

FAR EAST COMMAND
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

RLJ
rfb

INCOMING MESSAGE

Secret
PRIORITY
FROM : WASHINGTON NR : W 90286 23 JAN 47 (CONTINUED)

still will not be bright. The most optimistic prognostication from a qualified source as to the future sales of silk on the American market is from 100,000 to 120,000 bales per annum and it is said can be achieved only over a period of 2 or 3 years, with a vigorous promotional campaign and a rapid relinquishment of government operations and a concomitant resumption of dealing through normal commercial channels. The U.S. Commercial Corporation prediction for sales for 1947 is about 50,000 bales. I would guess that this represents almost the top prospect for 1947 if for no other reason than that the govt. sales mechanism is at best a cumbersome, ineffective method of merchandising. I do believe, however, that the higher figure can be attained.

Cotton Textiles. The sales problem on cotton textiles is even more staggering. There was sent to Japan roughly \$150,000,000 of raw cotton. The contract under which that was procured was quite onerous and I will make every effort to obtain its reformation, but any such reformation would only ease the problem, not remove it. This cotton was purchased at prices which now average above current market and the prospects are for a further decline in the price of raw cotton and cotton textiles. The only possible hedge against this long position in raw cotton is heavy forward selling of finished textiles. I am not hopeful that this can be done to any great extent in view of prospects of further decline of prices and particularly in view of the government selling mechanism now employed. Moreover, the processing period for this cotton is long and I assume it will be 12 to 18 months before the cotton textiles are produced from the raw cotton already shipped. In addition, I am told that there is a serious limit on the Japanese finishing facilities which will either delay processing time or leave large amounts of textiles not fully processed. To build up the present cotton program will require the export sale of a minimum of \$150,000,000 of textile goods in the next 12 to 18 months. Here more should be said to be of any substantial assistance to the Japanese economy. This vast merchandising task is now being handled by the U.S. Commercial Company on a government-to-government basis, which I am convinced, and have so forcefully

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INCOMING MESSAGE

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PRIORITY

FROM : WASHINGTON NR : W 90286 23 JAN 47 (CONTINUED)

advised the Directors of RFC, will not accomplish the job. Long Range Solution. It is my strongly held opinion that the only solution of these problems of merchandising silk and cotton is the earliest possible return to normal commercial channels. This is the judgment of every person I have consulted and I have talked to many knowledgeable people in these fields. I have discussed the objective of resumption of normal trading with the Secretary of Commerce, the Under Secretary of State for Economic Affairs, and the Assistant Secretary of State for Occupied Areas, and there is agreement both as to its necessity and desirability. Until buyer and seller can transact business without going through government organizations, these programs will at best be only less unsuccessful than one might anticipate. The problem is as you are no doubt aware infinitely more complicated than that of merely selling goods. It is one of determining the kind of goods the buyer wants, scheduling production, setting delivery dates, prices, etc.

I would like your views on the resumption by the Japanese of commercial dealings in the sale of silk, cotton textiles and other goods which must be exported; any recommendations you may have on removal of restrictions which now stand in the way; and your comments on the general policy objective above expressed.

I appreciate that restoration to normal channels of trade will be a slow process, and in the meantime everything possible must be done to bolster the present mechanisms. I will use my best efforts to that end.

Reparations. Both the foregoing problems, and particularly silk, greatly affect the question of Japanese reparations. The level of industry plan for Japan certainly envisages a larger volume of silk export than now appears likely, thus raising the question of a fairly substantial revision in the very basis of reparations. Your radio nbr C 68424 indicated that you had serious doubts as to the soundness of the

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PRIORITY

FROM: WASHINGTON NR : W 90286 23 JAN 47 (CONTINUED)

reparations removals program and for that reason wished to defer its operation other than the interim removal program. Your doubts implicit in that radio and the doubts which have arisen in my mind as the result of looking into the silk and cotton textile programs have made it greatly desirable to obtain at this time the best possible appraisal of the reparations situation so that I can deal with it intelligently in connection with the steps which must be taken with the State Department and before the Far Eastern Commission. I have been thoroughly cognizant for a long time of the serious lag in this program and the importance to you and your job that it get rolling.

As I previously advised you I called together a dozen leading engineers to form an Advisory Council on Reparations. This step was designed to enlist the aid of engineering firms in the evaluation appraisal part of the work. I have decided not to go ahead at this time with an engineering contract on evaluation appraisal in view of your radio nbr C 68798, but both State and I felt it important to have a well-qualified group to look over the general reparations plans and procedures and to advise you and State and War on it. Accordingly, the group of engineers concerning which I have previously advised you will leave for Tokyo on the 24th. The group will not act as contractors but will act as War Department Representatives. Colonel Cheselding of Civil Affairs Division will accompany this group which will stay 30 days. This group is composed of: Clifford Strike, President, F H McGraw Company; Paul R Coffman, President, Standard Research Consultants; Horace Perry, Jr, partner, Jackson and Moreland; George V T Burgess, partner, Coverdale and Colpitts; and F C Mackrell, Stone and Webster Engineering Company.

Strike, Coffman, and Perry were engaged in similar work of a broad nature in Germany and all 5 are thoroughly qualified men. The head of the group, Clifford Strike, is an exceedingly able and public-spirited citizen whose counsel and advice I

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PROM : WASHINGTON NR : W 90286 23 JAN 47 (CONTINUED)

am sure you will find to be of greatest assistance. I trust that you will give them a full expression of your views on this important matter and will have your staff assist them in every way so that they may make a detailed report to you and then as a result of their conversations with you come back and give me and the State Department a better understanding than we now have of the reparations problems ahead and the manner in which we should proceed in their solution. I am hopeful that we may be able as a result of this trip to determine upon means to expedite greatly this whole program.

PETERSEN

ACTION: ECON & SCI SECT

INFORMATION: COMMANDER-in-CHIEF, CHIEF OF STAFF, BRIG GEN HARRISON, G-4, AG, GOVT SECT, NAT RES SECT, CIV PROP CUST

58343

PRIORITY

TOO: 221633/Z

Secret

MON: YC 13/23

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INCOMING MESSAGE

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PRIORITY

22 Jan 47

FROM : WASHINGTON (FROM THE JOINT CHIEFS OF STAFF)
TO : CINCFE (MACARTHUR)
NR : W 90220

The following communication from the Far Eastern Commission forwarded through its Chairman Pro Tempore under the provisions of paragraph VI of its terms of reference, is transmitted to you at the request of the State, War and Navy Departments:

"The Far Eastern Commission requests the Chairman Pro Tempore to consult with the Supreme Commander for the Allied Powers in connection with the following:

The commission has studied the reply of the Supreme Commander to the informal inquiry on the subject of article 1 of the Imperial House Economy Law--the assignment of state properties--but considers that it has inadequate information on which to judge the merits of the law. The commission wishes to be able to assure itself that no sums or properties which were within the direct or indirect control of the Imperial House, the Imperial Household, or any member of the Imperial Family of his or her nominee, have been placed beyond the effective control of the Diet.

For this purpose the commission desires to have a detailed and complete schedule of all properties and possessions (except purely personal items of comparatively small value or objects d'art) of the Imperial House, the Imperial Household, and all members of the Imperial Family and their nominees, as at the moment of surrender, showing against each item the manner in which it has been disposed of."

NO SIG

57865

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FEC

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INCOMING MESSAGE

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PRIORITY

FROM : WASHINGTON NR : W 90220 22 JAN 47 CONTINUED

ACTION: GOVT SECT

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, AG,
- DIPLOMATIC SECT

57865

PRIORITY

TOO: 212142/Z

MCN: YC 18/22

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22 Jan 47

FROM : WAR (WDSGA ES)
TO : CINCFE
NR : W 90194

Reurads Dec C 68424 and Dec C 68626, ourads Oct W 82295, Dec W 88059, Sept 80413, Oct W 84268 reparations and economic disarmament is subj.

This cable in 5 parts.

Part 1. State member has requested suspension formal SWNCC consideration of proposed policy statements re US position on:

A. Claims for Japanese reparations (see ourads W 82295 Oct and W 88059 Dec).

B. Reparations removals of industrial facilities and merchant shipping (see ourads W 80413 Sept and W 84268 Oct). This suspension requested pending full consideration urad C 68424.

Part 2. War member of SWNCC recommended no directive be issued you to make advance reparations transfers until directives are issued also on minimum assured production capacity levels, and on policy aspects of allocation and delivery of particular reparations goods, nor until a US position is taken re the 5-point program recommended in para 5 urad C 68424. Par 5 D of C 68424 referred to disarmament program outlined in appendix to that radio. Appendix is brief, and re petroleum is extremely elliptical, but stated that details fwl by ltr. Ltr not recd. Until details of program including relationship of economic disarmament to specific levels of industrial capacities to be retained are avail for study here, further decisive consideration Japanese reparations impossible.

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FROM : WAR (WDSKA BS). NR : W 90194. DTD 22 JAN 47. CONT'D

Part 3. C 68424 seems to put ability to obtain output under short supply conditions on same basis as capacity of facilities to produce goods. Clarification this point essential. Does not acceptance Interim Reparations Program as Basic Program mean production then would be spread among retained plants with aggregate capacity to produce well in excess of output required for Japan's peaceful needs and without full utilization of capacity to produce of many retained plants. Would not getting maximum productivity from scarce resources require concentration of production in minimum number of industrial plants?

Part 4. Request complete number and ltr identification of communication containing details your proposed economic disarmament program referred to in part 2 above including date of dispatch, or if not dispatched, request you radio soonest all significant portions your economic disarmament proposals.

Part 5. Quick avail here material requested above may permit transmission Wash views thereon to your hq before Strike reparations group, scheduled ETD Wash 23 returns to US, thereby permitting joint consideration in Tokyo entire reparations and economic disarmament situation with benefit Wash comment by your hq and Strike group. Nothing further.

NO SIG

ACTION: ECON & SCI SECT

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, GEN
HARRISON, G-1, G-4, AG, GOVT SECT, NAT RES
SECT, COMNAVFE, DIPLOMATIC SECT, CIV PROP
CUST

57638

PRIORITY

TOO: 211616 Z
MCN: YD 64/21

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INCOMING MESSAGE

Confidential
PRIORITY

Conf. Sect
16 Jan 47

FROM : WAR (WDSOA ES)

TO : GINCFE

NR : W 89762

Australian member FEC has submitted draft revision fisheries policy (FEC-035) proposing Jap fishing operations be limited area auth SCAFIN 1033. 22 Jun 46 unless extension auth FEC; whaling from land stations and pearl fishing limited same area; no whaling from factory ships anywhere except under auth FEC and agreement international auth for whaling.

Foregoing discussed meeting subcommittee FEC Dec 19. At second meeting subcommittee, 10 Jan, US member submitted fol draft:

"1. In view of the significant economic and social importance to Japan of the fishing, whaling, pearl fishing and other aquatic industries

A. As a source of food.

B. As a means of employment.

C. As a source of exports to provide foreign exchange for essential imports, the Japanese should be encouraged to develop these industries, subject:

A. To such precautions as to security as SCAP may deem appropriate in add to those required under policies determined by FEC,

B. To the provisions enumerated below.

"2. Japanese fishing operations should not be permitted within 50 miles of any land area under jurisdiction of any Foreign Govt, having permanent populations or mil or naval establishments, except as specified in par 3, without sp arrangements, having the apl of FEC, between SCAP and the country concerned.

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Confidential
PRIORITY

FROM : WAR (WDSCA ES) NR : W 89762, 16 JAN 47, CONT' D

3. (This para provides exceptions for Tsushima and north coast Hokkaido, fol lines specified SCAPIN 103, 22 June 46).

"4. Japanese fishing vessels should have the right of innocent passage through areas of the high seas where their fishing operations are prohibited (as specified in paras two and three), but notice to the littoral state should be given by SCAP in advance of such passage.

"5. Japanese fishing vessels in distress should not enter territorial waters except by special arrangement with appropriate auth of the littoral state, and then under such terms as the littoral auth may impose.

"6. Policy with respect to repair, construction or conversion of fishing vessels should conform to other policies determined by FEC.

"7. Japanese fishing operations should conform strictly to:
A. The provisions of the international whaling agreements;

B. The provisions of other international agreements relating to conservation of fisheries;

C. Recognized conservation practices, including AUSZINENCZ KOMSIETAGIC sailing or interference with conservation measures instituted by littoral states.

"8. The present policy with respect to fishing and aquatic industries of Japan is without prejudice to any decisions by FEC on any other matters, including reparations."

At 10 Jan meeting, subcommittee, other members expressed desire consult their Govts prior next meeting, 21 Jan. Australian member expressed strong disapproval US draft, desires no Jap fishing south equator, fears SCAP already preparing auth another antarctic whaling expedition. All members except US appear favor same restricted areas as in SCAPIN 1033.

State Dept would welcome SCAP comments prior 21 Jan meeting subcommittee. Nothing further.

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INCOMING MESSAGE

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PRIORITY

16 Jan 47

FROM : WAR (WDSKA ES) NR : W 89762, 16 JAN 47, CONT'D

ACTION : NAT RES SECT

INFORMATION : COMMANDER-IN-CHIEF, CHIEF OF STAFF, AG, GOVT SECT,
ECON & SCI SECT, DIPLOMATIC SECT

55294

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TOO: 152057 Z

MON: YA 16/16

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INCOMING MESSAGE

CORRECTED COPY

Secret
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12 Jan 47

FROM : WASHINGTON (WDSCA BS)
TO : CINCPAC
NR : W 89522

Reurad Apr C 59473, Oct Z 20177, Nov C 66989 and
ourad Nov W 84415. This msg in 8 parts. Subj is functions
and composition proposed 5 man Restitution and Reparations
Mission.

Part 1. Interchange of cables since urad C 59473
proposing 5 man Restitution Reparations Mission reflects
misunderstanding re mission's prospective work. Proper
recruitment for mission pers impossible until situation is
clarified. Fol cable attempts set forth form of solution
which will meet your requirements and requests info and your
views for basis for recruitment.

Part 2. Your initial request limited number of
members of each nation's mission to 5 individuals and spe-
cified duties of mission to act on behalf of its Govt or
routine matters pertaining to reparations, removals, resti-
tution or any other matters which would otherwise require
visit of individual missions. Establishment of accredited
permanent representation would require high standard of
responsibility and competency on part of mission to repre-
sent this Govt in diplomatic or consular capacity. Some
opinion held here that Inter Allied action in Japan on
reparations may be limited to work performed by members of
these missions. Presence in 5 individuals of foregoing
competencies along with highly specialized tech qual you

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WASHINGTON MSG NBR W 89522 OF 12 JAN 47 CONTINUED:

also request would be extremely fortuitous. You indicate highly specialized tech capabilities in your requests for persons able to act on any matters otherwise requiring visits of individual missions; for persons expert on holdings of special industries such as electrical, petroleum, communications, automotive and others (see urad C 66989 Nov); for advisors on prevention of deterioration and dissipation of assets, and to assume other responsibilities relating to preservation and protection such assets. It would seem that reparations and restitution missions of each Govt may require assistance of tech aides.

Part 3. Believed here pers to comprise US Govt accredited permanent representation should be separate group from required highly specialized tech pers. Accredited permanent representation hereinafter is termed Official US Reparations and Restitution Mission or OUSRRM.

Part 4. Persons comprising highly specialized tech advisors are hereinafter termed tech aides. No way is seen to furn you all competencies you specify in 5 individuals. It is suggested that tech aides to come from US to assist you work under guidance of OUSRRM and come to Japan in limited numbers intermittently or in rotation as needed, but their entry to Japan subject to such overall limitations as you consider necessary. Tech aides from other Govts assume would be accorded same treatment as tech aides from US. Co-position of tech aides 4970 under study but members would presumably be Govt employees on dollar a year or similar basis and nominated by property

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PRIORITY

FROM : WASHINGTON (WDSCA ES) NR : W 89522 12 Jan 47
CONTINUED

owners or regular govt pr cognizant of American property holdings in Japan. Preliminary survey reveals that number latter category very limited who are avail for project and competent to serve as satisfactory representatives industrial and financial interests. However, in respect some types of business, companies may not wish to agree to thier interests being represented by pers selected from another concern, also State Dept perceives question would arise of discrimination against interest not directly represented and considers such types of business should be represented by regular govt pers. In any case may wish to have limited amount rotation members this group if necessary to provide qualified pers for all important types of business interests and hope is this arrangement be essentially temporary until can be gen opening Japan to private business relations.

Part 5. Tentative plans being developed for formation of mission to be designated official US reparations restitution mission (OUSRRM) with fol terms of reference:

A. To operate under your executive auth and operational control view here is OUSRRM.

(1) Should have status comparable to reparations and restitution missions representing other countries with your hq.

(2) Should not be integrated into any Staff Section.

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WASHINGTON MSG NBR W 89522 OF 12 JAN 47 CONTINUED:

(3) Should be afforded facilities to communicate with State Dept in accordance with provisions of para 7 of W 91800)

B. OUSRRM members to be US Govt pers appointed with concurrence of all interested US agencies. Salaries probably will be paid by agency from which members are selected;

C. Recruitment for OUSRRM (and for Tech Aides) to be State Dept function;

D. OUSRRM and similar missions other Govts to comprise only auth individuals to deal with SCAP on behalf their Govts re functions set forth in fol (Para E no manner is it intended by these terms to suggest restricting your utilization of other missions dealing with reparations and restitution problems, for example, proposed group to assign monetary values to industrial facilities and equip declared avail for reparations removals);

E. Official mission will carry out under your executive auth and operational control on behalf this Govt, fol functions:

1. In field of reparations, represent this Govt on such advisory groups on conflicting claims and other matters as you may establish; inspect particular facilities to determine quality, value and appropriateness from tech viewpoint for allocation to US or to countries to which portion of US reparations may be reallocated; request and accept particular plants and facilities in light of overall reparations decisions and arrange transportation of allocated facilities.

2. In field of restitution, presentation of

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WASHINGTON MSG NBR W 89522 OF 12 JAN 47 CONTINUED:

indorsed US claims and of US requests for search for looted property; taking title to on behalf of US interests and arranging transportation for return of such property and representing this Govt on such advisory groups as you may establish.

3. In field of restoration, acting on behalf of US owners of property in Japan in respect to preservation and protection their property pending completion of arrangements for return, and facilitate provision of all avail info to such owners as may be required as basis for making damage or claims against Jap Govt or its nationals.

F. Suggest one member of OUSRRM be designated as responsible for restoration functions and represent US nationals' property rights and interests in Japan. Suggest this member also direct activities of tech aides on these matters.

Part 6. To establish basis for recruitment for OUSRRM and tech aides specified above and to clarify other work here request your views re the foregoing particularly part 5 and your plans for terms of reference for OUSRRM and tech aides including functions, duties, admin relations to other components of your Hq and any other pertinent elements of their SOP.

Part 7. Disposal surplus property not considered matter for proposed official mission.

Part 8.

A. In connection with FEC discussion of

53638

PRIORITY

Secret
-5-

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FAR EAST COMMAND
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

Secret
PRIORITY

WASHINGTON MSG NBR W 89522 OF 12 JAN 47 CONTINUED:

possible amendment to policy on restitution of looted property & proposal to provide for advisory agency in Tokyo may emerge substantially as follows:

"Because reasonable doubts may arise as to whether or not particular objects are subj to restitution under FEC 011/12 or JCS serial 61, Supreme Commander for the Allied Powers should create an agency comprising one representative from each of the restitution and reparation teams in Japan of the 11 member countries of the Far Eastern Commission to advise SCAP on restitution matters. The Supreme Commander should designate the chairman of that agency. It will meet at the call of the Supreme Commander or at the request of any member. The Supreme Commander should notify the US Govt of the views of the agency when his views conflict with those of the member countries."

B. In order to formulate US position re proposal request your comment. soonest.

C. Suggest clearance cases with this restitution agency may make possible relaxation stringent rules re proof of ownership.

ACTION: DEPUTY CHIEF OF STAFF SCAP

NO SIG

INFORMATION: COMMANDER-in-CHIEF, CHIEF OF STAFF, G-4,
AG, GOVT SECT, ECON & SCI SECT, DIPLOMATIC SECT,
CIV PROP CUST

NOTE: Corrected Copy received in AG/RC Office at 111640 Z

53638

PRIORITY

Secret

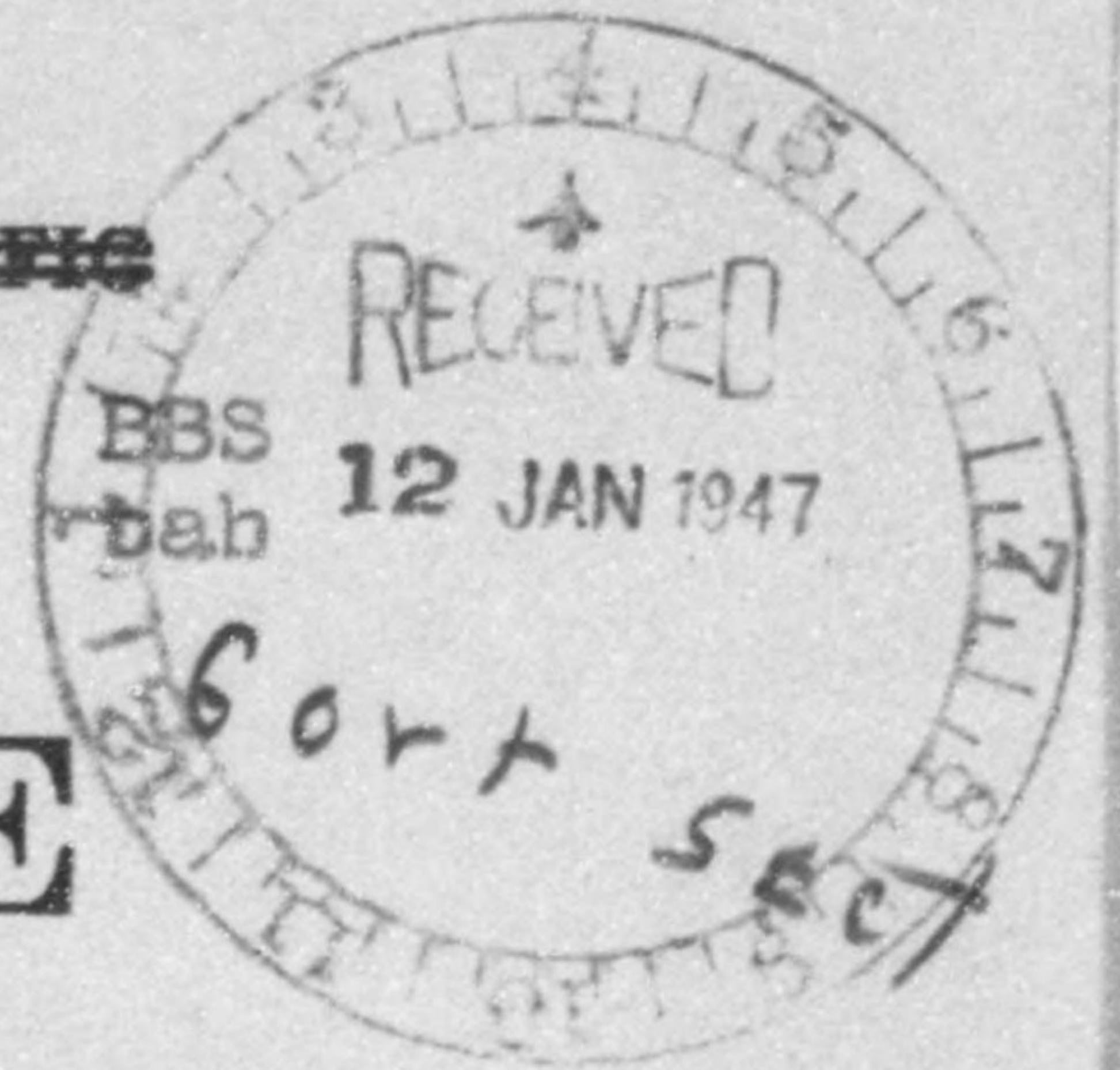
TOO: 110212 Z

MCN: YB 79/11

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INCOMING MESSAGE

Confidential
PRIORITY

11 Jan 47

FROM : WASHINGTON (WDSKA PL)
TO : CINCPAC
NR : W 89446

Fol from Chairman of FEC is sent you at request of State Dept.

A. At 40th meeting of FEC, 9 Jan, commission unanimously apd fol request for consultation with SCAP re election of members of House of Councillors.

"1. Commission requests clarification of Articles 56 and 67 of law for election of members of House of Councillors (FEC-101/1). According to English translation it appears that only the one person who has obtained greatest nbr of valid votes shall be declared elected to House of Councillors either from prefectural constituencies or from nationwide constituency. It also appears that in election by nationwide constituency and in election of members for prefectures each voter has only 1 vote no matter how many vacancies have to be filled. The commission will appreciate it if SCAP will check accuracy of this translation, and will favor commission with his views on reasons for such a restricted vote.

2. The commission would further welcome SCAP's comments on provision in Article 34, para 6, that 'A vote on which name of candidate has not been written by voter himself' is not valid. Commission queries whether this provision may not unduly limit eligibility for voting by excluding those who cannot write, such as illiterate and infirm of hand, thus conflicting with Articles 15 and 44 of Japanese Constitution."

NO SIG

FEC

53278

PRIORITY
Confidential
-1-

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INCOMING MESSAGE

Confidential
PRIORITY

FROM : WASHINGTON (WDSCA PL) NR : W 89446 11 JAN 47 CONT'D

ACTION: GOVT SECT

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, G-2, AG,
DIPLOMATIC SECT

53278

PRIORITY

Confidential

TOO: 102107/Z
MCN: YB 4/11

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ADJUTANT GENERAL'S OFFICE ^{del}
RADIO AND CABLE CENTER

INCOMING MESSAGE

Restricted
ROUTINE

Sort Sect
10 Jan 47

FROM : WAR (WDSCA GO)
TO : CINCFE
NR : W 89344

State Dept requested dispatch of fol cable.

"In consideration by committee on constitutional and legal reform of FEC on drafts of 2 laws implementing Japanese constitution, namely, Imperial House Law and Imperial House Economy Law, various questions have been raised by committee members requiring background info and clarification which not avail here. Any info you can give as soon as possible on fol points would be greatly appreciated. Next meeting of committee is on 13 Jan.

Ref Imperial House Law.

1. Should article 2 para 2 read "Son of the Emperor" or is text correct which reads "Eldest grandson of the Emperor?"

2. What is meant by "Imperial House Office" referred to in article 28 and how is "Hq" of office appointed?

3. What is specific meaning of phrase "Mutual Election" appearing in article 28 and elsewhere?

4. What "Other laws" are referred to in article 37?

5. Are words "Supplementary rule" correctly translated or would "Supplementary provisions" be more accurate?

Ref Imperial House Economy Law.

1. Does "Imperial House use property" refer to movable as well as immovable property? (see article 1)

52895

ROUTINE

Restricted

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-1-

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INCOMING MESSAGE

Restricted
ROUTINE

FROM: WAR (WDSCA GO) NR: W 89344 DTD 10 JAN 47 CONT'D

2. What is meaning of article 1 para 3 that "Property shall not be property intended for revenue? Does revenue refer to possible income from such property or to fact that such property should not be taxed?"

3. Ref to law as a whole and article 1 which states "State property which is assigned, or which has been determined to be assigned?" question has been raised as to what body assigns such property and as to how much property has been assigned or will be assigned. In other words, what is extent or contemplated extent of "Imperial House Use Property" referred to? UK member feels that previous info on extent of property to be retained by Imperial Household still insufficient and would appreciate receiving any details on this subj.

"Are any revised translations of implementing laws likely to be made as present texts are obscure in various places? "

NO SIG

ACTION: GOVT SECT

INFORMATION: COMMANDER-in-CHIEF, CHIEF OF STAFF, AG,
DIPLOMATIC SECT

52895

ROUTINE
Restricted

TOO : 092044 Z
MCN : YD 9/10

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-2-

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INCOMING MESSAGE

Secret
ROUTINE

10 Jan 47

FROM : WASHINGTON (WDSKA RO)
TO : CINCPAC
NR : W 89294

Reurad Dec 45 CX 56466, Nov 46 ZX 26123. Fol is text of conclusions in draft paper for submission to SWNCC Sub Committee on subj of policy for interchange of persons between Japan and other countries. Request your comments soonest.

Conclusions par 4. It is concluded that

A. During the period of occupation and subj to apl as outlined in par B, there should be permitted between Japan and other countries an interchange of persons for educational, religious, scientific, info and gen cultural purposes including members of trade unions and related organizations and agencies whose purposes are recognized as democratic and who will contribute toward process of reorientation. Such interchange shall include participation by Japanese as well as other nationals in international conferences and conventions, in either Japan or other countries.

B. Each individual proceeding to or coming from Japan must be sponsored by a non govt organization or institution. In case of US citizens proceeding to Japan and Japanese Nationals proceeding to US, eligibility of each person and that of his sponsor should be apd by SCAP, WD and Dept of State. In case of allied persons proceeding to Japan and Japanese Nationals proceeding other countries other than USA, eligibility of each person

52687

ROUTINE
Secret
-1-

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RFF

INCOMING MESSAGE

Secret
ROUTINE

FROM : WASHINGTON (WDSKA RO) NR : W 89294 10 Jan 47
CONTINUED

and that of his sponsor should be apd by SCAP, countries or country of destination or origin other than Japan. Communications re clearance for such persons should fol established governmental and mil channels.

C. Total expenses outside of Japan, including tvl, living and incidental cost of Japanese going from Japan, shall be defrayed by non Japanese Nationals, institutions or govts of country or countries receiving or sponsoring such persons. Total expenses, including non yen equivalent of yen used in Japan, of persons going to Japan shall also be defrayed by non Japanese Nationals, institutions or govts sponsoring such persons. Such non yen equivalent of yen used in Japan shall be made avail in currencies usable by SCAP in pmt for imports of goods or svcs to Japan. Exceptions may be made in case of expenses payable from yen balance in Japan or sponsoring Nationals, institutions or govts wherever special permission for such use of yen balances has been obtained from SCAP.

D. No interchange shall be effected of persons who will engage in political or commercial activities.

E. Religious missionaries may engage in their normal pursuits in Japan subj to conditions stated in annexes 1 and 2. your rads.

F. Interchange of students, teachers and other pers engaged in social, natural, med or other related scientific studies, teaching or research shall be permitted provided such pers and studies are of a non mil character and contribute to process of democratization or otherwise further purposes of occupation.

52667

ROUTINE

Secret
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INCOMING MESSAGE

Secret
ROUTINE
FROM : WASHINGTON (WDSCA RO) NR : W 89294 10 Jan 47
CONTINUED

G. Gen program shall be drafted by SCAP in consultation with State and WD. Such a program for exchange of persons should take into consideration needs and objectives of occupation and conditions and facilities avail both in Japan and countries concerned.

NO SIG

ACTION: G-1

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, G-2, AG,
GOVT SECT, ECON & SCI SECT, DIPLOMATIC SECT

52687

ROUTINE
Secret

FOO : 091551 Z
MCN : YC 92/09

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(3)

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For Sec

JLR
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INCOMING MESSAGE

~~Secret~~ Unclassified
PRIORITY

5 Jan 47

FROM : WASHINGTON (WDSOA PT)

TO : CINCPAC

NR : W 88974

per Document Regarding
Bulletin #37 8/25/50
JLR

Reourad W 88700, 31 Dec 46. Contract for services of advisory group of industrial appraisers for reparations survey in Japan is subj.

Following is extract of significant sections of the proposed contract for services to be entered into with a group of industrial appraisers headed by Mr Clifford Strike. Contractors services.

This contract, entered into this _____ day of January, 1947, by the USA (hereinafter called the Govt) represented by the contracting officer executing the contract, and _____ (hereinafter called the contractor), a _____ organized and existing under the laws of the State of _____, having headquarters at _____ St, in the City of _____, Country of _____, and State of _____.

Witnesseth:

Whereas it is advantageous to the national defense to have appraisal experts stationed in Japan for the purpose of appraising certain property in connection with reparations, to have expert assistance in the US in the direction and coordination of the work done in Japan and in the preparation of reports to the Govt, and to have expert advice and counsel avail to the WD in matters of policy and procedure relating to the determination of such values, and:

Whereas, the existing facilities of the WD are inadequate for these purposes, and the contractor can provide such appraisal and consulting service, and:

50813

PRIORITY
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INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

Whereas, the Secy of War has appointed the representatives of this contractor and of 10 other engineering and construction companies consultants to act as an advisory council in connection with the work covered by this contract is negotiated and entered into under the

Now, therefore, the parties do hereby mutually agree as follows:

Article 1 - Service to be furnished by the contractor.

(a) The contractor shall furnish and render to the Govt, during the term of this contract specified in Article 3 (a) hereof or of any extension thereof which may be made pursuant to Article 3 (b) hereof, as may be directed by the contracting officer:

(1) Technical or professional service consisting, in general, of expert appraisal service and valuation service in connection with Japanese industrial and utility plants, TSF CIAUVHRED facilities, and other property under the control of SCAP for Japan, and the establishment of procedures therefor.

(2) Furnishing of such reports concerning the rendering and results of the above service as the contracting officer may reasonably require from time to time, including a final report on all findings and conclusions.

(3) Furnishing consulting and advisory services to the WD in the US in connection with policies and procedures related to the work covered by this contract.

(b) All such services shall be rendered by such officers, employees, or agents of the contractor (herein sometimes called contractors personnel) as may be reasonably directed from time to time by the contracting officer. Such contractors personnel shall be selected by the contractor

50813

PRIORITY

Secret

-2-

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INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

from personnel available at the time such services may be required. Such contractors personnel shall be able adequately and properly to perform the services to be rendered by them under this contract, and shall be furnished only on the approval of the contracting officer.

The contractor agrees to furnish personnel in number and qualifications in proportion to the total staff to be furnished by the 11 companies forming the advisory council, such proportion to be determined by the executive committee of the council, taking into account such factors as the executive committee shall deem reasonable.

It is understood that the contractor shall have the right to recall any of the personnel furnished by it but in that event shall furnish substitute personnel of equivalent number and qualifications.

(c) All said services shall be rendered by the said contractors personnel, both within the continental US and overseas, at such place or places and at such time or times as the contracting officer may approve or direct.

(d) The contractors personnel shall be under the specific direction and control of a project manager appointed by the executive committee representing the contractors, but in the performance of all services hereunder the contractor shall be guided by and shall comply with the directions and requirements of the contracting officer and his representatives, and in a manner satisfactory to such officers or persons. The contractor shall transfer or recall any of its personnel from performance of services hereunder whenever the contracting officer so requests.

(e) The contractor, promptly after receipt of

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-3-

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PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

official notice from the contracting officer that the services of any personnel are required hereunder, shall furnish in writing to the contracting officer such pertinent info concerning such personnel as the contracting officer may request.

(f) The contractor agrees that the personnel furnished and the services rendered hereunder shall be coordinated with those furnished and rendered by other organizations pursuant to contract substantially similar to this, it being the intent hereof that all of such personnel shall operate as though in a single organization covering the field work to be performed; and that such personnel shall at all times comply with the instructions and directions of the executive committee of the advisory council or its duly appointed representative who shall act as project manager in Japan.

(g) Personnel, in addition to the contractors original complement, shall be furnished as promptly as possible after receipt of the contracting officers written request therefor but not in excess of the original proportionate requirement unless mutually agreed upon between the contracting officer and the contractor.

Article 2 - Facilities to be furnished by the Govt:
Status of contractors personnel.

(a) The Govt shall furnish or make available the following facilities to contractors personnel performing services overseas:

(1) Transportation by air with priority not lower than number 2 for such personnel and their technical equipment and baggage from the appropriate office of the

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-4-
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INCOMING MESSAGE

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PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

contractor to the field of operation in which the services are to be rendered, and return air transportation to said appropriate office as soon as practicable after completion or termination (including the recall by the contractor of any personnel) of the services being performed; and suitable transportation between the place or places in which the services are rendered and to be rendered. All travel orders issued by the Govt shall conform with the foregoing and state that the person involved is on temporary duty in the theater of operation.

(2) UYE without charge to the contractor of Govt communication facilities for the exchange of messages between contractors personnel and the contractor whenever such facilities are available and AZMJHMYTDOULATIOP of the Govt representatives in charge thereof.

(3) Use of Govt services and agencies without charge to the contractor in the transmittals of funds to the contractors personnel and as a medium of commercial exchange for said personnel WEZAUIDAIM ULQIZ that normal commercial facilities are not available to contractors personnel.

(4) Suitable lodging, subsistence, hospitalization and medical care, to the extent that these are available to Army personnel, and such special clothing or personal equipment as may be required for the contractors personnel performing services overseas, and including all uniforms if same are required.

(5) Transportation without charge to the contractor for the families of personnel working in Japan if the time required for the performance of the work covered in

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PRIORITY
Secret
-5-

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INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

this contract shall be of such duration that it is considered necessary or desirable, in order to secure properly qualified personnel, to permit families of such personnel to be resident in Japan.

(b) Such facilities as are furnished by the Govt under para (a) above shall be as least as good as the standard supplied to commissioned officers of the Army of the US.

(c) Contractors personnel sent overseas shall be accredited to the Army of the US with a recognized status under the Geneva Convention of July 27, 29, Article 81, shall be given proper credentials and identification CWILS BEA may be required by the appropriate Army authorities to wear a uniform with an official brassard, and shall be subject to appropriate regulations governing technical representatives or consultants serving the Army in a foreign theatre.

Article 3 - Period of performance.

(a) Services to be performed by the contractor hereunder shall be rendered and furnished for the period required to complete the appraisal and valuation of the properties in Japan which the contracting officer shall determine to be available for reparations and for the completion and execution of the report or until this agreement is terminated.

(b) This contract may be renewed or extended for such periods and upon such terms and conditions as may be mutually agreed upon by the Govt and the contractor.

50813

PRIORITY

Secret
-6-

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INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

Article 4 - Consideration: Reimbursement of expenditures.

(a) Govt agrees to pay the contractor for the services rendered as follows:

(1) For each day of work performed by appraisal and valuation personnel in Japan or within the Continental US the amounts set forth for the several classifications of such personnel: Tab fol in 3 columns.

Contractors classification	"For each day of work performed"	
	Continental US	Overseas
Executive or partner	\$150	\$175
Project manager	\$125	\$150
Sen Evaluation Engineer	\$100	\$125
Senior Accountant	\$65	\$75
Jr Evaluation Engineer	\$75	\$100
Junior Accountant	\$55	\$65
Field Assistant	\$55	\$65

(2) Fractional portions of days worked will be paid for by the Govt at the appropriate pay of the daily rate stated above, provided however, that the term "Each day of work" shall mean 8 hours and include each day from the day of departure from the appropriate office of the contractor to the day of return to such office, inclusive, less Sundays and other customary non-working days (unless actually worked).

(3) Travel time shall be deemed to constitute time worked, provided however, that travel time spent in going to or from the point of departure, or one point of

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PRIORITY
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ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

operation to another, and in excess of 8 consecutive hours, shall be compensated to the extent of 8 hours in any consecutive 24 hour period.

(4) If overtime is required, it shall be approved by the contracting officer, or his representative and will be billed on an hourly basis pro rata to the per diem rates.

(b) The Govt will also pay to the contractor, upon satisfactory performance of the service, the fol sums for the subsistence of the contractors personnel engaged in the performance of this contract, either overseas or within the Continental US \$7 (\$7) for each day each individual is away from the contractors appropriate office, whether such individual is engaged in rendering services hereunder, travelling, awaiting transportation, or otherwise; however, to the extent that the Govt furnishes facilities as provided in article 2 (a) (2) (3) and (4), there shall be deducted from these sums such amounts as are currently and normally charged by the Govt for rendering such facilities or services to its own employees or officers.

(c) The contractor shall also be reimbursed by the Govt for such of its actual expenditures incurred in the performance of this contract, as are included in the following items, as such may be approved or ratified by the contracting officer:

(1) Stenographic and other like costs incurred in furnishing the reports specified in article 1 (a) (2); and secretary and stenographic salaries and other

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PRIORITY

Secret

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FAR EAST COMMAND
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

Secret
PRIORITY

WAR MSG NER W 88974 OF 5 JAN 47 CONTINUED:

like costs incurred in the performance of this contract.

(2) Facilities specified in article 2 (a) (1), (2), and (3) which are actually supplied by the contractor to its personnel performing services overseas.

(3) Travelling expenses, and telephone and telegraph expenses, incurred in the performance of this contract within the Continental US.

(d) The contractor shall also be reimbursed by the Govt for services performed in furnishing advice and consultation set forth in article 1 (a), (3) of this contract, including making available its organization in connection with the management and direction of the work, assuming the responsibility jointly with the other contractors for the conclusion arrived at in the final report and furnishing the services of 1 of its principal officers or partners or their duly authorized representatives as (1) a member of the advisory council and or (2) as a member of the executive committee representing the contractors forming the advisory council.

(e) The Govt agrees to designate a representative to approve and sign such time sheets or other time records as the contractors personnel shall keep.

Article 5 - Payments.

(a) Payments referred to in article 4 (a), (b) and (c) shall be made by the Govt as they accrue in calendar monthly installments within 15 (15) days of the submission of properly certified invoices or vouchers to the Finance Officer designated to make payments hereunder.

(b) The Govt will currently reimburse the contractor for the expenditures specified in article 4 (d), in monthly installments of \$750 as to 4 (d) (1) and \$750 as to 4 (d) (2). (This

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WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

means that a firm represented on the executive committee would receive \$1,500 per month).

Article 6 Through EGSHEMIR inclusive contain the normal wording of provisions pertaining to sub-contracts, officials not to benefit, covenant against contingent EES, anti discrimination, assignment of rights, 8 hour law, notice to the Govt of labor disputes, and disclosure of info.

Article 14 - Termination. The performance of work under this contract may be terminated by the Govt before the completion of the services contemplated in article 1 (a) (1), (2) and (3) whenever the contracting officer shall determine that such action is for the best interest of the Govt. If the contract is so terminated, the contractor shall be considered to be fully compensated if the daily rates and corresponding travelling and living expenses as set forth in article 4 (a) (b) (c) and (d) are. **** For the field personnel up to and until they have returned from Japan to their Hq offices, and if the monthly fixed sum established in article 5 (b) are ARD ***. The contractor up to and including the date of cancellation.

Article 15 - Disputes. Except as otherwise specifically provided in this contract, all disputes concerning questions of fact which may arise under this contract, and which are not disposed of by mutual agreement, shall be decided by the contracting officer, who shall reduce his decision to writing and mail a copy thereof to the contractor. Within 30 days from said mailing the contractor may appeal to the Secy of War, whose decision or that of his designated

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INCOMING MESSAGE

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WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

representative, representatives, or board shall be final and conclusive upon the parties hereto. Pending decision of a dispute hereunder the contractor shall diligently proceed with the performance of this contract.

Article 16 - Definitions.

(a) The term "Secy War" as added herein shall include the Under Secy War, and the term "His duly authorized representative" shall mean any person or board authorized by the Secy War to act for him, other than the contracting officer.

(b) Except for the original signing of the contract, and except as otherwise expressly stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor, or his authorized representative, and shall also include the CG, US Forces Pacific Theater and any authorized representative.

(c) The term "Overseas" as used in this contract shall mean any place outside the territorial limits of the 48 States and the Dist of Columbia, and the term "The Continental US" shall mean any place within the territorial limits of the 48 States and the Dist of Columbia.

Article 17 - Approval. This contract shall be subject to the approval of the Under Secy War.

Certain changes have been proposed by War Dept as follows:

Article 2 sub par (5) insert between "that it is" the words "mutually, between the Govt and the contractor," and before "considered necessary."

Article 4 (a) (1) changed as follows: Tab fol in

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INCOMING MESSAGE

Secret
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WAR MSG NBR W 88974 OF 5 JAN 47 CONTINUED:

3 columns:

Contractors classification	In Continental US	Overseas
Senior Accountant	\$40	\$45
Jr Evaluation Engineer	\$40	\$50
Junior Accountant	\$35	\$40
Field Assistant	\$35	\$40

Article 4 (a) (4). This para to be deleted entirely.

Article 4 (b). Insert after the word "subsistence" the words "and housing" before the words "the contractors."

Article 14. The following statement to precede the provisions of this para: "This contract will terminate on 30 June 47 with the right to extend the provisions of this contract under the appropriations for this fiscal year 48."

It is emphasized that the above proposed changes are those of the WD and have not been considered by Mr Strike and his group.

NO SIG

*746
circulate
file* ACTION: DEPUTY CHIEF OF STAFF SCAP

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, G-4, AG, GOVT SECT, ECON & SCI SECT, CIV PROP CUST

NOTE: Service has been requested for missing portion indicated by asterisks.

NOTE: Service has been requested for correction of underscored portion.

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PRIORITY

TOO: 040228 Z

MCN: YD 30/04

Secret

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RADIO AND CABLE CENTER

RLJ
CRW

INCOMING MESSAGE

URGENT

Secret
URGENT

1 Jan 47

FROM : WASHINGTON (PETERSEN)
TO : CINCPAC (FOR MACARTHUR PERSONAL)
NR : W 88700

Further re W 86512 Nov. Subject is contracting with firms for valuation of Japanese industrial reparations assets. Cable in 4 parts.

Part 1. Separate cable sets forth:

(A) Brief of non-standard provisions of contract proposed by Advisory Group representing engineering firms,
(B) Our views thereon, and
(C) Our proposals for changes in contract provisions (Conference here re foregoing with Clifford Strike and others of Advisory Group scheduled for 2 Jan).

Part 2.

(A) It is believed here that you in your capacity as the SCAP, and not solely as a US authority, can contact with these engineering firms to perform this work.

(B) It is further believed that you can reimburse these firms out of proceeds from such liquid assets as gold, silver and other precious metals, and from diamonds, pearls and other precious stones and jewelry, which you are holding in your custody as SCAP.

(C) Tentative estimate by War Dept sets probable cost of evaluation work at \$650,000, based on 50 men working for 5 months.

(D) The high rate of personnel pay precludes the letting of such a contract here without Presidential authorization by an executive order issued under the provisions

49286

URGENT

Secret

-1-

"paraphrase not required. Handle as SECRET correspondence per paragraphs 51 i and 60 a (4) AR 380-5."

URGENT

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COPY NO.

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CRW

INCOMING MESSAGE

Secret
URGENT

FROM : WASHINGTON, NR : W 88700, 1 JAN 47, CONT'D

of the War Powers Act. There is a question here as to adequacy of the Presidential War Powers Act as authority for such a contract. This is being studied here.

(E) Request your views on above to include

- (1) Specific groups of assets which will be used for reimbursement,
- (2) Amounts of such assets,
- (3) Dollar value of such assets and
- (4) Agent you will designate as contracting officer.

Part 3. It is anticipated that a group of 5 businessmen will leave here about 15 Jan to act as advance party of valuation group. This troupe composed of:

(1) Clifford Strike, Pres of F H McGraw Co;
(2) Paul B Coffman, Pres Standard Research Consultants;

- (3) Horace Perry, Jr Partner Jackson and Moreland;
- (4) John Hammond, Sr Engr, Jackson and Moreland;
- (5) Lester Borsch.

Strike was Chief of the German Reparations Mission, and Coffman and Perry were both members of that mission. Either Hammond or Borsch is to be designated by you as Project Manager of the mission and will remain in Japan when other 4 members return to US. These men are undoubtedly the top men in the country for this job and should be afforded the maximum courtesy and assistance you can give them.

Part 4. Request your comments on above reach here by 6 Jan.

NO SIG

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-2-

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FAR EAST COMMAND
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ADJUTANT GENERAL'S OFFICE CPW
RADIO AND CABLE CENTER

INCOMING MESSAGE

Secret
URGENT

FROM : WASHINGTON, NR : W 88700, 1 JAN 47, CONT'D

ACTION: DEPUTY CHIEF OF STAFF SCAP

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, G-1,
G-4, AG, GOVT SECT, ECON & SCI SECT, CIV
PROP CUST

49286

URGENT
Secret
-3-

TOO: 010023/Z
MCN: SA 27/01

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