

In Article 29, "the High Marine Court of Inquiry" shall read "the Safety Bureau, Maritime Safety Board".

In Article 30, "Local Marine Court of Inquiry" shall read "the office of the Maritime Safety Board."

In Article 54, "the High Marine Court of Inquiry" shall read "the Safety Bureau, Maritime Safety Board".

Article 58. The decision of the High Marine Court of Inquiry shall be executed by the Commissioner of the Safety Bureau, Maritime Safety Board and the decision of a Local Marine Court of Inquiry by the Commissioner of these offices of the Maritime Safety Board which exercise jurisdiction over the location of the competent Local Marine Court of Inquiry.

Article 43

Both the Imperial Ordinance governing the Organization of the Lighthouse Bureau and the Imperial Ordinance governing the Organization of the Hydrographic Bureau shall be repealed.

58-428

CORRECTED
VERBATIM MINUTES
of the
FIFTY-EIGHTH MEETING (SPECIAL)
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 28 April 1948, at 1001 Hours

MEMBERS PRESENT

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

His Excellency General Shang Chen, Member for China

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

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

ACTING
SECRETARY-GENERAL

Colonel Thos. G. Dobyms

Office of the Secretariat
Allied Council for Japan
30 April 1948

THE CHAIRMAN: The Fifty-eighth Special Meeting will please come to order.

The special meeting has been called at the request of the British Commonwealth Member.

Under official matters, "A Discussion of the Maritime Safety Authorities Bill."

In accordance with our rules of procedure, I will ask MR. SHAW if he desires to make a statement.

MR. SHAW: MR. CHAIRMAN, in bringing before the Allied Council the question of the recently passed Maritime Safety Authorities Bill, I have no wish to embark on a detailed examination of the purposes of the Act or its provisions. I understand that this legislation is being discussed by the Far Eastern Commission which is a more appropriate place to consider in detail the technical aspects of the subject matter involved. All I wish to do is to draw the attention of the Council to the importance of this bill which authorizes the re-establishment of the Coast Guard force under the control of the Japanese. Unfortunately the first public statements about this bill were contained in Japanese press reports repeated by foreign correspondents which gave to the world an exaggerated account of the Japanese forces contemplated under the bill. The first accurate information which I obtained was a Japanese text of the bill as presented to the Diet. A perusal of this bill indicated that the more sensational details of the earlier press reports were inaccurate. The fact remains, however, that the principles involved in the legislation were important enough to warrant some prior advice at least either to the Members of this Council or to the Far Eastern Commission.

That is all.

THE CHAIRMAN: It appears to me that there is an inescapable implication in your statement, MR. SHAW, that the SUPREME

COMMANDER may have acted beyond his authority in this case. In order that we may set the record straight, it might be well briefly to review the derivation of the authority of the SUPREME COMMANDER.

It has consistently been the view of the United States Government that the authority of the SUPREME COMMANDER is derived from the following sources:

- (1) The directives of the United States Government issued before the establishment of the Far Eastern Commission;
- (2) The policy decisions of the Far Eastern Commission;
- (3) The interim directives issued by the United States Government in accordance with the Terms of Reference; and
- (4) The general authority of the SUPREME COMMANDER as "the sole executive authority for the Allied Powers in Japan."

In the view of my Government, it is the SUPREME COMMANDER's status as "the sole executive authority for the Allied Powers in Japan," recognized in the Terms of Reference, which empowers him, pending a policy decision of the Far Eastern Commission, inter alia, to permit passage of legislation of the kind under discussion by the Japanese Diet. As the sole executive for the Allied Powers in Japan, he necessarily must take action in many instances when the administrative necessities of the occupation require it, although he has received no controlling directive expressing a policy decision.

Consequently, there appears to be a somewhat wide area of subjects in which both the Far Eastern Commission and the SUPREME COMMANDER have jurisdiction. If the Far Eastern Commission passes a policy decision in regard to a subject within this area, it is

controlling. If it does not do so, the SUPREME COMMANDER is competent to take action pending a Far Eastern Commission policy decision.

In the view of my Government, the SUPREME COMMANDER, in the instant case, was acting to meet the administrative necessities of the Occupation of Japan, and further, was acting within his authority as the sole executive for the Allied Powers in Japan when he allowed this legislation to be considered by the Japanese Diet and duly adopted as law in accordance with legislative process.

Notwithstanding your contention that the SUPREME COMMANDER might have or should have consulted with the Allied Council prior to allowing the Japanese Diet to enact this legislation into law, I find nothing in the Terms of Reference for the Allied Council which, in a matter of this kind, would make it mandatory, or even necessarily desirable, for the SUPREME COMMANDER to give prior advice to the Council. No orders have been issued by the SUPREME COMMANDER or his General Headquarters to provide for the establishment of a Maritime Safety Authority; the Japanese Government has not been directed to enact legislation to that effect. It therefore appears to me that any discussions which may have taken place on this subject between the relevant Japanese authorities and General Headquarters were limited to consultative assistance, with a view to carrying out an obviously essential administrative measure.

In this connection, copies of hundreds of laws, ordinances and related matters have already been sent to the Far Eastern Commission as a matter of routine procedure for its information, perusal, and study. In the same manner, a copy of the Maritime Safety Authority Bill was circulated in the Far Eastern Commission under date of April 9, 1948. This copy, I repeat, was sent to

the Far Eastern Commission as a matter of routine. If it were thought that this law represents an extraordinary law requiring special attention, such attention would henceforth be the prerogative of the Far Eastern Commission. I do not consider that it is a prerogative of the Allied Council for Japan.

Without examining into the detailed provisions of the law under discussion, I would say that its broad purpose is to fill the hiatus left by the reorganization of the Japanese police force. It should be obvious that police measures are necessary to control the numerous cases of smuggling, illegal entry, and other illegal traffic in nearby Japanese waters. Furthermore, with the abolition of the former Japanese Water Police, the Japanese Government has seen fit to create the Maritime Safety Authority to take its place as an overall measure relating to maritime subjects, as stated in the law itself. As you have a copy of the law, the law itself would not appear to require further discussion.

To revert to the Terms of Reference of the Allied Council. It is provided in Paragraph 5, in effect, that the SUPREME COMMANDER will consult and advise with the Council in advance of the issuance of orders on matters of substance, the exigencies of the situation permitting. It is also provided in the same paragraph that his decisions upon these matters should be controlling. In the instant case there has been no issuance of orders, and in so far as the SUPREME COMMANDER is concerned, this matter is considered as one of administration in carrying out the over-all objectives of the Occupation. We should not forget that the SUPREME COMMANDER is "the sole executive authority for the Allied Powers in Japan."

Even a most careful scrutiny of the details of this law fails to reveal the slightest transgression, in spirit or in

fact, of any basic policy decision of the Far Eastern Commission. Although I am not informed concerning the extent of discussion of this law in the Far Eastern Commission, nor in fact would it be proper for us, here, to disclose such discussion if information were available, I can only say that it appears entirely inappropriate to me that the Allied Council, a subordinate and consultative body, should now enter upon a parallel discussion when, as I have already indicated, the ultimate policy making authority, except as otherwise shared with the United States Government, rests with the Far Eastern Commission.

GENERAL SHANG, do you have any remarks or comments you would like to make?

GENERAL SHANG: MR. CHAIRMAN, The Maritime Safety Authorities Bill, passed by the Japanese Diet on April 15 and proposed by MR. SHAW for discussion at this meeting is indeed important in insuring maritime safety and preventing, detecting, and suppressing violations of laws of the Japanese Government in her coastal waters.

While admitting the necessity of safeguarding the Japanese coastal waters, we must not, however, overlook the ultimate objectives of the Occupation. The first of which is to prevent Japan from becoming a menace to the peace and security of the world. Therefore, the Japanese Government and the Maritime Safety Board must be instructed to understand that the Maritime Safety Authority Law has granted them authority no more than the limited policing power in Japan's coastal waters.

Meanwhile, our attention should be focused on necessary precautionary measures in order to guard against any possible abuse of power on the part of the Japanese Government which might lead to a resurgence of Japan's naval strength. It is of paramount importance that strict supervision should be taken to

forestall such a potential threat.

As to the problems of technical details such as construction of vessels, equipment, weight, speed, tonnage, selection and training of personnel, numerical strength, and so forth, which involve policy implementation; they are primarily the task of the GHQ, SCAP and should be worked out by the GHQ, SCAP.

THE CHAIRMAN: Is that all, GENERAL SHANG?

GENERAL SHANG: Yes.

THE CHAIRMAN: I think the law itself provides the necessary safeguards of which you have spoken. But, in any event, you may rest assured that the SUPREME COMMANDER and his General Headquarters are fully alive to the connotations which you have mentioned.

GENERAL KISLENKO, do you care to make any statement?

MAJOR GENERAL KISLENKO: Yes.

MR. CHAIRMAN, GENTLEMEN, I am firmly convinced that there was no necessity for the SUPREME COMMANDER to decide this issue unilaterally without any consultation with the Members of the Allied Council for Japan and prior to the decision of the Far Eastern Commission on that subject. I cannot agree with the contention advanced by MR. CHAIRMAN as to the authority of the SUPREME COMMANDER to ignore the Allied Council for Japan because this is an obvious violation of the Terms of Reference as may be seen from the following:

SOVIET INTERPRETER: MR. CHAIRMAN, GENERAL KISLENKO is quoting from the Terms of Reference. Unfortunately, I haven't got the English copy. Can I borrow it from you?

THE CHAIRMAN: Yes, certainly.

MAJOR GENERAL KISLENKO: Paragraph 1:

"There shall be established an Allied Council with its seat in Tokyo under the chairmanship of THE SUPREME COMMANDER

FOR THE ALLIED POWERS (or his Deputy) for the purpose of consulting with and advising the SUPREME COMMANDER in regard to the implementation of the Terms of Surrender, the Occupation and control of Japan, and of directives supplementary thereto; and for the purpose of exercising the control authority herein granted."

Paragraph 5: ". . . He will consult and advise with the Council in advance of the issuance of orders on matters of substance, the exigencies of the situation permitting. His decisions upon these matters shall be controlling."

Paragraph 6: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a Member of the Council disagrees with the SUPREME COMMANDER (or his Deputy), the SUPREME COMMANDER will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."

Thank you very much, MR. CHAIRMAN.

In connection with the subject placed for discussion on the agenda of today's meeting of the Council and linked up with the unilateral decision of such important political issues as the establishment of Japanese maritime police forces, I believe it is necessary to invite the attention of the Members of this Council to the fact that it is not for the first time we are confronted with similar unilateral actions on the part of the SUPREME COMMANDER in the decision of issues of that kind.

I do not propose today to mention all those cases in which the SUPREME COMMANDER took decisions, or endorsed the decisions taken by the Japanese Government, on the most essential problems

pertaining to the policy of the Occupation without consulting with the Allied Council.

Today I would like to call your attention only to a number of facts showing the unilateral actions of a similar nature in the organization--

THE CHAIRMAN: May I interrupt? I am afraid the Soviet Member is getting a little far afield from the subject of discussion of the Maritime Safety Authority Act. Now, if the Acting Soviet Member wishes to discuss instances where the SUPREME COMMANDER has acted unilaterally, I would suggest that he place that subject on the agenda.

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, I ask that you allow me to finish the translation. It is merely a matter of courtesy.

THE CHAIRMAN: It is not a question of courtesy. It is a question of procedure.

MAJOR GENERAL KISLENKO: I don't see anything in this that violates the procedure adopted by the Council. If you allow, MR. CHAIRMAN, to continue the translation of my statement, then it will be quite clear that it deals only with the subject placed on the agenda of today's meeting.

THE CHAIRMAN: Is it specifically related to the Maritime Safety Authority Law?

MAJOR GENERAL KISLENKO: If you allow me to continue, then you will see very clearly what my statement was bearing upon.

THE CHAIRMAN: That is quite obvious, but the Acting Soviet Member has not answered my question.

MAJOR GENERAL KISLENKO: I must repeat again, MR. CHAIRMAN, that my statement bears exclusively upon the subject placed on the agenda of today's meeting.

THE CHAIRMAN: With the Acting Soviet Member's assurance that the statement specifically relates to the Maritime Safety

Authority Law, I, of course, have no objection.

MAJOR GENERAL KISLENKO: --of Japanese police forces in general.

It is well known that the Japanese Diet as far back as December 8, 1947, passed a law on the establishment of a "new police system" effective March 8, 1948. This law fixes the total strength of the Japanese police at 125,000, which figure is almost twice above the strength of the Japanese police and gendarmerie prior to Japan's surrender.

There is no doubt that a legislation of such importance could not have been passed by the Japanese Diet without being properly approved by the SUPREME COMMANDER.

Having secured a sanction to build up such a strong police force, the Japanese Government is seeking to proceed even farther. Thus, for example, Saito, director of the National Police Board, testifying before a Diet committee, declared at its session on March 23, 1948, that the Japanese Government contemplates to organize special armed police units, each numbering 10,000 men, which "should undergo a special training and be kept in constant readiness."

Besides the organization of the national and municipal police, the Japanese Government also established the so-called railway police--

THE CHAIRMAN: Are we discussing the Maritime Safety Authority Law or the Japanese Police force?

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, may I be allowed to ask a question? Should I make statements at the Allied Council on the basis of the outline provided by you? Do I have the elementary right of freedom of speech at the meetings of the Allied Council? This subject is very much written about.

THE CHAIRMAN: I think the Acting Soviet Member is being

very naive. He knows rules of procedure as well as I do.

MAJOR GENERAL KISLENKO: If this is naive, MR. CHAIRMAN, then I am unable to understand what is considered serious by you.

THE CHAIRMAN: I do not see under Official Matters on the agenda a subject entitled "The Japanese Police Force." If the discussion is to be germane to the item under Official Matters placed on the agenda by the British Commonwealth Member, well and good; but I do not understand why we should go so far afield as to enter into a long detailed discussion concerning the Japanese police force.

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, I am not making an attempt to draw the Members of the Allied Council into a detailed discussion of the subject. But, in my submission--

THE CHAIRMAN: Of what subject?

MAJOR GENERAL KISLENKO: --of police forces in general. But I think that is impossible to discuss the establishment of the new police organization without previously discussing the measures connected with the organization of police in general,--

THE CHAIRMAN: I don't quite understand what is meant by the "new police organization."

MAJOR GENERAL KISLENKO: I mean the Maritime Safety Board. This is the new organization.

THE CHAIRMAN: Is it a police force?

MAJOR GENERAL KISLENKO: It can't be understood otherwise.

THE CHAIRMAN: Is it under a police authority?

MAJOR GENERAL KISLENKO: I don't think it is necessary, MR. CHAIRMAN, to discuss this matter further. I would ask you to allow me to continue the translation of my statement.

THE CHAIRMAN: Very well.

MAJOR GENERAL KISLENKO: --the establishment of which was

approved by the SUPREME COMMANDER even earlier. And, finally the passage by the Diet of a new law on the establishment of "The Maritime Safety Board," the personnel of which shall perform police function, confronts us with the fact of the official institution in Japan of maritime police too.

All this goes to prove that the Japanese Government, of course, not without a sanction on the part of GHQ, SCAP, is steadily increasing its police forces.

Thus, for example, a short while ago the NIPPON TIMES and other Japanese papers reported that the decision had been taken to increase the strength of the Tokyo police by 7,100.

The Japanese press is now being engaged in a wide discussion of the armament of both the police personnel and vessels detailed for police and patrol duties, referring in that connection to light and heavy machine guns and even cannons which are allegedly necessary for the armament of the police.

THE CHAIRMAN: I cannot understand why we must have statements of that kind. You know that they are not true.

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, if you allow me to continue the translation of my statement, then all the implications and all that is contained in the statement will be quite clear. May I continue?

THE CHAIRMAN: Yes.

MAJOR GENERAL KISLENKO: The fact that in the law passed by the Japanese Diet on April 15, 1948, on the establishment of the maritime police there is no direct indication as to the nature of the armament of patrol craft, does not at all mean that the armament of those craft will not be carried out. On the contrary, the elastic wording of Article 4 of the above law which says that these "vessels shall be suitable in construction and equipment" for the performance of their function, allows

the Japanese Government freedom of action both in deciding the question of the armaments of vessels and the choice of the kinds of arms. It is absolutely clear that this strength of the Japanese police and an incessant increase of its units and arms (to which I have just referred) confront us with the fact of the revival of the Japanese armed forces.

In this connection, I cannot but point out that obvious fact that GHQ, SCAP not only unilaterally sanctions the expansion of the Japanese police forces on a large scale but assists the Japanese Government in equipping this police.

Thus, for example, as early as autumn, 1947, the Japanese naval patrol service (maritime police) received for its use, with the approval of the SUPREME COMMANDER, 28 submarine chasers of Japan's former Navy out of the vessels to be divided among four powers.

All said above shows that such important issues of the Occupation policy as the police system, the strength of police force and its organization or the establishment of the Maritime Safety Board are decided by GHQ SCAP unilaterally, by-passing the FEC and without any consultation with the Allied Council.

In view of the fact that the drafting and passing of the Maritime Safety Authority Law, that is, the establishment of the Maritime Police, were sanctioned by the SUPREME COMMANDER without any consultation with the Allied Council for Japan and without any proper decision of the FEC, I submit the following recommendation for the SUPREME COMMANDER:

To suspend the enforcement of "The Maritime Safety Authority Law" until the Far Eastern Commission has reached decision on this issue.

THE CHAIRMAN: As a matter of interest I wonder if the Acting Soviet Member has ever seen one of these so-called

"warcraft" of which he speaks. I would like to pass among the Members photographs of the 38 vessels which the Japanese Government has been allowed to utilize for the purposes enumerated in the Maritime Safety Authority Law. From the description of the Japanese Coast Patrol vessel which I have before me I find the size of the 38 vessels is 78 tons. I understand that ten of the 38 vessels are larger by 3 tons, making 81 tons gross. They have a length of 87 feet, an average speed of ten to eleven knots. I have been told that none of these vessels is able to go as fast as ten knots. Engines are Diesel, horsepower 400; cruising radius 1,000 miles; crew: 4 officers and 12 men; armament: none.

The Acting Soviet Member has quoted extensively from the Terms of Reference of the Allied Council for Japan. In so far as this particular issue, if it is an issue, is concerned, I would say that paragraph 6 is entirely irrelevant, paragraph 5 does not apply, and paragraph 1 is descriptive only, but likewise does not apply. I would therefore ask the Soviet Member which article of the Terms of Reference of the Allied Council for Japan applies to this particular case.

MAJOR GENERAL KISLENKO: The articles which I cited. I don't want to argue with you, MR. CHAIRMAN, on that subject. I would like to say only that I have my own opinion of the Terms of Reference which, of course, follows from what is written in the document.

THE CHAIRMAN: I am afraid the Acting Soviet Member plays very loosely with words. The Acting Soviet Member made several references to rearmament and similar matters. Does he imply that the SUPREME COMMANDER is not aware of the basic directives?

MAJOR GENERAL KISLENKO: No, sir, I don't want to say that. What I wanted to say, I have already said.

THE CHAIRMAN: MR. SHAW, do you have anything further to add?

MR. SHAW: MR. CHAIRMAN, I have no wish to question the executive authority of the SUPREME COMMANDER in this matter, nor the various bases of his authority that you have outlined; nor, do I wish to question the basic purpose of this legislation. We all know that the work of carrying out the control of Japanese coasts has indeed placed a very onerous burden on the sea, air and land forces of the Occupation, both the British and the American, and we can well see the need for relieving our forces of some of these tasks. As to the question of how far the Maritime Safety Authorities Bill squares with FEC directives, I think that is for that body alone to consider, which in fact it is considering. I cannot, however, accept the contention, that as there was no order to the Japanese on this subject, that there was no obligation to consult the Council.

THE CHAIRMAN: MR. SHAW, I didn't understand the first part of your last sentence.

MR. SHAW: I said I could hardly accept the contention that as there was no order to the Japanese Government on this question, there was no obligation to consult the Council. The subject matter of this bill was considered of sufficient importance to warrant the issuance of a SCAPIN directive to the Japanese Government a little over a year ago.

THE CHAIRMAN: What you mean is the question of patrolling nearby waters as provided in the Maritime Safety Authority Bill?

MR. SHAW: No, I refer to SCAPIN 1622.

THE CHAIRMAN: 1622 which allowed the Japanese 38 craft--

MR. SHAW: 38 craft.

THE CHAIRMAN: --for the purpose of preventing illegal entry, smuggling and so forth, but the Maritime Safety Authorities Law

is not mentioned therein, is it?

MR. SHAW: No, but the subject matter is the same as that of the Maritime Safety Bill.

THE CHAIRMAN: As one segment of the bill?

MR. SHAW: One segment of the bill, yes. As a matter of fact a few months ago I received an inquiry from my Government about the question of the establishment of a Japanese Coast Guard service and I informed them at the time that the situation was covered by SCAP Instructions 1622, 22 April 1947. There is a great deal of difference between a force of 38 vessels authorized by SCAPIN 1622 and that of 125 vessels and ten thousand men authorized by the Maritime Safety Authorities Bill. I am, however, prepared to accept the explanation as to the scope and purposes of the bill which have been advanced since its passage. My only contention, which I repeat, is that on a matter of such importance, some prior advice would have been appropriate.

THE CHAIRMAN: I would like to make one comment in order that there may be no misunderstanding. I think you made a statement to the effect that the allowance to the Japanese Government of 38 vessels is one thing, but when you increase the personnel to ten thousand, that is another matter. Actually, of course, the ten thousand men are not solely for this mythical police force which has been discussed a few moments ago; the ten thousand men covers numerous maritime objectives, including lighthouse services, manning of lighthouses, safety, hydrographic officials, clerical personnel, and so forth. Ten thousand total personnel for all the purposes enumerated in Article 6 of the law would appear to be the very minimum number that could be expected to handle those matters.

MR. SHAW: I am not questioning that.

THE CHAIRMAN: In connection with the patrolling of nearby

waters, which appears to be the main bone of contention in this entire discussion, and which I repeat is only a small segment of the entire Maritime Safety Authority Board's jurisdiction, it might be interesting to the Members of the Council to know that in the period from 1 April 1946 to 31 March 1947 the total number of illegal entrants actually caught on their way into Japan was 23,197; during the year 1 April 1947 to 31 March 1948 the actual number caught was 7,303; during the first 24 days of April 1948, 956 have been caught.

GENERAL SHANG, do you have anything further you would like to say?

GENERAL SHANG: With reference to the question as to whether the SUPREME COMMANDER FOR THE ALLIED POWERS is, in this instance, acting within his authority, I believe that THE CHAIRMAN has made the point clear. But as I said before, GHQ, SCAP should take every precautionary measure to prevent the Maritime Safety Board from being organized as a military establishment. As to the details, I have stated previously they are technical problems which should be referred to GHQ, SCAP for solution.

THE CHAIRMAN: Thank you.

GENERAL KISLENKO, do you have anything further?

MAJOR GENERAL KISLENKO: No, sir.

THE CHAIRMAN: The meeting is adjourned.

(The meeting adjourned at 1114 hours)

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SUMMARY OF RECOMMENDATIONS AND
SUGGESTIONS FOR SCAP

ITEM I - "A Discussion of the Maritime Safety Law."

MAJOR GENERAL A. P. KISLENKO made the following recommendation: To suspend the enforcement of "The Maritime Safety Authority Law" until the Far Eastern Commission has reached decision on this issue.

GENERAL SHANG suggested that SCAP should take every precautionary measure to prevent the Maritime Safety Board from being organized as a military establishment.

END

58-428

AGENDA
for the
FIFTY-EIGHTH MEETING (SPECIAL)
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo, Wednesday,
28 April 1948, following the Fifty-Seventh Meeting

I OFFICIAL MATTERS

1. A Discussion of the Maritime Safety Authorities Bill.

By Direction of the Chairman:

Thos. G. Dobyms
THOS G. DOBYNS
Colonel, Cavalry
Acting Secretary-General

1 Incl. - Agenda Item 58-428-1

23 April 1948

ALLIED COUNCIL FOR JAPANProposed Discussion Agenda

- I AGENDA ITEM NO. 58-428-1
- II PROPOSED BY: MR. PATRICK SHAW, Member representing jointly the United Kingdom, Australia, New Zealand and India.
- III SUBJECT PROPOSED FOR DISCUSSION: A Discussion of the Maritime Safety Authorities Bill.
- IV DATE PROPOSED FOR DISCUSSION: Wednesday, 28 April 1948.

Inclosure #1

57-428

CORRECTED
VERBATIM MINUTES
of the
FIFTY-SEVENTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 28 April 1948, at 1000 Hours

MEMBERS PRESENT

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

His Excellency General Shang Chen, Member for China

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

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

ACTING
SECRETARY-GENERAL

Colonel Thos. G. Dobyms

Office of the Secretariat
Allied Council for Japan
28 April 1948

THE CHAIRMAN: The meeting will please come to order.
The Corrected Verbatim Minutes of the Fifty-sixth Meeting
have been circulated among the Members and in the absence of
objection (Pause) are approved.

Are there any procedural matters?

As there are no official matters, that concludes the
business of the Fifty-seventh Meeting.

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

Enclosure No. 1 to Despatch No. 252 dated April 30, 1948 from
the Office of the United States Political Adviser at Tokyo.

57-428

AGENDA
for the
FIFTY-SEVENTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 28 April 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE
FIFTY-SIXTH MEETING (1 Session, numbered 56-414).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairmen:

Thos. G. Dobyns

THOS. G. DOBYNS
Colonel, Cavalry
Acting Secretary-General

23 April 1948

Office

DEPARTMENT OF STATE
ASSISTANT SECRETARY

TOP SECRET

April 9, 1948

FE - Mr. Butterworth

Subject: Comments on Mr. Kennan's Report

There is attached a memorandum of detailed comments on Mr. Kennan's report, pursuant to the memorandum sent me by Mr. Humelsine.

I am in general agreement with the fundamental conclusions of the report. In the attached commentary I have referred only briefly to the many specific recommendations with which I heartily concur. I dwell at more length on the few with which I cannot concur fully or am in disagreement.

As Mr. Kennan says in his memorandum of March 25, these recommendations represent a unified concept. I do not believe, however, that the alterations I recommend, or that might be recommended after the further and more detailed consideration which I suggest in a few instances, will materially alter the concept.

Since our immediate purpose is to establish the State Department's view of what U. S. policy should be, I do not think that at this stage of our considerations we should be concerned by whether the Army Department or General MacArthur will be in full agreement with our conclusions. Any necessary reconciliation of views with them should be accomplished promptly but as a next step. Similarly, the question of reference to the National Security Council may be considered after a policy paper is finally agreed on.

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Anal. <u>71</u>
Rev. _____
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Charles E. Saltzman

Att. Comments on Report

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DETAILED COMMENTS

This commentary deals with the recommendations and accompanying discussion of Mr. Kennan's report.

I. Peace Treaty:

1. Timing and Procedure: This recommendation is fully concurred in. It is suggested, however, that a decision should be reached as to whether, granting agreement among the other FEC powers on voting procedure, a conference should be held without the USSR or the USSR and China.

The importance to the long-term stability of Japan of social reform along the principal major lines undertaken should not be lost sight of in our short-term project of rapid economic recovery. This is, of course, not intended to mean that excessive or experimental reforms should be undertaken but rather that basic ones such as now instituted should be completed.

It is agreed to be of basic importance that Japan should not be left without military protection. General MacArthur's views that remilitarization of Japan would be contrary to our most solemn international commitments and basic principles of SCAP policy, and would be impractical from the military-economic point of view, are agreed with. Other means of protection must be found.

The two-thirds voting rule would appear to be preferable to FEC practice. However, before a final decision on voting procedure is reached, a study should be made of the essential provisions which the U. S. will need in the treaty and the probable effect of either voting rule on our success in obtaining them.

2. The Nature of the Treaty Itself: This recommendation is fully concurred in.

II. Security Matters:

1. Disposition of our Tactical Forces in the Pre-Treaty Period: This recommendation is fully concurred in.

The suggestion of rotating garrison forces on a combat footing and completely without dependents seems a good one and should be taken up with the Army and CINCFE.

2. Post-Treaty Arrangements: This recommendation is fully concurred in.

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In the event we are required to choose between postponing the treaty or permitting Japan to re-arm, the former seems the more practical alternative.

3. Okinawa: This problem has been under discussion in the Department for some time. Although the recommendation may be correct, it is not supported by all the arguments advanced. The fact that they are utterly incapable of their own defense does not necessarily lead to the conclusion that we should volunteer it. It is not clear that only a U. S. trusteeship would give protection to the islanders. It is also not clear that the trusteeship must be strategic in nature in order to protect the islanders. It might be difficult to sustain the position that our responsibility to the inhabitants does not permit us to settle for anything less than a U. S. trusteeship. If we wish to keep the islands we should recognize that our decision is taken in the interest of the U. S., not of the islanders.

In any case, long range plans should be laid for placing the islands on a basis as close to self-supporting as possible. Army Department requests for funds for this purpose should be supported. Temporary local governments should be established, travel restrictions removed, education provided and any possible production for export encouraged. This is consistent with our duty and own interest. Such a program does not necessarily imply permanent tenure.

4. The Navy: The part of the recommendation relating to Japan is concurred in. The part relating to Okinawa would depend on the decision reached on Okinawa.

5. The Japanese Police Establishment: The observation that the existing police forces should be strengthened as necessary to cope with Communist pressures of disorder is, of course, concurred in. The recommendation that they should be strengthened (to an unspecified degree) would presumably depend on detailed study.

The establishment of an effective Coast Guard would be of real economic value and the recommendation should be carried out.

The recommendation for the establishment of a central organization under American expert supervision along the lines of our FBI is questionable. It is not clear how it would be permanently operated under the direct supervision of qualified U. S. advisers. Recent Japanese history with plain clothes, secret police suggests that even with such supervision, and certainly without it, such an organization would create the greatest danger of re-establishing a police state.

A central, uniformed gendarmerie or central constabulary comparable to the French Guard Mobile or the State police of a number of American States would seem both desirable and suitable. However, a secret police system should not be re-instituted in Japan without the most careful consideration.

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III. The Regime of Control:

1. SCAP: This recommendation is concurred in as written. But the rate of SCAP withdrawal from the activities of the Japanese Government to a position of "general observation" should be cautious and carried out in a manner leaving minimum over-all control.

It is highly important that intervention on the part of SCAP personnel in the Japanese administration should be removed where it represents interference and obstructionism. However, participation by U. S. personnel is not necessarily either interference or a crutch. In our own interest, as well as theirs, we are requiring the Japanese to undertake a program with which their officials are not necessarily sympathetic. We are requiring them, and in the future will increasingly require them, to prepare and carry out planned programs of economic recovery. It is believed that they have never had a sufficient number of governmental personnel competent to undertake such programs efficiently. It is to our very great financial, as well as long-run strategic interest that they be completed successfully. Under these circumstances the suggested surgical incision should be done cautiously and not with a broad axe in the dark.

Concerning this activity representing hundreds of millions of dollars of direct investment by the U. S., and so vital to its future interests, it might be wise to carry out the sort of detailed operating study which would be regarded as essential in any small industrial or governmental organization which planned to curtail certain of its activities. SCAP should be encouraged to undertake such a survey and should be advised that technical assistance could be made available from the appropriate departments in Washington if he wished it. Advisory and even participating activities should be continued where they will contribute to the successful completion of SCAP's programs. In other cases the SCAP staff should withdraw to a position of supervision and review. The relationship in each area of activity should be reviewed at regular intervals until the complete withdrawal to a position of supervision and review at a high level can be achieved.

2. FEC: The main recommendation not to terminate the FEC is concurred in.

The procedure outlined in these recommendations is in all essential respects the existing procedure. The policy-making powers of the FEC have always been considered to be limited to the carrying out of the Terms of Surrender. It would seem that reparations, not mentioned in the list on p. 17, should logically be construed as one of the Terms of Surrender.

It is not believed that the practice of obtaining FEC approval in important occupation policies has delayed or obstructed occupation.

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On the contrary the FEC has shown in nearly all instances a full appreciation of the primacy of the U. S. in Japanese policy and has accepted U. S. proposals with only comparatively minor amendments. The general effect of the use made of the FEC has been distinctly advantageous to the U. S.

It is fully agreed that SCAP should be encouraged in the broader use of his existing authority. To this purpose close liaison should be established between the U. S. Government and SCAP. The recommendation contained in V, below, could be useful in this respect. There has already been used in a number of instances a formula by which expressions of U. S. view have been given to General MacArthur without reference to FEC. Some question exists as to whether such expressions of view should be sent to CINCFE or to SCAP. The specific recommendation that directives on matters not within the Terms of Surrender be given to CINCFE is open to question since matters dealing with "the occupation and control" of Japan fall within the power of SCAP, not of CINCFE. This general question should be resolved in consultation with the Legal Adviser.

In instances where the U. S. wishes to present to the FEC broad policies of considerable importance, the usual FEC discussion should be preceded by direct approaches to the governments of as many member states as would seem appropriate.

Undoubtedly greater use must be made of the interim directive in cases where the USSR appears to be a sole obstructor. It should not be overlooked, however, that the U. S. views are frequently not in accord with those of a majority or a considerable minority of FEC members. Except in extreme cases, the interim directive power should not be exercised unless the votes or private consultations with the FEC members indicate substantial concurrence with the U. S. point of view. Since the economic recovery of Japan does not lie wholly within the power of the U. S. but depends upon the willingness of Far Eastern countries to trade with her, it should not be overlooked that the price of unilateralism of action in starting Japan firmly along the path of economic recovery and internal stability may be excessive, unless the proposed course of action is taken in consultation and agreement with the members of FEC whose trade with Japan is essential.

It should not be overlooked that in some instances, such as trade relations, it may be to the advantage of the U. S. to handle policy questions in the FEC rather than unilaterally, even though from the point of view of the legal jurisdiction of the FEC the U. S. would not be required to submit such questions to it.

3. Allied Council: This recommendation is concurred in.

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IV. Occupational Policy:

1. Relations with the Japanese Government: This recommendation is essentially the same as that under III., 1. SCAP, p. 15, and the general comments are the same. It is fully agreed, however, that SCAP should not use its power to push bills through the Japanese Diet nor to force the reversal of Japanese court decisions in order to exclude individuals from political influence. SCAP's authority to require Japanese compliance with SCAP policies and to exclude any person from a position in government or private life important to the success of the occupation, should be unquestioned and should be exercised directly.

2. The Reform Program: This recommendation is generally disagreed with.

The discussion here and elsewhere in the report seems to be based on the concept that reform and stability are inconsistent. The basic objective of the U. S. in world affairs is to maintain a situation in which our people may live in individual freedom. The U. S. and its people are irrevocably entwined in the destinies of other nations, at least the major nations and their people. To maintain individual freedom at home there must be stability abroad. Unless this stability rests upon the democratic liberty of the people of the major nations it is hollow and untrustworthy. Japan has been and will be a nation of some consequence in the world. Unless her people have political rights and economic interests which give them a stake in the maintenance of a free government they will inevitably, and probably sooner rather than later, be seduced by one or another of the dynamic concepts of fascism or communism which will promise them great economic gains. Democracy is not just a pattern of words but must rest upon a pattern of acts providing social and economic institutions and rights, meeting the needs and just demands of the people. As we have seen in Czechoslovakia the establishment of such institutions and rights will not necessarily preserve free government. On the other hand their absence in a modern, industrial area will inevitably lead to totalitarianism.

It is true that the reforms instituted to date under SCAP are based almost exclusively on western ideas. It is apparently overlooked, however, that Japan has already avidly absorbed many western ideas and at the time the occupation commenced had a western system of industrial economy, with many western style legal and commercial institutions, a western style form of government, and, generally speaking, a completely feudalistic social pattern. Unfortunately, in copying the western economic and political style Japan had used many of the wrong models. The purpose of the current U. S. reform program has been to substitute better models and to bring the feudalistic aspects of Japanese society up to date.

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Although some of these reforms may not be entirely applicable to existing Japanese conditions, the real question is whether they are important to the kind of conditions we wish to establish. A general fear that they may unseat older institutions which corresponded to specific (but undefined) Japanese needs without replacing them with anything that can be easily or practically absorbed by Japanese society, is the sort of thing that could block all progress anywhere. Our basic purpose in the occupation of Japan is to unseat many such older institutions as the feudal land control, the nationalistic state religion, the dominance of the secret police, the supremacy of the military, the feudal family economic control, the Prussian style constitution, the system of kept politicians, the suppression of labor, and the control of speech, press and thought.

The completion of the essential elements in the reform program should be fully encouraged. This will unquestionably require continued supervision by SCAP personnel. For example, it is questionable whether in the land reform program the land already purchased by the government will be properly distributed unless upon constant pressure by SCAP. The same is true of the shares now held by the HCLC under the deconcentration program.

The result of the essential reforms should be to create greater and long-lasting stability. Any temporary disequilibrium must, of course, be overcome and stability achieved before Japan is entrusted to her own devices. This has been the intention since the drafting of the earliest directive.

3. The Purge: The earliest possible completion of the purge is important. The recommendations made are in general desirable. The purge program in all its aspects should be reviewed by the government and General MacArthur informed of the conclusions.

4. Occupation Costs: This recommendation is fully concurred in and regarded as of great importance. A full report should be requested of CINCFE and of SCAP on all activities representing a charge on Japanese economy. Subject to facts disclosed by such a report, it should be planned to direct CINCFE to pay dollars for certain types of construction not strictly essential to the occupation. Consideration should be given to dollar payments for such construction since the beginning of such occupation. Personal services to occupation personnel should also be paid for in dollars. Payments of dollars into the Army troop-pay account to cover its yen balance should be examined and limited strictly to the President's policy decision.

5. Recovery: It is agreed that positive efforts for economic recovery should be emphasized. It should be constantly borne in mind, however, that economic recovery is not in itself an intrinsic objective but that its dual purpose is to support a democratic people and, as much as possible, to relieve the U. S. of the burden of occupation

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costs. A long-term aid program has, in fact, been prepared. U. S. government agencies have continuously been anxious to cut away obstacles to the revival of Japanese trade. In the main, however, these obstacles have been raised by the Far Eastern countries recently at war with Japan or are inherent in the system of government trading developed by poor economies. The reluctance of the U. S. to allow Japanese sales other than for dollars and to permit sales in the U. S. have been contributing factors in the slow revival of trade. All of the specific measures proposed are good. Some of them are under way, others are under consideration. They should all be accomplished as early as possible.

White House authority should not be necessary to bring about the required cooperation since the several interested government agencies have been working in full harmony on an over-all program for more than a year. Completion of this program has been delayed by the excessive amount of attention which the Department of State and Department of Army personnel have been required to give during the last nine months to vaguely generalized attacks on the reform program.

6. Reparations: This recommendation is regarded as too general and cannot be concurred in without more detailed study.

Much of what is said about the confusion of the reparation program is correct. However, the basic principle of the program is overlooked: that in certain war industries and war-supporting industries the Japanese economy was completely out of balance and had, and now has, capacity in excess of predictable needs. Although the removal of this capacity from an economy which could use it would unquestionably represent an economic loss, its removal from Japan would not represent any loss. If its establishment in a recipient country is beneficial then the general Asiatic economy will be improved.

It is argued that the removal of such capacity will retard Japanese recovery and therefore be a burden on the U. S. Since the capacity is by definition unnecessary to the Japanese economy, it is difficult to see how this can be true. On the contrary, the existence and use of un-economic capacity would unnecessarily burden Japanese recovery.

It is easy to say that the U. S. should confess its error and has the right and duty of changing its mind. However, the countries insisting upon their rights and desires to receive reparations from Japan will not be so free to confess error. Since these countries participate in the joint occupation of Japan, since their cooperation is essential to Japanese trade revival and since their goodwill is vital to a satisfactory peace settlement for Japan, the U. S. is not in a position to take an arbitrary attitude.

No generalized conclusion may be intelligently reached on the reparations program without a full and careful consideration of its political and economic factors. This consideration, which is being

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undertaken in connection with the Strike report, should be completed and a reparations policy decided as promptly as possible in the light of conclusions reached--including our legal position.

7. Property Matters. The first and second recommendations are fully concurred in. The third recommendation is questioned.

Although it would appear prima facie desirable to tally the value of Japanese external assets retained by reparations claimants, such a procedure to fit appropriately into a general reparation scheme would require a quantitative total reparations claim by each claimant nation. The possibility of such a statistical approach has been considered from the beginning of work on the reparations problem. It has been generally considered, however, that the present theory is more practical: that the external assets in each claimant country shall be retained in that country without computation, that the Japanese internal assets which may be made available for reparations will be pooled and that individual claimant nations will claim percentage shares in such pool, the percentage in each case being determined on a "broad political basis", taking roughly into account all relevant factors including, of course, retained external assets. There is, of course, no reason why this general policy conclusion should not be reviewed. It may be questioned, however, whether a different conclusion would result.

8. Information and Education: The recommendations made in this section are extremely valuable. They are on a vital subject recently submerged by concentration on economic matters. Preoccupation with recovery has tended to eclipse interest in the basic objective of freeing the minds of the Japanese.

It is fully agreed that censorship should be lifted on incoming literary materials and that pre-censorship should also be lifted and post-censorship limited to matter directly endangering achievement of the purpose of our occupation.

SCAP should indeed be directed and enabled to publish U. S. books for which copyright privileges have been obtained and an intensive program should be instituted to increase the publication and circulation of important literature. Funds for newsprint should be included in the 1949 budgets unless availabilities are adequate. The suggestion of using an off-shore transmitter to beam programs to Japan seems useful. However, it is felt that there should be no hesitancy in using stations in Japan to broadcast programs which will fundamentally, if not in detail, counteract Soviet broadcasts.

It is highly desirable that the recommendation on the interchange of persons be implemented at once. It is unnecessary to issue an interim directive to SCAP authorizing bilateral agreements, since he has already been informed by cable that he may make such arrangements. The U. S.

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should begin this program by establishing a large exchange program. There are many indications that American universities and personnel in the educational field would be anxious to participate. It lies with SCAP and the Government to put such a program into effect at once.

The recommendation that the Japanese be permitted to allocate a higher proportion of the national budget to educational purposes is vital. The "bread and butter" outlook which has developed in Army administration in the occupied areas, has tended to neglect the fundamental objective of re-educating the people.

9. War Crimes Trials: The recommendation is concurred in, subject to comment from the Legal Adviser.

The argument in the discussion is not fully concurred in. The discussion on pp. 39-40 is, in part, inconsistent with the basic purpose of the trials and the principles they are intended to establish. It should be fundamentally revised in the final report.

V. State Department Representation: This recommendation is fully concurred in, with the qualification that it should be taken up with General MacArthur as soon as possible for institution during his tenure. The idea of adopting it regardless of his wishes should not be excluded. As noted above (III, 2.) the existence of such a channel would facilitate fuller mutual understanding of this Government's and SCAP's views.

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

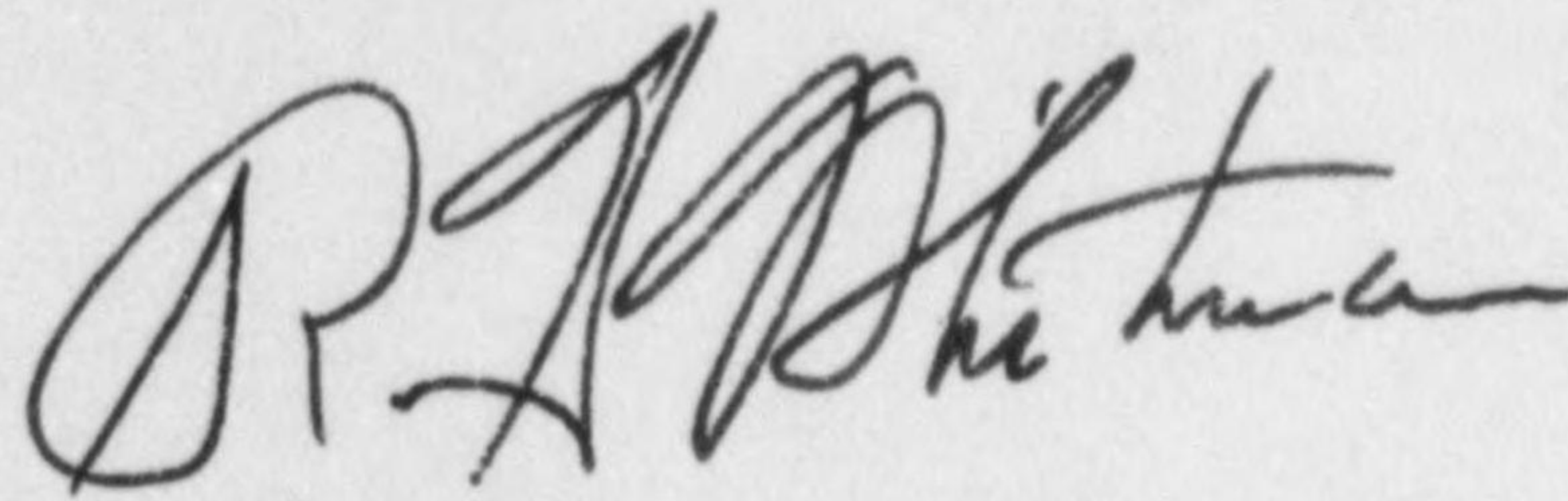
DATE: January 2, 1948

TO :A-S - Mr. Saltzman

FROM :OE - Mr. Whitman

SUBJECT:Attached memorandum concerning the purge in Japan.

OE concurs in the recommendation in paragraph 9 of the attached memorandum from Mr. Butterworth to you regarding a proposed departmental study of the desirability of modifying purge restrictions in Japan.



OE:RHWhitman:emh:el

File 740.00119 Control (Japan)
1-16-48

TOP SECRET
Classification
approved by
[Signature]
Deputy Director
FE
4-8-48

APR 9 1948

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No. 60

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

The Acting Secretary of State encloses for the information of the Political Adviser copies of SANACC STATUS OF PAPERS: COMPLETED: 31 March 1948 and STATUS OF PAPERS: PENDING: 31 March 1948.

There are also enclosed for the information of the Political Adviser copies of SFE and SANACC papers, as listed below, on the subject of "INTERROGATION OF CERTAIN JAPANESE BY RUSSIAN PROSECUTOR".

Enclosures:

- ✓ 1. STATUS OF PAPERS: COMPLETED: 31 March 1948, copy no. 47.
- ✓ 2. STATUS OF PAPERS: PENDING: 31 March 1948, copy no. 47.
- ✓ 3. SFE 188/2, copy no. 2.
- ✓ 4. SFE 188/3, copy no. 2.
- ✓ 5. SFE 188/4, copy no. 2.
- ✓ 6. SANACC 351/3, copy no. 37.

740.00119 CONTROL (JAPAN) / 4-948
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APR 9 1948
Dist. - 9

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A true copy of the signed original.

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ACTION COPY

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH OFFICE OF EUROPEAN AFFAIRS DEPARTMENT OF STATE MESSAGE CENTER INCOMING TELEGRAM

APR 12 7:45 PM 1948

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DEPARTMENT OF STATE

Control 4033

Action: Info: SS C G O FE DCR

EUR

Rec'd April 12, 1948 10:26 a.m.

[Handwritten signatures]

FROM: Tokyo TO: Secretary of State NO: 82, April 12.

C-59839 FOR DEPT OF STATE INFO DEPT OF ARMY. Reference Moscow's 600, April 3, and Dept's 143 April 6.

X R 861,2394

There are approximately 325 Soviet personnel in Tokyo including office of Soviet member, Allied Council for Japan, International Military Tribunal for Far East, International Prosecution Section, and Reparations and Restitution Delegation, and their dependents. To support these personnel 5 Soviet vessels have arrived Japan during past year. Additionally, 4 Soviet cargo vessels have visited Japan for purpose of discharging or picking up general cargo.

As described in radio SCAP to War (CX 56600) November 7, 1947, 2 Soviet aircraft were grounded at Haneda on November 4, 1947. Since that date only 3 Soviet transport aircraft have entered Japan although clearance was requested and granted for entry 24 additional Soviet aircraft. Latter clearances were not utilized and have expired.

Procedure followed here upon arrival ships or aircraft is as follows: passenger and cargo manifests are checked prior to unloading; immunizations, if required, are administered; ship or aircraft is checked by medical personnel for compliance with health standards; pursuant to agreement with local Soviets, upon receipt written undertaking that baggage does not contain items prohibited by customs regulations, personal baggage is

not subjected

JUN 21 1948

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740.00119 CONTROL (JAPAN) / 4-1248 TOP SECRET FILE

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-2- 82, April 12, from Tokyo

not subjected to customs inspection; passenger and cargo loading manifests are checked prior to departure of ship or aircraft.

Rail transportation used by official Soviet personnel in Japan is limited to accomplishment authorized inspection trips; these personnel are allowed travel on US operated trains.

Requests by Soviets for funded yen and purchase of military payment certificates are carefully scrutinized and amounts kept to absolute minimum consistent with basic needs.

It is felt here that privileges, actions, and freedom of movement of Soviet official personnel in Japan are already so circumscribed that any further restrictions or retaliatory measures would be difficult to enforce and would create administrative problems beyond capacity available personnel. In consequence, it appears impracticable to undertake retaliatory action as suggested in Moscow's 600 although interpretations all relevant regulations vis-a-vis Soviet personnel are already strictly construed and enforced within capabilities occupation personnel.

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CSB:NEW

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DC/R

CONFIDENTIAL
DEPARTMENT OF STATE

Memorandum of Conversation

Office of
FAR EASTERN AFFAIRS
APR 11 1948
Department of State

DATE: April 12, 1948

740.00119 CONTROL (JAPAN) /4-1248

SUBJECT: Release by SCAP on March 31 of his Message of January 18, addressed to the Secretary of the Army.

PARTICIPANTS: Mr. H. A. Graves, Counselor, British Embassy
Mr. J. M. Allison, Chief, NA

COPIES TO: O
FE
BC
FE - Mr. Hamilton
S/S
USPOLAD, Tokyo

Mr. Graves called this afternoon and stating that he acted under instructions inquired concerning the status of the message addressed by the Supreme Commander on January 18 to the United States Secretary of the Army and released in Tokyo on March 31. He left with me a copy of this statement, attached hereto, which had not hitherto come to my attention, and stated that the British Mission in Tokyo understood that the message was also to be released in Washington.

Mr. Graves said that no one could take exception to the United States Commander's sending a message to the United States Secretary of the Army, and including in it any recommendations considered desirable. However, when this message was later released by the Supreme Commander for the Allied Powers in Tokyo it did seem to suggest a confusion of functions between capacity as United States Commander and as SCAP. In connection with other statements which have been made in the past few weeks by various officials, Mr. Graves said that the release of this message inclined the Foreign Office to wonder whether or not a radical change was to be made in United States policy toward Japan and he referred specifically to the statement in the message that "we should while progress toward the restoration of formal peace is stalemated unilaterally, or with other Allied Governments similarly inclined, release as far as possible" existing restrictions on trade and commerce and the right of Japanese to go abroad.

Mr. Graves

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APR 12 1948 CS/N

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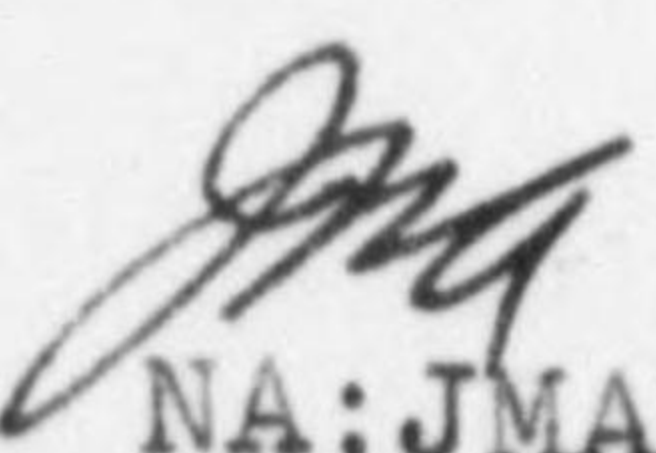
CONFIDENTIAL

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Mr. Graves mentioned particularly the problem of Japanese businessmen going abroad and expressed the strong hope that the United States would not take unilateral action in this regard without first having attempted to gain FEC approval. He specifically mentioned the difficulties facing foreign businessmen in Japan and pointed out that such difficulties did not face Japanese businessmen going abroad at the present time. When it was pointed out to Mr. Graves that the dispatch of Japanese businessmen abroad might have a favorable effect upon the Japanese economy and thereby bring about sooner favorable conditions for foreign businessmen in Japan, Mr. Graves said that that was an aspect of the matter which had not been sufficiently put forward. He said that what the British Government feared was unilateral action based only on the opinion of SCAP and that if the traveling of Japanese businessmen abroad would be of assistance in the early rehabilitation of the Japanese economy and that if such an argument was presented to the FEC, which he claims has not yet been done, the British Government would be willing to consider the matter from that point of view. Mr. Graves concluded by re-emphasizing that his Government did not wish to question the right of the Supreme Commander's capacity as CINCFE to make any recommendations he saw fit to the United States Government, but only to point out that when such recommendations are issued in a public release from SCAP Headquarters in Tokyo it does create the definite impression of being a statement of unilateral American policy which would seem to ignore the FEC which had been established to consider just such matters of policy.

Mr. Graves was told that as far as I knew this message had not been officially released in Washington as a statement of American policy, that from a quick reading of the message it appeared to me to be merely recommendations from the Commander in the field to the Department of the Army for use in budgetary hearings and that my personal opinion was that little exception could be taken to most of the substantive recommendations in the message. I stated that I would pass on Mr. Graves' remarks to the appropriate authorities in the Department.

In departing Mr. Graves informed me that Ambassador Gascoigne had been instructed to take up the matter personally with the Supreme Commander.

CONFIDENTIAL
NA:JMAllison/pm

1st April 1948.

Following is text of a message addressed by the Supreme Commander on the 18th January to the United States Secretary of the Army which was released here on the 31st March. Apparently this was also released in Washington.

2. " Pursuant to the suggestion contained in radio W 93804 I have sent General Fox to Washington to assist the Department of the Army in its detailed presentation before Congress of the budgetary requirements covering Japan and the Ryukyus for the financial year 1949.

As you know neither of those areas have adequate indigenous food resources to sustain life. Prior to the war they had direct call upon the resources of Formosa, Korea and Manchuria and through highly successful industrial effort Japan was able to acquire additional food to meet any then existing deficiency by trading her manufactured products in the markets of the world. This, of course, is no longer the case. Formosa, Korea and Manchuria have been taken away, the bulk of Japan's shipping afloat has been destroyed, home industries have been gutted, areas of deep-sea fishing previously available have been sharply curtailed and the opportunities for foreign trade beyond those on a Government to Government basis are limited to such as private traders visiting Japan under fixed quotas are able to provide. Japan is therefore still under an economic blockade whose rigidity while somewhat moderated to permit this limited field of Government and private trade yet prevents development of a self-sufficient economy.

Japan came under our custodial control in the aftermath of war and victory. Approximately six million Japanese citizens/
citizens/

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citizens have been repatriated from abroad since the occupation started but thus far none are permitted to leave for abroad from Japanese shores. The people therefore are in all practical aspects our prisoners of war and as such entitled to our protection under the international conventions which ourselves historically have never failed to respect. As a consequence, the custodial relationship which the United States assumed at the surrender embodied obligation and responsibilities having the most implicit legal basis. Such obligations and responsibilities will continue to dominate our relationship to Japan so long as by force of restriction we confine the Japanese people to their home areas and delimit their freedom of commerce and trade with others.

During the course of the occupation, the Japanese people have made diligent efforts themselves to solve the deficiency problems involved. Sizeable tracts of land are being brought newly under cultivation but Japanese terrain offers little hope for major relief in this direction. Amazing strides have been made towards industrial rehabilitation and recovery despite the critically low inventory of essential raw materials available for such purpose. Traditionally a people exploited into virtual slavery by an oligarchic system of economic feud-

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in/

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in the degree of their contribution to the soil the measure of their benefit from the soil. These and other measures designed to set the pattern of a free Japan in time will assert themselves in maximised productivity, but even then reliance must still be had upon resources abroad which are not available at home and markets to absorb such goods as are produced beyond domestic needs as a medium of obtaining the resources essential to meet even such needs.

The answer to this vexatious problem of course lies in the effectuation of Treaty of peace which is now past due. Conflicts in the diplomatic sphere however dim the hopes that were once held that such a Treaty may realistically be expected with the concurrence of all of the Allied Powers within a predictable future. This situation imposes upon the United States the continuance of the obligations and responsibilities inherent in our existing relationship as we cannot afford to yield our position here until fully assured against any consequent power whereby others which might operate to destroy that which we have built and thereby place our own country at consequent serious strategic as well as economic disadvantage. Meanwhile it is essential to minimise by all available means the resulting burden upon the American people. With this in mind we should while progress toward the restoration of formal peace is stalemated unilaterally or with other Allied Governments similarly inclined release as far as possible existing restrictions upon trade and commerce and restore to the normal limits of diplomatic privilege the right to the Japanese citizenry to journey abroad and mingle with that of other lands to study and absorb cultural and scientific advances made since the advent of war and generally to be re-endowed with freedom of action in the solution of their own internal problems in the safeguard of their domestic welfare.

By our resolute and faithful discharge in Japan of the obligations inherent in the relationship of victor to vanquished

we/

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we will fulfil the highest form of moral responsibility and in so doing make an indelible impression which more than all else will gain converts to our own immutable concept of life. It is not merely what we have done but even more that we have done it. It will afford comfort and sustenance to human life but, of immeasurably greater value, it will provide an example in human relationship which will continue to dominate men's thoughts for ages to come".



Why isn't material like this sent as a despatch instead of a letter?

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

LONDON, April 15, 1948

SECRET

Dear Butterworth:

Since my arrival in London I have been endeavoring to ascertain the trend of British opinion in regard to the various moves which have been made in recent months (principally by the Army Department) in connection with the occupation of Japan, but so little has been said or published on the general subject that it is difficult to detect any general trend of opinion. For example, nothing has been published in this country, as far as I am aware, of the so-called "Strike Report" on Japanese industry and reparations, and consequently there has been no noticeable reaction thereto. Likewise, even the condensed form of the report of the Draper Mission to Japan, as contained in the Radio Bulletin, was not published in England and has aroused no public comment. It was, however, the subject of a question in the House of Commons on April 14, 1948. Mr. Stanley Prescott, a Conservative, asked whether any arrangements have been made, or are proposed to be made, for consultations between the British and American Governments arising from the recent Draper Economic Mission to Japan for the formulation of a common economic policy for Japanese industry. Mr. Bevin replied as follows:

"I understand that General Draper, the United States Under-Secretary for the Army, and a number of other representatives of the United States Government, have recently visited Japan for the primary purpose of investigating the economic situation. If, as a result of their reports, the United States Government should wish to propose any important changes in economic policy for Japan, His Majesty's Government in the United Kingdom and the other Allied Governments concerned will, no doubt, be consulted."

In a

Handwritten initials and routing information in a box.

William W. Butterworth, Jr., Esquire,
Director of Office of Far Eastern Affairs,
Department of State,
Washington, D.C.

DC/R

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Page 2.

In a conversation which I had with Dening, of the Foreign Office, this morning, he invited my attention to the above question and answer, and also to a small newspaper despatch from Tokyo which appeared in the London Times of April 14, labelled "From our own correspondent." As this despatch may not have appeared in American newspapers, I shall quote it here in full:

"Tokyo, April 13

"A mission headed by Major-General Noce, chief of the Civil Affairs Division of the United States Department of the Army, and composed of members of his own staff and representatives of the Departments of State and Commerce, has arrived in Tokyo for discussions with allied headquarters. In a statement issued to-day, General Noce described his mission as 'a working-level group' which was 'not expected to open any new policy questions.' It is understood that the basic purpose of the mission is to further American plans to restore Japan to virtually a peacetime basis even before the peace treaty is signed. The mission is expected to stay in Japan about 10 days."

Dening said that reports such as these were causing a certain amount of "unease", not only to the British Government, but to the French and Netherlands Governments as well, which had approached Dening on the subject. He said that they did not question the good faith of the United States Government. They (at least the British) understood the reasons why the United States desires to modify occupation policies in Japan. The U.S. Army has as its principal objective in sending these various missions to Japan the lessening of the burden on the American taxpayer, which they hope to accomplish by relaxing the occupation and giving the Japanese more latitude to "go it on their own." At the same time, Dening said, the U.S. Army wishes to retain its strategic position in the Far East by maintaining its control of Japan; consequently it does not wish the occupation to be abolished entirely. He said that he had not discussed this with the Chiefs of Staff, but that he believed that the British Government would agree to our retention of our strategic position. I said that I knew little or nothing about the strategic position, but that I could assure him that his assumption of our primary objective is correct - that the American taxpayer cannot be

burdened

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burdened indefinitely with grants for relief to Japan of two and a half or three hundred million dollars a year; that there is no peace treaty in sight; and that something must be done. Hence the various missions to Japan.

Dening said that the British Government and the other Allies had no quarrel with our objectives; they did, however, object to being kept in the dark in regard to our plans and moves until faced with a fait accompli. I said that I thought that the trouble lay in the fact that the thinking of the various departments of the U.S. Government concerned with Japan had not yet crystallized into a definite policy, but that as soon as it had so crystallized, I had no doubt but that our Allies would be informed, either through diplomatic channels or through the FEC.

Dening said that, according to information coming to the Foreign Office, the Japanese were not really trying to revive their commerce and industry. From his own experience in Japan he assumed that when they accepted the terms of surrender, they "went into a huddle" (as Japanese always do) and decided to say "yes" to all demands made by the Americans. At the same time they would "go slow" and make no effort to ease the financial burden of the military occupation. In a short time the American people would grow weary of the burden, the occupation would come to an end and the Japanese would be free to go their own way again. This latter phase would now seem to be approaching.

Dening wondered, therefore, if it would not be possible to go ahead with some kind of a peace conference, without the Soviets if necessary. He was sure that the Dominions, France and the Netherlands would participate in any kind of a peace conference, if the U.S. should convene one. The participants could at least talk over matters connected with a peace with Japan. Dening said that this could be a first step toward a treaty.

I referred to a speech which Dr. Evatt is reported in the Times of April 9 to have made in the Australian House of Representatives on the subject of a peace settlement with Japan. I quoted the following excerpt from the newspaper article:

"The

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Page 4.

"The reason for the lack of any renewed attempt to procure a peace conference, he (Dr. Evatt) explained, was the American fear that the U.S.S.R. would claim the right of veto; but even the existence of such a veto need not preclude the conclusion of peace."

I remarked that this, coming from Dr. Evatt, appeared very strange, as Dr. Evatt, in the FEC and elsewhere, had been a most bitter opponent of the veto. Dening said that he could not explain Dr. Evatt's changed position (if Dr. Evatt had been correctly quoted) but that he hoped to obtain more information shortly on the subject.

There have been a few recent public utterances and newspaper articles (principally in the liberal Manchester Guardian) which indicate that the British public is coming around to the view that the Japanese people must be given the opportunity to earn a decent living for themselves, even if British industry feels the impact of Japanese competition. On April 7 Mr. John Paton, Labor M.P., speaking at a meeting in Manchester, said that Japan possesses qualities of leadership and achievement unique in the Orient; that her old trading economy, upon which her people were dependent for their means of life, had been totally destroyed by the war; that Japan must be allowed to export enough to pay for her necessary imports of food and raw materials; and that Japan's industrial power is essential for the speedy rehabilitation of the countries of the Asiatic mainland. However, said Mr. Paton, it would be necessary to guard against the danger of a renewal of unbridled Japanese industrial competition, and suggested that, after the peace, an international civil commission remain in Japan to ensure adherence to any plan which might be worked out.

The Manchester Guardian on April 13 published an editorial on Japan which stated inter alia:

"Because Japan has exported so little, America has had to make heavy subventions to the Japanese economy. Unless Japan's trade can be revived, further American aid will be a charity and one which must continue indefinitely. Also scarcity will continue in Asia. . . . No risks will be taken on the defense

side

Page 5.

SECRET

side, but security does not require an economic policy which tells against general prosperity."

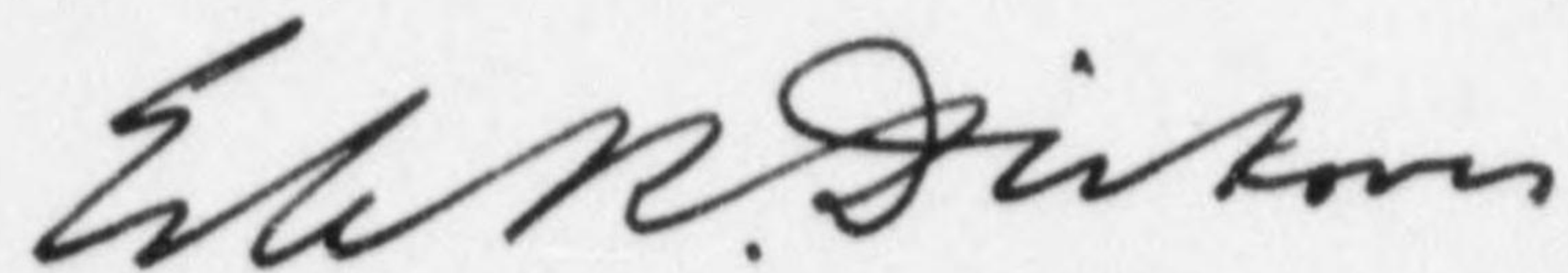
After reciting the various factors which have produced the stalemate in Japanese political and economic life, the editorial concludes that "The Draper Mission may do something to end this stagnation."

The report of the Anglo-American Cotton Conference suggested that Japan be allowed to retain only 3,500,000 spindles. In commenting editorially on this the Manchester Guardian stated on April 14:

"This is an unashamed agreement between the British and American industries to give themselves enough room to live happily together by taking it out of someone else. From Lancashire's side there is clearly much rough justice in the proposal. The sufferings caused by Japanese competition in the past cannot be lightly forgotten. There is every justification for trying to get some agreement that would prevent such sharp and disastrous blows in future. And there is every reason to fear that the present policy of the American administration in Japan is taking too little account of this. The Japanese may be driven to an extreme dependence on textile exports to pay their way in the world after the Americans have gone and by their desperate measures very severely damage our trade. We were right to get the American manufacturers to see the danger and to join us in an attempt to change their Government's policy. But it is ridiculous to suggest that they should change it so completely. How, if their cotton industry were to be so small, is it supposed that the Japanese could live without the support of the American taxpayer? How could such a restriction be enforced without keeping American forces in Japan permanently? It is a great pity that the conference has marred its excellent work by so extreme and unpractical a proposal."

This, coming from the Manchester Guardian, usually the spokesman for the British textile interests, sounds strange, but is probably attributable to the Guardian's long-standing free-trade policy.

Sincerely yours,



Erle R. Dickover

TOP SECRET

DEPARTMENT OF STATE
THE LEGAL ADVISER

Japan
DR Jell

April 15, 1948



S-
Mr. Lovett

I attach a memorandum together with a Summary on certain legal questions with respect to United States Policy towards Japan.

XK
7/11/94

I do not know whether the admonition in the first paragraph of Mr. Butterworth's memorandum of April 1, 1948 to the effect that legal assistance should not be directed toward "passing on the judicial or political merits" of certain so-called "policy actions" recommended by Mr. Kennan, was intended to establish a false jurisdictional line between the work of this office and the work of the political and other offices of this Department. If so, I can not refrain from commenting that such matters as the future functioning of the Far Eastern Commission, the relations between the United States Government and General MacArthur, and obligations of the United States under existing FEC policy decisions, are not problems in which I believe it possible to set up rigid categories of "economic", "political", or "legal" aspects. I believe that consideration of problems so basic to the national interest and security of the United States can not be held to lines as narrow as implied in Mr. Butterworth's memorandum and I believe that efforts to confine the expressions of judgment of the responsible officers of the Department to such false categories threatens a great disservice to the Secretary and to yourself.

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(JAPAN)

Implicit in the approach in Mr. Butterworth's memorandum is the fact that the S/P Report was not made available to me for consideration until the afternoon of April 7, although it had been circulated by covering memorandum of March 31 to Messrs Thorp, Saltzman, Butterworth and Butler. The result was that I was deprived of more than a full week's opportunity to consider the very difficult problems involved. More important, it is inconceivable to me that it could have been thought that no "legal questions" were involved, even in the narrowest jurisdictional sense of the word.

740.00119 Control (Japan)

- no*
- Incl. *rec'd. for file*
1. Memo to U-Mr. Lovett
 2. Summary of Legal Questions
 3. FEC 216/1; 017/21; 084/21; 014/9

Eag
Ernest A. Cross

MAY 2 1948
LEGAL ADVISER

TOP SECRET
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TOP SECRET



UNITED STATES POLITICAL ADVISER
FOR JAPAN

PERSONAL AND

Tokyo, April 16, 1948.

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Mr. Ely by Jca*

Dear John:

Further to my letter of today, I have now had an interview with General MacArthur during the course of which I informally raised the question of a successor to Major General Moore, Commanding General PHILRYCOM. General MacArthur stated that he is fully aware of the care to be exercised in choosing a successor to General Moore and fully appreciates the concern and interest of the Department in this matter.

He stated that after very careful consideration he has decided to recommend to the Department of the Army that Major General Jonathan W. Anderson, presently Deputy Commander and Chief of Staff, Headquarters, PHILRYCOM, should be appointed as Commanding General, PHILRYCOM. In General MacArthur's opinion, General Anderson is far superior to any other officer whom he might recommend for this position; furthermore, he feels that much of General Moore's success has been due to the assistance given by General Anderson, and that the latter will have a great advantage in being fully indoctrinated in previous policies and manner in which General Moore carried on. By appointing General Anderson, he also feels that the danger of a break in continuity of command will be avoided.

I might say that General MacArthur did not definitely state that he had already made his recommendation to the Department of the Army, but from his manner of speaking I gathered that the decision is final in so far as he is concerned.

With reference to the suggestion that Major General Hugh Casey would be an ideal choice, General MacArthur stated that in his opinion if General Casey were appointed things would go wrong very quickly. He said that while General Casey is an able engineer, his work has always been characterized by friction in what he has undertaken. While he did not wish to give the impression that he has no confidence in General Casey's ability as an engineer, he nevertheless is doubtful whether General Casey has sufficient line and troop experience to

undertake

John M. Allison, Esquire,
Chief, Division of Northeast Asian Affairs,
Department of State,
Washington 25, D. C.

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STRICTLY CONFIDENTIAL

John M. Allison, Esquire

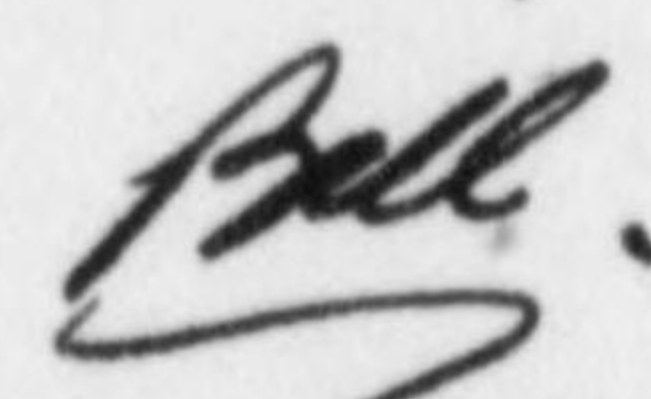
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undertake the job in question.

General MacArthur also stated that General Moore was his personal choice, and he felt certain that General Anderson has the requisite experience and personality to be equally successful.

I hope the above information will be of assistance to Mr. Ely. Please use the above information with great care and circumspection.

Sincerely yours,


W. J. Sebald



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DIVISION OF
NORTHEAST ASIAN AFFAIRS

APR 23 1948

UNITED STATES POLITICAL ADVISER

DEPARTMENT OF STATE

FOR JAPAN

Tokyo, April 16, 1948.

No. 231

UNCLASSIFIED

Subject: Fifty-sixth Meeting of the Allied Council for Japan,
April 14, 1948.

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 211 of March 31, 1948 and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the fifty-sixth meeting of the Council held on April 14, 1948.

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

Enclosures:

1. Five copies of Agenda, Fifty-sixth Meeting of the Allied Council for Japan, April 14, 1948.
2. Five copies of the Corrected Verbatim Minutes, Fifty-sixth Meeting of the Allied Council for Japan, April 14, 1948.

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Original and ozalid to the Department.

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

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AGENDA
for the
FIFTY-SIXTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 14 April 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE
FIFTY-FIFTH MEETING (1 Session, numbered 55-331).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:

Thos. G. Dobyns
THOS. G. DOBYNS
Colonel, Cavalry
Acting Secretary-General

9 April 1948

56-414

CORRECTED
VERBATIM MINUTES
of the
FIFTY-SIXTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 14 April 1948, at 1000 Hours

MEMBERS PRESENT

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

His Excellency General Shang Chen, Member for China

Mr. Thomas W. Eckersley, representing the Member for the United
Kingdom, Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel Thos. G. Dobyms

Office of the Secretariat
Allied Council for Japan
14 April 1948

THE CHAIRMAN: The meeting will please come to order.

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

Are there any procedural matters? (Pause)

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

The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

DC/R

DEPARTMENT OF STATE
Memorandum of Conversation

Office of
FAR EASTERN AFFAIRS
APR 20 1948
DIRECTOR
Department of State

B
file

DATE: April 19, 1948

SUBJECT: Publication in Tokyo of SCAP's Message of Last January to the Secretary of the Army.

PARTICIPANTS: Mr. H. W. Bullock, Second Secretary, Australian Embassy
Mr. J. M. Allison, Chief, NA

COPIES TO: O
OE
ADO - Mr. Schuler
FE - Mr. Hamilton
Mr. Borton
BC

740.00119 CONTROL (JAPAN)
/4-1948

Mr. Bullock called to explain the concern in Canberra at the publication of this message of General MacArthur and to explain why the Australian representative on the FEC had made the statement he had in the meeting of April 15. A copy of this statement is attached. Mr. Bullock stated that his Government was primarily concerned with the apparent ignoring of the function of the FEC by General MacArthur in his statement. In addition to this the Australian Government had extremely strong feelings with regard to the travel of Japanese outside of Japan and it appeared from General MacArthur's statement that it was the intention of the US Government to permit this without having first a policy decision on the matter in the FEC.

It was pointed out to Mr. Bullock that General MacArthur's statement was not an official US Government statement, but was merely a statement by the Supreme Commander for use in budget hearings in Congress. As such it did not deal with methods of achieving desired results but merely with a statement of the Supreme Commander's opinion as to certain aims which should be achieved. It was also pointed out that General MacArthur's statement did not foreshadow any move by the US Government to disregard the opinions of the FEC nor was it the intention of the US Government to ignore the proper functions of the FEC.

With regard to the substance of the Australian position on Japanese traveling abroad, it was emphasized that in the opinion
of the

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of the US Government there was no good reason why a limited number of Japanese should not be permitted to travel abroad under proper controls and that there were in fact many good reasons why they should be encouraged to do so. The US Government feels that if Japan is to regain a position of economic self-sufficiency and if the Japanese people are to make real progress in acquiring modern democratic ideas it is essential that Japanese be allowed to travel abroad where they may assist in the expansion of Japanese trade and come in contact with modern democratic processes and techniques in all fields of endeavor. Mr. Bullock expressed his personal agreement with this position and said that he knew there were church groups and others in Australia who also felt likewise, but that the Australian Government was under severe pressure from veterans' groups and similarly minded organizations to do all in its power to prevent any Japanese traveling outside Japan. According to Mr. Bullock should the US Government permit travel of Japanese abroad without having first gone through the FEC there would be a considerable outcry in Australia. If on the other hand the American position should be put strongly before the FEC and the Australian representative outvoted, as Mr. Bullock implied ~~they~~ would be, this would be in accordance with democratic processes and the Australians would bow to the majority will. It would still be, however, in the position of being able to say to the Australian people that it had done all in its power to prevent Japanese traveling abroad.

Mr. Bullock was informed that his views would be communicated to the appropriate authorities of the US Government.

NA:JM Allison/pm

STATEMENT BY THE AUSTRALIAN REPRESENTATIVE
ON THE FAR EASTERN COMMISSION, APRIL 15, 1948

Mr. Chairman, I should like to draw attention to a message from SCAP to the Secretary of the Army which was released to the press in Japan on 31 March. This message was also presented during the hearings of the House Appropriations Committee, which have now been published.

It is very disturbing to my Government that publicity should have been given to a message of this nature, and I am directed by my Government to state that publication of such a message in Japan is unfortunate for other Governments which share responsibility for the control and occupation of Japan.

The message itself is a long one, and if the Secretariat does not already have a copy, I should be pleased to make one available for circulation to the Far Eastern Commission. I should like to quote the following passage from SCAP's statement:

"We should, while progress towards the restoration of formal peace is stalemated, unilaterally or with other Allied Governments similarly inclined, release, as far as possible, existing restrictions upon trade and commerce, and restore to normal limits of diplomatic privilege the right of the Japanese citizenry to journey abroad and mingle with that of other lands to study and absorb culture and scientific advances made since the advent of war and generally to be reendowed with freedom of action in the solution of their own internal problems in the safeguard of their domestic welfare."

In no part of this lengthy message from SCAP is there any reference to the Far Eastern Commission or acknowledgment in any way of the Far Eastern Commission's responsibility for the making of policy for Japan. On the contrary, SCAP advocates unilateral action by the United States if other Allied Governments are not agreeable to relaxing restrictions on Japanese trade and commerce, and allowing the Japanese citizens to travel freely abroad.

I am directed by my Government to express the deep concern felt by the Australian Government at the implications of the Supreme Commander's recommendations. My Government sincerely hopes that these recommendations of the Supreme Commander do not foreshadow any move by the United States Government to disregard the opinions of the Far Eastern Commission on such matters of fundamental policy.

AA

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In reply refer to
NA 740.00119 Control
(Japan)/4-1948

APR 29 1948

Dear Mr. Secretary:

There is enclosed a copy of a note dated April 19, 1948 from the Australian Embassy with regard to the withdrawal of the New Zealand army component of the British Commonwealth Occupation Force in Japan in the months of July and August of this year when the personnel of the component will have completed their period of service.

I would appreciate it if you could give me the necessary information upon which to base a reply.

Faithfully yours,

ROBERT A. LOVETT

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TO	UNCLASSIFIED
BY AUTHORITY OF	SPA
Form NS-507	DATE 5-13-59
BY	attached to 740.00119 (Control) Japan 4-1948

Enclosure:

From Australian Embassy,
April 19, 1948.

The Honorable
James B. Forrestal,
Secretary of Defense.

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Australian Embassy
Washington, D.C.No: 145/48.

19th April 1948

Sir,

I have the honour to inform you that the Government of New Zealand has advised the Government of Australia that it proposes to withdraw the New Zealand army component of the British Commonwealth Occupation Force in Japan in the months of July and August of this year when the personnel of the component will have completed their period of service. The Government of New Zealand is examining the matter of providing a replacement and will indicate later whether such a component will in fact be provided. The Air Force squadron will be maintained in Japan until about the end of 1948 when the Corsair aircraft with which it is at present equipped will cease to be operational.

In accordance with paragraph 3(B) of the MacArthur Northcott agreement the Government of Australia submits the foregoing proposals of the Government of New Zealand for the agreement of the Government of the United States.

I have the honour to be,
with the highest consideration,
Sir,
Your obedient servant,

(sgd.) Norman Makin

The Honourable Robert A. Lovett,
Acting Secretary of State,
Department of State,
Washington, D.C.

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AUSTRALIAN EMBASSY
WASHINGTON, D. C.

No: 145/48.

UNDER SECRETARY
APR 20 1948
DEPARTMENT OF STATE

19th *see file*
DIVISION OF
SOUTHEAST ASIAN AFFAIRS
File 4/25/48 ALO
APR 21 1948
DEPARTMENT OF STATE

Sir,

I have the honour to inform you that the Government of New Zealand has advised the Government of Australia that it proposes to withdraw the New Zealand army component of the British Commonwealth Occupation Force in Japan in the months of July and August of this year when the personnel of the component will have completed their period of service. The Government of New Zealand is examining the matter of providing a replacement and will indicate later whether such a component will in fact be provided. The Air Force squadron will be maintained in Japan until about the end of 1948 when the Corsair aircraft with which it is at present equipped will cease to be operational.

In accordance with paragraph 3(B) of the MacArthur Northcott agreement the Government of Australia submits the foregoing proposals of the Government of New Zealand for

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the agreement of the Government of the United States.

I have the honour to be,

with the highest consideration,

Sir,

Your obedient servant,

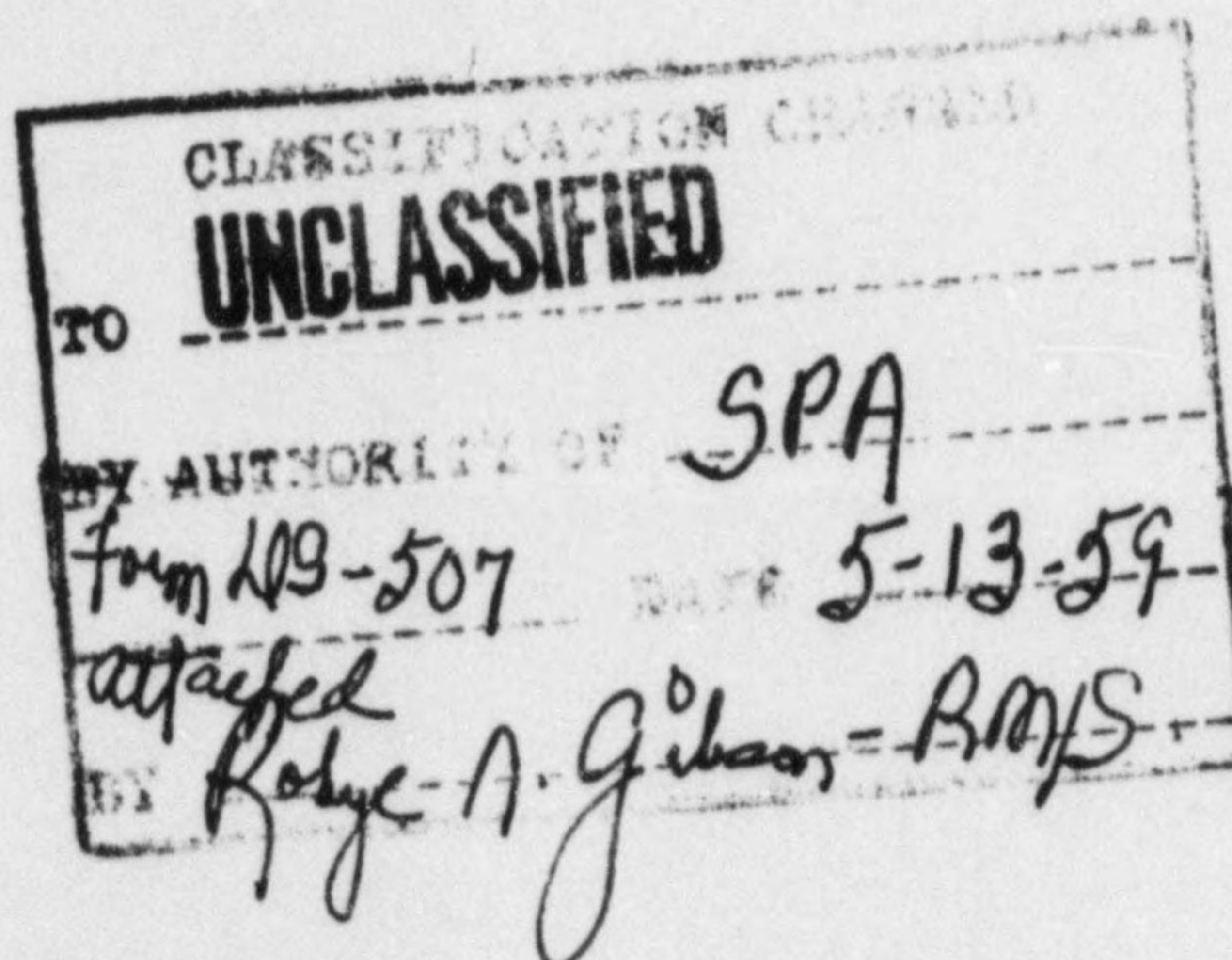
Norman Watkins

The Honourable Robert A. Lovett,

Acting Secretary of State,

Department of State,

Washington, D.C.



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FORM DS. 507 9. 22. 55		DEPARTMENT OF STATE REQUEST FOR CHANGE OF CLASSIFICATION OR DESIGNATION		SECURITY CLASSIFICATION OR ADMINISTRATIVE DESIGNATION	
SECTION A					
TO: 1. ORIGINATING OR ACTION OFFICE SPA		EXTENSION 2839	BUILDING NS	ROOM NO. 2180	
2. REQUESTER'S NAME Department of the Army		AREA OR AGENCY	EXTENSION	BUILDING	ROOM NO.
3. OFFICE OF RECORD: RM, PPT, ETC. RM/S, Department of the Army and Australian Embassy					
SECTION B					
THE FOLLOWING DESCRIBED ^{ATTACHED} DOCUMENT(S) NO LONGER APPEARS TO WARRANT ITS SECURITY CLASSIFICATION OR ADMINISTRATIVE CONTROL DESIGNATION.					
TYPE OF DOCUMENT Note and 2 Letters					
TO: (1) Department of State		(2) Department of Defense	(3) Department of State	DATE (1) 4-19-48	
FROM: Australian Embassy		Department of State	Department of the Army	(2) 4-29-48	
SUBJECT: Withdrawal of the New Zealand army component of the British Commonwealth Occupation Force in Japan				(3) 5-14-48	
PRESENT CLASSIFICATION OR DESIGNATION SECRET			REQUESTED CLASSIFICATION OR DESIGNATION UNCLASSIFIED		
SECTION C					
THE CHIEF OF THE OFFICE TO WHICH THIS FORM IS ADDRESSED OR A PERSON DESIGNATED BY HIM WILL REVIEW THE SUBJECT DOCUMENT AND INDICATE THE DESIRED CLASSIFICATION OR ADMINISTRATIVE CONTROL DESIGNATION.					
RETAIN PRESENT CLASSIFICATION OR DESIGNATION <input type="checkbox"/>		CHANGE TO: <input type="checkbox"/> TOP SECRET* <input type="checkbox"/> SECRET <input type="checkbox"/> CONFIDENTIAL <input checked="" type="checkbox"/> UNCLASSIFIED <input type="checkbox"/> LIMITED OFFICIAL USE <input type="checkbox"/> OFFICIAL USE ONLY *(If reclassified or redesignated to a higher classification explain on reverse side)			
BY AUTHORITY OF: Edward P. Prince Officer in Chg., Australia, New Zealand & Pacific Island Affairs, Offc. of SW Pac. Affairs.		DATE 5/13/59	OFFICE Office of Southwest Pacific Affairs		
SECTION D INSTRUCTIONS					
(1) The requesting office or post will complete lines (1) and (2) of Section A and all of Section B of this form in duplicate. If the request is received by the Department from another agency, RM prepares the form. (2) Both copies of this form together with one copy of the document or documents concerned, when possible, will be forwarded to the action or originating office or post concerned. (3) The action or originating office or post will, if the contents warrant, declassify, downgrade, or redesignate the document by completing Section C of this form in duplicate and will route both copies to the office or post responsible for maintaining the official record copy. SY will take no action unless concurrence is requested. (4) The office or post that is the custodian of the record copy, upon receipt of this form, will file the original of Form DS-507 with the record copy, change the classification on the record copy of the document involved, forward the duplicate copy of this form to the office or post initiating the request, and notify all copy holders. (5) The office or post which initiated the request will note the action taken and make the necessary changes in classification or designation of documents in its possession. (6) In cases where the originating or action office or post wishes to initiate the declassification or redesignation, the entire form will be completed and routed to the office or post maintaining the official record copy for attachment thereto. (7) If the originating or action office in the Department does not hold the record copy, both completed copies of this form will be returned to RM. RM will forward the original of this form to the office holding the record copy. In the Foreign Service, both copies will be sent to the post holding the record copy. (8) If the request is received in the Department from another agency and if the classification or designation has been changed, RM will notify offices within the Department holding copies of the documents. In the Foreign Service, the post holding the record copy will notify other posts who originally received distribution of the document of the change of classification or redesignation. (9) For all requests originating outside the Department, RM presents the request and takes the necessary notification action. In the Foreign Service the post holding the record copy takes necessary notification action.					
SECURITY CLASSIFICATION OR ADMINISTRATIVE DESIGNATION					

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Classification
approved by
JM
4-20-48

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APR 21 1948

No. 69

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

The Acting Secretary of State encloses for the information of the Acting Political Adviser a copy of a "MEMORANDUM FOR HOLDERS OF SWNCC OR SANACC 236 SERIES".

Of the documents referred to in the memorandum, SWNCC 236/29, 236/31, 236/34, and 236/36 were sent to the Acting Political Adviser under cover of Departmental instruction no. 370 of January 9, 1947; SANACC 236/51 was transmitted under cover of instruction no. 581 of October 17, 1947; and SWNCC 236/50 and SANACC 236/53 and 236/54 are enclosed herewith. SWNCC 236/32/D, which was not sent to Tokyo, was merely a directive referring 236/29 and 236/31 to the Subcommittee for the Far East.

It should be noted that SWNCC 236/50 and 236/53 and 236/54 have not yet been approved.

Enclosures:

- ✓ 1. Memorandum for Holders of SWNCC or SANACC 236 Series, copy no. 36.
- ✓ 2. SWNCC 236/50, copy no. 44.
- ✓ 3. SANACC 236/53, copy no. 44.
- ✓ 4. SANACC 236/54, copy no. 43.

740.00119 CONTROL (JAPAN) / 4-2148

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A true copy of the signed original.

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Ch
APR 21 1948

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FE:HSTumas
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*See Schuyler's
recommendations*

Mr. Hamilton

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DEPARTMENT OF STATE

THE UNDER SECRETARY

S/P

*Office
of file
JFK*

May 4, 1948

FE - Mr. Butterworth:

I have two main comments on War's modifications of our "Recommendations":

1. Their position on demilitarization is one which could not very well be implemented without some or most of the other allies. Our first task would therefore be to convince them. I think this should be indicated in the wording. As it stands, it looks as though we had carte blanche.

2. The passage about the FEC seems to me to be somewhat too extreme. I should think the words "terminating the existence" could be replaced with something more modest such as "eliminating the FEC from the control of decisions going beyond implementation of the terms of surrender".

George F. Kennan
George F. Kennan

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FW 740.00119 CONTROL (JAPAN) / 4-2848 A/V/S

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STANDARD FORM NO. 64

Master file
Office Memorandum • UNITED STATES GOVERNMENT

DATE: April 23, 1948

TO : NA - Mr. Fearey
FROM : S/P - Miss Hessman *dmh*
SUBJECT :

Copies 9 and 10 of the revised Japan paper (PPS/28/1) are attached for Mr. Gross and Mr. Thorp.

A complete list of the distribution of the copies of this revised report follows:

- FW 940.00116 Center Japan/4-2848*
- Copy ✓1, U - Mr. Lovett *NSC*
 - ✓2, A/S - Mr. Saltzman (for Mr. Draper)
 - ✓3, FE - Mr. Butterworth *NSC*
 - ✓4, A/S - Mr. Saltzman
 - ✓5, FE - Mr. Butterworth (for General Schuyler)
 - 6, NA - Mr. Allison
 - 7, S/S - Mr. Humelsine
 - 8, FE - Mr. Hamilton
 - ✓9, Le - Mr. Gross
 - 10, A/T - Mr. Thorp *in file*
 - ✓11, Master File (in S/P)

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WAR DEPARTMENT
WAR DEPARTMENT GENERAL STAFF
PLANS AND OPERATION DIVISION
WASHINGTON 25, D. C.

*FE
Self file
JMS*

28 April 1948

MEMORANDUM FOR MR. BUTTERWORTH, STATE DEPARTMENT:
SUBJECT: United States Policy Toward Japan

1. In accordance with our telephone conversation, I am transmitting to you informally an advance copy of our proposals concerning rewording of various paragraphs of the Japanese policy paper.
2. As I have already mentioned to you, these proposals have not yet received Mr. Draper's final approval. We feel, however, that at least the majority of our suggested changes will meet with his agreement.
3. The paragraph on the Far Eastern Commission is admittedly a "first-cut." We realize that its final form must depend to a considerable extent upon the further study which you indicated to Mr. Draper, at our last meeting, that you were going to make.
4. Our proposals on the wording of the paragraph on reparations will be transmitted to you separately.
5. In pursuance of Mr. Saltzman's suggestion, we will be glad to meet with you for further discussion, at your earliest convenience.

*XR
7/11/94*

CVR
C. V. R. SCHUYLER
Brigadier General, GSC
Chief, Plans & Policy Group

Encl - Recommendations With
Respect to U.S. Policy
Toward Japan.

740.00119 CONTROL (JAPAN) / 4-2848

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By *CD/se* NARS, Date *22 AUG 1975*
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~~TOP SECRET~~
WAR DEPARTMENT
WAR DEPARTMENT GENERAL STAFF
PLANS AND OPERATION DIVISION
WASHINGTON 25, D. C.

FE
Soft file
M. J. Powell

28 April 1948

MEMORANDUM FOR MR. BUTTERWORTH, STATE DEPARTMENT:

SUBJECT: United States Policy Toward Japan

1. In accordance with our telephone conversation, I am transmitting to you informally an advance copy of our proposals concerning rewording of various paragraphs of the Japanese policy paper.

2. As I have already mentioned to you, these proposals have not yet received Mr. Draper's final approval. We feel, however, that at least the majority of our suggested changes will meet with his agreement.

3. The paragraph on the Far Eastern Commission is admittedly a "first-cut." We realize that its final form must depend to a considerable extent upon the further study which you indicated to Mr. Draper, at our last meeting, that you were going to make.

4. Our proposals on the wording of the paragraph on reparations will be transmitted to you separately.

5. In pursuance of Mr. Saltzman's suggestion, we will be glad to meet with you for further discussion, at your earliest convenience.

X R
7/11/94

CVR
C. V. R. SCHUYLER
Brigadier General, GSC
Chief, Plans & Policy Group

Encl - Recommendations With
Respect to U.S. Policy
Toward Japan.

740.00119 CONTROL (JAPAN) / 4-2848

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C. J. [Signature]
[Signature]

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Authority NND 760035
By C. O. / se NARS, Date 2 AUG 1975

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FW 140.00119 Controversy Japan / 4-2848

RECOMMENDATIONS WITH RESPECT TO
U.S. POLICY TOWARD JAPAN

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E.O. 11652, Sec. 3(E) and 5(D) or (E)
Authority NND 760035
By cs/se NARS, Date 22 AUG 1975

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RECOMMENDATIONS WITH RESPECT

TO

U.S. POLICY TOWARD JAPAN

- I. The Peace Treaty Page 1
1. Timing and Procedure
 2. Nature of the Treaty
- II. Security Matters 1
1. Disposition of our Tactical Forces in the Pro-Treaty Period
 2. Post-Treaty Arrangements
 3. The Ryukyu Islands
 4. The Navy Naval Bases
 5. The Japanese Police Establishment
- III. The Regime of Control 2 3
1. SCAP Supreme Commander, Allied Powers
 2. FES Far Eastern Commission
 3. Allied Council
- IV. Occupational Policy 3
1. Relations with the Japanese Government
 2. The Reform Program
 3. The Purge
 4. Occupation Costs
 5. Economic Recovery
 6. Reparations
 7. Property Matters
 8. Information and Education
 9. War Crimes Trials
- V. State-Department-Representation 7

Annex A

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RECOMMENDATIONS WITH RESPECT TO

U.S. POLICY TOWARD JAPAN

I. The Peace Treaty.

1. Timing and Procedure.

This Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under either the two-thirds rule or the FEC or some other generally acceptable voting procedure, if at any time the other Allied powers can agree among themselves on one of these procedures. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control. We should also, before actually entering into a peace conference, seek through the diplomatic channel the concurrence of a majority of the participating countries in the principal points of content we desire to have in a treaty. The United States should not agree to the conclusion of a treaty of peace, thereby terminating U.S. occupation, until (a) Japan has reached the degree of stability to allow her to carry out her responsibilities in a manner satisfactory to U.S. interests; (b) overall relations with the U.S.S.R. have progressed to the point where the United States can afford, from a military security viewpoint, to allow a power vacuum to be created in Japan; or conversely (c) until other solutions, there being none apparent at this time that can be considered feasible, have been found to obviate the creation of such a vacuum after the treaty comes into effect.

2. The Nature of the Treaty.

It should be our aim to have the treaty, when finally negotiated, as brief, as general, and as non-punitive as possible. To this end we should try to clear away during this intervening period as many as possible of the matters which might otherwise be expected to enter into the treaty of peace. Our aim should be to reduce as far as possible the number of questions to be treated in the peace treaty. This applies particularly to such matters as property rights, restitution, etc. Our policy for the coming period should be shaped specifically with this in mind.

II. Security Matters.

1. Disposition of our Tactical Forces in the Pre-Treaty Period.

Tactical forces should be retained in Japan for the coming period; but every effort, consistent with military security and the proper performance of the occupational mission, should be made to reduce to a minimum their numbers, their cost to the Japanese economy, and the psychological impact of their presence on the Japanese population. The arrangements for their location, support, and employment should be determined with this in mind.

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2. The Post-Treaty Arrangements.

United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan. If Russia has not been extensively weakened and sobered by that time or if Japanese society still seems excessively vulnerable in the political sense, we should either postpone the treaty or permit the institution of adequate security arrangements by Japan, preferably under U.S. guidance and supervision. ~~But if by that time the Russian situation should really have changed for the better and if we are reasonably confident of the internal stability of Japan, we should aim at a complete demilitarization, guaranteed by an international treaty of the most explicit and concrete nature, to which the Russians would be a party.~~ During the post-treaty period Japan should not be completely demilitarized under any conditions. Regardless of the present wording of the Japanese Constitution, the peace treaty stipulations should permit the Japanese to maintain armed forces (essentially ground elements) of a strictly defensive character and in limited numbers. Such forces are considered a necessity to handle internal security problems above the capabilities of the civil police and to foster governmental prestige in the eyes of Japanese nationals.

3. The Ryukyu Islands.

The United States Government should make up its mind at this point that it intends to retain on a long-term basis the facilities at Okinawa, and the base there should be developed accordingly. The U.S. Government agencies responsible for administering the islands should promptly formulate and carry out a program on a long-term basis for the economic and social well-being of the natives. At the proper time, international sanction should be obtained by the means then most feasible for United States long-term strategic control of the Central and Southern Ryukyu Islands, below latitude 29 degrees N.

4. The Navy: Naval Bases.

The U.S. Navy should shape its policy in the development of the Yokosuka base in such a way as to favor the retention on a commercial basis in the post-treaty period of as many as possible of the facilities it now enjoys there. Meanwhile, it should proceed to develop to the maximum the possibilities of Okinawa as an advance naval base and increasingly employ the facilities on Okinawa, on the assumption that we will remain in control there on a long-term basis.

5. The Japanese Police Establishment.

The Japanese police establishment should be strengthened by the reenforcing and re-equipping of the present forces, by the creation of a maritime customs patrol, and by the establishment of a small central intelligence organization, initially with U.S. advisors, in such a way, however, as not to reconstitute a Japanese secret police. SANACC should be directed to formulate policies for the guidance of SCAP in his implementation of this recommendation.

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TOP SECRETIII. The Regime of Control.1. SCAP: Supreme Commander, Allied Powers.

This Government should not -- at this time -- propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, the scope of its operations should be progressively reduced to a point where its mission will consist largely of general observation of the activities of the Japanese Government and of contact with the latter at high levels on questions of broad governmental policy.

2. FEC: Far Eastern Commission.

(Omitted and attached as a separate item.)

3. Allied Council.

The Allied Council should be continued, and its functions unchanged.

IV. Occupational Policy.1. Relations with the Japanese Government.

The view of the U.S. Government should be communicated to SCAP that in the coming period the functions of his headquarters should be reduced as rapidly as possible to those of general observation and supervision; ~~that corresponding reductions should be made in personnel;~~ and that his headquarters should deal with the Japanese Government, as a rule, only at a high level and on matters of broad policy. ~~This would apply particularly to the activities of the Economic and Scientific Section and of the Government Section.~~

2. The Reform Program.

While SCAP should not stand in the way of reform measures initiated by the Japanese if he finds them consistent with the overall objectives of the occupation, he should be advised not to press upon the Japanese Government any further reform legislation. As for reform measures already taken or in process of preparation by the Japanese authorities, SCAP should be advised steadily but unobtrusively to relax pressure on the Japanese Government in connection with these reforms, and should intervene, after consultation with the U.S. Government, only if the Japanese authorities revoke or compromise the fundamentals of the reforms as they proceed in their own way with the process of implementation and adjustment. ~~More specific advice embodying the above principles should be provided SCAP in the case of certain reforms, such as those pertaining to labor, Decentralization and Police.~~

3. The Purge.

SCAP should be advised to inform the Japanese Government that the purge may be modified along the following lines: (1) Categories of persons who have been purged by virtue of their having held relatively harmless positions should be made re-eligible for governmental, business and public media positions; (2) certain others barred from public life on the basis of positions occupied should be allowed to have their cases

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re-examined solely on the basis of personal actions; and (3) a minimum age limit should be fixed, under which no screening for public office would be required.

4. Occupation Costs.

Measures should be taken to bring about a drastic reduction in the costs of the occupation borne by the Japanese Government. If this cannot be accomplished in any other way, then arrangements should be made to cover many of the costs of occupation, particularly those pertaining to personal services, by payment in dollars, which in turn should be used for financing of Japanese imports.

5. Economic Recovery.

Economic recovery should be made the prime objective of United States policy in Japan for the coming period. It should be sought through a combination of a long-term U.S. aid program envisaging shipments and/or credits on a declining scale over a number of years, and by a vigorous and concerted effort by all interested agencies and departments of the United States Government to cut away existing obstacles to the revival of Japanese foreign trade and to facilitate the restoration and development of Japan's exports. Detailed recommendations concerning the implementation of the above points, formulated in the light of Japan's economic relationship with other Far Eastern countries, should be worked out, following Under-Secretary-Draper's return to Washington, between the State and Army Departments in consultation with the Commerce and Treasury Departments. ~~White House authority should be, if necessary, invoked to see that the cooperation of all agencies and departments of the Government is enlisted in the implementation of these recommendations.~~

6. Reparations.

(Omitted and attached as a separate item.)

7. Property Matters.

SCAP should be advised to expedite the restoration of final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of U.S. policy to have property matters straightened out in advance of a treaty of peace in order that they may not hamper treaty negotiations.

8. Information and Education.

a. Censorship.

Present administrative delays in the censorship of literary materials entering Japan should be markedly reduced, and pre-censorship of the Japanese press should cease. This should not operate, however, to prevent SCAP from exercising a broad post-censorship supervision and from engaging in counter-intelligence spot-checking of the mails.

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b. Translation and Dissemination of U.S. Books and Magazines.

Provision should promptly be made for the authorized translation and publication in Japan of U.S. copyrighted literary works. GARIOA FY 1950 budget should provide for the shipment of newsprint to Japan.

c. Radio.

The U.S. Government should immediately undertake a regular program of medium - and long-wave broadcasts to Japan from a transmitter station on Okinawa. These programs should be carefully prepared with a view to developing an understanding and appreciation of American ideas and at the same time to maintaining as wide a Japanese radio audience as possible.

d. Interchange of Persons.

The interchange between Japan and the United States of scholars, teachers, lecturers, scientists and technicians should be strongly encouraged. SCAP should immediately permit approved Japanese to go abroad for cultural as well as economic purposes under bilateral arrangements with the Allied nations willing to receive them.

e. National Education Budget.

The Japanese should be encouraged to allocate a higher proportion of the national budget to educational purposes.

9. War Crimes Trials.

We should press for an early conclusion of the war crimes trial of "A" suspects. We should immediately undertake the screening of all "B" and "C" suspects with a view to releasing those whose cases we do not intend to prosecute. The others should be tried promptly ~~and not under a procedure which would entail such delays as have characterized the war crimes trials to date.~~ at the earliest possible date.

~~4. State-Department-Representation~~

~~(Delete entire item and handle as a separate consideration between State, Army and SCAP.)~~

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III. 2. Far Eastern Commission.

This government should strive for, and continually keep under review, ways and means of terminating the existence of the Far Eastern Commission. In the meantime, the attitude of the United States with respect to that body, should be based on the premise that inasmuch as the surrender terms, as envisaged in the Potsdam Declaration, have been substantially implemented, the policy making functions of the Far Eastern Commission have, in effect, been terminated. The U.S. should, therefore, resist all attempts by other members to introduce and secure passage of further policy proposals within the Far Eastern Commission. In order to accomplish this objective we should adopt an aggressive and positive attitude by direct discussion with FEC member governments, of matters which are either already pending before the Commission or which may later be raised by one or another of its members. In matters of urgency, where it has become evident that despite efforts to achieve maximum international support, agreement cannot be reached promptly, we should not hesitate to use the interim directive. SCAP should also be encouraged to make greater use of his independent authority as an international officer, asking, where necessary, for appropriate guidance. On the other hand, the U.S. Government should render timely assistance to SCAP by elucidating its interpretation of the application of previous directives and general policies, notably those appearing in the Basic Post-Surrender Policy for Japan.

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MAY 6 1948

In reply refer to
NA 740.00119 Control
(Japan)/4-2848

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Dear Mr. Secretary:

With reference to my letter of April 29, 1948, to you enclosing a note dated April 19, 1948, from the Australian Embassy with regard to the withdrawal of the New Zealand Army component of the British Commonwealth Occupation Force in Japan, there is enclosed a second note dated April 28, 1948, from the Australian Embassy on the same subject.

In view of the fact that the Australian Embassy has informally expressed to the Department the urgency of a reply on this subject, I would appreciate it if you could give me as soon as possible the necessary information upon which to base such reply.

Faithfully yours,

ROBERT A. LOVETT

Enclosure:

From Australian Embassy,
April 28, 1948

The Honorable
James Forrestal,
Secretary of Defense.

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4/30/48

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MAY 6 1948

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DEPARTMENT OF STATE INCOMING TELEGRAM

ACTION COPY

DIVISION OF PROTECTIVE SERVICES

APR 28 1948

DEPARTMENT OF STATE

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Action: DS Info: EUR FE FC DCR

Control 10012

Rec'd April 28, 1948 9:05 a.m.

FROM: Batavia TO : Secretary of State NO : 350, April 28

"Information Yokohama (reference your ZX 46502) im-migration authorities cabling clearance Sergeant HJager to Netherlands Military Mission, Tokyo".

Dept pass Tokyo.

LIVENGOOD

SW:RA

NOTE: Passed to Tokyo April 28, 10 a.m. (CSB)

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HJager 740.00119 CONTROL (JAPAN)/4-2848

MAY 25 1948

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PERMANENT RECORD COPY: THIS COPY MUST BE RETURNED TO DC/R CENTRAL FILES WITH NOTATION OF ACTION TAKEN.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : E - Mr. Thorp

DATE: May 24, 1948

FROM : FE- Mr. Butterworth *UBB*

SUBJECT: U.S. Policy Paper on Japan.

I am transmitting herewith a copy of the State Department's "Recommendations with Respect to U.S. Policy Toward Japan", as revised in the light of informal discussions during the last few weeks with representatives of the Army Department. All revisions are indicated in the text.

In view of the urgent need to proceed with high level discussions of these policy matters with other FEC countries, it is planned to introduce the revised paper into the National Security Council by mid-week and to seek the approval of the Council to the substance of this paper as rapidly as possible.

*xR
7/11.94*

I believe that you will find that very few important changes have been made in our original draft and that the revisions are primarily designed to clarify our proposals.

Please let me know if you have any views on the revised text. I would also appreciate it if you would return this draft to me at your earliest convenience.

17843

E- Mr. Thorp
Assistant Secretary
for Economic Affairs
MAY 25 1948
Department of State

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May 21, 1948

Copy 2 of 10

RECOMMENDATIONS WITH RESPECT TO
U. S. POLICY TOWARD JAPAN

I. The Peace Treaty.

1. Timing and Procedure.

In view of the differences which have developed among the interested countries regarding the procedure and substance of a Japanese peace treaty and in view of the serious international situation created by the Soviet Union's policy of aggressive Communist expansion, this Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under some generally acceptable voting procedure, if at-any-time the Allied Powers can agree among themselves on such a procedure. We should also, before actually entering into a peace conference, seek through the diplomatic channel the concurrence of a majority of the participating countries in the principal points of content we desire to have in such a treaty. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control.

2. The Nature of the Treaty.

It should be our aim to have the treaty, when finally negotiated, as brief, as general, and as non-punitive as possible. To this end we should try to clear away during this intervening period as many as possible of the matters which might otherwise be expected to enter into the treaty of peace. Our aim should be to reduce as far as possible the number of questions to be treated in the peace treaty. This applies particularly to such matters as property rights, restitution, etc. Our policy for the coming period should be shaped specifically with this in mind.

II. Security Matters.

1. Disposition of our Tactical Forces in the Pre-Treaty Period.

Tactical forces should be retained in Japan for the coming period; but every effort, consistent with military security and the proper performance of the occupational mission as envisaged in this policy paper, should be made to reduce to a minimum their numbers, their cost to the Japanese economy, and the psychological impact of their presence on the Japanese population. The arrangements for their location, support and employment should be determined with this in mind.

2. The Post-Treaty Arrangements.

United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated

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FW 740.00119 Control (Japan) / 5-2448

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Copy 2 of 10

until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan. If Russia has not been extensively weakened and sobered by that time or if Japanese society still seems excessively vulnerable in the political sense, we should either postpone the treaty or permit the institution of adequate security arrangements by Japan, preferably under U.S. guidance and supervision. But if by that time the Russian situation should really have changed for the better and if we are reasonably confident of the internal stability of Japan, we should aim at a complete demilitarization, guaranteed by an international treaty of the most explicit and concrete nature, to which the Russians would be a party.

3. The Ryukyu Islands.

The United States Government should make up its mind at this point that it intends to retain on a long-term basis the facilities at Okinawa, and the base there should be developed accordingly. The U.S. Government agencies responsible for administering the islands should promptly formulate and carry out a program on a long-term basis for the economic and social well-being of the natives. At the proper time, international sanction should be obtained by the means then most feasible for United States long-term strategic control of the Central and Southern Ryukyu Islands south of latitude 29 degrees N.

4. The Navy. Naval Bases.

The U.S. Navy should shape its policy in the development of the Yokosuka base in such a way as to favor the retention on a commercial basis in the post-treaty period of as many as possible of the facilities it now enjoys there. Meanwhile, it should proceed to develop to the maximum the possibilities of Okinawa as an advance naval base and increasingly employ the facilities on Okinawa, on the assumption that we will remain in control there on a long-term basis.

5. The Japanese Police Establishment.

The Japanese police establishment should be strengthened by the reinforcing and re-equipping of the present forces, by the creation of a maritime customs patrol, and by the establishment of a small central intelligence organization, initially with U.S. advisors, in such a way, however, as not to reconstitute a Japanese secret police. SANACC should be directed to formulate policies for the guidance of SCAP in his implementation of this recommendation.

III. The Regime of Control

1. SCAP. Supreme Commander for the Allied Powers.

~~This Government should not --- at this time ---~~

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Copy 2 of 10

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~~propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, the scope of its operations should be progressively reduced to a point where its mission will consist largely of general observation of the activities of the Japanese Government and of contact with the latter at high levels on questions of broad governmental policy.~~

This Government should not at this time propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, responsibility should be placed to a steadily increasing degree in the hands of the Japanese Government. To this end the view of the U.S. Government should be communicated to SCAP that the scope of its operations should be reduced as rapidly as possible, with a corresponding reduction in personnel, to a point where its mission will consist largely of general supervisory observation of the activities of the Japanese Government and of contact with the latter at high levels on questions of broad governmental policy.

2. FEC

~~No move should be made by this Government at this time to terminate the existence of the FEC. In order to obtain early agreement on FEC matters on a basis satisfactory to this Government we should adopt a positive program of leadership in the FEC, to be supplemented whenever necessary by direct discussions with FEC member governments. In matters of urgency, where it has become evident that, after efforts to achieve maximum international support, agreement cannot be promptly reached, we should not hesitate to use the interim directive. SCAP should also be encouraged to make greater use of his independent authority as an international officer, asking where necessary for the U.S. Government's views. On the other hand, the U.S. Government should not hesitate to render assistance to SCAP by elucidating its interpretation of the application of previous directives and general policies, notably those appearing in the Basic Post-Surrender Policy for Japan.~~

The U.S. Government should ensure for its own part, and urge upon other FEC member Governments, that policy proposals considered by the FEC be confined to matters directly related to the fulfillment by Japan of its obligations under the Terms of Surrender, and be couched in broad terms leaving questions of administration to SCAP. On such matters, coming within the legitimate scope of authority of the FEC, the U.S. Government should seek to establish as promptly as possible firm U.S. positions and then adopt an aggressive and positive attitude, by direct discussions with FEC member Governments and by forceful backing in the FEC of policies desired by the U.S. In matters of urgency, where it has become evident that, after efforts to achieve maximum international support, agreement cannot be promptly reached, we should not hesitate to use the interim directive. SCAP should also be encouraged to make greater use of his authority

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as the sole executive for the Allied Powers in Japan, asking where necessary for the U.S. Government's views. On the other hand, the U.S. Government should not hesitate to render assistance to SCAP by elucidating its interpretation of the application of previous directives and general policies, notably those appearing in the Basic Post-Surrender Policy for Japan.

3. Allied Council.

The Allied Council should be continued, and its functions unchanged.

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IV. Occupational Policy.1. Relations with the Japanese Government.

~~The view of the U.S. Government should be communicated to SCAP that in the coming period the functions of his headquarters should be reduced as rapidly as possible to those of general observation and supervision; that corresponding reductions should be made in personnel, and that his headquarters should deal with the Japanese Government, as a rule, only at a high level and on matters of broad policy. This would apply particularly to the activities of the Economic and Scientific Section and of the Government Section.~~

(See Section III, 1, above.)

2. The Reform Program

While SCAP should not stand in the way of reform measures initiated by the Japanese if he finds them consistent with the overall objectives of the occupation, he should be advised not to press upon the Japanese Government any further reform legislation. As for reform measures already taken or in process of preparation by the Japanese authorities, SCAP should be advised steadily but unobtrusively to relax pressure on the Japanese Government in connection with these reforms, and should intervene, after consultation with the U.S. Government, only if the Japanese authorities revoke or compromise the fundamental of the reforms as they proceed in their own way with the process of implementation and adjustment. ~~More specific advice~~ Definite background guidance embodying the above principles and indicating the U.S. Government's views as to the nature and extent of the adjustments should be provided SCAP in the case of certain reforms, ~~such as those pertaining to Labor and Deconcentration, and Police.~~ *[wherever necessary or desirable]*

x to be permitted

3. The Purge.

SCAP should be advised to inform the Japanese Government that no further extension of the purge is contemplated and that the purge may be modified along the following lines: (1) Categories of persons who have been purged by virtue of their having held relatively harmless positions should be made re-eligible for governmental, business and public media positions; (2) certain others barred from public life on the basis of positions occupied should be allowed to have their cases re-examined solely on the basis of personal actions; and (3) a minimum age limit should be fixed, under which no screening for public office would be required.

4. Occupation Costs.

Measures should be taken to bring about a drastic reduction in the costs of the occupation borne by the Japanese Government. *further reduction of a drastic nature* ~~If this cannot be accomplished in any other way, then arrangements should be made to cover many of the costs of occupation, particularly those pertaining to personal services, by payment in dollars, which in turn should be used for financing of Japanese imports.~~ This should include a

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marked reduction in the number and magnitude of construction projects utilizing Japanese materials and labor. *The number and size of construction projects utilizing Japanese materials and labor should be held to an absolute minimum.*

5. Economic Recovery.

Economic recovery should be made the prime objective of United States policy in Japan for the coming period. It should be sought through a combination of a long-term U.S. aid program envisaging shipments and/or credits on a declining scale over a number of years, and by a vigorous and concerted effort by all interested agencies and departments of the United States Government to cut away existing obstacles to the revival of Japanese foreign trade and to facilitate the restoration and development of Japan's exports. Detailed recommendations concerning the implementation of the above points, formulated in the light of Japan's economic relationship with other Far Eastern Countries, should be worked out, following ~~Under-Secretary-Draper's return to Washington~~, between the State and Army Departments in consultation with the Commerce and Treasury Departments. ~~White House authority should be, if necessary, invoked to see that the cooperation of all agencies and departments of the Government is enlisted in the implementation of these recommendations.~~ We should make it clear to the Japanese Government that the success of the recovery program will in large part depend upon Japanese efforts to raise production and to maintain high export levels through hard work, a minimum of work stoppages, internal austerity measures and the stern combatting of inflationary trends. *To achieve a balanced internal budget as rapidly as possible.*

6. Reparations. (This section has been redrafted as follows:)

To the end of reaching a definite, speedy and final settlement of the reparations problem in a manner consonant with existing U.S. international obligations and contributing to our broad international interests in the Far East, and having in mind that reparations is primarily an international political problem, the reparations impasse should be resolved in accordance with the following principles and procedures. Diplomatic approaches should be made at a high level to friendly FEC Governments to secure their support for these principles and procedures in the context of our overall policies for Japan.

The U. S. Government should use its authority to issue an interim directive on reparations shares as the legal basis for setting in motion a definite reparations program which must by the terms of that directive be completed in two years.

The U. S. Government should require SCAP to impose such administrative limitations and conditions upon actual reparations removals as will minimize the adverse effect removals might otherwise have upon prompt and effective economic recovery in Japan and Japan's attainment of self-support. To this end, the SCAP should be guided by the following principles:

(1) Industrial facilities inventoried for actual removal under this program should be only those in excess of the levels of industry embodied in Annex A;

(2) Claimant

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(2) Claimant countries should be required to provide evidence that the useful employment of requested facilities is practicable;

(3) The authority already granted expressly by the Far Eastern Commission policy decision (Para 10, FEC 084/21), to retain any particular industrial facilities in Japan, whether or not inventoried for removal, should be exercised by the SCAP if he considers that retention of any such facility is necessary for the purpose of Japanese self-support, or, in other words, necessary to meet the needs of the occupation.

The U. S. Government should endeavor to obtain maximum international support for the industrial levels embodied in Annex A. When favorable FEC action has been taken on any of those levels, appropriate directives should be sent to SCAP. In the meantime both SCAP and the FEC countries should be informed that it is the opinion of the U. S. Government that the proposed U. S. levels stated in Annex A will be needed for purposes of the occupation. In addition the FEC countries should be reminded and SCAP should be impressed with the fact that SCAP possesses an overriding authority to retain any particular plant in Japan, whether or not he has inventoried it as being in excess of the Annex A level, on a showing that he considers its retention essential for the purposes of the occupation.

Further, the United States Government should require the SCAP to adopt the following procedures in implementation of the reparations program for Japan:

(1) SCAP should publicly designate the specific facilities in excess of the levels in Annex A as being available for reparations. He should likewise designate the facilities required to be retained in Japan for purposes of the occupation, and should inform the Japanese that these latter facilities and all other industrial facilities in Japan are to be immune from reparations removal during the occupation;

(2) The claimant countries should thereupon each submit to SCAP carefully scheduled reparation removal plans under which they guarantee to remove prescribed quantities of requested, available reparations facilities, within their respective reparation shares, each quarter during the two-year period in designated, demonstrably available bottoms for the stated purpose of re-establishing those facilities in their own countries;

(3) SCAP should make the final allocations on the basis of these specific undertakings, and should inform the Japanese Government that all plants previously declared available but not included in the final allocations are to be immune from reparations removal during the occupation;

(4) SCAP should ensure delivery at dockside of the allocated facilities in accordance with the removal schedules; and

(5) If at any time a claimant country fails to remove facilities delivered at dockside in accordance with the removal

schedules,

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schedules, the quantity of facilities made available to that country under the delivery contract should be correspondingly reduced by SCAP and the released facilities removed from the list of allocated facilities.

The U. S. Government should, at the conclusion of the first quarter of the reparations program, publicly announce to the Japanese people that the industrial facilities declared immune from reparations removal during the occupation (see paragraphs 1 and 3 above) should be, in the view of the U. S. Government, permanently immune from reparations removal.

7. Property Matters.

SCAP should be advised to expedite the restoration or final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of U. S. policy to have property matters straightened out in advance of a treaty of peace in order that they may not hamper treaty negotiations.

8. Information and Education.

a. Censorship.

~~Present-administrative-delays-in-the~~ Censorship of literary materials entering Japan should be ~~markedly-reduced~~ conducted with the minimum of delay and pre-censorship of the Japanese press should cease. This should not operate,

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however, to prevent SCAP from exercising a broad post-censorship supervision and from engaging in counter-intelligence spot-checking of the mails.

b. Translation and Dissemination of U.S. Books and Magazines.

Provision should promptly be made for the authorized translation and publication in Japan of U.S. copyrighted literary works. GARIOA FY-1946 budgets should provide for the shipment of newsprint to Japan.

c. Radio.

The U.S. Government should immediately undertake a regular program of medium- and long-wave broadcasts to Japan from a transmitter station on Okinawa. These programs should be carefully prepared with a view to developing an understanding and appreciation of American ideas and at the same time to maintaining as wide a Japanese radio audience as possible.

d. Interchange of Persons.

The interchange between Japan and the United States of scholars, teachers, lecturers, scientists and technicians should be strongly encouraged. SCAP should immediately permit approved Japanese to go abroad for cultural as well as economic purposes under bilateral arrangements with the Allied nations willing to receive them.

e. National Education Budget.

The Japanese should be encouraged to allocate a higher proportion of the national budget to educational purposes.

9. War Crimes Trials.

We should press for an early conclusion of the war crimes trial of "A" suspects. We should immediately undertake the screening of all "B" and "C" suspects with a view to releasing those whose cases we do not intend to prosecute. ~~The others should be tried promptly and not under a procedure which would entail such delays as have characterized the war crimes trials to date.~~ Trials of the others should be instituted and concluded at the earliest possible date.

V. State Department Representation.

~~At the appropriate time, the President should send to Tokyo a Political Representative with the rank of Ambassador. The functions of this official would be to advise the Commander in Chief on political matters and to report to the Secretary of State on matters concerning Japan. The Political Representative would enjoy the normal facilities for independent communication with the Department of State. He would not, at least in the initial period, deal officially with the Japanese Government, although there would be no restrictions on his~~

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informal contact with Japanese government officials. Appointment of a United States Political Representative would give further significant point to the concept that we are moving toward a state of peace even in the absence of a treaty. It would also remove the disability under which U.S. diplomatic representatives now operate in Japan as compared with the representatives of other countries, both Allied and neutral.

The Diplomatic Section of GHQ, SCAP, headed by a State Department representative, should remain in existence, and that representative should continue as deputy for the Commander-in-Chief on the Allied Council. Otherwise the functions of the Diplomatic Section should be restricted to those of a protocol and liaison section for GHQ, SCAP. All normal State Department functions now performed in the Diplomatic Section, together with the supervision of the consular establishments in Japan, should be placed under the Political Representative.

At the appropriate stage as the character of the occupation changes, the Secretary of State should recommend to the President that he send to Tokyo a Political Representative with the rank of Ambassador with attributes, powers and privileges similar to those of the diplomatic representatives of other countries in Tokyo. The Political Representative would advise the Commander-in-Chief on political matters and would report to the Secretary of State on matters concerning Japan. He would not, at least in the initial period, deal officially with the Japanese Government, although there would be no restrictions on his informal contact with Japanese Government officials.

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① FE ② *McK...*
DEPARTMENT OF STATE
ASSISTANT SECRETARY

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May 27, 1948

FE - Mr. Butterworth

I am returning the copy of "Recommendations with Respect to U.S. Policy toward Japan." My only comment is in connection with IV 2. The Reform Program. The amended version is in some ways an improvement over the too weak original. I would urge, however, a further amendment which would help clarify the meaning, namely, that "to be permitted" be added after "adjustments" in the third line from the end.

Willard L. Thorp
Willard L. Thorp

E-WLT:eh

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AUSTRALIAN EMBASSY
WASHINGTON, D. C.

~~FE~~
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No. 154/48.

28th April, 1948.

DC/R

Sir,

I have the honour to refer to my Note of 19th April 1948 regarding the proposal of the Government of New Zealand to withdraw the New Zealand Army component of the British Commonwealth Occupation Force in Japan.

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The New Zealand Government has now completed its examination of the question of providing a replacement for the New Zealand Army component which it proposes to withdraw in July - August this year. After a careful review the New Zealand Government has found that such a replacement cannot be provided. As indicated in my Note of 19th April, the New Zealand Air Force Squadron will remain in Japan until the aircraft with which it is equipped ceases to be operational.

The Government of Australia would be grateful for the agreement of the Government of the United States to these proposals.

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I have the honour to be,

with the highest consideration

Sir,

Your obedient servant,

Norman Makin

Norman Makin
(Ambassador).

The Honourable

George C. Marshall,

Secretary of State of the United States of America,

Washington, D.C.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: 5/19/48

TO : NA - Mr. Allison

FROM : NA - Mrs. Dunning

SUBJECT: Note to Australian Ambassador

In drafting attached note to Australian Ambassador, I have acknowledged the two Australian notes. Col. Paxson has informed me that Mr. Royall's letter to the Secretary of May 14, 1948, although it refers only to the first note, was written with the second note also in mind. Originally he had drafted a follow up to the May 14 letter, to this effect, but his administrative people did not consider it necessary. However, if this telephone clearance is insufficient, Colonel Paxson has informed me that he will make further efforts to send us a follow up.

This is OK

ALD

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CONFIDENTIAL

740.00119 Control (Japan) / 4-1948 (9/1)
MAY 25 1948

Excellency:

I have the honor to acknowledge the receipt of your notes No. 145/48 of April 19, 1948 and No. 154/48 of April 28, 1948, regarding the proposal of the Government of New Zealand to withdraw the New Zealand Army component of the British Commonwealth Occupation Force in Japan.

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The Government of the United States has no objection to the withdrawal, during July and August 1948, of the New Zealand component of the British Commonwealth Occupation Force in Japan. Coordination has been effected with the Supreme Commander for the Allied Powers in Japan. The contemplated withdrawal of the New Zealand Air Force Squadron by the end of 1948 is noted.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

MAY 25 1948

His Excellency

The Honorable

Norman J. O. Makin,

Ambassador of Australia.

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UNITED STATES POLITICAL ADVISER
FOR JAPAN

DM/R

~~JIT~~
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~~RAF~~

This Document Must Be Returned to
FM/R
Central
Files

Tokyo, April 30, 1948.

PERSONAL AND
CONFIDENTIAL

Dear Niles:

In connection with the problem of acquiring real estate in Japan out of proceeds from Surplus Property, there are enclosed a copy of a confidential letter dated April 30, 1948 addressed to me by Lieutenant Colonel A. Kenneth Akin, Field Commissioner for Japan and Korea, and a copy of Sales Contract No. W-ANL (TO-V)-502 dated March 13, 1948.

From the letter you will note that the terms for repayment are to be arranged as part of the Japanese peace settlement and that no specific provision is contained in the contract for the acquisition by the United States of real estate in Japan. As you undoubtedly know, the reason for this is General MacArthur's ruling that the question of acquisition of real estate in Japan by any foreign government, including the United States, must be held in abeyance pending a peace settlement.

There has been some correspondence on this subject in the past when we made an attempt to obtain General MacArthur's permission to acquire the Mitsui property in the general vicinity of our Embassy. This effort proved to be abortive and subsequently, when Mr. Larkin was here, I was again flatly turned down when I made another approach on the same subject.

The enclosures are forwarded as part of the general picture concerning the possibilities of acquiring Japanese real estate in the future and not with a view to having any definite action to this end taken at this time. I understand from Lieutenant Colonel Akin that the total sum now owed to the United States by Japan for Surplus

Property

Niles W. Bond, Esquire,
Assistant Chief, Division of Northeast
Asian Affairs,
Department of State,
Washington 25, D. C.

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Property Sales is approximately twelve million dollars. At some future time, assuming that the contracts can be re-negotiated to have a real estate clause inserted therein, this amount should be ample for our needs now and in the future!

Sincerely yours,

Bill
W. J. Sebald

Enclosures (2)

1. Copy of letter from OFLC dated April 30, 1948.
2. Sales Contract No. W-ANL (TO-V)-502 dated March 13, 1948.



THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER FOR JAPAN

DEPARTMENT OF STATE April 30, 1948

No. 252

UNCLASSIFIED

Subject: Fifty-seventh and Fifty-eighth (Special) Meetings of the Allied Council for Japan.

The Honorable The Secretary of State, Washington, D.C.

Sir:

I have the honor to refer to this Mission's despatch No. 231 of April 16, 1948 and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the fifty-seventh meeting of the Council held on April 28, 1948. As there were neither official nor procedural matters on the agenda, the meeting was adjourned after approval of the corrected verbatim minutes of the fifty-sixth meeting.

Immediately after the fifty-seventh meeting was adjourned, the fifty-eighth special meeting was held. Five copies each of the Agenda and Corrected Verbatim Minutes of this meeting are enclosed. The special meeting was called for the purpose of a discussion of the Maritime Safety Authorities Bill, a subject proposed by the Member representing jointly the United Kingdom, Australia, New Zealand, and India. Five copies of this bill (in translation), which was enacted into law by the Japanese Diet on April 15, 1948, are enclosed.

A copy of a letter dated April 23, 1948 and sent to me by Mr. Patrick SHAW, the British Commonwealth Member, requesting that the day upon which this law should come into effect be delayed and that the matter be discussed at a meeting of the Allied Council. This is also enclosed. In response, I called the special meeting and placed this subject on the agenda; I also pointed out to Mr. Shaw before the meeting that since the law had been duly passed by the Japanese Diet and provided by its terms (Article 34) that it was to become effective not later than May 1, 1948, this Headquarters was not in a position to delay the effective date of the law as requested. It was informally arranged, however, that the necessary Cabinet Order would not be promulgated until May 1, 1948, a procedure which appeared to satisfy Mr. Shaw.

In his opening statement, Mr. Shaw declared that he had no wish to make a detailed examination of the act and that the Far Eastern Commission, which now has the legislation before it, is a more appropriate place to consider the technical aspects involved.

He

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COMMISSION ON THE UNITED STATES AND THE ALLIED COUNCIL FOR JAPAN

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