare a proposed schedule of summer meetings which would be submitted to Representatives for consideration.

c. DEPARTURE OF AMBASSADOR LOUDON

GENERAL McCOY, speaking on behalf of all Representatives, expressed regret that Dr. Loudon was attending the last meeting of the Commission as the Representative of his Government. He extended cordial good wishes to Dr. Loudon and expressed the hope that his departure from the post of Ambassador for the Netherlands to the United States would not mean that he would not continue to spend much of his time in the United States.

DR. LOUDON thanked General McCoy and expressed his regret not only at leaving his post as Ambassador but also at terminating the friendly association with the Far Eastern Commission. He offered his best wishes for the success of the Commission in its future work.

ITEM 9 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement concerning the foregoing proceedings should be released to the press.

The meeting adjourned at 12:20 P.M.

MINUTES--FECRESTRICTEDMINUTES--64th FEC Mtg.3 July 1947FAR EASTERN COMMISSION

Minutes of the Sixty-fourth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.,
Washington
3 July 1947, 10:30 a.m.

REPRESENTATIVES PRESENT

Maj. Gen. Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
Mr. R. E. Collins (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
His Excellency P. E. Naggiar (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
His Excellency Sir Carl Berendsen (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Mr. S. K. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--64th FEC Mtg.

FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 64th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-THIRD MEETING

Amended and approved.

ITEM 2 - DEPUTY CHAIRMAN OF THE STEERING COMMITTEE (FEC-004/25)

Unanimously approved election of Mr. O. Rouchlin as Steering Committee Deputy Chairman (FEC-004/25)

ITEM 3 - TEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES (FEC-215/9; 215 series)

Retained on agenda, pending consolidation of errata enumerated in FEC-215/10 with text of report. (Revised text subsequently circulated as FEC-215/11)

ITEM 4 - SECRETARY GENERAL'S PRESS STATEMENT TO ACCOMPANY RELEASE TO THE PRESS OF TEXT OF THE BASIC POST-SURRENDER POLICY FOR JAPAN (FEC-238/2, SC-238/1, FEC-238)

Soviet amendment (FEC-238/3) proposed, deleting reference to functions of peace conference. FEC 238/2 referred, together with Soviet and other proposals, to Basic Policy Subcommittee of Steering Committee for consideration and report directly to Commission.

ITEM 5 - JAPANESE WHALING (FEC-231/4; FEC-231/5, 231 series, FEC-035, FEC-035/1)

No decision. Postponed.

ITEM 6 - CONTROL OF JAPANESE MILITARY ACTIVITY IN JAPAN (FEC-017/5; SC-020 series)

Postponed. Awaiting Soviet instruction.

ITEM 7 - PROPOSAL OF SECRETARY GENERAL FOR COMMISSION SUMMER SCHEDULE (FEC-006/1)

Discussion not favorable to Commission recess. Retained on agenda.

ITEM 8 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

No discussion. Postponed.

ITEM 9 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Retained on agenda.

ITEM 10- OTHER BUSINESSa. Report by Mr. Whitman on Food Mission to Japan

Verbatim Record of Mr. Whitman's remarks explaining report of Harrison Food Mission included as Appendix to minutes.

ITEM 11 - PRESS RELEASE

None.

RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-THIRD MEETING

DR. KOO requested that the sentence beginning in the sixth line from the end of the second full paragraph on page 6 be amended to read, "It was as a measure of restricting such restoration that the Chinese delegation had consistently supported the main idea of the proposal shown in FEC-231/4, although it reserved its position with regard to certain aspects of the question."

MR. JOHNSON pointed out that the word "with" in the penultimate line of the third paragraph from the bottom of page 3 should be "without".

THE COMMISSION unanimously approved the minutes of its sixty-third meeting with the above changes.

ITEM 2 - DEPUTY CHAIRMAN OF THE STEERING COMMITTEE (FEC-004/25)

THE COMMISSION unanimously approved FEC-004/25.

ITEM 3 - TEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES (FEC-215/9; 215 series)

GENERAL McCOY referred to paragraph 4 of the cover page of FEC-215/9 and inquired as to the decision of the Secretary General to include a summary of the Commission's decision of 26 June 1947 to extend temporarily the policy on Temporary Retention of Electric Steel Furnaces (FEC-239/2). MR. JOHNSON replied that this summary had been included in order to bring the proposed public report up to date. It was presumed that release of the decision in question might be approved by the time of actual publication of the report. If such release should not have been approved by that time, he said, the summary would be deleted from the final text.

MR. JOHNSON drew attention to FEC-215/10, an enumeration of errata which should be incorporated in the text of the public report.

THE COMMISSION unanimously agreed to postpone further consideration of the proposed text of the public report on Commission activities with the understanding that a revision, incorporating all errata, would be circulated for consideration prior to the next meeting of the Commission. (Revised text subsequently circulated as FEC-215/11.)

ITEM 4 - SECRETARY GENERAL'S PRESS STATEMENT TO ACCOMPANY RELEASE TO THE PRESS OF TEXT OF THE BASIC POST-SURRENDER POLICY FOR JAPAN (FEC-238/2, SC-238/1, FEC-238)

MR. TSARAPKIN presented the following statement for issuance by the Secretary General as a press release in lieu of the statement shown in FEC-238/2:

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

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

RESTRICTED

MR. TSARAPKIN said that the view of his Government was that any reference to the scope of questions to be considered by the peace conference was inappropriate in a paper initiated by the Far Eastern Commission. Only the press conference, he said, could make a

GENERAL McCOY said that the Soviet proposal seemed acceptable to him, and that he was prepared to support either its adoption or the adoption of FEC-238/2.

SIR CARL BERENDSEN said that it seemed to him to be factually incorrect to say that the principles in question had been followed since the organization of the Commission. Actually, he thought, they had been greatly augmented during the course of the Commission's work.

MR. SEN said that it seemed to him inconsistent to refer to final approval being given principles which had been actually followed by the Commission since the day of its organization. He thought that final approval could only be referred to in case the principles had been under consideration rather than actually abided by. Furthermore, the mere statement of approval at this time did not answer the inevitable question in the mind of the public as to why, if the principles had been followed all along, their public announcement had not taken place sooner. He thought that the second paragraph of FEC-238/2 was preferable to the second paragraph of the Soviet proposal as a statement to the public.

GENERAL McCOY suggested, as a means of meeting Mr. Sen's objections, that the phrase "final approval" be changed to "formal approval".

MR. NACCIAR agreed that the phrase "formal approval" would cover either principles followed since the inception of the Commission or principles added by the Commission. He was prepared to approve either FEC-238/2 or the Soviet proposal, provided the word "formal" were substituted for "final".

MR. GRAVES agreed that many principles had been developed since the organization of the Commission. He thought this point might be met in the Soviet proposal if the word "followed" were changed to "developed". However, he preferred the wording of the first paragraph of FEC-238/2.

SIR CARL BERENDSEN thought there was general agreement on what it was desired to provide and that the points which had been raised might be met by combining FEC-238/2 and the Soviet proposal, making use of such phraseology as the following: "... gave formal approval to a set of fundamental principles which have been under continuing examination and which have been followed since the organization of the Commission or adopted during the course of its proceedings".

MR. MAKIN emphasized that his Government regarded it as essential that any statement in this connection for release to the press should contain a provision similar to that which had already been suggested by the Australian delegation (FEC-238) to the effect that, "The policies laid down in this paper are subject and without prejudice to discussions which will take place during the negotiations of the peace treaty with Japan and the provisions of the peace treaty with Japan". The Australian delegation, in a spirit of cooperation, had, at the committee level, accepted the wording of FEC-238/2, but he emphasized that the Australian preference was for the inclusion of a statement along the lines he had mentioned. He thought that the whole matter might well be referred back to the appropriate committee for further consideration.

FEC-RESTRICTED10 July 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SIXTY-FOURTH MEETINGNote by the Secretary General

1. The attached page is a revision, embodying corrections of illegible mimeographing in the first paragraph and changes requested by the Indian Representative, of page 2 of the minutes of the sixty-fourth meeting of the Far Eastern Commission.

2. All Representatives are requested to substitute the attached page for page 2 of the minutes of the sixty-fourth meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum
Minutes - 64th FEC Mt.

FEC-RESTRICTED

MR. TSARAPKIN said that the view of his Government was that any reference to the scope of questions to be considered by the peace conference was inappropriate in a paper initiated by the Far Eastern Commission. Only the peace conference itself, he said, could make a decision on the scope of its deliberations.

GENERAL MCCOY said that the Soviet proposal seemed acceptable to him, and that he was prepared to support either its adoption or the adoption of FEC-238/2.

SIR CARL BERENDSEN said that it seemed to him to be factually incorrect to say that the principles in question had been followed since the organization of the Commission. Actually, he thought, they had been greatly augmented during the course of the Commission's work.

MR. SEN said that it seemed to him inconsistent to refer to final approval being given if the principles had been actually followed by the Commission since the day of its organization. He thought that final approval could only be referred to in case the principles had been under consideration rather than actually abided by. Furthermore, the mere statement of approval at this time did not answer the inevitable question in the mind of the public as to why, if the principles had been followed all along, their public announcement had not taken place sooner. He thought that the second paragraph of FEC-238/2 was preferable to the second paragraph of the Soviet proposal as a statement to the public.

GENERAL MCCOY suggested, as a means of meeting Mr. Sen's objections, that the phrase "final approval" be changed to "formal approval".

MR. NAGGIAR agreed that the phrase "formal approval" would cover either principles followed since the inception of the Commission or principles added by the Commission. He was prepared to approve either FEC-238/2 or the Soviet proposal, provided the word "formal" were substituted for "final".

MR. GRAVES agreed that many principles had been developed since the organization of the Commission. He thought this point might be met in the Soviet proposal if the word "followed" were changed to "developed". However, he preferred the wording of the first paragraph of FEC-238/2.

SIR CARL BERENDSEN thought there was general agreement on what it was desired to provide and that the points which had been raised might be met by combining FEC-238/2 and the Soviet proposal, making use of such phraseology as the following: "... gave formal approval to a set of fundamental principles which have been under continuing examination and which have been followed since the organization of the Commission or adopted during the course of its proceedings".

MR. MAKIN emphasized that his Government regarded it as essential that any statement in this connection for release to the press should contain a provision similar to that which had already been suggested by the Australian delegation (FEC-238) to the effect that, "The policies laid down in this paper are subject and without prejudice to discussions which will take place during the negotiations of the peace treaty with Japan and the provisions of the peace treaty with Japan". The Australian delegation, in a spirit of cooperation, had, at the committee level, accepted the wording of FEC-238/2, but he emphasized that the Australian preference was for the inclusion of a statement along the lines he had mentioned. He thought that the whole matter might well be referred back to the appropriate committee for further consideration.

RESTRICTED

GENERAL McCOY agreed that the drafting of a press statement should receive further consideration in committee. The Soviet proposal had at first seemed perfectly adequate to him, and he had been prepared to support either FEC-238/2 or the Soviet proposal. However, having heard the opinion of other representatives, he realized the necessity for further consideration in committee.

DR. KOO suggested the following amendment to FEC-238/2 as a means of meeting the points which had just been raised:

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

"The Commission's Basic Post-Surrender Policy for Japan will be effective until such time as the treaty of peace comes into force and, of course, without prejudice to the scope of work of the peace conference."

THE COMMISSION unanimously agreed to refer FEC-238/2, together with the proposals shown above, to the Basic Policy Subcommittee of the Steering Committee for consideration in the light of the foregoing discussion, with the understanding that the Basic Policy Subcommittee would report directly to the Commission.

ITEM 5 - JAPANESE WHALING (FEC-231/4; FEC-231/5, 231 series
FEC-035, FEC-035/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - CONTROL OF JAPANESE MILITARY ACTIVITY IN JAPAN
(FEC-017/5; SC-020 series)

MR. TSARAPKIN said that he was still awaiting further instructions on this subject.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - PROPOSAL OF SECRETARY GENERAL FOR COMMISSION SUMMER SCHEDULE (FEC-006/1)

SIR CARL BERENDSEN said that while he fully supported a plan to allow individual members of delegations to enjoy vacation periods during the hot weather, in view of the importance and the urgent nature of some of the work confronting the Commission he could not agree to a proposal that the Commission close down its operations for any specified period. He thought no one would suggest that the Commission abandon its work while decisions were still pending on such subjects as whaling, economic standards in Japan, and reparations.

MR. MAKIN supported the views expressed by Sir Carl Berendsen. He thought there could be no question of a general recess on the part of the Commission while any item of an urgent nature remained undecided. He would personally raise the strongest possible objections to a recess while the whaling paper remained on the agenda. If all urgent matters could be concluded he would then have no objections to fortnightly meetings at least during part of the summer period in place of weekly meetings.

RESTRICTED

DR. KOO thought that the objections which had been raised to a recess of five weeks might be met by scheduling one Commission meeting between 24 July and 28 August, possibly around 10 August. This would avoid the long recess and lessen the probability of vacation plans being disrupted by the necessity for a special, unscheduled meeting during the recess.

MR. SEN suggested that in order to give all delegation members, including members of committees, some relief from the work of the Commission, there should be at least a two-weeks holiday. The suggestion made by Dr. Koo, he pointed out, presupposed continuance of work on the part of the committees in order to prepare papers for consideration by the Commission at the meeting on approximately 10 August.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 9 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 10 - OTHER BUSINESS

a. Report by Mr. Whitman on Food Mission to Japan

A verbatim record of Mr. Whitman's remarks was subsequently circulated as an appendix to these minutes.

ITEM 11 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 12:30 P.M.

RESTRICTEDAPPENDIXTO THE MINUTES OF THE 64th MEETING OFTHE FAR EASTERN COMMISSION3 JULY 1947VERBATIM RECORD OF REPORT BY R. H. WHITMANON FOOD MISSION TO JAPAN

GENERAL McCOY: Some time ago there was a food mission to Japan under Colonel Raymond L. Harrison, Assistant Administrator of the Production and Marketing Administration of the Department of Agriculture. The report of that mission has been circulated this morning (FEC-026/15). The United States representative on the Economic Committee, Mr. Whitman, was with Mr. Harrison and I thought that in view of this report now being available Mr. Whitman might discuss briefly the Mission itself and its result.

MR. WHITMAN: Mr. Chairman, if the Commission will permit me, I would like to add a few comments on the report and give a little of its background. The Mission, known as the Harrison Mission, was sent to Japan because neither the United States Government nor SCAP were quite satisfied with the way in which the food program was being handled. We were troubled by the Japanese handling of food and the basic information we had about SCAP requirements, and SCAP on his part was not satisfied that the United States Government was giving his requests for food imports as much weight as he thought they should have. In view of that mutual dissatisfaction the Mission was dispatched to Japan to see if it could be in some part resolved.

The Mission was composed of Colonel Harrison, Chief, who has spent many months of the last two years on foreign relief programs and has traveled all over the world, including Japan the year before, and seen the food problems in many places; Mr. Koenig, Executive Assistant to the Secretary of Agriculture; Mr. Jacobs, a fertilizer expert; and a Captain Kitheridge and a Mr. Tuck, who were former associates of ex-President Hoover in the First World War. Mr. Tuck was also with ex-President Hoover in the world food trip that he made in the spring of 1946. Mr. Tuck also had been in Japan the previous year. Another War Department representative, Colonel Seoby, an expert on supply problems, and myself were present.

The procedure of the Mission, I suppose, was the same as usual mission procedure. We talked to all the people on SCAP's Staff that worked on the food problem. We read voluminous reports and had very many conferences. We discussed the food problem with the Japanese Government -- the Minister of Agriculture, the Premier, and other people concerned. We all made a number of inspections in Tokyo and elsewhere; saw how the nutrition surveys were conducted; examined the school lunch program, et cetera. We also made trips to a number of the prefectures around Tokyo, in Japan, and one as far away as Hokkaido, as we were particularly interested in the situation in the coal mining areas. In those prefectures we talked to military government officials and also prefecture officials who were responsible for food collection and distribution programs. I might just summarize the general impressions and conclusions of the Mission under four headings.

The Mission concluded that there was too much complacency on the part of the Japanese Government as to how they were going to meet their

RESTRICTED

food problem. We felt that they had not taken their own responsibilities for maximum production and collection as seriously as might be, and while the collection program had not completely fallen down it had not been as good as it should have been. I think that has been corrected now to a very large extent, but in the beginning of February that was the opinion of the Mission.

The second general conclusion was that there hadn't been as much progress as might have been hoped for in solving the basic economic problems in Japan in getting fertilizer production, which is dependent upon increased coal production.

The third general impression was that, while there was no acute malnutrition in Japan, there was definitely a very low and inadequate nutritional status of the Japanese people. A number of people who have been to Japan a short time and merely observed the Japanese people, who eat cereals almost exclusively and therefore tend to look fat, without examining the actual records, tend to feel that there is no real food problem in Japan. The Mission went into this problem very thoroughly. We examined exactly how the nutrition surveys were made; talked to doctors in the hospitals who had analyzed them and to the government officials who handled the program. We are convinced that there is a serious nutritional problem in Japan.

The fourth general conclusion is that there is and will continue to be requirements for food imports. I might call your attention to page 3 of this report and I might just read two and a half paragraphs on that point:

"...The Mission itself clearly recognizes that even a maximum increase in agricultural production (including fish), together with the successful execution of a collection program based on goals in line with actual food production, will not provide the Japanese people with enough food to meet their basic requirements.

"To expect present Japanese land areas to provide food on this scale is to expect the impossible. The Japanese farmers, it is true, have shown great aptitude in getting a large total production from their limited amount of land. But the fact remains that Japan has a total of only 15 million acres of cultivated land (as compared with a U.S. total of 330 million). No matter how ingeniously utilized, this acreage cannot conceivably provide enough farm foods for Japan's present population of 78 million. This acreage did not do so under the most favorable circumstances in the past, and it would be unrealistic to expect it to do so in the future for an even larger population.

"It is the opinion of the Mission that (a) Japan will be a food-deficit country even under a program setting the average caloric intake at a level considerably below the prewar norm, and that (b) Japan can offset this deficit in toto only by importing the requisite amount of food."

I wish to point out before I take up certain points in this report in a little more detail that the position of the Mission and any of its recommendations are not related to relative Japanese needs with other parts of the world. A Mission working in Japan without knowledge of other needs is not in a position to do so. It could only study the problems and make its recommendations in the light of absolute Japanese requirements and in the light also of certain fiscal problems about paying for food imports. None of the recommendations bear on the question of relative Japanese needs or relative imports as compared with the needs of other countries. So I want to be sure you understand that any comments I make in relation to the Mission bear only on the Japanese situation and the relative fiscal situation and not on its relationship to other countries.

A few more comments on the nutritional status which I think were particularly interesting. A major factor in the nutritional situation of the Japanese is the quality of their diet. If anything, the more important is the fact that its caloric intake has not been adequate in the last two

RESTRICTED

years. Of course, before the war, the Japanese had an inadequate diet from the quality standpoint. It was lacking in proteins and particularly lacking in fats and vitamins. During the war and since the war the situation has become even worse and less than half of basic fat and protein requirements have been met. This has resulted in a very serious deterioration of health from the standpoint of the children to a very measurable extent, and if not corrected will probably have permanent effect on the population. The Mission did not feel that there was any immediate need for an increase in the standard ration of calories for the normal population but did feel that more proteins and fats were required and that the rations for children in particular and other vulnerable groups of the population needed to be increased. While the import requirements for Japan have been based upon a theoretical 1550 calories per day, the Mission concluded that the actual intake, that is for usual consumers, was somewhat higher than that, probably averaging at least about 500 calories over the staple ration of about 1256.

Some interesting statistical problems are involved in all this question of the relationship between the total intake -- calories, et cetera, total intake in calories, food crops, known imports, and its distribution. There was evident conflict in the Japanese statistics between the crops that are available which, combined with imports, would come out automatically to a maximum consumption average of something like 1550 and between the observations of the nutritional statistics and the status of health which indicate that consumption must clearly be somewhat higher than that. We can't prove exactly what it is. The Mission doesn't take any very conclusive stand. It points out that the last survey shows some 500 calories more but it says that will be because of the later period. My opinion is that the minimum average is 1700 for usual consumers. Part of that difference, of course, is an under-estimation of crops and part of it, I think, particularly this -- my own opinion is that it is due to an over-estimation of farm retention. The Department of State experts with whom I have discussed the problem since I have returned think that the Mission and I have exaggerated the possibility of crops being higher than the Japanese statistics, on the basis of their very careful analysis of the weather, fertilizer available, and other situations -- feel that the crops cannot be very badly under-estimated. But there is this factor of observed under-consumption by the farm population in order either to obtain very much wanted commodities through the black market particularly or to help out relatives. There is less division between the farm and non-farm populations in Japan in a period of food crisis and particularly in a period as bad as it was in 1946 than occurs in some other countries, and I think that is one of the very fortunate situations in Japan. We do have this observed actual farm population getting down to the consumption of 1900 and 2000 calories largely in order to help relatives.

On the question of the nutritional status, I would like to indicate what the recommendations of the Mission were. The report before you does not include the recommendations of the Mission in detail, largely because they bore on specific administrative actions recommended to the United States Government and to SCAP. However, with regard to its recommendations in the case of the nutritional status, I believe that they are of particular interest to the Commission and I would like to be sure you have them for the record. The first recommendation was that the present basic staple food ration should be continued and increased only as Japanese exports provide additional funds for such increase; second, that irrespective of funds or the production locally that should be increased as soon as possible as supplementary rations, particularly for growing children, are available; thirdly, that the ration level should be increased when funds were available from Japanese exports and in particular that attention should be given for a better balanced diet; fourthly, that there should be continued emphasis on increasing imports of proteins and fats; and fifthly, that the control of imported food distribution should be strengthened to provide for better distribution of food through school lunches, supplementary rations and similar programs that would increase the calory intake of the most needy part of the population.

RESTRICTED

Turning briefly to the indigenous production, I won't try to give you the figures. As you know, the rice crop of '46 was good through very fortunate weather circumstances. The data on fish production and availability are not good and I don't think that too much reliance can be given on any of the available figures on that. The Mission felt that there had not been sufficient attention to increasing the fish catch and that a much more comprehensive and vigorous program looking in that direction was necessary in order to meet Japan's protein requirements. Pre-war sources of vegetable protein in Manchuria are not available in the foreseeable future and some other protein source must be found. The Mission found that there was little possibility of any great increase in food production immediately. Perhaps over a very long run changed methods might help, but not very much immediately. Fertilizer, of course, is a very essential and immediate problem, and since Japanese production cannot be expanded to meet requirements continued imports will be necessary. As far as recommendations are concerned in this field, the Mission thought that immediate exploration must be given to changing the agricultural program in Japan to meet their problems arising from being cut off from pre-war sources of proteins. But that's a long-run program. We also felt that the fish program must be expanded through increasing both nets, fuel oil supplies, and, if necessary, additional fishing areas since, as I pointed out before, that seems to be the only possibility of increasing the protein supply in the immediate future.

With regard to the collection program, I don't think I need to add much to what the Mission report is. No outsider probably looks at another's food program in a period of great shortage and finds it very satisfactory. We do not find that the Japanese were doing as much as we thought they might be able to do and felt that considerable more pressure needed to be exerted all around to get food collections in. There isn't any panacea that we found, I think, as far as anyone else has ever found, for this problem of getting maximum collections from farmers in a very short food situation. I would just like to point out that a number of steps have been taken since the Mission first came to Japan that have helped. When we went there the food collection program was lagging. It started off very well and then slumped off in January and early February. Measures taken since then have brought it back to about five percent under the goals, if I remember the latest figures. Some of the new measures were some bonus prices that the Japanese Government offered for deliveries over quotas, et cetera, and increased police measures by the Japanese Government which were not very easy for them to take, of course, just before an election. But, nonetheless, there was some increase in police measures taken in late March and early April. There was also the letter of General MacArthur to the Prime Minister in March calling attention to the very serious problem of lagging food collections among other economic problems, and by putting SCAP's weight behind that it undoubtedly helped improve the collection picture in later months.

As far as import requirements are concerned, the Mission recommended that imports be adequate to maintain the present level of rations on the assumption that the Japanese would have proper collection goals and vigorously get crops collected. In other words, we did not recommend imports to make up for deficiencies of the Japanese Government. We recommended that the full IEFC allocation of last year, that is '46 - '47 allocation, be shipped as there was clear need for that, and that shipments be made in this year adequate to meet immediate requirements pending the determination of what the crops were going to be in this year. Japanese crops being later than other crops, of course it is impossible to tell yet how the Japanese crop will be.

As far as the payment of imports, the Mission felt that the Japanese are not going to be able to pay for their food needs from any exports they are going to be able to develop in the next twelve months; that more emphasis is needed to be put upon getting Japanese exports back to a point that they can meet Japanese import requirements; but, in the

RESTRICTED

meantime, that the imports of food necessary to meet the objectives of the occupation should, if necessary, and will be necessarily met by appropriations by Congress.

That summarizes very briefly. Now I would like just to add a few more comments on this report. The report of the Mission has been criticized on three grounds I would like to point out to you. It was criticized that it was not as favorable to the Japanese as the Hoover report made about the same time was to the Germans. Now the Mission had no intention to discriminate against the Japanese as Japanese. We had no reason to think that they should as Japanese have any worse treatment than the Germans. However, we did recommend only the maintenance of the ration of 1250 whereas the Hoover report, which, I think, is supported by at least two governments mainly concerned, has recommended an increase of rations in Germany, I believe, to the level of 1800, which would theoretically be considerably better for the Germans. Of course, in practice the answer is that they haven't been able to meet that increase, and even with a somewhat higher ration for Germans than would be mathematically correct - there is some dispute about that but it is around eighty percent of the occidental ration required for the average Japanese - the Japanese will get a greater supply per urban population over a ration than would be available in the bi-zonal area in Germany in particular. The reason for that is not that there is any better administration of indigenous food supplies in the bi-zonal area. As far as I know I don't think it is handled much better than the Japanese are handling their own problems but the fact that in Germany the self-supplier is a much smaller part of the population, that even if you have the same ration of indigenous food on the black market, say five or ten percent, whatever you wish to assume, the Japanese urban consumer is going to get a larger part, larger additions to his rations, than you will in Germany because the indigenous food resources in Germany are less than fifty, or whatever they are, percent of the requirements, whereas in Japan they are something like eighty-five. So, with about the same in the administration of the program, the Japanese will be better off, the urban consumer in Japan will be better off than the urban consumer in Germany.

GENERAL MCCOY: Are you speaking of the American Zone or the American and British?

MR. WHITMAN: Both, particularly in the British, because of their very heavy urban populations.

The second criticism is that the Mission's report was somewhat too critical of the interim administration of food in Japan. But the Mission feels that that's an extremely important issue and does not wish to retreat at all from its position. Its position is made clear at the bottom of page 2 and on top of page 3 in the report that I might point out to you, in which the Mission reports that:

"The need for food imports is so apparent and dominates discussion of food problems in Japan to such an extent that not enough thought has been given to the need for improving the systems now in use for collecting, distributing, and rationing food, or to the need for increasing indigenous production. In the opinion of the Mission there should be clearer recognition in the Headquarters of the Supreme Commander Allied Powers (SCAP) and among the Japanese Government that the Japanese food problem breaks down into three main factors in the following order of importance.

- "1. Indigenous food production.
- "2. Collections, distribution, and rationing programs.
- "3. Food imports.

"Until these factors and their relative importance are recognized, and

RESTRICTED

energetic efforts made to correlate all three, no real solution to the Japanese food problem appears probable."

In pointing this out I just would also like to point out the reverse that, in the case of the Commission reading this report, it of course will not have the same point of view as the Japanese Government and will have no difficulty in recognizing this order of importance. But I do want to point out that the order of importance does not mean that the third item on there is not crucial in the Japanese program. Continued emphasis on the local situation is important because the world food situation is apparently not going to solve itself in the next twelve months and every country, certainly including the Japanese, cannot relax at all in handling, maximizing their own food production and assuring its equitable distribution. In addition, there is the necessity of putting constant pressure on the Japanese Government in this field because politically it's a very difficult problem for any Japanese government to put a great deal of pressure on collections. Therefore, we must give attention and care to see that they constantly live up to their responsibilities in that regard.

The Mission report, as you will find, is no whitewash of the situation in Japan. I only ask that the people reading the report should also not expect on the contrary any perfectionist performance which no country ever had in managing a food program.

The third criticism has been that inadequate allowance has been made in the food import requirements to provide for industrial recovery. Some experts in Washington, including those in the State Department, feel that 1700 calories is too low a figure for urban populations if you are going to get social stability and the actual energy that you require to bring the Japanese production back. I think there is considerable merit in that point of view. Seventeen hundred calories is a very low figure to step up industrial production to anywhere near the pre-war Japanese level. However, the Mission feels that some recognition must be taken of the shortage of food and the shortage of money to buy food and that the Japanese can probably get by a little longer on the present ration if the supplementary rations to heavy workers are adequate.

I trust then, in view of this, that the Commission will not consider the report on the other hand too generous to the Japanese. I think the case for food imports on some basis is clear and I want to emphasize the conclusions of the Mission that we cannot achieve the objectives of the occupation in Japan for recovery of industrial production and for the social conditions necessary for democratization program unless we can at least maintain something like the present food situation.

MR. SEN: On page 6 you have given production levels for 1947 and 1948. This probably does not include what we call the self-suppliers to which you have made reference on page 5. That means that self-suppliers who, according to you, number about 32,000,000 people get a basic staple food ration of 2100 calories and in addition to that they get other nutrients, though you haven't specified what the caloric value of those nutrients is.

MR. WHITMAN: Some small amount, yes.

MR. SEN: Have you any figure of the average intake of calories of the self-suppliers who number 32,000,000 people out of the population of 77,000,000?

MR. WHITMAN: The nutrition surveys made in 1946 and early '47 indicated that the actual consumption ranged from something like 2250 down to 1950. I already mentioned that in the most serious part of the food crisis in Japan in 1946 the self-suppliers were considerably below this particular level.

RESTRICTED

MR. SEN: On page 7 you say the quota for the 1946 rice crop permitted an average farmer to retain 2100 calories of staple food per day and that partial self-suppliers were allowed to retain 1750 calories. On page 5 you said that these self-suppliers also had other nutrients. It seems that about forty percent of the population of Japan is getting food of the caloric value of about 2500.

MR. WHITMAN: No, I am not quite sure. That would not be correct.

MR. SEN: What would be the figure?

MR. WHITMAN: Well, it would not be much more than 2200.

MR. SEN: So, about forty percent of the population of Japan is getting about 2200 calories?

MR. WHITMAN: That would be at the most.

MR. SEN: Then at another place you say that collection is only eighty-four percent of the total.

MR. WHITMAN: That was at the time the report was made.

MR. SEN: That means sixteen percent is left with the growers; you cannot collect the sixteen percent.

MR. WHITMAN: No, sir. I believe we said that the eighty-four percent was at the time the report was being made.

MR. SEN: But isn't it correct that you have found it difficult to improve the collection system in Japan?

MR. WHITMAN: Yes. But it is up to about 105 percent now.

MR. SEN: How can you have 105 percent?

MR. WHITMAN: Well, you get more from the farmer through regular channels than the original collection quota was. This report was completed in April.

MR. SEN: The eighty-four percent is related to the total crop production.

MR. WHITMAN: Can we find the reference to that? At the end of February farmers had delivered only eighty-four percent.

MR. SEN: You begin this paragraph saying, "Collections of rice and rice substitutes have not been satisfactory to date of this survey." Since then we have seen reports in the papers that collections in Japan as well as in Germany have not been satisfactory. The point I am making is that apart from the fact that forty percent of the population of Japan is getting about 2200 calories, they have got about fifteen to sixteen percent of the crop in their hands which the government has not been able to control. In other words, the total food left to the self-suppliers would give them more than 2200 calories.

MR. WHITMAN: But may I point out, sir, that this sentence says that as of the end of February the farmers had delivered only eighty-four percent.

MR. SEN: Then your report is that the collection now is 105 percent?

MR. WHITMAN: That is my recollection of the latest figure, sir.

MR. SEN: The other point on which I seek clarification is this, that the scale which has been adopted, both for 1947 and 1948, in Japan is not

RESTRICTED

related to the availabilities of food for other countries in Asia. That is correct, isn't it?

SIR CARL BERENDSEN: He made that point very plain, that no attempt was made to correlate supplies.

MR. WHITMAN: As far as the report of the Mission is concerned there certainly is no attempt to do that.

MR. SEN: In other words, you went on the general health of the people and you decided the ration was below the requirements of the people in Japan without reference to the availabilities of food in other countries. Now, you said that the food in Japan is lacking in proteins and vitamins. Now in fixing the scale, did you try to find out what the pre-war scale of food was in Japan and whether it was adequate in proteins and vitamins?

MR. WHITMAN: Well, we made some study of it, yes.

MR. SEN: Have you got any figures?

MR. WHITMAN: I think the best statement of that is contained in the protein statement in another paper just circulated to the committee in which we take up fish specifically. I think that is a somewhat more accurate and detailed statement than is available here.

MR. SEN: Generally speaking, is it your information that even in pre-war days the food in Japan was lacking -- not adequate in proteins and vitamins?

MR. WHITMAN: That is correct, sir. I think that point is taken up on page 4.

MR. SEN: The point I am making is that, if in pre-war days the Japanese people didn't have food which was fully adequate in proteins and vitamins and still then they could make war on the scale they did, what is the objective you are aiming at now on the matter of food? What standard are you aiming at? How many calories ultimately?

MR. WHITMAN: The Mission made no attempt to report on the ultimate caloric basis. I can say that the experts in the United States Government feel that Japan must have at least approximately 2200 calories that they had before the war. From a nutritional standpoint it would obviously be desirable to considerably improve the pre-war diet.

MR. SEN: Without reference to other countries?

MR. WHITMAN: I suppose if you improved it enough the Japanese would grow a lot, get much bigger if they got anywhere near a proper diet.

SIR CARL BERENDSEN: We don't want to breed another race of warriors.

MR. SEN: Arising from the information given, I would like to bring to the notice of the members of the Commission that we had been discussing a paper in the Commission that the supply of food to Japan should have some reference to the availabilities of food in countries which were the subject of aggression of Japan and that is a very vital fact, and it doesn't seem from this report that in arriving at these ration scales that fact has been taken into account.

DR. KOO: Mr. Chairman, I had in mind two questions but I found that one has already been raised by Mr. Sen. One is whether there was any attempt made by the Mission to compare the food situation in Japan during the war years, particularly the last war years before V-J Day? And then one of my questions is that Mr. Whitman has remarked that the health situation in Japan is bad, deteriorating, and that it may have permanent effect on them unless some remedy is found. Now, to what extent is that an accumulated effect from the war years or simply a result of a situation that came into

RESTRICTED

existence after V-J Day?

MR. WHITMAN: That, sir, I think would be a quite difficult question to answer quantitatively. Both factors entered into it, but I would point out to you that the Japanese during the war maintained food imports up until 1945 at a quite high level. I believe in '44 they must have taken at least 500,000 tons of soy beans from Manchuria. They still had considerable availabilities of rice from Korea whereas in previous years they had had rice from Southeast Asia. Their food imports during the war almost approximated the diet of pre-war years -- not quite. There is certainly much less difference between the diet of the Japanese in the war years and pre-war. Now that doesn't mean that there is not a cumulative effect. I think the Mission concludes that there is a somewhat cumulative effect.

DR. KOO: Of course the Mission had a special purpose of finding out the food situation in Japan and from the standpoint of the Commission you are calling our attention to the situation in Japan without regard to the food situation in other countries, particularly countries which have been victims of Japanese aggression. We feel that if the Japanese could tighten their belts and fight or something of that type obviously we think they could do it now. Of course, at the same time, we recognize the food policy is to give them a good diet because that in itself would be conducive to a stabilization and make them more democratic, et cetera, because we all agree on such principles. But, at the same time, we must bear in mind the situation in other countries.

MR. WHITMAN: Well, the presentation of this report, I am sure I do not need to say, was not in any sense an attempt to make a complete final statement of any kind on the Japanese food situation. It was merely promised to the Far Eastern Commission that when this Mission returned its findings would be available for such use and information as there might be. I think you can see that a Mission operating only in Japan is in no position to try to compare Japan with the rest of the world.

MR. SEN: It will probably interest you to hear that in India in 1946 and since 1946 the basic staple food ration for self-suppliers is 16 ounces as against that of 21 ounces. That is 2100 calories - 1600 calories, and I am sure that the situation in parts of China is even worse.

MR. GRAVES: Mr. Chairman, I should just like to say that, having listened to Mr. Whitman's very interesting remarks, I can only say that the Japanese seem to be a remarkably fortunate people in the matter of food. We have heard that the urban population has had more than 1500 calories available to them. Well the position in some of our territories -- for example, the Malaysians at the moment and after many years of suffering through Japanese aggression are only getting 4 ounces of rice a day. Now we know that in Japan the Japanese are getting at least a ration of 12 ounces a day. Three times as much. We listen to a series of recommendations for increases in food supplies for the Japanese, but what seems to me a most deplorable disregard of the needs and the justice that should be given to the countries that have been subject to Japanese aggression. It seemed to me to show a most undue tenderness for the Japanese.

GENERAL MCCOY: The same responsibility, I think you will find, from the British authorities in Germany. Is it not a fact that Australia is supplying large shipments of food to Germany through the British responsible authorities in Germany? It's like the law of nature in its effects. From the time I heard Marshall Montgomery tell about his fight with his home Government for food for the occupation of Germany I have been conscious that whoever has the responsibility in a particular part of the world is naturally going to be concerned with that. But this report, I think, will give the representatives of particular countries such as Malaya, India, and China, where we are all conscious of the terrible stress and strain, bases for consideration here, and this report, I think, will be useful in helping the Commission make their studies and recommendations in the committees. There will be plenty of chance to discuss this from the particular points of view, but from the point of view of the Commission we recognize it as a world problem and we see that the responsible commanders in each part of the world are going to be faced with exactly this same problem.

MINUTES--FECRESTRICTEDMINUTES--65th FEC Mtg.10 July 1947FAR EASTERN COMMISSION

Minutes of the Sixty-fifth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D.C.
10 July 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Maj. Gen. Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
Mr. R. E. Collins (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Paul Guerin (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
His Excellency Sir Carl Berendsen (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Mr. S. K. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--65th FEC Mtg.

FEC-RESTRICTED65th FEC Mtg.10 July 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 65th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-FOURTH MEETING

Amended and approved.

ITEM 2 - DEPUTY CHAIRMAN OF COMMITTEE NO. 1 (FEC-004/27)

Unanimously approved the election of Dr. R. H. van Gulik as Deputy Chairman of Committee No. 1, vice Dr. G. A. Ph. Weyer.

ITEM 3 - TEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES
(FEC-215/11; 215 series)

Unanimously agreed to authorize Secretary General to publish report.

ITEM 4 - SECRETARY GENERAL'S PRESS STATEMENT TO ACCOMPANY RELEASE TO THE PRESS OF TEXT OF THE BASIC POST-SURRENDER POLICY FOR JAPAN
(FEC-238/4; 238 series)

FEC-238/4 adopted by a vote of 9 to 1.

ITEM 5 - JAPANESE WHALING (FEC-231/4, FEC-231/5; 231 series, FEC-035, FEC-035/1)

No discussion. Postponed.

ITEM 6 - CONTROL OF JAPANESE MILITARY ACTIVITY IN JAPAN
(FEC-017/5; SC-020 series)

Soviet amendments postponed. FEC-017/5 together with Soviet amendments referred to Committee No. 7: Disarmament of Japan for consideration.

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

No discussion. Postponed.

ITEM 8 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Retained on agenda.

ITEM 9 - OTHER BUSINESS

None.

ITEM 10 - PRESS RELEASE

FEC-215/11 (Item 3 above) and FEC-238/4 (Item 4 above) released to press.

Summary of Min.--65th FEC Mtg.

FEC--RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

MR. JOHNSON pointed out that the last sentence in the first paragraph on page 2 of the Minutes of the 64th FEC Meeting, which was illegible due to imperfect mimeographing, should read:

"Only the peace conference itself could make a decision on the scope of its deliberations."

MR. SEN requested that the first sentence in the fourth paragraph on page 2 of the Minutes of the 64th FEC Meeting be amended to read:

"MR. SEN said that it seemed to him inconsistent to refer to final approval being given if the principles had been actually followed by the Commission since the day of its organization."

THE COMMISSION unanimously approved the Minutes of its 64th Meeting with the above changes.

ITEM 2 - DEPUTY CHAIRMAN OF COMMITTEE NO. 1 (FEC-004/27)

THE COMMISSION unanimously approved the recommendation of the Steering Committee that Dr. R. H. van Gulik be elected Deputy Chairman of Committee No. 1, vice Dr. G. A. Ph. Weyer.

ITEM 3 - TEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES (FEC-215/11; 215 series)

THE COMMISSION unanimously agreed to authorize the Secretary General to publish the report on Commission activities shown in FEC-215/11. (See page 4, Minutes, 61st FEC Meeting for general approval of motion to authorize Secretary General to publish; see pages 7 and 8, Minutes, 63rd FEC Meeting, for Soviet statement of understanding regarding authorization to Secretary General.)

ITEM 4 - SECRETARY GENERAL'S PRESS STATEMENT TO ACCOMPANY RELEASE TO THE PRESS OF TEXT OF THE BASIC POST-SURRENDER POLICY FOR JAPAN (FEC-238/4; 238 series)

GENERAL McCOY said that the text of the Basic Post-Surrender Policy for Japan had been received in Tokyo and that the Secretariat was prepared to release it to the press as soon as agreement on the proposed press statement was reached. He realized that the Australian position was reserved on the second paragraph of the proposed statement and requested whatever further views the Australian Representative desired to present.

MR. MAKIN presented the following formal statement:

"Mr. Chairman, I should like to review briefly the events leading up to our desire to have an Australian statement embodied in the press release from the Secretary General. You will recall, Mr. Chairman, that it was the desire of the Australian Government to introduce an amendment to the basic policy document itself. You will recall, too, all the circumstances which led us to believe that although the amendment would have been acceptable to everybody, members would have to refer it to their governments in order to receive formal approval, which would have meant a considerable delay in the passage of this document which had been before the Commission for so long.

FEC--RESTRICTED

"Rather than hold up approval of the basic policy itself, my Government did not press for its amendment. It agreed to record its understanding when the Australian member voted for the paper. It was duly recorded in the minutes when we voted for this paper that 'the policies laid down are subject to and without prejudice to discussions which will take place during the negotiations of the peace treaty with Japan.' In the discussion which ensued, there was no objection raised to this statement. In fact, the feeling of the Commission was that the Australian statement, far from being objectionable, contained ideas which members had already taken for granted.

"In all the circumstances, Mr. Chairman, it was natural that we should desire that at the time the Secretary General issued a press release concerning the passage of the basic policy paper, the understanding of the Australian Government at the time when it voted for the paper should be included in such a press release.

"The Australian representative stated that he felt that it would be appropriate to add a statement to the end of the Secretary General's press statement outlining the Australian understanding.

"However, there were others who had made statements in connection with this paper, and it was at your suggestion, Mr. Chairman, that the subcommittee endeavor to draft a press statement which would be comprehensive enough to include the substance of these various statements, none of which, I might add, were in conflict with one another.

"The draft which is now before the Commission may meet the requirements of the other members who presented statements, but as far as the Australian statement is concerned, in our view the draft before us does not go far enough. The subcommittee has been reluctant to state what we require, not because there is any disagreement with our statement, but because in their opinion it is so self-evident as to make any specific statement unnecessary. As I interpret the Soviet attitude, they consider the Australian statement unnecessary, and furthermore feel that it is a little presumptuous on the part of the Far Eastern Commission to even mention the peace conference or to think that anybody could possibly imagine that the passage of the basic policy paper by the Far Eastern Commission could in any way restrict the field which the superior peace-making body will cover or the decisions which it will make.

"We are not really debating this morning a matter of substance. The issues raised by our statement were fully debated on the morning the policy paper was passed. The only issues involved now are:

"Whether it is necessary or desirable for the Far Eastern Commission to issue a press statement which will embody the ideas expressed by the Australian representative.

"It would be our preference that the Far Eastern Commission approve some form of wording for a press statement which would adequately embody the Australian statement. That clearly was the understanding of this Commission at the time when the basic policy paper was carried, and I ask now that the Commission honor that implied agreement at the time of the passage of that basic policy paper."

FEC--RESTRICTED

GENERAL McCOY said that he had not understood that the Commission, in referring the Indian and Australian statements shown in FEC-238 to the Basic Policy Subcommittee for consideration, had intended thereby to instruct the Subcommittee as to the nature of its report in regard to them. Reference to this Subcommittee had meant, rather, that the Subcommittee was to consider the statements and make whatever recommendations it thought appropriate.

MR. MAKIN pointed out that at the time of voting on the basic policy decision it had been clearly stated to the Commission by the Australian Representative that the Australian vote favoring the policy decision had been cast with certain reservations with regard to the matter, and that any press statement made by the Commission should include reference to the Australian position. At that time, he said, no Representative had raised any objection to that course, and he therefore felt that there was an obligation on the part of the Commission to allow the Australian position to be made clear in the press statement.

GENERAL McCOY referred to the Minutes of the 62nd FEC Meeting (pp. 6 and 7) which, he said, indicated Australian acceptance of his suggestion that all statements which had been made on the subject be simply referred to the Basic Policy Subcommittee for consideration and report.

MR. MAKIN said that the Australian Representative at a previous meeting had indicated his willingness to approve FEC-238/2 and that this position remained unchanged.

GENERAL McCOY replied that FEC-238/2 had been considered by the Commission at its previous meeting and had not been found acceptable. It had been referred back to the Basic Policy Subcommittee for consideration in conjunction with Chinese and Soviet amendments (FEC-238/3). FEC-238/4, therefore, represented the best efforts of the Subcommittee to achieve agreement.

DR. KOO said that the wording of the second paragraph of the press statement had received very extensive consideration by the Commission and by the Basic Policy Subcommittee. He had offered an amendment at the last Commission meeting (FEC-238/3) which provided that the Basic Post-Surrender Policy would be "without prejudice to the scope of the work of the peace conference." He understood that the United States member of the Subcommittee had also suggested a similar provision, "and will in no way prejudice the scope of the work of the peace conference." He said that he was prepared to accept either of these amendments and that he believed either of them to be preferable to the second paragraph as it appeared in FEC-238/2. He thought, indeed, that reference to the peace conference along the lines indicated in either of these amendments might be desirable as a means of obviating public confusion as to the relation of the Far Eastern Commission to the peace conference. He thought that if the Australian Representative's position would be met by either of these amendments and if discussion of possible alternatives to FEC-238/4 was to take place, it might be based on one of them.

MR. GRAVES said that he was prepared to support the adoption of either FEC-238/2 or FEC-238/4. He pointed out, however, that a definite objection had been voiced to FEC-238/2 by the Soviet Representative, who had opposed the reference to the peace conference.

MR. COLLINS wondered whether the sense of the Chinese and United States amendments to which Dr. Koo had referred might be embodied in the following phraseology, which he thought would meet the Soviet objection:

FEC--RESTRICTED

"The Commission's basic post-surrender policy for Japan will be effective until such time as one treaty of peace is put into force and without prejudice to the provisions of that treaty."

MR. TSARAPKIN said that the Soviet Delegation supported adoption of FEC-238/4.

MR. MAKIN said that of the suggestions which had just been discussed the one made by the Chinese Representative most nearly met his position. Since this suggestion, however, was not acceptable to all, he thought the best solution might be a return on his part to the original Australian proposal. He added to the Secretary General's press statement the statement that the Australian Representative, when voting for the Basic Post-Surrender Policy for Japan did so on the understanding that the policies laid down in the paper were subject to and without prejudice to discussions which would take place during negotiations regarding the peace treaty with Japan. He was prepared to approve FEC-238/4 if such a statement concerning the understanding of the Australian Government were included.

SIR CARL BERENDSEN said that he did not believe that any phraseology adopted by the Far Eastern Commission in such a press statement as was under consideration would have any effect on the actual jurisdiction of the peace conference. He thought the difficulty involved was purely verbal and that the most practical solution to it was the one just suggested by the Australian Representative.

SIR CARL BERENDSEN said that the inclusion of references either to the peace conference or to the peace treaty raised certain difficulties for him. It was not clear what either of these terms meant, and he was willing to concede the propriety of their use at this time only on the understanding that New Zealand would be a participant in such a peace conference and would be a party to such a peace treaty. In any case, he repeated, no decision on the part of the Far Eastern Commission would bind the peace conference or affect its powers or functions and the present verbal difficulty would be best overcome, he thought, by adoption of the suggestion just offered by Mr. Makin.

MR. TSARAPKIN repeated that the Soviet Delegation favored the text shown in FEC-238/4 and would prefer that the Commission limit itself to the text of that proposed press statement since the addition of a statement concerning the viewpoint of any one Government would undoubtedly result in the addition of statements by other Delegations.

MR. SEN supported the proposal offered by Mr. Makin for the issuance, together with the text of FEC-238/4, of a supplemental statement on the Australian understanding. He thought that such a procedure would clarify the Australian position without making the Commission as such party to it.

MR. MAKIN emphasized that he was not now proposing any alteration in the report of the subcommittee, but that he did feel that it was due to his Government, or indeed to any member Government, to have its position made a matter of public information.

GENERAL McCOY asked whether the Australian position could not be announced to the press by the Australian Delegation itself rather than making it a part of the Commission's statement.

MR. MAKIN replied that the issuance of a separate explanation could not possibly be as effective if it were offered to the public as a separate statement as it would be if it were combined with the official release of the Secretary General.

FEC--RESTRICTED

In reply to a question by General McCoy regarding a precedent for such action, MR. MAKIN said that there did exist a precedent, and he referred to an agreement reached at the 57th meeting of the Commission (Minutes, 57th FEC Meeting, page 3) providing that the Commission's policy decision on Division of Reparations Shares (FEC-219/6) be released to the press and that the press release be supplemented with an explanatory statement concerning Australian abstention from voting on the policy. Regardless of precedent, he added, there was no justification in his opinion for not granting his Government an opportunity to make public its understanding in connection with the present action.

SIR CARL BERENDSEN suggested that since paragraph 2 of FEC-238/4 was unsatisfactory to the Australian Representative, and since its inclusion, even in this unsatisfactory form, had been motivated by an effort to meet the Australian point of view, the paragraph might be deleted from the paper, and the Secretary General's official release, consisting of paragraph 1 of FEC-238/4 might be supplemented with a statement of the Australian position. MR. MAKIN signified that he would be entirely satisfied with the course suggested by Sir Carl Berendsen.

GENERAL McCOY wondered whether all objections might not be met by an agreement to do away with the entire press statement. He asked, informally, whether there would be any objection to such a course. MR. MAKIN objected on the ground that he felt there should be a press statement. He thought the suggestion just offered by Sir Carl Berendsen was the most satisfactory proposal he had heard.

MR. SEN also objected because it was his view that the Commission owed some explanation to the public as to the reasons for the delay in reaching agreement on basic post-surrender policy.

GENERAL McCOY asked whether there would be any objection to the issuance of the text of paragraph 1 only of FEC-238/4. DR. KOO objected. He said that the Chinese Delegation attached great importance to paragraph 2 as a means of making known to the public the length of time the Commission's policy decisions would be effective.

GENERAL McCOY asked whether there would be objection to the issuance of the full text of FEC-238/4 with a supplemental statement regarding the Australian position. MR. REUCHLIN objected. He said that for the reasons already outlined by General McCoy he thought such an action would create an undesirable precedent. Every decision of an international Commission, he pointed out, represented a compromise of conflicting views, and to agree to announce the views of one of the governments not in full agreement with the final decision would probably lead to a situation requiring numerous statements of governmental views to be issued in connection with each Commission decision. He was prepared to accept the original Australian proposal (FEC-238) or the present subcommittee report as embodied in FEC-238/4, or indeed he could support the suggestion that no press release at all be issued. The one course that he could not approve was that of the issuance, along with the agreed press release, of a supplemental statement regarding the views of one government. GENERAL McCOY expressed his agreement with the objection raised by Mr. Reuchlin.

MR. MAKIN asked whether it would not be well to submit this proposal to a formal vote. GENERAL McCOY replied that since he, as United States member, as well as others, would vote against the proposal, he saw no necessity for registering a formal vote. MR. MAKIN asked whether it would be General McCoy's ruling as Chairman that this proposal would constitute a matter of substance rather than a matter of procedure. GENERAL McCOY replied that it would be his view that such a question, if it were put to a formal vote, would constitute a matter of substance, but since Mr. Makin had raised this very important question, GENERAL McCOY felt that it would

FEC--RESTRICTED

be more proper for the Commission to resume formal consideration of the subcommittee's report rather than proceeding further along informal lines.

GENERAL McCOY consequently called for a formal vote on the adoption of FEC-238/4, and polled Representatives in the following order:

Soviet Union: For.

United Kingdom: For. MR. GRAVES repeated that he was prepared to support the adoption of either FEC-238/2 or FEC-238/4.

United States: For.

Australia: Against. MR. MAKIN said that he would have voted for FEC-238/2, but could not support the proposed release in the form shown in FEC-238/4, especially in view of the strong objection to his proposal that a supplemental statement regarding the Australian position be included.

Canada: For.

China: For. DR. KOO added that he could have supported either the United States or Chinese amendments to which he had referred above.

France: For. MR. GUERIN said that he would have supported either of the amendments to which Dr. Koo had referred.

India: For. MR. SEN said that he was in a position to support either FEC-238/2 or FEC-238/4.

Netherlands: For.

New Zealand: Abstention.

Philippines: For. MR. RODRIGUEZ said that he was prepared to support either FEC-238/2 or FEC-238/4.

ITEM 5 - JAPANESE WHALING (FEC-231/4, FEC-231/5; 231 series, FEC-035, FEC-035/1)

MR. TSARAPKIN formally removed the Soviet reservation on this proposed policy decision.

GENERAL McCOY said that in view of the fact that diplomatic negotiations on this subject were still pending, the subject should be retained on the agenda and further consideration postponed.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - CONTROL OF JAPANESE MILITARY ACTIVITY IN JAPAN (FEC-017/5; SC-020 series)

MR. TSARAPKIN proposed the following amendments to FEC-017/5:

FEC--RESTRICTED

"1. In view of the fact that the present heading of Document FEC-017/5 proceeds from the assumption of permission in Japan of a military activity in some form, it is suggested that the heading be amended to read: 'Prohibition of Military Activity in Japan and Disposition of the Japanese Military Equipment.'

"2. Para. 2:

- a. Delete the words 'of certain specified types and quantities of arms and ammunition' and substitute the following: 'of rifles and pistols and the necessary quantity of ammunition for them.'

Such wording would exclude the possibility of using by the police of cannons and other types of weapons.

- b. Delete subparagraph b for the reason that hunting guns do not come under the category of military equipment and there is no necessity, therefore, to mention specifically of permitting hunters to possess weapons.

"3. Para. 3:

In the end of the paragraph substitute a comma for the period and add the following: 'with the exception of a strictly limited quantity, purchased abroad, of rifles, pistols and ammunition to them for the permitted personnel of police.'

" 4. Para. 6:

- a. Delete subparagraph a.

The question of unique and new types of armaments has already been discussed in Committee No. 2 in connection with consideration of FEC-084 series, and the majority of the Committee has agreed that this type of armament should be subject to destruction on general principles.

- b. In subparagraph b delete the last part of the sentence beginning with the words 'or for the lawful activities...' and instead of the deleted portion substitute the following: '...in accordance with the list submitted to the Far Eastern Commission with the enumeration of items required for such purposes. For the armament of the permitted personnel of the Japanese civilian police there will be left a strictly limited quantity of rifles, pistols and ammunition for them.'

- c. In subparagraph c delete the words 'such equipment...' until the end of the subparagraph.

- d. Delete subparagraphs 1, 2, 3, of paragraph 6 completely as the contents of these subparagraphs are fully covered by subparagraphs b and c.

" 5. Para. 9:

After the words 'the Supreme Commander for the Allied Powers' add the words 'for subsequent destruction.'

" 6. Para. 10:

- a. Delete the words 'Reestablishment of the following should be prohibited' and substitute this wording: 'The following will be finally abolished and their reestablishment in any form shall be prohibited.'

FEC--RESTRICTED

- b. Delete the second sentence of paragraph 10 beginning with the words 'Such demobilization agency' and substitute the following new sentence: 'The Demobilization agency should be immediately dissolved and its functions for the completion of demobilization will be transferred to a civilian body.'

" 7. Para. 11:

Substitute the words 'ex-military men of the Army, Navy and Gendarmerie' for the words 'ex-officers of the Army and Navy' in both places in this paragraph.

" 8. Para. 13:

Begin this paragraph as follows: 'For the purpose of prevention of the revival of Japanese militarism the following should not be nominated' and further as it stands in the text of FEC-017/5. "

(The above proposal was subsequently circulated as FEC-017/6).

The Commission unanimously agreed to refer FEC-017/5, together with the amendments proposed by the Soviet Representative, to Committee No. 7: Disarmament of Japan, for consideration.

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

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 8 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 9 - OTHER BUSINESS

There was no other business.

ITEM 10 - PRESS RELEASE

THE COMMISSION unanimously agreed to authorize the Secretary General to release the text of FEC-215/11 to the press and also agreed to authorize the Secretary General to issue the statement contained in FEC-238/4 as a press release to accompany release of the text of the Basic Post-Surrender Policy for Japan.

The meeting adjourned at 12:00 M.

MINUTES--FECFEC--RESTRICTEDMINUTES--66th FEC Mtg.17 July 1947FAR EASTERN COMMISSION

Minutes of the Sixty-sixth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.,
Washington, D.C.
17 July 1947, 10:30 A.M.

Members Present

Major General Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
Mr. R. E. Collins (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. R. Douteau (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
Colonel G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Mr. S. K. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

Secretary General

Mr. Nelson T. Johnson

FEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 66th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-SIXTH MEETING

Approved.

ITEM 2 - ELECTION OF MR. F. C. RODRIGUEZ AS DEPUTY CHAIRMAN OF COMMITTEE NO. 5: WAR CRIMINALS (FEC-004/28)

Approved.

ITEM 3 - ELECTION OF REAR ADMIRAL S. S. RAMISHVILI AS DEPUTY CHAIRMAN OF COMMITTEE NO. 7: DISARMAMENT OF JAPAN (FEC-004/30)

Approved.

ITEM 4 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, FEC-035/1)

Australian representative requested early vote on proposed policy decision. Further consideration postponed pending conclusion of diplomatic negotiations.

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

Postponed.

ITEM 6 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

The Chairman drew attention to U. S. view that an FEC decision was urgently needed regarding the establishment of revolving funds for the rehabilitation of Japanese industry, as proposed in papers on Restitution of Looted Property (C1-002/33), and Interim Import-Export Policies for Japan (FEC-032/24).

ITEM 7 - OTHER BUSINESS

None.

ITEM 8 - PRESS RELEASE

None.

FEC-RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

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

THE COMMISSION unanimously approved the minutes of its 65th meeting.

ITEM 2 - DEPUTY CHAIRMAN OF COMMITTEE NO. 5: WAR CRIMINALS
(FEC-004/31)

THE COMMISSION unanimously approved the recommendation of the Secretary General that Mr. F. C. Rodriguez of the Philippines be elected Deputy Chairman of Committee No. 5, vice Mr. C. Coronel.

ITEM 3 - DEPUTY CHAIRMAN OF COMMITTEE NO. 7: DISARMAMENT OF JAPAN (FEC-004/32)

THE COMMISSION unanimously approved the recommendation of the Secretary General that Rear Admiral S. S. Ramishvili of the Soviet Union be elected Deputy Chairman of Committee No. 7, vice Major General A. V. Vasiliev.

ITEM 4 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, FEC-035/1)

MR. MAKIN said that he understood that diplomatic negotiations on the subject of whaling were practically complete and that there was little hope of anything further being accomplished through such negotiations. It was his opinion therefore that the Commission should bring the proposed policy decision to a vote at an early date. He was disturbed by the prospect of indefinite postponement of this subject with the ultimate result of its removal from the agenda as a matter that would have been overtaken by events. As had been made clear at previous meetings, Australia was especially concerned in the whaling situation and MR. MAKIN hoped that representatives would agree to vote on the proposed policy decision at an early meeting.

GENERAL McCOY said that since some governments were still engaged in diplomatic exchanges on the subject, he felt that no one member government should press for a Commission decision until after these diplomatic exchanges had been concluded. At the time of such conclusion, he said, the Commission would be notified and the United States position would be communicated to the Commission.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

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

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 6 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

GENERAL McCOY said that the United States Government and the Supreme Commander were deeply concerned that the Commission should give its early permission for the establishment of a revolving fund to be used for the rehabilitation of Japanese industry. Provisions for such a fund were contained in the proposals on Restitution of Looted Property (C1-002/33), now under consideration by the Reparations Committee, and on Interim Import-Export Policies for Japan (FEC-032/24), now before the Steering Committee. He was informed that general agreement on these two proposals had been reached, and he hoped they would be before the Commission at its next meeting.

ITEM 7 - OTHER BUSINESS

There was no other business.

FEC-RESTRICTEDITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 10:55 A.M.

MINUTES--FECFEC--RESTRICTEDMINUTES--67th FEC Mtg.24 July 1947FAR EASTERN COMMISSION

Minutes of the Sixty-seventh Meeting of the Far Eastern Commission
Held in the Main Conference Room,
2516 Massachusetts Avenue, N.W.,
Washington, D.C.
24 July 1947, 10:30 A.M.

Representatives Present

Major General Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
His Excellency Hume Wrong (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Robert Douteau (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
Colonel G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Mr. S. K. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Minutes--67th FEC Mtg.

FEC-RESTRICTED1 August 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF SIXTY-SEVENTH MEETINGNote by the Secretary General

1. The Commission, at its sixty-eighth meeting, 31 July 1947, approved the minutes of its sixty-seventh meeting with the following change requested by the United Kingdom member:

Page 4, sentence beginning in line 2 to read:

"What he was anxious for was an assurance that stocks of gold on their equivalent would not be dissipated by trading operations."

2. All members are requested to note the above change in their copies of the minutes of the sixty-seventh meeting of the Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum
Mts.--67th FEC.Mtg.

FEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 67th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 66th MEETING

Approved.

ITEM 2 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, FEC-035/1)

The U.S. member invited attention to FEC-231/6, a statement of the U.S. position which had been circulated too late for inclusion on the printed agenda. The Australian member presented a formal statement and urged an early vote. Further action postponed to afford time for further consideration of FEC-231/6 and the Australian statement.

ITEM 3 - INTERIM IMPORT-EXPORT POLICIES FOR JAPAN (FEC-032/25, FEC-032 series)

Approved as a policy decision.

ITEM 4 - EXTENSION OF THE FAR EASTERN COMMISSION POLICY ON TEMPORARY RETENTION OF ELECTRIC STEEL FURNACES (FEC-239/6; 239 series, FEC-059/30, -059/13)

Approved as a policy decision, with understanding that record of Chinese position would accompany directive to SCAP.

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

Postponed.

ITEM 6 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Postponed.

ITEM 7 - OTHER BUSINESS

None.

ITEM 8 - PRESS RELEASE

Unanimously agreed that texts of policy decisions on Interim Import-Export Policies for Japan and on Extension of the Far Eastern Commission Policy on Temporary Retention of Electric Steel Furnaces should be released to the press in the normal course.

FEC-RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

GENERAL McCOY welcomed the Honorable Charles E. Saltzman, Special Assistant to the Secretary of State, and scheduled to succeed Assistant Secretary Hilldring on 1 September.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-SIXTH MEETING

THE COMMISSION unanimously approved the minutes of its sixty-sixth meeting.

By unanimous consent, the agenda was amended to provide for consideration of Japanese whaling as the second item of business.

ITEM 2 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, FEC-035/1)

GENERAL McCOY invited attention to FEC-231/6, a statement by the United States Government which had been distributed too late for inclusion on the printed agenda.

MR. MAKIN presented the following formal statement:

"At this stage it would hardly seem necessary for me to remind the members of the Commission of the reasons for the Australian attitude toward Japanese whaling. Those reasons have been expounded at great length in committee discussions. In the Commission itself on 26 June I made a lengthy statement of the Australian position which has been circulated as document FEC-231/5. Our official position is as firm and insistent today as it was then. I should like to confine myself for the moment to the United States statement before us this morning.

"We are told, Mr. Chairman, that the United States perceives no security threat in the proposed whaling expedition. Members will realize that I speak for a country in the minds of whose people the memories are still very vivid of the dark days in 1942 when we stood exposed and alone and watched the full force of Japanese aggression advancing rapidly toward us. The memories of the invasion of New Guinea and Portuguese Timor and the destruction of our northern port of Darwin are not erased from the minds of the Australian people overnight, and we are determined that the Japanese will not have the slightest opportunity to menace our security again. We have a long and painful experience of the activities of the Japanese in waters close to Australia over the past 15 years. To the Australian mind the presence of Japanese ships, and in particular pearling fleets, in the neighborhood of Australia has been synonymous with spying. I insist, Mr. Chairman, that our experience in the past entitled us to be the best judge of what constitutes a potential threat to our security. This argument has all the more relevance when the report of the Australian observer on the last SCAP expedition shows that 90% of the catch was obtained in waters adjacent to Australian Antarctic possessions.

"Furthermore, we cannot overlook the adverse report of the Australian observer on last year's expedition which was under the scrutiny of SCAP inspectors, and it would, therefore, be asking too much for us to share the Supreme Commander's confidence that the Japanese will in future adhere to the international whaling agreements which they have traditionally violated so flagrantly.

"The bald United States statement that the yield of oil plus meat and other products per blue whale unit on the last expedition was actually higher than that achieved by other nations in no way refutes the calculations based

FEC-RESTRICTED

on the report of the Australian observer that 3,000 tons of whale oil were lost to the world pool. The fact that the 4,424 metric tons of blubber should have been shipped to Japan was inefficient and wasteful in itself. Blubber is the rich oil-bearing matter and should be processed for oil and not salted. If this had been done, an additional 1,798 tons of oil would have been produced. If that is an argument advanced in relation to Japanese efficiency on the part of those concerned with conducting the whaling expedition, then our lack of confidence in the possibility of the Japanese increasing the quantity of oil available to the world this year is very well founded indeed.

"You will recall that when we were first informed by the United States Government that an expedition would take place this year, the argument advanced was that the protein food products and whale oil provided would be a vitally necessary component of the Japanese food and oil supplies. We have never been convinced that the amount of protein so obtained would mean more than a trifling amount of consumption per head in Japan. This view has been particularly favorably expressed by the United Kingdom member. Nevertheless, our offer which we made to conduct a whaling expedition, either separately or with other Allies, and to hand over to SCAP all the catch for distribution by SCAP would have solved whatever difficulties the absence of whale meat would make to the Japanese food shortage.

"At this stage, Mr. Chairman, an entirely new argument was advanced, namely, that the Japanese economy needs the foreign exchange resulting from the sale of the oil abroad. We feel that such an argument should not be allowed to cloud the real issue. Once the principle of an Australian or non-Japanese expedition is determined, the manner in which Australia or the other countries concerned can be compensated as a result of making-over the catch to SCAP can easily be determined. We are well aware of the financial burden on the United States taxpayers. We are also shouldering a large burden in providing occupation troops and we have never shirked our responsibilities nor shown any lack of willingness to cooperate in lessening the burden on the United States Government. Furthermore, to say that considerable quantities of foreign exchange would not be available under the Australian proposal would seem to indicate that the United States has in mind that Australia would have to be paid by the Japanese whereas the Japanese expedition would be a clear gain to the Japanese economy. We do not deny the need for some sort of viable Japanese economy in Japan, but an attitude which indulges the Japanese economy in total disregard of the interests of several of the main belligerents against Japan must be deplored.

"In conclusion we must protest against the unilateral action on the part of the United States Government in authorizing this expedition while the matter was still under discussion in the Far Eastern Commission, which is obviously the body which determines policy. Furthermore, it is a matter of great regret to us that the United States Government cannot associate itself with the strong views of the other members of the Commission which they have expressed at committee level."

MR. MAKIN said that for the reasons set forth in the above formal statement he would like to urge that the matter of Japanese whaling be brought to a vote.

COLONEL POWLES said that the New Zealand Government completely supported the Australian position on this subject as set out in the above formal statement, as well as on previous occasions.

FEC-RESTRICTED

MR. GRAVES said that the United States reply to the aide-memoire of the United Kingdom Government referred to in the penultimate paragraph of FEC-231/6 had been forwarded to London, where of course there had not yet been time for full consideration. For that reason, and for the reason that there should be time for consideration of the formal statement just presented by the Australian Ambassador, he favored additional postponement of further action on the subject.

MR. RODRIGUEZ supported the suggestion for postponement and said that he had not received instructions from his Government regarding its position on whaling.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 3 - INTERIM IMPORT-EXPORT POLICIES FOR JAPAN (FEC-032/25, FEC-032 series)

MR. MAKIN removed the Australian reservations on FEC-032/25. He presented the following formal statement:

"I should like to state that my Government some time ago introduced a paper into the Far Eastern Commission which provided that the resumption of private trade should await the peace conference. That view did not prevail and events have moved very rapidly since. Nevertheless we still believe that resumption of private trade should not have been allowed. In order to protect our trading interests we have had to participate by sending private trade and we will not oppose this paragraph.

"In regard to the last paragraph we have stated that we expect that one of the consequences of the operation of the fund will be that a substantial number of imports will now be obtained for Japan from non-dollar areas."

MR. TSARAPKIN removed the Soviet reservation on FEC-032/25 and said that he was now in a position to support adoption of the proposed policy.

GENERAL McCOY said that he was prepared to withdraw the United States reservation on paragraph 16 c of FEC-032/25. In this connection, however, he said, he desired to record in the minutes the understanding of the United States Government that the disposition as reparations of stocks of gold, silver, et cetera, referred to in paragraph 16 c should be in accordance with the following provision of FEC-014/9, Basic Post-Surrender Policy for Japan:

"The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living."

MR. GRAVES said that in view of the United States interpretation just recorded by General McCoy he would like to avoid any question of misunderstanding by pointing out that it was the understanding of his Government that FEC-032/25 would provide for the ultimate disposition of stocks of gold as reparations and that while being preserved for this ultimate disposition they would not be available for transfer to a separate trading account.

Following a brief recess for purposes of consultation, MR. GRAVES clarified the United Kingdom position by stating that it was his understanding that paragraph 16 c provided that either stocks of gold or their equivalent in acceptable

FEC-RESTRICTED

currency would be preserved and ultimately disposed of as reparations. ^{what is necessary for us on} ~~His only desire had been for~~ assurance that stocks of gold or their equivalent would not be dissipated by trading operations.

THE COMMISSION unanimously approved FEC-032/25 as a policy decision.

ITEM 4 - EXTENSION OF THE FAR EASTERN COMMISSION POLICY ON
TEMPORARY RETENTION OF ELECTRIC STEEL FURNACES
(FEC-239/6; 239 series, FEC-059/30, -059/13)

DR. KOO presented the following formal statement:

"Mr. Chairman, at the 63rd meeting of this Commission I requested certain information concerning the capacity of electric steel furnaces in Japan in order to determine our position with reference to the paper. In response to the questions which I presented, you were good enough to call upon one of your technical advisers who furnished us with certain information. Your adviser said, among other remarks: '...the U.S. Delegation was informed that approximately 2,000,000 tons of rated electric furnace capacity existed in Japan. Should the Commission approve the Supreme Commander's request for an extension of authority under FEC-059/30 to retain up to 400,000 tons of actual productive capacity, then the remaining electric furnace productive capacity would be available for removal as reparations.' This information was gratifying to us.

"Later the whole problem was referred to Committee No. 2, the Committee on Economic and Financial Affairs, for consideration. In the course of discussion in the Committee, I have been advised, it was stated by the United States member that, while he was unable to supply any further information beyond what had been given in the Commission, he believed that the approximate answer already given was about as complete as it could possibly be. This was equally gratifying to us, although we wished on our part fuller information might have been given, if that had been possible.

"In these circumstances we would like to express emphatically the earnest hope that in selecting plants and facilities of electric steel furnaces for temporary retention, the Supreme Commander for the Allied Powers would bear in mind the desirability of making a balanced selection so that such selection will not bring about a disproportionate reduction of the value, type, or quality of electric steel furnaces available for reparations removals.

"In the second place, we wish to express the view that, if the remaining capacity of electric steel furnaces, after deducting the capacity for retention as provided for in FEC-059/13 and FEC-059/30, should be insufficient to meet the claims made by claimant countries for reparation removals, or if the situation of coal supply in Japan, which, I understand, has been the main reason for the request for additional allocation of electric furnace capacity for Japan, improves prior to June 30, 1948, the authorization of temporary retention granted under this policy paper should be subject to review by the Far Eastern Commission. This is quite in accordance with the Terms of Reference of our Commission.

"With those two understandings, Mr. Chairman, we are prepared to vote for the paper as it stands."

FEC-RESTRICTED

DR. KOO requested that his statement be recorded in the minutes, and forwarded to the Supreme Commander together with the appropriate directive if the proposed policy should be adopted by the Commission.

MR. DOUTEAU said that the French delegation had not been convinced that the authorization granted in FEC-059/30 should be extended until 30 June 1948 and that the French reservation would accordingly be maintained. However, in case of a formal vote he would not oppose adoption of the proposed policy decision but would abstain from voting.

GENERAL McCOY said that the French reservation on the extension of authorization would be made a matter of record and that the formal statement presented by Ambassador Koo would be forwarded to the Supreme Commander together with the text of the policy decision. Accordingly, without further objection, he declared FEC-239/6 adopted as a policy decision of the Far Eastern Commission.

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

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 6 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - OTHER BUSINESS

There was no other business.

ITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that the texts of the policy decisions on Interim Import-Export Policies for Japan (FEC-032/25) and on Extension of the Far Eastern Commission policy on Temporary Retention of Electric Steel Furnaces (FEC-239/6) should be released to the press in the normal course.

The meeting adjourned at 11:30 A.M.

MINUTES--FECFEC--RESTRICTEDMINUTES--68th FEC Mtg.31 July 1947FAR EASTERN COMMISSION

Minutes of the Sixty-eighth Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.
Washington, D. C.
31 July 1947, 10:30 A.M.

Members Present

Major General Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
His Excellency H. H. Wrong (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. R. Douteau (France)
Mr. W. Ahmad (India)
Mr. O. Reuchlin (Netherlands)
Mr. R. B. Taylor (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

Minutes--68th FEC Mtg.

FEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 68th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-SEVENTH MEETING

Amended and approved.

ITEM 2 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; -088/2, 088 series)

Postponed, with the understanding that inclusion of a definition of the word "negligible" as less than one-tenth of one per cent of annual pre-war volume of Japanese trade might be considered further at a subsequent meeting.

ITEM 3 - REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6; 228 series)

Postponed.

ITEM 4 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; -011/12)

The French representative explained that, although the principle of paragraph 8 was opposed by his Government, he would not vote against the paper as a whole, but would abstain. The Chinese position was reserved pending final instructions. The Soviet position was opposed to the paper in the absence of an amendment to paragraph 10 proposed at the Steering Committee. Further consideration was postponed.

ITEM 5 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/19, 084 series)

The Australian position favored the policy proposal, and view was recorded that the prescribed interim levels should not prejudice final levels to be determined at the peace conference. The Chinese position was reserved, pending further instructions. The French position was, that while no termination date should be specified, the French representative would not oppose adoption of the policy. The New Zealand position was opposed to the termination date and would abstain from voting. Further consideration postponed.

ITEM 6 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

Representatives were polled on the procedural question of whether to bring FEC-231/4 to a vote at the present meeting. By a vote of 6 to 2 with 3 abstentions, final action was postponed.

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

Postponed.

ITEM 8 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Postponed.

ITEM 9 - OTHER BUSINESSa. Civil Aviation in Japan

U. S. statement formally presented.

b. Commission Schedule During August

Consideration of Chairman's proposal that there be a two-week recess in Commission meetings was postponed.

ITEM 10- PRESS RELEASE

None.

FEC-RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-SEVENTH MEETING

MR. GRAVES requested that the first sentence on page 4 of the Minutes of the 67th meeting be amended to read: "What he was anxious for was an assurance that stocks of gold or their equivalent would not be dissipated by trading operations."

THE COMMISSION unanimously approved the minutes of its sixty-seventh meeting with the above change.

ITEM 2 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)

ADMIRAL RAMISHVILI said that the Soviet position, in opposition to the amendments to FEC-088/2 shown in FEC-088/9 remained unchanged. He would have no objection to postponement of further consideration, if that were the wish of other representatives.

MR. AHMAD said that the Indian position was not reserved on this subject, and that there was no intention on the part of his delegation to delay adoption of the proposed policy decision with the amendments shown in FEC-088/9. However, he did regard the word "negligible" as vague, and wondered whether it would not lead to the exclusion from trade with Japan of countries other than those intended to be excluded. At the request of General McCoy, DR. BLAKESLEE, speaking as the United States member of the Steering Committee, said that the point raised by Mr. Ahmad had been discussed in the Steering Committee on 29 July 1947, and that he had stated that the United States Government would have no objection to the inclusion of a definition of "negligible" as less than one-tenth of one percent of the total annual volume of pre-war Japanese foreign trade. However, there had been no consensus in the Steering Committee as to the necessity for such a definition.

GENERAL MCCOY said that, since it was evident that the matter would not come to a vote at the present meeting, the point raised by Mr. Ahmad might be borne in mind and perhaps discussed further at a later meeting.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 3 - REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6; 228 series)

ADMIRAL RAMISHVILI said that the Soviet position, in opposition to FEC-228/6, remained unchanged.

MR. RODRIGUEZ said that he was not yet prepared to state the position of his Government on FEC-228/6.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-228/6.

ITEM 4 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12)

MR. DOUTEAU said that although the French delegation did not favor paragraph 8 of FEC-011/32, it was not opposed to the paper as a whole, and he desired that the statement on the cover page of FEC-011/32 to the effect that the French member of the Steering Committee opposed the proposed policy be corrected (amendment to cover page of FEC-011/32 subsequently circulated as FEC-011/33). Although his Government considered other provisions of FEC-011/32 to be matters of urgency, it was opposed to the principle of paragraph 8 that looted property should be used for the reconstruction of the Japanese economy while the economies of countries devastated by the Japanese were still at a lower level. With that position clearly understood, MR. DOUTEAU repeated that he was not opposed to the paper as a whole and would not vote against it, but would abstain from voting.

DR. KOO said that under his present instructions he would not be in a position to vote for the adoption of FEC-011/32. However, the Chinese delegation was in consultation with its Government and there was a possibility that new instructions would be received shortly. He suggested that final action on the paper be postponed for another week.

FEC-RESTRICTED

ADMIRAL RAMISHVILI said that the Soviet position was reserved on FEC-011/32 as a whole. Until final instructions should be received, he added, the Soviet position was opposed to the paper, since the amendment to paragraph 10 which he had proposed at the Steering Committee on 29 July 1947 had not been adopted. This proposed amendment would have provided that the cost of salvaging and refitting looted ships found in waters outside Japan should also be borne by the Japanese.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-011/32.

ITEM 5 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/19, -084 series)

MR. MAKIN said that the Australian Government could approve FEC-084/19. He had been instructed by his Government to state that Australia shared the United States view that the proposed policy decision should be of short-term duration, and that the interim industrial levels to be determined as a result of its adoption should in no way prejudice the final levels of industry which might be decided at the peace conference.

DR. KOO said that the principal concern of his Government in regard to the policy proposed in FEC-084/19 was with regard to the termination date. There was fear, he said, that there might be a gap in time between the proposed termination date of 1 January 1949 and an eventual agreement on the long-term industrial level for Japan. His Government was apprehensive that during such an interval Japan might take advantage of the absence of control to make use of her industries in a way contrary to the interests of the United Nations. For this reason the Chinese members of the working committee and of the Steering Committee had urged the adoption of some provision which would lengthen the period during which the prescribed maxima would remain in effect, in order to afford more time for the adoption of a long-term policy on the subject.

DR. KOO said that the Chinese delegation was still in consultation with its Government in regard to FEC-084/19 and that he was therefore not in a position to vote on its adoption at present.

MR. DOUTEAU said that the French Government was not opposed to FEC-084/19 as a whole but was opposed to the inclusion of any termination date in paragraph 9 b. He would not vote against adoption of the proposed policy, however.

MR. TAYLOR said that the New Zealand Government regarded the termination date of 1 January 1949 provided in paragraph 9 b as too early. However, it had no other objection to the paper and if a vote were taken he would abstain from voting.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-084/19.

ITEM 6 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

MR. GRAVES said that the diplomatic replies received from the United States Government were still receiving consideration by the United Kingdom Government and he accordingly requested that final action on FEC-231/4 be postponed.

MR. MAKIN said that he had been instructed by his Government to press for a vote by the Far Eastern Commission on this subject at the present meeting. The Australian Government, as had been fully explained on previous occasions, attached great importance to the subject of Japanese Whaling. Although he desired to show every possible consideration to any representative who wished further time for consideration, he was bound to point out that consideration of the subject had already extended over a reasonable period of time.

MR. RODRIGUEZ said that he would favor postponement of final action on the whaling proposal since he had not yet received final instructions from his Government.

FEC-RESTRICTED

DR. KOO said that the Chinese position was still reserved on the whaling proposal. The reservation, he said, had been maintained on very broad lines and his delegation desired to present a formal statement on the Chinese position with regard to the over-all subject of fishing in general and with particular regard to security aspects of the question. This formal statement was not yet ready for presentation and he would therefore prefer that final action on the subject be deferred.

In order to ascertain representatives' views on the procedural question of whether to bring FEC-231/4 to a vote at the present meeting, GENERAL McCOY moved and DR. KOO seconded the motion that final action on the proposal be postponed. Accordingly representatives were polled in the following order:

U.S.S.R.: Abstained. ADMIRAL RAMISHVILI said that he was prepared to vote on the whaling proposal if the majority of the Commission should decide in favor of an immediate vote.

PHILIPPINES: For.

NEW ZEALAND: Against.

NETHERLANDS: For.

INDIA: For.

FRANCE: Abstained. MR. DOUTEAU said that he was prepared to vote on the whaling proposal at any time but had no objection to postponement.

CHINA: For.

CANADA: Abstained. MR. WRONG said that, although he was prepared to vote at present he considered the arguments for postponement very weighty.

AUSTRALIA: Against.

UNITED STATES: For.

UNITED KINGDOM: For.

THE COMMISSION agreed by a vote of 6 to 2 with 3 abstentions as shown above to postpone final action on FEC-231/4.

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

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 8 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 9 - OTHER BUSINESS

a. Civil Aviation in Japan

GENERAL McCOY presented the following formal statement:

"In preparation of the reopening of private trade with Japan on 15 August 1947, the Supreme Commander for the Allied Powers, pending final action by the Far Eastern Commission on the proposed civil aviation policy toward Japan, will, as an administrative measure, permit the transportation to, through, and from Japan of those persons included in the Inter-Allied Trade Board's quota for private business activities in Japan. This transportation will be furnished in accordance with the provisions of the proposed policy."

FEC-RESTRICTED

GENERAL McCOY said that a proposed policy relative to Civil Aviation in Japan would be submitted soon by the United States representative for the consideration of the Far Eastern Commission (FEC-245 circulated 31 July and referred to Committee No. 2: Economic and Financial Affairs.)

b. Commission Schedule During August

GENERAL McCOY suggested that during the month of August the Commission hold meetings on the 7th and 28th of the month, with the understanding that in case of urgent business the Chairman, in consultation with the other representatives, might call a meeting at any time during the two weeks intervening between the dates mentioned. The working committees and the Secretariat would, of course, continue their normal functions throughout August.

MR. MAKIN said that he could not favor the proposal that the Commission go into recess as long as matters in which the Australian Government was vitally interested remained unresolved. He would therefore have to reserve his position on the question of a recess until the meeting on 7 August, at which time he hoped that a final decision might be taken on the subject of Japanese whaling.

ITEM 10 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 11:25 A.M.

Minutes--FECFEC--RESTRICTEDMinutes--69th FEC Mtg.7 August 1947FAR EASTERN COMMISSION

Minutes of the Sixty-ninth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D.C.
7 August 1947, 10:30 A.M.

Representatives Present

Major General Frank R. McCoy (United States) Chairman
His Excellency N. J. O. Makin (Australia)
Mr. G. L. McGann (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Francis Lacoste (France)
Mr. M. Ahmad (India)
Mr. O. Reuchlin (Netherlands)
His Excellency Sir Carl Berendsen (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

Minutes--69th FEC Mtg.

CORRIGENDUMFEC--RESTRICTED14 August 1947FAR EASTERN COMMISSIONCORRIGENDUMMINUTES OF THE SIXTY-NINTH MEETING OF THE FAR EASTERN COMMISSIONNote by the Secretary General

1. The Commission at its 70th meeting, 14 August 1947, approved the minutes of its 69th meeting with the following changes requested by the Chinese and New Zealand Representatives respectively:

Page 1, last sentence of first paragraph under Item 3 to read.

"With such an amendment in paragraph 9 b, DR. KOO concluded, he would be in a position to give support to the proposal."

Page 6, third sentence from end of Sir Carl Berendsen's remarks to read:

"The New Zealand Government did agree that in specific cases it might be advisable for Japanese to attend non-governmental conferences, and the original New Zealand paper had provided for such attendance with prior approval by the Commission in each case."

2. All Representatives are requested to note the above changes in their copies of the minutes of the 69th meeting of the Commission.

Samuel S. Stratton
Acting Secretary General

Corrigendum
Mins. - 69th FEC Mtg.

FEC--RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 69th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-EIGHTH MEETING

Approved.

ITEM 2 - DISPOSITION OF FUNDS COVERING FINES COLLECTED BY ALLIED MILITARY OCCUPATION COURTS (FEC-241/5; 241 series)

Approved as a policy decision.

ITEM 3 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/20, -084/19; -084 series)

A statement by Dr. Koo reiterated doubts concerning the termination date of 1 January 1949 in paragraph 9 b of FEC-084/19. General McCoy moved that the date in question be changed to 1 October 1949 throughout the paragraph. Further consideration was postponed.

ITEM 4 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, -088 series)

Soviet position of opposition was maintained. Further consideration was postponed.

ITEM 5 - REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6; -228 series)

The Philippine reservation was withdrawn. The Chinese position was reserved. Further consideration was postponed.

ITEM 6 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12, FEC-011 series)

Postponed.

ITEM 7 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

Australian position in opposition was maintained. Philippine and Soviet positions reserved. Further consideration was postponed.

ITEM 8 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/4; 240 series, 236 series)

Philippine and Soviet positions reserved. Australian opposition maintained, and supported by Chinese and New Zealand Representatives. General McCoy urged early adoption, citing imminent conferences at which Japanese attendance was desired. Further consideration was postponed.

ITEM 9 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

At U.K. request, further consideration was postponed.

ITEM 10 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 11 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Postponed.

ITEM 12 - OTHER BUSINESS

The Chairman, speaking on behalf of all Representatives, expressed regret at the departure of Mr. M. Ahmad.

ITEM 13 - PRESS RELEASE

Text of the policy decision on Disposition of Funds Covering Fines Collected by Allied Military Occupation Courts (FEC-241/5) to be released to the press in the normal course.

Summary--Minutes, 69th FEC Mtg.

FEC--RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-EIGHTH MEETING

THE COMMISSION unanimously approved the minutes of its sixty-eighth meeting.

ITEM 2 - DISPOSITION OF FUNDS COVERING FINES COLLECTED BY ALLIED MILITARY OCCUPATION COURTS (FEC-241/5; 241 series)

THE COMMISSION unanimously approved FEC-241/5 as a policy decision.

ITEM 3 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/20, -084/19; -084 series)

DR. KOO said that, although FEC-084/19 was, on the whole, acceptable to his Government, he was still not able to support paragraph 9 b in its present form. As he had stated on prior occasions, the Chinese Government felt some anxiety as to the possibility of there being a gap in time between the proposed termination date of 1 January 1949 and the attainment of agreement on long-term disarmament controls. As now provided by the paragraph, the interim permissible maxima in war-supporting industries would lapse on 1 January 1949, and there was strong likelihood that no long-term maxima would have been agreed on by that time, with the consequence of a period after 1 January 1949 during which no restrictions would prevail. In an effort to shorten, if not to obviate this period, the Chinese Delegation had proposed that the interim provisions be extended for nine months or a year. With such an amendment in paragraph 9 b, DR. KOO concluded, he would be in a position to give ~~unqualified~~ support to the whole proposal.

Following a brief recess for purposes of consultation, GENERAL McCOY moved that the date "1 October 1949" be substituted for "1 January 1949" wherever the latter date occurred in paragraph 9 b of FEC-084/19. He said that the motion was offered for the consideration of Representatives with the hope that final action might be taken at the next meeting.

DR. KOO said that he could support General McCoy's motion, which substantially met the Chinese view.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-084/19.

ITEM 4 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, -088 series)

ADMIRAL RAMISHVILI said that the Soviet position, in opposition to FEC-088/9 remained unchanged.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-088/9.

ITEM 5 - REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6; -228 series)

MR. RODRIGUEZ said that he was now prepared to withdraw the Philippine reservation on FEC-228/6.

DR. KOO said that he had not yet received final instructions on FEC-228/6 and therefore would favor postponement of further action on the subject.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-228/6.

ITEM 6 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12,
FEC-011 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3;
236 series, 240 series)

MR. MAKIN said that the Australian position on this proposed policy remained one of opposition.

ADMIRAL RAMISHVILI said that the Soviet position was reserved on FEC-236/3.

MR. RODRIGUEZ said that the Philippine position was reserved on FEC-236/3.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-236/3.

ITEM 8 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/4; 240 series, 236 series)

ADMIRAL RAMISHVILI and MR. RODRIGUEZ said that the positions of their respective Governments were reserved on FEC-240/4.

MR. MAKIN presented the following formal statement:

"In 1941 Japan launched against Pearl Harbour what was perhaps the most treacherous attack in all history. The subsequent behaviour of the Japanese forces as they advanced throughout the Pacific area, committing unspeakable crimes and atrocities proved that they were one of the most evil powers of all time, and their conduct revolted the whole of the civilized world.

"It is now less than two years since the vast force of the Japanese military machine was eventually crushed after great effort and intense suffering on the part of the Allied Powers. It should not be necessary for us to remind ourselves of these facts. Certainly in the minds of the Australian people the memories of the aggressions and atrocities committed by the Japanese are still most vivid. I remind the Commission of these facts only because all the implications of this paper have to be considered in the light of this background, and from the reports which I have received of committee discussions on this paper, I am disappointed to learn that that has not always been the case. There is a tendency to become so carried away with enthusiasm for the experiment which is being conducted in planting democratic ideas and institutions in Japan, that, on occasions, a sense of balance is lost.

"We have full knowledge of Japan's disgraceful past history. When we begin to think again in terms of allowing Japanese nationals to move freely abroad, especially after such a short period--less than two years in fact after the cessation of hostilities--we feel that we have a heavy responsibility to subject to the most searching analysis any reasons which are advanced as justification. The Commission has the opportunity to do so this morning. We have before us a paper which proposed that we should adopt, as a matter of considerable urgency, a policy which marks the beginning of a movement of Japanese into the outside world.

FEC--RESTRICTED

We are told that this is a matter of urgency because we must terminate immediately Japan's cultural isolation so that the process of democratization may be greatly accelerated. It may seem to some of the members of this Commission that because we do not support such a move with the same fervor as the United States, that we are out of sympathy with the general goal of the democratization of the Japanese people. Such a suggestion is, of course, unthinkable. The Australian people have themselves a long history of democratic development and it is perhaps because of this very reason that we speak in this Commission fearlessly and frankly. A record of the activities of this Commission will show that the Australian Delegation has shown a tremendous interest in those policy papers which have been adopted by the Far Eastern Commission relating to the democratization of Japan. Members of the Commission will remember the part which Australia played in the papers dealing with trade unions, education, and the Japanese constitution. The democratization of Japan is, of course, clearly established Australian foreign policy. I should like to quote a few extracts from a statement on foreign policy made in the House of Representatives, Canberra, by the Minister of State for External Affairs, Dr. Evatt, on 26 February, 1947. 'We believe that a country which has a genuinely democratic form of government is unlikely to desire to embark on a policy of aggression, and is more likely to pursue peaceful means of adjusting its interests to those of other countries....The political objective of the Allies involving the education towards democracy of a vast population brought up in a tradition of imperialism and authoritarianism cannot be achieved in any brief period, especially in view of the horrors and atrocities which were committed, no doubt with the imprimatur of most Japanese leaders.' So there is no question, Mr. Chairman, that we whole-heartedly support the ultimate goal of democratization of the Japanese people. However, it is one thing to agree upon the goal and another thing to agree as to the value of each step in the process, or in this case, the sense of urgency of a particular step. We are still unconvinced that the benefits to be derived from permitting the Japanese to travel abroad before a peace treaty is signed would have any appreciable immediate effect on the development of democratic ideas in Japan. We should beware of deceiving ourselves with superficial evidence of Japanese good will. This Commission has reason to be proud of the democratic institutions it has given to the Japanese, but the mere planting of democratic institutions does not mean that democracy has burst into full bloom over night. The reorientation will take many years, and to maintain that the establishment of a single link is a matter of such major urgency that not a day must be lost is, to say the least, naive.

"We do not feel that we have enough evidence of Japanese good will to justify before the peace treaty is signed their travelling abroad on such pretexts as contributing towards the process of democratization. We cannot believe that in such a short space of time the Japanese have abandoned the practices of deceit and guile which have made their record such a disgraceful one in the past. We feel that many of the Japanese may very well take this opportunity to engage in subtle propaganda activities and to strengthen their position at the peace conference table. We see no good reason whatever for the Japanese to be so indulged as to begin to enjoy the same advantages as the Allied powers before a peace treaty has been signed.

FEC--RESTRICTED

"Whatever immediate advantages can be derived by contact between Japanese and other nationals would seem to be more profitably achieved within Japan itself. Up to date, because of accomodation and other difficulties, it has been extremely difficult to obtain clearances for Allied nationals to enter Japan, and the difficulties which the countries represented on the Commission have encountered in the Inter-Allied Trade Board for Japan in obtaining an adequate quota for their businessmen to enter Japan upon the resumption of private trade have been most frustrating. It is our opinion that greater attention should have been paid to this problem before we became so solicitous about allowing Japanese to leave the country.

"We believe that a problem such as Japanese external relations, which is a matter of major international importance properly belongs in a peace conference, and the decision on the U.S. paper which we are asked to take in the Far Eastern Commission cannot be justified on the ground that they are merely matters of occupation policy.

"For several months the Australian Government has been urging the necessity for the calling of an early peace conference where matters of such major importance as this could be decided. We have not favoured a piecemeal settlement of matters other than strictly occupation matters. We are gratified to learn that a peace conference is now imminent, but I feel that there is inconsistency in making preparations for a peace conference on the one hand and on the other hand rushing through the Far Eastern Commission as a matter of great urgency an item which logically belongs to such a peace conference.

"In committee discussions to date, it has been most evident that while there is little opposition expressed to this paper, with the exception of Australia and New Zealand, members of the Commission by and large have not patently supported with the same enthusiasm the contention that movement of Japanese nationals abroad is a matter of urgent necessity to aid in the process of reorientation. In fact, several members of the committee have stated quite frankly that it is not their intention to admit Japanese nationals into their countries on the scale the American paper envisages. However, they recognize in this paper the opportunity of obtaining from Japan occasional Japanese for specific purposes. Illustrations used by some members in committee discussions, for example, were that they required judo instructors to train their civil police. To take care of contingencies of this nature, it would hardly seem necessary to go to the extent of adopting a paper so wide in scope as the paper before us this morning. It would seem that exceptional cases of that nature could very easily be determined on their merits by the Far Eastern Commission, and at the appropriate time I should like to introduce an amendment to the New Zealand paper (FEC-236/3) to that effect.

"If this Commission is to be a live body, we must debate these questions fully and frankly. This is an international body with a heavy responsibility, and I would welcome a serious discussion of this item. Reports of the Steering Committee meeting discussion on this problem lead me to believe that the sincere point of view expressed by the Australian representative was not treated with the seriousness which we consider it deserves. I hope that our discussions this morning will be more profitable."

FEC--RESTRICTED

GENERAL McCOY said that he felt great sympathy for the Australian position. However, various organizations had lodged requests with the United States Government for permission to have prominent Japanese attend various conferences. The representatives of these organizations who had brought the question of Japanese attendance to the attention of the United States Government were in most cases individuals prominent in fostering international cultural relations and he, General McCoy, had himself been the recipient of numerous requests from United States citizens who were prominent in such organizations and who had impressed on him the wisdom of acceding to such requests. In addition to Japanese attendance at international conferences the question of Japanese students' attendance in American and possibly European schools also depended on the decision of the Far Eastern Commission.

GENERAL McCOY pointed out that, although there would of course be a tendency on the part of Japanese of sinister intentions to take advantage of a policy decision allowing travel abroad by Japanese, the Supreme Commander could be relied upon to screen out such undesirable individuals.

GENERAL McCOY said that he wished the following statement, made by Dr. Blakeslee at the Steering Committee on 5 August, to be made a part of the record of the present meeting:

"DR. BLAKESLEE said that his Government regarded SC-240/3 as an important paper and as one requiring immediate action. Japanese participation in international conferences of a cultural nature was advocated by the United States Government not so much in the interest of the Japanese as in the interest of the Allied Powers themselves. The purposes and objectives of the occupation, he thought, were to demilitarize Japan, to insure a minimum viable economy, and to strengthen democratization. No more effective method of strengthening the democratization of Japan could be found, he thought, than to bring about the participation by young Japanese leaders in international conferences.

"DR. BLAKESLEE pointed out that various international conferences, including a world conference of YMCA leaders, an international conference of statisticians, the Sixth International Congress for Applied Mechanics, the World Trade Union Federation, an international congress on the revival of medical organization, a world conference of teachers, an international students conference, a world youth conference, a junior Red Cross conference, and an international social work conference, were scheduled to take place in the very near future. Japanese delegates have been invited to attend these conferences but were unable to leave Japan in the absence of a Far Eastern Commission policy permitting them to do so. He pointed out that German nationals were permitted to attend conferences of a cultural nature.

"DR. BLAKESLEE said that in any particular instance, when the government of a country in which an international conference was taking place did not desire Japanese attendance at the conference, it was of course within the power of that government to exclude the Japanese. With regard to the suggestion that the Far Eastern Commission should

FEC--RESTRICTED

give prior approval to Japanese participation in international conferences, DR. BLAKESLEE observed that there were now approximately seventy-five requests for Japanese attendance at conferences of the kind he had just enumerated. It was obvious, he thought, that prior consideration of such a volume of requests by the Far Eastern Commission was impracticable. Further, he emphasized, consideration of these requests would involve the Commission in a matter of implementation and would therefore be contrary to the Terms of Reference, under which the Commission was charged with the formulation of broad policy.

"Of the conferences he had enumerated, DR. BLAKESLEE said that the international YMCA conference was the most imminent and that his Government was particularly anxious that the Japanese participate in it. For this reason especially, the United States Government regarded urgent action necessary on SC-240/3."

In addition to the conferences Dr. Blakeslee had enumerated in the foregoing statement, GENERAL McCOY said that he could add an International Leprosy Congress to which his attention had been drawn as a member of the Board of the Leonard Wood Leprosy Memorial Foundation. This Congress especially desired the presence of certain eminent Japanese specialists in leprosy research and treatment.

SIR CARL BERENDSEN said that in view of the atrocity with which the Japanese had waged the recent war, it was but natural that those countries most likely to suffer from any future Japanese aggression should wish very full assurances of Japanese progress along the lines of democratization before they could agree to permitting Japanese to travel abroad and to perhaps indulge in propagandistic activities. There was no desire on the part of the New Zealand Government to force Japan into cultural isolation and he was prepared to give full support to any proposals to allow cultural emissaries from other countries to enter Japan more freely than had yet been possible. However, his Government had concluded that the time was not yet ripe to permit Japanese to travel abroad and had further concluded that present denial of the right of Japanese to travel would not seriously impede the process, painfully slow as it must be, of the democratization of Japan. In spite of the good beginning made in the process of democratization under the auspices of the Commission and of the Supreme Commander, it was almost inevitable that if Japanese were at present allowed to travel abroad they would engage in propaganda. The New Zealand Government did agree that in specific cases it might be advisable for Japanese to attend ~~inter-~~ governmental conferences, and the original New Zealand paper had provided for such attendance with prior approval by the Commission in each case. However, consideration of the granting of permission for Japan to resume its place in international society should be left to the peace conference. For the foregoing reasons, SIR CARL BERENDSEN said that it would be necessary for him to vote against adoption of FEC-240/4, although he fully appreciated the praiseworthy principles which underlay the United States advocacy of the proposal.

DR. KOO said that the Chinese delegation had had some doubts regarding the proposal to allow travel abroad by Japanese, and had based these doubts on the opportuneness and timeliness of the proposal rather than on the objectives envisaged in the proposal. However, although he fully supported the encouragement of international understanding and cooperation, he felt very doubtful that in the present state of affairs the objectives of the paper would be served by its immediate adoption. It was preferable, rather, that such promotion of international cultural cooperation be postponed until after a peace settlement had been made. Such a postponement would probably not be for any great length of time since it was likely and certainly

FEC--RESTRICTED

desirable, in his opinion, that a peace conference begin at an early date. Once a peace treaty had been signed, he thought, all United Nations would be far more willing than at the present time to welcome democratic Japanese to participation in international cooperation.

GENERAL McCOY said that in view of the fact that citizens of Allied powers had encountered some difficulty in entering Japan it could probably be assumed that the Supreme Commander would make it even more difficult for Japanese to go abroad, and that his standards of selection for those to be granted permission would be extremely stringent. He thought it certain that the feeling of responsibility to the Allied Powers on the part of the Supreme Commander would insure that no Japanese who would be considered dangerous by any government represented would be allowed to leave Japan. Even should certain Japanese spread propaganda abroad, GENERAL McCOY felt personally certain that the effect of such propaganda would be extremely weak.

THE COMMISSION unanimously agreed to postpone further action on this subject.

ITEM 9 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

MR. GRAVES requested that further consideration of FEC-231/4 be postponed.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-231/4.

ITEM 10 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 11 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 12 - OTHER BUSINESS

a. Departure of Mr. M. Ahmad

GENERAL McCOY said that he greatly regretted the departure of Mr. Ahmad but at the same time wished to congratulate him on his new post as a member of the staff of the High Commissioner for Pakistan in London.

MR. AHMAD thanked the Chairman and expressed appreciation for the kindness and cooperation shown him by all representatives during his association with the Far Eastern Commission.

ITEM 13 - PRESS RELEASE

THE COMMISSION unanimously agreed that the text of the policy decision on Disposition of Funds Covering Fines Collected by Allied Military Occupation Courts (FEC-241/5) should be released to the press in the normal course.

The meeting adjourned at 12:00 M.

MINUTES--FECFEC--RESTRICTEDMINUTES--70th FEC Mtg.14 August 1947FAR EASTERN COMMISSION

Minutes of the Seventieth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D. C.
14 August 1947 - 10:30 A.M.

Representatives Present

Mr. C. E. Saltzman (United States) Chairman pro tempore
Mr. A. S. Stirling (Australia)
Mr. T. A. Stone (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Francis Lacoste (France)
Mr. B. R. Sen (India)
Dr. R. H. van Gulik (Netherlands)
His Excellency Sir Carl Berendsen (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. F. C. Everson (United Kingdom)

Acting Secretary General

Mr. Samuel S. Stratton

MINUTES--70th FEC Mtg.

SUMMARY--FECFEC--RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 70th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-NINTH MEETING

Amended and approved.

ITEM 2 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/20, -084/19; -084 series)

Amendment of date from "1 January 1949" to "1 October 1949" approved. Policy decision approved with statements of interpretation presented by Philippine and Chinese Representatives, and with the understanding that the Chinese statement would be forwarded to the Supreme Commander together with the directive based on the paper.

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

Sir Carl Berendsen stated that when action on FEC-236/3 should appear to be imminent he would inquire as to support for the New Zealand view that Japanese nationals should not be permitted to attend inter-governmental conferences without prior approval by the Commission of each proposal for such attendance. Further consideration postponed.

ITEM 4 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/4, FEC-240/5; -240 series, 236 series)

Additional paragraph proposed by U.S. in FEC-240/5, providing that no country need receive Japanese without its consent, was accepted. Further consideration postponed.

ITEM 5 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)

Further consideration postponed.

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

Chinese reservation withdrawn. Further consideration postponed.

ITEM 7 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12, FEC-011 series)

Referred to ad hoc subcommittee of the Commission consisting of U.K., Soviet, Chinese, and U.S. for consideration of section on shipping and with instructions to report at next FEC meeting.

ITEM 8 - JAPANESE WHALING (FEC-231/4; -231 series, FEC-035, -035/1)
Postponed.ITEM 9 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)
Postponed.ITEM 10 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)
Postponed.ITEM 11 - OTHER BUSINESSa. Time of next meeting

Agreed that next meeting of Commission should take place on 28 August unless urgent business should necessitate a special meeting

ITEM 12 - PRESS RELEASE

Text of policy decision on reduction of Japanese Industrial War Potential to be released to the press in the normal course.

Summary--Minutes, 70th FEC Mt.

FEC--RESTRICTED

In the necessary absence of the Chairman, MR. STRATTON, Acting Secretary General, opened the meeting and requested nominations for Chairman pro tempore.

MR. EVERSON moved and MR. LACOSTE seconded the motion that Mr. Saltzman serve as Chairman pro tempore. The motion was carried unanimously and MR. SALTZMAN assumed the Chair.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SIXTY-NINTH MEETING

DR. KOO requested that the last sentence in the first paragraph under Item 3 on page 1 of the minutes of the 69th meeting be amended to read:

"With such an amendment in paragraph 9 b,
DR. KOO concluded, he would be in a position to give support to the proposal."

SIR CARL BERENDSEN requested that the third sentence from the end of his remarks on page 6 of the minutes of the 69th FEC meeting be amended to read:

"The New Zealand Government did agree that in specific cases it might be advisable for Japanese to attend non-governmental conferences, and the original New Zealand paper had provided for such attendance with prior approval by the Commission in each case."

ITEM 2 - REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL (FEC-084/20, -084/19; -084 series)

DR. KOO referred to the motion made by General McCoy at the last meeting of the Commission (page 1, minutes of 69th meeting of the FEC) to amend the date 1 January 1949 to 1 October 1949 throughout paragraph 9 b of FEC-084/19. He said that if this amendment were adopted he could support the adoption of the policy decision.

SIR CARL BERENDSEN said that the adoption of FEC-084/19 had been delayed by the inability of the four powers possessed of the veto to reach agreement. The very difficult question of the extent to which the Japanese should be allowed to maintain industrial war potential was involved, and the paper had been drafted, he thought, with the object of enabling the United States Government, as the authority best qualified to judge the situation in Japan, to permit possible future increases in this potential without the necessity of further action on the part of the Commission. The New Zealand view had been in agreement with the Chinese view that no terminal date should be included in any policy decision. However, with the alteration in the date from 1 January 1949 to 1 October 1949 SIR CARL BERENDSEN would be prepared to support the proposal.

MR. RODRIGUEZ said that the Philippine position had been opposed to the inclusion of a termination date for the provisions limiting the Japanese industrial level. For the sake of facilitating agreement, however, he had been prepared to accept FEC-084/19 with the inclusion of the date 1 January 1949 and would also be prepared to accept the paper with the amendment in date, which he considered an improvement.

MR. RODRIGUEZ said that it was the understanding of the Philippine Government that any termination of the limitations on industrial levels did not in any way prejudice the reparations program. It was likely, he thought, that by 1949 the program of reparations removals would not have been completed, and if at that time limitations on levels of industry should be terminated, the increase to be granted should not be taken out of equipment designated for reparations.

FEC--RESTRICTED

MR. LACOSTE said that it was the French position as indicated on previous occasions, that no termination date should be included in the proposed policy decision. Any date was regarded as arbitrary by his Government since it was not possible at present to foresee the best time for alteration in the regime of control. However, in view of the urgent necessity for passage of the policy decision involved he would not oppose adoption of the paper.

MR. LACOSTE asked whether Representatives would support the following editorial changes in the first two sentences of paragraph 9 b of FEC-084/19:

"The capacity levels remaining in the iron and steel, light metals, metal-working machinery, ship-building, oil refining and storage, synthetic oil and synthetic rubber industries, after the completion of the industrial removals proposed in this paper and after the disposition of remaining 'excess' facilities as provided for under paragraph 6, should constitute the permissible maxima in these industries, ~~until the end of the present phase of the occupation of Japan or until 1 January 1949, whichever is the earlier, pending a decision as to the long-term disarmament controls.~~ These maxima should be subject to review by the Far Eastern Commission, ~~and, if the Commission expects still to be charged on 1 January 1949 with responsibility for post-surrender policies respecting Japan, the Commission should assess the situation before that date with a view to~~ Such review should take place before 1 January 1949 and have for its object the adoption of an appropriate policy to be put into effect on 1 January 1949, on which date the provisions herein specified regarding productive capacity maxima in these industries will lapse."

In reply to Mr. Lacoste's query, MR. SEN, DR. VAN GULIK, DR. KOO, and SIR CARL BERENDSEN pointed out that the present wording of paragraph 9 b represented a compromise which had been worked out through long discussions by Committee No. 2: Economic and Financial Affairs and by the Steering Committee. Although they were in sympathy with Mr. Lacoste's desire to improve the wording of the paper, they urged that, since its intention was clear and since its adoption was a matter of urgency, it be approved in its present form, without further amendments, which would occasion additional delay. MR. LACOSTE accordingly refrained from proposing his amendments formally.

DR. KOO presented the following formal statement regarding the understanding of his Government relative to paragraph 9 b of FEC-084/19. He requested that it be incorporated in the minutes and that it be forwarded to the Supreme Commander together with the directive based on the policy decision:

"I wish to record the understanding of the Chinese Government that the expression 'present phase of occupation', as used in paragraph 9 b of this paper, is identical in meaning with the existing regime of control as provided for in the Terms of Reference of the Far Eastern Commission and the Allied Council for Japan.

"It is also the understanding of the Chinese Government that, in the event that reparations removals do not proceed as rapidly as expected or if agreement on long-term disarmament control or

FEC--RESTRICTED

decisions of the FEC on the disposal of residual capacity cannot be reached before October 1, 1949, the implementation of the aforementioned paragraph should be effected in such a manner as will not reduce the reparations pool to be distributed among the recipient countries or affect adversely the reparations share or shares of such country or countries.

"The Chinese Delegation has already recorded its understanding of paragraph 5 b (2) of this paper, which understanding appears in the cover page thereof as follows: 'The meaning of paragraph 5 b (2) would include equipment for manufacturing heavy prime movers, cranes, mining equipment and chemical equipment.' "

THE COMMISSION unanimously approved FEC-084/19 as a policy decision, with the amendment throughout paragraph 9 b of the date 1 January 1949 to 1 October 1949.

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

ADMIRAL RAMISHVILI said that he was not yet prepared to state the final views of his Government on FEC-236/3.

SIR CARL BERENDSEN said that the New Zealand view, as originally embodied in FEC-236 and as reiterated on numerous occasions, was that Japanese nationals should not be permitted to attend inter-governmental conferences without prior approval by the Far Eastern Commission of each proposal for such attendance. He did not desire discussion of this position at the present time, but stated that he would, when action on the proposal should appear to be imminent, inquire as to what support there might be for the New Zealand position.

MR. STIRLING expressed support for the New Zealand position.

MR. SEN said that he considered that prior approval of proposals for Japanese nationals to attend inter-governmental conferences would involve the Far Eastern Commission in matters of implementation, and would therefore be contrary to the Terms of Reference of the Commission, which provided that it should lay down broad general policy.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-236/3.

ITEM 4 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/4, FEC-240/5; -240 series, 236 series)

MR. RODRIGUEZ said that the Philippine position on FEC-240/4 was still reserved in the absence of final instructions from his Government.

MR. SALTZMAN invited attention to FEC-240/5, an amendment proposed by his Government for insertion in the proposed policy decision after paragraph 5. This amendment was by general consensus regarded as acceptable and was incorporated in the paper (see FEC-240/6, subsequently circulated) with the understanding that the Soviet reservation, which was maintained on FEC-240/4, would extend to the new additional paragraph as well.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

FEC--RESTRICTEDITEM 5 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)

ADMIRAL RAMISHVILI said that the Soviet position in opposition to FEC-088/9 remained unchanged.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-088/9.

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

DR. KOO formally withdrew the Chinese reservation on FEC-228/6 and expressed support for the proposal.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-228/6.

ITEM 7 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12, FEC-011 series)

MR. SALTZMAN asked whether the adoption of FEC-011/32 would be facilitated by removing those portions of the paper dealing with shipping for consideration as a separate proposal.

ADMIRAL RAMISHVILI said that although his objections to the paper were based mainly on the absence of the amendment with regard to ships which he had proposed at the Steering Committee on 29 July, he was nevertheless awaiting general final instructions on the whole paper.

DR. KOO said that the Chinese position was reserved in the absence of final instructions. He suggested that the paper be referred to an ad hoc subcommittee of the Commission for consideration during the time that final instructions were awaited. He thought that such subcommittee consideration of points of difference involved might expedite final agreement on the proposal.

MR. EVERSON pointed out that the only points of difference of which the Commission had been aware had been the amendment presented to the Steering Committee by the Soviet member on 29 July. If other delegations wished to propose specific amendments, he thought such amendments should be circulated in writing. He thought there was no proposal at present to be referred to an ad hoc subcommittee and he could not understand what such a subcommittee was expected to accomplish.

A canvass of Representatives established the consensus that, since consideration by an ad hoc subcommittee would probably not cause additional delay and might hasten adoption of the paper, the Chinese suggestion might be adopted. Accordingly, the Chairman appointed an ad hoc subcommittee consisting of the United Kingdom, Soviet, Chinese, and United States Representatives to consider FEC-011/32 and to present a report at the next meeting of the Far Eastern Commission.

ITEM 8 - JAPANESE WHALING (FEC-231/4, -231 series, FEC-035, -035/1)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-231/4.

FEC--RESTRICTEDITEM 9 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 10 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 11 - OTHER BUSINESSa. Time of next meeting

THE COMMISSION unanimously agreed that its next regular meeting should take place on 28 August 1947. It was understood that in the case of any urgent business the Chairman could, in consultation with Representatives, call a special meeting before that date.

ITEM 12 - PRESS RELEASE

THE COMMISSION unanimously agreed that the text of the policy decision on Reduction of Japanese Industrial War Potential (FEC-084/19) should be released to the press in the normal course.

The meeting adjourned at 11:25 A.M.

MINUTES -- FECFEC--RESTRICTEDMinutes--71st FEC Mtg.4 September 1947FAR EASTERN COMMISSION

Minutes of the Seventy-first Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D. C.
4 September 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. A. S. Stirling (Australia)
Mr. R. L. Rogers (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Paul Guerin (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
Mr. J. S. Reid (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

ACTING SECRETARY GENERAL

Mr. Samuel S. Stratton

Minutes--71st FEC Mtg.
4 September 1947

Corrigendum-FECFEC--RESTRICTED12 September 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-FIRST MEETINGNote by the Secretary General

1. The Commission at its 72nd meeting, 11 September 1947, approved the minutes of its 71st meeting with the following changes requested by the Chinese and United Kingdom Representatives respectively:

Page 2, last sentence of second full paragraph to read:

"In its apparently non-controversial form the proposal seemed to DR. KOO a minimum step which the Commission might take toward the solution of the present world food crisis, which, to a large extent, was the direct result of Japanese aggression."

Page 3, second sentence of first full paragraph to read:

"His own view, that no discrimination be provided for in the proposal, might be modified to some extent if this would result in unanimity on the proposal."

2. All Representatives are requested to note the above changes in their copies of the minutes of the 71st meeting of the Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum
Minutes, 71st FEC Mtg.

SUMMARY--FECFEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 71st MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 70th MEETING

Approved.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN RELIEF IN JAPAN (FEC-248)

Referred to Committee No. 2 for consideration in the light of U.S. amendments to be proposed.

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

Philippine reservation removed. Postponed.

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

Philippine reservation removed. Postponed.

ITEM 5 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)Referred to ad hoc subcommittee of whole Steering Committee under Chairmanship of U.S. member for consideration and report direct to the Commission.ITEM 6 - REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6; 228 series)Referred to the ad hoc subcommittee to which Item 5 was referred.ITEM 7 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12, FEC-011 series)Reported as being still under consideration of ad hoc subcommittee.
Postponed.ITEM 8 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

Removed from agenda.

ITEM 9 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 10- THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

Removed from agenda.

ITEM 11 - OTHER BUSINESS

None

ITEM 12- PRESS RELEASE

No press release

FEC-RESTRICTED

ITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTIETH MEETING

THE COMMISSION unanimously approved the minutes of its seventieth meeting.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN RELIEF IN JAPAN (FEC-248)

MR. GRAVES recalled the extensive deliberations on the subject of the Supply of Food for Civilian Relief in Japan in which the Commission had engaged at various times. The most recent of these discussions had failed to achieve unanimity in March of 1947 (FEC-026/10 and FEC-026/12), and since that time the United Kingdom Government had carefully considered the subject and was still convinced that even at the present late stage some policy should be formulated by the Far Eastern Commission on this very important subject. Because of this conviction that the Commission was obliged to formulate such a policy, the United Kingdom Government had submitted FEC-248 for consideration, and MR. GRAVES pointed out that this proposal represented an attempt to draft a policy on food which would avoid those controversial issues that had in the past prevented unanimous agreement. He hoped that FEC-248 might receive early consideration and adoption by the Commission and that it would be treated in the spirit in which it had been proposed--one of desire to formulate a policy containing those principles upon which all were agreed.

MR. SEN said that his Government attached great importance to the new United Kingdom proposal regarding Supply of Food for Civilian Relief in Japan. He pointed out that the world food situation was worse at present than it had been a year ago. It had been estimated at the recent Paris Conference that the gap between world availability of food of twenty-nine million tons and world demand for food of fifty million tons was worse than it had been the previous year. MR. SEN said that the International Emergency Food Council, in compliance with a United States request, was allotting two million tons of food to Japan for the current year as compared with an allotment of 1.5 million tons the year before. This increase, taken in conjunction with the worsened world-wide food shortage, was, in his opinion, altogether indefensible. He also referred to the fact that an increase had been allowed in the quota of food for Germany during the current year as compared with the quota for the previous year. It was noteworthy, he thought, that only in the cases of Japan and Germany, the two major aggressor nations, had increased allocations been approved. For many other nations there had been a marked decrease in the allocations for the current year.

Because of the great importance his Government attached to the subject of food supply, and because of the especially grave situation that existed in India at present, MR. SEN said that he would favor early passage of the proposed policy submitted by the United Kingdom representative. He hoped that a review by the Supreme Commander of his position on the subject of food supplies for Japan would result in reduced demands on his part.

MR. REID said that he was prepared to support the proposed policy decision submitted by the United Kingdom representative, and he shared the Indian view that aggressor countries should not have priority in obtaining food supplies over the victims of their aggression. This view, he thought, should be acted on in so far as practicable in conformity with the principle already agreed by the Commission that the Japanese should receive sufficient food supplies to ensure the safety of the occupation forces. He thought that the United Kingdom proposal shown in FEC-248 had been framed in such a way as to avoid those controversial issues which had previously precluded unanimity in the Commission, and he hoped that the proposal might be speedily approved.

MR. GUERIN said that his delegation favored adoption of the principles set forth in FEC-248. He thought the proposal especially appropriate at the present time of aggravated world-wide food crisis. His own Government, for example, found it necessary to institute rationing provisions which would result in a French bread ration lower than that at present allocated to the Germans. He said that the French delegation was aware of the difficult problems confronted by the Supreme Commander with regard to the allocation of food for Japan. He felt, however, that the Supreme Commander and the United States Government were fully cognizant of the political implications of the present food crisis in the Allied countries, and were con-

FEC-RESTRICTED

scious of the value at the present time of giving public expression to the principles laid down in FEC-248. Therefore, the French delegation supported FEC-248 and advocated its early adoption.

DR. KOO emphasized the world-wide nature of the present food shortage. While it was the view of the Chinese delegation that the burdens of the Supreme Commander should not be unnecessarily increased because of the food situation, and that every step should be taken to prevent starvation, disease, or civilian unrest in Japan, he urged that the problem be examined in conjunction with the general food situation. He thought that only by viewing the Japanese food problem in its proper context of world-wide food shortages could a satisfactory and fair adjustment be made.

DR. KOO pointed out that China, a food-deficit country, had been importing wheat and rice and also, to as great an extent as possible, had been importing fertilizer in order to increase Chinese domestic production. However, because of the acute world shortage, China had found it extremely difficult to secure anything like adequate supplies to meet her acute shortages. Therefore, the Chinese delegation was in full sympathy with the purpose and with the general provisions of FEC-248. In its apparently non-controversial form the proposal seemed to DR. KOO a minimum step which the Commission might take toward the solution of the present world food crisis, *which, to a large extent, was the direct result of Japanese aggression.*

GENERAL McCOY said that FEC-248 had avoided to a remarkable degree controversial issues in regard to the allocation of food to Japan and he hoped that the proposal would be adopted at an early date. He had, indeed, been hopeful that a decision might be taken at the present meeting, but he was informed that the United States Government wished to submit certain amendments to the proposal. It therefore seemed to him practicable to refer FEC-248 to the appropriate working committee.

THE COMMISSION unanimously agreed to refer FEC-248 to Committee No. 2: Economic and Financial Affairs, for urgent consideration.

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

MR. RODRIGUEZ removed the Philippine reservation on FEC-236/3.

ADMIRAL RAMISHVILI said that he was not yet prepared to state the Soviet position on FEC-236/3.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-236/3.

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

MR. RODRIGUEZ removed the Philippine reservation on FEC-240/6.

ADMIRAL RAMISHVILI said that he was not yet prepared to state the Soviet position on FEC-240/6.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-240/6.

ITEM 5 - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)

ADMIRAL RAMISHVILI said that the views of his Government were such that he could not support FEC-088/9. He wondered, therefore, whether any useful purpose was served by retention of the proposal on the Commission agenda. He thought that a reconciliation of the divergent views would be more likely as the result of further consideration of the proposal by the appropriate committee than by its retention on the Commission agenda.

In reply to a question by MR. SEN concerning the use of the word "negligible" which had been understood to mean pre-war volume of trade with Japan of one-tenth of one percent or less of Japan's total foreign trade, ADMIRAL RAMISHVILI said that he could not approve the use of the one-tenth of one percent formula until he knew more definitely what its effect on all countries would be. It was the Soviet desire to exclude Spain from trading

FEC-RESTRICTED

with Japan, but until more definite information concerning the volume of Spain's pre-war trade, as well as that of other countries was known, he could not form an opinion of the effect of the one-tenth of one percent formula.

MR. GRAVES asked whether it was the Soviet view that Spain should be excluded from trade with Japan by specific mention in the proposed policy decision. The view of his own Government, that no discrimination be provided for in the proposal, might be modified to some extent if this would result in unanimity on the proposal. He realized, however, that the United States Government had, in previous discussions of this subject, opposed specific mention of Spain, and he doubted, therefore, that simply by a concession on the part of his own Government the adoption of the proposal would be ensured.

GENERAL McCOY said that, in conformity with broad principles of maintaining international relations, his Government had maintained the general position that specific discrimination against any one nation should not be provided in any Commission policy decision. He agreed that further efforts to reconcile the divergent views should be made properly by the ad hoc subcommittee of the whole Steering Committee which had previously been appointed under the Chairmanship of the United States member to consider the subject.

ADMIRAL RAMISHVILI said that his Government was not necessarily opposed to the omission of a specific mention of Spain in the proposal. His Government was reluctant, however, to adopt any formula which, while excluding Spain, might also have the unforeseen consequence of excluding other countries as well. The word "negligible" was not clear in this respect, and it was his personal opinion that more precise information of an official nature regarding Japanese pre-war trade would be of great value.

THE COMMISSION unanimously agreed to refer this subject to the ad hoc subcommittee of the whole Steering Committee under the Chairmanship of the United States member of the Steering Committee for consideration and report to the Commission.

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

THE COMMISSION unanimously agreed to refer this subject to the ad hoc subcommittee of the Steering Committee to which the papers on trade representatives in Japan (Item 5 above) had been referred.

ITEM 7 - RESTITUTION OF LOOTED PROPERTY (FEC-011/32; FEC-011/12, FEC-011 series)

MR. EVERSON, speaking as Chairman of the ad hoc subcommittee which had been appointed on 14 August to consider FEC-011/32, reported that the ad hoc subcommittee was still engaged in discussion of a Soviet amendment to paragraph 10 of the paper and of various proposals offered by the Chinese representative. The subcommittee hoped to be in a position to submit a formal report to the Commission in a short time.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - JAPANESE WHALING (FEC-231/4; 231 series, FEC-035, -035/1)

GENERAL McCOY asked whether there were any objection to the removal of the subject of Japanese Whaling from the Commission agenda. He recalled that the proposed policy decision (FEC-231/4) had been opposed by his Government, and that while the Commission had refrained from pushing the matter to a formal vote, it was manifest that, in view of the fundamental divergences involved, no useful purpose would be served by retention of the item on the agenda. He pointed out that the divergent viewpoints, particularly those of Australia and the United States, had been clearly indicated by various statements incorporated in the Commission minutes.

MR. GRAVES and MR. STIRLING said that they had no objection to the removal of the subject of Japanese whaling from the Commission agenda with the understanding that, like any other subject, it could be reintroduced at any time.

FEC-RESTRICTED

THE COMMISSION unanimously agreed to remove the subject of Japanese Whaling from its agenda with the understanding that it might be reintroduced at any time.

ITEM 9 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

GENERAL McCOY asked whether there was any objection to removal of the subject of Advance Transfers of Japanese Reparations from the Commission agenda.

ADMIRAL RAMISHVILI said that the Soviet delegation wished the matter to be retained on the agenda for the present.

THE COMMISSION unanimously agreed to retain FEC-201/1 on its agenda and to postpone further consideration.

ITEM 10 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2)

MR. REUHLIN suggested that the subject of the Work of the Commission be removed from the Commission agenda.

THE COMMISSION unanimously agreed to remove the subject of the Work of the Commission from its agenda.

ITEM 11 - OTHER BUSINESS

There was no other business.

ITEM 12 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be issued to the press.

The meeting adjourned at 11:35 A.M.

MINUTES--FECEC--RESTRICTEDMINUTES--72nd FEC Mtg.11 September 1947FAR EASTERN COMMISSION

Minutes of the Seventy-second Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.,
Washington, D.C.
11 September 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. A. Stirling (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan (China)
Mr. Francis Lacoste (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. J. S. Reid (New Zealand)
Mr. J. U. Jovellanos (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--72nd FEC Mtg.

SUMMARY-FECFEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 72nd MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-FIRST MEETING

Amended and approved.

ITEM 2 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)ITEM 3 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

Items 2 and 3 considered together and further action postponed.

ITEM 4 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 5 - OTHER BUSINESSa. Restitution of Looted Property (FEC-011/32; FEC-011 series)Reported as being still under consideration by ad hoc subcommittee.b. Remarks by Mr. J. Rueff, Chairman of the Inter-Allied Reparations Agency

Mr. Rueff's remarks circulated separately as appendix to these minutes.

ITEM 6 - PRESS RELEASE

None.

FEC-RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-FIRST MEETING

DR. TAN requested that the last sentence in the second paragraph of the remarks by Dr. Koo, as shown on page 2 of the minutes of the seventy-first meeting be amended to read:

"In its apparently non-controversial form the proposal seemed to DR. KOO a minimum step which the Commission might take toward the solution of the present world food crisis, which to a large extent was the direct result of Japanese aggression."

MR. GRAVES requested that the second sentence in his remarks at the top of page 3 be amended to read:

"His own view, that no discrimination be provided for in the proposal, might be modified to some extent if this would result in unanimity on the proposal."

THE COMMISSION unanimously approved the minutes of its seventy-first meeting with the above changes.

ITEM 2 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

ITEM 3 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

ITEMS 2 and 3 were considered together.

GENERAL McCOY said that while, at the beginning of consideration of these subjects, he had not personally considered urgent action on the part of the Commission to be necessary, it was nevertheless true that constant pressure from cultural and religious organizations was being exerted on the United States Government with respect to Japanese attendance at the conferences of these bodies. He remarked that Allied policy toward Germany not only permitted but encouraged the attendance of German representatives at international conferences. He recalled that vigorous opposition to Japanese attendance at international conferences had been voiced by certain representatives, and he wondered whether those who had opposed adoption of the proposed policies might now be in a position to suggest some course which would result in agreement.

ADMIRAL RAMISHVILI said that he had not yet received final instructions with regard to either FEC-236/3 or FEC-240/6. Since considerable time had elapsed since an exchange of views on these proposals, he asked whether any changes had taken place in the positions of those who had been opposed to the proposals.

MR. JCVELLANOS said that although the Philippine reservations on FEC-236/3 and FEC-240/6 had been withdrawn at the last meeting of the Commission, these withdrawals should not be interpreted as signifying Philippine approval of the proposals. His Government had carefully considered the arguments advanced for adoption of the two proposals, but, as one of the countries which had suffered most from Japanese aggression and as one most likely to suffer from any future Japanese aggression, it could not agree that the time had yet come to permit Japanese travel abroad.

MR. REID said that there was no change in the New Zealand position, which favored the inclusion of a provision that Japanese could attend inter-governmental conferences only after prior approval by the Commission of each proposal for such attendance. He had requested further consideration of the subject by his Government but had not received any change in his instructions.

MR. STIRLING said that the Australian position remained unchanged. As had been stated before, Australia was opposed to FEC-240/6, Interchange of Persons between Japan and other Countries, but was not opposed to FEC-236/3, Representation of Japan at International Conferences, in principle. The Australian Government did desire, however, that the latter proposal should include a provision for prior approval by the Commission of each request for Japanese participation at international conferences.

FEC-RESTRICTED

GENERAL McCOY observed that his Government did not favor an amendment providing prior approval by the Commission, since it was the United States view that such a provision would involve the Commission in implementation, and therefore be in violation of its Terms of Reference.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-236/3 and FEC-240/6.

ITEM 4 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - OTHER BUSINESS

a. Restitution of Looted Property

MR. REUHLIN recalled that the Commission had, on 14 August, referred FEC-011/32, Restitution of Looted Property, to an ad hoc subcommittee for consideration. He wondered whether the Chairman of the ad hoc subcommittee was prepared to make any report on the progress of the subcommittee's deliberations.

MR. GRAVES, speaking as Chairman of the ad hoc subcommittee, said that the subcommittee expected, after one more meeting, to present a report to the Commission.

GENERAL McCOY pointed out that the Supreme Commander was particularly anxious to receive a policy decision which would enable him to commence the restitution of looted property. A great deal of property which would be affected by such a policy decision was now rapidly deteriorating and, in spite of all that could be done, much was being stolen.

MR. GRAVES said that discussion which had taken place so far within the ad hoc subcommittee indicated certain fundamental disagreements, and he considered it most improbable that the subcommittee would submit a unanimous report. In reply to further questions from General McCoy, MR. GRAVES said that the subcommittee was considering the possibility of extracting the most controversial issues in the paper for separate consideration in order to enable the Commission to adopt a policy decision which would permit restitution of at least some categories of looted property.

DR. TAN said that one of the aspects of FEC-011/32 which had caused considerable discussion by the ad hoc subcommittee had been the subject of the sale by the Supreme Commander of unidentifiable looted property. In this connection, he said, it had been reported that the Supreme Commander had on hand a sum of money realized from the sale of unidentifiable looted property. He wondered whether some further information regarding this report might be obtained.

GENERAL McCOY replied that he would request further information on the report.

b. Remarks by Mr. J. Rueff, Chairman of the Inter-Allied Reparations Agency

A verbatim record of Mr. Rueff's remarks will be circulated separately as an appendix to these minutes.

ITEM 6 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be issued to the press.

The meeting adjourned at 12:15 P.M.

FEC--RESTRICTED23 September 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-^{2nd}THIRD MEETINGNote by the Secretary General

1. The attached page is a revision, embodying corrections requested by the Chinese Representative, of page 2 of the minutes of the seventy-second meeting of the Far Eastern Commission. The amendments requested were unanimously approved by the Commission at its seventy-third meeting, 18 September 1947.

2. All Representatives are requested to substitute the attached page for page 2 of the minutes of the seventy-second meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum
Minutes - 72nd FEC Mtg.

FEC--RESTRICTED

GENERAL McCOY observed that his Government did not favor an amendment providing prior approval by the Commission, since it was the United States view that such a provision would involve the Commission in implementation, and therefore be in violation of its Terms of Reference.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-236/3 and FEC-240/6.

ITEM 4 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - OTHER BUSINESS

a. Restitution of Looted Property

MR. REUHLIN recalled that the Commission had, on 14 August, referred FEC-011/32, Restitution of Looted Property, to an ad hoc subcommittee for consideration. He wondered whether the Chairman of the ad hoc subcommittee was prepared to make any report on the progress of the subcommittee's deliberations.

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GENERAL McCOY pointed out that the Supreme Commander was particularly anxious to receive a policy decision which would enable him to commence the restitution of looted property. A great deal of property which would be affected by such a policy decision was now rapidly deteriorating and, in spite of all that could be done, much was being stolen.

MR. GRAVES said that discussion which had taken place so far within the ad hoc subcommittee indicated certain fundamental disagreements, and he considered it most improbable that the subcommittee would submit a unanimous report. In reply to further questions from General McCoy, MR. GRAVES said that the subcommittee was considering the possibility of extracting the most controversial issues in the paper for separate consideration in order to enable the Commission to adopt a policy decision which would permit restitution of at least some categories of looted property.

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 Supreme Commander for the Allied Powers 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.

GENERAL McCOY replied that he would request further information on the report.

b. Remarks by Mr. J. Rueff, Chairman of the Inter-Allied Reparations Agency

A verbatim record of Mr. Rueff's remarks will be circulated separately as an appendix to these minutes.

ITEM 6 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be issued to the press.

The meeting adjourned at 12:15 P.M.

Minutes--72nd FEC Mtg.
Page 2 revised 23 September 1947

FEC--RESTRICTED

Appendix - Minutes, 72nd FEC Meeting

FAR EASTERN COMMISSION

APPENDIX TO MINUTES, 72nd FAR EASTERN COMMISSION MEETING

VERBATIM TRANSCRIPT OF REMARKS

BY M. JACQUES RUEFF, PRESIDENT, INTER-ALLIED REPARATIONS AGENCY,

AT THE SEVENTY-SECOND MEETING OF THE FAR EASTERN COMMISSION,

11 SEPTEMBER, 1947

APPENDIX - MINUTES, 72nd FEC MEETING

FEC--RESTRICTED

provisions of Paragraph A above are without prejudice to: (i) 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: (ii) 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 D. 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." But that is a special question.

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

GENERAL McCOY: Yesterday afternoon the Reparations Committee had the privilege of a distinguished visitor from France, M. Jacques Rueff, who is at the table with us today, and who so interested the Reparations Committee that I have asked him to speak to us this morning and give us the opportunity of learning from his very extensive experience.

May I present the Chairman of the Inter-Allied Reparations Agency, M. Rueff.

M. RUEFF: Mr. Chairman, it's a great privilege for me to meet with you. I have the feeling that our problems, despite the distance which separates them, are not very different from each other, and I am informed that you have still before you some of the problems which are already behind us.

You know that our problem was first defined by the Yalta Protocol, which says that German Reparations were to be reparations in kind and that a Reparations Commission would be set up in Moscow which would establish the basis of the reparations settlement. This Reparations Commission was a tri-partite commission composed of a representative of the United States, the U.S.S.R., and the United Kingdom. This Reparations Commission met in Moscow around March or April in 1945 and France was not a member of this Commission at that time. They began a very wide study of the principle which could be the basis of a reparations policy. They drafted eight principles which were sent to the Potsdam Conference as a basis for a reparations policy.

The Potsdam Conference established a settlement in a chapter on Reparations which more or less ratifies, with some changes, these eight principles of a reparations policy, and that is the Potsdam Agreement.

The Potsdam Agreement says two things. It establishes the basis of the future reparations policy and decides that France would be called to this Reparations Commission sitting in Moscow. Therefore I arrived personally at this Commission in August in Moscow immediately after the Potsdam Conference.

When I arrived the question was no longer the drafting of the principles but the application of them. I suppose you know the general lines of the Potsdam Agreement which says that there will be reparations in plants and that Russia shall be entitled to the reparations delivered in its own zone and will get 25% of the plants which will be available in the Western zone, 10% without any compensation and 15% with the compensation coming from either Russia or the Russian zone of Germany and composed of various articles--food, coal, and things like that.

The 75% plus the counterpart of 15% were to go to all countries entitled to reparations from the Western zone and thus no more was said in the Potsdam Agreement. No list of these countries was established and no principle for allocation. The only principle was in the Yalta Protocol which says that reparations will be in kind and will be allocated according to war effort, destruction suffered, and contribution to victory. Those are more or less the words. That was the only principle we had before us for allocation.

Well then, immediately after Potsdam, in Moscow we had to discuss first the way in which availability will be established in Germany--the way in which the selection of plants to be considered as good for reparations will be made. We had a very long discussion there. There was some obscurity in the Potsdam Agreement about the respective role of the Control Council in Germany and the Reparations Commission. Some thought that the main task was to be for the Reparations Commission while others thought the Control Council in Germany was to fix the nature and amount of reparations to be taken from Germany. We have been unable to arrive at an agreement on this point and the question was referred to the Council of Foreign

FEC-RESTRICTED

Ministers. This Council decided in London in September 1945 that in fact the main responsibility will be for the Control Council in Germany. From that moment, in fact, the tri-partite Reparations Committee ceased to have an active life. It has not met since September 1945 in Moscow without having been at any moment terminated. In fact, it is the Control Council in Germany that has had the responsibility of saying what plants or items, whatever they are, are available for reparations.

In the meantime, when we were in Moscow we discussed the allocation of reparations coming from the Western zone among the countries which are entitled to reparations. Our Russian colleagues told us there that they were not interested in this allocation; that their share had been fixed by the Potsdam Protocol; that they were to receive it directly from the Control Council and therefore they did not wish to take part in the discussion for allocation among the other participants. I only remind you that Poland, according to Potsdam, was to receive its reparations direct from Russia. So the U.S.A., the United Kingdom, and France only had to face the problem of allocation between the other countries.

Well, in Moscow the delegates of the United States, Great Britain, and France discussed the way to solve this problem and we decided two things: (a) to send to every country which had actively participated in the war against Germany and therefore may have a right to German reparations a long questionnaire, which was composed of a certain number of tables, in which we asked them to give us the basis for their reparations claim, or what they believed to be their right to reparations. It included what seemed to us every possible kind of basis for claims, which means losses, expenditures during and before the war, loss of life in civilian population and in military service, any kind of looting--with many details--and at least four or five large tables in which we asked them to give us as much as possible any information which could be considered as constituting a right to reparations. We gave the details about the way in which these figures were to be computed so as to make them as comparable as possible, and (b) we decided also to convene all the States entitled to reparations in a conference which was to meet in Paris in the beginning of November 1945. We asked for the reply to the questionnaire a little before the meeting--I think for October 15th. So when the conference met in Paris we had received the replies to all these questionnaires and even had begun to study them.

The conference met. They gave me the honor to elect me as President of this conference and we organized the work. We decided to have first a general discussion in which each country would explain its position in regard to reparations, and in the meantime the conference asked us, the three inviting Powers--the United States, Great Britain, and France--to study these replies to the questionnaire and to prepare documents which would make possible a comparison of them. Therefore, we organized a little body of statisticians--three or four from France and two from the United States and two from Great Britain--who compiled from these replies to the questionnaire large tables which gave for all countries the figure given in reply to the questionnaire. In the meantime the conference continued its work and discussed the main principle of allocation for reparations, all the details of the settlement, the character and the future of the executive organ which was required to administer reparations once it was established, and they asked the inviting Powers to draft as much as possible a proposal for allocation.

GENERAL McCOY: Percentages?

M. RUEFF: Yes, quotas. That has been the most difficult and the heaviest responsibility which we had in this conference. I must say it has been for the three delegates--France, the United States, and Great Britain--a very, very difficult task. We had before us these tables giving lots of figures but it was quite clear that these figures were not comparable. Some countries had been very generous in the estimation of their losses and there was the impression that others were less generous, and, therefore, it was clearly impossible to take these figures as they were. And later on we had the feeling that if we entered into a discussion with the countries themselves it would be endless; that there was, unless we worked for years, no possibility of getting comparable figures. I only remind you that the Reparations Commission in 1919 entered on this scientific work of compar-

FEC-RESTRICTED

ability, of trying to get comparable figures. If I remember well they began in early 1919 and they arrived at a figure for the first time in June 1920. That means sixteen months after having begun, and according to the minutes there was an immense amount of work in trying to assign figures. We were convinced from the very beginning that that was a hopeless task. In any case it would be a very long one and would not get to agreement because unless you have an inquiry inside the country and establish the figure yourself with your own methods you can always dispute about comparability. Therefore, we thought the only wise thing was to ask each country to come before this small body of statisticians and explain the way in which the figure had been computed. We haven't tried to change them. We only made a note under each figure to say we were told that it has been computed in such and such a way. That is all.

Then we met with all these figures. Then arose the question of combination of these figures. The result, if you want to compare the figures, you know probably better than I do, but let us say, for example, that if you compare the war expenditure you have for one country a quota of 40%; if you take the loss of life you have 5%; if you take the destruction you have 0.1%. So the dispersion of the figures which could be the basis for allocation is so great that there again is a great problem to combine them in such a way as to arrive at a certain percentage. Well, you know that there are as many kinds of averages as you like, according to the weight you give to each figure. So we computed the figure to have a global quota according to many formulas. We used perhaps ten formulas of averages which gave a great dispersion of figures and we made a table which gave for each country the global quota according to each formula. I well remember that for my country the gap between various formulas was something like 8% to 40%, which shows again our difficulties in finding a scientific formula.

Then, having all this information, the three delegates met. We had the feeling that a certain formula responded better than the others to the Yalta Protocol on Reparations by Germany, the wording being that reparations will be allocated according to war expenditures, losses, and contribution to victory, or nearly that. Well, we took a certain formula in which the three items were combined--never mind the exact formula--in a way which seemed to us to conform to the spirit of the Yalta Conference. That gave a certain set of figures. Then we took these figures and compared them in the light of all the impressions we had. I wouldn't say we used common sense, because it is so difficult to know what common sense is, but I will say impression. We knew that a certain country had many, many men killed; that other countries had large destruction. So we had the feeling that a certain quota was too small according to impression, another too great--nothing else--and we arrived at a certain set of quotas which seemed to us--not satisfactory--it would not have been demonstrable that it was the best one--but acceptable, after three weeks of comparison and discussion. Then I was authorized on behalf of my two colleagues and myself to present this set of quotas to the conference. I took great care not to speak of the formula because we were absolutely sure that if we ever gave a formula there would be endless discussion about the validity of this formula. I said to the conference, "There are the figures which seemed to us to be fair and we have nothing else to justify them than our good faith and all the effort we have made during three weeks to arrive at something acceptable."

Well, I presented these figures at the beginning of the meeting, which was in the afternoon around three o'clock. Then everybody asked to speak. There were eighteen countries at the conference. So eighteen less the three inviting Powers makes fifteen. The fifteen altogether asked to speak and they all said that the figure was absolutely unacceptable to them and doesn't take any account of the heavy losses which were much greater than we supposed them to be. Well, having heard these fifteen speeches, I said, "Gentlemen, I must say that the result is much better than I thought it would be because if there would have been only a few countries dissatisfied we could have believed that we were unfair to some of them. If we have been unfair to all of you in the maximum way, it is very likely that we have been very fair to the conference as a whole." Then I invited them to make their proposals to modify these figures. We had a meeting which lasted all night. Some countries brought figures which seemed to us to show that they had been more badly treated than the others in our proposal. In fact,

FEC-RESTRICTED

finally we, the inviting Powers, had the impression that two of our quotas had been too low. We altered them and in the morning at seven o'clock we proposed a revised table of quotas and this table has been agreed to. We had the feeling that the main discussions were exhausted and we proposed this table and submitted it to a vote. It has been approved by all the members of the conference except two, namely, Greece and Egypt. We tried to satisfy Greece by the sacrifice of the three inviting Powers who have all decreased their part 0.20% to give a little larger quota to Greece. They hadn't found it sufficient and they said they couldn't approve it. Egypt also thought that the quota was too small. But fifteen days later Greece and Egypt informed us that they were ready to sign despite their reservations. So on the 14th of January 1946 the final draft was signed by everybody and became unanimously agreed. That is more or less the story of the negotiations

This is the Final Act of the Paris Conference. It includes four parts: I - German Reparations; II - Inter-Allied Reparations Agency; III - Restitution of Monetary Gold, a special question; and IV - Entry into Force and Signature, various miscellaneous items.

Article 1 of Part I gives the shares. We have two sets of quotas, one of which is a general quota and has to be applied to any kind of reparations whatever they are or will be in the future. That means German foreign assets, deliveries of current production, if in the future there is any. That is the basic quota for each country and that is the "Category A" quota. Then we have a second set of quotas which is "Category B" quota, because some countries, namely, the United States, Canada, and South Africa, told us that they were not much interested in plants and were ready to give up a part of their share in the special kind of delivery of plants and other capital equipment in Germany. That has made the settlement more easy because in disposing of this surplus we have been able to give some more satisfaction to other countries. For instance, the United States has a general quota of 28%, which is what we estimate is rightly its share in an equitable division of reparations; but, in "Category B", in plants the United States has accepted only 11.80% because they say they don't want-- they are interested only in special kinds of plants and not in every kind and they were ready to give up the surplus. In the same way, Canada has a general quota of 3.50% and only 1.50% in plants, and South Africa has a general quota of 0.70% and only 0.10% in plants.

GENERAL McCOY: May I ask how that quota, that proportion of quotas that were given up by the United States, Canada, and South Africa, was divided?

M. RUEFF: There again that has been one of the most difficult discussions because the conference asked us to divide it mechanically according to the basic quota--to make a pool and divide. And then again we thought it was not a good solution and we proposed an allocation which was based on the impression resulting from the discussion in the conference. When I say "we" it was again the three inviting Powers. We used this surplus to balance and maybe to correct what we thought had been unfair in our first proposal, so we gave more to some countries--less to some others. Generally speaking it was allocated according to quota, but not exactly. We always have had in mind to get away from the mechanical arithmetical allocation. We thought that there was no mechanical criterion for allocation and that it was better to use judgment and politics, I may say, than mathematics.

MR. GRAVES: That portion which was surrendered voluntarily by two or three Powers went back into the general pool for redistribution, did it?

M. RUEFF: Yes, but we have given more to some countries than to others.

GENERAL McCOY: Well, we cover that in the general term of "broad political basis", don't we?

MR. GRAVES: Yes, and also on what we have put forward frequently-- that surrendered portions should go back into the general pool for redistribution.

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GENERAL McCOY: But in this case the commission did the apportionment to the allocation rather than the countries fighting over the problem themselves? That is, it was done, you might say, after giving them a hearing but the allocation was done by your commission, was it?

M. RUEFF: Do you mean the three inviting Powers or the conference as a whole?

GEN. McCOY: The amount that was turned back by the three Powers.

M. RUEFF: Well it was really allocated by the conference, but on the proposal of the three inviting Powers. There has been an extraordinary spirit of collaboration in this conference and, I may say, mutual confidence. They even asked the three inviting Powers to make the proposal, which, I think, has been very wise. They said that it was evident that they never would agree if discussion took place without basic proposals and asked us to give them a basis for discussion.

GEN. McCOY: Then it has been discussed in the conference.

M. RUEFF: May I add that we were greatly helped by the fact that this discussion was on the 21st of December. (Laughter).

GEN. McCOY: Your commission worked under a pressure that we haven't been under here, when you tell me that you worked all night, and possibly that had something to do also with the acceptance at seven o'clock in the morning.

M. RUEFF: I must say that we were not convinced that we would succeed and at the beginning it was also considered that there ought to be a diplomatic conference after our conference to discuss these quotas. So we were not sure that we should arrive at an agreement. When we began we thought that our part might be only to clear the way for a future conference.

GEN. McCOY: Your Terms of Reference didn't give you the final word, as it does to us here?

M. RUEFF: No. We have had a great deal of freedom in the scope of our discussion, however.

Well then, that is the quota part. After that we have various articles which I will not read but we have three important articles, General Principles for the Allocation of Industrial and other Capital Equipment, General Principles for the Allocation of Merchant Ships and Inland Water Transport, and German External Assets. I think that is very important. Our problem was the allocation of deliveries in kind. I think your problem is also delivery in kind. And for allocation of deliveries in kind you have a problem not only of amount but of nature, and we drafted here very carefully a set of principles which experience has shown were very useful as the principle of allocation according to the needs of the country. That is Article 4, which says that: "B. In submitting requests to the Inter-Allied Reparation Agency, the Signatory Governments should endeavour to submit comprehensive programs of requests for related groups of items, rather than requests for isolated items or small groups of items. It is recognized that the work of the Secretariat of the Agency will be more effective, the more comprehensive the programs which Signatory Governments submit to it." And then there are lots of principles which give a detailed interpretation of that. For instance, "If the allocation between competing claimants is not determined by paragraph A, attention will be given among other relevant factors to the following considerations, (a) The urgency of each claimant country's needs for the item or items to rehabilitate, reconstruct or restore to full activity the claimant country's economy; (b) The extent to which the item or items would replace property which was destroyed, damaged, or looted in the war, or requires replacement because of excessive wear in war production, and which is important to the claimant country's economy; (c) The relation of the item or items to the general pattern of the claimant country's prewar economic life and to programs for its postwar economic adjustment or development; (d) The requirements of countries whose reparation shares are small but which are in need of certain specific items or categories of items." All

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that has proved extremely important in the most difficult work of the Inter-Allied Reparations Agency to avoid competition and discussion in the allocation. It would have been, as I told you, very difficult to know how to allocate if you had no basic principle.

For ships we had the same problem but the basis of allocation was different. We decided to allocate ships according to losses during the war. But the value of the ships was to be imputed to the "Category B" accounts. For instance, Great Britain had a very large amount of ships, according to losses. But the value of the ships is imputed on the share so as to diminish the right to receive other things. Article 5 explains that.

Then, Article 6 is German External Assets. I don't know if you have this problem in Japan also.

GENERAL McCOY: Well a good many of these problems will be out in Japan under the general policy here, and we have step by step passed a good many policy papers that cover the ground rules that you mention. But we still have the most important paper on procedure before us.

M. RUEFF: This problem of German External Assets is certainly from a juridical point of view the most complicated. It is the most difficult. We have decided first that each country member of the Inter-Allied Reparations Agency keeps what it has inside its boundary but also imputes that on its "Category A" share. As for the assets in neutral countries the agreement says: "C. German assets in those countries which remained neutral in the war against Germany shall be removed from German ownership or control and liquidated or disposed of in accordance with the authority of France, the United Kingdom, and the United States of America, pursuant to arrangements to be negotiated with the neutrals by these countries. The net proceeds of liquidation or disposition shall be made available to the Inter-Allied Reparation Agency for distribution on reparation account." Therefore, the three countries have begun negotiations with neutrals to get the German assets in these 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 "Category A". That is the most complicated question. We have, 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. Our experts are preparing very important work in this field.

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

M. RUEFF: About reparations in general?

GENERAL McCOY: Yes.

M. RUEFF: Well that depends entirely on the policy which will be applied in Germany, chiefly of the level of industry of Germany. You know the question has been discussed recently. 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.

Then there remains also the problem of reparations from current production. Whether there will be reparations from current production or not I don't know.

Then, on externals assets--that is a very long procedure. But, of course, that is of quite a different nature and doesn't need to apply at all to the same executive organization.

The problem of administration of deliveries in kind is a very heavy and difficult problem and, therefore, if you like, I will now, in conclusion, speak to you on the Inter-Allied Reparations Agency as an executive

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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 organization which has to apply the principles expressed in the first part of the Agreement.

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 to my country the great honor to furnish the President of the Agency. The Assembly is constituted of eighteen delegates who have alternate delegates having 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 thought we would have a large number of plants to allocate. We saw at the beginning that it would be more than 2,000, 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 divisions, each being headed by an expert in a special field. For instance, we have a metallurgical division, a chemical division, 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 receive from the Control Council in Germany lists of plants to be allocated with inventories. These inventories are large and it is a difficult problem and very expensive to reproduce these inventories. 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.

The great difficulty is that some plants are good and everybody wants them, and some others are not. We have to organize inspection of plants. 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. It is a long discussion. Generally it takes three to four weeks to try to adjust and avoid competi-

tion--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 presents proposals for allocation. It is his proposal. He has to decide and is responsible for his proposal. 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. 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 Delegate 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 will not be much interested in 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 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. What is very important is that this mechanism of discussing inside the Secretariat before proposing an allocation to the Assembly has proved very effective. We didn't know at all what would be the amount of arbitration required. We thought that there might be a great number of cases. 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 not ask" and the other says, "I will give to this country such and such part of the plant if such offer 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.

GENERAL McCOY: Have the plants which have been allocated been removed?

M. RUEFF: 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. Transpor-