

level opinions can be expressed more freely and interchanged more easily than on the Commission level--but by leaving this subject here whenever any delegate desires to make a general statement that delegate would not have to sort of make a formal proposal to put back this subject on our agenda. That is my suggestion, Mr. Chairman.

GEN. MCCOY: Well, of course any member is free at any time to bring up any subject to the Commission. That is one of the rights of delegates.

MR. ABELLO: Mr. Chairman, I wish to associate myself with the remarks of the Chinese Ambassador. As the head of our delegation had occasion to say at one time, he merely wanted to get some verification of the statement by the Chairman, representing the United States delegation, and that point has already been clarified. We believe that the subject that is now on the agenda is one which need not remain on the agenda of the whole Commission. The chairman of the United States delegation has promised time and time again to keep the Commission informed on the program which SCAP may evolve in implementation of the interim directive. The Philippine delegation believes that until such time as we have something to work on, that is until such time as the program for the implementation of the interim directive has been passed on to the Commission, there is no use of creating or establishing a working committee on the subject. We naturally should hope that this information should come very soon because it seems that the Soviet Ambassador is receiving more information from the press than the Commission is receiving from the persons who should have the correct information to give. So that with that hope the Philippine delegation believes that the subject should be dropped from the agenda and taken up again when more information is received.

MR. BANERJI: Mr. Chairman, as I indicated at an earlier meeting

of the Commission, we recognize fully the legality of the directive and we think that the United States is perfectly within its rights to issue this directive, but we would have preferred, this subject being such an important one, that the Commission should have been given an opportunity to discuss this subject before the unilateral directive was issued. We also stated at that time that there were certain important questions like the level of economic life and reparations the continued failure of which to solve render any plan for economic stabilization a little unrealistic, in our opinion, and in that view also we thought that perhaps it would have been better for the Commission to have discussed this matter before the United States took upon themselves the responsibility of issuing this directive.

But first of all, Mr. Chairman, I am not quite sure of the status of this paper. I understand from the Terms of Reference that we can review any directive issued by the United States Government on the request of any member. I take it that your agreement to discuss this paper either in the committee or in this Commission suggests that you are convinced that there is a general desire on the part of the Commission to discuss this subject. If that is so, I would agree with that procedural point. As regards the question that you have raised, having regard to your constant desire to accommodate the wishes of the different members, I thought that perhaps the question was answered when the Soviet member desired that the item should be retained on the agenda. But I personally think, in spite of that, that it would perhaps be preferable to refer this question to the Economic Committee for discussion of the substantial issues embodied in this directive while keeping the general question on the Commission agenda more or less along the same lines as the Chinese Ambassador suggested.

(There was a pause in proceedings for consultation by the Chairman.)

GEN. MCCOY: Are there any further comments, gentlemen?

(No response)

GEN. MCCOY: There seem to be none. In view of the opinions expressed, it would seem wise to keep the general subject on the agenda of the Commission and refer the statements and views up-to-date to the working committee, who will receive what might be called the technical information and can best handle that at the committee level. If that is agreeable, I will make that ruling.

MR. PANYUSHKIN: Mr. Chairman, I do not understand how the United States interim directive could be interpreted as legal. Everyone knows Part III, paragraph 3 of the Terms of Reference of the Far Eastern Commission. In the Terms of Reference it is said that the United States Government may issue such directives as the directive of December 10th only after "attainment of agreement in the Far Eastern Commission". This paragraph reads:

"The United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

The scope of questions raised in that interim directive of the United States Government raises questions which deal with the economy of Japan which actually make a new regime of control. This directive provides for the establishment of such a regime which is desirable for the United States. Wishes are one thing but there are also decisions of the Far Eastern Commission and the Potsdam Declaration. It is known that these documents clearly speak on the general principles of the policy.

Now, as regards the technical information which the United States representative promised to give to the representatives, speaking generally on information, how many times, Mr. Chairman, have you promised to supply the Commission with information and we did not receive such information? And in this particular case the matter is not in technical information. If we agree with your proposal, Mr. Chairman, it will seem that the Far Eastern Commission legalized the actions. It is quite clear that we cannot agree with such a policy of the United States in respect to the Japanese economy. You want to lead the Far Eastern Commission away from the discussion of this question.

(Dr. Koo, the Chinese representative, departed the meeting at 12:10 P.M. and Dr. Tan assumed his chair as alternate.)

MR. PANYUSHKIN: Now you try to find a way to drop the item from the agenda and to put it again on the agenda only when one or another member desires to do so. This question has not been on the agenda for a long time--only since December 11th. However, we have precedents when some item has remained on the agenda for twenty-seven months. It is clear why you insist on referring this matter to the committee or a subcommittee--you lead the Far Eastern Commission away from the discussion of this matter. I think that is not correct and the Soviet delegation cannot agree with such a proposal.

The latest facts show how this directive is carried out in Japan. Thus, for example, in the broadcast from Tokyo of February 7th it is reported that at the present time there are negotiations between an American monopolistic concern, International Standard Electric Company, and the Japanese company, Japan Electric Works, and as it was reported the American concern demands that it be given 60% of the shares of the Japanese company while the Japanese company tries to retain at least 50% of its shares. And the representatives of the United States firm demanded also the reduction of

workers in the Japanese company by 30% and demands other rationalization demands for securing higher profits. Then, for example, the New York Times of February 10 reports that on April 1st the governmental corporations on distribution of oil would be broken and its business would be transferred to foreign--mainly American and British concerns. Thus it means that the control would be transferred to foreign firms, that it is reported that the United States company requests that 3,000 Japanese workers be dismissed and that the character of the company be changed since it desires to use only eighteen enterprises from forty-two existing at the present time. Besides, there is a report in the New York Times of February 8th in which it is said that not only the Japanese workers but also Japanese capital fear the drive of foreign capital into Japan. It is natural that they fear first of all American capital. The question is, as a result of what actions these American companies which I mentioned do this? It is clear that they do this as a result of the United States directive of December 10th, and is it possible to agree that the United States directive is a legal one? I think that we cannot agree; it is in contradiction with the policy and principles of the policy, the principles which were adopted in the Potsdam Declaration and the policy decisions of the Far Eastern Commission. It is impossible to agree with the representatives who consider that the United States interim directive and Circular No. 2 are legal ones.

We have only begun to discuss this question. There will be many debates and many opinions will be expressed. Therefore, it is premature to drop this item from the agenda of the Commission. That is all, Mr. Chairman.

(There was a pause in proceedings for consultation by the Chairman.)

GEN. MCCOY: Well I leave this statement of the Soviet Ambassador

for the consideration of the Commission this morning. But I think it is very evident from its nature that the suggestion that our technical men at the committee level are the ones to handle such varied statements--of course, it all comes under the difference of opinion between the Soviet Ambassador, ideologically speaking and democratic processes as are understood by the United States. As to the legal aspects, that is a question that is very important and has been already answered by my Government very explicitly, and agreed to apparently by most of the members of the Commission.

Now I think the Ambassador misunderstood my ruling in the sense that I don't try to lead the Commission down any side alleys; quite the contrary, I have sought the opinion of the members of the Commission and they have been given very freely, and it seems to me that, in considering them, the suggestion of the Chinese Ambassador was very pertinent and that the other members of the Commission seemed as a whole to agree to them. So that my ruling was not to rule out any discussion that the Soviet Ambassador or any other delegate might wish to carry on at the level of the Commission, but it is perfectly plain that in the nature of his varied statements they should be considered by the people at the working level, in the sense of the information that I have several times referred to and hope to keep the Commission informed and the working committee informed. The routine of information from SCAP is very extensive and will cover all the points that are brought up by the Ambassador from time to time. You are quite conscious of the extensive reports that come to you frequently of the action of the Supreme Commander in Japan. That will be continued and there is no intention to prevent any member of this Commission from fully expressing his views and having them fully considered by the Commission.

So that, if there is no further comment, I will ask that the suggestion of the Chinese Ambassador be adopted and that the

general heading that we now have on the Commission will be continued but at the same time I will ask the working committee to consider the particular points that come to them in the way of information bearing upon this subject.

MR. PANYUSHKIN: So, as I have understood you, this question will be retained on the agenda of the Commission?

GEN. MCCOY: Yes.

(Mr. Graves, the United Kingdom representative, departed the meeting at 12:30 P.M., and Mr. Ford took his chair as alternate.)

MR. PANYUSHKIN: The question is concerned not with technical information in respect to the fulfillment of this directive.

(Mr. Reuchlin, the Netherlands representative, departed the meeting at 12:31 P.M., and Mr. Jobsis took his chair as alternate.)

(Mr. Daridan, the French representative, departed the meeting at 12:31 P.M., and Mr. Winckler took his chair as alternate.)

MR. PANYUSHKIN: As is known from the press, in Japan there is a large Detroit banker, Mr. Dodge, who plays the roll of a major financial and economic adviser to General MacArthur. I believe that he went to Japan not in order to see the Japanese geishas but for some other purposes. It might be assumed that General MacArthur is preparing some other circulars in respect to financial and economic matters. Actually the directive issued by the United States Government is in action in Japan and it is realized by such persons as banker Dodge. I believe that he will follow the interests of the United States monopolies. Therefore we should discuss this question not from the point of view of technical information but from the point of view of the objectives set forth in this directive. In my opinion it is already clear--and I tried to make it clear--that the United States is pursuing a policy of their own in respect to the Japanese economy and I believe that the Far Eastern Commission cannot agree with such a course. Therefore it is desirable to know

what is done in Japan by General MacArthur and his economic advisers in respect to the fulfillment of these objectives. That is all, Mr. Chairman.

GEN. MCCOY: Any further comment from any of the other members this morning?

(No response)

ITEM 5 - LABOR POLICY IN JAPAN (FEC-045/5; FEC-318/12, -/9; FEC-267, -/3, -/4; FEC-269, FEC-270)

GEN. MCCOY: Item 5, Labor Policy in Japan, still remains on the agenda. Is there any comment this morning on that subject?

(No response)

ITEM 6 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32; -/35, -/37)

b LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS SHIP-BUILDING AND SHIPPING (FEC-297/10)

ITEM 7 - REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; -/6, -/7, -/8, -/9, -/10)

ITEM 8 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

GEN. MCCOY: The United States has no position to take on Items 6, 7 and 8.

ITEM 9 - OTHER BUSINESS

GEN. MCCOY: Is there any other business this morning?

a. Membership of Japan in International Convention of Telecommunications

MR. PANYUSHKIN: I have, Mr. Chairman.

"The Communications Ministry of the U.S.S.R. was advised by the Secretary General of the International Union of Telecommunications that the Japanese Government with the permission of General MacArthur, the Supreme Commander, had joined the International Convention of Telecommunications adopted in



Atlantic City in 1947. In respect to Japan's joining the above-mentioned Convention the Secretary General of the International Union of Telecommunications was advised by the Supreme Commander in his letter of January 10, 1949.

"Having issued the directive permitting Japan's joining the International Convention of Telecommunications, the Supreme Commander exceeded his authority, since in the Far Eastern Commission policy decision of June 19, 1947, Basic Post-Surrender Policy for Japan, there is no provision that the Supreme Commander is authorized to decide himself the question of Japan's becoming a member of international inter-governmental organizations.

"In connection with this, the Soviet delegation states that the Soviet Government considers the Supreme Commander's directive of January 10, 1949, to the Japanese Government on the question of Japan's joining the Atlantic City Convention to be illegal, since it is in contradiction with the Far Eastern Commission policy decision of June 19, 1947, Basic Post-Surrender Policy for Japan, in accordance with which the Japanese Government may, on the permission of the Supreme Commander, carry out functions connected only with the questions of internal administration, but not foreign relations. Therefore Japan's joining the International Convention of Telecommunications has no legal value."

That is all, Mr. Chairman.

GEN. MCCOY: For the moment I am unfamiliar with the particular case. But I will bring it to the attention of my Government.

There seems to be no further business this morning. The Commission stands adjourned until next Thursday.

(The meeting adjourned at 12:40 P.M.)