

FEC-063 - FEC-073/3

Copy No. 149CONFIDENTIALFEC-06320 May 1946FAR EASTERN COMMISSIONJAPANESE EXTRAORDINARY TAX LAWSNote by the Secretary General

1. The enclosure, a United States statement of policy regarding the applicability of the proposed Japanese extraordinary tax laws, submitted by the United States Representative, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 6 ALIENS IN JAPAN and to the STEERING COMMITTEE for consideration.
2. An interim directive to the Supreme Commander for the Allied Powers has been issued by the United States Government to this effect and will be filed in due course with the Commission.
3. The Japanese extraordinary tax laws have been circulated to COMMITTEE NO. 2 ECONOMIC AND FINANCIAL AFFAIRS as C2-003, Japanese War Profits Tax Law as imposed on Juridical Persons, C2-003/1 Japanese Increased Property Tax Law, and C2-003/2 Japanese Capital Levy Law.
4. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

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ENCLOSURE

JAPANESE EXTRAORDINARY TAX LAWS

The proposed extraordinary Japanese tax laws shall, as currently written, apply to non-Japanese individuals and corporations.

CONFIDENTIALCOPY NO. 158FEC-063/123 May 1946FAR EASTERN COMMISSIONAPPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
TAX LAWS TO NON-JAPANESE INDIVIDUALS AND CORPORATIONSNote by the Secretary General

1. The enclosure, a United States interim directive on applicability of proposed Japanese extraordinary tax laws to non-Japanese individuals and corporations, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 1: REPARATIONS, COMMITTEE NO 2: ECONOMIC AND FINANCIAL AFFAIRS, and COMMITTEE NO: 6: ALIENS IN JAPAN, for their joint consideration.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 11 May 1946.

3. A certified copy of this U. S. interim policy directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

4. It will be noted that the last paragraph of this interim directive amends paragraph 4 of FEC-066, Treatment of German Property in Japan.

5. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

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E N C L O S U R E

Serial No. 43

11 May 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR THE
ALLIED POWERS ISSUED UNDER THE PROVISIONS OF
PARAGRAPH III, 3, OF THE TERMS OF REFERENCE
OF THE FAR EASTERN COMMISSIONAPPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
LAWS TO NON-JAPANESE INDIVIDUALS
AND CORPORATIONS

The following, received from the State, War and Navy Departments, is furnished for your guidance:

"There is no objection to proposed Japanese extraordinary tax laws being applicable to non-Japanese individuals and corporations, including property vested in the German External Property Commission. Property, regardless of the nationality of its owners, the title of which rests with you and which will be removed for reparations, shall be exempted from the tax laws. For your information State Department considers the applicability of these laws to non-Japanese individuals and corporations appropriate in view of the fact that they are primarily designed not to provide funds for reparations but to stabilize the Japanese internal economy thus benefiting all persons and corporations having interests in Japan, and that it has never been United States Government policy to press for special treatment of United States nationals except where foreign laws have been discriminatory.

"In view of the inconsistency created by the above policy with the policy enunciated in the directive on Treatment of German Property in Japan*, paragraph four thereof is hereby amended to read as follows:

'With reference to paragraph (D) part 3 of the Enclosure, Japanese Government should be permitted to collect taxes on vested property.'"

*FEC-066

FEC-063/1

CONFIDENTIALCOPY NO. 129FEC 063/223 May 1946FAR EASTERN COMMISSIONAPPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY LAWS TO
NON-JAPANESE INDIVIDUALS AND CORPORATIONS

(Reference: FEC 063 Series)

Note by the Secretary General

1. The enclosure, a communication to the Supreme Commander for the Allied Powers prepared by the United States Government and handed to the appropriate authorities on 22 May 1946 for transmissio. to the Supreme Commander,, was presented by the Chairman to the Far Eastern Commission at its twelfth meeting, 23 May 1946.

2. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

E N C L O S U R E

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APPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY LAWS TO
NON-JAPANESE INDIVIDUALS AND CORPORATIONS

In view of further consideration of subject, it is requested that action be deferred pending further guidance to you. If action has already been taken, it is requested that you withhold further action insofar as practicable and advise what action has been taken.

FEC-063/3

11 June 1946

FAR EASTERN COMMISSION

APPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
TAX LAWS TO NON-JAPANESE INDIVIDUALS AND CORPORATIONS

Note by the Secretary General

1. The enclosure, a United States interim directive on applicability of proposed Japanese extraordinary tax laws to non-Japanese individuals and corporations, is circulated herewith for the information of the Far Eastern Commission.
2. This directive was forwarded to the Supreme Commander for the Allied Powers on 30 May 1946.
3. A certified copy of this United States interim policy directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

NELSON T. JOHNSON
Secretary General

FEC-063/3

Serial No. 49

E N C L O S U R E

30 May 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED
POWERS ISSUED UNDER THE PROVISIONS OF PARAGRAPH III, 3, OF
THE TERMS OF REFERENCE OF THE FAR EASTERN COMMISSION

APPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
TAX LAWS TO NON-JAPANESE INDIVIDUALS AND CORPORATIONS

The following, received from the State, War and Navy
Departments, is furnished for your guidance:

In view of further consideration, it is requested that
action on the directive on this subject dated 11 April, 1946*,
be deferred pending further guidance to you. If action has
already been taken, it is requested that you withhold further
action in so far as practicable and advise what action has
been taken.

* FEC-063/1

FEC-063/4

1 July 1946

FAR EASTERN COMMISSION

JAPANESE EXTRAORDINARY TAX LAWS

Note by the Secretary General

The enclosure, a statement by the United Kingdom Representative relative to Japanese Extraordinary Tax Laws submitted at the seventeenth meeting of the Commission, 27 June 1946, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 6: ALIENS IN JAPAN for consideration.

NELSON T. JOHNSON
Secretary General

FEC-063/4

E N C L O S U R EJAPANESE EXTRAORDINARY TAX LAWS

His Majesty's Government in the United Kingdom wish to refer to the following draft Japanese Laws.

Capital Levy Law - (C2-003/2)

Increased Property Tax Law - (C2-003/1)

War Profits Tax Law as Imposed on Juridical Persons - (C2-003) and to state that their policy in respect of British property and rights in enemy and satellite countries is that they should not be subject to any extraordinary taxation designed to meet war damage costs or other charges falling on the nationals of the country concerned as a result of the war.

2. His Majesty's Government consider that the proposed Japanese Capital Levy Law, Increased Property Tax Law and the War Profits Tax Law as imposed on Juridical Persons are undoubtedly all designed to meet such war damage costs and other similar charges as well as to combat inflation which is equally a direct result of the war. Their view is therefore that the property and interests of United Nations' nationals and juridical persons should be exempt from the application of all three laws.

FEC 063/5

2 July 1946

FAR EASTERN COMMISSION

APPLICABILITY OF CAPITAL LEVY LAW TO UNITED
NATIONS NATIONALS

Note by the Secretary General

1. The enclosure, a proposed policy statement relative to the applicability of Capital Levy Law to United Nations nationals, approved by COMMITTEE NO. 6: ALIENS IN JAPAN at its eleventh meeting, 1 July 1946, is forwarded herewith for the consideration of the Far Eastern Commission.

2. The United States member reserved his position on the enclosure.

3. In accordance with paragraph 3 of FEC 043 the Chairman of Committee No. 6 consulted with the Chairman of the Steering Committee prior to forwarding the enclosure to the Commission for consideration.

NELSON T. JOHNSON
Secretary General

FEC 063/5

E N C L O S U R EAPPLICABILITY OF CAPITAL LEVY LAW TO
UNITED NATIONS NATIONALS

1. No capital levy shall be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations shall be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals.

2. If in the opinion of the Supreme Commander for the Allied Powers, exceptional circumstances justify the imposition of any such capital levy, he will refer the matter for consideration of the Far Eastern Commission.

Steering

FEC-063/6

3 July 1946

FAR EASTERN COMMISSION

APPLICABILITY OF CAPITAL LEVY LAW TO
UNITED NATIONS NATIONALS

(Reference: FEC-063/5)

Note by the Secretary General

At its eighteenth meeting, 2 July 1946, the Far Eastern Commission unanimously agreed to refer FEC-063/5, Applicability of Capital Levy Law to United Nations Nationals, to the STEERING COMMITTEE for consideration.

FEC-063/6

CONFIDENTIALCOPY NO. 122FEC-06421 May 1946FAR EASTERN COMMISSIONJAPANESE CARTELSNote by the Secretary General

1. The enclosure, a United Kingdom paper on Japanese Cartels, submitted by the United Kingdom Representative, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

2. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

CONFIDENTIALENCLOSUREJAPANESE CARTELS.

In the directive issued by S.C.A.P. on the Dissolution of Holding Companies (AG 004, 6th November, 1945), that is, the directive primarily concerned with the destruction of the Zaibatsu, reference was made to Japanese participation in internal and international cartels. The following clauses are relevant:-

"5. It is the intention of the Supreme Commander to dissolve the private, industrial, commercial, financial and agricultural combines in Japan and to eliminate undesirable interlocking directorates and undesirable intercorporate security ownership so as to (a) permit a wider distribution of income and ownership of the means of production and trade, (b) encourage the development within Japan of economic ways and institutions of a type that will contribute to the growth of peaceful democratic forces.

"6. Accordingly the Imperial Japanese Government will promptly present for approval by the Supreme Commander for the Allied Powers -

- (a) plans for the dissolution of industrial, commercial, financial and agricultural combines in addition to those mentioned....(i.e., the four leading Zaibatsu);
- (b) its programme to abrogate all legislative or administrative measures which create, foster or tend to strengthen private monopoly;
- (c) its programme for the enactment of such laws as will eliminate or prevent private monopoly and restraint of trade, undesirable interlocking directorates, undesirable intercorporate security ownership and the segregation of banking from

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commerce, industry and agriculture, as well as provide equal opportunity to firms and individuals to compete in industry, commerce, finance and agriculture on a democratic basis.

"7. The Imperial Japanese Government will immediately take such steps as are necessary effectually to terminate and prohibit Japanese participation in private international cartels or other restrictive private international contracts or arrangements.

Again, on the 3rd January, 1946, S.C.A.P. issued another memorandum which informed the Japanese Government that proposals put forward by them for dealing with cartels were unsatisfactory, chiefly because firms were to be allowed to enter into cartel contracts and arrangements with the permission of the Minister of Commerce and Industry. The memorandum affirmed, moreover, that S.C.A.P.'s intention was to prohibit Japanese participation in private international cartels or other restrictive private international contracts. It will thus be seen that action has already been taken to prohibit Japanese participation in cartels, apart from the special measures directed against the Zaibatsu.

2. From the account given in Appendix A, it is evident that cartels in Japan were in pre-war days probably weaker than in any other industrial country in the world. Although the Government had made some efforts to foster them in the early thirties as a means of rescuing industry from depression, and although a considerable number of cartels were in fact called into being, the majority of these cartels remained unstable and on the whole ineffective. For this the underlying economic conditions in Japan were largely responsible. Cartels thrive in a stationary or contracting economy, or during periods of prolonged depression. Japan's economy was expanding rapidly. The set-back to her growth

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which occurred during the world depression, and during which cartels indeed made some headway, was quickly overcome, and development on a large scale was resumed. The rapid growth of population seeking an outlet in the industrial field meant that it was extremely difficult for established suppliers to prevent the appearance of new producers. Even though much of the large-scale industry was in the hands of a few great concerns, those concerns were often in keen competition with one another and were not inclined to agree among themselves for very long about arrangements for restricting production. Outside these great concerns, there was a multitude of small producers who were working in a fiercely competitive market, and no agreements among them about prices and output control were practicable, for their numbers were constantly being augmented. The main exceptions were to be found in a few of the large-scale trustified industries (such as paper making, where after 1933 the Oji Company obtained a virtual monopoly of production), and in certain other trades such as the cotton industry, where during the thirties the Government made use of the producers' associations for the purpose of regulating the quantity of exports.

3. In the sphere of international trade as a whole agreements for the regulation of competition were relatively few and ineffective, except where the Government intervened with the object of implementing arrangements arising out of restrictions imposed by foreign countries on Japanese goods or in order to forestall discrimination. International cartels which are designed to preserve the status quo among established suppliers are not likely to be looked upon with favour by a country which is trying to increase substantially her share of international trade and which, being a cheap producer of manufactured goods, has reasonable expectations

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of success in that attempt. From Table IV in Appendix II, it will be seen that before the war Japan did not take part in international cartels to any important extent. Even in the few cases that have been detected in which Japanese firms were parties to international restrictive arrangements, those arrangements were limited in scope; in those cases Japanese participation usually took the form not of membership of the established international cartels but rather of special agreements between a particular Japanese business and the international cartel concerned with the product.

4. This discussion leads to the conclusion that a demand for the proscription of cartels in Japan is in line with what economic conditions are likely to bring about even in the absence of positive action. No doubt some attempt will be made among Japanese producers to revive their pre-war agreements, but there is no reason to expect that the regulations imposed by post-war cartels will be any more effective than they were before the war. The action of SCAP is designed to prevent even that degree of development. This it may be possible to do so long as the present intimate control over the Japanese economy remains; but since it is extremely difficult to prevent the development of cartels in any country in circumstances in which manufacturers find advantage in establishing them, it would be futile to imagine that, should those circumstances arise in Japan, the Allied Governments could make their policy effective. It is not believed, however, that these circumstances are likely to arise. The whole question of the future of international cartels is a subject on which international discussions are to take place, and it would seem reasonable that any decisions reached in the course of those discussions should apply to Japan. In any case,

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it is unlikely that Japan will wish to participate in international cartels in the post-war period, since she evidently found little advantage in doing so before the war. It is to be presumed that a prohibition of participation in international cartels would not apply to Shipping Conferences; for it is very desirable that if Japan is to be allowed an ocean-going mercantile marine, she should be required to adhere to the agreements reached at those Conferences.

Conclusions.

5. a Before the war Japanese cartels, though numerous, were weak and unstable, because economic conditions in Japan were not conducive to the growth of cartels in the absence of strong Government support.

b Japan participated in very few international cartels, since she was trying to destroy the status in international trade rather than to maintain it.

c There are indications that the Japanese are contemplating the revival of certain cartels, but it is unlikely that economic conditions in Japan will be any more favourable to them in future than they were in the past, and there is no reason to expect a vigorous cartels movement to arise in Japan, even in the absence of a policy directed against them.

d A decision on the question of Japan's participation in international cartels should depend on the outcome of future international discussions on the subject; it is to be presumed that, if Japan is to be permitted to have a mercantile marine, she will be required to adhere to the regulations of the Shipping Conferences.

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In none, however, was a stable and powerful control set up, for the rapidly changing prices and market conditions of the period from 1918 to 1927 were unfavourable to the stability of these cartels.

3. Deflation after the financial crisis of 1927 led to further development but it was not until the depression of 1930 that a really active and widespread movement began. Between 1930 and 1939 some 45 cartels with a nation-wide scope were established (apart from local cartels) in the large scale industries in Japan. The cartels formed during this time covered the following industries:-

Alloy iron;	Ramie yarn;
Steel plates;	Oil;
Hemp;	Condensed milk;
Coal;	Black sheets;
Beer;	Fertilisers and other chemicals;
Anthracite;	Cardboard;
Nails;	Pig-iron.

Several of these cartel agreements provided for the establishment of selling syndicates and apart from them a few industries became trustified. A list of the chief cartels in existence in July 1936, with some indication of their chief function, is given in Appendix B.

4. The extension of cartels in the early thirties can be regarded as the response of manufacturers to the conditions of the great depression at that time. But few of the cartels were effective, and many of them proved to be very unstable during the succeeding period. It was not until the late thirties that many of these combinations were able to exercise any real control over prices and output, and up to the war the majority were weak. The types of combinations found in Japan resembled those familiar in Europe and America. They ranged from complete "mergers", consolidations, or

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or trusts in the broad sense of the term, to terminable associations which in a greater or lesser degree exercised control over prices and output, and syndicate through which the constituent firms sold their quota of products. Japan participated in only a few international industrial agreements, details of these are given in Table IV of Appendix II.

The Major Industries Control Law.

5. The majority of the Japanese cartels operated in industries specified by the Major Industries Control Law. This law was passed as a result of the Government's attempts to meet conditions following the slump of 1930-31, and it came into force in August 1931. It was twice revised in March 1933 and July 1936. The main provisions of the Act were:-

Article I. Wherever a scheme for controlling output and prices or for the allocation of market and sales quota had been agreed to by half of the producers in an industry designated as a "major industry" by the appropriate Government authority, then the provisions of that scheme together with information about the capacity, annual output and sales of the constituent firms must be reported to the Ministry of Commerce and Industry.

Article II. If more than two-thirds of the members of an association recognised under this law make application, then the Minister may, if he thinks fit, require all the producers in the trade to abide by the regulations imposed under the scheme. On the other hand, the Minister can require that agreements be modified or abrogated if they are found to be detrimental to the interests of the industry in question or to those of other industries and of the public.

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A Control Committee was set up to investigate matters relating to the control of those "major industries", and to advise the Minister of Commerce and Industry.

6. This Law and its administration were criticised. The cartelised firms complained that, in spite of the petition of several controlling bodies for the application of the article concerning compulsory enforcement, the Government showed great reluctance in using its powers. Article II was, in fact, only invoked for one industry. Also the Government would only take cognisance of an agreement if more than half the producers were parties to it, and many of the cartels were not really representative of their industries, as a few large producers possessing over half the capacity might stand outside the cartel. In those cases the cartels could exercise no real power, and the Government was hesitant about enforcing agreement when the leading concerns were hostile. Again, the Law applied only to Japan Proper, and cartel control could be evaded by the establishment of capacity in the Colonies or Manchuria. Consumers, on the other hand, complained that the Law afforded no real protection against monopolistic price fixing, as the Government failed to invoke the article which checked these practices and issued warnings only to a few industries.

7. The amendment of the Law of March 1933 compelled manufacturers to send in further reports on the quantity and value of monthly output and sales and on stocks at the end of each month, and in July 1936 the Law was revised so as to meet some of the objections that had been made to it. The position of the larger firms was strengthened by the provision that participants in the recognised cartel agreements must represent not merely more than one half of the

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number of producers but also more than one half of the aggregate output (or sales) of the industry. The Minister of Commerce and Industry was also empowered to adopt a licence system in order to prevent a major industry from increasing its capacity when agreements for restricting capacity in that industry existed. In addition, the Law was made to apply to the whole Japanese Empire. Regulations were also introduced to provide for a greater measure of control over trusts and syndicates with the object of preventing abuses of their power.

8. The Major Industries Control Law, by giving legal support to cartels, encouraged at first a movement which would have taken place in any case in response to the adverse economic conditions of the period. Later, during the period of reflation, the Law may have had some slight effect in preventing cartels from using to the full their power of raising prices. On the whole, however, it may be concluded that the progress of the cartel movement up to the war was only mildly affected by this Law.

The Present Position.

9. In a Press article of the 3rd January, 1946, it was stated that:-

"In a move designed to free their industry from Government supervision instituted in war-time, members of the thirteen branches of the Japanese textile industry have formed a new Japan Textile Association, the first in this country's history to embrace all elements of the textile manufacturing trade, other than raw silk. The new organisation to be known as the Nippon Senyi Kyokai will replace the Senyi Tosei Kai (Japan Textile Control Association) gradually.

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The latter organization, which was formed during the war under Japanese Government auspices, will be retained in form. . . during the present period of unsettled trade conditions. However, the new organization will gradually take over the functions of the Senyi Tosei Kai, and will replace it entirely when the textile industry is operating more freely and on a more normal basis. For the time being the two will work together. A major function of the new association will be the allocation of materials and planning of production, so that the textile industry as a whole may operate to the maximum advantage of all concerned. The association will also represent the textile industry in dealing with the Japanese."

This is an indication that some revival of cartels may be expected in the absence of any positive action directed against them; but there is a wide gulf in Japan (as elsewhere) between intention and performance.

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APPENDIX B
LISTS OF CARTELS*

TABLE I

Cartels Formed in the Industries Specified by the
Major Industries Control Law.

(As on July 20, 1936)

Industries	Nature of Agreements	Number of Firms Concerned.†	
		Members	Outsiders
Cotton Yarn... ..	Production Curtailment	71	2
Silk Yarn	Production Curtailment:	12	1
Rayon Yarn	Market Agreement		
	Production Curtailment:	19	2
	Market Agreement		
Foreign Style Paper ...	Production Curtailment ...	11	1
Cardboard	Production Curtailment:...	21	1
	Price Agreement		
	Production Curtailment:	15	0
	Price Agreement		
Carbide	Production Curtailment:	18	6
	Joint-Sales		
Bleaching Powder... ..	Production Curtailment:	14	5
	Joint-Sales	14	5
Sulphuric Acid	Joint-Sales	5	21
	Joint-Sales	9	17
Oxygen	Price Agreement: Market Agreement: Sales Quota...	20	9
Hard Oils	Joint-Sales	10	0
Cement	Suspension of Production Increase	18	6
	Production Curtailment: Allotment of Orders: Sales Price Agreement: Market Agreement: Sales Quotas: Joint-Sales Agreement (in Korea)	17	6
	Allotment of Orders: Sales Price Agreement: Market Agreement: Sales Quotas	16	7
Wheat Flour ... ..	... ..	0	7
Carbon Bisulphide ...	Sales Price Agreement: Market Agreement: Sales, Quotas and Volumes	8	14
Refined Sugar	Production Curtailment ...	5	1
Pig Iron ... ..	... ..	0	2
Iron Alloys	Joint-Sales ...	7	9
Steel Bars	Production Allotments: Sales Price Agreements	5	5
	Joint-Sales Agreement	3	1

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Angle Steel	Joint-Sales Agreement ...	4	4
Steel Plates	Joint-Sales Agreement ...	4	4
	Joint-Sales Agreement ...	2	6
Wire Rods	Joint-Sales Agreement ...	2	3
Copper Plates ... ..	... ..	0	15
Gasoline	Joint-Sales Agreement ...	4	2
Beer	Suspension of Production Increase: Joint-Sales	2	2
	Terms Affecting Sales, Prices, &c.	3	1
Coal	Adjustment of Coal Shipments: 25		6
	Control over import of Fushun coal Joint-Sales Agreement	26	13

- * (Information taken from The Industrialization of Japan and Manchukuo, 1930-1940, Schumpeter, Allen, Gordon, Penrose, 1940)
- + Data from Bureau of Rationalisation, Ministry of Commerce and Industry
- ‡ In some of these industries there are, in addition to firms enumerated, several small producers.

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Industry	Controlling of Organs	Remarks
Cotton Yarn	Japan's Cotton Spinners' Association	One outsider has suspended production
Silk Yarn	Silk Spinning Industrial Association	
Rayon Yarn	Japan Rayon Manufacturers Association.	/classes
Foreign Style Paper	Japan Paper Manufacturers (Kanrikai)	Agreement covers most with exception of news-print
Cardboard	Japan Cardboard Trade Association (Yellow Cardboard) Brown Cardboard Control Association	One outsider has suspended operation
Carbide	Carbide Union	Production agreement for banning new capacity as well as for curtailment of operation of existing plant. Two members have suspended production and one member does not market products.
Bleaching Powder ..	Bleaching powder Association Bleaching Powder Sales Company	The Sales Company is governed by Article 2 (iii) of Law which provides that a joint-sales company shall report on its business to Government.
Sulphuric Acid ...	Eastern Sulphuric Acid Sales Company Kwansai Sulphuric Acid Sales Company	These two joint-sales companies have agreements about the allotment of markets. The former Company does not come under Article 1; the latter must report under Article 2 (iii)
Oxygen	All-Japan Oxygen Association	Agreements are carried out through six joint agencies in Hokkaido, Tokyo, Nagoya, Osaka, Kobe, and Kyushu.
Hard Oils	Japan Hard Oils Trade Association: Hard Oils Sales Company	The Sales Company must report under Article 2 (iii) of Law
Cement	Cement Manufacturers' Association	Of the six outsiders one participates in agreements for production curtailment and sales prices.
	Cement Manufacturers Association	
	Japan Cement Export Association	
Wheat Flour	The Nisshin, Nippon and Nitto Flour Companies had a joint-sales agreement until 18th July, 1935; but no control is now in force.

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Carbon Bisulphide	Carbon Bisulphide Trade Association	One member has suspended operation
Refined Sugar ...	Japan Sugar Refiners Association	
Pig Iron ... ..	... ..	The Japan Iron Manufacturing Company and the Pig Iron Joint-Sales Company have agreements about imports and sales of pig iron; but no control agreements under Article I of Law are now in force.
Iron Alloys	Iron-Alloys Joint Association	
Steel Bars	Steel Materials Association Kwanton Steel Materials Sales Union	Agreements cover round and flat bars Agreements cover round bars only.
Angle Steel	Angle Steel Joint-Sales Association	
Steel Plates ...	Japan Thick Steel Plate Joint-Sales Union Medium Steel Plate Joint-Sales Union	
Wire Rods	Japan Wire-Rods Joint-Sales Union	
Copper Plates ...	... ..	There is a Rolled Copper Association, but this exercises no controlling functions.
Gasoline	Petroleum Manufacturers' Joint Company	The Joint Company must report under Article 2 (iii) of Law.
Beer	Beer Joint-Sales Company 	This Company must report under Article 2 (iii) of Law. It is organized by the Dai Nippon Beer and the Kirin Beer Companies. The Dai Nippon Beer, Kirin Beer and Sakura Beer Companies are the participants.
Coal	Coal Owners Union ... Showa Coal Company	Covers firms with production or sales of more than 150,000 metric tons a month Must report under Article 2 (iii) of Law

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Industries	Nature of Agreements.	Number of Firms Concerned		Controlling Organs
		Members	Outsiders	
Hemp Yarn ...	Production Allotment: Joint-Sales	2	0	Hemp Yarns Joint Sales Station (Imperial Hemp Comp- any and Taisho Hemp Company)
	Production Allotment	2	0	Imperial Hemp Company and Tokyo Hemp Ind. Company
	Production Allotment	3	0	Agreed by Imperial Hemp Company Taisho Hemp Company and Togoshi Shot
Ramie Spinning	Production Curtailment Joint-Sales	8	4	Ramie Joint- Sales Com- pany
Ammonium Sulphate	Production Allotment: Sales Price Agreement	8	5	Ammonium sulphate Dis- tribution Union
Nitrogen of Lime	Production Curtailment: Market Agreement: Joint-Sales	5	1	All-Japan Nitrogen of Lime Joint- Sales Union.
Superphosphate of Lime	Sales Price Agreement: Sales Volume Agreement	...	...	Superphosphat Conference
	Production Curtailment: Joint-Purchase Raw Material	12	1	Superphosphat Fertiliser Industrial Union
Glycerine	Joint-Sales Agreement	8	3	Glycerine Sales Comp- any
Refined Copper	Production Allotment: Joint-Sales Agreement	5	2	Wednesday Society
Japanese Paper	Production Allotment: Sales Agreement	9	0	Japanese Paper Trade Asso- ciation
	Sales Price Agreement	95	0	All-Japan Machine-Made Japanese Paper Asso- ciation
Cellophane	Sales Price Agreement	8	0	Usuyokai
	Joint-Sales Agreement	8	2	Cellophane Sales Comp- any
Sugar	Production Allotment: Sales Price	11	4	Japan Sugar Manufacture Association (Not includ- ing refined sugar).

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Condensed Milk ..	Joint-Sales Agreement	4	22	Home-Made Con- densed Milk Joint-Sales Union
	Joint-Export Agreement	4	0	Japan Milk Manufacturing Society
Mineral Oil ...	Sales Volume Agreement	20	0	Mineral Oil Refiners Asso- ciation.
	Sales Price Agreement			
Gas Pipe ...	Production Allotment: Joint Sales Agreement	2	0	Japan Gas Pipe Sales Company
Chlorine ...	Joint-Sales Agreement	14	0	Bleaching Powder Sales Company

* Data from Ministry of Commerce and Industry

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TABLE III

Fishery Associations*
(As in July 1936)

Industries	Nature of Agreements	Controlling Organs
Tinned Salmon and Trout	Production Control: Sales Control	Japan Tinned Salmon and Trout Fishery Association,
	Production Allotment: Joint-Sales Joint-Sales	Japan Tinned Salmon and Trout Sales Company. Japan-to-France Tinned Salmon and Trout Joint-Sales Company.
	Joint-Sales	North Chishima Tinned Red Salmon Association.
Tinned Crab ...	Production Control: Sales Control Joint-Sales	Japan Tinned Crab Fishery Association. Tinned Crab Joint-Sales Company (Kyowakai).
Tinned Tuna ...	Production Control: Sales Control	Japan Tinned Tuna Fishery Association.
	Joint-Sales	Japan Tinned Tuna Joint-Sales Company.
Frozen Tuna ...	Production Control: Sales Control	Japan Frozen Tuna Export Fishery Association.
	Production Quota	Japan Frozen Tuna Production Association.
	Joint-Sales	Japan Frozen Tuna Export Company.
Tinned Shellfish...	Production Control: Sales Control	Japan Export Tinned Shellfish Fishery Association.
	Joint-Sales	Japan Export Tinned Shellfish Joint-Sales Association.
Oyster	Production Control: Sales Control	Japan Export Oyster Fishery Association.
	Joint-Sales	Japan Export Oyster Joint-Sales Company.
Tinned Sardine ...	Production Control: Sales Control	Japan Export Tinned Sardine Fishery Association.
	Sales Control	Japan Tinned Sardine Joint-Sales Company.
Fish Meal	Production Control: Sales Control	Japan Fish Meal Fishery Association.

* Data from Ministry of Commerce and Industry.

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TABLE IV.

Industries covered by International Industrial Agreements.

The chief instances were: --

- (1) Ammonium sulphate (Japan and Overseas Nitrogen Agreement concluded between the Japanese cartel and the International Nitrogen Cartel).
- (2) Nitrogen of lime (Nitrogen of Lime Mutual Agreement concluded between A.C.C. of America and Mitsui Bussan representing the joint-sales organ).
- (3) Coal (agreement between the Fushun Coal Sales Company of Manchuria and the Showa Coal Mining Company).
- (4) Pig-iron (agreement between the Japan Iron Manufacturing Company and the Manchurian iron and steel companies covering imports and sales of pig-iron in Japan; the agreement is carried out through a syndicate, the Pig-iron Joint Sales Union).
- (5) Matches (arrangements with International Match Cartel).
- (6) Electric lamps (only the production of the Tokyo Electric Company, affiliated with the American G.E.C., was covered).
- (7) Dyestuffs (Mitsui had agreement with Dystuffs Cartel about sales in China).
- (8) Celluloid.
- (9) Titanium (foreign concerns producing titanium joined with Kokusan Kogyo K.K. in forming Titan Kogyo K.K.).
- (10) Oil (Mitsui had arrangement with Standard Oil about purchase of crude oil which Mitsui refined, working on Standard Oil patents).
- (11) Cables (in early thirties there was a restrictive patent agreement between Electrical Research products (United States) and Sumitomo Electric Wire and Cable, but Japan was not a member of International Cable Cartel).

Note on above Tables.

The existence of a cartel is not to be taken as indicating that effective control over prices or output had been achieved. In many of the trades mentioned above control was nominal or temporary.

CONFIDENTIALCOPY NO. 112FEC 06523 May 1946FAR EASTERN COMMISSIONPROVISIONS FOR THE COORDINATED EXPLOITATION
OF JAPANESE INTELLIGENCE TARGETS OF INTERDEPARTMENTAL
AND INTERNATIONAL CONCERNNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on provisions for the coordinated exploitation of Japanese intelligence targets of interdepartmental and international concern, is circulated herewith for the information of the Far Eastern Commission, and is referred to the STEERING COMMITTEE for consideration.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 24 October 1945.

3. A certified copy of this U. S. policy directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

4. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC 065

E N C L O S U R E

CONFIDENTIAL
Serial No. 16.

24 October 1945

PROVISIONS FOR THE COORDINATED EXPLOITATION OF
JAPANESE INTELLIGENCE TARGETS OF INTERDEPARTMENTAL AND
INTERNATIONAL CONCERN.

1. Details have been arranged in Washington for coordination of U. S. government civil and military intelligence requirements and transmission of coordinated target lists through War Department Intelligence Collection Committee to theater concerned. Committee is prepared to provide the qualified personnel necessary to give expert examination of theater controlled targets.
2. The need in the theater for an agency capable of coordinating investigations by theater agencies and by special military technical missions with investigations of interest to civil departments, and of providing the facilities and services essential for such investigations, has been demonstrated by experience in Europe. Your establishment of such an agency is desired.
3. It is considered by the Joint Chiefs of Staff that the supreme authority in each liberated or occupied area should effect the necessary coordination between nations. This question has been raised by the British. They are being informed that requirements as to Japan should be presented to the Supreme Commander for the Allied Powers through their senior officer on duty with him and that, in areas where the British are in supreme authority, the United States will similarly present their requirements to the British commander.
4. It is further considered that supreme commanders, in effecting international coordination in their areas, should allow access by each of the other allied nations to intelligence targets or intelligence having an essential relationship to operations conducted by that nation during the war, to the responsibilities of that nation arising from the control and occupation of Japan or other areas of the Far East, or to its government of liberated areas, provided that each such nation takes appropriate reciprocal action regarding intelligence targets or intelligence controlled by it. Your adherence to that policy is desired. Without the specific approval of the Joint Chiefs of Staff intelligence will not be otherwise disclosed, pending decision on the governmental level.

~~CONFIDENTIAL~~

FEC-066

23 May 1946

CLASSIFICATION CHANGED	
TO	<u>Unclassified</u>
BY AUTHORITY OF	<u>FEC 066/1</u>
	<u>6/27/51</u> DATE
BY	
FAR EASTERN COMMISSION	

COPY NO. 161TREATMENT OF GERMAN PROPERTY IN JAPANNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on the interim treatment of German property in Japan, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 6: ALIENS IN JAPAN for consideration.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 27 April 1946.

3. A certified copy of this U. S. interim policy directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

4. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC-066

ENCLOSURECONFIDENTIAL

27 April 1946

Serial No. 41INTERIM DIRECTIVE TO THE SUPREME COMMANDEER FOR THE ALLIED POWERS, ISSUED UNDER THE PROVISIONS OF PARAGRAPH III, 3, OF THE TERMS OF REFERENCE OF THE FAR EASTERN COMMISSIONTreatment of German Property in Japan

The following, received from the State, War and Navy Departments, is furnished for guidance and information. Reference is made in this directive to your document on this subject dated 28 January 1946 and reproduced as an enclosure (appendix) hereto.

1. Treatment to be accorded German property in Japan is dependent upon category of property involved. German property in Japan may in general be divided into categories "A", "B" and "C" as follows:

Category A. Property subject to German vesting decree. Your interpretation of exclusions from Articles 2 and 3 of German vesting decree as stated in part 2 of the Enclosure (Appendix) is incomplete as also excluded are persons of German nationality who have not enjoyed full rights of German citizenship under Reich law at any time since 1 September 1939 and any citizen of any country annexed or claimed to have been annexed by Germany since 31 December 1937. With foregoing amendment to paragraph A, part 2 of the Enclosure (appendix) and the first sentence of paragraph B, part 2 of the Enclosure (Appendix) are correct. Relating to corporations of mixed ownership: where property is owned by a Japanese corporation, stock of which is owned or in your opinion controlled by Germans subject to the decree, even though the German interest is not 100%, the property should be treated in the same manner as if subject to the decree. Cases in which there is doubt as to control or ownership should be referred to Washington with detailed statement of relevant facts. Where it is clear that there

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is no control by Germans subject to the decree but merely a small stock interest, analysis contained in part 2 (B) of the Enclosure (Appendix) is correct.

Category B. Property not subject to decree but owned or controlled by objectionable Germans. Term "objectionable German" refers to those German nationals who have continuously resided outside Germany and German controlled territory since 1 September 1939 or who have not enjoyed full rights of German citizenship under Reich law at any time since 1 September 1939 but who were agents or propagandists of Nazism, members of the Nazi party, officials or employees of the German Reich or who played active part as research or financial experts, scientists, technicians, advisors, manufacturers, or suppliers in the development of the Axis war economy. Term in general includes every German in Japan who is subject to forcible repatriation, and any German whose activities you deem objectionable on other grounds.

Category C. Property not subject to decree but owned or controlled by "unobjectionable Germans". This class in general includes Germans who are not subject to forcible repatriation and who do not seek voluntary repatriation. It is considered that this group is very small.

2. In response to part 3 A of the Enclosure, (Appendix) pending further advice, your headquarters to the fullest extent practicable should as an interim measure seize, assume custody of and administer such property in anticipation of your designation as agent of the German External Property Commission (GEPC). U.S. member GEPC is recommending such designation at an early meeting proposing the broadest delegation of powers. Other problems raised by you are dealt with in paragraph 3 this directive.

3. The following are comments on Part I of the Enclosure (Appendix):

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a. Funds and other property owned by or held in the name of the German Government or any agency thereof, including Nazi party and affiliated organizations, are subject to German vesting decree and will be seized and held in your custody in anticipation of your designation as the agent of GEPC. Property of objectionable Germans who are not subject to decree will remain frozen subject to withdrawal only pursuant to your authorization.

b. Private property falling within category A above will be seized and held in your custody in anticipation of your designation as the agent of the GEPC. No withdrawals for living expenses will be permitted for former owners who will depend for relief on Japanese Government. Blocking program covering property within categories B and C will be continued. Withdrawals for subsistence on current Japanese level by objectionable Germans will be limited as prescribed. More liberal treatment may be followed with respect to "unobjectionable" Germans.

c. (1) OMIGUS* appreciates your need for and agrees to operation of enterprises within category A required to produce goods essential for health and welfare of occupation forces or to carry out objectives of occupation. In such cases your headquarters will directly operate the enterprises in anticipation of your designation as agent of the GEPC by installing a representative of your headquarters as managing agent. No payments, transfers or withdrawals will be permitted except upon order of the managing agent. Authority of former officials to draw upon accounts will be terminated.

(2) Enterprises within category B shall not be permitted to operate unless their operations are required to produce goods essential for health and welfare of occupation forces or to carry out objectives of occupation. In such cases supervisors will be installed and all transactions will be subject to approval of supervisors.

*Office of Military Government, U. S. Zone, Germany

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(3) Enterprises within category C above may in general be permitted to carry on operations which are consistent with the objectives of the occupation. Supervisors need not be installed and limited business operating licenses may be approved.

d. (1) With respect to enterprises within category A whose operations are being continued by you, all expenses incidental to the maintenance and operation of the enterprise may be paid. Instructions with respect to disposition of assets of enterprises not permitted to operate (including reply to part 3 C of the Enclosure) (Appendix) are being deferred pending receipt of information requested in paragraph 6 of this directive and authorization by GEPC which awaits the issuance of a directive by ACC Germany. In the meantime, however, individual cases may be referred to Washington. Payment of creditors will be deferred except that payment of any expenses incident to preservation and maintenance of property is authorized. All gold, silver and foreign currencies held by such enterprises will be segregated and reported to Washington.

(2) Enterprises within category B which are being permitted to operate may be permitted to make such withdrawals from their blocked accounts as are necessary to the operations approved by the supervisor and in addition may pay existing debts and obligations. Enterprises not permitted to operate should be held intact in caretaker status pending determination of reparations policies for Japan. Payment from blocked funds is authorized for expenses necessary for maintenance and preservation of such property. Commodities owned by such enterprises may, however, be included in export program.

e. Comments are deferred on the financial aspects of repatriation program. Your suggestions on a general German repatriation program would be welcomed.

f. Approved.

4. With reference to paragraph D, part 3 of the Enclosure, Appendix, pending advice from GEPC payment of taxes with respect to vested property will be deferred. OMGUS' opinion is that

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since GEPC, in taking title to property, is serving as the agent of the countries entitled to reparations, it would appear that the question of paying taxes to the Japanese government should fall under the same policy as applies to property owned by the United Nations in Japan.

5. With reference to paragraph E, part 3 of the Enclosure, Appendix, vested funds should be utilized for maintenance and preservation of vested property. Appropriate records should be maintained of all disposition of vested funds and other vested property.

6. Desire to be in position to advise Allied Control Council of nature and amount of property in Japan which is subject to vesting decree. Request that there be forwarded as soon as possible schedules with breakdowns into numbers, categories and approximate value, together with such other information as you may deem pertinent.

7. The intention of the U.S. Member, Allied Control Council, Germany to obtain the appointment of SCAP as the agent of GEPC in Japan with broad delegation of powers is approved.

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ENCLOSUREAPPENDIX

DOCUMENT ON "GERMAN PROPERTY IN JAPAN" DATED 28 JANUARY 1946
RECEIVED FROM THE SUPREME COMMANDER FOR THE ALLIED POWERS

PART I

Present policy regarding German property is:

A. Cash funds of Government, Nazi Party and affiliated organizations, and arrested or detained persons impounded against receipt and bank accounts and other property blocked.

B. All transactions in private property prohibited without special license and private bank accounts blocked. Withdrawals from personal funds of 1500 yen monthly for family head and 500 yen per additional member permitted for living expenses and taxes.

C. Two enterprises owned and controlled by German nationals residing in Japan given limited operation licenses to produce goods essential for health and welfare of occupation forces. No alternative supplier is available. All transactions of these enterprises subjected to approval of supervisor designated by this headquarters.

D. Propose permitting withdrawal from blocked bank accounts of natural and juridicial persons for:

1. Repair of damage to property and similar emergencies.
2. Business operation expenses provided nature of business is approved by this headquarters as essential for occupation forces or peacetime Japanese economy and further provided management is purged of undesirables.
3. Maintaining and preserving property, or for liquidation when continued operation disapproved, proceeds of liquidation being blocked.

E. Upon repatriation German nationals including diplomats to be allowed to take out only \$50 or equivalent and personal effects.

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F. Relief of needy Germans, formerly given allowances from official German funds, is responsibility of Japanese Government.

PART 2

This headquarters interprets German vesting decree to exclude from its provisions only property of:

A. German nationals continuously residing outside Germany and territory then under German control, since 1 September 1939.

B. Juridicial persons organized under Japanese law and owned and controlled by German nationals referred to in (A). It is our further understanding that in case of juridical persons organized under Japanese law where some portion of capital is owned and controlled by persons inside Germany or otherwise subject to vesting decree defy that portion so held, whether in form of stock or other evidence of ownership, is subject to vesting. Control of vesting authority or its custodian over property of such juridical persons is limited to voting and other rights inherent in ownership of the vested stock or other evidence of ownership.

PART 3

Vesting procedure raises following questions:

A. What is responsibility of this headquarters with respect to vested property?

B. To what extent, if any, should program outlined in part 1 be modified for property subject to vesting particularly with respect to liquidation of enterprises not considered essential?

C. May vested property be disposed of by export if required by United Nations, or economic sale if essential for occupation forces or peacetime Japanese economy, proceeds of disposition in all cases being blocked?

D. Should Japanese Government be permitted to collect taxes on vested property?

E. Should Japanese Government be required to supply funds for maintenance and preservation of vested property or should yen funds of vested persons be used for that purpose?

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PART 4

Your approval of program outlined in part 1, confirmation of our interpretation in part 2, and guidance on questions raised in part 3 are requested at earliest possible as problems involved are urgent.

FEC-066/1FEC-066/127 June 1951

FAR EASTERN COMMISSION
TREATMENT OF GERMAN PROPERTY IN JAPAN
Directive Serial No. 41
(Reference: FEC-066)

Note by the Secretary General

1. Upon recommendation of the United States Government FEC-066 (23 May 1946), a United States directive to the Supreme Commander for the Allied Powers regarding treatment of German property in Japan is from this date graded to UNCLASSIFIED.
2. All holders of FEC-066 are requested to make the appropriate change in their copies of this document.

NELSON T. JOHNSON
Secretary General

FEC 067

27 May 1946

FAR EASTERN COMMISSION

STANDARD PROCEDURES FOR FORMAL COMMISSION ACTIONS

(Reference: SC 011/1)

Note by the Secretary General

The enclosure, a letter to the Secretary General from the Representative of France on the Far Eastern Commission, requesting that SC 011/1 be placed on the agenda of the next meeting of the Far Eastern Commission, is circulated herewith for the consideration of the Steering Committee.

NELSON T. JOHNSON
Secretary General

FEC 067

E N C L O S U R ELETTER TO THE SECRETARY GENERAL

The Ambassador of France
Delegate to the
Far Eastern Commission
Washington 23, D. C.
23 May 1946.

Mr. Secretary General:

During the course of its fourteenth meeting held on 21 May 1946, the Steering Committee completed its discussion on the subject of the procedure to be followed by the Far Eastern Commission in making its policy decisions.

It is my belief that it is necessary that the statement adopted by the Steering Committee should be forwarded to the Commission in order to allow the Commission to come to a decision in this respect in accordance with paragraph 1, Article A, Section 2 of the Moscow Communique, 27 December 1945.

I would be very grateful, therefore, if you would be so kind as to present this document (SC 011/1) at one of the next meetings of the Far Eastern Commission.

Please accept, Mr. Secretary General, the expression of my warm regards.

/s/ P. E. Naggiar
P. E. NAGGIAR

Mr. N. T. Johnson
Secretary General
Far Eastern Commission

FEC 067/1

28 May 1946

FAR EASTERN COMMISSION

STANDARD PROCEDURES FOR FORMAL COMMISSION ACTIONS

(Reference: SC 011 Series)

Note by the Secretary General

1. The Steering Committee, in its fifteenth meeting, 28 May 1946, unanimously approved FEC 067, a communication from the French representative to the Secretary General, recommending that SC 011/1 be considered by the Far Eastern Commission. SC 011/1 is therefore forwarded to the Commission for consideration.

2. The Steering Committee also unanimously approved the motion of the Soviet member that the following paragraph be added to SC 011/1:

"8. Documents in Official Languages.

The Secretary General will be responsible for the preparation of the texts of all Commission actions, as defined above, together with the minutes of all meetings of the Steering Committee and the Commission, in the four official languages of the Commission; and these will be circulated without undue delay."

NELSON T. JOHNSON
Secretary General

FEC 067/1

FEC-067/2

31 May 1946

FAR EASTERN COMMISSION

STANDARD PROCEDURES FOR FORMAL COMMISSION
ACTIONS (Reference: FEC-067/1; SC-011 Series)

Note by the Secretary General

1. The enclosure, standard procedures for formal Commission actions, unanimously approved by the Far Eastern Commission at its thirteenth meeting, 29 May 1946, is circulated herewith for the information of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

FEC-067/2

E N C L O S U R ESTANDARD PROCEDURE FOR COMMISSION ACTIONS

1. TYPES OF ACTIONS. The principal formal actions of the Far Eastern Commission are: (1) policy decisions as provided for in paragraph II, A, 1, of the Terms of Reference; (2) formal requests to the Chairman of the Commission for consultation with the Supreme Commander for the Allied Powers in order to obtain such information from the Supreme Commander as may be required in the process of arriving at a policy decision. Consultation is provided for in paragraph VI, 1 of the Terms of Reference.

2. POLICY DECISIONS. A formal action on matters of policy will consist of a statement phrased in general and mandatory terms. It should avoid, in so far as possible, going into such explicit details as are properly an executive responsibility. When a decision of policy is agreed to by the Commission, "The United States Government shall prepare directives in accordance with policy decisions by the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government Agency". (Terms of Reference, paragraph III, I). So long as the sense of the policy decision of the Commission is not compromised, the form of the United States Government directive to SCAP need not follow the verbatim text of the Commission's statement. In other words, the sending of a "message" from the Commission to SCAP in the form of a policy statement is not authorized by the Term of Reference.

3. PROCEDURE FOR POLICY DECISIONS. The Commission may either proceed to formulate a policy decision itself or refer the subject to the appropriate committee for consideration. In the latter case, the following procedure will be followed in formulating decisions of policy:

a. General subjects on which decisions are to be reached will be studied by the appropriate committee or

or sub-committee. (Appendix "A"). When a decision has been reached, the committee in question will set forth its conclusions in a statement of policy suitable for forwarding to the Steering Committee or the Commission for consideration. In drafting such statements committee chairmen, with the assistance of the committee secretary, will ensure that before statements are submitted to the Steering Committee or the Commission, they are drawn up in a form suitable for adoption by the Commission, with or without amendment, as final statements of Commission policy. Prefacing clauses such as "It is recommended that the FEC agree that..." etc. should be avoided. Background or argumentative matter should so far as possible be eliminated. (See paragraph 4 FEC 043).

Should the Commission or one of its committees desire to include a statement of object and reasons or a record of the discussion leading to the adoption of a particular statement of policy not included in the statement itself, such statement or record may be issued as an appendix to the statement of policy, and the Commission may instruct the Secretary General to forward such appendix to the United States Government for its information and guidance in the formulation of appropriate directives to the Supreme Commander.

b. When a policy statement has been drafted and approved by a committee, the chairman of the committee (or the Secretary acting in his behalf) will consult with the Chairman of the Steering Committee as provided for in paragraph 3 of FEC-043, in order to determine whether the matter should be considered by the Steering Committee before being placed on the agenda of the Commission. When this question has been decided by the Chairman of the Steering Committee, the committee's policy statement will be issued with an appropriate cover sheet giving the date of the committee's action, the voting tabulation, and any

other relevant data, and referring the policy statement either to the Steering Committee or the Commission, as the case may be. (Appendix "B").

c. In so far as possible, committees should report to the Steering Committee or to the Commission only policy statements on which unanimous agreement has been reached. In cases where unanimity has not been reached, the objecting representatives may have their views included in the form of an appendix to the policy statement.

d. In cases where a committee action is referred to the Steering Committee before submission to the Commission, an additional step of procedure will be involved, and a new document with a new slant number will be issued after the Steering Committee has reached its decision (Appendix "C").

e. When a statement of policy is agreed to by the Commission, the Secretary General will transmit that statement to the Secretary of State of the United States Government, in accordance with the Terms of Reference, so that the appropriate agency of the United States Government can prepare such directives as may be required. A new document will then be issued, with a new slant number, including both the text of the policy statement as adopted and the text of the covering letter of the Secretary General to the Secretary of State, with a cover sheet setting forth the date of the action, the voting tabulation and any other relevant data. (Appendix "D")

f. When the directive issued by the United States Government, as a result of the policy decision of the Commission, is filed with the Commission in accordance with the Terms of Reference this directive will be circulated by the Secretariat as a new document in the same series as the original decision. (Appendix "E"). The Secretary

General, will, in case of unexplained delay in the receipt of directives, make an inquiry from the appropriate authority so as to expedite action.

4. CONSULTATION. Consultations between the Far Eastern Commission and the Supreme Commander will include the following:

- a. Requests for the views or recommendations of the Supreme Commander.
- b. Requests for information from the Supreme Commander himself.
- c. Arrangements for sending fact-finding missions to Japan on behalf of the Commission or for arranging liaison between SCAP and the Commission.

Other requests for information, which can be readily met through informal channels, should not be incorporated into formal requests for consultation. In such cases, either the Secretariat or the United States delegation should provide members of the Commission, or any of its committees, with such information as can be secured.

5. PROCEDURE FOR CONSULTATION. Requests for consultation will originate in committees or in the Commission itself, in the same manner in which statements of policy arise, in cases where the members feel that further information is required before a policy decision can be reached, and should always be drafted with reference to the policy matters under consideration from which they arise. Requests for consultation should be drawn up in a form suitable for dispatch to SCAP and should be as brief and concise as possible. Any "informal" expressions of policy as a part of such a request should be avoided. The progress of a formal action on consultation from committee to Commission is similar to that outlined above for statements of policy. When a request for consultation has been approved by the Commission, the Secretary General will transmit the official text to the Chairman, and the Chairman will then make such

arrangements as may be practicable. An appropriate document will be issued with the text of the request as adopted and the text of the Secretary General's letter of transmittal (Appendix "F").

6. OTHER CONSULTATIONS. The Terms of Reference (paragraph V, 1) also provide for "full and adequate consultation" with members of the United Nations other than those represented on the Commission, when questions affecting their interests are involved. In such cases the Secretary General, in the same manner, will transmit the decision of the Commission, embodied in a formally approved statement, to the Secretary of State of the United States Government for transmission to the governments concerned.

7. INFORMAL ACTIONS. In addition to the formal actions specifically provided for by the Terms of Reference as outlined above, committees and sub-committees may from time to time forward to the Commission or to the appropriate committee, as the case may be, such other reports, proposed amendments to policy statements, statements, and recommendations as may be appropriate in the conduct of their business. These papers will be circulated by the Secretariat in the usual way for the information and consideration of the Commission and its committees in connection with their discussions on policy matters, but will not in themselves represent formal proposals for policy statements.

8. DOCUMENTS IN OFFICIAL LANGUAGES. The Secretary General will be responsible for the preparation of the texts of all Commission actions, as defined above, together with the minutes of all meetings of the Steering Committee and the Commission, in the four official languages of the Commission; and these will be circulated without undue delay.

APPENDIX "A"SAMPLE

FEC 00028 February 1950FAR EASTERN COMMISSIONDISARMAMENT OF MILITARY FORCESNote by the Secretary General

The enclosure, a proposed policy relative to the disarmament of the Japanese military forces, submitted by the representative from New Pantagonia, is circulated herewith for the consideration of the Far Eastern Commission, and is referred to COMMITTEE NO. 7: DISARMAMENT OF JAPAN.

NELSON T. JOHNSON
Secretary General

FEC 000

SAMPLE

E N C L O S U R E

DISARMAMENT OF MILITARY FORCES

The Japanese military forces, after being disarmed, shall be permitted to return to their homes.

FEC 000

APPENDIX "B"SAMPLE

FEC 000/13 March 1950FAR EASTERN COMMISSIONDISARMAMENT OF MILITARY FORCESNote by the Secretary General

The enclosure, a proposed policy relative to the disarmament of the Japanese Military forces, unanimously agreed to by COMMITTEE NO. 7: DISARMAMENT OF JAPAN at its fifth meeting on 2 March 1950, is forwarded herewith to the Steering Committee for consideration.

HELSON T. JOHNSON
Secretary General

FEC 000/1

FEC-067/2

SAMPLE

ENCLOSURE

DISARMAMENT OF MILITARY FORCES

The Japanese military forces, after being disarmed, shall be permitted to return to their homes, with the opportunity to lead peaceful lives.

FEC 000/1

APPENDIX "C"SAMPLE

FEC 000/2

7 March 1950

FAR EASTERN COMMISSION

DISARMAMENT OF MILITARY FORCES

Note by the Secretary General

The enclosure, a proposed policy relative to the disarmament of Japanese military forces, was unanimously approved by the STEERING COMMITTEE at its tenth meeting, 5 March 1950, and is forwarded herewith for the consideration of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

FEC 000/2

SAMPLE

ENCLOSURE "A"

DISARMAMENT OF MILITARY FORCES

The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes, with the opportunity to lead peaceful and productive lives.

FEC 000/2

Enclosure "A"

FEC-067/2

-11-

Appendix "A"

APPENDIX "D"SAMPLE

FEC 000/3

7 March 1950

FAR EASTERN COMMISSION

DISARMAMENT OF MILITARY FORCES

Note by the Secretary General

1. Enclosure "A", a decision of policy relative to the disarmament of Japanese military forces, was unanimously agreed to by the Far Eastern Commission at its tenth meeting on 6 March 1950.

2. The letter of transmittal of the Secretary General, forwarding this decision on behalf of the Far Eastern Commission to the Secretary of State of the United States Government in accordance with the Terms of Reference, is circulated herewith as Enclosure "B".

NELSON T. JOHNSON
Secretary General

FEC 000/3

SAMPLE

ENCLOSURE "A"DISARMAMENT OF MILITARY FORCES

The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes, with the opportunity to lead peaceful and productive lives.

FEC 009/3

Enclosure "A"

FEC-067/2

SAMPLE

ENCLOSURE "B"

LETTER OF TRANSMITTAL

6 March 1950

The Honorable James F. Byrnes
Secretary of State
Washington, D. C.

My dear Mr. Secretary:

Under the provisions of the Terms of Reference of the Far Eastern Commission, it was agreed that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the terms of surrender may be accomplished".

It was further agreed that when such decisions were made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

At a meeting of the Far Eastern Commission held at its headquarters, 2516 Massachusetts Avenue, Northwest, Washington, D. C. on 6 March 1950 the enclosed policy decision was unanimously agreed to.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission in order that the appropriate directives may be prepared and transmitted to the Supreme Commander in accordance with the terms of the Moscow Agreement.

Respectfully yours,

NELSON T. JOHNSON
Secretary General

FEC 000/3

Enclosure "B"

APPENDIX "E"SAMPLE

FEC-000/4

25 March 1950

FAR EASTERN COMMISSION

DISARMAMENT OF MILITARY FORCES

Note by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers forwarding the statement of policy of the Far Eastern Commission on the disarmament of military forces in Japan, is circulated herewith for the information of the Commission.
2. This directive was forwarded to the Supreme Commander for the Allied Powers on (insert appropriate date).
3. A certified copy of this U. S. policy directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

NELSON T. JOHNSON
Secretary General

FEC-000/4

FEC-067/2

SAMPLE

ENCLOSURE "A"

DISARMMENT OF MILITARY FORCES

You will take such steps as may be necessary to see that the Japanese military forces, after being completely disarmed, are permitted to return to their homes, with the opportunity to lead peaceful and productive lives.

FEC-000/4

Enclosure "A"

FEC-007/2

APPENDIX "F"SAMPLE

FEC 999/9

21 March 1956

FAR EASTERN COMMISSION

JAPANESE GENERAL ELECTION

Note by the Secretary General

1. Enclosure "A", a request for consultation with the Supreme Commander for the Allied Powers, was unanimously agreed to by the Far Eastern Commission at its fourth meeting on 20 March 1956.

2. The letter of transmittal of the Secretary General, forwarding this request on behalf of the Commission to the Chairman, in accordance with the Terms of Reference, is circulated herewith as Enclosure "B".

NELSON T. JOHNSON
Secretary General

FEC 999/9

SAMPLE

ENCLOSURE "A"JAPANESE GENERAL ELECTION

The Far Eastern Commission has given some short preliminary and tentative consideration to the position that may arise after the forthcoming Japanese Elections.....

The Far Eastern Commission would be most grateful if the Supreme Commander could let them have a very early expression of his views generally, and in particular on the following questions:

1. Does the Supreme Commander share the
2. If so, would he consider it possible.....
3. If the Supreme Commander should not consider..

FEC 999/9

Enclosure "A"

SAMPLE

ENCLOSURE "B"

LETTER OF TRANSMITTAL

20 March 1956

Major General Frank R. McCoy, Chairman
Far Eastern Commission
Washington, D. C.

My dear Mr. Chairman:

The Terms of Reference of the Far Eastern Commission, provide that the Commission "may make such arrangements through the Chairman as may be practicable for consultation with the Supreme Commander for the Allied Powers."

At a meeting of the Far Eastern Commission at its headquarters, 2516 Massachusetts Avenue, Northwest, Washington, D. C. on 20 March 1956, the enclosed request for information from the Supreme Commander for the Allied Powers was un-animously agreed to by the Commission.

As Secretary General of the Far Eastern Commission, I have the honor to transmit this request to you on behalf of the Commission, for such arrangements as you may deem practicable to make.

Respectfully yours,

NELSON T. JOHNSON
Secretary General

FEC 999/9

Enclosure "B"

FEC-067/3

16 July 1946

FAR EASTERN COMMISSION

ADDITIONAL RULES OF PROCEDURE
(Reference: SC-011/3)

Note by the Secretary General

The enclosure, four additional rules of procedure for coordinating the work of the Commission, was unanimously approved by the Steering Committee at its twenty-first meeting, 16 July 1946, and is forwarded herewith for the consideration of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

FEC-067/3

E N C L O S U R EADDITIONAL RULES OF PROCEDURE

1. COMMISSION. A calendar of business, comprising the Status of Papers revised to show which Committee each paper has been referred to and the action taken thereon, should be issued on the first and fifteenth of each month by the Secretariat.

2. PERIODIC REPORTS TO THE STEERING COMMITTEE. Committee Chairmen should report periodically to the Steering Committee on the status of documents which have been referred to their committees and on which reports or recommendations have been unduly delayed. Such reports should preferably be in the form of short written memoranda.

3. PUBLICATION OF REPORTS. Each report forwarded by a committee to the Steering Committee or to the Commission should include on its cover page a recommendation with respect to the release to the press of the text of the document, providing the document is approved by the Commission.

4. DEADLINE FOR STEERING COMMITTEE PAPERS. Documents for the Steering Committee agenda should, so far as possible, be placed in the hands of the Secretariat at least twenty-four (24) hours before the meeting of the Steering Committee.

FEC 067/4

19 July 1946

FAR EASTERN COMMISSION

ADDITIONAL RULES OF PROCEDURE

(Reference: FEC 063/3; SC 011/3)

Note by the Secretary General

The Far Eastern Commission, at its twentieth meeting, 18 July 1946, unanimously approved FEC 067/3, Additional Rules of Procedure, with the following change:

- a. Paragraph 1, line 1, the word "Calendar" to be substituted for "Commission".

NELSON T. JOHNSON
Secretary General

FEC 067/4

FEC-068

29 May 1946

FAR EASTERN COMMISSION

CONSULTATION WITH THE SUPREME COMMANDER FOR THE ALLIED POWERS
ON THE EFFECT OF THE TOURS OF THE JAPANESE EMPEROR
(Reference SC-018, SC-018/1)

Note by the Secretary General

1. The enclosure, a request for consultation with the Supreme Commander for the Allied Powers, is forwarded herewith for the consideration of the Far Eastern Commission in accordance with the agreement of the Commission at its thirteenth meeting, 29 May 1946.

2. The Steering Committee, at its fifteenth meeting, 28 May 1946, had agreed, with the exception of the Soviet member, that no further action was necessary on this document. However, at the suggestion of the Soviet Representative this decision of the Steering Committee was reconsidered at the thirteenth meeting of the Commission, and it was agreed that the paper should be placed on the agenda for the fourteenth meeting of the Commission.

NELSON T. JOHNSON
Secretary General

FEC-068

E N C L O S U R ECONSULTATION WITH THE SUPREME COMMANDER FOR
THE ALLIED POWERS ON THE EFFECT OF THE TOURS
OF THE JAPANESE EMPEROR

The Far Eastern Commission requests the chairman to obtain the views of the Supreme Commander for the Allied Powers on the effect that the recent tours through the country which the Japanese Emperor undertook during the preelection campaign have had on the Japanese people. Have these tours encouraged the Japanese either to eliminate the institution of the Emperor or to reform the institution along more democratic lines? Should such tours be conducted again during the period of consideration of the Constitution, what would be their effect, in the opinion of the Supreme Commander for the Allied Powers, on the relationship between the people and the Emperor?

FEC-068/1

6 June 1946

FAR EASTERN COMMISSION

CONSULTATION WITH THE SUPREME COMMANDER
FOR THE ALLIED POWERS ON EFFECT OF TOURS
OF THE JAPANESE EMPEROR

Note by the Secretary General

1. The enclosure, a Soviet statement relative to consultation with the Supreme Commander for the Allied Powers on the effect of the Tours of the Japanese Emperor, submitted by the Soviet Representative at the fourteenth meeting of the Far Eastern Commission, 5 June 1946, is circulated herewith for the information of the Commission, and is referred to COMMITTEE NO. 3: CONSTITUTIONAL AND LEGAL REFORM for consideration.

2. The Commission, at its fourteenth meeting, directed that Committee No. 3 consider the enclosure together with FEC-068 and C3-007 and report back to it as soon as possible.

NELSON T. JOHNSON
Secretary General

FEC-068/1

ENCLOSURECONSULTATION WITH THE SUPREME COMMANDER FOR THE ALLIED
POWERS ON EFFECT OF TOURS OF THE JAPANESE EMPEROR

In accordance with the Potsdam Declaration of July 26, 1945 the final form of the Japanese governmental system should be established, after the surrender of Japan, by the free expression of will of the Japanese people. This statement in the Potsdam Declaration is understood in the sense that the Emperor Institution, which has been the source of wars, cannot be retained in its form in which it existed before the surrender and should be replaced by a more democratic governmental system.

A recommendation to that effect has been suggested by the United States Government proposing that "the Japanese people should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines". This recommendation was advanced in the Document FEC - 19 (FEC-019) of January 25, 1946, a copy of which was sent to the Supreme Commander for the Allied Powers in Japan, for his information.

The said recommendation of the U. S. Government deserves a full approval by the Far Eastern Commission since it is evident that, if put into practice, this recommendation could only facilitate the achievement of the purposes of the Allied Powers in the matter of democratization of Japan and in the uprooting of reactionary forces in Japan.

However, the Japanese reactionary circles, as it is known, are trying insistently to retain the Institution of the Emperor in its old form as their reliable stronghold, and with this aim they are using all possible means to exercise pressure upon the minds of the Japanese people.

The tours through the country which the Japanese Emperor undertook during the pre-election campaign served for the reactionaries as a means of propaganda in favor of the retention of the Emperor Institution.

The discussions are now being held in Japan on the drafts of the Japanese Constitution. If, under these circumstances, the Japanese Emperor is allowed to continue his touring the country this will undoubtedly serve again as an instrument of

pressure upon the minds of the Japanese people in favor of the retention of the Institution of the Emperor.

In view of the aforesaid the Soviet Delegation deemed it expedient to propose to the Far Eastern Commission to approach U. S. Government and ask them to issue the necessary instruction to the Supreme Commander for the Allied Powers in Japan to the effect that he demand the Japanese Emperor to discontinue his tours during the period of discussions of the Constitution draft so that the Japanese people are given the full opportunity to express freely their will on the constitutional questions. By this measure effect would be given to the valuable recommendation of the U.S. Government on encouragement of the Japanese people to abolish the Emperor Institution or to reform it along more democratic lines.

However, some members of Committee No. 3 expressed their objections against it by stating that the Emperor's tours should not be discontinued as they might produce the opposite effect and even as if such tours would serve the purposes of Japan's democratization.

Other members of the Committee referred to the absence of appropriate information and refrained from expressing their points of view in principle on this question and suggested for the time being to confine themselves to asking the Supreme Commander, what is his opinion of these tours of the Emperor, and whether he considers that these tours "encourage the Japanese people to abolish the Emperor Institution or to reform it along more democratic lines".

The Soviet Delegation considers that the policy decision on this question should be taken immediately in view of the popular campaign of discussion of the Constitution drafts.

However, if the majority of the members of the Commission does not accept our proposal contained in the document C3-007 we don't object to the sending of a request to the Supreme Commander the text of which was proposed by a subcommittee, although we feel that the sending of such a request is nothing but a delay in taking a decision on the merits of this question.

FEC-068/2

16 July 1946

FAR EASTERN COMMISSION

CONSULTATION WITH THE SUPREME COMMANDER FOR THE
ALLIED POWERS ON EFFECT OF TOURS OF THE
JAPANESE EMPEROR

Note by the Secretary General

1. The Far Eastern Commission at its fourteenth meeting on 6 June 1946 directed that COMMITTEE NO. 3: CONSTITUTIONAL AND LEGAL REFORM consider FEC-068/1, Consultation with the Supreme Commander for the Allied Powers on Effect of Tours of the Japanese Emperor, together with FEC-068 and C3-007 Soviet Proposal for the Curtailment of Certain Activities of the Japanese Emperor, and report back to the Commission.

2. Committee No. 3, at its twentieth meeting, 12 July 1946, unanimously agreed that for the time being no further action on FEC-068/1 should be taken; it was agreed that the issue of the Emperor system should be discussed in connection with the study by Committee No. 3 of Japanese Constitutional drafts and amendments.

3. The above recommendation of Committee No. 3, unanimously approved by the Steering Committee at its twenty-first meeting, 16 July 1946, is hereby forwarded to the Far Eastern Commission for consideration.

NELSON T. JOHNSON
Secretary General

FEC-068/2

FEC-068/3

19 July 1946

FAR EASTERN COMMISSION

CONSULTATION WITH THE SUPREME COMMANDER FOR THE
ALLIED POWERS ON EFFECT OF TOURS OF THE EMPEROR
(Reference: FEC-068/2; SC-018/2)

Note by the Secretary General

The Far Eastern Commission, at its twentieth meeting, 18 July 1946, accepted the recommendation and report of Committee No. 3 relative to the Tours of the Japanese Emperor (FEC-068/2). The Commission also agreed that Committee No. 3 should consider the question of the Emperor system and referred this question to COMMITTEE NO. 3: CONSTITUTIONAL AND LEGAL REFORM for consideration

NELSON T. JOHNSON
Secretary General

FEC-068/3

FEC 0696 June 1946FAR EASTERN COMMISSIONNOMINATION OF ALLIED PERSONNEL FOR SERVICE WITH
THE STAFF OF THE SUPREME COMMANDER FOR THE ALLIED POWERSNote by the Secretary General

1. During the visit of the Far Eastern Commission to Japan the Supreme Commander for the Allied Powers informed representatives that he would be very glad to incorporate into his staff officers and civilian officials from the nations represented on the Commission. On the return trip from Japan aboard the USS Mt. McKinley, after discussion of this subject in a Commission meeting, the Commission sent a telegram contained in Appendix "A" to the Supreme Commander, and a few days later received in reply the telegram contained in Appendix "

2. Since the return of the Commission to Washington various representatives have approached the Chairman for advice as to procedure whereby their governments could nominate personnel for service on the Supreme Commander's staff.

3. The Chairman now proposes a procedure, as outlined in the enclosure, whereby governments represented on the Commission may nominate qualified personnel for assignment to General MacArthur's staff. The annexes to the enclosure are organization charts, and digests of the missions, responsibilities and functions of the major sections of the Supreme Commander's Staff.

NELSON T. JOHNSON
Secretary General

FEC 069

ENCLOSURENOMINATION OF ALLIED PERSONNEL FOR SERVICE WITH
THE STAFF OF THE SUPREME COMMANDER FOR THE ALLIED POWERS

1. Governments represented on the Far Eastern Commission may forward to the Chairman their nominations of individuals for service on the staff of the Supreme Commander for the Allied Powers.

2. The Chairman will forward such nominations through the established channels to the Supreme Commander with a view to their acceptance where and when he may employ their talents.

3. Each nomination should be accompanied by a brief biographic sketch of the individual and an outline of the education, training and experience which it is believed qualify him to assist in carrying out the policies of the occupation.

4. With respect to employment:

a. Personnel will be integrated into the Supreme Commander's staff.

b. If personnel are civilian, the length of contract should be one year in order to be comparable with contracts of American members, and salary should be determined by the government concerned.

c. If personnel are military, the length of assignment should conform with the policy of the government concerned.

d. Scale of remuneration and payment should be by the government concerned.

e. Food and lodging should be supplied by the mission or comparable agency in Tokyo of the government concerned.

f. Privileges for dependents will be the same as those extended to dependents of American employees, the chief factor being availability of quarters.

5. The Chairman will receive nominations and notify government concerned as soon as such nominations have been approved by the Supreme Commander.

6. The bulk of personnel presently being requested by the Supreme Commander is for the following five sections. Organization charts and digests of their missions, responsibilities, and functions are attached hereto:

- a. Public Health and Welfare Section (Annex "A").
- b. Economic and Scientific Section (Annex "B").
- c. Natural Resources Section (Annex "C").
- d. Civil Information and Education Section (Annex "D").
- e. Civil Communications Section (Annex "E").

7. The Chairman will seek information similar to the above for other staff sections, if desired.

ANNEX "A"PUBLIC HEALTH AND WELFARE SECTION

1. The Public Health and Welfare Section is established as a special staff section to advise the Supreme Commander for the Allied Powers on policies relating to public health and welfare problems in Japan and Korea.

2. The functions of the section are:

a. Make recommendations to:

(1) Prevent disease and unrest in the civilian population in accordance with objectives of the Allied Powers.

(2) Expedite the establishment or reestablishment of normal civil health control procedures, in order to prevent the spread of any disease likely to interfere with the success of the occupation mission.

(3) Provide for the early establishment of the essential public health and welfare activities to meet the minimum humanitarian requirements of the civil population and to protect the health and welfare and to further the accomplishment of the mission of the occupation forces.

(4) Require the various interested governments to establish such standards of health, sanitation and quarantine in connection with repatriation of displaced persons as will prevent danger to occupation forces.

b. Make recommendations for the disposal of existing stocks and for the control of production and traffic in narcotics in Japan and Korea.

c. Make recommendations relative to, and to direct the conduct of such surveys of public health and welfare activities as are essential:

(1) To keep the Supreme Commander for the Allied Powers factually informed on public health and welfare conditions in Japan and Korea.

(2) To insure a factual and dependable basis for progressive formulation and modification of policies and plans pertaining to public health and welfare requirements and activities.

d. Prepare instructions for the initiation, coordination and development of such plans and programs as are required to meet the public health and welfare objectives of the Supreme Commander in preventing serious diseases and distress in the civil population.

e. Coordinate such reports on the public health and welfare situation and activities in Japan and Korea as are required.

f. Conduct all liaison with and coordinate the activities of all non-military missions, commissions or agencies concerned with public health and welfare problems in Japan and Korea.

3. Liaison will be maintained with:

a. The Japanese Ministry of health and social affairs (welfare).

b. International Red Cross.

c. American Red Cross.

d. Japanese Red Cross.

e. Chief Surgeon.

f. The Economic and Scientific Section for the purpose of coordinating matters pertaining to the production and distribution of Japanese and Korean medical, dental, veterinary and sanitary supplies and equipment.

PUBLIC HEALTH AND WELFARE SECTION

CHIEF OF SECTION
Col. C.F. Sams

DEPUTY CHIEF OF SECTION

INTERPRETERS &
TRANSLATORS
ATTACHED

LEGAL ADVISOR

ADMIN DIV

Preventative
Medicine
Division

HOSPITAL
ADMINISTRATION
DIV

DENTAL
AFFAIRS
DIVISION

WELFARE
DIVISION

NURSING
AFFAIRS
DIVISION

WELFARE
SERVICE

PUBLIC
ASSISTANCE

SOCIAL
INSURANCE

LI
HC

VENEREL DISEASE
CONTROL

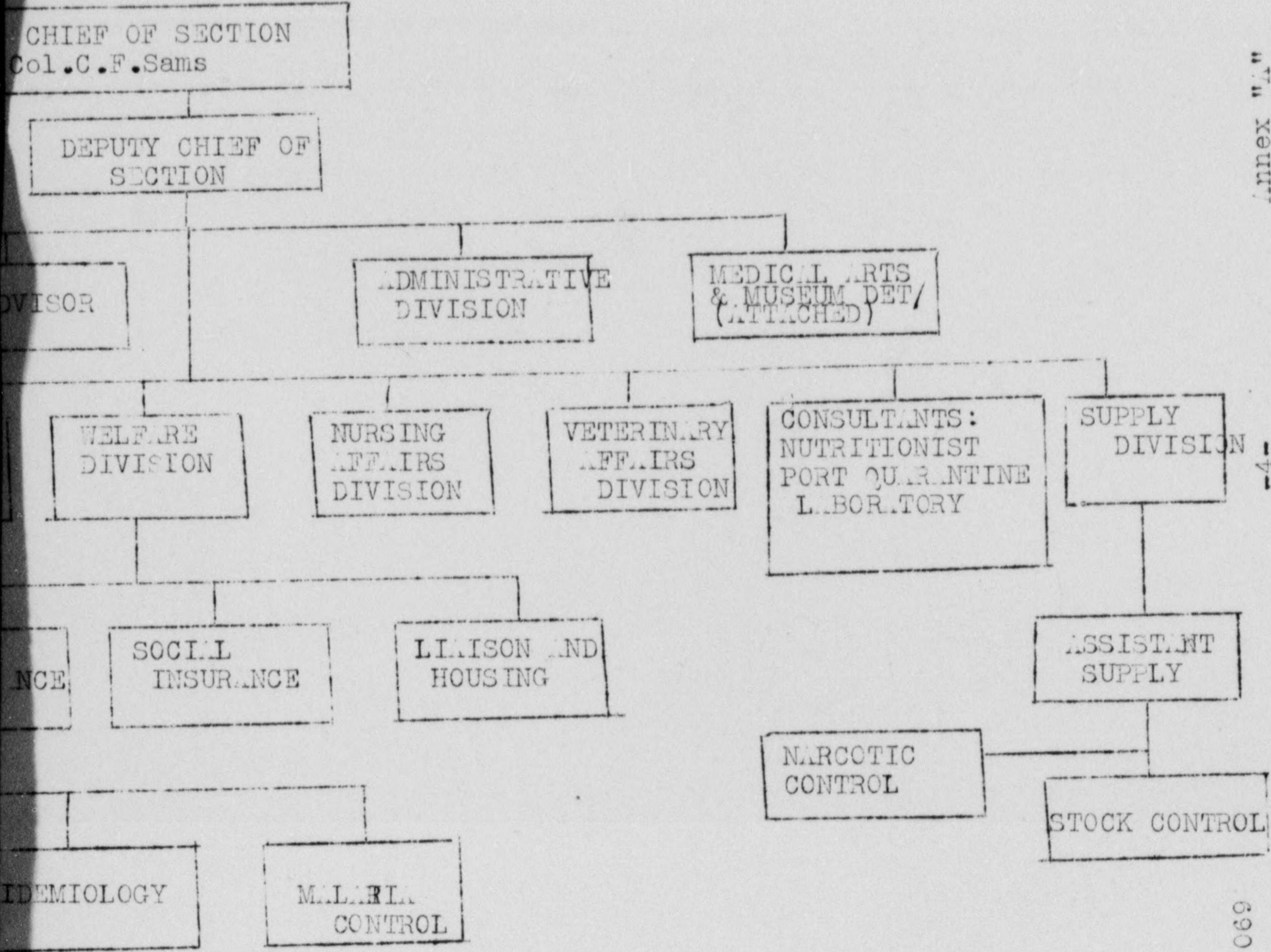
SANITARY
ENGINEERING

EPIDEMIOLOGY

MALARIA
CONTROL

ANNEX 11.11

PUBLIC HEALTH AND WELFARE SECTION



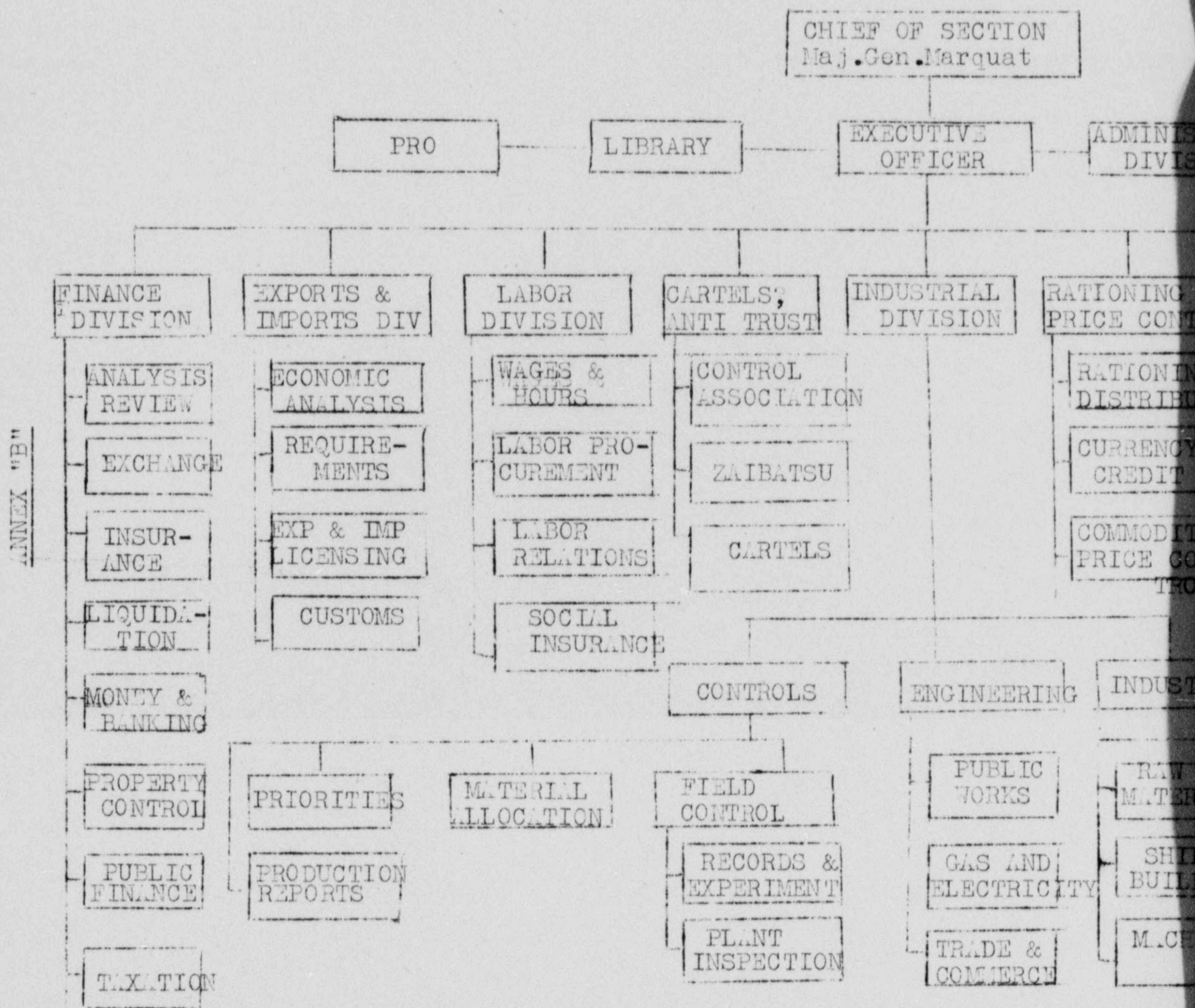
Annex "A"

-4-

REC 069

ANNEX "B"ECONOMIC AND SCIENTIFIC SECTION

1. The economic and scientific section is established as a special staff section to advise the Supreme Commander for the Allied Powers on economic, industrial, financial, and scientific policies to be pursued in Japan and Korea in order to implement the Potsdam Declaration.
2. The functions of the section are to:
 - a. Conduct all liaison with and coordinate the activities of all non-military missions concerned with economic, industrial, financial, or scientific problems in Japan and Korea from the United States and other nations.
 - b. Coordinate such reports on the economic, industrial, financial, and scientific activities as are required by higher authority.
 - c. Arrange for the preparation of inventories of the economic, industrial, financial, and scientific resources of Japan, including patents and cartel agreements.
 - d. Recommend types and quantities of imports into, and exports out of Japan, excluding those directly imported or exported by allied military forces.
 - e. Make recommendations to insure maximum production of, and equitable distribution of, essential goods among the civil population.
 - f. Make recommendations to insure the maximum production of supplies required by the occupying forces.
 - g. Make recommendations concerning the operation or non-operation of economic, industrial, financial, or scientific activities.
 - h. Make recommendations concerning the use of transportation and public utilities.
 - i. Make recommendations concerning the conversion of Japanese facilities to the production of civilian goods.
 - j. Make recommendations for stabilizing prices so as to restrain or prevent inflation that would endanger the accomplishment of the objectives of the occupation.
 - k. Make recommendations for the ultimate form of and restoration of the Japanese economy.
3. The approval of the economic and scientific section will be secured prior to:
 - a. The dismantling of any industrial enterprises.
 - b. The removal of or transference of industrial machinery.
 - c. Removal or transference of non-military records.
 - d. Directing a basic change in the character of products to be manufactured in any factories.
 - e. The transfer of money, bullion, stocks, bonds, mortgages, or other securities, instruments of ownership, and negotiable instruments into or out of Japan.
 - f. The sending of any official reports outside Japan dealing with economic, industrial, financial, or scientific questions.
 - g. Initiating investigations of economic, industrial, financial, or scientific problems.



ECONOMIC & SCIENTIFIC SECTION

CHIEF OF SECTION
Maj. Gen. Marquat

EXECUTIVE OFFICER

ADMINISTRATIVE DIVISION

LIAISON w/
JAP GOVT

INDUSTRIAL DIVISION

RATIONING & PRICE CONTROL

STATISTICS & RESEARCH DIV

SCIENTIFIC DIVISION

LEGAL DIVISION

RATIONING & DISTRIBUTION

CURRENCY & CREDIT

COMMODITY PRICE CONTROL

FINANCIAL ANALYSIS

INDUSTRIAL ANALYSIS

SCIENTIFIC RESEARCH

DRUGS

CHEMICALS

PHOTOGRAPHY

POLICY RESEARCH

GENERAL RESEARCH

SCIENTIFIC PATENTS

CARTELS & ANTI-TRUST

INSURANCE

MONEY & BANKING

PUBLIC FINANCE

PROPERTY CUSTODIAN

CIVILIAN ADVISORS

ENGINEERING

INDUSTRIES

PUBLIC WORKS

GAS AND ELECTRICITY

TRADE & COMMERCE

RAW MATERIALS

SHIP BUILDING

MACHINERY

CONSTRUCTION

CHEMICAL PRODUCTS

MANUFACTURING

TEXTILES

Annex "B"

ANNEX "C"NATURAL RESOURCES SECTION

1. The natural resources section is established as a special staff section of this headquarters to advise and inform the Supreme Commander for the Allied Powers on agricultural, forestry, fishery and mining (including geology and hydrology) policies and activities in Japan and Korea.

2. Functions of the section are to:

a. Arrange for and coordinate surveys and reports on agriculture, forestry, fishery and mining activities, as required, including production potentials, inventories, machinery and equipment and related subjects.

b. Locate and arrange to secure as required, source data in Japan relative to agricultural, forestry, fishery and mining activities in countries formerly occupied by Japan.

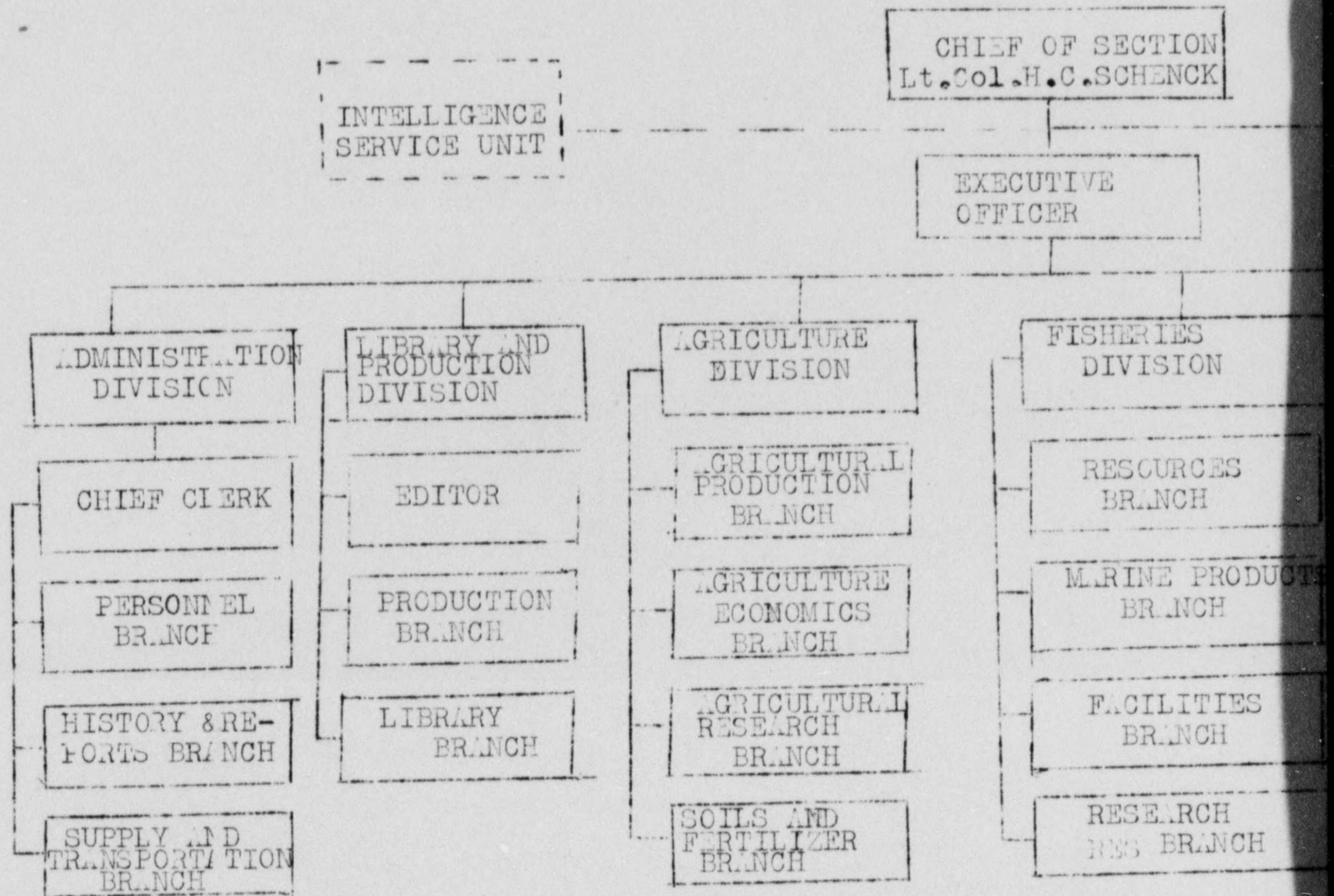
c. Inform concerning and recommend policies relative to, organizations, financial structures, cartels, trade and rental agreements, subsidies, incentive payments, debt conciliation and similar matters affecting the production, processing and distribution of agricultural, fishery, forestry and mining products and by-products.

d. Recommend measures to insure the development, exploitation, production, processing and distribution of basic industry products to the full extent required for rehabilitation of the national economy within the terms of the Potsdam declaration and to meet the needs of the occupation forces.

e. Make recommendations relative to the conservation of natural resources and the operation or non-operation of basic industries and of related scientific activities.

NATURAL RESOURCES SECTION

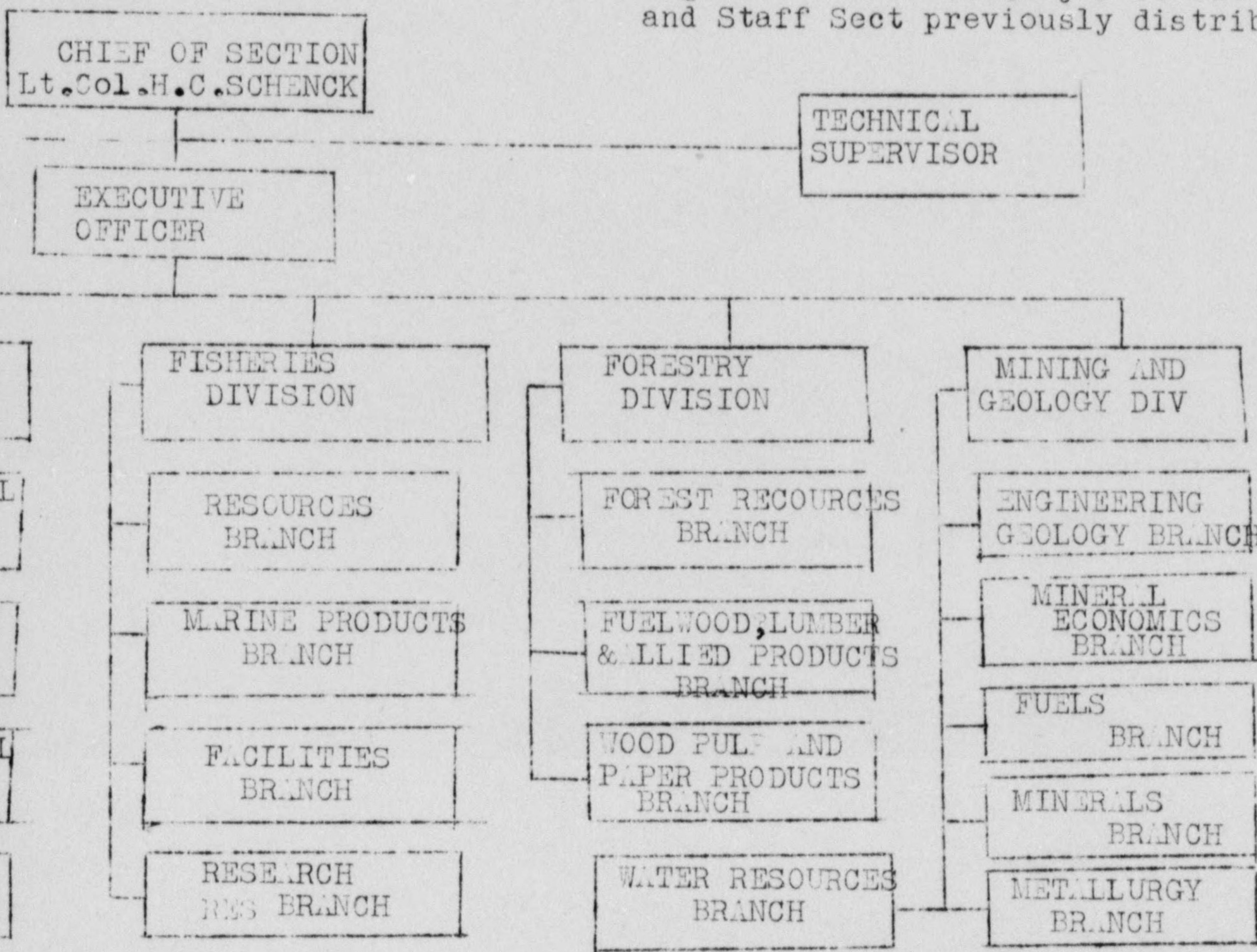
ANNEX "C"



19 FEBRUARY 1946

Corrected chart for Natural Resources Section to be substituted in booklet "Organization of U.S. Major Combat Units and Staff Sect previously distributed.

NATURAL RESOURCES SECTION



Annex "C"

-8-

FEC 069

ANNEX "D"CIVIL INFORMATION AND EDUCATION SECTION

1. The Civil Information and Education Section is established as a Special Staff Section to advise the Supreme Commander on policies relating to public information, education, religion, and other sociological problems of Japan and Korea.

2. The functions of the Section are to:

a. Make recommendations to:

(1) Effect the accomplishment of the information and educational objectives of the Allied Powers.

(2) Expedite the establishment of freedom of religious worship, freedom of opinion, speech, press and assembly, by dissemination of democratic ideals and principles through all media of public information.

(3) Make clear to all levels of the Japanese public the true facts of their defeat, their war guilt, the responsibility of the militarists for present and future Japanese suffering and privation and the reasons for and objectives of the military occupation by the Allied Powers.

b. Make recommendations on information programs, through all media reaching the Japanese public. To insure their understanding of all policies and plans for political, economic and social rehabilitation of Japan and Korea.

c. Maintain liaison with:

(1) The Japanese Ministry of Information, and of Education.

(2) The Japanese press, radio, motion pictures and other information channels.

(3) Educational institutions.

(4) Religious, political, professional, social and commercial organizations; to insure their understanding of and cooperation with the information and education objectives of the Supreme Commander.

d. Make recommendations relative to, and to direct the conduct of, such surveys of public opinion as are essential:

(1) To keep the Supreme Commander factually informed of public reactions to the occupation and rehabilitation program.

(2) To insure a dependable basis for progressive formulation and modification of policies and plans.

e. Direct the initiation and production of such plans, materials and programs as are required to implement the information and education objectives of the Supreme Commander.

f. Make recommendations to insure:

(1) The elimination of militarism and ultra-nationalism, in doctrine and practice, including military training, from all elements of the Japanese Educational System.

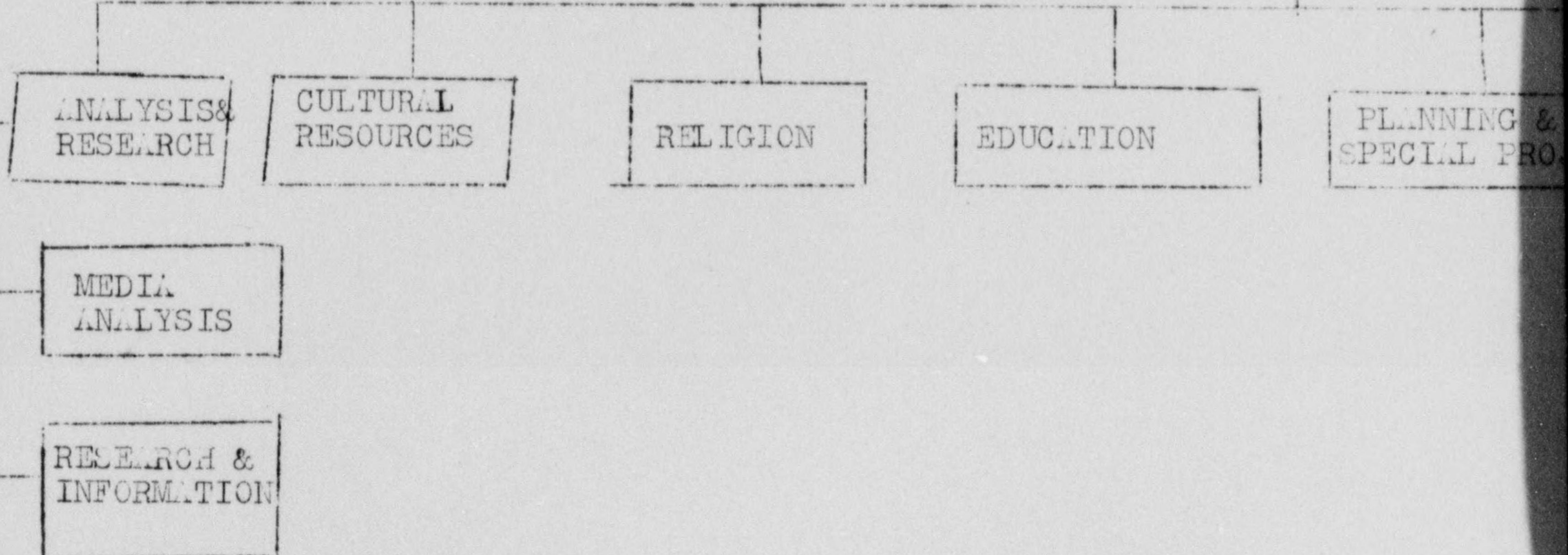
(2) The inclusion of such new courses of instruction in school curricula as are necessary to accomplish the mission of proper dissemination of democratic ideals and principles.

CIVIL INFORMATION & EDUCATION

CHIEF OF SECTION
Brig. Gen. K. R. Dyke

ASSISTANT CHIEF

ANNEX "D"



CIVIL INFORMATION & EDUCATION

CHIEF OF SECTION
Brig. Gen. K. R. Dyke

ASSISTANT CHIEF

ADMINISTRATIVE
OFFICER

EDUCATION

PLANNING &
SPECIAL PROJECTS

LANGUAGE

INFORMATION
DISSEMINATION

PRESS AND
PUBLICATIONS

MOTION PICTURES
& THEATER

RADIO

REFERENCE
LIBRARY
(American Materials)

Annex "D"

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FEC 069

ANNEX "E"CIVIL COMMUNICATIONS SECTION

1. The Civil Communications Section is established as a Special Staff Section of this Headquarters to advise the Supreme Commander on policies relating to the use and rehabilitation of Civil Signal Communications in Japan and Korea.

2. The functions of the Section are to:

a. Maintain liaison with, arrange for and coordinate surveys and reports on, and inform affected agencies concerning:

(1) Existing signal communications systems in Japan and Korea.

(2) The various signal communication industries, both operating and manufacturing.

(3) Scientific laboratories and educational institutions which are adapted to the study of problems relating to signal communication facilities and conditions.

(4) Scientific societies whose activities are related to the signal communication industry either directly or indirectly.

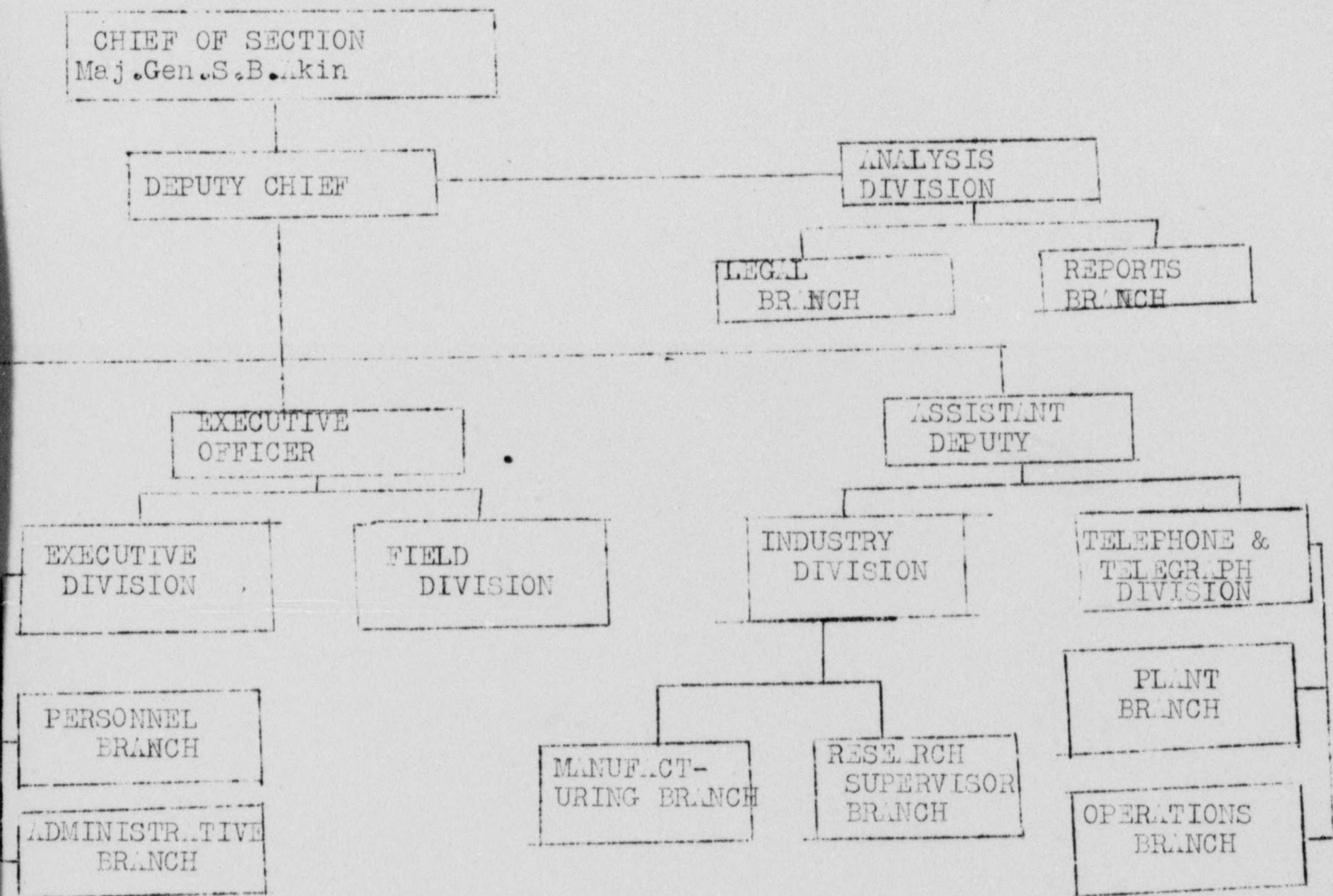
b. Make recommendations relative to policies to be adopted or measures to be taken which will:

(1) Provide the coordinated signal communications systems necessary to serve the needs of the internal economy of Japan and Korea, and the requirements of the occupation forces.

(2) In conjunction with the Economic and Scientific Section, establish the necessary levels of raw materials and facilitate the manufacture of the necessary items of equipment to achieve the results in sub-paragraph (1) above.

(3) Determine the extent of scientific research and development that is necessary to attain the objectives in this field.

CIVIL COMMUNICATIONS



Annex "E"

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FEC 069

CIVIL COMMUNICATIONS

CHIEF OF SECTION
Maj. Gen. S. B. Akin

DEPUTY CHIEF

EXECUTIVE OFFICER

ASSISTANT
DEPUTY

DOMESTIC
RADIO
DIVISION

INTERNATIONAL
RADIO
DIVISION

EXECUTIVE
DIVISION

TECHNICAL
BRANCH

COMMERCIAL
BRANCH

PERSONNEL
BRANCH

BROADCAST
BRANCH

REQUIREMENTS
BRANCH

ADMINISTRATIVE
BRANCH

POINT TO POINT
BRANCH

ANNEX "E"

CIVIL COMMUNICATIONS

CHIEF OF SECTION
Maj. Gen. S. B. Kin

DEPUTY CHIEF

ASSISTANT
DEPUTY

EXECUTIVE
OFFICER

DOMESTIC
RADIO
DIVISION

INTERNATIONAL
RADIO
DIVISION

EXECUTIVE
DIVISION

FIELD
DIVIS

TECHNICAL
BRANCH

COMMERCIAL
BRANCH

PERSONNEL
BRANCH

BROADCAST
BRANCH

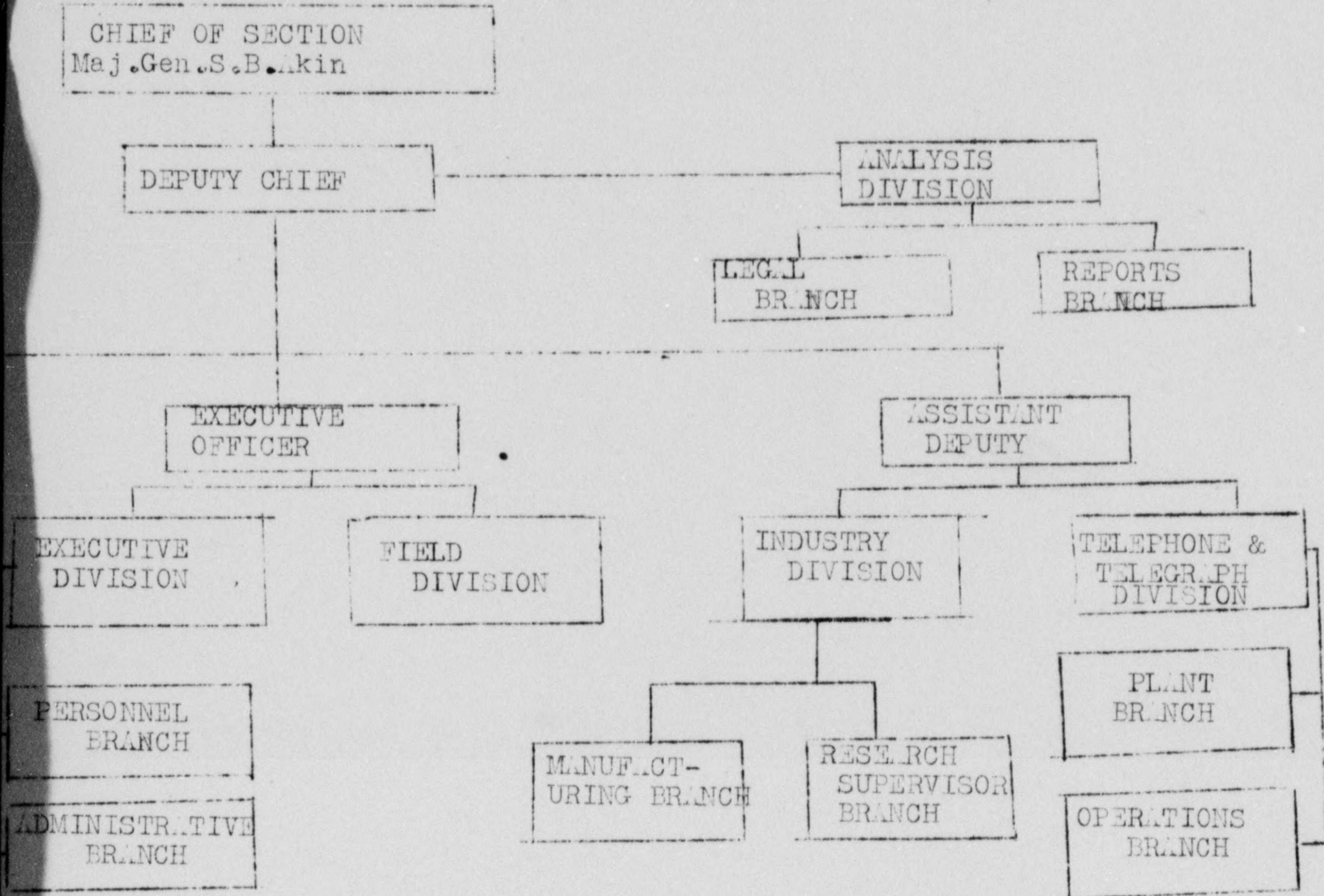
REQUIREMENTS
BRANCH

ADMINISTRATIVE
BRANCH

POINT TO POINT
BRANCH

ANNEX "E"

CIVIL COMMUNICATIONS



Annex "E"

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FEC 069

APPENDIX "A"

QUOTE DURING THE COMMISSIONS RECENT VISIT TO JAPAN WE NOTED THAT YOU WOULD WELCOME THE COLLABORATION OF ALLIED EXPERTS AND ADVISORS IN THE SEVERAL FIELDS OF ACTIVITY OF YOUR SERVICES IN YOUR CAPACITY OF SCAP. AFTER CONSIDERATION OF THIS MATTER BY THE DELEGATIONS IT HAS BEEN SUGGESTED THAT BEFORE PROCEEDING FURTHER WITH IT THE MEMBERS OF THE COMMISSION WOULD BE GRATEFUL FOR YOUR VIEWS AND ADVICE ON THE FOLLOWING QUESTIONS WHAT WOULD BE THE STATUS OF SUCH ALLIED PERSONNEL (1) SHOULD THEY BE INTEGRATED IN SCAP OR EMPLOYED AS ADVISORS (2) IN THE LATTER CASE WOULD THEY BE AS WE SUPPOSE SUBJECT TO EXISTING ORGANIZATION OF COMMAND AND DISCIPLINE (3) WHAT WOULD BE THE CONDITIONS OF THEIR ENGAGEMENT NATURE AND DURATION OF CONTRACT, SCALE OF REMUNERATION AND BY WHOM PAYABLE, FOOD AND LODGING, POSSIBILITY OF BRINGING FAMILIES (4) WHAT SECTIONS ARE WANTING EXPERTS AND ON WHAT SUBJECTS (5) HOW AND WHERE SHOULD APPLICATIONS BE MADE. UNQUOTE.

APPENDIX "B"

COPY/eve

FOLLOWING MESSAGE RECEIVED FROM MACARTHUR WITH REFERENCE TO QUESTION REGARDING EMPLOYMENT OF ALLIED PERSONNEL IN SCAP QUOTE (1) THEY SHOULD BE INTEGRATED INTO SCAP SECTIONS IN CONTRADICTION TO EMPLOYMENT AS ADVISORS. LATTER NOT DESIRED AND WOULD SERVE NO USEFUL PURPOSE. (2) IF IN CERTAIN CIRCUMSTANCES CONDITIONS OF ENGAGEMENT NATURE AND DURATION OF CONTRACT SHOULD BE COMPARABLE TO THAT OF AMERICAN EMPLOYEES EXCEPT THAT SALARY BASIS WOULD BE DETERMINED BY GOVERNMENT CONCERNED. PRESENT LENGTH OF AMERICAN CONTRACTS IS ONE YEAR. IF IN MILITARY STATUS LENGTH OF ASSIGNMENT SHOULD CONFORM TO POLICY OF GOVERNMENT CONCERNED. (3) SCALE OF REMUNERATION AND PAYMENT TO BE BY THE GOVERNMENT CONCERNED. (4) FOOD AND LODGING TO BE SUPPLIED BY MISSION OR COMPARABLE AGENCY IN TOKYO OF GOVERNMENT CONCERNED. THE SAME PRIVILEGES WOULD BE EXTENDED DEPENDENTS AS CONTEMPLATED FOR AMERICAN EMPLOYEES CHIEF FACTORS BEING AVAILABILITY OF QUARTERS. (5) PRACTICALLY ALL SECTIONS AND SUBJECTS COULD UTILIZE EXPERTS. APPLICATIONS SHOULD BE SUBMITTED AS DETERMINED BY GOVERNMENTS CONCERNED FOR REFERENCE TO THIS HEADQUARTERS UNQUOTE.