

CI-013

CI-013/49



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C1-013

11 November 1946

FAR EASTERN COMMISSION

COMMITTEE NO. 1: REPARATIONS

WEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONS

Note by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 8 November 1946, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

3. The enclosure is the first in a series of summaries of information which the Secretariat will provide each week for the members of Committee No. 1.

3. 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

C1-013



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSREPARATIONSJapanese Preparations

A Reparations Section has just been established in the Central Liaison Office in Tokio for the purpose of making preliminary arrangements for reparations. Katsuji Ono, Secretary of the Foreign Ministry, will head the section. (News Release 28 October)

REPATRIATIONConditions of Repatriates

The Welfare Ministry revealed today that of 2,200,000 Japanese repatriates investigated recently, 1,540,000 (or about 70%) have been doubling up in strangers homes or seeking shelter in warehouses. 660,000 repatriates are living with relatives and friends. Although living conditions of repatriates are known to be poor, the Welfare Ministry revealed that only about 400,000 repatriates have been applying for the relief fund of 3 yen 60 sen per day. (News Release 29 October)

Savings and Deposits of Repatriates

Finance Minister Ishibashi told the Governor's Conference on 31 October that "the Government is making a study as to what should be done with regard to the savings and deposits of repatriates." (News Release 31 October)



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18 November 1946

FAR EASTERN COMMISSION

COM ITTEE NO. 1: REPARATIONS

WEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONS

Note by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 15 November 1946, has been prepared by the Secretariat from current news reports from Japan and is circulated herewith for the information of members of COM ITTEE NO. 1: REPARATIONS.

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NELSON T. JOHNSON  
Secretary General

CI-013/1



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSREPARATIONSPrecious Metals

The Finance Ministry on 1 May made a survey of the quantities of gold, silver, and white gold in the country. As of midnight, 3 October, the Finance Ministry began a survey of platinum and other precious metals besides gold and silver, including lithium, radium, palladium, osmium, iridium, and iridosium. Thus, those in possession of any of the aforementioned precious metals as of midnight, 2 October, will forward a report of their holdings by 20 November to the Finance Minister through the branch offices of the Bank of Japan or the main office of the Bank of Japan. "Those making falsified reports or neglecting to file reports will be punished," the Finance Ministry warns. (News Release 7 November 1946)

Plants for Reparations List

With the latest changes the reparations list totals 953 plants-- four hundred sixty-six aircraft factories, arsenals, and research laboratories, 32 precision bearings, 24 shipyards, 23 sulphuric acid plants, 84 machine tool plants, 20 power plants, 240 privately owned munitions factories, and 21 iron and steel plants. (News release 6 November 1946)

Looted Property

The Japanese Home Ministry announced on 12 November that all properties brought back from foreign countries occupied by the Japanese Army must be reported to the nearest public office or police station by 20 December, 1946. A similar decree had been issued last May, but the time for filing was so short that only 5000 reports were filed. This time failure to report all such seized properties will be punished by imprisonment of from 2 to 3 years and a fine of 5000 yen. This order is clearly defined by the Home Ministry as applying to all properties brought back from Japanese-occupied areas, whether such properties were officially purchased, acquired as gifts, or confiscated. (News Release, 12 November 1946)



RESTRICTEDAMOUNTS ALLOWED TO REPATRIATESFinancial Documents Permitted

Japanese repatriates are being permitted to bring back with them the following financial instruments:

1. Postal savings pass books of the Japanese Postal Savings System issued in Japanese yen in Japan, Korea, Formosa, Kwantung Province, and north China.
2. Post Office life insurance policies (includes post office annuity policies and certificates) and other insurance policies issued by Japanese companies.
3. Bank pass books issued by financial institution in Japan.
4. Japanese Army and Navy field-postal savings pass books.
5. Remittance receipts, payable in yen, issued to repatriates from China by the Yokohama Specie Bank in China against yen deposits. (SCAFIN-927/7)



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25 November 1946

FAR EASTERN COMMISSION

COMMITTEE NO. 1: REPARATIONS

WEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONS

Note by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 22 November 1946, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.
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NELSON T. JOHNSON  
Secretary General

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E N C L O S U R E

WEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONS

REPARATIONS

Difficulties of the Removals Program

1. The Ministry of Agriculture and Forestry estimated recently that crates for the reparations materials to be removed from Japan will require almost as much lumber as the entire housing reconstruction program. A further question will arise regarding the shipping available for the removals program. According to the Ministry, existing Japanese shipping "can be disregarded for this purpose". It is pointed out that many of the American Liberty ships loaned to the Japanese Government for repatriation have been returned to the United States. (News Release, 18 November 1946)

2. In an exclusive interview with CENTRAL NEWS, Commerce and Industry Minister Hoshijima said transportation and shortage of lumber for crating were the two main difficulties barring an early delivery of reparations equipment. He said he personally visited SCAP's Economic and Scientific Section requesting the importation of lumber, but the request had not been granted. He said, however, that all equipment earmarked for reparations would be well preserved, and that competent engineers for the handling of reparations equipment had already been assigned. Minister Hoshijima also remarked that reparations items such as sulphuric acid and thermo-electricity were indispensable to Japanese peacetime economy, but that Japan should not request the release of such equipment until she has proved her peaceful intentions to the world. (News Release 19 November 1946)



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Precious Stones

Twenty-five million United States dollars worth of diamonds hidden by the Japanese armed forces throughout the country prior to the occupation have been discovered and taken into SCAP's custody. Included is a smaller collection of miscellaneous precious stones such as jades, opals, sapphires, industrial diamonds, and cultured pearls. Dr. William Foshag and Edward Henderson of the Smithsonian Institute have spent the past four and a half months cleaning, sorting, weighing and packing the diamonds under constant armed guard. It was announced recently that "disposition of the precious stones will be in accordance with Allied agreements".  
(News Release 21 November 1946)



C1-013/3RESTRICTEDC1-013/32 December 1946FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE RELATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 29 November 1946, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

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NELSON T. JOHNSON  
Secretary General

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E N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSREPARATIONSCommunications Equipment Released from Reparations Plants

A recent SCAP directive authorizes the release to the Japanese Ministry of Communications of telephone and telegraph exchanges and equipment from aircraft factories, arsenals, privately owned munitions plants, and laboratories held in custody for reparations. An inventory of the main items of communications equipment located in plants marked for reparations will be made by the Japanese Government and furnished to the Supreme Commander. All such equipment as is currently being used by the Occupation Forces will become the property of the Japanese Ministry of Communications but will be retained in its present use until released by the Supreme Commander.

(SCAPIN-1285)

Reparations Removal Bill

To handle the dismantling of industrial facilities for reparations purposes the Japanese Government plans to frame a reparations facilities removal bill which will be introduced at the regular Diet session. However, if necessity arises, industrial facilities may be dismantled for reparations purposes under the emergency ordinance which accompanied acceptance of the Potsdam Declaration. (Tokyo News Release 1 December 1946)



CI-013/4RESTRICTEDCI-013/49 December 1946FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 6 December 1946, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

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NELSON T. JOHNSON  
Secretary General

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RESTRICTEDENCLOSUREWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSREPARATIONSNew Reparations Plan Suggested

The following letter appeared in the New York Times on 1 December 1946. It was written by J. K. Galbraith, former member of the State Department, in charge of economic affairs for occupied countries. He was a director of United States Strategic Bombing Survey in Germany and Japan and one-time Deputy Price Administrator. He is now editor of Fortune.

To The Editor of The New York Times:

I would like to urge a thoroughgoing reconsideration of present reparations policy toward Japan. The position of the United States is embarrassing and promises to become untenable.

It has been assumed that reparations would be taken from Japan in the form of industrial plants--specifically, those not needed for a minimum and strictly civilian economy. From the early Thirties on Japan expanded its heavy industries rather rapidly, while capacity for such light manufactures remained more or less constant. Since the motive for expanding heavy industry was preparation for war, it seemed appropriate to remove this increment of heavy industry. In addition, aircraft, arms and other munitions capacity was to be removed or destroyed.

Japan was also to surrender its overseas assets, in particular the Japanese-owned industrial and mercantile establishments in Manchuria, Korea, Formosa and China proper. No reparations were to be taken from new or "current" output. This would have involved a continuing charge on the Japanese economy and would have been inconsistent with the removal of plants.

Dispute Over Assets

Although fifteen months have elapsed since V-J Day, very little progress has been made. Most of the delay has been caused by a dispute between the United States and the Soviet Union over the external assets. The Soviets have objected to including properties in Manchuria, Korea and other former Japanese possessions in the general reparations pool. Apparently they feared being called to account for their removals from Manchuria. This stalemate continues.

There is some question whether large-scale dismantling and removal of plants was ever a very good idea. The Russians appear to have encountered serious difficulties in making use of the plants they removed from Germany. Certainly China, the major claimant on Japan, would encounter even more serious problems in using such equipment. The United States certainly does not want second-hand steel mills or power plants from Japan, and one doubts that the United Kingdom, Canada, New Zealand or Australia is keen about them.

But at this late date there is another reason for questioning the wisdom of these removals. Had the plants been dismantled and shipped immediately after the surrender, the



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Japanese would probably have looked upon the action as a natural consequence of the war. They would have blamed their misfortune on the war and on their own warmakers. Now Japanese workmen are likely to identify the plants with their own chance for a livelihood and consider their removal a malicious and punitive afterthought of the victors.

Dismantling for Security

Ambassador Pauley in his final reports on reparations has again emphasized the importance of removing the plants as a security measure. This, of course, has always been a major justification for this type of reparation. But Japan's industrial plant, by Western standards, is not very large. She has only about eight million tons of steel capacity.

It is hard to see what real difference the dismantling of three or four million tons of this capacity and like reductions in other industry would make. Moreover, Japan has had a tragic and let us hope unique experience with atomic weapons. If she ever plans another war she will surely think more about uranium isotopes and plutonium than about steel.

With the possible exception of machine tools, of which Japan has a great surplus, I would urge that plans for removal of industrial plants and equipment be abandoned. The remaining arms plants should be destroyed as a salutary gesture. But for security we should rely on the only thing that promises any chance of safety; namely, continuing inspection to make sure that no weapons of any kind are forged.

Mr. Pauley also argues that unless plants are removed or destroyed, Japan will retain a "competitive potential" that will delay industrialization of its neighbors. This calculation seems a bit cynical in view of Asia's present poverty in all kinds of goods. But are Mr. Pauley's fears justified? Surely in the West the prior industrialization of England helped rather than hindered the industrial development of France, Germany and the United States. Japan itself sponsored much of the industry China now has.

Plan for Occupied Nations

A new reparations plan should be drawn up based strictly on the needs of the countries Japan overran. In the case of China a rehabilitation plan should be formulated for which Japan would manufacture and supply rails, rolling stock, textile machinery and other capital equipment that China needs and can really use.

Similar although smaller rehabilitation programs should be the basis for a Japanese contribution to the Philippines and other countries that suffered directly from Japanese attack and occupation. Japan's contribution would have to be modest for the next two or three years but as her industry recovers and she becomes self-supporting again the contribution would increase.

The total contribution should also be based on a reasonable estimate of Japan's capacity to produce for export in excess of minimum import requirements. To this end the United States, United Kingdom and the Dominions might wisely waive their claims--they are unlikely to get anything of value anyway. China, Korea and other countries in the Far East would, of course, retain the Japanese assets now within their borders.



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Russia, it is assumed, has already satisfied its claim.

Along with many others, I would be concerned were the plants left in Japan to fall back into the hands of the Zai-batsu who have survived the war and occupation with far better luck than they deserve. If what I believe to be an unwise reparations plan is abandoned, the assets remaining in Japan should be placed in safer and more deserving hands than those of the old monopolists or they should be nationalized and future Japanese Governments held strictly accountable for their peaceful use.

J. K. GALBRAITH.

New York, November 20, 1946.

Japanese Reactions to Pauley Plan

Commerce and Industry Minister Hoshijima expressed strong disapproval of Edwin Pauley's Reparations Program following the United States Department of State's release on the subject last week. "I cannot see how the plan can sustain 80 million people on Pauley's plan. . . . We intend to appeal to SCAP for readjustment." (Tokyo News Release 4 December 1946)

Katsumi Ono, chief of the Central Liaison Office's New Reparations Section stated that in his opinion "it is highly likely that Pauley's figures will eventually be considerably revised to leave Japan more industrial equipment. . . . Pauley's recommendation that Japan be restricted to navigating in Far Eastern waters is not a question concerning reparations mainly, but a matter of long-range allied policy involving future economic controls over Japan, and therefore within MacArthur's sphere rather than Pauley's." In connection with the shipping restriction, Ono remarked that "no Japanese Government could take the responsibility for signing a future peace treaty containing such a clause, because this restriction would wreck Japan's economic chances." In his speech to the Cabinet on the reparations question Ono observed that "Japan must develop her textile-producing machinery to a strength of 9 million spindles and seek the freedom of the seas for her merchant marine if she is to survive as a modern nation." (Tokyo News Release 3 December 1946)

Agency Created to Ship Reparations Goods

The Japanese Government has created an agency to handle the crating and shipping of reparations equipment. It was announced that the Government will assume the cost and responsibility for these operations, which are to be entrusted to private movers organized into a national union. (Tokyo News Release 2 December 1946)

RESTITUTIONShortage of Books

(NOTE: The following item may be of interest to the members of the Restitution Subcommittee in connection with their attempts to formulate a policy on the restitution of looted cultural objects. It should be noted, however, that the reference here is to Japan's public library system where the shortage would be among books of comparatively recent publication.)



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Owing to a shortage of funds to obtain books, the Dai Nippon Library Association has been experiencing considerable difficulty in maintaining the 584 public libraries throughout Japan. The Association plans soon to buy 70,000 yen worth of new books monthly to replace old books. (Tokyo News Release 4 December 1946)

EDITORIAL COMMENTS ON PAULEY REPORT

Norman Soong dispatched the following item in Tokyo to his paper in Nanking on 4 December 1946 --

"Japan will probably be allowed to keep 25 percent more industrial machinery and operate a 33 percent larger merchant marine than the Pauley Plan recommends to Truman, CENTRAL NEWS learned exclusively today."

(The AFP reported from Tokyo at 7:00 a.m. EST that Commerce and Industry Minister Hoshijima had told a big meeting of the Liberal Party that the Government is convinced that MacArthur will try further to soften Pauley's reparations program. The Minister said enforcement of the Pauley program would reduce the economic potential of Japan to the level preceding the Sino-Japanese War of 1895 but Japan at that time had only 40 million inhabitants, whereas her present population is 80 million.

Hoshijima added, "in order to continue to adopt a Constitution which renounces war, we don't want a situation which corresponds to the year 1890. If we are to establish a peaceful country, the American authorities must revise the Pauley program. I am convinced that MacArthur, too, feels that the Pauley proposals are too harsh." The AFP reported that "great applause" accompanied these words. Attending the meeting were Premier Yoshida and several other Ministers.

AFP recalled that the Liberal Party is composed principally of conservatives, recruited among leading financial, industrial and commercial circles, who really consider the Pauley program rather satisfactory, but nevertheless would like to bargain some more to have it reduced still further--Ed.)

"The question of how much reparations in kind will be taken from Japan by Allied Powers now rests with the Far Eastern Commission in Washington, which has been in possession of MacArthur's opinions the past two months.

"SCAP recommendations, which are based on a longer study and revised statistics, are far more likely to become the basis on which the Far Eastern Commission and subsidiary organizations will make the final decisions than the Pauley Plan which was based on rough figures provided by SCAP during the first months of the Occupation.

"MacArthur's recommendations gave higher figures than the Pauley Plan on the amount of industrial machinery and equipment Japan needed to maintain a minimum peacetime economy. The figures varied in different fields of Japanese industry but averaged approximately 25 percent higher than Pauley's.

"On the question of the Japanese merchant marine about which the Japanese Government was seriously concerned, MacArthur has advised that Japan be allowed to operate two million tons of merchant-shipping which is one-half million more than Pauley recommended.



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"SCAP made no recommendation resembling the Pauley Plan for restricting Japanese merchant shipping to navigation in Far Eastern waters, which is the point in the Pauley Plan worrying Japan most.

"It is understood that the United States does not desire to deprive Japan of freedom of the seas in principle although the U.S. Navy, authorities of the British Empire countries, the Netherlands and France want the Allies to consider seriously the plan for limiting the operating sphere of future Japanese shipping at least for some years to come.

"The issue will not be decided probably until the Peace Conference since it is more concerned with the long range Allied economic controls over Japan than the immediate reparations program. Latest available figures give Japan's merchant shipping tonnage as around one million gross tons. Japanese shipping totaled 2,730 vessels grossing 6,300,000 tons. The SCAP recommendation of two million tons would allow Japan to build its future merchant marine at about one-third the pre-war size.

"Of the present operational shipping more than 216 vessels are under large scale repairs or moored in foreign ports. Approximately 300 ships are actually being used, including 45 engaged in repatriating Japanese from the Continent and South Seas areas.

"Three big shipping companies which formed the backbone of the Japanese merchant marine have been under restrictions by a SCAP directive since June 6 of this year. The Nippon Yusen Kaisha, which is better known as the NYK, the Osaka Shosen Kaisha or the OCK, and the Yamashita Shosen Kaisha are on the list of concerns whose activities are restricted.

"How the Allied reparations program and policy will affect the future of the Japanese merchant marine appears to be the question of main concern among Japanese studying Allied reparations moves. The general Japanese opinion is that unless Japan be allowed a merchant fleet of reasonable size and given freedom of the seas, this country cannot survive as a modern nation."



C1-013/5RESTRICTEDC1-013/516 December 1946FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

C1-013/5



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSCabinet Criticisms of Pauley Plan

Major item in Japanese newspapers during the past week has been the reaction of the Japanese Government and the people to the Pauley Reparations Plan. At a meeting of the Japanese Cabinet on 11 December, the following 11 points of criticism were agreed upon:

1. Living standards of the Japanese people must not fall below those of 1930.
2. Volume of foreign trade must be equal to that of 1936, hence the imports and exports must reach  $3\frac{1}{2}$  billion yen.
3. It is impossible to increase the purchasing power of the Japanese people without developing foreign trade.
4. Japanese exports must be made up as follows:  $\frac{1}{4}$  to consist of local products such as silk, canned goods, fish and china ware; and  $\frac{3}{4}$  to represent processing of imported raw materials such as cotton goods, machinery, paper and chemical products.
5. With a population of 80 million Japanese, 10 million must be engaged in industry, 15 in agriculture and 5 in trade.
6. To provide the purchasing power equal to that of 1936 it will be necessary to develop textile machine tool and chemical industries.
7. Minimum tonnage of Japan's merchant fleet must be considerably larger than that permitted by the Pauley Report.
8. The economic requirements of Japan are increased by the requirements for reconstructing war damage.
9. The country, impoverished by war, will need foreign credits.
10. A number of electrical and war plants already converted to peacetime production should be removed from the reparations list.
11. Quick transfer of reparations equipment will be difficult, and much of the equipment itself will be mediocre as a result of excess usage during the war. (Press Dispatch from AFP Tokyo for AFP Shanghai, 12 December 1946)

National Petition on Reparations

Shotaro Yano, liberal party Diet member, has announced that the party will launch a nation-wide movement to petition the allied nations for a revision of the Pauley reparations program. (Press Dispatch from Tokyo for CENTRAL NEWS Nanking, 11 December 1946)



RESTRICTEDREPARATIONS (Cont)Reparations May Hasten Yoshida Cabinet Crisis

Unofficial comment from Japanese Government sources indicates that recent reports in Japanese newspapers on allied reparations plans have further undermined the popularity of the Yoshida Cabinet. While nothing can be done on the reparations issue until agreement has been reached among the allied powers, a discussion of the Pauley plan has focused public attention on the unstable economic situation in Japan. The labor situation, the coal shortage, and the continued threats of inflation have created a situation in which consideration of the Pauley plan remains of primary importance. (Press Dispatch from Tokyo for CENTRAL NEWS Naking, 10 December 1946)

Reparations Investigation Committees

The House of Peers recently held a meeting at the official request of the President of the House and decided that a Reparations Investigation Council and a War Damage Investigation Council will be set up within the House of Peers Investigation Committee. The House of Representatives has decided to form a similar committee. Each will have a membership of 29 persons. (Japanese Home Service, Tokyo, 12 December 1946)



CI-013/6RESTRICTEDCI-013/624 December 1946FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON F. JOHNSON  
Secretary General

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RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSSCAP REVISES REPARATIONS LIST:

"Occupation authorities today crossed out 22 factories from the potential reparations list but made 12 new additions.

"Today's revision affected four fields of industries. Deleted from the list were 2 factories of the sulphuric acid industry, 7 machine tool factories, 1 precision bearing factory, and 12 privately owned munitions factories.

"The new additions were 2 factories of the sulphuric acid industry, 3 precision bearing factories, and 2 privately owned munitions factories. The reason for today's changes was given as the receipt of additional information from the field."

(Press Dispatch, Tokyo, for Central News, Nanking,  
17 December 1946)

OCCUPATION COSTS

"The Japanese Government has begun to complain of the excessive cost of the American Occupation. Finance Minister Tanzan Ishibashi told parliament today that the cost of the Occupation, coupled with that of reparations, constituted the two principal reasons for the present inflation. He added that he would try to obtain a reduction.

"Ishibashi's statement came as a reply to an interpellation by Liberal Deputy Shotaro Yano, who remarked that the Japanese budget was in the red and asked the Government to request the Americans to be economical.

"It will be recalled that the cost of the Occupation is one of the heaviest items in the Japanese budget. For the fiscal year 1946-1947 total expenditures are 71 billion yen, out of which 20 billion go to cover the cost of Occupation.

"But these 20 billion have already been spent and the Government now finds itself obliged to add another 20 billion for the same item. This will bring the cost of the Occupation to nearly half of the total budget.

"The fabulous amounts being spent by the Japanese on the Americans are due--according to the Japanese--to the needs of the Americans who demand a maximum degree of comfort, despite the limited resources of the country impoverished by war.

"Recently the Americans demanded the building of a golf course near Kyoto, but the contractors wanted 200 million yen for the job and the Government finally succeeded in getting the Americans to abandon the project.

"Another reason given by the Japanese Government is the 'rapacity' of Japanese contractors, who are not only selling at black market prices--even to the Government--but make a point of quoting still higher prices specially for the Americans. To cite an example: A certain house for the Americans cost 3 million yen, of which 1 million was spent for rugs alone.



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"Well-informed sources however know that the Japanese Government itself encourages the greed of the contractors, as it feels that the Occupation costs will be ultimately charged to reparations, and the amount exacted in reparations.

"The Government is aware that reparations will mean the removal of industrial installations while Occupation costs will at least benefit the Japanese, even if they do represent an expenditure for the Government.

(Press Dispatch, AFP Tokyo to AFP Shanghai, 13 December 1946)

RECONVERSION OF REPARATIONS - DESIGNATED PLANTS

"Industrial plants selected for reparations must obtain permits from SCAP of conversion of reconversion to production of essential civilian goods, J. Z. Reday of Washington, D.C., chief of the Industry Division, SCAP's Economic and Scientific Section, announced yesterday.

"The new directive requires the Japanese Government to submit to SCAP applications for permits of plants designated for reparations after careful screening. Japanese authorities will be responsible for rejecting applications which call for utilization of productive facilities for which alternate facilities not subject to reparations are available, or for production not deemed essential to the Japanese economy or Occupation needs.

(Stars and Stripes, 4 December 1946)



C1-013/7RESTRICTEDC1-013/73 January 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

C1-013/7



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS REMOVALSCOST OF CRATING ANNOUNCED

A recent survey by the Commerce and Industry Ministry revealed that crating costs of the reparations removal program will come to at least 4,200,000,000 yen. Prices used in the estimate are current official commodity prices, and it was pointed out that black market rates are 10 to 100 times higher. Assuming the impossibility of obtaining sufficient materials in the legitimate market, total costs for crating will probably reach 50 billion yen on the black market. The Ministry figures are based on an estimated need for 9,090,000 koku of wood and boards (one koku being approximately 9.8 feet).

(Ed. note: On 23 December Baron Asaki Miyahara interpellated the Government in connection with construction materials for the removals program. In reply State Minister Keinosuke Zen, Director General of Economic Stabilization Board, estimated that 15 to 20 million koku of lumber would be required for the program. He also added that it was the opinion of experts that it would be extremely difficult to supply so large a quantity of timber in the near future.)

The survey of the Commerce and Industry Ministry pointed out that in addition to lumber the following items would also be needed: 86,000 koku of wooden poles for scaffolding, 4,800,000 kil. of steel crating ribbon, 3,740,000 cakes of soap, 620,000 pairs of working boots for laborers, and 166,000 working suits. Large quantities of paint, enamel and lubricating oil and grease will also be necessary according to the Ministry.

(Press Dispatch, Tokyo, for Central News, Nanking, 21 December 1946)

REPARATIONS FROM CURRENT PRODUCTIONSUGGESTION IN DIET

Misusuke Yonekubo, Social Democrat in the Lower House, suggested recently in an interpellation on the subject of reparations costs that payment be made in finished goods instead of equipment. State Minister Zen replied that "the Government is unable to confirm whether a final reparations program has really been formulated .... In view of the delicate nature of the issue I should like to refrain from making any comment."

(KYODO Press Release, 25 December 1946)

REMOVAL DEMONSTRATIONS

The Commerce and Industry Ministry is sponsoring a series of table-top demonstrations in the removal of industrial facilities at a number of reparations plants. Demonstrations will continue to be held for training purposes at plants in the sulphuric acid, steel and iron, machine tool, gunpowder, synthetic oil and other industries.

(JIJI Press Service, 21 December 1946)



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REPARATIONS PROTEST

WOMEN DIET MEMBERS TO PETITION SCAP

Women Diet representatives of the Liberal Party are planning to present to SCAP a joint petition of all women Diet members to alleviate the terms of the Pauley reparations plan. The women spearheading the movement include Shigeyo Takeuchi, Tsuruyo Kondo, Hanako Honda, and Hatsu Imai.

(Tokyo, JIJI Press Service, 20 December 1946)

SCAP ORDERS INFORMATION ON  
SEIZED VESSELS

Occupation authorities have demanded information on 15 foreign vessels seized by the Japanese during the war. Meanwhile, the Japanese Government was told to return to Hong Kong authorities the "towing and salvage tug grinder" seized from the British colony in December 1941.

(( Tokyo, Central News, 20 December 1946)

MINISTRY DONATES HUGE  
LUMBER SUPPLY

IMPERIAL HOUSEHOLD AIDS  
CONSTRUCTION PROGRAM

As a result of demands on available lumber stocks by both the reparations removals program and the reconstruction program, the Imperial Household Ministry has decided to offer to the construction industries 1,500,000 koku of lumber from the Imperial Forests. It is estimated that this supply will be sufficient to build around 20,000 small two-room houses. The plan is to build dwellings primarily for repatriates and for those who lost their homes as a result of military operations.

In addition, the Imperial Household plans to supply 300,000 koku of Imperial lumber to three war-ravaged cities--Tokyo, Osaka and Kobe -- and 220,000 koku of pulp wood for national distribution at official fixed prices. Responsibility for this decision is said to rest with the Emperor who has expressed deep concern over the housing difficulties now being experienced throughout Japan.

(Tokyo Press Dispatch, Domestic Press Service, 18 December 1946)



RESTRICTED

RESTITUTION

RESTITUTION ORDER BY SCAP

Following are selected items from a SCAP directive (SCAPIN 1354) on the Restitution of United Nations Nationals' Property Wrongfully Transferred (22 November 1946):

3. The Imperial Japanese Government is directed to provide the necessary procedures of the restitution of properties owned by United Nations nationals in Japan on 7 December 1941, which have been the subject of transfer under duress, wrongful acts of confiscation, dispossession or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise, and such restitution will be made under conditions as follows:

a. General Headquarters, Supreme Commander for the Allied Powers will issue a directive to the Imperial Japanese Government in each case of restitution, stating time and place for delivery of property to be restored and transfer of title thereto.

b. Receipt in the form of the "Receipt for Restitution to United Nations Nationals' of Wrongfully Transferred Property in Japan" attached hereto as Annex A, and containing all provisions therein, will be executed in original and seven copies and distributed in accordance with distribution as shown on the bottom of page 2 of the receipt form. All copies will be signed.

c. Separate pages will be used where space provided in "Receipt for Restitution to United Nations Nationals' of Wrongfully Transferred Property in Japan" is insufficient and notation to that effect inserted in space provided.

d. Receipt will be the result of a joint inventory by the Restoree and Representative of the Imperial Japanese Government.

4. In each case of restitution the Representative of the Imperial Japanese Government will present to the Military Government Officer in the locality in which the property to be restituted is located a copy of the Directive requiring the restitution. The Military Government Officer or his representative will witness the restitution.

FOR THE SUPREME COMMANDER .....etc.



C1-013/8RESTRICTEDC1-013/88 January 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 3 January 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/8



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSJapanese Metropolitan GovernmentRequests Reparations Reports

The Metropolitan Government announced today that all industrial plants in the metropolitan area having more than 40 units of machinery and other installations are required to report to the United States Military Government by 14 January, indicating the kind and extent of their installations. Engines of more than 5 horsepower and sewing machines are included in what should be reported. Plants already designated for reparations are also included.

(Tokyo, KYODO, 28 December 1946)

RESTITUTIONChinese Classics Restituted

Ten cases of rare Chinese classics, totaling 34,970 volumes, were loaded on a plane December 30 for China. The books originally belonged to famous Chinese collectors and later were sold to the Nanking Central Library. They were shipped to Hong Kong en route to the United States for safekeeping, but were intercepted by the Japanese Army after the capture of the British Crown Colony and were discovered by the Chinese Mission when it established its headquarters in Tokyo last April.

(Tokyo, Central News, 29 December 1946)

American Embassy in Manila Acts on Looted Property

The American Embassy in Manila announced that it is ready to receive claims for identifiable property owned by American citizens looted and stolen by the Japanese in the Philippines and taken to Japan. Such property is now being collected by the occupation forces.

(AP Dispatch from Manila, 31 December 1946)



C1-013/9RESTRICTEDC1-013/916 January 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 10 January 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/9



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSLatest Developments in Lumber Situation

The coming need for large quantities of lumber for the reparations removals program has created widespread interest among Allied nations in the lumber program of both SCAP and the Japanese Government. On 9 January 1947, SCAP announced that it had diverted 20 million board feet of lumber to the construction of homes for Japanese earthquake victims. The released lumber is expected to construct, rehabilitate, and repair more than 10,000 Japanese homes in devastated areas. At the same time a directive of the U. S. Eighth Army ordered curtailment of construction in Japan by the Armed Forces beyond the essential requirements of housing for troops, dependents, and operational facilities. All Occupation construction projects will be carefully reviewed, according to the Eighth Army's announcement.

It will be remembered that late in December 1946 the Japanese Government issued two widely varying estimates of the amount of lumber that would be required by the reparations removal program. The Commerce and Industry Ministry estimated that roughly 90 million board feet would be required; the Economic Stabilization Board estimated that between 150 and 200 million board feet would be required. Another significant development near the end of the year 1946 was the donation by the Imperial Household Ministry of nearly 18 million board feet of lumber from Imperial forests, together with 220,000 koku of pulp wood for national distribution.



C1-013/10RESTRICTEDC1-013/1022 January 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 17 January 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/10



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSINTERIM REMOVALS PROGRAM

First hint that action is under way to implement the interim reparations removals program came on 17 January 1947 in an English-language broadcast from Nanking to the United States which stated as follows:

"The first batch of reparations goods, totalling 5,980 tons, will shortly be shipped from Japan to China, according to the CENTRAL DAILY NEWS this morning.

"The reparations will fall into six categories --- 1,400,000 tons of machine tools, 50,000 tons of shipbuilding materials, 330,000 tons of iron and steel, 24,000 tons of chemical goods, 29,000 tons of electrical equipment, and 17,000 tons of light metals.

"The Reparations Committee of the Executive Yuan has appointed six groups to take over the reparations.

Cost of Transportation

"It is estimated that 348 billion 800 million CN dollars will be needed to remove the goods from Japan to China, and it will take another 1 trillion 702 billion 800 million CNC to install them in China.

"It is said that the Ministry of Communications will be responsible for shipping the reparations from Japan to China's Coast, but for transportation further inland, the various factories getting the reparations should make shift for themselves, though the Ministry will be ready to help.

"The transportation facilities to be used in the removal will consist mainly of ships of the China Merchant Navigation Company, and some vessels of the Chinese Navy.

"It is said that the China Merchant Navigation Company may supply 82 ships with a total loading capacity of 212,286 tons, including Liberty ships, tankers, and LSM's.

"First priority in transportation will be given electrical equipment, machine tools, iron, and steel, it is said."

In this connection, it is worth noting that in an NBC Network broadcast, one of a series entitled Our Foreign Policy, on 9 January 1947, Assistant Secretary of War Howard C. Petersen and Mr. James K. Penfield, Deputy Director of the Office of Far Eastern Affairs of the United States Department of State, answered as follows the questions of NBC's program director:

MR. DYER (NBC Official): How does United States Policy stand on the question of reparations from Japan, Mr. Penfield?



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MR. PENFIELD: Well, in the Far Eastern Commission we have agreed on various bits and pieces of a general Japanese Reparations Program. But here again the Commission has not been able to reach final agreement. Such questions as accounting for the plant and equipment taken out of Manchuria by Soviet Forces have not yet been settled. However, the United States is determined to get going on the Reparations question. We and other countries represented on the Far Eastern Commission have decided to get this program under way as soon as possible.

MR. DYER: Why is this a matter of such immediate importance?

MR. PENFIELD: The longer Japanese recovery is delayed, the more difficult will it be for Japan to take a place in a peaceful world as a non-warlike nation and the longer Japan will be a burden on the American taxpayer. Therefore, we can say at this time we are consulting with other interested nations with a view to reaching a maximum degree of agreement. If necessary, we shall make use of the authority which the United States has to issue interim directives on urgent matters to General MacArthur instructing him to start reparations removals.

MR. DYER: That is official, Mr. Penfield?

MR. PENFIELD: Yes, sir. That is official.

MR. DYER: Mr. Secretary -- you concur?

MR. PETERSEN: I do, indeed. General MacArthur and the Japanese must be told as soon as possible what levels of industry Japan will be permitted to keep, so that the Japanese can work out their economic recovery on a realistic basis and cease to be a charge on the American budget. Until the Japanese know which industries and which plants are going to remain in Japan, their businessmen cannot plan and will be unwilling to go ahead with rebuilding the Japanese economy to meet their peace-time requirements. The element of confidence is very important in a country where industry is not socialized and private initiative must be relied upon to get any kind of production back on its feet. We also believe that the countries which were over-run by Japan should begin at once to receive capital equipment from Japan so that they can begin to rebuild their own war-devastated economies, and begin to stabilize the troubled political and economic situation in the Far East.

MR. DYER: The Reparations settlement will be a tremendous job, will it not?

MR. PETERSEN: Yes, Mr. Dyer; the turnover of Reparations will be a very large job indeed, and for that reason alone, General MacArthur is anxious to begin as soon as possible. For one thing, if we keep Japanese industry idle while awaiting decisions on Reparations, the plants themselves will deteriorate and be no good to anybody.

MR. DYER: I believe you gentlemen have made a most significant and important point. Let me be sure I understand you. The policy of our Government is to proceed with Japanese reparations as rapidly as possible -- with or without hundred percent agreement from the rest of our allies? Is that correct, Mr. Penfield?



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MR. PENFIELD: Yes, and Mr. Petersen has given you the reasons why. We are now considering sending interim directives to General MacArthur to get into the Reparations matter at once. Copies of these directives will, of course, be furnished to the Far Eastern Commission which can give them full consideration. But in the meantime the economic rebuilding of Japan will not be completely held up -- and the countries so desperately in need of Japanese industrial equipment will get a chance to start rebuilding.



C1-013/11RESTRICTEDC1-013/1129 January 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 24 January 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/11



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS

In answer to last week's radio report from Nanking to the effect that reparations shipments to China were being prepared, SCAP announced that no allocation of reparations equipment has been made by the Far Eastern Commission in Washington nor any instruction sent to General MacArthur from the U. S. Joint Chiefs of Staff for the removal of reparations. He added that MacArthur is not authorized to allocate or remove a single item of reparations until he is directed by the Joint Chiefs of Staff in accordance with FEC policies.

The same official revealed, however, accordance to a news dispatch from Tokyo for CENTRAL NEWS, Nanking, that SCAP expected instructions on the removals program to reach Tokyo in the near future.



C1-013/12RESTRICTEDC1-013/124 February 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 31 January 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/12



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSDiscovery of Japanese Stock Piles

The following is a portion of a report from Hiroshima by James R. Young published in the Trenton Times of 2 January 1947.

"Along the Inland Sea route, through many tunnels, I rode a fast American railway train, through British-controlled territory and saw for the first time cities which for years were prohibited from view. In pre-war days high board fences formed a board barricade for miles on each side of a factory town. Behind was an arsenal of mechanical war power.

"Now we know there were 17,176 machine units in one section alone -- tools, precision instruments, testing machines, wood working plants, civil engineer supplies, transport goods, and on 42 nearby small pine tree islands, in concrete tunnels, were hidden stolen stocks of Malayan raw rubber, tin, silk and tremendous quantities of American machine tools.

"The pious-speaking Japanese said the stockpiles did not exist, until occupation teams located the caches. How much else remains in the mountains back of here only the Japs know, and they are not honest about telling.

"A fourth of the located supply is workable. About 8,700 other machines pieces can be repaired. Another 2,400 are junk.

"China and the Philippines might take the inventories, but unless their reparations representatives act quickly the fast-working Japs may convince occupation authorities that the machines should remain for reconstruction and economic rehabilitation. Thus their use locally is a problem.

"Yet if we allow their industries to reopen the result might be to leave them later with heavy and light industries with which they would have a new war machine, or they would harass British and American export markets in the Orient with cheap goods, particularly bicycles and truck chassis.

"Kure has a giant navy base and dockyard with sufficient scrap iron from 120 captured submarines, an aircraft carrier and the training ship Iwate, (which once visited Hawaii, Australia, and the United States on a "good-will" voyage), to require four years for acetylene workers to cut through the mass of iron. Once this is underway the Japs can process all kinds of metal goods, and even ships may be built in the yards to replenish her merchant marine .....

"The Kure drydock could handle most transatlantic liners.

"Thousands of storage batteries are suited to specialized industrialization unless they are claimed as reparations."



RESTRICTEDU. S. REPARATIONS COMMISSION

The 7-member U. S. Reparations Commission arrived in Tokyo on 28 January to discuss Japanese reparations questions with MacArthur, according to an AFP report from Tokyo for that date.



C1-013/13RESTRICTEDC1-013/1312 February 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 7 February 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/13



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNO COMPENSATION FOR REPARATIONS GOODS OR EXTERNAL ASSETS

On 15 January 1947, KYODO announced that the Japanese Government is reported to have decided not to provide any compensation for any goods designated for shipment abroad as reparations. It was also decided to cancel all compensations for Japanese assets located in China and other countries, where total Japanese investments are estimated at around 250 billion yen.

These policies have been reached by the Government, it is said, to conform with its previously announced policy of cancellation of indemnities to war industries. The decision with regard to reparations removals from inside Japan itself is believed by some Japanese observers to have saved the Government some 10 billion yen in compensation payments.

PHILIPPINES REPARATIONS COMMITTEE ARRIVES

A SCAP press release for 10 January 1947 announces that "Two Americans and one Filipino arrived in Tokyo last night from Manila, completing the five-man Philippine Reparations Committee here to make a study of reparations, removals and restitution of stolen property for the Philippine Republic.

The three committeemen who just arrived were Cosme Ventura, mechanical and electrical engineer for the Philippine Bureau of Public Works, and Miller H. Ford and Urban U. Woodhouse, both technical advisers to the Philippine Republic on loan from the H. E. Beyster Corporation, Detroit architects and engineers.

The three most recent arrivals are staying at the Dai-Iti Hotel where Bernardo P. Abrera, committee chairman and general superintendent of the Engineer Island Shipyard, 670th Medium Port, U. S. Army, and Dr. Eduardo Quisumbing, Chief of the Natural History Museum in the Philippines, are quartered.

The committee will report to the Civil Property Custodian, Brig. Gen. P. H. Tansey, according to Chairman Abera, who will present a letter from President Manuel Roxas of the Philippine Republic to General MacArthur."

REPARATIONS REMOVAL WORK PLANNED

The following report was released by the KYODO news service, Tokyo, on 5 February 1947: "Approximately 500,000 repatriates will be mobilized for the removal work of reparations equipment which is expected to be started shortly, the Welfare Ministry disclosed today.

The National Federation of Repatriates Organizations at a meeting Monday discussed preparatory measures, including allotment of workers and streamlining of communications between the central and local organs."



RESTRICTEDNEW JAPANESE REPARATIONS CHIEF APPOINTED

JIJI PRESS announced on 16 January 1947 that Hisanaga Shimazu, career diplomat and head of the Foreign Office's Foreign Service Training Institute, was appointed new chief of the Reparations Section of the Central Liaison Office, replacing Katsumi Ono, the Foreign Office announced today.

Mr. Shimazu, younger brother of Prince Hisatsugu Shimazu, president of the Japan Red Cross, entered into foreign service after graduation from the Imperial University of Tokyo and spent many years in England and China. He hails from Kagoshima Prefecture, born in 1906.

For some time during the war he served as Japanese consul-general in Rangoon.

A Foreign Office official indicated that the outgoing Reparations Section chief, Mr. Ono, would probably be appointed head of the Foreign Service Training Institute succeeding Mr. Shimazu.



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20 February 1947

FAR EASTERN COMMISSION

COMMITTEE NO. 1: REPARATIONS

WEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONS

Note by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 14 February 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/14



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSSome Typical Problems in Reparations Removals

In the course of a long article for the Christian Science Monitor for 15 January, 1947 Gordon Walker, Chief Far Eastern Correspondent for that paper, points out a number of difficult problems that will have to be met when the reparations removal program gets under way in Japan. Writing from Osaka and using that city -- "the Pittsburgh of Japan" -- as an example, he considers several reparations problems as follows:

1. Obsolete Machinery

A survey of Osaka industrial equipment--at present the largest single concentration in Japan--shows primarily that most of the heavy industrial machinery is relatively obsolete. It is geared to Japanese production. And if this machinery were shipped to any other country with the exception of China or the Philippines, it is felt that it would be out of date in modern plants. In the case of machine tools, for instance, most of the machinery is of 1905 vintage.

2. High Handling Costs

Estimates compiled here as an example show it would cost the Japanese Government 140,000,000yen, or the equivalent of nearly \$10,000,000 just to pack the reparations equipment which at present is earmarked for removal in this city alone.

Adding the cost of transportation, the total cost of moving the equipment to Japanese port facilities would be 166,000,000 yen or nearly \$12,000,000.

3. Packing Materials Scarce

A harder blow than the cost, however, would be the drain on the few remaining commodities and services. The job of packing outside reparations equipment for shipment to Osaka would require nearly 13,000,000 board feet of lumber, 500,000 nuts and bolts and nearly 1,000,000 feet of wrapping wire.

All these products are on the critical item list, and their scarcity already is impeding Japanese economic recovery.

Transport Limitations

Nails required for packing reparations equipment are estimated at 75,000 pounds, while the city of Osaka at the moment has a supply of less than 200,000 pounds. These are being preserved by the Government for critical building and reconstruction requirements.



RESTRICTED4. Poor Facilities for Lifting and Moving

Observers here further point out that there are practically no facilities for lifting and moving heavy equipment. Even that equipment which could be moved would be a serious drain on the highly inadequate transport facilities of Osaka and other Japanese cities.

5. Inadequate Transportation

Finally, it is maintained that once the equipment is moved to a porthead there are no Japanese ships available for transporting it to the ports of destination. This job necessarily would have to be undertaken by American shipping --especially in moving equipment to China and the Philippines, since the ships of those nations likewise are inadequate.

The article closed with the following discussion of the situation presented by the above problems:

All these, of course, constitute more or less standard arguments against the Japanese relinquishing anything whatsoever. They are contentions which any country could make under the circumstances. If heeded, not only would Japan's physical economy remain unimpaired beyond the actual war bombings, but recompense would be denied to those countries that felt the heavy hand of the Japanese military machine.

While punitive measures which would penalize Japan are not the objective of reparations, the necessity for reducing Japan's war-making potential is widely recognized.

The chief argument against the present reparations schedule, however, is the long-range effect which it may have on the occupation objectives and aims.

American aims toward Japan primarily are to re-educate the Japanese. This job now is meeting major obstacles in the lack of newsprint, radio, newspapers, and other media which are products of a normally healthy economy.

If the present reparations schedule is carried out, Osaka, as a cross section of Japan, would suffer a serious, if not a disastrous blow to its own local economy--not to mention the entire nation for which it is a prime producer.

Its plants at present are earmarked to employ up to 200,000 workers. And if these plants are closed down, at least 1,000,000 residents of Osaka--figuring five persons to a family on the average--or a third of the city's population might well suffer acute economic distress and unemployment.



C1-013/15RESTRICTEDC1-013/1527 February 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 21 February 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.
2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/15



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS PLANS"Oriental Economist" Gives Views

In an article in the Oriental Economist for 1 February 1947 the idea of reparations from current production was discussed, as well as the idea of operation of reparations-allocated plants inside Japan for the benefit and under the supervision of the recipient countries. An excerpt follows:

"Two alternative reparations plans have been suggested to date, one in Washington and another in Japan, but both by Allied nationals.

A U. P. despatch from Washington in December last stated that Mr. J. K. Galbraith, an official of the State Department, had written to the New York Times advocating the retention in Japan of industrial plants and facilities other than surplus machine tools, and the deliveries in reparation of Japanese-manufactured articles to China, the Philippines, etc. for a period of years. A radical departure from the principle of non-recurrent reparations, this idea is in accord with the reported desire of a certain Chinese representative in Japan.

Another suggestion was made by an anonymous French businessman long resident in Japan. He would, as reported by Peter Kalischer, U. P. correspondent in Tokyo, "allot to China and the Philippines and other claimant nations the industrial machinery allocated to them by the Far Eastern Commission, but leave them in Japan to be run by the people who know how to run them." The title to the plants and machinery would pass to the claimant nations, but there would be no physical transfer of dubious final value at the prohibitive cost in time, labor and material. The claimant nations could exercise such controls as deemed necessary; and ship, barter, or trade in any manner desired the products of the plants continued to be located in Japan, undamaged and efficiently run. The plan advocated seems to be brilliantly simple and simply brilliant. If carried out in conjunction with the destruction of arms and munitions plants, it should accomplish the Allied objective of destroying the country's war potential.

The experience in Germany would seem to call for a reconsideration of the original idea of the "hard peace" for Japan, if only for the Allies' own benefit and for an early restoration of peace and prosperity to the troubled world, so ably urged by President Truman in his New Year's message to Congress. At any rate, a prompt decision of Japan's level of industry is of the utmost importance; for until it is made, her industry will remain totally stagnant, and her people will suffer from the all-prevailing sense of futility and despair. No peace treaty can conceivably be made until the reparations issue is out of the way.



C1-013/16RESTRICTEDC1-013/166 March 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 28 February 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/16



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSEffect of Reparations on Transportation in Japan

The following article appeared in DIAMOND NIPPO for 14 January 1947.

Transportation will be Hit Hardest by Reparations

The removal of Japanese railroad equipment for reparations was mentioned in the last report by Mr. PAULEY. His plan includes the following:

Item	Number
Steam locomotives	900
Electric locomotives	70
Freight cars	30,000

According to this plan, JAPAN will lose one-fourth of her steam locomotives and freight cars. There are three types of locomotives the large-size ones for freight, and the medium and small size ones for passenger train, and so the effect reparations will have on railway traffic will differ according to the type of locomotive removed. Should the large locomotives predominate it will be difficult to fulfill the reparation demand, and if the medium and small types should be stressed, this would deal a heavy blow to passenger transportation. The effect on flat cars will be comparatively small, but in the case of box cars, the removal will greatly affect the transportation of daily necessities.

At present, Japanese railroad equipment is almost completely worn out. Since JAPAN has lost her water transportation facilities, all freight must be transported by rail, and this means that the average distance has increased about two and half times that of the pre-war period. Besides, the passenger coaches are overtaxed with three times the load of pre-war days. Therefore, repair work on railroad equipment damaged by air-raids and through excessive use is an urgent problem in easing the congestion in railway traffic. In spite of all this, according to the PAULEY program, the following railroad equipment production facilities are slated to be removed:

Item	Production capacity of facility to be removed	Capacity remaining	Total
Locomotives	850	220	1,070
Passenger coaches	1,200	800	2,000
Freight cars	7,600	4,800	12,400



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Accordingly, about 60 per cent of the facilities producing locomotives and 80 per cent of those producing passenger coaches are to be removed. Actually, however, the loss will be greater for production has declined to 70 per cent of its normal capacity.

Under these circumstances, whether we will be able to replenish the loss of railroad equipment through the reparations remains doubtful. During the war, 14 per cent of locomotives, 36 per cent of the electric trains, 19 per cent of the passenger coaches and eight per cent of the freight cars were damaged. Moreover, 23 per cent of the locomotives, 30 per cent of the electric trains, 20 per cent of the freight cars of those remaining have become useless as the result of excessive use. These must be replaced, while numerous superannuated cars and engines need repairs every year. For the next five years, it will be necessary to build the following each year.

Item	Number Necessary	Production Capacity
Locomotives	810	220
Passenger coaches	2,500	800
Freight cars	11,500	4,800

It is evident that the productive capacity is far too small to meet the demand. It is not even sufficient to repair the superannuated cars and engines. The congested repair shops are barely managing to repair 86 per cent of the worn-out locomotives, 64 per cent of the passenger coaches and 61 per cent of the freight cars. Therefore, the reparation removal will also deal a heavy blow to the repair facilities. Since the restoration of transportation facilities is the key to stabilizing the people's livelihoods and reconstructing JAPAN's economy, we hope the American Government will give the matter grave consideration before accepting PAULEY's reparation proposal.

Strike Mission Returns

A SCAP news release for 20 February announces that the seven members of the U. S. reparations committee, headed by Clifford Strike, president of the F. H. McGraw Co., left Tokyo late yesterday for the United States, after completing a 22-day stay in Japan.

Other members of the committee are Paul B. Coffman, president of the Standard Research Consultants; Horace Perry, Jr., partner in the firm of Jackson and Moreland; George V. T. Burgess, partner in Coverdale and Colepitts; F. C. Mackrell, Stone and Webster Engineering Co.; Col. R. M. Cheseldine; and Maj. D. D. Kraus.



C1-013/17RESTRICTEDC1-013/1714 March 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 7 March 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/17



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSPROPERTY OF ALLIED NATIONALSMachinery and Equipment Excluded from Reparations

The following SCAP news release was issued on 25 February 1947:

Machinery and equipment owned 100 percent by Allied Nationals in Japan on Dec. 7, 1941, will be withheld from reparations claims, SCAP has directed the Japanese Government.

Japanese authorities were ordered specifically to release from the reparations list, property of the Ford Motor Company absorbed by the Sagami Military Arsenal on that date and property of General Motors Japan Ltd., absorbed by the Osaka Military Arsenal.

The Allied property will be withheld from reparations only if its exemption does not interfere with removal of plants or other units selected for reparations, the directive explained.

So far, equipment owned by Ford and General Motors is the only 100 percent Allied-owned property which SCAP field investigators have reported to the Industry Division as being within plants listed for reparations.

The directive requires the Japanese Government to substitute Japanese-owned equipment as much as possible to replace Allied property exempted.

The Japanese government has been instructed to continue to protect and maintain Allied nationals' property withheld from reparations until the time that the property is restored to the rightful owner or otherwise disposed by SCAP.

Ford equipment released from reparations includes a hydraulic riveter, fan riveter and a honing machine, while the General Motors equipment includes several types of cranes, a press lathe, drilling machine, motor generator, riveting machine, shaper, drill grinder and electric rivet heater.



C1-013/18RESTRICTEDC1-013/1817 March 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 14 March 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/17



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS INVENTORYEighth Army Head Reviews Situation

Lt. General Robert Eichelberger, Commander of Eighth Army troops in Japan, entertained the Chinese press on 1 March and reviewed for them the over-all economic and reparations situation in Japan. He pointed out that the Eighth Army Military Government has two primary functions to perform, to stimulate Japan's production so as to meet peacetime requirements and to take in custody, control and make an inventory of reparations goods, according to General Eichelberger's Military Government officials.

They further disclosed that the inventory of reparations goods has almost been completed and the nations to whom reparations are due may see some of the plants shortly. Negotiations are still under way among the various nations in Washington regarding the amounts of reparations going to each country, they added.

Regarding the economic situation, the Military Government officials said that the stimulation of production is hampered by the lack of raw materials, especially coal and food. They disclosed that at present Japan produces only about 66 percent of her minimum requirement of coal, 25 percent of her minimum requirement of steel ingots, 16 percent of her minimum requirement of pig iron, 33 percent of her minimum requirement of nitrogen and fertilizers and 80 percent of her minimum requirement of staple foods.



CI-013/19RESTRICTEDCI-013/1927 March 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 21 March 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

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E N C L O S U R E .

WEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONS

REPARATIONS REMOVALS

NCIO and IRC Request Postponement

In an article in the Nihon Kezai Shinbun for 18 February 1947 it was reported that "with reference to reparation payment in kind, the National Congress of Industrial Organizations (SANBETSUKAIGI) and the Industrial Rehabilitation Congress (SANGYO FUKKO KAIGI) have decided to ask the Allied Powers to postpone the removal of reparations and are now collecting data necessary for the project. Customarily, it is the management that makes this kind of application. The following are the motives that caused labor union organizations to take up this problem.

"1. We are determined to co-operate wholeheartedly in achieving the objectives of reparation removal, namely, the eradication of JAPAN's militarism and democratization of JAPAN. Under the present condition of JAPAN's industry, an early removal of reparations will cause confusion and provide monopolistic capitalists with a pretext for the dismissal of employees, which will eventually give rise to a vast number of unemployed.

"2. If there should be a vast number of surplus industrial workers and a large-scale return to farms, both the wages of those who have employment and the living standards of farmers will be lowered. The militarism which brought about the recent war of aggression has its roots in such social conditions as low standards of living in rural communities and the low wages given to workers in colonies.

"3. Enterprises whose equipment is to be removed have not yet been adequately democratized."

RESTITUTION

SCAP Orders Relics Returned to Chinese Government

On 4 March 1947 SCAP directed the Japanese Government to place in a warehouse for return to the Chinese Government eight cannon shells, two anchors and some chains removed from China during the Sino-Japanese War in 1895, according to the Civil Property Custodian. The relics had been on display in Tokyo's Ueno Park for many years.



C1-013/20RESTRICTEDC1-013/203 April 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 28 March 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON P. JOHNSON  
Secretary General

C1-013/20



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS PROCEDURESReparations Missions Active in Japan

According to a recent news dispatch from Tokyo, SCAP on March 25 announced the names of the delegations of 7 out of 11 nations appointed to get a closeup and handle the thorny reparations problem in Japan. The 7 are China, Russia, Canada, Australia, France, the Netherlands and Philippines. SCAP added that the United States, Great Britain, India, and New Zealand have not replied to the SCAP invitations to send delegations.

SCAP said that, since reparations allocations are not decided, representatives are presently concentrating on restitution of looted property. The delegations are said presently to be visiting looted property warehouses and studying SCAP files on stolen property.

SCAP further disclosed that the delegations presently are being conducted on tours of selected Japanese thermal power and machine tool industries which may eventually be claimed for reparations. A plan to supplement the delegations with technical aides from each Far Eastern Commission is being blueprinted, it is said.

The Reparations Sections of the Chinese Mission said that the Reparations Committee of the Executive Yuan is presently drawing up a reparations plan adding that it is still premature to reveal the nature of the plan. The same quarter said that a number of Chinese technical aides are already here ready to start work.

REPARATIONS COSTSExpenses Exceed Estimates

On March 21 the Industry and Commerce Ministry, which has been making experiments in the past 2 months for the removal of reparations equipment to Japanese ports of departure, estimated it would require roughly 6 months for dismantling, crating, and shipping to Japanese ports. According to the experiment, which is still incomplete, the removal of each ton of equipment to the ports of departure would incur an expense of 20,000 yen.

It is expected that the experiments will be concluded at the end of this month, when the Ministry should be able to estimate with accuracy the exact time and expenses required to dismantle, crate, and transport reparations to ports of departure.



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The Ministry has been experimenting with model factories of seven types of industry, including thermo-electric generations, soda and sulphuric acid, machine tools, pig iron and steel rolling and ball-bearing industries. For 2,548 tons of equipment, the Ministry used 33,000 koku -- 10 cubic feet -- of timber, 54,000 kilograms of nails, 36,000 kilograms of iron wire, 13,000 kilograms of iron bands, 12,000 kilograms of excelsior, 6,000 kilograms of rope, 10,000 sheets of straw matting, and 11,000 liters of gasoline.

One hundred fifty-five thousand labor days were required, while 854 trucks and 196 barges were needed for transporting 2,548 tons of equipment. In terms of money, 8,700,000 yen were required for dismantling, 27,700,000 yen for crating and 15,000,000 yen for transporting, making a grand total of 51,400,000 yen for removing a factory of 2,548 tons. The time required was estimated by the Ministry as 1 month for preparations and 5 months for actual dismantling, crating, and transporting.

According to the ORIENTAL ECONOMIST, Japanese experts estimated that the cost for removal of reparations equipment to the port of departure in Japan alone will amount to 100 billion yen, almost three times the sum calculated by the former Commerce and Industry Minister who set the expenses at 25 billion yen.

The weekly Journal claimed the huge amount would aggravate inflation unless a way is found to raise money. The magazine, however, is completely in favor of the suggestion advanced recently by Dr. Saburo Shiomi, former professor of Kyoto Imperial University, who advocated the imposition of a special tax for one year or a few years to meet the cost for removal of reparations, asserting that unless the Shiomi plan is accepted by the Government, even the flotation of deficit covering bonds would accelerate the march of inflation in Japan.

HUNT FOR EXTERNAL ASSETS

According to a Tokyo news release for 21 March, recommendation to search out Japanese external assets the world over, in order to prevent the Japanese from building up a "hoop chest" for another war, have been made to General MacArthur by a three-man commission, representing the United States Treasury, State and Justice Departments.

The plan was to prevent the Japanese from deploying assets in various forms throughout the world like the Germans did after the first World War.

The U. S. State Department's representative in the three-man commission, William Silver, declared: "It has been the policy of our Government, as well as of the other Allies, to search out from the economy of the world, the external assets of Germany and Japan so that neither of these two countries may again utilize external assets to endanger the peace of the world."

The three-man commission of economic advisers has been on loan to MacArthur for the past 3 (months) to assist various SCAP sections on matters pertaining to patents, copy rights, claims and restitution of property.

The three members are: William A. Silver of the State Department; L. Roger Williams, Treasury Department; and George Worthington, Justice Department.

They are expected to leave for Korea tomorrow to attend the property conference there.



C1-013/21RESTRICTEDC1-013/2114 April 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 4 April 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/21



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS BUDGETFinance Ministry Studies Working Budget

A JIJI press release from Tokyo on 6 April states that "the Japanese Finance Ministry is contemplating compilation of a working budget, instead of a supplementary budget, to cover expenses to be involved in removal of 'interim' reparations from Japan, officials of the Finance Ministry revealed today. Following American press reports from Washington that the United States Government has issued an 'interim directive' ordering immediate removal of up to 30 percent of Japanese plants available for reparations.

"The officials pointed out that the 1947-48 general budget had been compiled on the principle of not submitting any supplementary budgets and that the present budget had made no specific appropriations by the time the removal actually gets under the way.

"Under the present plan, it was explained, the Finance Ministry intends to draft a working budget to cover reparations removal expenses within the limits of the national revenues on the general budget by cutting down other items.

"While the Government is ready to study the question immediately as far as its budgetary phase is concerned, it was further said, it has yet no definite policy governing other phases of removal of 'interim' reparations, including acquisition of materials needed for removal, means of transportation and supply of labor. It was indicated that the decision on 'interim' reparations removal had come rather earlier than it had generally anticipated in Japanese Government and industrial circles."

RESTITUTION OF PHILIPPINE LOOTED PROPERTYPaintings and Scientific Books Sought

A SCAP press release for 20 March 1947 states that the Japanese government has been directed by SCAP to report on the whereabouts of oil and water color paintings, removed from the University of the Philippines, and 300 scientific and related books, also looted from the Philippines, the Civil Property Custodian reported today.

The Japanese army used the Manila university buildings during the war and allegedly removed all their art treasures. Each picture bears the name of a Filipino artist on its canvas.

The stolen books, taken from the Weather Bureau of the Philippine Islands or from the Jesuit Order of the Philippine Islands, dealt with geology, meteorology, astronomy, seismology and connected sciences. Nearly all of them could be identified by the stamp of the Weather Bureau or of the Jesuit Order.



RESTRICTEDPLANS FOR USING SHIPYARDSNon-Reparations Items To Be Used

A survey to determine which installations and facilities in ex-Japanese naval shipyards not listed as reparations items can be utilized by local communities, such as docks, quay walls, port maintenance and harbor equipment, has been initiated by SCAP's Economic and Scientific Section.

G. E. Moyer of the ESS Shipbuilding Branch said that since many items such as dry docks, harbor markings, concrete buildings and some weight handling equipment will be impossible to remove as reparations items, a plan is being considered to utilize this equipment for the operation of ports to aid local civilian economy upon conclusion of reparations removal.

The survey is part of an overall study to determine the commercial and maritime pattern of post-war Japan, Mr. Moyer asserted. He said with the elimination of the Japanese navy a considerable reshuffling of Japanese shipping activities has taken place.

Final development will await the stabilizing of Japanese overseas trade including such important factors as the volume of raw silk to move out of Japan and the volume of raw materials such as cotton, soy beans, coking coal and ores moving in, the SCAP shipbuilding expert said.



C1-013/22RESTRICTEDC1-013/2221 April 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 11 April 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/22



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSJAPANESE REACTION TO ADVANCE TRANSFERS PROGRAMDivergent Views Held

Recent news dispatches out of Tokyo indicate that the Japanese attitude toward the U. S. Interim Directive on Advance Transfers of Reparations ranges from official apathy and a hands-up resignation to violent opposition to an early removal of any industrial facilities.

The Japanese Government has had little to say concerning the program and appears to be awaiting further developments from SCAP. The Mainichi Shimbun gave its approval of an early removal of reparations "so as to end the sterile state of anxiety and suspense among industrial circles and to enable them to know where they stand and plan their future activities." These views were echoed by the Democratic party and by the People's Cooperatives. The Mainichi Shimbun, explaining its view, said that removal of idle machinery will not likely affect Japan's economy. Furthermore, "such machinery will be of great value to war-ravaged countries which, although rich in raw materials, are sadly lacking in manufacturing facilities."

The Liberal party expressed the hope that Japan would be able to keep its machinery and plants, and pay reparations from current production. This view has received considerable attention in other parts of the Japanese press during the past months.

Most virulent in its opposition to early removal of reparations goods is the Communist party. Its leaders claim that such removal will throw a monkey wrench into Japanese post-war industries and is sure to aggravate the unemployment problem. They advocate that "reparations be postponed until Japan again stands on her feet industrially."

Jiji Press reported that "the decision on interim reparations removals had come rather earlier than was generally anticipated by the Japanese Government and among industrial circles". SCAP sources believe that it will take months before Japanese plants are ready for removal. The practical difficulties of removal are primarily those of crating and transportation. The problem of how to haul thousands of tons of machines from industrial centers to coastal cities on already congested railway lines has still to be solved. However, SCAP believes that this bottle-neck can with careful management be broken. Other observers believe crating to be the more vexing problem of the two. Here, however, it is not so much a question of finding sufficient lumber for the job as in agreeing to allocate to the job quantities of lumber which could otherwise be used to provide shelters for thousands of persons still without any homes at all or living in unhealthy slums.



C1-013/23RESTRICTEDC1-013/2323 April 1947*Handwritten initials and signature*FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 18 April 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/23



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSEXTERNAL ASSETSFate Of Japanese Overseas Property  
Discussed By Upper House

The question of whether private properties of Japanese overseas should be appropriated for a reparations purpose was discussed at today's session of the House of Peers budget committee.

Saburo Yamada, Independent, interpellating the Government said, "if private properties overseas are taken over for reparations purpose, the Government should take steps to compensate for the losses."

Finance Minister Tanzan Ishibashi admitted that theoretically Yamada's assertion was correct, but the question is whether the Government can bear the burden or not.

Ishibashi, also stated that the Government is studying a provisional method for the relief of those who lost their overseas assets. However, no conclusion has yet been reached.

COSTS OF REPARATIONS REMOVAL30 Billion For 1947

Observers in Tokyo, pointing out the possibility of an early execution of interim reparations removals, say that while details of the reparations plan are still unknown, it is estimated that the weight of factory equipment to be removed from Japan within the current fiscal year would total around 2 million tons. Such a removal, according to a news dispatch from Tokyo for 10 April, cost approximately 30 billion yen, or an average of 15,000 yen per ton, as reported by the Commerce and Industry Ministry.



CI-013/24RESTRICTEDCI-013/249 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 25 April 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/24



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS AND EMPLOYMENTRemovals and Maintenance of Production

In a recent article in the Kogyo Shimbun the following observations on the effect of reparations removals on Japanese production were made:

"Since the time for the removal of reparations equipment is approaching, restlessness due to anxiety for the future has started among the employees of factories designated for reparations, causing a great influence upon production. Although the situation may be considered an inevitable consequence of the general circumstances, we must not overlook the fact that these factories still play a considerably important part in our industries.

"The Government has not even devised emergency measures to cope with the problem. The industrialists who depend solely upon government measures are making no attempt to deal with the problem but are idly watching the workers' restlessness.

"Some of the industrialists and labor unions took this problem seriously and held a joint labor-management conference but could not come to a definite conclusion. Judging from the general circumstances, it is difficult to devise fundamental measures, but some emergency measures must be and can be taken. For example, the workers in factories marked for reparation could be transferred to factories which are not designated for reparation. Of course, there are some industries to which such a measure is inapplicable due to their nature, and the workers' restlessness cannot always be completely removed by it. Why did the authorities not even take such a simple countermeasure which can check the decline in production to some extent?

"In short, a sense of security must be given to the workers in order to maintain production in the factories designated for reparations. The authorities should keep in mind that utter confusion will result unless proper measures are taken now."

CHINA READY TO RECEIVE REPARATIONSSome Plants Already Inspected

A Tokyo news report for 22 April reported Chinese preparations for receipt of reparations as follows:

"China's preparations for taking over Japanese reparations have been all but completed, according to Wu Ban-nong, chief of the Reparations and Restitution Section of the Chinese Mission in Japan today. Wu said the Government has already approved an appropriation of 100 billion Chinese dollars as initial funds for removal of the reparations.



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"Wu said SCAP has set aside some 900 factories for interim reparations, including power plants, ship-building plants, light metal plants, machine tools plants, steel and iron plants, chemical industry plants and ball bearings plants. He added that no textile plants are included. Wu concluded that half of the 30 percent interim reparations in terms of value will go to China, (according to estimates) made by the Strike Reparations Committee.

"Wu said he has already inspected over ten plants at the invitation of SCAP. He stated China needs machine tools and power plants most, adding that the removal of machine tools will be comparatively easy. Also, once removed to China, the machine tools can be put to use quickly. He added it may take about one year before China can put other reparations goods to use.

"Wu said the Japanese Government will be responsible for hauling the reparations goods from inland cities to seaports, where the goods will be loaded on Chinese ships provided by the Chinese Ministry of Communications. Some of the ships to be used will be reparations vessels ships restored to China. Wu said two more ships -- this time merchant vessels -- besides the 'San Yat-sen' warship, and a dredger will be restored to China."



C1-013/25RESTRICTEDC1-013/2512 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 2 May 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

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RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSEXPERIMENTAL REMOVALSResults of Reparations Dry-run Announced

In preparation for reparations removal, the Commerce and Industry Ministry, since the closing days of January, has been running model removals at specified factories in the various industries. These are scheduled to be completed by the end of this month. The purpose of this work is to determine the per-ton cost of removing facilities for reparations, including the cost of packing materials, the cost of labor, and the amount of time required at plants on the basis of the blueprint previously prepared. This is being conducted at the sample factories in the presence of officials. Seven classes of industry are being studied in this operation: coal-fueled electric generation, alkali, sulphuric acid, machine tools, pig iron, steel sheeting, and ball bearings.

Basing their method of procedure on the results of this operation, the Commerce and Industry authorities are to determine immediately standards for dismantlement, packing, transportation, and accomplishment of contracts. Execution of this paper plan at a certain alkali manufacturing factory which has completed the model work, brought about the following results:)

Evacuation of one metric ton requires 20,000 yen and 6 and-a-half months, including the time for dismantlement, packing, and transportation.

Number of packages -- 4,849; total weight -- 2,548 metric tons.

Principal materials required: wood -- 33,000 koku (one Koku equals approximately one cubic foot); nails -- 54,000 kg; iron wire -- 36,000 kg; hoop iron -- 13,000 kg; wood shavings -- 12,000 kg; rope -- 6,000 kg; straw mats -- 10,000 sheets; gasoline -- 11,000 kl.

Operation: labor -- 155,000 man days; transportation trucks (inside the factory) -- 854; barges (from the factory to TOKYO Port) -- 196.

Expenses: dismantlement -- 8,700,000 yen; packing -- 27,700,000 yen; transportation -- 15,000,000 yen. (The expenses were settled by the Commerce and Industry Ministry by means of estimating the amount demanded by the removing contractors)

Period required: One month for preparations for dismantlement; five and a half months for dismantlement, packing, and transportation.

SCAP OFFICIAL COMMENTS ON ADVANCE TRANSFERSTime To Remove Single Plant Estimated at 30 Days

According to a news dispatch for 18 April authoritative sources are reported as believing that actual removal of reparations equipment, will not start for several months to come, since no allocation has yet been made by SCAP, and the delivery of reparations equipment involves the availability of



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timber for crating and the capacity of Japanese transportation facilities.

SCAP's reparations experts refused to reveal the exact number of Japanese plants included in the 30 percent interim reparations. Acting Industrial Division Chief Ormond Freile said the cataloguing and listing of equipment to be included in the initial reparations program will be completed after the week-end when the number of plants may be made public.

These experts also declined to estimate the length of time required for dismantling, crating, and transporting the entire 30 percent interim reparations equipment to Japanese ports, where Allied claimant countries will take delivery. Freile said it is comparatively simple to dismantle, crate, and transport a single plant, but with all 30 percent of the interim reparations equipment removed simultaneously, it would involve a much longer time. His estimate of the time for removal of a single plant is about 30 days.

Asked whether any time limit had been set for claimant nations to take delivery of reparations equipment, Freile declared that no decision has yet been made regarding a time limit, although there has been a "lot of talk" in Washington to set a 2-year time limit for any claimant country to remove reparations equipment from Japanese ports. After the two-year limit, claimant countries will automatically forfeit the remaining equipment to Japan.

(NOTE BY SECRETARIAT: The FAR EASTERN COMMISSION is currently considering the problem of ultimate disposition of residual reparations capacity after satisfaction of the claims of recipients. Appraisal from the standpoint of war potential together with a special decision as to final disposition is indicated in the policy under discussion.)

#### VIEWS ON REPARATIONS REMOVALS

##### Japanese Political Parties Present Views On Removals and Peace Treaty

The following is a Summary of the Views on an early Peace Treaty and on reparations removals expressed by leaders of the main political parties in Japan following announcement that the United States Government has issued an interim directive ordering allocation to four countries of 30% of the industrial facilities made available by the Far Eastern Commission for reparations.

Both the Liberals and the Democrats have evinced keenest interest in current foreign press reports concerning Washington's decision on interim reparations to be removed from Japan shortly as well as a possible Allied conference on a Japanese peace treaty next fall but their spokesmen were rather reserved in commenting on these questions.

A spokesman for the Liberal Party said in an interview with Jiji Press this afternoon that the question of reparations was so important for the country that it should not be "lightly commented on."

He felt, however, that removal of reparations plants would raise an extremely difficult question for the Japanese national



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economy since some of these plants earmarked for immediate removal would be capable of full production at their present locations.

The Liberal Party, he said, would prefer, if permitted, to see reparations paid in manufactured goods instead of in the form of removal of plants which produce these goods.

If such an alternative were allowed, he added, it would enable Japan better to cope with the questions of possible unemployment and social unrest that would arise in the Japanese economy in the future.

The spokesman stressed that the Liberal Party is most anxious that a peace treaty for Japan, be written at the earliest possible date and most warmly welcomes the press reports which indicate the possibility of initial steps in this direction being taken as early as next fall.

An early conclusion of a peace treaty on Japan would enable Japan make a decisive step forward toward national reconstruction as it would greatly help her stabilize her national economy and living as the result of early resumption of foreign trade and accomplishment of industrial recovery, the Liberal spokesman declared.

He also believed that it would have no small effect on bringing about stabilization "in the ideological field as well."

Such a prospect of an early peace treaty for Japan and settlement of reparations calls all the more for the Japanese nation to exert greater efforts to speed up democratization of the country, he declared in conclusion.

A spokesman for the Democratic Party told Jiji Press this afternoon that under the present international position in which Japan finds herself she should be rather appreciative of the reported decision to start removal of reparations plants up to 30 per cent as a first step toward final settlement of reparations to be paid by this country.

At the same time, he stressed, the Government should see that removal of these reparations plants will not prove a fatal blow to the task of national reconstruction by accurately surveying the actual conditions of Japanese industrial production.

The spokesman voiced the opinion that inability to have a clear-cut picture of the reparations question had been one of the major causes of the present critical production situation.

In this sense, he added, the reported decision on interim reparations would go far in clearing up the atmosphere, resulting in a favorable effect on Japan's industrial production.

He stressed, however, that the Japanese Government should appeal to the Allied Powers to take due cognizance of the fact that Japan today is different in many respects from what she used to be in the 1928-35 period.

Under the Allied reparations plans the Japanese industry is to be reduced to the level prevailing in this period, he pointed out.



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The Democratic spokesman also declared that the earlier a peace treaty on Japan was written the better Japan's national reconstruction would be promoted.

In conclusion he urged the entire Japanese nation to pay greater attention to the questions of reparations and a peace treaty from now on.

The People's Cooperative leader further declared that "a bright prospect" of industrial reconstruction has been brought about by the United Press report which gave suggestions as to the time for removal of reparations equipment and the amount of reparations. It is a fact that lack of knowledge on reparations terms has been delaying industrial reconstruction, Mr. Miki said.

He expressed the hope that Japanese experts will accompany reparations equipment to claimant countries to see to it that it reaches in perfect condition.

Budgetary Problems of Reparations Removals

Despite Finance Minister Tanzan Ishibashi's repeated declarations that the 1947-48 fiscal year budget was compiled under a "sound financial policy" requiring no additional estimates in both general and special accounts, recent changes in the international and domestic situations will force the Government to present additional budgetary bills to the next Diet session scheduled for May, observers opined today.

These circles pointed out possible early execution of interim reparations payments. While details of the reported reparations plan were unknown, it was estimated by these quarters that the weight of factory equipment to be removed within the current fiscal year would total around 2,000,000 tons.

Necessary expenses for the removal would be approximately ¥30,000,000,000 in total, requiring ¥15,000 in average per ton, according to an estimation made by the Commerce Industry Ministry and other authorities concerned.

Observers were inclined to believe that a part or all of the expenses must be added to the already approved current fiscal year budgets.

REMOVALS UNDER INTERIM DIRECTIVEChina to Get First Shipment of Reparations Soon

A recent news report from Shanghai states that the first batch of 400,000 tons, out of 15 percent of the total Japanese reparations to be allowed to China, is expected to be dismantled within 1 or 2 months and shipments are estimated to be completed before the end of this year according to Mr. (Yung Fu), until recently Chief Representative of the 5-man Chinese Reparations Commission in Japan. Mr. Yung is scheduled to leave for the United States on Apr. 15 on an official visit in the capacity as representative of the National Resources Commission of China in the United States.

Steel and iron foundries constitute the bulk of the first batch while electrical power plants and dockyards take the second place, Mr. Yung said. The first include several tens of



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thousands of tons of machine tools as well as ball bearing factories, he added.

As regards the disposal of the reparations, Mr. Yung said that the steel and iron proportions will be allocated to the Anshan and the North China steel factories, while the dock-yards will be appropriated to the Central Shipping Company here in Shanghai. The Northeastern Power Company and (Northern) Power Company and power plants in Nanking, Shanghai, Canton, and Changehow will be endowed with the electric power portions. Tool factories will be reestablished in (Nanchang) while machine tools will be given to the Ministry of National Defense and schools and coal mines to meet their urgent needs. Mr. Yung said that private enterprises will also be entitled to a part of these reparations.

The Ministry of Communications will be solely responsible for the shipping of the reparations from the Japanese coast to the China coast ports at an estimated cost of 13 billion dollars, Mr. Yung said.

Although the reparations will be greatly conducive to China's industrial rehabilitation, the electric power portion earmarked for China is still insufficient to meet her needs, Mr. Yung pointed out. He expressed the opinion that China, bearing the heaviest war losses, should be given the priority to Japanese reparations among the Far Eastern countries.

RESTITUTION OF LOOTED PROPERTY71,500 Looted Books Restored to China

Some 71,500 rare Chinese books, which had been looted, have been restored and efforts are being made to recover over 30,000 more, Chang Fong-chu, Cultural Section chief of the Chinese Mission, told news sources 6 May 1947.

The first batch, consisting of 34,970 volumes, belong to the National Central Library. The second batch, totaling 36,470 volumes, are personal property and the property of the National Chungahan University in Canton, the Nankai University in Tientsin, and the Royal Asiatic Society. This batch was shipped back on May 1 aboard the recently recovered 400-ton S.S. Hingan and are expected to reach China tomorrow.

Chang said that arrangements are being made to reclaim over 30,000 more rare books belonging to the National Library Association and to various individuals.

It was further reported that the first post-war shipment of Japanese books and magazines numbering 1,025, is leaving for China May 5 aboard the 1,500 ton ship Feihsin. The books and magazines on literature, arts, religion, philosophy, and sciences valued at 500,000 yen constitute the initial batch donated to five Chinese national universities by the famous Iwanami Publishing House.



C1-013/26RESTRICTEDC1-013/2613 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 9 May 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/26



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSPROPERTY OF REPATRIATESESB To Handle Overseas Property Of Repatriates

A news item from Tokyo for 26 April states that new administrative organ to deal with the affairs relative to the disposal of properties left overseas by repatriates will soon be established within the Economic Stabilization Board.

The decision was taken at the regular cabinet session this morning, after Director-General Sotaro Takase of the Economic Stabilization Board explained the project.

The contemplated office will promote the welfare work of the repatriates who had been engaged in various enterprises overseas before their return to the home country.

A liaison council is scheduled to be formed among the Economic Stabilization Board and various ministries to push the relief program.

The cabinet meeting also heard explanations by Finance Minister Tanzan Ishibashi on the draft plan to revise the temporary allowances to the Government employes and approved it.

Agriculture-Forestry Vice Minister Shigetaro Sasayama reported to the session on the current food situation.

RESTITUTION OF LOOTED PROPERTYAllied Delegates Say Japanese War Plunder is Missing

The following is an AP article for 11 May from Tokyo:

"An Allied delegation, concluding a 6,000-mile tour of inquiry in Japan, was almost unanimously convinced tonight that the Japanese still were hiding much plunder from the war.

"The delegates found in the cities and warehouses that they visited only a small fraction of the loot they had hoped to identify.

"Almost without exception they said they intended to ask General MacArthur to "put some teeth" into his directive that the Japanese return all stolen property.

Loot which the Japanese thus far have handed back and which the delegates saw in storage at Kyoto, Hainuzuka, Osaka, Nara and Nagoya is only a minor part of what is known to have been taken. It includes items such as buffalo horns, a mounted flying fox and army mess gear.

"Wondering if they were being fooled, delegates indignantly declared these articles were "ludicrous," and recounted long lists of valuables they had lost during the Japanese ascendancy.



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These included industrial plants, libraries, costly art objects and cash -- none of which is on the returned list.

"The delegation of 50 included representatives of the United States, Britain, Australia, Canada, France, the Netherlands, the Philippines and China. Russia declined at the last minute to send anyone.

"Chinese and Philippines representatives were especially out-spoken in their belief that the Japanese were holding out. They proposed searching imperial museums and private art collections.

"Shipping was another sore point. Of some 1,500 vessels the Japanese seized, about 70 have been recovered, mostly damaged. Some delegates said they were sure all the remainder had not been destroyed in the war. They suspected the Japanese were hiding them in isolated coves and proposed another tour to see.

"British and French officials advocated quick disposal of German property found stored at Osaka and supported an earlier suggestion that it be auctioned off for United States dollars which would be shared by the participating nations.

"Brig. A. K. Ferguson, of the United Kingdom liaison mission, and Robert du Crest, head of the French reparations commission, agreed that the German property -- mostly personal belongings and household goods taken from Germans who were in Japan when the war ended -- was 'not worth the manpower it takes to look after it.'

"There was no estimate of its value, but it was believed to be small."



C1-013/27RESTRICTEDC1-013/2721 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 16 May 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO.1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/27



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSSELECTION OF PLANTS

The following article appeared in the CHRISTIAN SCIENCE MONITOR for 14 May under the name of Gordon Walker, Chief Far Eastern correspondent for the paper, datelined Tokyo:

Charges that General Douglas MacArthur is handling reparations so as to assure Japan's future as an American naval and air base have been made recently by the Russians, it is disclosed here.

The allegations were made in the text of a Moscow radiocast beamed to Japan. The Russians claimed that General MacArthur was "obstructing a reparations solution by the Far Eastern Commission in Washington" and at the same time violating the Potsdam Declaration.

The Russian radiocast claimed General MacArthur had taken certain Japanese munitions and aircraft plants off the reparations list.

It added that the United States is planning reparations plant distribution to China in such a way as to give one-sided aid to the Kuomintang, prolong the civil war there and aid American business interests in China.

Objectives Hinted

These charges, which appear to have no basis in the facts discernible here, nevertheless highlight serious American-Russian differences on the reparations question, differences which presently constitute the biggest obstacle to the proposed interim solution - let alone a permanent one.

Just what the Russians envisage as a reparations solution is not clear.

Some clue is given in the recent radiocast by allusions to the removal of certain industrial equipment and also to the products of other equipment which presumably would be left in Japan and operated by the Japanese.

The Russians, meanwhile, have lost no opportunity, it is pointed out here, to discredit the American management of the reparations program.

SCAP Replies

The first indication of this came last December when Lieut. Gen. Kuzma N. Derevyanko sent a letter to the Supreme Commander, Allied Powers, requesting information about certain plants - including certain underground aircraft factories - which SCAP had removed from the list of plants designated for reparations removal.



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SCAP answered this Russian note in January with a complete recapitulation of the changes made in the list of reparations plants.

This recapitulation, which was made public here, makes clear that the underground aircraft factories - specifically the well-known Nakajima plant - were removed from the list because the machinery had been removed to plants which themselves were on the removal list.

Most of the machinery had been carried out because underground dampness had rendered maintenance difficult. SCAP authorities point out that while the plant itself was deleted, actually the machinery and equipment still is on the list for reparations removal.

Others Deleted

The recapitulation which was sent to the Russians in January names 10 other plants, including two aircraft and four munitions, which have been similarly classified for similar reasons.

Another 10 plants - including two aircraft and five munitions - named by SCAP in the note to Russia were deleted because they did not meet Far Eastern Commission criteria.

To be eligible for reparations, plants must have been built for the express purpose of making armaments or else converted to that purpose through major changes in the plant establishment.

Chemical Plants

The SCAP note named three chemical manufacturers which had been removed from the reparations list because the chemicals were needed for such peace-time production as commercial explosives for coal mine operation.

Despite this answer to the original Russian note, roughly the same question was posed by the Russians in the Far Eastern Commission early this month.

Occupation authorities here are seriously concerned over continued Russian prodding on reparations, and make this categorical assertion:

Not a single munitions or aircraft plant which falls within the category outlined by the Far Eastern Commission's reparations criteria has been removed by SCAP from the list of plants designated for removal.

It is clear, however, that differences on the reparations settlement have thrown a monkey wrench into even the United States plan for interim removals.

All progress on reparations removals has been held up pending some sort of clarifications.



RESTRICTEDRESTITUTION OF LOOTED PROPERTYReparation-Restitution Representatives of Nine Nations to Inspect Unidentified Stolen Property in Japanese Warehouses

A SCAP news release on 3 May announced that complete investigation of stolen property stored in warehouses throughout Southern Japan will be undertaken by SCAP officials and delegations of the member nations of the Far Eastern Commission during a four-day conducted tour beginning Monday.

Brig. Gen. Patrick H. Tansey, SCAP's Civil Property Custodian, said that the trip will enable the foreign Reparation and Restitution Delegations to personally inspect unidentifiable property stolen from all parts of the former Japanese Empire.

The party will look over property which the Japanese Government has admitted was stolen, but which as yet has not been identified as belonging to any particular Allied government or Allied nationals. An added feature of the excursion will be a side trip to Nara, Japan's ancient capital, and the famous museum there.

The party will also visit Osaka, Fukuoka and Kyoto.

It will include representatives of Australia, Canada, China, France, Great Britain, the Netherlands, Philippines, U. S. S. R. and United States, as well as General Tansey, representing SCAP, and a CPC staff.

The group of SCAP officials and Allied Reparation and Restitution delegations were conducted on a tour of stolen property warehouses in the Tokyo area last month. Late in May, they will leave on a four-day trip to inspect warehouses in Hokkaido.

GERMAN ASSETS IN JAPANFreeze German Property Now Stored in Japanese Warehouses

In an effort to prevent any unauthorized withdrawals of German property from Japanese public or private warehouses, SCAP has ordered the Japanese Government to freeze, impound and block all such property, the Civil Property Custodian announced today.

Under the directive, none of the German property shall be withdrawn, moved or disposed of in any way except by SCAP approval.

SCAP will be provided with a consolidated report from all public and private warehouses, showing in detail all German property stored therein. The list will include the name of owner, last known address and nature of property.



C1-013/28RESTRICTEDC1-013/2827 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 23 May 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/28



RESTRICTEDENCLOSUREWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS REMOVALS PLANSJapanese Government Prepares for Removals

The Japanese Government is believed to be drafting a reparations removal plan with the understanding that concrete instructions for reparations exaction might be issued by SCAP in early May at the latest. Under the Government plan, the first step towards the removal will be taken when the proper Minister issues an exaction order to owners of reparations objects, under the provisions of Imperial ordinances. The task for dismantling, packing and transporting reparations equipment will be undertaken by the Reparations Council and various contractors through contracts with the Government to be concluded through tender. The Government will not take any step toward indemnifying losses resulting from the exaction of reparations objects, such as dwindling production or depreciation of remaining facilities, because such losses will be taken care of through the application of the Industrial Reconstruction and Adjustment Law.

DIVISION OF SHARESFrench Committee Studies Indo-China Damage

A recent Tokyo news dispatch states that a special Committee of French experts is sitting in Paris for the purpose of studying the extent of damage sustained by France from the Japanese operations in Indo-China, presumably with a view to presenting their findings to the Far Eastern Commission.

ESTABLISHMENT OF REPARATIONS SECTION IN GHQGeneral Harrison Named Head of Section

The establishment of a Reparations Section in General Headquarters, Supreme Commander for the Allied Powers, was announced today by Maj. Gen. Paul J. Mueller, Chief of Staff. Functions of this new section will be advisory to the Supreme Commander on implementation of the program for processing Japanese industrial assets designated as available for claim and removal as reparations. The Economic and Scientific Section of SCAP will continue its current mission on which it has been engaged for the past year of inventory of industrial plants on reparations availability lists.

The General Order establishing the section also announces Brig. Gen. William K. Harrison, Jr., as its Chief. General Harrison, who previously held the post as one of the executives in the Office of the Deputy Chief of Staff, SCAP, recently returned from a visit to Washington, D. C., where he participated in conferences on the subject of reparations. A graduate of the United States Military Academy in 1917, he has had very broad experience as a staff officer and administrator. He served as Assistant Division Commander of the 30th Division, which landed on the Normandy beachhead.

REPARATIONS AND RESTITUTION MISSIONSAll FEC Countries Now Represented

The first two members of the United States Reparations and Restitution Delegation and the remaining four members of the



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French delegation arrived in Tokyo this week in preparation for the coming 11-nation conferences on reparations and restitution from Japan, the Civil Property Custodian, SCAP, announced on 9 May.

Rufus Burr Smith of 315 "A" St., N.E., Washington, D. C., Department of State economics expert on Japan and Korea, and William Kane, State Department administrative officer, also of Washington, arrived from the U. S. capital Monday. Mr. Smith is chairman of the still incomplete American delegation.

Arrival of four members of the French delegation completed that nation's representation for the conferences. Five-man delegations from the Philippine Soviet and Chinese governments arrived earlier. Delegations from Great Britain, New Zealand, Australia, the Netherlands, Canada, India and the United States still are incomplete.

The four French members, all engineers, who reached Japan during the past week were Maj. Gen. Gaston Dolle, marine engineer, No. 70 Rue d'Assas, Paris, Assistant Chief of the delegation; Antoine Paul Marie Sordoillet, metallurgical engineer specializing in heavy metals, of 32 Rue Lamartine, Le Creusot, Saone et Loire Province, France; Maurice Georges Savourey, electrical engineer from Paris and Armand Louis Borrou, metallurgical engineer specializing in light alloys, of Dives Sur Mer, Calvados Province, France. Robert Y. Ducrest, civil engineer from Paris, who is head of the French delegation, arrived in Japan approximately a month ago.

(NOTE BY THE SECRETARIAT: The Reparations and Restitution Delegations referred to above are the 5-man Missions originally authorized by SCAP for each FEC-member nation. No information is available to the Secretariat as to whether any FEC-member nations have taken advantage of the opportunity provided in FEC-203/4 authorizing additional technical personnel for each country up to a maximum of 20 for each nation's mission.)

Allied Missions Inspect Reparations Plants

One arsenal, one aircraft plant, and one private munitions plant will shortly be thrown open by SCAP for Allied reparations representatives' inspection as samples, it was learned from the Reparations Section of the Chinese Mission on 8 May.

A total of 93 arsenals, 339 (aircraft plants) and 227 private munitions plants aggregating over 30,000 machines has been set aside for reparations.

The same source disclosed that Chinese reparations representatives have already inspected 13 machine tool manufacturing plants in Tokyo and neighboring areas and SCAP permission has been obtained to inspect 10 other plants.

According to the same source, reparations representatives from eight countries, who now are inspecting looted property warehouses in south Japan, will tour north Japan as far as Hokkaido for a similar purpose when they come back here. In Hokkaido it is said there is a paper mill which was removed from Canton by the Japanese during the war.

RESTITUTION OF LOOTED PROPERTYVery Little Loot Remains Uncovered

GENERAL MACARTHUR'S Headquarters announced on May 16 that only a negligible amount of war booty and looted property remains to be uncovered in Japan. Practically all looted property,



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which has been definitely located, except liquid assets and ships which require salvage, can be restituted within six months. (Tokyo, Reuters in English Morse, May 16, 1947--H)

95% of Looted Property Inspected Is of Chinese Origin

At least 95 percent of the looted property inspected by reparations representatives from eight countries during their recent 6-day tour of south Japan was from China, Ban Nong-wu, Reparations and Restitution Section Chief of the Chinese Mission, told reporters on 11 May.

Wu, who returned from the tour yesterday, expressed disappointment over the "paucity of the looted property seen". SCAP ordered the Japanese Government to report fully on looted property. Apparently the Japanese Government has failed to do so, Wu said.

It is his opinion that museums, libraries, and private collections should be inspected and that restitution should be stepped up. He said, "so far we have merely scraped the surface of the problem." Wu said some 10 warehouses were inspected in Tokyo, Fukuoka, Osaka, and Nagoya.

Wu said that in Nagoya the inspection party only saw hard coins from China--nickel, silver, and mostly copper--including coins current before the Chinese Revolution, totaling no less than 2,816 tons.

Curios and Coins

Looted property in Kyoto and Fukuoka consisted mostly of curios and automobiles. Besides curios and copper coins, the party saw machines in warehouses in Osaka. Wu said he saw a large number of huge bronze bells and half a dozen metal and stone lions. Wu said but for the speedy end of the war, all the coins, bells, and even metal curios might have been melted down for war purposes.

Wu estimated that at least 95 percent of the looted property the party saw was from China. The remainder was from the South Seas regions. Wu said reparations representatives may tour north Japan up to Hokkaido with a similar purpose late this month.

Marble Lions Returned to China

TWO MARBLE LIONS which were taken from China by the Japanese Army 6 years ago and erected at the entrance of a war memorial at Hiroshima are being returned by the Japanese Government to their rightful owners in China this week. Superstitious Japanese say that the lions--male and female--brought bad luck to the Nation, and many are happy to see them depart.

Chinese Mission Seeks Ships

The Chinese Mission in Tokyo has asked SCAP to investigate into over 120 Chinese ships seized by the Japanese during the war. SCAP has informed the mission of the conditions of 40 ships. Of these, 29 are reported sunk, 2 aground, 2 missing, 1 held by the Soviets in Dairen and the rest needing repairs.

According to the Restitution Section of the Chinese Mission, the cost involved in the salvage work of the sunken vessels would be ultimately borne by the original owners. It is said that arrangements are being made for the restoration of two more ships.



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The same source said the Chinese Mission has been "overwhelmed" by requests for restitution from shipowners. But only about 200 have provided their requests with the necessary documents--detailed descriptions of the looted ships, photographic facsimiles of the ships' registration certificates, and if the ships are leased out to foreign nationals, contracts to such effect. The source added that restitution does not affect looted ships found in other than Japan waters at the end of the war.

REPARATIONS FROM JAPANESE SHIPPINGOne Million Tons Japanese Shipping Asked by China

A news report from Nanking for 22 May states that the Chinese Merchants' Shipping Reparations Committee in Shanghai has suggested that the Government demand one million tons of Japanese shipping as reparations to China's mercantile shipping. Of this tonnage, 500,000 tons would be allocated from Japan's current possessions, and the other 500,000 tons paid within the next 5 years with new vessels.

The committee urged the Government to approach the Far Eastern Reparations Commission as well as the United States, Russian and British governments for the formation of a "Far Eastern Maritime Commission," patterned after the one disposing of the German merchant marine. The proposed commission would be entrusted with the distribution of Japan's current mercantile shipping and the restriction of Japan's future merchant tonnage.

Opposing General MacArthur's plan, the committee recommended the maximum tonnage from the Japanese merchant shipping to be 800,000 tons. The committee specified that each Japanese ship should not exceed 3,000 tons, with the highest speed 9 nautical miles per hour. In addition, Japanese ships would be strictly barred from sailing along the China Coast, Korea, and Sakhalin.



CI-013/29RESTRICTEDCI-013/296 June 1947RAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 30 May 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/29



RESTRICTEDENCLOSUREWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSRTAC Holds First Meeting

The first meeting of the Reparations Technical Advisory Committee (RTAC) was held on 2 June in Tokyo, with Brig. Gen. Wm. K. Harrison, Jr., Chief of SCAP Reparations Section commenting on the status of the Reparations program.

According to Tokyo news reports, Gen. Harrison said, inter alia, that the removal of reparations is being delayed mainly by reconsiderations of the "minimum" industrial level to be maintained for post-war Japan.

The article pointed out that it had been suggested that Japan's post-war "minimum" industrial level should be maintained at the average yearly capacity of the years 1930 to 1934. There are present indications that Japan may be allowed a higher level, and reconsideration of this level has necessitated the revision of the numbers of factories earmarked for reparations, according to a Tokyo news source.

The item further states that according to the Strike Mission, reparations should be allocated in terms of money value. A Chinese Mission official said that at present SCAP is still considering whether reparations should be allocated in terms of money value or according to tonnage. Likely SCAP will adopt measures representing a "happy combination" of the two.

Reparations Tour

The same Tokyo dispatch as the above states that beginning June 8, the Chinese reparations representatives, in two groups, will go on week-long tours to inspect 27 machine-tool plants, nine of which are in the Tokyo area. One group will tour Niigata, Toyama, and other cities in north Japan, while another group will tour Osaka, Kobe, Shizuoka, and other cities in south Japan.

A news report from Tokyo on May 26 states that reparations representatives from various countries will inspect 1 navy arsenal, 1 aircraft plant, and 1 private munition plant this week and next week. The Chinese Missions Reparations Section disclosed that the Chinese reparation group will also inspect 10 more machine-tool plants.

RESTITUTION OF LOOTED PROPERTYOnly Small Amount of War Booty, Plunder and Looted Property  
Remains to be Uncovered in Japan, Civil Property Custodian Declares

Further comment (See CI-013/28, p.-2) on the status of the search for looted property in Japan was made in a SCAP press release for 16 May 1947.



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"Based upon the estimates of the Civil Property Custodian's Office," Brig. Gen. Patrick H. Tansey today stated, "it is believed that only a negligible amount of war booty, plunder, and looted property still remains to be uncovered in Japan and any idea that fabulous amounts of this property are yet to be reported is entirely fallacious.

"The destruction of large areas in principal cities and industrial centers of Japan by the United States air forces undoubtedly involved much property which was removed from allied countries and which was acquired by Japan through fraud or duress.

"Any belief that the Japanese government has not cooperated in carrying out Allied directives with regard to the search for and impounding of looted property is refutable. Official ordinances issued by the Japanese government provide for severe penalty, including penal servitude and fines, for any person or party, including those in public office, who fail to report property known to have been brought to Japan from countries occupied by the Japanese forces.

"The Japanese government has furnished clear and complete reports of looted vessels found in Japanese waters. I am satisfied that the Imperial Japanese Government has cooperated fully in reporting all known looted vessels located in Japanese waters at the end of hostilities and such allied vessels as are known to be sunk in Japanese waters. Japanese shipping losses in the war were enormous. The extent of this destruction can only be appreciated from the exact figures, including the total and partial destruction of vessels and their cargoes. As a result great quantities of looted war booty and plunder now rest on the bottom of the sea,

"Practically all looted property which has been definitely located, except liquid assets and ships which require salvage, can be restituted within six months provided claims for their restitution are received and the recipient country has shipping available to remove the property from Japan."

Items Restored to the Philippines

A communication from SCAP to the U.S. War Department for 13 May states that after positive identification, books and pamphlets belonging to the Davao City Branch Library and various leaf specimens, bird specimens, and shell specimens removed from the Philippine Islands were restored to the Government of the Republic of the Philippines at Kobe, Japan, on 21 April 1947. The following receipt for this transaction is included in this summary for the purpose of informing Far Eastern Commission delegates of the procedures being followed in the restitution of looted property as between the Japanese Government and the Governments of restitution recipient countries.

RECEIPT FOR RESTORATION OF PROPERTY

The signatures of the authorized representatives of the Government of the Republic of the Philippines and the Imperial Japanese Government, respectively, which appear on this document, attest to the fact that the authorized representative of the Imperial Japanese Government has on this date, at Kobe, delivered and transferred, and thereby restored the following property to the Government of the Republic of the Philippines:



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- a. 126 books and pamphlets;
- b. 102 leaf specimens;
- c. 100 bird specimens;
- d. 273 shell specimens;
- e. 22 items of anthropological research material;

together with the title thereto and custody thereof to the Government of the Republic of the Philippines and such Government has accepted such delivery, restoration, ownership and custody of the property from the Imperial Japanese Government, and agrees to take possession of the same immediately. Such delivery, restoration, transfer of title, custody and acceptance are hereby acknowledged, upon conditions as follows:

1. Nothing herein set forth, or done pursuant hereto, will be permitted to prejudice any other rights or claims that the Government of the Republic of the Philippines may have against the Imperial Japanese Government with respect to the books and museum specimens.

2. The Government of the Republic of the Philippines undertakes that it will make appropriate equitable adjustment and abide by any final inter-Allied decision, in respect of any conflicting claims to such property, that may be made by other nations or their nationals.

DATED AT Kobe, Japan

this 21 day of April 1947.

/s/ CAPT. M. LUSCO  
ON BEHALF OF THE GOVERNMENT OF  
THE REPUBLIC OF THE PHILIPPINES

/s/ HIROTO TAMAKA  
ON BEHALF OF THE IMPERIAL  
JAPANESE GOVERNMENT



C1-013/30RESTRICTEDC1-013/3011 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 6 June 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/30



RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONS FROM INDUSTRIAL FACILITIES TO BE DIVIDED INTO TWO  
CATEGORIESValuations Procedure Indicated

A news report from Tokyo for 3 June states that the classification of Japanese reparations into two categories, complete factories and individual machines, as well as the method of distribution of this equipment among the Allies, were communicated by MacArthur to the respective Allied Reparations Commissions in Tokyo yesterday.

General Harrison, Chief of the Reparations Section of the GHQ, advised that: 1, MacArthur will be the one to designate what equipment shall be used as reparations; 2, he will supply an inventory of the equipment to the Allied Commission.

Those which are to be considered as complete plants: Foundries, steel mills, machine tool factories, and caustic soda plants. Under the heading of separate machines comes individual machine tools, private plants, drop forge equipment, aircraft plants, arsenals, and private munitions plants.

To permit fair distribution, the value of the equipment will be estimated in Japanese yen as of a particular year, taking due account of depreciation because of war damage. The Allied commissions will be able to inspect the equipment before filing their requests and MacArthur will eventually arrange for their allocation.

The Japanese Government shall have title to the equipment between the time of its allocation and the loading aboard ship, and shall thus assume full responsibility for its dismantling, packing and loading. Title shall pass to the Allied beneficiary as soon as the machines are on board.

EFFECTS OF REPARATIONS DISCUSSED

The following news report from Tokyo commenting on Japanese opinions on the reparations was released on 27 May:

"Financial circles here generally welcomed the Far Eastern Commission's recent decision that reparations may be paid in the form of current industrial products as well as capital equipment. Some of them, however, took a cautious attitude toward the decision in the light of its possible ill effects on the inflationary trend. They were of the opinion that reparations from industrial products be made after Japan's economic strength has recovered to such an extent as to permit her to pay them.

"According to these quarters, Japan's industrial production today is far from a level which would yield the surplus export products necessary for the purchase of food and other daily necessities. They pointed out that the balance of the present controlled overseas trade, which stands at close to 3 billion yen in excess of imports, clearly attests to such a situation.



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"Under such circumstances, these quarters said they could not expect the speedy removal of the unfavorable balance of trade, even if private trade is resumed and raw materials are imported to help in the recovery of industries. An improvement in the balance of trade will require a much longer period if reparations from current industrial production are also taken into account, they added.

"These quarters were of the further opinion that an increase in exports at the present stage of production would add further impetus to the inflationary spiral. More exports would mean an increase in the currency in circulation and at the same time a loss of materials, they said. Such ill effects will eventually be offset by an increase in import potential in case exports are made through ordinary channels, the same sources said.

"However, reparation exports would accomplish no such remedy, solely stimulating the inflationary trend, they added. Another bad effect of reparations from current production would be pressure on public finances, they went on. While the removal of capital equipment as reparations would involve vast Government expenditure, they pointed out that such disbursements would be once and for all.

"Reparations from current production, on the other hand, would be continuous pressure on Government finances because the Government would be compelled to purchase a large quantity of products continuously.

"These quarters admitted that reparations from produced goods would bring about more employment than otherwise, but pointed out that the resultant industrial boom would be fictitious in the light of the national economy as a whole. They expressed the conviction that the Far Eastern Commission would be certain to take this situation into account, pointing out that it has promised that the recent decision would not become an obstacle to the payment of Occupation expenses and assurance of a minimum living standard for the people."

REPARATIONS AND THE FUTURE OF THE JAPANESE ECONOMY

An article in the NEW YORK TIMES for 11 June by Lindsey Parrot states that military administrators in Japan as well as many Japanese industrialists are worried over the future of the country's industrial economy after the reparations bill is collected. The article is quoted in part below:

"In one prefecture after another this correspondent listened to the same story, both from the Americans and from Japanese: If all plants now listed for removal to pay war damages were actually removed Japanese industry would virtually cease to exist.

"In one district a thermal electric plant is earmarked for reparations. But it provides all available power for peacetime production during the season when water shortage paralyzes hydroelectric developments. In another it is a chemical factory that provides all chemical fertilizer, now as precious as gold.



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"This is not to say that nothing can be taken. In Kyushu, for example, a Mitsubishi plant which made two-engined bombers is now rushing to integrate itself into the local economy by making light farm machinery. It is true that such machinery is vital, but it is true also that Kyushu had agricultural implements long before it had Mitsubishis. Any plea that such converted purely military plants be regarded as permanent necessities probably is based on wishful Japanese thinking.

"According to almost all administrators on the spot, the United States faces two alternatives: It can heavily scale down removal of Japan's capital plant, permitting Japan to retain enough to export and so feed herself, possibly paying additional reparations from current production. Or it can permit the present program to go through and then either continue to support Japan as a sort of permanent national WPA project or re-equip the defeated nation with new machines to replace aged equipment now earmarked for removal."



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23 June 1947

FAR EASTERN COMMISSION

COMMITTEE NO. 1: REPARATIONS

WEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONS

Note by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 13 June 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

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RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSVALUATION OF REPARATIONS FACILITIESEstimates of Tonnages Available

SCAP reparations allocation work is proceeding on the principle of monetary evaluation - as in the case of German reparations - based on the 1939 yen value, Brig. Gen. William K. Harrison, SCAP Reparations Section chief, told Allied reparations representatives on 16 June, according to a Tokyo news release.

He added that if better means were available, SCAP would certainly use it to decide the allocation ratio of reparations. If the reparations allocation were decided by monetary allocation alone, all figures on tonnage of reparations due various countries would lose meaning altogether.

According to reports from China, a 30 percent advance reparations transfer under the interim program amounts to 3½ million tons. A Chinese reparations representative, Gen. Li Ta-sheng, described the figure as "much exaggerated."

He explained the figures on the total tonnage of the interim program of reparations had been repeatedly revised. First, last September it was announced to be 12 million tons. In November, the figure came down to 5½ million. About one month ago, the SCAP Reparations Executive Board placed the figure at 5,200,000 tons.

So a 30 percent advance reparations transfer under the interim program, in terms of tonnage, totals 1,560,000 instead of 3½ million tons, as the report from China said, and half the advance transfer of 780,000 tons will go to China instead of 1,750,000 tons.

General Li pointed out that the scope of reparations had already been decided by the Far Eastern Commission - 13 kinds of industries consisting of some 1,000 factories.

CHINESE MISSION ASKS FOR PORT EQUIPMENTOne Year to Complete Advance Transfers

The Chinese Mission is asking SCAP permission for an advance drawing of port equipment as reparations to bolster China's port facilities in anticipation of the sudden inflow of reparations goods. All together 47 hoisting machines are claimed for some 14 harbors which had been tentatively designated by the Chinese Government as reparations debarkation points. Machines include 13 floating cranes - three 100 ton and ten 50 ton, and 34 wharf cranes, two 150 ton and twenty 10 ton.



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The 14 designated debarkation points are Shanghai, Nanking, Tsingtao, Tangku, Hulutao, Canton, Kwangchowwan, Yingkow, Hangkow, Amoy, Mawei, Shihweiyao, Keelung, and Takao, with an aggregate annual handling cost of some 80 million tons.

With sufficient shipping and port facilities, China would scarcely accomplish the advance transfer in one year's time, the representative said in illustrating the woeful inadequacy of China's port facilities. It was pointed out that Shanghai, which has an annual handling capacity of 31,810,000 tons, has only one 75 ton, five 30 ton and four 20 ton floating cranes and one 10 ton wharf crane.

Meanwhile a group of Chinese reparations officials started a 10-day tour of south Japan on June 12 to inspect automobile plants, rolling stock and other communication equipment factories. The tour will include Kyoto, Nagoya, Osaka, Kobe and two other cities.

OTHER REPARATIONS CLAIMS PRESSED IN TOKYOWhaling Vessels

A Tokyo news report for 7 June states that Australia's representative on the Allied Council has asked that whaling vessels be included in the preliminary distribution of Japanese reparations payments, but official reports from Tokyo confirmed that the U. S. is strongly opposing Australian claims.

Power Plants

A Tokyo news report for 8 June states that China expects a large number of power plants from Japan as reparations to revamp her tattered power industry, a Chinese reparations representative revealed, asserting that Japan has a number of surplus plants judging from her existing industries. Under the interim reparations program, some 20 power plants were to be divided among four countries. Now the reparations inventory is being revised.

JAPANESE SHIPPINGFuture Japanese Merchant Fleet

A Tokyo news report for 12 June says SCAP has revealed that the amount of shipping allowed Japan following the re-opening of foreign trade will probably not be known until the peace treaty. However, for security reasons it is believed there will be limitations on the tonnage and speed of each ship. This does not mean the over-all tonnage to be exported from Japan but refers to the amount of tons allowed each vessel.

Huge Fishing Fleet Planned

A Tokyo news release for 16 June reports that Japan will possess the largest fishing fleet in her history when SCAP's fishing boat reconstruction program is completed in the fall, according to William C. Herrington, Fishery Division chief in SCAP's Natural Resources Section. The three-boat construction



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program mapped out by SCAP's Fishery Division with the cooperation of the Japanese Fishery Board called for the construction of 268 steel fishing vessels, 17 large wooden tuna boats, and 442 trawlers. In addition, hundreds of wooden vessels of less than 100 tons each, whose reconstruction required no SCAP authorization, are known to be in existence.

When the reconstruction program is concluded, Japan's fishing fleet will comprise 821 tuna boats, 59 trawlers, and 933 boat trawlers - a larger fishing fleet than the highest prewar fleet. Figures show that Japan at one time boasted 850 tuna boats, 61 trawlers and 601 boat trawlers. The war reduced the Japanese fishing fleet to 340 tuna boats, 16 trawlers, and 32 boat trawlers.

Herrington asserted that the expansion of the Japanese fishing fleet does not assure increased production, since Japan's fishing area has been reduced to 40 percent of her prewar fishing waters. Activities of the Japanese fishing fleet, Herrington added, are restricted by the shortage of fuel oil, netting, and other fishing equipment.

Under such handicaps, Herrington said, he would not recommend further construction of the fleet. He warned Japanese shipbuilders that any unauthorized construction of fishing vessels will be declared surplus and be made available for reparations.