

F.E.A.C. DOCUMENTS.  
BOOK 1

TOP SECRET

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TOP SECRET

COPY NO. 37TOP SECRETFEAC 124 October 1945Pages 1 - 11, incl.FAR EASTERN ADVISORY COMMISSIONDIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSNote by the Secretary

1. The enclosure, a Directive to the Supreme Commander for the Allied Powers for enforcing the surrender of Japan, is circulated for the information of the Far Eastern Advisory Commission.

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

SECRETARIAT

FEAC 1

TOP SECRET

13 August 1945  
1000E N C L O S U R EDIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSSigned by the President of the United States

1. In accordance with the agreement among the Governments of the United States, Chinese Republic, United Kingdom, and Union of Soviet Socialist Republics to designate a Supreme Commander for the Allied Powers for the purpose of enforcing the surrender of Japan, you are hereby designated as the Supreme Commander for the Allied Powers.

2. You will require the issuance of a proclamation signed by the Emperor authorizing his representatives to sign the instrument of surrender. The proclamation to be signed should be substantially in the form appended hereto.\* You will take the necessary steps to require and receive from the duly authorized representatives of the Japanese Emperor, the Japanese Government, and the Japanese Imperial General Headquarters the signed instrument of surrender. The text of the instrument of surrender is appended hereto.\*\* You will accept the surrender for the four Governments concerned and in the interests of the other United Nations at war with Japan.

3. I have asked the heads of state of China, Great Britain and the Union of Soviet Socialist Republics each to designate a representative who may be present with you at the time and place of surrender. I have designated Fleet Admiral Chester W. Nimitz to be present as the United States representative for this purpose. As soon as I have received the other designations you will be advised. You will make the appropriate arrangements.

4. Having accepted the general surrender of Japanese armed forces, you will require the Japanese Imperial General Headquarters to issue general orders which will instruct Japanese commanders wherever situated as to the mechanics of surrender

\* Appendix "A"  
\*\* Appendix "B"

and other details effectuating the surrender. You will effect any necessary coordination of arrangements with the Japanese Imperial General Headquarters with regard to the surrenders to the Allied Commanders concerned of Japanese armed forces abroad.

5. From the moment of surrender, the authority of the Emperor and Japanese Government to rule the state will be subject to you and you will take such steps as you deem proper to effectuate the surrender terms.

6. You will exercise supreme command over all land, sea and air forces which may be allocated for enforcement in Japan of the surrender terms by the Allied Powers concerned.

7. Your appointment as Supreme Commander for the Allied Powers is effective upon receipt of this directive.

/s/ Harry S. Truman  
President of the United States  
of America

12 August 1945  
1800APPENDIX "A"PROCLAMATION BY THE EMPEROR OF JAPAN

Accepting the terms set forth in the Declaration issued by the heads of the Governments of the United States, Great Britain and China on July 26, 1945 at Potsdam and subsequently adhered to by the Union of Soviet Socialist Republics, I have commanded the Japanese Imperial Government and the Japanese Imperial General Headquarters to sign on my behalf the instrument of surrender presented by the Supreme Commander for the Allied Powers and to issue General Orders to the Military and Naval forces in accordance with the direction of the Supreme Commander for the Allied Powers. I command all my people forthwith to cease hostilities, to lay down their arms and faithfully to carry out all the provisions of the instrument of surrender and the General Orders issued by the Japanese Imperial General Headquarters thereunder.

12 August 1945  
1800 hours.

APPENDIX "B"

INSTRUMENT OF SURRENDER

1. We, acting by command of and in behalf of the Emperor of Japan, the Japanese Government and the Japanese Imperial General Headquarters, hereby accept the provisions set forth in the declaration issued by the heads of the Governments of the United States, China and Great Britain on 26 July 1945 at Potsdam, and subsequently adhered to by the Union of Soviet Socialist Republics, which four powers are hereafter referred to as the Allied Powers.

2. We hereby proclaim the unconditional surrender to the Allied Powers of the Japanese Imperial General Headquarters and of all Japanese armed forces and all armed forces under Japanese control wherever situated.

3. We hereby command all Japanese forces wherever situated and the Japanese people to cease hostilities forthwith, to preserve and save from damage all ships, aircraft, and military and civil property and to comply with all requirements which may be imposed by the Supreme Commander for the Allied Powers or by agencies of the Japanese Government at his direction.

4. We hereby command the Japanese Imperial General Headquarters to issue at once orders to the Commanders of all Japanese forces and all forces under Japanese control wherever situated to surrender unconditionally themselves and all forces under their control.

5. We hereby command all civil, military and naval officials to obey and enforce all proclamations, orders and directives deemed by the Supreme Commander for the Allied Powers to be proper to effectuate this surrender and issued by him or under his authority and we direct all such officials to remain at their posts and to continue to perform their non-combatant duties unless specifically relieved by him or under his authority.

6. We hereby undertake for the Emperor, the Japanese Government and their successors to carry out the provisions of the Potsdam Declaration in good faith, and to issue whatever orders and take whatever action may be required by the Supreme Commander for the Allied Powers or by any other designated representative of the Allied Powers for the purpose of giving effect to that Declaration.

7. We hereby command the Japanese Imperial Government and the Japanese Imperial General Headquarters at once to liberate all allied prisoners of war and civilian internees now under Japanese control and to provide for their protection, care, maintenance and immediate transportation to places as directed.

8. The authority of the Emperor and the Japanese Government to rule the state shall be subject to the Supreme Commander for the Allied Powers who will take such steps as he deems proper to effectuate these terms of surrender.

Signed at \_\_\_\_\_ at \_\_\_\_\_  
 on the \_\_\_\_\_ day of \_\_\_\_\_, 1945.

\_\_\_\_\_  
 By Command and in behalf of the Emperor of Japan and the Japanese Government.

\_\_\_\_\_  
 By Command and in behalf of the Japanese Imperial General Headquarters.

Accepted at \_\_\_\_\_ at \_\_\_\_\_  
 on the \_\_\_\_\_ day of \_\_\_\_\_, 1945, for the United States, Republic of China, United Kingdom and the Union of Soviet Socialist Republics, and in the interests of the other United Nations at war with Japan.

\_\_\_\_\_  
 Supreme Commander for the Allied Powers.

\_\_\_\_\_  
 United States Representative

\_\_\_\_\_  
 Republic of China Representative

\_\_\_\_\_  
 United Kingdom Representative

\_\_\_\_\_  
 Union of Soviet Socialist Republics Representative



APPENDIX "C"GENERAL ORDER NO. 1MILITARY AND NAVAL

I. The Imperial General Headquarters by direction of the Emperor, and pursuant to the surrender to the Supreme Commander for the Allied Powers of all Japanese armed forces by the Emperor, hereby orders all of its commanders in Japan and abroad to cause the Japanese armed forces and Japanese-controlled forces under their command to cease hostilities at once, to lay down their arms, to remain in their present locations and to surrender unconditionally to commanders acting on behalf of the United States, the Republic of China, the United Kingdom and the British Empire, and the Union of Soviet Socialist Republics, as indicated hereafter or as may be further directed by the Supreme Commander for the Allied Powers. Immediate contact will be made with the indicated commanders, or their designated representatives, subject to any changes in detail prescribed by the Supreme Commander for the Allied Powers, and their instructions will be completely and immediately carried out.

a. The senior Japanese commanders and all ground, sea, air and auxiliary forces within China (excluding Manchuria), Formosa and French Indo-China north of 16° north latitude shall surrender to Generalissimo Chiang Kai-shek.

b. The senior Japanese commanders and all ground, sea, air and auxiliary forces within Manchuria, Korea north of 38° north latitude and Karafuto shall surrender to the Commander in Chief of Soviet Forces in the Far East.

c. The senior Japanese commanders and all ground, sea, air and auxiliary forces within the Andamans, Nicobars, Burma, Thailand, French Indo-China south of

16° north latitude, Malaya, Borneo, Netherlands Indies, New Guinea, Bismarcks, and the Solomons, shall surrender (to the Supreme Allied Commander, Southeast Asia Command or the Commanding General, Australian Forces-- the exact breakdown between Mountbatten and the Australians to be arranged between them and the details of this paragraph then prepared by the Supreme Commander for the Allied Powers).

d. The senior Japanese commanders and all ground, sea, air and auxiliary forces in the Japanese Mandated Islands, Ryukyus, Bonins, and other Pacific Islands shall surrender to the Commander in Chief, U.S. Pacific Fleet.

e. The Imperial General Headquarters, its senior commanders, and all ground, sea, air and auxiliary forces in the main islands of Japan, minor islands adjacent thereto, Korea south of 38° north latitude, and the Philippines shall surrender to the Commander in Chief, U.S. Army Forces in the Pacific.

The above indicated commanders are the only representatives of the Allied Powers empowered to accept surrender, and all surrenders of Japanese Forces shall be made only to them or to their representatives.

The Japanese Imperial General Headquarters further orders its commanders in Japan and abroad to disarm completely all forces of Japan or under Japanese control, wherever they may be situated, and to deliver intact and in safe and good condition all weapons and equipment at such time and at such places as may be prescribed by the Allied Commanders indicated above. (Pending further instructions, the Japanese police force in the main islands of Japan will be exempt from this disarmament provision. The police force will remain at their posts and shall be held responsible for the preservation of law and order. The strength and arms of such a police force will be prescribed.)

II. The Japanese Imperial General Headquarters shall furnish to the Supreme Commander for the Allied Powers, within (time limit) of receipt of this order, complete information with respect to Japan and all areas under Japanese control, as follows:

- a. Lists of all land, air and anti-aircraft units showing locations and strengths in officers and men.
- b. Lists of all aircraft, military, naval and civil, giving complete information as to the number, type, location and condition of such aircraft.
- c. Lists of all Japanese and Japanese-controlled naval vessels, surface and submarine and auxiliary naval craft in or out of commission and under construction giving their position, condition and movement.
- d. Lists of all Japanese and Japanese-controlled merchant ships of over 100 gross tons, in or out of commission and under construction, including merchant ships formerly belonging to any of the United Nations which are now in Japanese hands, giving their position, condition and movement.
- e. Complete and detailed information, accompanied by maps, showing locations and layouts of all mines, minefields, and other obstacles to movement by land, sea or air, and the safety lanes in connection therewith.
- f. Locations and descriptions of all military installations and establishments, including airfields, seaplane bases, anti-aircraft defenses, ports and naval bases, storage depots, permanent and temporary land and coast fortifications, fortresses and other fortified areas.
- g. Locations of all camps and other places of detention of United Nations prisoners of war and civilian internees.

III. Japanese armed forces and civil aviation authorities will insure that all Japanese military, naval and civil aircraft remain on the ground, on the water, or aboard ship, until further notification of the disposition to be made of them.

IV. Japanese or Japanese-controlled naval or merchant vessels of all types will be maintained without damage and will undertake no movement pending instructions from the Supreme Commander for the Allied Powers. Vessels at sea will immediately render harmless and throw overboard explosives of all types. Vessels not at sea will immediately remove explosives of all types to safe storage ashore.

V. Responsible Japanese or Japanese-controlled military and civil authorities will insure that:

a. All Japanese mines, minefields and other obstacles to movement by land, sea and air, wherever located, be removed according to instructions of the Supreme Commander for the Allied Powers.

b. All aids to navigation be reestablished at once.

c. All safety lanes be kept open and clearly marked pending accomplishment of a above.

VI. Responsible Japanese and Japanese-controlled military and civil authorities will hold intact and in good condition pending further instructions from the Supreme Commander for the Allied Powers the following:

a. All arms, ammunition, explosives, military equipment, stores and supplies, and other implements of war of all kinds and all other war material (except as specifically prescribed in Section IV of this order).

b. All land, water and air transportation and communication facilities and equipment.

c. All military installations and establishments, including airfields, seaplane bases, anti-aircraft

defenses, ports and naval bases, storage depots, permanent and temporary land and coast fortifications, fortresses and other fortified areas, together with plans and drawings of all such fortifications, installations and establishments.

✓ d. All factories, plants, shops, research institutions, laboratories, testing stations, technical data, patents, plans, drawings and inventions designed or intended to produce or to facilitate the production or use of all implements of war and other material and property used by or intended for use by any military or para-military organization in connection with its operations.

VII. The Japanese Imperial General Headquarters shall furnish to the Supreme Commander for the Allied Powers, within (time limit) or receipt of this order, complete lists of all the items specified in paragraphs a, b and d of Section VI, above, indicating the numbers, types and locations of each.

VIII. The manufacture and distribution of all arms, ammunition and implements of war will cease forthwith.

IX. With respect to United Nations prisoners of war and civilian internees in the hands of Japanese or Japanese-controlled authorities:

a. The safety and well-being of all United Nations prisoners of war and civilian internees will be scrupulously preserved, to include the administrative and supply services essential to provide adequate food, shelter, clothing, and medical care until such responsibility is undertaken by the Supreme Commander for the Allied Powers;

b. Each camp or other place of detention of United Nations prisoners of war and civilian internees together with its equipment, stores, records, arms, and ammunition

will be delivered immediately to the command of the senior officer or designated representative of the prisoners of war and civilian internees;

c. As directed by the Supreme Commander for the Allied Powers, prisoners of war and civilian internees will be transported to places of safety where they can be accepted by allied authorities;

d. The Japanese Imperial General Headquarters will furnish to the Supreme Commander for the Allied Powers, within (time limit) of the receipt of this order, complete lists of all United Nations prisoners of war and civilian internees, indicating their location.

X. All Japanese and Japanese-controlled military and civil authorities shall aid and assist the occupation of Japan and Japanese-controlled areas by forces of the Allied Powers.

XI. The Japanese Imperial General Headquarters and appropriate Japanese officials shall be prepared, on instructions from Allied occupation commanders, to collect and deliver all arms in the possession of the Japanese civilian population.

XII. This and all subsequent instructions issued by the Supreme Commander for the Allied Forces or other allied military authorities will be scrupulously and promptly obeyed by Japanese and Japanese-controlled military and civil officials and private persons. Any delay or failure to comply with the provisions of this or subsequent orders, and any action which the Supreme Commander for the Allied Powers determines to be detrimental to the Allied Powers, will incur drastic and summary punishment at the hands of allied military authorities and the Japanese Government.

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FEAC 2

COPY NO. 37

24 October 1945

Pages 1 - 12, incl.

FAR EASTERN ADVISORY COMMISSION

UNITED STATES INITIAL POST-SURRENDER POLICY FOR JAPAN

Note by the Secretary

The enclosure, the United States Initial Post-Surrender Policy for Japan, is circulated for the information of the Far Eastern Advisory Commission.

SECRETARIAT

FEAC 2



U. S. INITIAL POST-SURRENDER POLICY FOR JAPANPurpose of this Document

This document is a statement of general initial policy relating to Japan after surrender. It has been approved by the President and distributed to the Supreme Commander for the Allied Powers and to appropriate U.S. departments and agencies for their guidance. It does not deal with all matters relating to the occupation of Japan requiring policy determinations. Such matters as are not included or are not fully covered herein have been or will be dealt with separately.

PART I - Ultimate Objectives

The ultimate objectives of the United States in regard to Japan, to which policies in the initial period must conform, are:

- (a) To insure that Japan will not again become a menace to the United States or to the peace and security of the world.
- (b) To bring about the eventual establishment of a peaceful and responsible government which will respect the rights of other states and will support the objectives of the United States as reflected in the ideals and principles of the Charter of the United Nations. The United States desires that this government should conform as closely as may be to principles of democratic self-government but it is not the responsibility of the Allied Powers to impose upon Japan any form of government not supported by the freely expressed will of the people.

These objectives will be achieved by the following principal means:

- (a) Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined, in accordance with the Cairo Declaration and other agreements to which the United States is or may be a party.
- (b) Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated from her political, economic, and social life. Institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.
- (c) The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly, speech, and the press. They shall also be encouraged to form democratic and representative organizations.
- (d) The Japanese people shall be afforded opportunity to develop for themselves an economy which will permit the peacetime requirements of the population to be met.

PART II - ALLIED AUTHORITY

1. Military Occupation

There will be a military occupation of the Japanese home islands to carry into effect the surrender terms and further the achievement of the ultimate objectives stated above. The occupation shall have the character of an operation in behalf of the principal allied powers acting in the interests of the United Nations at war with Japan. For that reason, participation of the forces of other nations that have taken a leading part in the war against Japan will be welcomed and expected. The occupation forces will be under the command of a Supreme Commander designated by the United States.

Although every effort will be made, by consultation and by constitution of appropriate advisory bodies, to establish policies for the conduct of the occupation and the control of Japan which will satisfy the principal Allied powers, in the event of any differences of opinion among them, the policies of the United States will govern.

2. Relationship to Japanese Government

The authority of the Emperor and the Japanese Government will be subject to the Supreme Commander, who will possess all powers necessary to effectuate the surrender terms and to carry out the policies established for the conduct of the occupation and the control of Japan.

In view of the present character of Japanese society and the desire of the United States to attain its objectives with a minimum commitment of its forces and resources, the Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, to the extent that this satisfactorily furthers United States objectives. The Japanese Government will be permitted, under his instructions, to exercise the normal powers of government in matters of domestic administration. This policy, however,

will be subject to the right and duty of the Supreme Commander to require changes in governmental machinery or personnel or to act directly if the Emperor or other Japanese authority does not satisfactorily meet the requirements of the Supreme Commander in effectuating the surrender terms. This policy, moreover, does not commit the Supreme Commander to support the Emperor or any other Japanese governmental authority in opposition to evolutionary changes looking toward the attainment of United States objectives. The policy is to use the existing form of Government in Japan, not to support it. Changes in the form of Government initiated by the Japanese people or government in the direction of modifying its feudal and authoritarian tendencies are to be permitted and favored. In the event that the effectuation of such changes involves the use of force by the Japanese people or government against persons opposed thereto, the Supreme Commander should intervene only where necessary to ensure the security of his forces and the attainment of all other objectives of the occupation.

3. Publicity as to Policies.

The Japanese people, and the world at large, shall be kept fully informed of the objectives and policies of the occupation, and of progress made in their fulfillment.

PART III - POLITICAL

1. Disarmament and Demilitarization.

Disarmament and demilitarization are the primary tasks of the military occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by the military and naval leaders, and those who collaborated with them, in bringing about the existing and future distress of the people.

Japan is not to have an army, navy, airforce, secret police organization, or any civil aviation. Japan's ground, air and naval forces shall be disarmed and disbanded and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved. Military and naval materiel, military and naval vessels and military and naval installations, and military, naval and civilian aircraft shall be surrendered and shall be disposed of as required by the Supreme Commander.

High officials of the Japanese Imperial General Headquarters, and General Staff, other high military and naval officials of the Japanese Government, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

Militarism and ultra-nationalism, in doctrine and practice, including para-military training, shall be eliminated

from the educational system. Former career military and naval officers, both commissioned and non-commissioned, and all other exponents of militarism and ultra-nationalism shall be excluded from supervisory and teaching positions.

2. War Criminals.

Persons charged by the Supreme Commander or appropriate United Nations Agencies with being war criminals, including those charged with having visited cruelties upon United Nations prisoners or other nationals, shall be arrested, tried and, if convicted, punished. Those wanted by another of the United Nations for offenses against its nationals, shall, if not wanted for trial or as witnesses or otherwise by the Supreme Commander, be turned over to the custody of such other nation.

3. Encouragement of Desire for Individual Liberties and Democratic Processes.

Freedom of religious worship shall be proclaimed promptly on occupation. At the same time it should be made plain to the Japanese that ultra-nationalistic and militaristic organizations and movements will not be permitted to hide behind the cloak of religion.

The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture, and the accomplishments of the United States and the other democracies. Association of personnel of the occupation forces with the Japanese population should be controlled, only to the extent necessary, to further the policies and objectives of the occupation.

Democratic political parties, with rights of assembly and public discussion, shall be encouraged, subject to the necessity for maintaining the security of the occupying forces.

Laws, decrees and regulations which establish discriminations on grounds of race, nationality, creed or political

opinion shall be abrogated; those which conflict with the objectives and policies outlined in this document shall be repealed, suspended or amended as required; and agencies charged specifically with their enforcement shall be abolished or appropriately modified. Persons unjustly confined by Japanese authority on political grounds shall be released. The judicial, legal and police systems shall be reformed as soon as practicable to conform to the policies set forth in Articles 1 and 3 of this Part III and thereafter shall be progressively influenced, to protect individual liberties and civil rights.

PART IV - ECONOMIC

1. Economic Demilitarization.

The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

Therefore, a program will be enforced containing the following elements, among others; the immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon any specialized facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control over selected elements in Japanese economic activity to prevent concealed or disguised military preparation; the elimination in Japan of those selected industries or branches of production whose chief value to Japan is in preparing for war; the prohibition of specialized research and instruction directed to the development of war-making power; and the limitation of the size and character of Japan's heavy industries to its future peaceful requirements, and restriction of Japanese merchant shipping to the extent required to accomplish the objectives of demilitarization.

The eventual disposition of those existing production facilities within Japan which are to be eliminated in accord with this program, as between conversion to other uses, transfer abroad, and scrapping will be determined after inventory. Pending decision, facilities readily convertible for civilian production should not be destroyed, except in emergency situations.

2. Promotion of Democratic Forces.

Encouragement shall be given and favor shown to the development of organizations in labor, industry, and agriculture, organized on a democratic basis. Policies shall be favored which permit a wide distribution of income and of the ownership of the means of production and trade.



Those forms of economic activity, organization and leadership shall be favored that are deemed likely to strengthen the peaceful disposition of the Japanese people, and to make it difficult to command or direct economic activity in support of military ends.

To this end it shall be the policy of the Supreme Commander:

- (a) To prohibit the retention in or selection for places of importance in the economic field of individuals who do not direct future Japanese economic effort solely towards peaceful ends; and
- (b) To favor a program for the dissolution of the large industrial and banking combinations which have exercised control of a great part of Japan's trade and industry.

### 3. Resumption of Peaceful Economic Activity.

The policies of Japan have brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, and the Allies will not undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction, deeply to reform the nature and direction of their economic activities and institutions, and to find useful employment for their people along lines adapted to and devoted to peace. The Allies have no intention of imposing conditions which would prevent the accomplishment of these tasks in due time.

Japan will be expected to provide goods and services to meet the needs of the occupying forces to the extent that this can be effected without causing starvation, widespread

disease and acute physical distress.

The Japanese authorities will be expected, and if necessary directed, to maintain, develop and enforce programs that serve the following purposes:

- (a) To avoid acute economic distress.
- (b) To assure just and impartial distribution of available supplies.
- (c) To meet the requirements for reparations deliveries agreed upon by the Allied Governments.
- (d) To facilitate the restoration of Japanese economy so that the reasonable peaceful requirements of the population can be satisfied.

In this connection, the Japanese authorities on their own responsibility shall be permitted to establish and administer controls over economic activities, including essential national public services, finance, banking, and production and distribution of essential commodities, subject to the approval and review of the Supreme Commander in order to assure their conformity with the objectives of the occupation.

4. Reparations and Restitution.

Reparations.

Reparations for Japanese aggression shall be made:

- (a) Through the transfer--as may be determined by the appropriate Allied authorities--of Japanese property located outside of the territories to be retained by Japan.
- (b) Through the transfer of such goods or existing capital equipment and facilities as are not necessary for a peaceful Japanese economy or the supplying of the occupying forces. Exports other than those directed to be shipped on reparation account or as restitution may be made only to those recipients who agree to provide necessary

imports in exchange or agree to pay for such exports in foreign exchange. No form of reparation shall be exacted which will interfere with or prejudice the program for Japan's demilitarization.

Restitution.

Full and prompt restitution will be required of all identifiable looted property.

5. Fiscal, Monetary, and Banking Policies.

The Japanese authorities will remain responsible for the management and direction of the domestic fiscal, monetary, and credit policies subject to the approval and review of the Supreme Commander.

6. International Trade and Financial Relations.

Japan shall be permitted eventually to resume normal trade relations with the rest of the world. During occupation and under suitable controls, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes, and to export goods to pay for approved imports.

Control is to be maintained over all imports and exports of goods, and foreign exchange and financial transactions. Both the policies followed in the exercise of these controls and their actual administration shall be subject to the approval and supervision of the Supreme Commander in order to make sure that they are not contrary to the policies of the occupying authorities, and in particular that all foreign purchasing power that Japan may acquire is utilized only for essential needs.

Japanese Property Located Abroad

Existing Japanese external assets and existing Japanese assets located in territories detached from Japan under the

terms of surrender, including assets owned in whole or part by the Imperial Household and Government, shall be revealed to the occupying authorities and held for disposition according to the decision of the Allied authorities.

8. Equality of Opportunity for Foreign Enterprise within Japan.

The Japanese authorities shall not give, or permit any Japanese business organization to give, exclusive or preferential opportunity or terms to the enterprise of any foreign country, or cede to such enterprise control of any important branch of economic activity.

9. Imperial Household Property.

Imperial Household property shall not be exempted from any action necessary to carry out the objectives of the occupation.

FEAC 2/1COPY NO. 246 November 1945Pages 13 - 15, incl.FAR EASTERN ADVISORY COMMISSIONNEW ZEALAND'S GENERAL POLICY WITH REGARD TO JAPANReference: a. FEAC 2Note by the Secretary General

The enclosure, presented by the New Zealand Representative, is circulated for the information of the Far Eastern Advisory Commission.

NELSON T. JOHNSON  
Secretary General

FEAC 2/1FEAC  
2/1

E N C L O S U R ENEW ZEALAND'S GENERAL POLICY WITH REGARD TO JAPANMemorandum by the  
New Zealand Representative, Far Eastern Advisory Commission

The New Zealand Government in general warmly supports the United States' statement on post-surrender policy for Japan approved by the President on September 6th, and considers that there should be no retraction from it and that the terms should not in any way be softened.

ULTIMATE OBJECTIVES:

New Zealand's aim is to secure a condition of peace in which the territorial integrity and political independence of every country in the Pacific is protected against external aggression. For this purpose Japan must be eliminated as a military power. Japan's sovereignty should be limited to the Home islands and the nation must be completely disarmed and demilitarised. The influence of militarism and the spirit of aggression must be totally eliminated from political, economic and social life. The Japanese people should be encouraged to develop a desire to govern themselves democratically by representative organisations and to respect fundamental human rights, particularly freedom of religion, of assembly, and of speech.

POLITICAL:

It will be necessary to effect radical changes in Japanese political, social and economic institutions in order to prevent the re-birth of Japanese aggression, and to promote conditions that will ensure that a co-operative Japan may later come into being.

Because of the close inter-relation of the ruling groups in Japan and their direction under the Emperor to an external policy of aggression, it may be dangerous to preserve established

institutions for the purpose of ensuring stability in Japan. Rather than wait on the emergence of effective moderate elements among the existing ruling groups, New Zealand would prefer a policy that would ensure radical changes in Japanese institutions as a necessary preliminary to the emergence of a democratic and law-abiding Japan. Such a plan might well involve heavy commitments, but the alternative may well be heavier commitments at some future time.

ECONOMIC:

There must be substantial agrarian reform and a more extended ownership of the means of production and of financial and similar organisations. The monopolies of the great corporations, whose directors have been willing partners in Japan's aggressive plans, must be broken down, not only for the sake of general security in the Pacific, but also for the well-being of the Japanese people themselves.

Japan's productive activity in excess of peace-time requirements in heavy industry, in the chemical industry and in any other industry possessing special value for war-making purposes should be firmly restricted and supervised. There should be imposed a strict control over Japanese scientific activities having warlike potentialities. Production imports and exports should be strictly controlled. There should be an especially rigorous control of ship-building. Effective measures should be taken to secure a wider and more equitable distribution of income, to increase the standards of living and the consumption of the poorer classes, and to establish and improve conditions and remuneration of labour. Economic disarmament and control should be continued as long as necessary, and the final disposition of the whole Japanese economy, including access to raw materials, should be settled on a basis that will encourage the growth of democratic tendencies.

GENERAL:

Reparations on an adequate scale should be insisted upon,

and there should be strict punishment of all war criminals, including those responsible for the crime of making war, as well as those guilty of offences against the laws of war. The New Zealand Government attaches much importance to countering any attempt to create a myth that Japan has not been defeated, or any tendency to play off any one or more of the Allied Powers against another or others.



FEAC 2/2COPY NO. 2427 November 1945Pages 16 - 28, incl.FAR EASTERN ADVISORY COMMISSIONUNITED STATES INITIAL POST-SURRENDER POLICY FOR JAPANReferences: a. FEAC 2  
b. WCI-1/5  
c. WCI-1/14FEAC  
2/2Note by the Secretary General

The enclosure, a report by Working Committee No. 1, is circulated for consideration by the Far Eastern Advisory Commission.

NELSON T. JOHNSON  
Secretary GeneralFEAC 2/2

ENCLOSURE

Washington, D. C.

24th November, 1945.

My dear General,

I attach for the consideration of the Commission the third report of the Committee established for the purpose of reviewing Japanese occupation policies, directives and their implementation. The Committee gave authority to a Sub-committee to report its general views direct to the Commission, the Sub-committee consisting of representatives of the United States, China and Australia.

This report consolidates previous reports which have been revised in the light of the views expressed at meetings of the Commission.

The report takes the form of a statement of principles of general post-surrender policy for Japan. It contains -

- Part I Ultimate Objectives.
- Part II Allied Authority.
- Part III Political.
- Part IV Economic.

This statement has now received very full consideration and I feel that it should be adopted as the document emanating from the Far Eastern Commission as its First Report.

I wish to place on record my appreciation of the contribution made to the work of the Committee by members of all Delegations.

Yours faithfully,

H. V. EVATT

(Chairman of Committee I)

The Chairman,  
Far Eastern Commission,  
Washington, D. C.

A P P E N D I XUNITED STATES INITIAL POST-SURRENDER POLICY FOR JAPANReport by Working Committee No. IPREAMBLE

WHEREAS on September 2, 1945 Japan surrendered unconditionally to the Allied Powers and is now under military occupation by forces of these powers under the command of General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers, and WHEREAS the countries which were actively engaged in the war against Japan have on the initiative of the United States of America met together at Washington as a Far Eastern Commission, to make recommendations and decisions in relation to the occupation,

THESE NATIONS, namely, Australia, Canada, China, France, India, The Netherlands, New Zealand, The Philippines, The United Kingdom, and The United States of America,

WITH THE OBJECT of fulfilling the intentions of the Potsdam Declaration, of carrying out the instrument of surrender and of establishing international security and stability,

CONSCIOUS that such security and stability depend first upon the complete destruction of the military machine which has been the chief means whereby Japan has carried out the aggressions of past decades; and second, upon bringing the Japanese to a realization that their will to war, their plans of conquest, and the methods used to accomplish their national purposes, have brought them to the threshold of annihilation; and upon leading them to a desire and a determination to abandon militarism in spirit and in all of its aspects;

ALSO CONSCIOUS that Japan cannot be allowed to control her own destinies again without endangering international security and stability until there is on her part goodwill and a desire to live with the rest of the world in peace;

ARE AGREED that it is their considered policy:

- (1) To ensure the fulfillment of Japan's obligations to the Allied Powers;
- (2) To complete the task of physical and spiritual demilitarization of Japan by measures including total disarmament, economic reform designed to deprive Japan of power to make war, elimination of militaristic influences, and stern justice to war criminals, and requiring a period of strict control;
- (3) To help the people of Japan in their own interest as well as that of the world at large to find means whereby they may develop within the framework of a democratic society an intercourse among themselves and with other countries along economic and cultural lines that will (a) enable them to satisfy their reasonable individual and national needs and (b) bring them into permanently peaceful relationship with all nations

AND HAVE ADOPTED the following as their basic objectives and policies in dealing with Japan:

- - -

This document is a statement of general policy relating to Japan after surrender. It does not deal with all matters relating to the occupation of Japan requiring policy determinations. Such matters as are not included or are not fully covered will be dealt with separately.

The extent to which the decisions and recommendations of the Far Eastern Advisory Commission will be given effect will be determined in the Terms of Reference which will also indicate the nature and extent of the reserve authority of the Supreme Commander.

#### PART I - ULTIMATE OBJECTIVES

The ultimate objectives in relation to Japan of the nations which have participated in the war against Japan, to which initial policies for the surrender period should conform, are:

- (a) To insure that Japan will not again become a menace to the peace and security of the world.
- (b) To bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations Organization. Such government in Japan should be established in accordance with the freely expressed will of the Japanese people.

These objectives will be achieved by the following principal means:

- (a) Japan's sovereignty will be limited to the islands

of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined, in accordance with the Cairo Declaration and other agreements among nations which have participated in the war against Japan.

- (b) Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated. All institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.
- (c) The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly and association, speech and the press. They shall also be encouraged to form democratic and representative organizations.
- (d) Japan shall be permitted to maintain such industries as will sustain her economy and permit the execution of just reparations in kind, but not those which would enable her to rearm for war. To this end access to, as distinguished from control of, raw materials should be permitted. Eventual Japanese participation in world trade relations will be permitted.

## PART II - ALLIED AUTHORITY

### 1. Military Occupation.

There will be a military occupation of the Japanese home islands to carry into effect the surrender terms and further the achievement of the ultimate objectives stated above. The occupation shall have the character of an operation in behalf of the powers that have actively participated in the war against Japan. The principle of participation in the occupation of Japan by forces of these nations is affirmed. The occupation forces will be under the command of a Supreme Commander designated by the United States.

## 2. Relationship to Japanese Government.

The authority of the Emperor and the Japanese Government will be subject to the Supreme Commander, who will possess all powers necessary to effectuate the surrender terms and to carry out the policies established for the conduct of the occupation and the control of Japan.

The Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, but only to the extent that this satisfactorily furthers the objectives stated above. According to the judgment and discretion of the Supreme Commander, the Japanese government may be permitted to exercise the normal powers of government in matters of domestic administration, or the Supreme Commander may in any case direct action to be taken without making use of the agencies of the Japanese government. It is the right and duty of the Supreme Commander to require changes in governmental machinery or personnel if, in his opinion, such changes are necessary to effectuate the surrender terms or the policies contained in this document. The Supreme Commander is not committed to support the Emperor or any other Japanese governmental authority. The policy is to use the existing form of government in Japan and not to support it. Changes in the form of government in the direction of modifying or removing its feudal and authoritarian character and of establishing a democratic Japan are to be encouraged. In the event that the effectuation of such changes involves the use of force by the Japanese people, the Supreme Commander should intervene only where necessary to ensure the security of his forces and the attainment of the objectives of the occupation.

## 3. Protection of United Nations Interests.

The Supreme Commander shall protect the interests, assets and rights of all Powers which have participated in the war against Japan and of their nationals. Except in emergency, no action prejudicial to those interests, assets, or rights

shall be taken without prior consultation with the Allied Government concerned.

4. Publicity as to Policies.

The peoples of the nations which have participated in the war against Japan, the Japanese people, and the world at large shall be kept fully informed of the objectives and policies of the occupation, and of progress made in their fulfillment.

PART III - POLITICAL.

1. Disarmament and Demilitarization.

Disarmament and demilitarization are the initial tasks of the military occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by those who have deceived and misled them into embarking on world conquest, and those who collaborated in so doing.

Japan is not to have an army, navy, airforce, secret police organization, or any civil aviation. Japan's ground, air and naval forces shall be disarmed and disbanded and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved. Military and naval materiel, military and naval vessels and military and naval installations, and military, naval and civilian aircraft shall be surrendered and shall be disposed of as required by the Supreme Commander. Inventories shall be made and inspections authorized to insure the complete execution of these provisions.

High officials of the Japanese Imperial General Headquarters, and General Staff, other high military and naval officials of the Japanese Government, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and



excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

Militarism and ultra-nationalism, in doctrine and practice, including para-military training, shall be eliminated from the educational system. Former career military and naval officers, both commissioned and non-commissioned, and all other exponents of militarism and ultra-nationalism shall be excluded from supervisory and teaching positions.

2. War Criminals.

Stern justice shall be meted out to all war criminals, including those who visited cruelties upon United Nations prisoners of war or other nationals. Persons charged by the Supreme Commander, or appropriate United Nations Agencies with being war criminals, shall be arrested, tried and, if convicted, punished. Those wanted by another of the United Nations for offenses against its nationals, shall, if not wanted for trial or as witnesses or otherwise by the Supreme Commander, be turned over to the custody of such other nation.

3. Encouragement of Desire for Individual Liberties and Democratic Processes.

Freedom of worship and observance of all religions shall be proclaimed and guaranteed for the future. It should also be made plain to the Japanese that ultra-nationalistic and militaristic organizations and movements will not be permitted to hide behind the cloak of religion.

The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture and the accomplishments of the democracies.

Obstacles to the revival and strengthening of democratic tendencies among the Japanese people shall be removed.

Democratic political parties, with rights of assembly and public discussion, and the formation of trade unions shall be encouraged, subject to the necessity for maintaining the security of the occupying forces.

Laws, decrees, and regulations which establish discrimination on grounds of race, nationality, creed or political opinion shall be abrogated; those which conflict with the objectives and policies outlined in this document shall be repealed, suspended or amended as required, and agencies charged specifically with their enforcement shall be abolished or appropriately modified. Persons unjustly confined by Japanese authority on political grounds shall be released. The judicial, legal and police systems shall be reformed as soon as practicable to conform to the policies set forth herein and it shall be the duty of all judicial, legal and police officers to protect individual liberties and civil rights.

#### PART IV - ECONOMIC

##### 1. Economic Demilitarization.

The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

Therefore, a program will be enforced containing the following elements, among others, the immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control designed to prevent concealed or disguised military preparation; the elimination in Japan of those industries or branches of production which would enable Japan to rearm for war; and the prohibition of research and instruction likely to result in the development of war-making power. Japan shall be restricted to the maintenance of those industries which will sustain her economy and permit the exaction of just reparations in kind.

The eventual disposition of those existing production facilities within Japan which are to be eliminated in accord with this program, as between transfer abroad for the purpose of reparations, scrapping, and conversion to other uses, will be determined after inventory. Pending decision, no such facilities either suitable for transfer abroad or readily convertible for civilian use, shall be destroyed except in emergency situations.

2. Promotion of Democratic Forces.

Organizations of labor in industry and agriculture, organized on a democratic basis, shall be encouraged. Policies shall be laid down with the object of insuring a wide and just distribution of income and of the ownership of the means of production and trade.

Encouragement shall be given those forms of economic activity, organization and leadership deemed likely to strengthen the democratic forces in Japan and to prevent economic activity from being used in support of military ends.

To this end it shall be the policy of the Supreme Commander:

- (a) To prohibit the retention in important positions in the economic field of individuals who because of their past associations cannot be trusted to direct Japanese economic effort solely towards peaceful ends; and
- (b) To require a program for the dissolution of the large industrial and banking combinations accompanied by their progressive replacement by organizations which would widen the basis of control and ownership.

3. Resumption of Peaceful Economic Activity.

The policies of Japan have brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, and the Allies will not

undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction and basically to reform the nature and direction of their economic activities and institutions.

Japan will be expected to provide goods and services to meet the needs of the occupying forces to the extent that this can, in the judgment of the Supreme Commander, be effected without causing starvation, wide-spread disease and acute physical distress.

The Japanese authorities will be expected, and if necessary directed, to maintain, develop and enforce programs which, subject to the approval of the Supreme Commander, are designed to serve the following purposes:

- (a) To avoid acute economic distress.
- (b) To assure just and impartial distribution of available supplies.
- (c) To meet the requirements for reparations deliveries agreed upon by the Allied Governments.
- (d) To make such provision for the needs of the Japanese population as may be possible in the light of supplies available and reparations obligations to other peoples agreed upon by the Allied Governments

#### 4. Reparations and Restitution.

##### Reparations.

Reparations for Japanese aggression shall be made:

- (a) Through the transfer--as may be determined by the appropriate Allied authorities--of Japanese property located outside of the area to be retained by Japan.
- (b) Through the transfer of such goods or capital equipment and facilities as exist or may in future be produced in Japan and should in the opinion of Allied authorities be made available for this

purpose. No form of reparation shall be exacted which will interfere with or prejudice the program for Japan's demilitarization.

In the allocation and transfer of property abroad for reparations, special consideration shall be given to the needs of those Allied Powers which suffered heavily as a result of Japanese aggression.

Restitution.

Full and prompt restitution will be required of all identifiable property, looted, delivered under duress, or paid for in worthless currency.

5. Fiscal, Monetary, and Banking Policies.

While the Japanese authorities will remain responsible for the management and direction of the domestic fiscal, monetary, and credit policies, this responsibility is subject to the approval and review of the Supreme Commander, and wherever necessary, to his direction.

6. International Trade and Financial Relations.

Eventual Japanese participation in world trade relations shall be permitted. During occupation and under suitable controls and subject to the prior requirements of the peoples of countries which have participated in the war against Japan, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes. Japan will also be permitted under suitable controls to export goods to pay for approved imports.

Control is to be maintained over all imports and exports of goods, and foreign exchange and financial transactions. Both the policies followed in the exercise of these controls and their actual administration shall be subject to the approval, supervision and, if necessary, direction of the Supreme Commander in order to make sure that they are not contrary to the policies of the occupying authorities, and in particular that all foreign purchasing power that Japan may acquire is utilized only for essential needs.

7. Japanese Property Located Abroad.

Existing Japanese external assets and existing Japanese assets located in territories detached from Japan under the terms of surrender, including assets owned in whole or part by the Imperial Household and Government, shall be disclosed to the occupying authorities and held for disposition according to the decision of the Allied authorities.

8. Equality of Opportunity for Foreign Enterprise within Japan.

The Japanese authorities shall give all business organizations whether Japanese or foreign equal opportunity to engage in trade and shall be required to give equality of treatment as amongst nationals of all states which have actively participated in the war against Japan both in the domestic and the overseas trade and commerce of Japan.

9. Imperial Household Property.

Imperial Household property shall not be exempted from any action necessary to carry out the objectives of the occupation.

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FEAC 2/3COPY NO. 130 November 1945Pages 29 - 41, incl.FAR EASTERN ADVISORY COMMISSIONPOST-SURRENDER POLICY FOR JAPAN

References: a. FEAC 2  
b. WC1-1/5  
c. WC1-1/14  
d. FEAC 2/2

FEAC  
2/3Note by the Secretary General

The enclosure, a revision of FEAC 2/2 to incorporate changes directed by the Commission at its seventh meeting, is circulated to the Commission for consideration and acceptance as a document suitable for reference to governments.

NELSON T. JOHNSON,  
Secretary General.

FEAC 2/3

E N C L O S U R EAUSTRALIAN LEGATION,  
WASHINGTON, D. C.

29th November 1945

My dear General,

In accordance with the decision of the Commission at its 7th meeting, the Sub-committee has met and made drafting changes in the report of Committee 1 on basic policy.

I am attaching the report which is entitled "Post-Surrender Policy for Japan" and includes the Preamble which was also given consideration by the Commission.

This document is now ready for final consideration and action by the Commission at its next meeting.

Yours sincerely,

(Sgd) H. V. Evatt

H. V. EVATT  
(Chairman of Committee 1)

The Chairman,  
Far Eastern Commission,  
Washington



A P P E N D I X

This document is a statement of general policy relating to Japan after surrender. It does not deal with all matters relating to the occupation of Japan requiring policy determinations. Such matters as are not included or are not fully covered will be dealt with separately.

The extent to which the decisions and recommendations of the Far Eastern Advisory Commission will be given effect will be determined in the Terms of Reference which will also indicate the nature and extent of the reserve authority of the Supreme Commander.

PREAMBLE

WHEREAS on September 2, 1945, Japan surrendered unconditionally to the Allied Powers and is now under military occupation by forces of these powers under the command of General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers, and

WHEREAS representatives of the following nations, namely, Australia, Canada, China, France, India, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States of America, which were engaged in the war against Japan, have on the initiative of the United States of America met together at Washington as a Far Eastern Commission, to make recommendations and decisions in relation to the occupation;

THE NATIONS COMPRISING THIS COMMISSION, with the object of fulfilling the intentions of the Potsdam Declaration, of carrying out the instrument of surrender and of establishing international security and stability,

CONSCIOUS that such security and stability depend first upon the complete destruction of the military machine which has been the chief means whereby Japan has carried out the aggressions of past decades; and second, upon bringing the Japanese to a realization that their will to war, their plan of conquest, and the methods used to accomplish such plans, have brought them to the verge of ruin,

RESOLVED that Japan cannot be allowed to control her own destinies again until there is on her part a determination to abandon militarism in all its aspects and a desire to live with the rest of the world in peace;

ARE THEREFORE AGREED:

To ensure the fulfillment of Japan's obligations to the Allied Powers;

To complete the task of physical and spiritual demilitarization of Japan by measures including total disarmament,

economic reform designed to deprive Japan of power to make war, elimination of militaristic influences, and stern justice to war criminals, and requiring a period of strict control; and

To help the people of Japan in their own interest as well as that of the world at large to find means whereby they may develop within the framework of a democratic society an intercourse among themselves and with other countries along economic and cultural lines that will enable them to satisfy their reasonable individual and national needs and bring them into permanently peaceful relationship with all nations

AND HAVE ADOPTED the following basic objectives and policies in dealing with Japan:

#### PART I - ULTIMATE OBJECTIVES

The ultimate objectives in relation to Japan, to which initial policies for the surrender period should conform, are:

- (a) To insure that Japan will not again become a menace to the peace and security of the world.
- (b) To bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations Organization. Such government in Japan should be established in accordance with the freely expressed will of the Japanese people.

These objectives will be achieved by the following principal means:

- (a) Japan's sovereignty will be limited to the islands

of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined, in accordance with the Cairo Declaration and other binding international agreements.

- (b) Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated. All institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.
- (c) The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly and association, speech and the press. They shall also be encouraged to form democratic and representative organizations.
- (d) Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war. To this end access to, as distinguished from control of, raw materials should be permitted. Eventual Japanese participation in world trade relations will be permitted.

## PART II - ALLIED AUTHORITY

### 1. Military Occupation.

There will be a military occupation of the Japanese home islands to carry into effect the surrender terms and further the achievement of the ultimate objectives stated above. The occupation shall have the character of an operation in behalf of the powers that have participated in the war against Japan. The principle of participation in the occupation of Japan by forces of these nations is affirmed. The occupation forces will be under the command of a Supreme Commander designated by the United States.

## 2. Relationship to Japanese Government.

The authority of the Emperor and the Japanese Government will be subject to the Supreme Commander, who will possess all powers necessary to effectuate the surrender terms and to carry out the policies established for the conduct of the occupation and the control of Japan.

The Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, but only to the extent that this satisfactorily furthers the objectives stated above. According to the judgment and discretion of the Supreme Commander, the Japanese government may be permitted to exercise the normal powers of government in matters of domestic administration, or the Supreme Commander may in any case direct action to be taken without making use of the agencies of the Japanese government. It is the right and duty of the Supreme Commander to require changes in governmental machinery or personnel if, in his opinion, such changes are necessary to effectuate the surrender terms or the policies contained in this document. The Supreme Commander is not committed to support the Emperor or any other Japanese governmental authority. The policy is to use the existing form of government in Japan and not to support it. Changes in the form of government in the direction of modifying or removing its feudal and authoritarian character and of establishing a democratic Japan are to be encouraged. In the event that the effectuation of such changes involves the use of force by the Japanese people, the Supreme Commander should intervene only where necessary to ensure the security of his forces and the attainment of the objectives of the occupation.

## 3. Protection of United Nations Interests.

It shall be the duty of the Supreme Commander to protect the interests, assets and rights of all Powers which have participated in the war against Japan and of their nationals

4. Publicity as to Policies.

The peoples of the nations which have participated in the war against Japan, the Japanese people, and the world at large shall be kept fully informed of the objectives and policies of the occupation, and of progress made in their fulfillment.

PART III - POLITICAL.

1. Disarmament and Demilitarization.

Disarmament and demilitarization are the initial tasks of the military occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by those who have deceived and misled them into embarking on world conquest, and those who collaborated in so doing.

Japan is not to have an army, navy, airforce, secret police organization, or any civil aviation. Japan's ground, air and naval forces shall be disarmed and disbanded and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved. Military and naval materiel, military and naval vessels and military and naval installations, and military, naval and civilian aircraft shall be surrendered and shall be disposed of as required by the Supreme Commander. Inventories shall be made and inspections authorized to insure the complete execution of these provisions.

High officials of the Japanese Imperial General Headquarters, and General Staff, other high military and naval officials of the Japanese Government, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and

excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

Militarism and ultra-nationalism, in doctrine and practice, including para-military training, shall be eliminated from the educational system. Former career military and naval officers, both commissioned and non-commissioned, and all other exponents of militarism and ultra-nationalism shall be excluded from supervisory and teaching positions.

2. War Criminals.

Stern justice shall be meted out to all war criminals, including those who visited cruelties upon United Nations prisoners of war or other nationals. Persons charged by the Supreme Commander, or appropriate United Nations Agencies with being war criminals, shall be arrested, tried and, if convicted, punished. Those wanted by another of the United Nations for offenses against its nationals, shall, if not wanted for trial or as witnesses or otherwise by the Supreme Commander, be turned over to the custody of such other nation.

3. Encouragement of Desire for Individual Liberties and Democratic Processes.

Freedom of worship and observance of all religions shall be proclaimed and guaranteed for the future. It should also be made plain to the Japanese that ultra-nationalistic and militaristic organizations and movements will not be permitted to hide behind the cloak of religion.

The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture and the accomplishments of the democracies.

Obstacles to the revival and strengthening of democratic tendencies among the Japanese people shall be removed.

Democratic political parties, with rights of assembly and public discussion, and the formation of trade unions shall be encouraged, subject to the necessity for maintaining the security of the occupying forces.

Laws, decrees, and regulations which establish discrimination on grounds of race, nationality, creed or political opinion shall be abrogated; those which conflict with the objectives and policies outlined in this document shall be repealed, suspended or amended as required, and agencies charged specifically with their enforcement shall be abolished or appropriately modified. Persons unjustly confined by Japanese authority on political grounds shall be released. The judicial, legal and police systems shall be reformed as soon as practicable to conform to the policies set forth herein and it shall be the duty of all judicial, legal and police officers to protect individual liberties and civil rights.

#### PART IV - ECONOMIC

##### 1. Economic Demilitarization.

The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

Therefore, a program will be enforced containing the following elements, among others, the immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control designed to prevent concealed or disguised military preparation; the elimination in Japan of those industries or branches of production which would enable Japan to rearm for war; and the prohibition of research and instruction likely to result in the development of war-making power. Japan shall be restricted to the maintenance of those industries which will sustain her economy and permit the exaction of just reparations in kind.



The eventual disposition of those existing production facilities within Japan which are to be eliminated in accord with this program, as between transfer abroad for the purpose of reparations, scrapping, and conversion to other uses, will be determined after inventory. Pending decision, no such facilities either suitable for transfer abroad or readily convertible for civilian use, shall be destroyed except in emergency situations.

2. Promotion of Democratic Forces.

Organizations of labor in industry and agriculture, organized on a democratic basis, shall be encouraged. Policies shall be laid down with the object of insuring a wide and just distribution of income and of the ownership of the means of production and trade.

Encouragement shall be given those forms of economic activity, organization and leadership deemed likely to strengthen the democratic forces in Japan and to prevent economic activity from being used in support of military ends.

To this end it shall be the policy of the Supreme Commander:

- (a) To prohibit the retention in important positions in the economic field of individuals who because of their past associations cannot be trusted to direct Japanese economic effort solely towards peaceful ends; and
- (b) To require a program for the dissolution of the large industrial and banking combinations accompanied by their progressive replacement by organizations which would widen the basis of control and ownership.

3. Resumption of Peaceful Economic Activity.

The policies of Japan have brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, and the Allies will not

undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction and basically to reform the nature and direction of their economic activities and institutions.

Japan will be expected to provide goods and services to meet the needs of the occupying forces to the extent that this can, in the judgment of the Supreme Commander, be effected without causing starvation, wide-spread disease and acute physical distress.

The Japanese authorities will be expected, and if necessary directed, to maintain, develop and enforce programs which, subject to the approval of the Supreme Commander, are designed to serve the following purposes:

- (a) To avoid acute economic distress.
- (b) To assure just and impartial distribution of available supplies.
- (c) To meet the requirements for reparations deliveries agreed upon by the Allied Governments.
- (d) To make such provision for the needs of the Japanese population as may be deemed reasonable by the Allied authorities in the light of supplies available and obligations to other peoples.

#### 4. Reparations and Restitution.

##### Reparations.

Reparations for Japanese aggression shall be made:

- (a) Through the transfer--as may be determined by the appropriate Allied authorities--of Japanese property located outside of the area to be retained by Japan.
- (b) Through the transfer of such goods or capital equipment and facilities as exist or may in future be produced in Japan and should in the opinion of Allied authorities be made available for this

purpose. No form of reparation shall be exacted which will interfere with or prejudice the program for Japan's demilitarization.

In the allocation and transfer of property abroad for reparations, special consideration shall be given to the needs of those Allied Powers which suffered heavily as a result of Japanese aggression.

Restitution.

Full and prompt restitution will be required of all identifiable property, looted, delivered under duress, or paid for in worthless currency.

5. Fiscal, Monetary, and Banking Policies.

While the Japanese authorities will remain responsible for the management and direction of the domestic fiscal, monetary, and credit policies, this responsibility is subject to the approval and review of the Supreme Commander, and wherever necessary, to his direction.

6. International Trade and Financial Relations.

Eventual Japanese participation in world trade relations shall be permitted. During occupation and under suitable controls and subject to the prior requirements of the peoples of countries which have participated in the war against Japan, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes. Japan will also be permitted under suitable controls to export goods to pay for approved imports.

Control is to be maintained over all imports and exports of goods, and foreign exchange and financial transactions. Both the policies followed in the exercise of these controls and their actual administration shall be subject to the approval, supervision and, if necessary, direction of the Supreme Commander in order to make sure that they are not contrary to the policies of the occupying authorities, and in particular that all foreign purchasing power that Japan may acquire is utilized only for essential needs.

7. Japanese Property Located Abroad.

Existing Japanese external assets and existing Japanese assets located in territories detached from Japan under the terms of surrender, including assets owned in whole or part by the Imperial Household and Government, shall be disclosed to the occupying authorities and held for disposition according to the decision of the Allied authorities.

8. Equality of Opportunity for Foreign Enterprise within Japan.

The Japanese authorities shall give all business organizations whether Japanese or foreign equal opportunity to engage in trade and shall be required to give equality of treatment as amongst nationals of all states which have actively participated in the war against Japan both in the domestic and the overseas trade and commerce of Japan.

9. Imperial Household Property.

Imperial Household property shall not be exempted from any action necessary to carry out the objectives of the occupation.

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FAR EASTERN COMMISSION

December 14, 1945

MEMORANDUM TO ALL MEMBERS:

SUBJECT: Comments of Member Governments on FEAC 2/3.

REFERENCE: Record of the Ninth Meeting of the Far Eastern Commission.

The Secretary General desires to call the attention of the representatives on the Far Eastern Commission to the request of the Chairman that each representative should solicit the comments of his Government and forward them to the Secretariat for circulation to the Commission by December 20, 1945. The Secretariat will be very glad to receive these comments for circulation at any time prior to December 20, in order that they may be ready for consideration by the Commission in its meeting scheduled for Friday, December 21, at 10:30 A.M. in Room 285, State Department Building.

NELSON T. JOHNSON  
Secretary General

NTJ/pmw/l/n

FEAC  
2/3  
(Comm.)

FEC 2/4

18 December 1945

FAR EASTERN COMMISSION

POST-SURRENDER POLICY FOR JAPAN

Reference: a. FEAC 2/3

Note by the Secretary General

The Secretary General was today informed by the Honorable Mr. Berendsen that the New Zealand Government was prepared to accept FEAC 2/3 subject to appropriate adjustment in accordance with the reservation made on behalf of New Zealand to clause (a) appearing on the last line of page 32 and the first four lines of page 33, as recorded on page 1 of the Record of the eighth meeting.

NELSON T. JOHNSON  
Secretary General

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18 December 1945

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FAR EASTERN COMMISSION

POST-SURRENDER POLICY FOR JAPAN

Reference: a. FEAC 2/3

Note by the Secretary General

The enclosure, a memorandum containing an amendment to FEAC 2/3 proposed by the Government of India, is circulated to the Commission for information.

NELSON T. JOHNSON  
Secretary General

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E N C L O S U R EM E M O R A N D U M

The Government of India propose that the last sentence of Part 2, paragraph 2, of the draft statement of general policy relating to Japan be omitted. The sentence reads as follows:

"In the event that the effectuation of such changes involve the use of force by the Japanese people, the Supreme Commander should intervene only where necessary to ensure the security of his forces and the attainment of the objectives of the occupation."

The Supreme Commander's duty to ensure the security of his forces in all circumstances is elementary and self-evident. What action may become necessary on his part if the Japanese people resort to force to establish a democratic system of Government will depend upon circumstances which cannot possibly be envisaged now, and, in the opinion of the Government of India, it would be wiser to deal with such a situation as and when it arises.



FEC 2/620 December 1945FAR EASTERN COMMISSIONPOST-SURRENDER POLICY FOR JAPANReference: a. FEAC 2/3Note by the Secretary General

The Secretary General was today informed by Sir Frederic Eggleston that the Australian Government made a reservation in connection with the phrase "and other binding international agreements" in the fourth line of page 33 of FEAC 2/3, and that the Australian Government interpreted a "binding agreement" as an agreement which it had signed.

NELSON T. JOHNSON  
Secretary General

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*Mr. Weigle*CONFIDENTIALCOPY NO. 57FEC 2/720 December 1945FAR EASTERN COMMISSIONPOST-SURRENDER POLICY FOR JAPANReference: a. FEAC 2/3Note by the Secretary General

The enclosure, a memorandum containing amendments to FEAC 2/3 proposed by the Government of the United States, is circulated to the Commission for information.

NELSON T. JOHNSON  
Secretary General

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E N C L O S U R E

1. Part II--Allied Authority (page 34, FEAC 2/3)

2. Relationship to Japanese Government

2nd paragraph

It is suggested that the first sentence be amended to read as follows:

"The Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, but only to the extent that this satisfactorily furthers the objectives and policies stated above herein."

This change is recommended for the reason that it may be desirable to utilize Japanese governmental machinery and agencies to further objectives or policies which are stated or are implicit elsewhere in the document.

2. It is recommended that in the last sentence of the same paragraph, the words "or government" be inserted after the words "the use of force by the Japanese people", so that the sentence would read: "In the event that the effectuation of such changes involves the use of force by the Japanese people or government the Supreme Commander....." The Japanese government should be permitted to use force, if necessary, against reactionary or "Black Dragon Society" movements which might obstruct the establishment of a democratic Japan.

3. Part II--Allied Authority (page 34, FEAC 2/3)

3. Protection of United Nations Interests

It is recommended that this section be amended to read as follows:

"It shall be the duty of the Supreme Commander to protect the interests, assets and rights of all Powers ~~which have participated in the war against Japan and~~ of United Nations and their nationals where such protection does not interfere with the fulfillment

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of the objectives and policies of the occupation."

It is considered desirable that the proposed reservation while perhaps implicit in the powers of the Supreme Commander, should nevertheless be specifically expressed to avoid misunderstanding.

4. Part IV--Economic (page 37, FEAC 2/3)

1. Economic Demilitarization

It is recommended that the second paragraph should be amended to read as follows:

"Therefore, a program will be enforced containing the following elements, among others, the ..... elimination in Japan of those industries or branches of production which would enable Japan to rearm for war and which are not necessary for the purpose of sustaining her economy; and the prohibition of research and instruction ~~likely to result in~~ directed to the development of war-making power. Japan shall be restricted to the maintenance of those industries which will sustain her economy and permit the exaction of just reparations in kind."

The change in punctuation is desired for clarification. It is considered that the expression "elimination.....of..... industries.....which would enable Japan to rearm for war," is excessively broad since it would entail elimination of types of industrial activity without which a viable Japanese economy could not be established or maintained. In any peaceable economy industrial elements exist which by conversion could be used for rearmament. It is the view of the United States Government, however, that it is essential that the Japanese economy be established on a sound basis. For this reason the inclusion of the qualifying phrase "and which are not necessary for the purpose of sustaining her economy" - a return to substantially the wording of the Potsdam Declaration - is recommended. For the same reason it is considered that a prohibition

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of research and instruction "likely to result in" the development of war-making powers is unduly broad. For example, almost any research in the pure sciences may be considered from one point of view as likely to result in such development.

5. Part IV--Economic (page 38, FEAC 2/3)

2. Promotion of Democratic Forces.

It is recommended that the first paragraph be amended to read as follows:

"Labor organizations of labor and other organizations in industry and agriculture, organized on a democratic basis, shall be encouraged.

"Policies shall be laid down with the object of insuring a wide and just distribution of income and of the ownership of the means of production and trade."

The corresponding provision of United States Initial Post-Surrender Policy for Japan was intended to bring about the formation on a democratic basis, not only of workers organizations, but of cooperatives and trade associations in industry and agriculture. The present language limits the provision to organizations of labor. In view of the importance of other types of associations, in bringing about and maintaining desired economic reforms in Japan, it is recommended that they should be specifically included.

Since the second sentence of this paragraph relates to policies of all kinds, it is recommended that it should be treated as a separate paragraph.

6. Part IV--Economic (page 38, FEAC 2/3)

2. Promotion of Democratic Forces.

It is recommended that subparagraph (a) of the third paragraph be amended to read as follows:

"(a) To prohibit the retention in important positions in the economic field of individuals who because of their past associations cannot be trusted to direct Japanese economic effort solely towards peaceful ends; and"

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It is clear that there are grounds other than "past associations" which may require such a prohibition.

7. Part IV--Economic (page 39, FEAC 2/3)

3. Resumption of Peaceful Economic Activity

It is recommended that the following sentence, which appeared in the corresponding provision of United States Initial Post-Surrender Policy for Japan be reinstated as the concluding sentence of the first paragraph:

"The Allies have no intention of imposing conditions which would prevent the accomplishment of these tasks in due time."

The reinstatement of this language is recommended in view of the fact that the establishment of a viable Japanese economy is regarded by the United States Government as essential to peace and stability in the Far East. With this in mind, it is advisable that specific advice should be given to the Japanese that the achievement of this objective will not be discouraged by the Allies.

8. Part IV--Economic (page 39, FEAC 2/3)

3. Resumption of Peaceful Economic Activity

It is recommended that subparagraph (d) of the third paragraph should be amended to read as follows:

"(d) To make such provisions for the needs of the Japanese population, -as-may-be-deemed-reasonable-by the-Allied-authorities-in-the-light-of-supplies-available-and-obligations-to-other-peoples."

(1) The third paragraph of Section 3, taken as a whole, constitutes only a directive to the Japanese government and relates only to the internal economy of Japan. Japanese import and export trade is dealt with in Section 6 of Part IV, Economic. The recommended language is designed to avoid any confusion that might arise on this score.

(2) It is desirable that the requirement as to approval "by Allied authorities" should be deleted for the reason that

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this would require the governments of the Allied nations to take over supervision of the production programs instituted by the Japanese which they would doubtless not desire to do.

9. Part IV--Economic (page 39, FEAC 2/3)

4. Reparations and Restitution

It is recommended that subparagraph (b) of the first paragraph be amended to read as follows:

"(b) Through the transfer of such goods or capital equipment and facilities as ~~exist-or-may-in-future-be produced-in-Japan-and~~ should, ~~in-the-opinion-of~~ under policies set by Allied authorities, be made available for this purpose. No form of reparation shall be exacted which will interfere with or prejudice the program for Japan's demilitarization - defraying the cost of the occupation and the maintenance of a minimum civilian standard of living."

The Potsdam Declaration states that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind..." Recent reports, however, have raised a grave doubt as to the feasibility of exacting reparations from current production. The United States Government recommends the elimination from this subparagraph of the words "exist or may in future be produced in Japan and". Such elimination would leave the question open for the extensive consideration that will be required for this issue in the deliberations of the Inter-Allied Reparations Commission.

The prohibition of reparations which would interfere with or prejudice defraying the cost of the occupation and the maintenance of a minimum civilian standard of living would insure that the United States would not be required to bear the burden of occupation costs to the extent that these can be defrayed by the Japanese, and to express the fact, agreed to by all the Allied nations, that a minimum standard of living must be maintained in order to prevent internal disturbances which would defeat the purpose of the occupation.

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## 10. Part IV--Economic (page 40, FEAC 2/3)

4. Reparations and Restitution

The second paragraph of this section reads:

"In the allocation and transfer of property abroad for reparations, special consideration shall be given to the needs of those Allied Powers which suffered heavily as a result of Japanese aggression."

It is recommended that this paragraph be deleted for the reason that the entire issue raised by it will be the subject of exhaustive consideration by an Inter-Allied Reparations Commission and should be neither treated summarily, nor prejudged, prior to a consideration of all relevant facts.

## 11. Part IV--Economic (page 40, FEAC 2/3)

4. Reparations and Restitution

It is recommended that the third paragraph of this section should be amended to read as follows:

"Restitution.

Full and prompt restitution will be required of all identifiable looted property, ~~looted~~ property includes property delivered under duress, or paid for since the outbreak of hostilities in worthless Jap- anese or puppet currency."

The changes indicated are regarded as advisable for clarification. The term "looted" in its technical sense includes not only property which has been paid for in worthless currency or delivered under duress but also property obtained by other methods of spoliation. The rephrasing is intended to prevent any inference that the right of restitution is to be limited.

## 12. Part IV--Economic (page 40, FEAC 2/3)

6. International Trade and Financial Relations.

It is recommended that the first paragraph of this section should be amended to read as follows:

"Japan will also be permitted under suitable controls to export goods to pay for approved imports. Exports



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other than those directed to be shipped on reparation account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange usable in purchasing imports."

The sentence added above, exclusive of the last four words, appeared in United States Initial Post-Surrender Policy for Japan in the section dealing with reparations. It appears to have been inadvertently omitted from the paper prepared by the Far Eastern Commission. Its inclusion is regarded as desirable by the United States Government to prevent a burden falling on the United States in the financing of imports that are not paid for by the Japanese. Since basically it deals with foreign trade rather than reparations, it may logically be placed in the position indicated above, rather than in the section on reparations.

13. Part IV--Economic (page 41, FEAC 2/3)

8. Equality of Opportunity for Foreign Enterprise.

It is recommended that the language of this section be amended to read as follows:

~~"The-Japanese-authorities-shall-give-a~~All business organizations ~~whether-Japanese-or-foreign~~ of any of the United Nations shall have equal opportunity to engage in the overseas trade and shall-be-required-to-give equality-of commerce of Japan. Within Japan most favored nation treatment as-amongst shall be accorded to all nationals of all-states-which-have-actively participated-in-the-war-against-Japan-beth-in-the domestic-and-the-overseas-trade-and-commerce-of-Japan the United Nations."

This suggested revision is believed to state in clearer language the principle of equality of opportunity provided in the Far Eastern Commission's draft. The extension

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of the principle of equal treatment to nationals of all United Nations is deemed desirable. It is also desirable to exclude reference to Japanese business organizations as no obligation should be assumed to give Japanese equal treatment with all foreigners during the occupation period.

**TOP SECRET**TOP SECRETCOPY NO. 37FEAC 324 October 1945Pages 1 - 15, incl.FAR EASTERN ADVISORY COMMISSIONBASIC INITIAL POST-SURRENDER DIRECTIVE TO SUPREME  
COMMANDER FOR THE ALLIED POWERS FOR THE OCCUPATION  
AND CONTROL OF JAPANNote by the Secretary

1. The enclosure, the General and Political Part of the Basic Initial Post-Surrender Directive to Supreme Commander for the Allied Powers for the Occupation and Control of Japan, is circulated for the information of the Far Eastern Advisory Commission.

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

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BASIC INITIAL POST-SURRENDER DIRECTIVE TO SUPREME  
COMMANDER FOR THE ALLIED POWERS FOR THE OCCUPATION  
AND CONTROL OF JAPAN

1. The Purpose and Scope of this Directive

a. This directive defines the authority which you will possess and the policies which will guide you in the occupation and control of Japan in the initial period after surrender.

b. Japan, as used in this directive, is defined to include: The four main islands of Japan: Hokkaido (Yezo), Honshu, Kyushu, and Shikoku and about 1,000 smaller adjacent islands including the Tsushima Islands.

c. This directive is divided into Part I: General and Political; Part II: Economic and Civilian Supply; and Part III: Financial.\*

PART I

GENERAL AND POLITICAL

2. The Basis and Scope of Military Authority

The basis of your power and authority over Japan is the directive signed by the President of the United States designating you as Supreme Commander for the Allied Powers (FEAC 1, Enclosure) and the Instrument of Surrender (FEAC 1, Appendix "B"), executed by command of the Emperor of Japan (FEAC 1, Appendix "A"). These documents, in turn, are based upon the Potsdam Declaration of 26 July 1945 (FEAC Memorandum for Information No. 1), the reply of the Secretary of State on 11 August 1945 to the Japanese communication of 10 August 1945 (FEAC Memo for Info. No. 2), and the final Japanese communication of 14 August 1945 (FEAC Memo for Info. No. 2). Pursuant to these documents your authority over Japan, as Supreme Commander for the Allied Powers, is supreme for the purpose of carrying out the surrender. In addition to the conventional

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\*Parts II and III to be submitted at a later date.

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powers of a military occupant of enemy territory, you have the power to take any steps deemed advisable and proper by you to effectuate the surrender and the provisions of the Potsdam Declaration. It is contemplated, however, that unless you deem it necessary, or are instructed to the contrary you will not establish direct military government, but will exercise your powers so far as compatible with the accomplishment of your mission through the Emperor of Japan or the Japanese Government. In the exercise of your powers you will be guided by the following general principles.

3. Basic Objectives of Military Occupation of Japan

a. The ultimate objective of the United Nations with respect to Japan is to foster conditions which will give the greatest possible assurance that Japan will not again become a menace to the peace and security of the world and will permit her eventual admission as a responsible and peaceful member of the family of nations. Certain measures considered to be essential for the achievement of this objective have been set forth in the Potsdam Declaration. These measures include, among others, the carrying out of the Cairo Declaration and the limiting of Japanese sovereignty to the four main islands and such minor islands as the Allied Powers determine; the abolition of militarism and ultra-nationalism in all their forms; the disarmament and demilitarization of Japan, with continuing control over Japan's capacity to make war; the strengthening of democratic tendencies and processes in governmental, economic and social institutions; and the encouragement and support of liberal political tendencies in Japan. The United States desires that the Japanese Government conform as closely as may be to principles of democratic self-government, but it is not the responsibility of the occupational forces to impose on Japan any form of Government not supported by the freely expressed will of the people.

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b. As Supreme Commander for the Allied Powers your mission will be to assure that the surrender is vigorously enforced and to initiate appropriate action to achieve the objectives of the United Nations.

c. This directive does not purport finally to formulate long-term policies concerning the treatment of Japan in the post-war world, nor does it seek to prescribe in detail the measures which you are to take throughout the period of your occupation of Japan in the effort to give effect to the surrender and the Potsdam Declaration. Those policies and the appropriate measures for their fulfillment will in large measure be determined by developing circumstances in Japan. It is, therefore, essential that surveys dealing with economic, industrial, financial, social and political conditions in Japan be constantly maintained by you and made available to your government. These surveys should be developed in such a manner as to form the basis for effecting modifications in the initial measures of control set forth herein as well as for the progressive formulation of policies to promote the ultimate objectives of the United Nations. Supplemental directives will be issued to you through the Joint Chiefs of Staff as may be required.

4. The Establishment of Military Authority over Japan

a. Immediately upon the surrender of Japan you will require the Emperor, the Japanese Government and the Japanese Imperial General Headquarters to issue orders to all the armed forces of Japan and all armed forces under Japanese control to cease hostilities and to surrender their arms and to issue such other orders as may be required to give effect to the instrument of surrender and the policies set forth in the Potsdam Declaration. You will require the Emperor and the Japanese Government

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to take all necessary steps to assure that all orders issued to effectuate the objectives of your mission are promptly and fully complied with by all persons in Japan.

b. You will occupy the Imperial capital of Tokyo, and the capitals of such prefectures as you deem necessary in order to facilitate your control over the Japanese Government. You will also occupy such strategic places as you may deem necessary. Otherwise you should not occupy any part of Japan unless it becomes essential to impose direct military government therein. However, you may temporarily utilize your forces in any area of Japan as may be required for the fulfilment of your mission. Subject to the provisions of subparagraph 4 c below, you will take prompt action to assure the restoration and maintenance of law and order by Japanese authorities or by your forces, if necessary.

c. Where action is necessary in order to carry out the surrender, you have the right to act directly from the outset. Otherwise, subject always to your right as the Supreme Commander to take direct action in the event of the unwillingness or failure of the Emperor or other Japanese authority to act effectively, you will exercise your supreme authority through the Emperor and Japanese governmental machinery, national and local. The policy is to use the existing form of government in Japan, not to support it. Changes in the direction of modifying the feudal and authoritarian tendencies of the government are to be permitted and favored. In the event that the effectuation of such changes involves the use of force by the Japanese people or government against persons opposed thereto, you as Supreme Commander should intervene only where necessary to ensure the security of your forces and the attainment of all other objectives of the occupation. You may, as circumstances require, exercise your supreme power

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and authority in the fullest measure including the imposition of direct military government. If it becomes necessary to impose direct military government in any part of Japan, you will immediately thereafter advise the Joint Chiefs of Staff. You will not remove the Emperor or take any steps toward his removal without prior consultation with and advice issued to you through the Joint Chiefs of Staff.

d. You will take appropriate steps in Japan to effect the complete governmental and administrative separation from Japan of (1) all Pacific islands which she has seized or occupied under mandate or otherwise since the beginning of the World War in 1914, (2) Manchuria, Formosa and the Pescadores, (3) Korea, (4) Karafuto, and (5) such other territories as may be specified in future directives.

e. By appropriate means you will make clear to all levels of the Japanese population the fact of their defeat. They must be made to realize that their suffering and defeat have been brought upon them by the lawless and irresponsible aggression of Japan, and that only when militarism has been eliminated from Japanese life and institutions will Japan be admitted to the family of nations. They must be told that they will be expected to develop a non-militaristic and democratic Japan which will respect the rights of other nations and Japan's international obligations. You will make it clear that military occupation of Japan is effected in the interests of the United Nations and is necessary for the destruction of Japan's power of aggression and her war potential and for the elimination of militarism and militaristic institutions which have brought disaster on the Japanese. With this end in view, and to insure the security of the troops, a policy of non-fraternization may be applied in Japan if and to the extent that you may deem it to be desirable. Your officers and troops, however, should so treat the



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Japanese population as to develop confidence in the United States and the United Nations and their representatives.

f. You will require the Emperor to abrogate all laws, ordinances, decrees and regulations which would prejudice the achievement of the objectives set forth in the Potsdam Declaration or which conflict with the instrument of surrender or with directives which may be issued to you through the Joint Chiefs of Staff. You will, in particular, assure the abrogation of all laws, orders and regulations which established and maintained restrictions on political and civil liberties and discriminations on grounds of race, nationality, creed or political opinion. Agencies or parts of agencies charged specifically with the execution of legislation abrogated or to be abrogated shall be abolished immediately.

g. You will establish such military courts as may be necessary with jurisdiction over offenses against the forces of occupation and over such other matters as are consistent with the implementation of the surrender. You will, however, except as otherwise deemed necessary by you assure that Japanese courts exercise an effective jurisdiction over cases not of direct and predominant concern to the security of your troops.

h. Representatives of civilian agencies of the United States Government or of other United Nations governments shall not participate in the occupation or function independently within Japan except upon your approval, and subject, as to purpose, time and extent, to decisions communicated to you by the Joint Chiefs of Staff.

5. Political and Administrative Reorganization

a. Local, regional and national agencies of governmental administration, excluding those with functions and responsibilities inconsistent with the purposes of the occupation, will be permitted to continue to function after the removal

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of officials who are unacceptable as described in paragraph 5 b below, or who are ascertained to be unreliable. Such agencies and their personnel will be held responsible for the administration of government and will be charged with the execution of your policies and directives. At all times, however, and in all circumstances you are empowered yourself to take direct action if and to the extent that Japanese authorities fail satisfactorily to carry out your instructions.

b. Except as indicated in paragraph 7 c below, in no circumstances will persons be allowed to hold public office or any other positions of responsibility or influence in public or important private enterprise who have been active exponents of militant nationalism and aggression, who have been influential members of any Japanese ultra-nationalistic, terroristic or secret patriotic society, its agencies or affiliates, who have been influential in the activities of the other organizations enumerated in paragraph 5 g below, or who manifest hostility to the objectives of the military occupation.

c. You will assure that at all times, so long as the present form of government is retained, the posts of Lord Privy Seal, Privy Council, Prime Minister and Cabinet members are held only by persons who may be relied upon to further the purposes of your mission. You will require the immediate abolition of the Ministry of Greater East Asia but may retain such of its machinery and personnel as may be necessary to carry out the separation of colonies provided for by paragraph 4 d above. You will progressively disband and eliminate the Ministries of War, Navy, and Munitions during the process of disarmament and demobilization.

d. Local responsibility for the local enforcement of national policy will be encouraged.

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e. Ordinary criminal and civil courts in Japan will be permitted to continue to function subject to such regulations, supervision and control as you may determine. As rapidly as possible, judges and other court personnel who are unacceptable under the provisions of paragraph 5 b above will be removed. Such officials will be replaced with acceptable and qualified successors. Full power of review will be retained by you over all courts which are allowed to function. You will veto all decisions which are inconsistent with the purpose of your mission. You will take all practicable measures to cause the release of persons held in custody solely under laws or regulations of the type to be abrogated under paragraph 4 f above.

f. Criminal and ordinary police agencies, and such others as you may consider proper to be retained under appropriate supervision, must be purged of undependable and undesirable elements, in particular, of members of ultra-nationalistic, terroristic and secret patriotic societies.

g. Throughout Japan you will assure the dissolution of the Political Association of Great Japan, the Imperial Rule Assistance Association (Taisei Yokusankai), the Imperial Rule Assistance Political Society (Taisei Seijikai), their affiliates and agencies or any successor organizations, and all Japanese ultra-nationalistic, terroristic and secret patriotic societies and their agencies and affiliates.

h. You will direct the Japanese Government to recall such Japanese diplomatic and consular officials and other agents abroad as the Department of State may request through the Joint Chiefs of Staff. You will also direct the Japanese Government to arrange for the turning over to the custody of properly accredited representatives of the Allied governments of archives and property of Japanese diplomatic and

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consular establishments for the purposes of effectuating the surrender.

1. All property, real and personal, owned or controlled by any of the organizations referred to in paragraph 5 g above, should be considered public property. If there is any doubt as to the public status of any property (e.g., property of quasi-official companies or of private companies in which the Japanese Government or the Japanese Imperial Household has an important interest), it should be considered public property. Imperial Household property shall not be exempted from any action necessary to carry out the objectives set forth in this directive.

6. Demilitarization

a. You will assure that all units of the Japanese armed forces including the Gendarmerie (Kempei) (but not the civil police), Civilian Volunteer Corps, and all para-military organizations are promptly disarmed. Personnel of such units will not be held as prisoners of war, but as disarmed units under their own officers and will be demobilized in accordance with directives issued or to be issued by you. You will require that provision be made against any inequitable treatment of or disabilities against any member of the Japanese armed forces taken as a prisoner of war who is returned to Japan.

b. You will provide for the permanent dissolution of all military and para-military organizations, including the Supreme Military Council, the Board of Field Marshals and Fleet Admirals, the Imperial General Headquarters, the Army and Navy General Staffs, the Army, Navy, Civilian Volunteer Corps and Gendarmerie, together with all reservists and other militaristic associations which might serve to keep alive the military tradition in Japan. You may, however, for a brief period of time, utilize military and naval agencies, including those enumerated above, for the limited purpose of giving effect to the surrender with particular

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reference to demobilization. All military and para-military training on land and sea and in the air will be prohibited.

c. In accordance with the provisions of the directive already issued you\*, you will seize or destroy all arms, ammunition, naval vessels, and implements of war, including aircraft designed for civil use, and stop the production thereof.

d. You will take proper steps to destroy the Japanese war potential, as set forth in Parts II and III in this directive.

7. Arrest and Internment of Japanese Personnel

a. The following will be arrested as rapidly as practicable and held as suspected war criminals, pending further instructions concerning their disposition:

(1) All members of the Supreme Military Council, the Board of Field Marshals and Fleet Admirals, the Imperial General Headquarters, and the Army and Navy General Staffs;

(2) All commissioned officers of the Gendarmerie (Kempei), and all officers of the Army and Navy who have been important exponents of militant nationalism and aggression.

(3) All key members of ultra-nationalistic, terroristic and secret patriotic societies; and

(4) All persons who you have reason to believe are war criminals or whose names or descriptions are contained in lists of suspected war criminals which have been or may be furnished to you.

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b. All persons who have played an active and dominant governmental, economic, financial or other significant part in the formulation or execution of Japan's program of aggression and all high officials of the Political Association of Great Japan, the Imperial Rule Assistance Association, the Imperial Rule Assistance Political Society and their agencies and affiliates or successor organizations will be interned pending further disposition. You may intern other civilians as necessary for the achievement of your mission.

c. You may, however, for a brief period of time, utilize the closely supervised services of those persons within the categories enumerated in subparagraphs 7 a (1) and (2) above, who are absolutely required by you to insure the demobilization of the Japanese armed forces.

d. You will receive further instructions concerning your responsibility with relation to war criminals, including those who have committed crimes against peace and crimes against humanity.

e. No differentiation shall be made or special consideration be accorded to civilian or military personnel arrested as war criminals either as to manner of arrest or conditions of detention, upon the basis of wealth, or political, industrial, or other rank or position.

f. All nationals of countries except Japan with which any of the United Nations are or have been at war in World War II (Bulgaria, Finland, Germany, Hungary, Italy, Roumania, and Thailand) will be identified and registered and may be interned or their activities curtailed as may be necessary under the circumstances. Diplomatic and consular officials of such countries will be taken into protective custody and held for further disposition.

g. Property, real and personal, owned or controlled by persons who have been detained or arrested under the

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provisions of paragraph 7 will be taken under your control pending directions as to its eventual disposition.

8. Prisoners of War, United Nations Nationals, Neutrals, and Other Persons

a. You will insure that prisoners of war and displaced persons of the United Nations are cared for and repatriated.

b. Nationals of neutral countries will be required to register with the appropriate military authorities. They may be repatriated under such regulations as you may establish. However, all nationals of neutral nations who have actively participated in any way in the war against one of the United Nations will be arrested for disposition in conformity with later instructions. Nationals of neutral nations will be accorded no special privileges of communications or business relationships with their home countries or people resident outside Japan. The persons, archives and property of diplomatic consular officials of neutrals will be accorded full protection.

c. All civilians who are nationals of the United Nations, resident or interned in Japan will be identified, examined closely, and if you deem it advisable, may be placed in custody or restricted residence. All such nationals who fall within the provisions of paragraph 7 b above shall be arrested and held as suspected war criminals. All other United Nations nationals who have actively participated in any way in the war against one or more of the United Nations will be arrested and held for later disposition. Thereafter, they will be dealt with in accordance with instructions to be furnished you. In general, practical measures will be taken to insure the health and welfare of United Nations nationals.

d. You will treat Formosan-Chinese and Koreans as liberated peoples in so far as military security permits. They are not included in the term "Japanese" as used in

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this directive but they have been Japanese subjects and may be treated by you, in case of necessity, as enemy nationals. They may be repatriated, if they so desire, under such regulations as you may establish. However, priority will be given to the repatriation of nationals of the United Nations.

e. Within such limits as are imposed by the military situation, you should take all reasonable steps necessary to preserve and protect the property of the United Nations and their nationals.

9. Political Activity

a. The dissemination of Japanese militaristic and ultra-nationalistic ideology and propaganda in any form will be prohibited and completely suppressed. You will require the Japanese Government to cease financial and other support of National Shinto establishments.

b. You will establish such minimum control and censorship of civilian communications including the mails, wireless, radio, telephone, telegraph and cables, films and press as may be necessary in the interests of military security and the accomplishment of the purposes set forth in this directive. Freedom of thought will be fostered by the dissemination of democratic ideals and principles through all available media of public information.

c. You will immediately place under control all existing political parties, organizations and societies. Those whose activities are consistent with the requirements of the military occupation and its objectives should be encouraged. Those whose activities are inconsistent with such requirements and objectives should be abolished. Subject to the necessity of maintaining the security of the occupying forces, the formation and activities of democratic political parties with rights of assembly and public discussion will be encouraged. Free elections of



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representative local governments should be held at the earliest practicable date, and at the regional and national levels as directed, after consideration of your recommendation, through the Joint Chiefs of Staff. Your action in connection with the program referred to in this subparagraph should be taken in the light of one of the ultimate objectives of the occupation, the establishment, in accordance with the freely expressed will of the Japanese people, of a peacefully inclined and responsible government.

d. Encouragement will be given to the development of democratic organizations in labor, industry and agriculture.

e. Freedom of religious worship shall be proclaimed promptly by the Japanese Government. To the extent that the security of your military occupation and the attainment of its objectives are not prejudiced and subject to paragraph 9 a and c above, you will insure freedom of opinion, speech, press, and assembly.

10. Education, Arts and Archives

a. As soon as practicable educational institutions will be reopened. As rapidly as possible, all teachers who have been active exponents of militant nationalism and aggression and those who continue actively to oppose the purposes of the military occupation will be replaced by acceptable and qualified successors. Japanese military and para-military training and drill in all schools will be forbidden. You will assure that curricula acceptable to you are employed in all schools and that they include the concepts indicated in paragraph 3 a above.

b. You should cause to be preserved for your information and use the records of all governmental and quasi-governmental, important private financial, industrial, manufacturing and business concerns, and the Japanese organizations referred to in paragraph 5 f above.

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c. You will, so far as practicable, cause to be protected and preserved, all historical, cultural and religious objects, against depredations by the occupational forces, or others.

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COMMANDER FOR THE ALLIED POWERS FOR THE OCCUPATION  
AND CONTROL OF JAPANNote by the Temporary Secretary

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PART II

A. ECONOMIC

Objectives and General Basic Principles

11. The policies of the American Government in regard to the economic affairs of Japan during the period of occupation are intended simultaneously to accomplish the following purposes:

- a. To eliminate existing specialized facilities for the production of arms, munitions, or implements of war of any kind.
- b. To destroy the economic ability of Japan to create or support any armaments dangerous to international peace.
- c. To execute such program of reparations and restitution as may be decided upon by the appropriate Allied authorities.
- d. To encourage the development within Japan of economic ways and institutions of a type that will contribute to the growth of peaceful and democratic forces in Japan.
- e. To supervise and guide the operation of Japanese economic arrangements and operations to assure that they conform to the general purposes of the occupation, and make possible the eventual readmission of Japan to the ranks of peaceful trading nations.

The instructions composing the economic part of the directive are intended to advance these objectives during the first and immediate period of occupation that lies ahead; they will be subject to addition and revision in the light of the circumstances which you encounter and the conduct of the Japanese people.

12. Your supreme authority as Supreme Commander for the Allied powers in Japan will extend to all matters in the economic sphere. In the exercise of that authority, to the extent that the accomplishment of your objectives permits, you will use the services of the Emperor and the machinery of the Japanese Government to accomplish your objectives. You will require them to

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carry out your orders, and to make such changes in the administrative organization of those branches of government concerned with economic matters as may seem to you necessary to carry out your objectives.

You should act directly:

a. If because of the very nature of the task action through Japanese authorities will not effectively accomplish your economic objectives.

b. In the event that operation through the Japanese Government clearly fails in any particular phase of your operations to prove a satisfactory method.

In acting directly, you will establish administrative machinery independent of and superior to the Japanese officials and agencies to execute or assure the execution of the economic measures contained in this directive until such time as you may deem that the tasks can be satisfactorily assigned to the Japanese Governmental authorities.

13. You will not assume any responsibility for the economic rehabilitation of Japan or the strengthening of the Japanese economy. You will make it clear to the Japanese people that:

a. You assume no obligations to maintain, or have maintained, any particular standard of living in Japan, and

b. That the standard of living will depend upon the thoroughness with which Japan rids itself of all militaristic ambitions, redirects the use of its human and natural resources wholly and solely for purposes of peaceful living, administers adequate economic and financial controls, and cooperates with the occupying forces and the governments they represent.

It is not the policy of the United States to prevent the eventual achievement by Japanese working effort and resources of conditions of living in Japan consistent with objectives specified in paragraph 11.

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14. In order to effect the economic disarmament of Japan

a. You will stop immediately and prevent the future production, acquisition, development, maintenance, or use of all arms, ammunitions, and other implements of war; naval vessels; all types of aircraft including those designed for civilian use; and all parts, components, and materials especially designed for incorporation in any of the foregoing.

b. You will take such measures as you deem necessary to safeguard the facilities used or intended for use in the production or maintenance of any of the items above mentioned. Pending further instructions as to their ultimate disposition such facilities are not to be destroyed except in emergency situations.

c. You will not postpone the enforcement of the prohibitory program specified in subparagraph a or carrying out instructions that you will receive pursuant to subparagraph b without specific approval through the Joint Chiefs of Staff. Should you, however, find that production of any of the items enumerated in subparagraph a is essential to meet your requirements for military operations, the occupying forces, or temporary military research, you will make suitable recommendations to the Joint Chiefs of Staff; and pending the decision of the Joint Chiefs of Staff, you are authorized to make arrangements for production to the minimum extent necessary therefor.

15. Instructions which will be subsequently transmitted to you for carrying out programs for economic disarmament, reparations and restitution will involve the reduction or elimination of certain branches of Japanese production, such as iron, steel, chemicals, non-ferrous metals, aluminum, magnesium, synthetic rubber, synthetic oil, machine tools, radio and electrical

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equipment, automotive vehicles, merchant ships, heavy machinery, and important parts thereof.

Pending, however, final and specific decision on these matters, you will permit continued production in these industries and the repair of production facilities to the minimum extent required to meet the needs of the occupation forces, and the minimum peaceful requirements of the population.

You will make clear to the Japanese that any permission to continue production or to repair production facilities is granted without prejudice to final decisions, as to either the limitations that may be imposed upon any branch of the Japanese economy or deliveries which may be required as reparations or restitution.

16. You may also permit the conversion of plant and equipment, including those types mentioned in paragraphs 14 and 15, to the production of essential consumer goods. You will satisfy yourself that any such conversion undertaken is a genuine move towards a peaceful economy and not a disguised attempt to preserve capacity to produce for military purposes.

You will also make clear to the Japanese that any such permission to convert is granted without prejudice to subsequent decisions as regards removal of plant or equipment on account of reparations or restitution or scrapping for security reasons under paragraph 11.

17. You will

a. Immediately establish a system of inspection, and control to insure that production of the type forbidden in paragraphs 14 and 15 is not undertaken in concealed or disguised form.

b. Have prepared as rapidly as possible inventory reports upon all significant facilities that have been producing or are intended to produce the products covered in paragraph 14, and in all the industries specifically mentioned in paragraph 15. These reports should specify the condition and

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capacity of plant and equipment and the extent of raw materials stocked, finished goods, and goods in process. You will also inventory the Japanese merchant fleet.

In order to furnish the information necessary for further decisions concerning economic policy you will communicate these reports to the Joint Chiefs of Staff.

c. Develop and recommend to the Joint Chiefs of Staff controls which will prevent Japanese rearmament after termination of your occupation.

18. You will insure that all laboratories, research institutes, and similar technological organizations are closed immediately except those you deem necessary to the purposes of the occupation. You will provide for the maintenance and security of physical facilities thereof when deemed necessary, and for the detention of such personnel as are of interest to your technological or counter-intelligence investigations. You will at once investigate the character of the study and research conducted in such closed organizations and as rapidly as possible permit the resumption of those forms of study and research that have an obviously peaceful purpose under appropriate regulations which (1) define the specific type of research permitted, (2) provide for frequent inspection, (3) require free disclosure to you of the results of the research, and (4) impose severe penalties, including permanent closure of the offending institution whenever the regulations are violated.

The Operation of the Japanese Economic System

19. The Japanese authorities will be expected to develop and effectively carry out programs of working activity that will enable them out of their own resources and labor to accomplish the following:



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- a. To avoid acute economic distress.
- b. To assure just and impartial distribution of available supplies.
- c. To meet your demands for the needs of the occupying forces.
- d. To meet the requirements for such reparations deliveries as may be agreed upon by the Allied Governments.

In order to achieve these aims, the Japanese authorities will have to make the utmost effort to maximize production of agricultural and fishery products, coal, charcoal, housing repair materials, clothing and other essentials. In the event that they fail to do so, you will direct them to take such measures as in your judgment are necessary.

20. You will require the Japanese authorities to provide goods and services to meet the needs of the occupying forces to the extent that this can be effected without causing starvation, widespread disease and acute physical distress.

21. The Japanese authorities shall be permitted on their own responsibility to establish and administer any controls over economic activities that are appropriate or necessary in order to achieve the economic ends specified in paragraph 19. Both the policy and the administration of these controls shall be subject to your approval and supervision particularly in so far as they may conflict with paragraph 15. This paragraph shall not preclude your taking direct action as provided in paragraph 12.

22. Serious inflation will substantially retard the accomplishment of the ultimate objectives of the occupation. You

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will, therefore, direct the Japanese authorities to make every feasible effort to avoid such inflation. However, prevention or restraint of inflation shall not constitute a reason for limiting the removal, destruction, or curtailment of productive facilities in fulfillment of programs for reparations, restitution, demilitarization, or economic disarmament.

Elimination of Certain Elements in the Japanese Economic System

23. You will prohibit the retention in or selection for positions of important responsibility or influence in industry, finance, commerce, or agriculture of all persons who have been active exponents of militant nationalism and aggression, of those who have actively participated in the organizations enumerated in paragraph 5 g (Page 8, Political and General Part) of this directive, and of any who do not direct future Japanese economic effort solely towards peaceful ends. (In the absence of evidence, satisfactory to you, to the contrary, you will assume that any persons who have held key positions of high responsibility since 1937, in industry, finance, commerce or agriculture have been active exponents of militant nationalism and aggression.)

24. You will require the protection from destruction and the maintenance for such disposition as may be determined by this and other directives of all plants, equipment, patents, books and records and all other significant property of the large Japanese industrial and financial companies and trade and research associations that have played an important part in the Japanese war effort or economy.

Democratization of Japanese Economic Institutions

25. It is the intent of the United States Government to encourage and show favor to:

- a. Policies which permit a wide distribution of income and of ownership of the means of production and trade.

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b. The development of organizations in labor, industry, and agriculture organized on a democratic basis.

Accordingly, you will:

(1) Require the Japanese to establish a public agency responsible for reorganizing Japanese business in accordance with the military and economic objectives of your government. You will require this agency to submit, for approval by you, plans for dissolving large Japanese industrial and banking combines or other large concentrations of private business control.

(2) Establish and maintain surveillance, until satisfactory plans for reorganization have been approved, over the Japanese businesses described in subparagraph (1) above in order to ensure conformity with the military and economic objective of your government.

(3) Dissolve the Control Associations. Any necessary public function previously performed by these associations should be transferred to public agencies, approved and supervised by you.

(4) Abrogate all legislative or administrative measures which limit free entry of firms into industries to be reorganized where the purpose or effect of such measures is to foster and strengthen private monopoly.

(5) Terminate and prohibit all Japanese participation in private international cartels or other restrictive private international contracts or arrangements.

(6) Require the Japanese to remove, as rapidly as practicable, wartime controls over labor and reinstate protective labor legislation.

(7) Require the removal of all legal hindrances to the formation of organizations of employees along democratic lines, subject to any necessary safeguards to prevent the perpetuation of militaristic influences under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces.

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(8) Prevent or prohibit strikes or other work stoppages only when you consider that these would interfere with military operations or directly endanger the security of the occupying forces.

Foreign Economic Transactions.

26. You will establish controls over all Japanese foreign trade in goods and services. Such controls should be so operated as to give effect during the initial period to the following policies:

a. Exports shall not be approved if such goods are clearly needed to meet minimum domestic requirements.

b. No exports of plant and equipment shall be permitted until determination has been made as to whether they may be required for reparations or restitution.

c. Exports other than those directed to be shipped on reparation account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange.

d. All proceeds of exports shall be controlled by you and made available in the first place for the payment for approved imports. No person, corporation or organization in Japan shall be permitted to acquire foreign assets of any kind except with your special approval.

e. Approval should be given only to imports which are clearly in accord with the economic policies elsewhere set down in this directive.

f. Neither the need for imports or exports (including exports that might be made on reparations account) shall be deemed a reason for requiring or permitting any branch of Japanese industry to be restored or developed to an extent that might significantly contribute to Japan's war-making potential, or promote dependence by other countries on Japan for strategic products.