

SEVENTH MEETING FAR EASTERN ADVISORY COMMISSION
WEDNESDAY, NOVEMBER 28, 1945 AT 10:30 A.M.
ROOM 474, DEPARTMENT OF STATE

UNITED STATES

Major General McCoy
Colonel Stanton Babcock
Dr. George Blakeslee
Mr. Earle R. Dickover

UNITED KINGDOM

His Excellency the Right Honorable the Earl of Halifax,
K.G., British Ambassador
Sir George Sansom, K.C.M.G., Minister, British Embassy
Mr. B. Cockram, Counselor, British Embassy
Mr. F. C. Everson, Second Secretary, British Embassy
Colonel W. A. Hawkins

CHINA

His Excellency Dr. Wei Tao-ming, Chinese Ambassador
Mr. YANG Yun-chu, Director, East Asia Department, Ministry
of Foreign Affairs
Dr. Timothy Tientseh MAR, Technical Expert, Ministry of
Foreign Affairs
Mr. Tsui Tswen-ling, First Secretary, Chinese Embassy
Mr. King Ching, First Secretary, Chinese Embassy

AUSTRALIA

His Excellency Herbert V. Evatt, Minister of Foreign Affairs
Mr. William D. Forsyth, Officer of the External Affairs
Department
Major J. Plimsoll

FRANCE

His Excellency Paul Emile Naggiar, French Ambassador
Mr. Paul Guerin, Secretary to Mr. Naggiar
Mr. Pierre Sauvageot, Interpreter

CANADA

His Excellency Lester B. Pearson, Canadian Ambassador
Mr. Ralph F. Collins, Second Secretary, Canadian Embassy
Major General Letson

PHILIPPINES

Mr. Manuel A. Adeva, Chief, Nationals Division, Office of the
Philippine Resident Commissioner

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NETHERLANDS

His Excellency Dr. A. Loudon, Ambassador of the Netherlands
Jonkheer O. Reuchlin, Counselor of Embassy

Dr De Kat
NEW ZEALAND

The Honorable C. A. Berendsen, C.M.G., Minister of New
Zealand

Mr. J. S. Reid, First Secretary
Air Commodore J. L. Findlay, C.B.E., M.C.

INDIA

The Honorable Sir Girja Shankar Bajpai
Colonel Rajkumar Rajendra Singhji, Military Attache, Indian
Agency General

Mr. Humphrey Trevelyan, First Secretary, Indian Agency General

SECRETARIAT

Mr. Nelson T. Johnson
Mr. Harold Moseley
Mr. Thomas D. Blake,
Lt. Hugh Farley, U.S.N.R.
Mr. John Gardiner
Mr. Carl H. Pfuntner
Miss McGwigin
Mr. William L. Breese

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Record of
Seventh MeetingFAR EASTERN COMMISSION

Record of Seventh Meeting
in Room 474, State Department Building,
Wednesday, 28 November 1945, at 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (U.S.A.), Chairman
His Excellency Lord Halifax (U.K.)
His Excellency Wei Tao-ming (China)
Right Honorable Herbert V. Evatt (Australia)
His Excellency P. E. Naggiar (France)
His Excellency Lester B. Pearson (Canada)
Mr. Manuel A. Adeva (P.I.)
His Excellency A. Loudon (Netherlands)
His Excellency C. A. Berendsen (New Zealand)
Sir Girja Shankar Bajpai (India)

SECRETARIAT

Nelson T. Johnson, Secretary General

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The Chairman called the meeting to order at 10:45 A.M.
The record of the sixth meeting was approved without change.

1. POST-SURRENDER POLICY FOR JAPAN (FEAC 2/2)

The CHAIRMAN requested Mr. Evatt, Chairman of Working Committee No. 1, to present FEAC 2/2 to the Commission. He then read the body of the document first, and indicated the changes proposed by the Working Committee.

MR. EVATT pointed out that the third paragraph on page 19 referred to all the nations who had participated in the war against Japan. MR. BERENDSEN said that he did not wish to approve any statement which would permit the interpretation that some of the participating nations might act without consultation among all the participants.

LORD HALIFAX said that the Commission might well complicate its own problem if it should try to speak for all of the participating nations; specifically, he referred to Russia. He suggested that the third paragraph on page 19 be changed to indicate the nations represented on the Far Eastern Advisory Commission rather than the nations which had participated in the war against Japan.

MR. EVATT suggested the deletion of the words in paragraph 4 (a), page 20, following "Cairo Declaration", as there might be some agreements to which only a few of the participating nations were party. This would meet Mr. Berendsen's point.

MR. NAGGIAR pointed out that Russia had, however, approved the appointment of General MacArthur as Supreme Commander for the Allied Powers, the surrender terms for Japan, and General Order No. 1. He suggested that reference be made to the documents which Russia had approved.

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MR. BERENDSEN suggested that paragraph 4 (a) be revised to read as follows:

" (a) Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined." ~~among-the-nations-which-have-participated-in-the-war-against-Japan~~.

MR. LOUDON suggested that the phrase "and other agreements among nations" might be changed to "and possible subsequent agreements among nations".

MR. PEARSON suggested that paragraph 4 (a) be changed to read:

" (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 which may be concluded by those nations which have participated in the war against Japan".

LORD HALIFAX said that there might be other agreements subsequent to the Potsdam Agreement. He suggested as an amendment to Mr. Pearson's language the insertion of the phrase "have been or" between the words "which" and "may be concluded".

The CHAIRMAN said that he felt the various suggestions raised important points and suggested that the matter be referred to the Working Committee.

Referring to the second sentence in paragraph 3 on pages 21-22, MR. PEARSON inquired whether this sentence might mean that, apart from an emergency, action prejudicial to the interests of some Power might be taken by the Supreme Commander after consultation with the Government concerned.

MR. EVATT said that the Supreme Commander must have the authority to act in an emergency. His general duty is the protection of the interests of all the participating Powers. However, conceivably, the Supreme Commander could take prejudicial action after consultation.

Referring to subparagraphs 3 (a), (b), (c) and (d), page 26, MR. EVATT said that these subparagraphs stood as before except that subparagraph (d) had been altered in an attempt to reconcile

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the differing emphases which had been put on the question of the standard of living by the United States and Chinese Delegations.

LORD HALIFAX said he had no objection to the paragraph but would like to make a general reservation on behalf of the United Kingdom in regard to the whole question of reparations. In reply to GENERAL McCOY's question as to whether he foresaw the establishment of a reparations commission, LORD HALIFAX explained that he was not informed on this question, but felt that reparations would not be handled by the Far Eastern Advisory Commission.

Referring to paragraph 6 on page 27, MR. BAJPAI inquired as to whether "approved imports" had reference only to the period of occupation or to an indefinite period. MR. EVATT replied that this paragraph referred only to the period of occupation.

MR. PEARSON and MR. BAJPAI questioned whether the use in some parts of the document of "active participation" as opposed to the use in other parts of the document of the word "participation" alone might lead to a distinction.

THE COMMISSION agreed to omit the word "active" in conjunction with the word "participation" throughout the document.

MR. EVATT then turned to a consideration of the Preamble on pages 17 and 18. He recommended that the fifth paragraph, page 17, be changed to read as follows:

"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 the 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~~ such plan, have brought them to the ~~threshold-of-an-~~ annihilation verge of ruin; and third upon leading them to a desire and a determination to abandon militarism in spirit and in all of its aspects;"

MR. EVATT further recommended that paragraph 6 read as follows:

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"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;"

MR. EVATT suggested that of that part of the Preamble on page 18, only the last two lines be retained. He felt that paragraphs (1), (2) and (3) on page 18 selected certain aspects for emphasis, which implied a lesser emphasis on other aspects of the document. He explained, however, that another view taken in the work of the Committee was that these paragraphs did no harm and that paragraph (3) in particular held out a useful hope to the Japanese people.

MR. PEARSON objected to the reference in the second paragraph on page 17, to "the countries which were actually engaged in the war against Japan", on the grounds that it might be interpreted as an exclusive reference. To this objection, LORD HALIFAX suggested that the second paragraph read as follows:

"WHEREAS the ~~countries-which-were-actively-engaged-in-the-war-against-Japan~~ following nations 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,".

He recommended further that the third paragraph be combined with the second.

LORD HALIFAX stated his preference that the Preamble be kept substantially intact, with the minor changes recommended by Mr. Evatt. He felt that the deletion of the last page would lead to numerous changes on the first page.

MR. NAGGIAR said that in view of the solemn character of the document, he could not speak for his Government in regard to formal acceptance. He inquired as to whether it was advisable to give publication of the document at this time.

THE COMMISSION agreed that the document should not be published, but that a statement of progress should be made to the press.

MR. PEARSON moved that, subject to drafting changes, FEAC 2/2 be accepted by the Commission for reference to the

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Governments, and that another meeting be held to discuss the various Governmental responses before the trip to Japan. This motion was seconded by MR. EVATT.

GENERAL McCOY requested that the Commission reconsider the revised document before submitting it to the various Governments, because of the importance of the changes and of the desirability for due consideration.

THE COMMISSION agreed to reconsider the revised document at its next meeting.

2. PROPOSED VISIT TO JAPAN

MR. JOHNSON read the following letter:

"DEPARTMENT OF STATE
Washington

November 27, 1945

My dear General McCoy:

The Supreme Commander for the Allied Powers in Japan has stated that he will welcome a visit to Japan by the Commission as such a visit would not only give the Commission an opportunity to see at first hand actual current conditions but would permit of consultation from which he looks for the greatest possible aid.

I am pleased to know that the Commission is desirous of making such a visit and feel that, pending settlement of the questions relating to the terms of reference, it would be very useful for you to go to Japan for the purpose of gathering information on the spot for coordination and assistance in your functions.

In view of the relations established by the surrender document between the Supreme Commander for the Allied Powers and the Japanese Government, dealings by the Commission or members of the Commission with the Japanese Government and its agencies would, of course, be entirely through the medium of the Supreme Commander.

I hope the trip will be of profit and value to the Commission in the performance of its important functions.

Sincerely yours,

/s/ JAMES F. BYRNES

Major General Frank R. McCoy,
Chairman,
Far Eastern Advisory Commission,
State Department,
Washington 25, D. C."

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LORD HALIFAX emphasized that any intercourse between the Commission and the Japanese should be through General MacArthur.

THE COMMISSION agreed to leave Washington on December 26, arriving in Pearl Harbor on the 28th, and returning to Pearl Harbor six weeks later.

GENERAL McCOY urged that each Delegation supply to the Secretariat immediately the number of people it planned to take on the trip.

The meeting adjourned at 1:35 P.M.

DEPARTMENT OF STATE
Washington

COPY

November 27, 1945

My dear General McCoy:

The Supreme Commander for the Allied Powers in Japan has stated that he will welcome a visit to Japan by the Commission as such a visit would not only give the Commission an opportunity to see at first hand actual current conditions but would permit of consultation from which he looks for greatest possible aid.

I am pleased to know that the Commission is desirous of making such a visit and feel that, pending settlement of the questions relating to the terms of reference, it would be very useful for you to go to Japan for the purpose of gathering information on the spot for coordination and assistance in your functions.

In view of the relations established by the surrender document between the Supreme Commander for the Allied Powers and the Japanese Government, dealings by the Commission or members of the Commission with the Japanese Government and its agencies would, of course, be entirely through the medium of the Supreme Commander.

I hope the trip will be of profit and value to the Commission in the performance of its important functions.

Sincerely yours,

/s/ JAMES F. BYRNES

Major General Frank R. McCoy,
Chairman,
Far Eastern Advisory Commission,
State Department,
Washington 25, D. C.

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.

DEPARTMENT OF STATE
WASHINGTON



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FAR EASTERN COMMISSION

11 December 1945

MEMORANDUM FOR: General McCoy
Subject : Seventh FEAC meeting, Wednesday, 28 November 1945.
Enclosure : Confidential minutes of Seventh FEAC meeting.

1. The enclosure, confidential minutes of the seventh FEAC meeting, is forwarded herewith.

Respectfully,

Nelson T. Johnson,
Secretary General

cc: Mr. Vincent

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ENCLOSURE

CONFIDENTIAL MINUTES OF SEVENTH FEAC MEETING

THE CHAIRMAN called the meeting to order at 10:45 a.m.

THE CHAIRMAN asked whether there were any comments on the record of the sixth meeting. There being no comments, the record of the sixth meeting was considered approved without change.

ITEM 1. POST-SURRENDER POLICY FOR JAPAN. (FEAC 2/2)

THE CHAIRMAN requested MR. EVATT, Chairman of Working Committee No. 1, to present FEAC 2/2 to THE COMMISSION. MR. EVATT explained that he would prefer to read the body of the document before discussing the preamble. He then read the body of the document first and indicated the changes proposed by Working Committee No. 1.

MR. EVATT pointed out that the third paragraph on page 19 referred to all the nations who had participated in the war against Japan. MR. BERENDSEN said that he would not wish to approve any statement which would permit the interpretation that some of the participating nations might act without consultation among all the participants. He said that New Zealand felt itself entitled to a voice in any agreements having to do with questions of sovereignty. LORD HALIFAX said that the Commission might complicate its own problem if it should try to speak for all the participating nations; specifically, he referred to Russia. He suggested that the third paragraph on page 19 be changed to indicate the nations represented on the Far Eastern Advisory Commission rather than the nations which had participated in the war against Japan. MR. EVATT explained that the only intention was the limitation of Jap sovereignty. There had been no intention to exclude any participating nation. He suggested the deletion of the words in paragraph 4 (a), page 20, following "Cairo Declaration", as there might be some agreements to which only a few of the participating nations were party. This, he thought, would meet MR. BERENDSEN'S point. MR. BERENDSEN said that LORD HALIFAX'S suggestion would be satisfactory to him.

MR. NAGGIAR pointed out that Russia had, however, approved the appointment of GEN. MacARTHUR as Supreme Commander for the Allied Powers, the Surrender Terms for Japan, and General Order No. 1. He suggested that reference be made to the documents which Russia had approved. MR. EVATT replied that in his opinion the Commission could not speak for Russia. LORD HALIFAX amplified this point and said that the draft had two sections, the first being concerned with ultimate objectives, the second with the achievement of these objectives. He doubted whether the Commission could say that

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Russia assented to an initial policy for a "democratic regime."
MR. BERENDSEN said that he did not consider the wording of paragraph 4 (a), page 19, as adequate to protect New Zealand's interest in having a proportionate voice in questions concerning Japan's sovereignty in the Pacific. He suggested that paragraph 4 (a) be revised to read as follows:

- " (a) Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined." ~~among-the-nations-which-have participated-in-the-war-against-Japan~~

MR. LOUDON suggested that the phrase "and other agreements among nations" might be changed to "and possible subsequent agreements among nations". MR. EVATT pointed out that the wording suggested by MR. LOUDON would indicate that there might be changes in sovereignty by the nations on the Commission, which would imply the exclusion of Russia. He said perhaps the best protection to all participants would be to leave the phraseology unchanged. MR. PEARSON suggested that paragraph 4 (a) be changed to read as follows:

- " (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~~ which may be concluded by those nations which have participated in the war against Japan".

LORD HALIFAX said that while he was not informed, he thought an agreement had been made between Russia and the United States subsequent to the Potsdam Agreement. He felt sympathy for the change suggested by MR. BERENDSEN. This would leave the Commission free, without prejudice to anyone. If this change was not agreeable, he suggested as an amendment to MR. PEARSON'S suggestion the insertion of the phrase "have been or" between the words "which" and "may be concluded."

THE CHAIRMAN said that he felt the various suggestions raised important points. He recommended that the Working Committee take these suggestions and discuss them further. He emphasized that the first effort to improve the basic policy should not be made without due consideration. He felt that all of the points that had been raised were worthy of re-consideration by the Committee.

MR. EVATT said that three weeks had already elapsed since the Working Committee had begun to function and he felt that substantial agreement had

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been reached. The only point outstanding was whether there should be a reference to the nations which participated in the war against Japan. He said he personally favored MR. PEARSON'S suggestion because it contained nothing which might affect the distribution of territory taken from Japan, territorial adjustment being outside the scope of the Commission. However, he agreed to pass up this point for the moment.

Referring to the second sentence in paragraph 3 on pages 21-22, MR. PEARSON inquired whether this sentence might mean that apart from an emergency, action prejudicial to the interests of some power might be taken by the Supreme Commander after consultation with the Government concerned. MR. EVATT said that the Supreme Commander must have the authority to act in an emergency. His general duty, he said, was the protection of the interests of all the participating powers. However, conceivably the Supreme Commander could take prejudicial action after consultation.

Referring to paragraph 3 on page 23, MR. EVATT explained that in the first sentence the words "promptly on occupation" had been stricken in order to bring the document into conformity with current conditions.

Referring to sub-paragraph 2 (b) on page 25, MR. EVATT explained that this sub-paragraph had formerly ended with the word "combinations." The remainder of the sub-paragraph had been added at the suggestion of the U. S. delegation in order to add an idea of constructiveness to the former idea of mere dissolution.

Referring to sub-paragraphs 3 (a), (b), (c) and (d), page 26, MR. EVATT said that these sub-paragraphs stood as before, except that sub-paragraph (d) had been pointed up in an attempt to reconcile the differing emphases which had been put on the question of the standard of living by the Chinese and U. S. delegations.

LORD HALIFAX said he had no objection to the paragraph but would like to make a general reservation on the behalf of the United Kingdom on the whole question of reparations. In reply to GEN. McCOY'S question as to whether he foresaw the establishment of a Reparations Commission, LORD HALIFAX explained that he was not informed on this question but felt that however reparations might be handled, they would not come within the purview of the Far Eastern Commission. He said his Government had not yet made its decision as to whether reparations, if any, should or should not be considered before the question of sufficient imports to keep the Japanese population alive.

Regarding sub-paragraph 4 (b), page 26, MR. EVATT explained that the words "or may in future be" had been inserted to remove the limitation as to sources of possible Japanese reparations. MR. BAJPAI inquired as to whether "approved imports" in paragraph 6 on page 27 had reference only to

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the period of occupation or to an indefinite period. He pointed out that nowhere were exports limited to an amount sufficient to obtain foreign exchange to pay for imports. MR. EVATT replied that this paragraph referred only to the period of occupation.

MR. EVATT pointed out that in paragraph 8 on page 28 "Allied states" had been changed to read "all states." MR. FEARSON and MR. BAJPAI questioned whether the use in some parts of the document of "actively participate" as opposed to the use in other parts of the document of the word "participate" alone, might lead to a distinction. MR. EVATT replied that there had been no intention to create a distinction; in his mind "participate" meant "actively participate." However, since it might lead to confusion, he had no objection to omitting the word "actively."

THE COMMISSION agreed to omit the word "active" in conjunction with the word "participate" throughout the document.

MR. EVATT then turned to a consideration of the Preamble on pages 17 and 18. He recommended that the 5th paragraph, page 17, be changed to read as follows:

"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 the 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~~ such plan, have brought them to the ~~threshold of annihilation~~ verge of ruin; and ~~third upon~~ leading them to a desire and a determination to abandon militarism in spirit and in all of its aspects;"

He further recommended that paragraph 6 read as follows:

"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;"

MR. EVATT said that with these recommended changes the Preamble would present a statement of the existence of the Commission, what nations are represented on it, and a statement of the purpose of the Commission.

MR. EVATT suggested that of that part of the Preamble on page 18, only the last two lines be retained. He felt that paragraphs (1), (2)

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and (3) on page 18 selected certain aspects for emphasis, which implied a lesser emphasis on other aspects of the document. He explained, however, that another view taken in the work of the Committee was that these paragraphs did no harm and that paragraph (3) in particular held out a useful hope to the Japanese people. He said that paragraph (1) was repeated on page 19 in sub-paragraph (b), that sub-paragraph (2) was mainly a list of references to subjects treated more fully in the body of the document, and that only sub-paragraph 3 contained matter not repeated in the document. To give the Commission a full understanding of the viewpoints expressed on the Committee level, he desired to point out that some of the Committee members felt that repetition in the Preamble of matters more fully covered in the body was not harmful and that the American representative on the Committee had felt that sub-paragraph 3 was useful in that it held out hope to the Japanese people in addition to mere punishment. He said that the repetitions contained in sub-paragraphs (1) and (2) were probably harmless and since the American delegation desired to include sub-paragraph (3), he was willing to agree to this. MR. PEARSON objected to the reference in the second paragraph on page 17 to "the countries which were actively engaged in the war against Japan," on the grounds that it might be interpreted as an exclusive reference. To meet this objection LORD HALIFAX suggested that the second paragraph read as follows:

"WHEREAS the countries which were actively engaged in the war against Japan following nations 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,".

He recommended further that the third paragraph be combined with the second.

LORD HALIFAX stated his preference that the Preamble be kept substantially intact with the minor changes recommended by MR. EVATT. He feared that the deletion of the last page would lead to numerous changes in the first page.

MR. NAGGIAR said that in view of the solemn character of the document, he could not speak for his Government in regard to formal acceptance. He inquired as to whether it was advisable to publish the document at this time. THE CHAIRMAN replied that he was conscious of the desirability of making the Commission's work a public matter in so far as possible, but felt that it was unwise to publish this document until it had been approved by the respective Governments. Such approval was not yet near at hand, he said, because much remained to be done before the document could be submitted to the respective Governments. He deeply regretted that MR. EVATT

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must return to Australia and felt that while the Working Committee had done much, the document was still in an unfinished condition and had not yet received due consideration.

LORD HALIFAX voiced his agreement with the CHAIRMAN'S position and pointed out that agreement reached on the Commission did not commit the respective Governments. The Commission's work proceeded ad referendum to the respective Governments. MR. EVATT said that the document had been substantially agreed upon and that the Commission could adopt the document without jeopardizing the interests of the respective Governments since the Governments would not be committed by any agreement reached on the Commission. He said he felt the only point left outstanding was the question of sovereignty, and that subject to that point and the minor drafting changes, the proper course was for the Commission to adopt the report for consideration by the proper authorities in the respective Governments. He had no objection to publishing the document since publication would not make the document any more binding on the Governments.

LORD HALIFAX said he must take a strong exception to publishing the document prior to approval by the respective Governments. Publishing the document at this time might cause embarrassment to the delegations if changes were made later by the respective Governments.

THE COMMISSION agreed that the document should not be published but that a statement of progress should be made to the press.

MR. PEARSON moved that subject to drafting changes, FEAC 2/2 be accepted by the Commission for reference to the Governments and that another meeting be held to discuss the various Governmental responses before the trip to Japan. This motion was seconded by MR. EVATT.

MR. BAJPAI stated that he endorsed MR. PEARSON'S suggestion and felt that the least the Commission could do was to submit the document to the Governments for consideration. Regarding publication of the document, he felt the Commission had not reconciled itself to the absence of Russia and that publicity might prejudice Russia's joining the Commission.

MR. PEARSON'S motion was accepted unanimously with the proviso by GEN. McCOY that the document, after being discussed by the Drafting Committee, should again be brought before the Commission before submission to the respective Governments. GEN. McCOY said he was sure that one more meeting would be enough but he must insist on the document coming back to the Commission after the Working Committee had made its changes.

THE COMMISSION agreed to reconsider the revised document at its next meeting.

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ITEM 2. PROPOSED VISIT TO JAPAN

THE CHAIRMAN explained that the Navy was anxious to receive complete information as soon as possible regarding the Commission's plans for its proposed visit to Japan. MR. JOHNSON read the following letter:

"DEPARTMENT OF STATE
Washington

November 27, 1945

My dear General McCoy:

The Supreme Commander for the Allied Powers in Japan has stated that he will welcome a visit to Japan by the Commission as such a visit would not only give the Commission an opportunity to see at first hand actual current conditions but would permit of consultation from which he looks for the greatest possible aid.

I am pleased to know that the Commission is desirous of making such a visit and feel that, pending settlement of the questions relating to the terms of reference, it would be very useful for you to go to Japan for the purpose of gathering information on the spot for coordination and assistance in your functions.

In view of the relations established by the surrender document between the Supreme Commander for the Allied Powers and the Japanese Government, dealings by the Commission or members of the Commission with the Japanese Government and its agencies would, of course, be entirely through the medium of the Supreme Commander.

I hope the trip will be of profit and value to the Commission in the performance of its important functions.

Sincerely yours,

/s/ JAMES F. BYRNES

Major General Frank R. McCoy,
Chairman,
Far Eastern Advisory Commission,
State Department,
Washington 25, D. C."

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LORD HALIFAX said that he was informed GEN. MacARTHUR expected any intercourse between the Commission and the Japanese to be through his Headquarters. LORD HALIFAX emphasized the correctness of Gen. MacArthur's view and said that the Commission should carefully avoid weakening the position of the Supreme Commander. THE CHAIRMAN added that this course would be wise for another reason. Several of the delegates, because of previous relationships in Japan, would find themselves being "used" by friends, should they engage in direct intercourse with the Japanese officials.

MR. JOHNSON requested the delegates to supply the Secretariat with a list of those who would make the trip. He said that because of restrictions on travelling space it might be necessary later to reduce the numbers.

THE COMMISSION agreed to leave Washington on December 26, arriving in Pearl Harbor on the 28th and returning to Pearl Harbor six weeks later.

The meeting adjourned at 1:35 p.m.

8th MeetingCOPY NO. 84FAR EASTERN COMMISSIONAGENDA

For the Meeting to be held in Room 285,
The State Department Building,
on Wednesday, December 5, 1945, at 10:00 A.M.

ITEM 1 - REPORT OF WORKING COMMITTEE I

- A. BASIC OBJECTIVES AND POLICIES FOR
CONSIDERATION BY THE COMMISSION TO DETERMINE
WHETHER FEAC 2/3, INITIAL POST-SURRENDER
POLICY FOR JAPAN, IS A DOCUMENT ACCEPTABLE
TO THE COMMISSION FOR TRANSMISSION TO
GOVERNMENTS

ITEM 2 - BRIG. GENERAL BONNER F. FELLERS, MILITARY SECRETARY
TO GENERAL MacARTHUR

GENERAL FELLERS HAS CONSENTED TO TALK
INFORMALLY TO THE COMMISSION ABOUT
CONDITIONS IN JAPAN.

ITEM 3 - STEERING COMMITTEE

- A. SUGGESTION BY UNITED KINGDOM DELEGATION,
AND SUPPORTED BY THE AUSTRALIAN DELEGATION,
THAT A STEERING COMMITTEE BE SET UP FOR THE
PURPOSE OF PROVIDING PERMANENT CHAIRMEN FOR
WORKING COMMITTEES AND COORDINATING THE WORK
OF THESE COMMITTEES

8th
MEETING FAR EASTERN COMMISSION
WEDNESDAY, DECEMBER 5, 1945 at 10:00 A. M.
ROOM 285, DEPARTMENT OF STATE

UNITED STATES

Major General McCoy
Dr. George Blakeslee
Mr. Earle R. Dickover
Major W. W. Lockwood

(Brig. Gen. Bonner F. Fellers, Military Sec'ty. to
Gen. MacArthur)
(J. K. Penfield - FE)

UNITED KINGDOM

Sir George Sansom, K.C.M.G., Minister, British Embassy
Mr. B. Cockram, Counselor, British Embassy
Mr. F. C. Everson, Second Secretary, British Embassy
Colonel W. A. Hawkins, Joint Staff Mission

CHINA

His Excellency, Dr. Wei Tao-ming, Chinese Ambassador
Dr. LIU Shi-shun, Chinese Ambassador to Canada
Lt. Gen. CHU Shi-ming
Mr. YANG Yun-chu, Director, East Asia Department, Ministry
of Foreign Affairs
Mr. Tsui Tswen-ling, First Secretary, Chinese Embassy
Mr. King Ching, First Secretary, Chinese Embassy

AUSTRALIA

His Excellency Sir Frederic Eggleston, Australian Minister
to Washington
Mr. William D. Forsyth, Officer of the External Affairs
Department
Major J. Plimsoll

FRANCE

His Excellency Paul Emile Naggiar, French Ambassador
Mr. Paul Guerin, Secretary to Mr. Naggiar
Mr. Pierre Sauvageot, Interpreter
Lt. Col. G. V. Vandenbroucke

CANADA

His Excellency Lester B. Pearson, Canadian Ambassador

- 2 -

CANADA (Cont'd.)

Mr. Ralph F. Collins, Second Secretary, Canadian Embassy
Brigadier N. E. Rodger

PHILIPPINES

Mr. Manuel A. Adeva, Chief, Nationals Division, Office of
the Philippine Resident Commissioner
Mr. M. J. Gamboa, Advisor

NETHERLANDS

Dr. de Kat Angelino
Mr. O. Reuchlin, Counselor of Embassy

NEW ZEALAND

The Honorable C. A. Berendsen, C.M.G., Minister of
New Zealand
Mr. J. S. Reid, First Secretary
Air Commodore J. L. Findlay, C.B.E., M.C.
Col. W. N. Pharazyn

INDIA

The Honorable Sir Girja Shankar Bajpai
Mr. Humphrey Trevelyan, First Secretary, Indian Agency General

SECRETARIAT

Mr. Nelson T. Johnson
Mr. Harold Moseley
Mr. Thomas D. Blake
Lt. Hugh D. Farley, U.S.N.R.
Mr. John Gardiner
Capt. Richard Weigle
Mr. Carl H. Pfuntner
Miss Mary A. Mc Guigan
Mr. William L. Breese

100

December 26, 1945

FAR EASTERN COMMISSIONCORRIGENDUM TO RECORD OF 8TH MEETINGNote by the Secretary General

The Secretary General has received a letter from the Chinese Delegation requesting that a correction be made in the Record of the Eighth Meeting.

Line 3 on page 3 should read as follows:

".... realization that their tradition of militarism, ambition of conquest, and will to war have brought them to the verge of ruin,"

NELSON T. JOHNSON
Secretary General

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COPY NO. _____

Record of
Eighth MeetingFAR EASTERN COMMISSION

Record of 8th Meeting held in Room 285,
The State Department Building,
on Wednesday, December 5, 1945, at 10:00 a.m.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (U.S.)
Sir George Sansom (U.K.)
His Excellency Dr. Wei Tao-ming (China)
His Excellency Sir Frederic Eggleston (Australia)
His Excellency Paul Emile Naggiar (France)
His Excellency Lester B. Pearson (Canada)
Mr. Manuel A. Adeva (P.I.)
Dr. de Kat Angelino (Netherlands)
The Honorable C. A. Berendsen (New Zealand)
The Honorable Sir Girja Shankar Bajpai (India)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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The Chairman, GENERAL McCOY, called the meeting to order at 10:10 a.m.

1. REPORT OF WORKING COMMITTEE NO. 1

THE CHAIRMAN opened the discussion of Working Committee No. 1's report on basic policy with the statement that acceptance by the Commission would be only for the purpose of submitting the document to the various Governments for consideration.

MR. NAGGIAR wished it made clear that because the document was a mutual agreement resembling a treaty, it would require governmental approval before it became binding. He also requested a clarification of paragraph 2 (b) on page 38.

SIR GEORGE SANSOM agreed with Mr. Naggiar's second point and said that this paragraph would undoubtedly be changed by the Governments when the document was submitted to them.

MR. NAGGIAR asked if the document would be published before approval by the Governments.

THE COMMISSION agreed that the document should not be published until after it had been approved by the participating Governments.

MR. BERENDSEN said he was not satisfied with subparagraph (a) at the top of page 33. He said he would accept this paragraph if it stopped with the word "determined" or if the last two lines were amended as follows:

".....with the Cairo Declaration and other binding international agreements, by the powers that have participated in the war against Japan."

MR. BERENDSEN said that he had no objection to the Cairo Declaration, by which his Government was bound, but that the wording in its present form might bind Governments to other agreements about which they had not been consulted.

MR. ADEVA said that the phrase "and other binding international agreements" referred to future agreements and that it might be assumed in good faith that no such agreements would be made without the knowledge of all nations. He felt that

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Mr. Berendsen's reservation was based on the assumption that other agreements might have been made which had changed the terms of the Cairo Declaration. He inquired if there were any such agreements other than the Cairo Declaration. THE CHAIRMAN replied that he knew of no such agreements, but referred to a statement by the United States Secretary of State that the United States Government would not oppose a Russian claim for the southern half of Sakhalin and the Kuriles at a peace conference.

MR. PEARSON stated that he was willing to approve the paragraph with the understanding that an international agreement binding upon a country is one which that country has signed. MR. de KAT, MR. BAJPAI, MR. NAGGIAR and MR. BERENDSEN associated themselves with Mr. Pearson's interpretation. MR. SANSOM cited reparations as a subject on which his own Government had made reservations.

MR. PEARSON called attention to the fact that throughout the document the same general meaning was conveyed by the phrases "engaged in war", "participated" and "actively participated", the latter occurring in paragraph 8 on page 41. He suggested that this phraseology be standardized.

THE COMMISSION agreed to remove the word "actively" in the 4th line of paragraph 8, page 41.

MR. BAJPAI called attention to the second paragraph under paragraph 2, page 34. He said that it was too early to refer to the use of force by the Japanese people. MR. SANSOM agreed with Mr. Bajpai in this reservation.

THE CHAIRMAN inquired as to whether the delegates desired the Commission to communicate their reservations to their respective Governments or whether they would communicate these reservations directly. MR. BERENDSEN replied that if these reservations appeared in the records of the meetings, the records would be sent to the Governments by each delegation.

MR. WEI drew attention to the last four lines of the 4th paragraph on page 31, which, he said, was open to

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misinterpretation. He suggested that the last three lines of the paragraph read as follows:

"... realization that their ~~will be war~~, tradition of militarism, ~~their plan~~ ambition of conquest, and the method used to accomplish such plans, have brought them to the verge of ruin,"

THE CHAIRMAN suggested that such changes could be made by the Governments, and considered later by the Commission.

THE COMMISSION accepted FEAC 2/3 for reference to the participating Governments.

MR. NAGGIAR inquired as to the procedure after the Governments had considered the document. THE CHAIRMAN replied that the Commission would consider the replies of the various Governments and attempt to reach final agreement.

2. BRIG. GENERAL BONNER F. FELLERS, MILITARY SECRETARY TO GENERAL MacARTHUR

THE CHAIRMAN introduced BRIG. GENERAL BONNER F. FELLERS, Military Secretary to General MacArthur, who spoke informally regarding the structure of Supreme Headquarters and the general problems of Japanese occupation and answered questions from the floor.

3. STEERING COMMITTEE

THE CHAIRMAN stated that the meeting was now open for suggestions on the question of possible further formalization of the Commission's procedure by setting up a steering committee to coordinate the activities of the Working Committees.

MR. SANSOM suggested perpetuating Working Committee No. 1 as a steering committee.

MR. EGGLESTON agreed with this suggestion and proposed that the following points should be studied by the steering committee:

- (1) The work of the Commission in Washington while some of its members were on the trip to Japan;

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- (2) The function of the Working Committees during the trip to Japan;
- (3) The distribution of information; and
- (4) Allocation of Chairmen to the various Working Committees.

MR. BAJPAI said that he assumed that with the enlargement of the functions of Committee No. 1, no rigidity as to personnel was envisaged. THE CHAIRMAN said he thought the presumption was correct, but suggested that the question be raised in the committee meeting.

THE COMMISSION agreed that Working Committee No. 1 should meet as a Steering Committee to study the points suggested for its consideration, and make recommendations thereon to the Commission; and instructed the Secretary General to call a meeting of the Commission when the Steering Committee was ready to report. It was tentatively agreed that the Steering Committee should meet December 6.

December 26, 1945

FAR EASTERN COMMISSION

CORRIGENDUM

TO

RECORD OF 8TH MEETING

Note by the Secretary General

The Secretary General has received a letter from the Chinese Delegation requesting that a correction be made in the Record of the Eighth Meeting. Line 3 on page 3 should read as follows:

".....realization that their tradition of militarism, ambition of conquest, and will to war have brought them to the verge of ruin,"

NELSON T. JOHNSON
Secretary General

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.



DEPARTMENT OF STATE
WASHINGTON



FAR EASTERN COMMISSION

Confidential

20 December 1945

MEMORANDUM FOR: General McCoy
Subject: Eighth FEC Meeting, Wednesday, 5 December 1945
Enclosure: Confidential Minutes of Eighth FEC Meeting

1. The enclosure, confidential minutes of the eighth FEC meeting, is forwarded herewith.

Respectfully,

Nelson T. Johnson,
Secretary General

cc: Mr. Vincent

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ENCLOSURE

CONFIDENTIAL MINUTES OF EIGHTH FEC MEETING

The Chairman, GEN. McCOY, called the meeting to order at 10:10 a.m.

ITEM 1. REPORT OF WORKING COMMITTEE NO. 1

THE CHAIRMAN expressed pleasure at the completion of the report on basic policy by Working Committee No. 1. He said the Working Committee had done excellent work in improving the document and expressed the opinion that the delegates need not be too meticulous about wording as acceptance by the Commission would be only for the purpose of submitting the document to the various Governments for consideration.

MR. NAGGIAR wished it made clear that, although he personally felt the document to be satisfactory, it was a mutual agreement resembling a treaty and would require Governmental approval before it became binding. He also desired clarification of paragraph 2 (b) on page 38. He feared that misunderstanding would arise regarding the Commission's precise meaning, and suggested a more specific reference to wider shareholding in the organization of control and ownership.

MR. SANSOM said that he too was dissatisfied with the wording of paragraph 2 (b) on page 38 but added that the paragraph would undoubtedly be changed by the Governments when the document was submitted to them.

MR. NAGGIAR asked if the document would be published before approval by the Governments. MR. EGGLESTON said he understood that the Commission had already decided not to publish the document until it had been approved by the Governments.

THE COMMISSION agreed that the document should not be published until after it had been approved by the participating Governments.

MR. BERENDSEN said that he was not satisfied with sub-paragraph (a) at the top of page 33. He said he would accept this sub-paragraph if it stopped with the word "determined," or if the last two lines were amended as follows:

"... with the Cairo Declaration and other binding international agreements, by the powers that have participated in the war against Japan."

THE CHAIRMAN said that he was informed that this point had been thoroughly considered by the Committee and that the wording now before the Commission

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had been approved by the members of the Committee, including MR. EVATT. He urged that, since no voting arrangement yet existed under the Terms of Reference, the Commission should arrive at a general agreement and proceed. He agreed that Mr. Berendsen's point was important but that the Commission could very well accept the wording and submit it to the respective Governments. MR. BERENDSEN said that he had no objection to the Cairo Declaration, by which his Government was bound, but that the wording in its present form might bind the Governments to other agreements about which they had not been consulted. He said he was willing to agree to proceed if his reservation was a matter of record.

MR. ADEVA said he understood that the Commission knew of no agreements other than the Cairo Declaration. The phrase "and other binding international agreements" referred to future agreements and it might be assumed in good faith that no such agreements would be made without the knowledge of all the nations. He felt that MR. BERENDSEN'S reservation was based on the assumption that other agreements might have been made which had changed the terms of the Cairo Declaration. He inquired if there were any such agreements, other than the Cairo Declaration. THE CHAIRMAN replied that he knew of no such agreements, but referred to a statement by the United States Secretary of State that the United States Government would not oppose a Russian claim for the southern half of Sakhalin and the Kuriles at a peace conference.

MR. PEARSON stated that he was willing to approve the paragraph with the understanding that an international agreement binding upon a country is one which that country has signed. MR. de KAT, MR. BAJPAI, MR. NAGGIAR and MR. BERENDSEN associated themselves with MR. PEARSON'S interpretation.

MR. EGGLESTON suggested that it might be better to add "and other international agreements accepted as binding."

MR. SANSOM said that during the process of drafting the document all the nations had made reservations on numerous points of a similar nature to MR. BERENDSEN'S reservation. He cited reparations as a subject upon which his own Government had made reservations.

MR. PEARSON called attention to the fact that throughout the document the same general meaning was conveyed by the phrases "engaged in war", "participated" and "actively participated", the latter occurring in paragraph 8 on page 41. He suggested that this phraseology be standardized. THE COMMITTEE agreed to remove the word "actively" in the 4th line of paragraph 8, page 41.

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MR. BAJPAI called attention to the second paragraph under paragraph 2, page 34. He said that on the one hand this sentence expressed too much, in that it made reference at this time to the use of force by the Japanese people in the effectuation of desired changes, and, on the other, simply stated a platitude in its reference to the Supreme Commander intervening to insure the security of his forces and the attainment of the objectives of the occupation. He said that it was too early to refer to the use of force by the Japanese people, and that the rest of the sentence was superfluous. MR. SANSOM agreed with MR. BAJPAI in this reservation.

THE CHAIRMAN inquired as to whether the delegates desired the Commission to communicate their reservations to their respective Governments, or whether the delegations would communicate these reservations directly. MR. BERENDSEN replied that if these reservations appeared in the records of the meetings, the records would be sent to the Governments by each delegation.

MR. WEI drew attention to the last four lines of the 4th paragraph on page 31, which, he said, was open to misinterpretation in two ways. First, it condemned a will to war as such without qualification as to the fighting of a defensive war. Second, it implied that if the Japanese had used other methods to accomplish their plans, they would not have been brought to the verge of ruin. He suggested that the last three lines of the paragraph read as follows:

"... realization that their will to war, tradition of militarism, their plan ambition of conquest, and the method used to accomplish such plans, have brought them to the verge of ruin."

THE CHAIRMAN said that although this implication might exist in the paragraph removed from its context, this implication was not in the document as a whole. He suggested that changes such as MR. WEI desired could be made by the Governments, and considered later by the Commission.

THE CHAIRMAN said that if there was no further objection, the report of the Committee might be considered accepted for reference to the respective Governments with due cognizance of the reservations that had been made a matter of record.

THE COMMISSION accepted FEAC 2/3 for reference to the participating Governments.

MR. NAGGIAR inquired as to the procedure after the Governments had considered the document. THE CHAIRMAN replied that the Commission would consider the replies of the various Governments and attempt to reach final agreement.

CONFIDENTIALITEM 2. BRIG. GENERAL BONNER F. FELLERS, MILITARY SECRETARY
TO GENERAL MacARTHUR.

THE CHAIRMAN presented GEN. FELLERS to the Commission and explained that GEN. FELLERS would give an informal resume of the situation in Japan and try to answer any questions the delegates might like to ask. GEN. FELLERS had acted as Military Secretary to the Supreme Commander of the Allied Forces and had been with GEN. MacARTHUR in the campaigns from Brisbane to Tokyo.

GEN. FELLERS said he sincerely felt it to be a great honor to speak to the Commission, which he felt was embarking on one of the most interesting missions in history. In his opinion the Commission might look forward optimistically to the accomplishment of this mission. He felt that Japan was easy to control and to influence, largely because of its small size and, compared with nations like China or Russia, its minute distances. In his judgment a quick peace and a quick conversion of the Japanese people were possible.

GEN. FELLERS said that the masterful accomplishment of the Potsdam Declaration had caught the military forces unprepared. The shipping at that time was all going in the wrong direction, in preparation for the operation OLYMPIC (the landing in Kyushu). Only air transport had made possible occupation as rapidly as it had occurred. This occupation, carried out as it had been by small numbers of airborne troops, had been something of a gamble. In some cases mere dribbles of soldiers had had to be landed in close proximity to relatively great numbers of Japanese troops. For example, at the time of the landing at Atsugi, 17 Japanese Divisions were nearby. As a matter of fact only the influence of the Emperor had averted the execution of numerous plots which existed among the Japanese armed forces to wipe out the small landing forces as they arrived. After the surrender it had been learned that one of these narrowly averted plots had been a plan for 600 suicide pilots to strike the Missouri during the surrender ceremonies.

GEN. FELLERS said that in spite of press criticism of the "soft" invasion, he thought that events had demonstrated the wisdom of the policy. As far as he knew the actual occupation had cost no lives and resulted in almost no serious incidents. By the 15th of October all Japanese forces had been demobilized, at least in the sense of being disarmed. Japanese arms had poured in so rapidly that in some cases the duty of guarding these arms had been delegated to Japanese troops. The reason for the delay in entering Tokyo had been the desire to clear all Japanese troops out of the city first.

It had been anticipated that when military government was established, the occupying force would have to supply an entire governmental

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structure. However, the Military Government had been fortunate in inheriting the existing structure of the Imperial Government, with the result that the functions of the Military Government were now simply the supervision of the execution of law, with a consequent saving of thousands of officials.

Undoubtedly, the sincerity of Japanese officials in carrying out Military Government policies was a factor that varied with individuals and on which no comprehensive judgment was possible. However, it was possible to say that no effort to evade directives had been apparent, and in only one instance had anything resembling a protest occurred, in connection with calling in Japanese diplomats from all over the world. Japanese officials had demonstrated surprising efficiency in arresting war criminals.

The organization of GHQ had been changed. There now existed a series of special staff sections to handle the implementation of the respective policies. GEN. FELLERS said the most important of these sections was Economic and Finance under Col. Kramer.

The Information and Education Section was under the direction of Gen. Ken Dykes who had been fortunate in inheriting a group of Psychological Warfare people who knew the Japanese very well. This Section dealt with the control of theaters, schools, the press, radio and public opinion in general.

The Political Section was purely advisory and was directed by Mr. Atcheson.

GHQ contained a Liaison Section made up of English speaking Japanese. This Section arranged appointments for Japanese officials to see officials in the Military Government and relayed instructions to the Japanese Government.

The physical work of turning in arms had been supervised by the 6th and 8th Armies in their respective areas. The 6th Army was now being absorbed by the 8th Army under Gen. Eichelberger. The 8th Army executed the instructions of the Criminal Investigation Committee under Gen. Thorp in the whole area except Tokyo, where this duty was performed by the Provost Marshall.

There was also a Health and Sanitation Section headed by Col. Sands.

GEN. FELLERS then discussed the reaction of the Japanese people to occupation. He said the Japanese could conveniently be treated in three classes. The first class was the militarists and the Imperial Government

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officials who vigorously supported the war. These people were unchanged in their ideas but they were discredited in the eyes of the mass of Japanese people who believed that they had been deceived and betrayed by the militarists. This group was still strong but its strength was waning and there was no hope of this group recruiting strength. This group still favored a policy of national suicide; they would rather see the Japanese people dead than occupied or evincing any pro-western tendency. However, this group consisted either of war criminals who had been arrested or individuals who had gone underground in the sense that they were inarticulate and powerless. The second group consisted of approximately 90% of the people who, while they had acted as patriotic citizens during the war, now felt completely deceived and humiliated but not resentful toward the occupying forces. The third group consisted of Japanese who were sincerely Christian and pro-western. They regarded the occupation as a great opportunity to convert Japan, and their leader, Kagawa, regarded this as a period of spiritual revolution. This group easily counterbalanced the first group in numbers and influence.

The only instances of resentment on the part of the Japanese had been caused by fraternization. There had been a few cases of Japanese men waylaying soldiers. Supreme Headquarters had followed the policy of neither encouraging fraternization nor making it unlawful.

MR. BERENDSEN asked concerning the Emperor and the Imperial family. GEN. FELLERS said that the Empress Dowager professed Christianity and that she exerted great influence on the Emperor. The Emperor's influence and prestige was greater perhaps than that of any former Japanese Emperor. The people were aware that the Emperor had initiated action in stopping the war and this had brought him closer to the people in the sense that he had stepped out from behind his screen of advisers.

In reply to the Chairman's question, GEN. FELLERS said that Hirohito's call on Gen. MacArthur had been initiated by the Emperor. He said that there were numerous indications that the Emperor was gravely concerned about his own future status.

MR. SANSOM asked what inspections were made to verify the carrying out of Gen. MacArthur's orders. GEN. FELLERS replied that the 6th and 8th Armies were responsible for all administration in their respective areas. He was not aware of what their procedure was. The area controlled by the two armies included the entire main islands with the exception of Tokyo and Yokohama, where the Provost Marshall and GHQ were responsible for administration.

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In reply to a question by the CHAIRMAN, GEN. FELLERS said that the only nation in addition to the United States with an active staff in Japan was Russia. The Russian military staff had been interned at the time of Russia's entry into the war against Japan. This staff was still in Japan, in addition to a former Ambassador and the Russian Embassy staff. The Russian staff had traveled extensively in Japan since the end of the war. There were other small missions in Japan, including French, Spanish and Swiss ministers.

MR. SANSOM asked whether a uniform attitude toward the occupation forces pervaded the Japanese population. GEN. FELLERS said the attitude had been one first of bewilderment which had turned to humiliation. He emphasized that the Japanese felt humiliated, not punished.

In reply to numerous questions concerning the standard of living, GEN. FELLERS said Japan was completely impoverished. There was a complete absence of textiles, shoes and clothing. Two million homes had been destroyed, and the return of people from Korea was aggravating the housing problem. The fuel shortage was critical, and the ration was barely sufficient to sustain life. Strategic bombing had destroyed enough of Japanese industry so that factories remaining intact could not operate for lack of components.

The food situation was most crucial. An effort had been made to reactivate the fishing fleet by supplying it with the oil remaining in the Japanese Navy's possession at the end of the war. GEN. MacARTHUR had asked for three different studies by the Japanese of the food situation. They had been submitted in the form of estimates and he had turned them back. A study of food inventories was now being made.

GEN. McCOY asked what the relative priority of needs was in Japan. GEN. FELLERS replied that the needs were in the following order: food, shelter, fuel. The food supply would reach its crucial point in May, June and July of next year.

THE CHAIRMAN asked what use was being made of the Japanese merchant fleet. GEN. FELLERS said that the remnants of the merchant fleet were engaged in returning Japanese in Korea to Japan and in taking Koreans from Japan to Korea. MR. WEI asked how long the movement of Japanese from the mainland to Japan would take. GEN. FELLERS replied that four million still remained to be returned and that unless additional shipping were supplied, this would require years. There were one million Koreans in Japan to be moved to Korea.

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MR. EGGLESTON said he had understood that Japanese peasants had been greatly under the influence of the militarists. He asked what the present attitude of the peasants was. GEN. FELLERS replied that the hope of land reform had had a salutary effect on the morale of the peasants. They believed that the alleviation of their poverty lay in the breakup of the big estates. MR. EGGLESTON pointed out that such a breakup of estates would raise the problem of providing for employment of displaced persons.

MR. EGGLESTON asked whether the populace contained any young liberals. GEN. FELLERS said that he was not familiar with the proportion of young liberals. He added that the University system was being studied with a view to revising the curriculum and to obtaining information as to the number of teachers on regular staffs who taught Bushido.

In reply to a question by Mr. Eggleston, GEN. FELLERS said that in spite of the Emperor's enhanced position, he was frightened, and would accept the status of constitutional monarch or any other status. Whether the status of constitutional monarch would return too much power to the Emperor would depend entirely on the constitution under which he functioned.

MR. de KAT asked whether the Japanese had manifested a willingness to cooperate in war criminals investigations. GEN. FELLERS said the degree of cooperation had been amazing, as it had also with regard to the activities of the Foreign Office and all other departments of the Japanese Government.

MR. SANSOM asked if the initiative for allowing women to vote had come from the Japanese. GEN. FELLERS said that the initiative had come from Gen. MacArthur, who considered it an aid in destroying Japanese militarism.

MR. WEI asked whether the Japanese people resented the treatment of Japanese war criminals. GEN. FELLERS said that on the contrary, Gen. MacArthur received a constant flow of "fan mail" urging more drastic treatment of war criminals. These letters exhibited a feeling on the part of the Japanese people of bitter disillusionment toward their military leaders.

In reply to a question from the Chairman, GEN. FELLERS said that the present value of the yen was 15 to 1. The occupation troops were paid from a block of yen supplied by the Japanese Government. Consumers' goods are almost non-existent, although there existed considerable stockpiles of rubber, quinine and medical supplies.

CONFIDENTIALITEM 3. STEERING COMMITTEE

THE CHAIRMAN stated that the meeting was open for suggestions on the question of possible further formalization of the Commission's procedure by setting up a steering committee to coordinate the activities of the Working Committees. He said he personally had hoped that the Commission would not formalize its activities, only to find later that such formalization might be inappropriate under the Terms of Reference. Considering the size of the Commission, he doubted the need for a steering committee.

MR. SANSOM suggested perpetuating Working Committee No. 1 as a steering committee.

MR. EGGLESTON agreed with this suggestion and proposed that the following points be studied by the Steering Committee:

1. The work of the Commission in Washington while some of its members were on the trip to Japan;
2. The function of the Working Committees during the trip to Japan;
3. The distribution of information; and
4. Allocation of chairmen to the various Working Committees.

MR. SANSOM agreed with MR. EGGLESTON'S suggested program of study by Committee No. 1 as a steering committee. THE CHAIRMAN said he understood the sense of the Commission was to authorize Committee No. 1 to act as a steering committee, to consider the points mentioned by MR. EGGLESTON, and to report back to the Commission.

MR. BAJPAI said that he assumed that with the enlargement of the functions of Committee No. 1, no rigidity as to personnel was envisaged. THE CHAIRMAN said he thought the assumption was correct, but suggested that the question be raised in the Committee meeting.

THE COMMISSION agreed that Working Committee No. 1 should meet as a Steering Committee to study the points suggested for its consideration, and to make recommendations thereon to the Commission; and instructed the Secretary General to call a meeting of the Commission when the Steering Committee was ready to report. It was tentatively agreed that the Steering Committee should meet December 6.

CONFIDENTIALTime of Next Meeting

THE COMMISSION agreed to meet at the call of the Secretary General, following indication by Working Committee No. 1 of its readiness to report.

The meeting adjourned at 12:20 p.m.

9th

9th MeetingFAR EASTERN COMMISSIONAGENDA

For the Meeting to be held in Room 285,
The State Department Building,
on Thursday, 13 December 1945, at 10:30 A.M.

- ITEM 1 - THE HONORABLE ARTEMUS L. GATES, UNDER SECRETARY OF THE NAVY, HAS CONSENTED TO TALK TO THE COMMISSION ABOUT HIS OBSERVATIONS ON THE RECENT VISIT TO JAPAN.
- ITEM 2 - REPORT OF THE WORKING COMMITTEE NO. 1.
- ITEM 3 - DETAILS IN REGARD TO TRIP TO JAPAN.
- ITEM 4 - IT IS SUGGESTED THAT THE COMMISSION MAY BE ABLE TO DETERMINE WHEN FINAL ACTION CAN BE TAKEN BY THE COMMISSION ON REPORT OF COMMITTEE NO. 1, "BASIC OBJECTIVES AND POLICIES", REFERENCE FEAC 2/3.

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 NOVEMBER
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 FRIDAY

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NINTH MEETING FAR EASTERN COMMISSION
THURSDAY, DECEMBER 13, 1945, at 10:30 A.M.
ROOM 285, STATE DEPT. BUILDING

UNITED STATES

Major Gen. Frank R. McCoy
Col. C. Stanton Babcock
Dr. George Blakeslee
Mr. Erle R. Dickover

UNITED KINGDOM

His Excellency Lord Halifax
Mr. B. Cockram, Counselor, British Embassy
Col. W. A. Howkins, Joint Staff Mission
Mr. F. C. Everson, Second Secty., British Embassy
Mr. M. B. Thresher

CHINA

His Excellency, Dr. Wei Tao-ming, Chinese Ambassador
Dr. LIU Shi-Shun
Mr. YANG Yun-chu, Director, East Asia Dept., Ministry of Foreign Affairs
Mr. Tsui Tswen-ling, First Secretary, Chinese Embassy
Dr. Lin Mou-sheng

AUSTRALIA

His Excellency, Sir Frederic Eggleston
Major J. Plimsoll

FRANCE

His Excellency Paul Emile Naggiar, French Ambassador
Mr. Paul Guerin, Secretary to Mr. Naggiar
Captain Y. Durand De Saint Front (French Navy)
Lt. Col. G. V. Vandenbroucke
Mr. Pierre Sauvageot, Interpreter

CANADA

Mr. Ralph F. Collins, Second Secty., Canadian Embassy
Brigadier N. E. Rodger

RESTRICTED

COPY NO. _____

Record of
Ninth MeetingFAR EASTERN COMMISSION

Record of 9th Meeting held in Room 285,
The State Department Building,
on Thursday, December 13, 1945, at 10:30 a.m.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (U.S.)
His Excellency Lord Halifax (U.K.)
His Excellency Dr. Wei Tao-ming (China)
His Excellency Sir Frederic Eggleston (Australia)
His Excellency Paul Emile Naggiar (France)
Mr. R. E. Collins (Canada)
Dr. U. A. Zafra (P. I.)
Dr. de Kat Angelino (Netherlands)
Mr. J. S. Reid (New Zealand)
The Honorable Sir Girja Shankar Bajpai (India)

SECRETARY GENERAL

Mr. Nelson T. Johnson

RESTRICTED

The Chairman, GENERAL McCOY, called the meeting to order at 10:35 a.m.

1. REMARKS MADE BY THE HONORABLE ARTEMUS L. GATES, UNDER SECRETARY OF THE NAVY

THE SECRETARY expressed regret that Mr. Gates was unable to be present because of his recent resignation as Under Secretary of the Navy Department.

2. REPORT OF WORKING COMMITTEE NO. 1

MR. JOHNSON reported for Working Committee No. 1 with respect to the four suggestions made by Mr. Eggleston at the eighth meeting of the Commission (Record of the Eighth Meeting).

THE COMMISSION approved the report as follows:

- a. Steering Committee. That Working Committee No. 1 should function as a Steering Committee in Washington while the Commission was absent in Japan, to consider information needed by the Commission and to submit questions to the Commission in Japan for investigation.
- b. Working Committee. That the Working Committee should continue to meet during the absence of the Commission.
- c. Information. That all members of the Commission should make available any studies of basic information prepared by their Governments.
- d. Committee Chairmen. That the following chairmen and alternates be appointed for the Working Committees:

COMMITTEE NO. I

Basic Policies and Objectives

Chairman: Sir Frederic Eggleston
Alternate Chairman: Mr. O. Reuchlin

COMMITTEE NO. II

Economic Problems and Reparations

Chairman: Sir George Sansom
Alternate Chairman: Mr. Erle R. Dickover

COMMITTEE NO. III

Strengthening of Democratic Processes

Chairman: Mr. J. S. Reid
Alternate Chairman: Dr. W. Wejer

COMMITTEE NO. IV

Constitutional Reform

Chairman: Sir Girja Shankar Bajpai
Alternate Chairman: Mr. Herbert Norman

COMMITTEE NO. V

War Criminals

Chairman: Dr. Liu Shih-Shun
Alternate Chairman: Mr. Manuel A. Adeva

COMMITTEE NO. VI

Aliens in Japan

Chairman: Mr. Francis Lacoste
Alternate Chairman: Dr. T. T. Mar

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- e. Agenda. That the unassigned topics on the Long Term Agenda (FEAC 10/2) be assigned to the Working Committees as indicated by WC1-2.

MR. JOHNSON reported that arrangements had been made for the War Department, through the Secretariat, to supply the Commission with current information from Japan.

THE CHAIRMAN suggested that General Hildring might address the Commission at its next meeting concerning information he had collected as Chief of the Civil Affairs Division in the War Department.

MR. JOHNSON explained that during the absence of the Commission Mr. Dickover would head the Secretariat and would be assisted by part of the Secretariat's staff in serving the Committees remaining in Washington and in handling communications with the Commission.

LORD HALIFAX said that his Government would be pleased to make available to the Commission any basic studies that had been prepared. Regarding the final paragraph of WC1-2, he suggested that the procedure be continued of having questions submitted to the Working Committees for report by them to the Commission.

3. DETAILS IN REGARD TO THE TRIP TO JAPAN

THE COMMISSION agreed to change the time of departure from Washington to the afternoon of December 26.

4. POSSIBILITY OF FINAL ACTION ON FEAC 2/3

THE CHAIRMAN stated that he foresaw possible delays in reaching final agreement on FEAC 2/3 if, after the first replies were received from the respective Governments, each suggested change had again to be referred to the Governments in the course of negotiation. In the hope of obviating such delay, he had requested from the U.S. Government the authority to act, in this specific case, to finalize agreement on this basic policy. He suggested that each representative request such authority from his Government. If this were done, he thought it possible that final agreement might be reached before the Commission departed for Japan, a goal which he considered desirable in the interest of international collaboration.

MR. NAGGIAR inquired as to whether agreement on basic policy would involve the Commission in action on specific matters in Japan or whether such agreement would simply result in the forwarding of the documents to General MacArthur as general instructions. THE CHAIRMAN replied that such agreement by the Commission would have the latter effect.

MR. WEI said that because the new Terms of Reference had not been agreed upon, he doubted the Commission's ability to take any action and inquired as to whether the Commission could send the document to the U.S. Government for transmission to General MacArthur as a directive, without new Terms of Reference, or whether the document might be sent only as a recommendation to the respective Governments under the old Terms of Reference.

MR. BAJPAI proposed that the Commission might proceed pragmatically on this one document, without agreed Terms of Reference, and that if the Governments should give instructions to reach agreement upon a certain text, the agreement by the Commission would amount to agreement by the Governments.

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LORD HALIFAX suggested that the Chairman request the delegates to obtain the comments of their respective Governments within a week and to inform their Governments that if they would authorize their delegates to reach agreement on this document, the Commission would then transmit the document to the U.S. Government for communication to General MacArthur as a directive. THE CHAIRMAN adopted Lord Halifax's suggestion and explained that should the delegates obtain authority to act for their Governments on this document, there would be no commitments as to Commission action on other documents.

THE COMMISSION agreed:

- a. 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.
- b. That each representative should seek from his Government a degree of discretion in negotiating agreement on FEAC 2/3.

5. INFORMAL BUSINESS

a. Documents.

MR. JOHNSON drew attention to paragraph 2 of MI-4 and requested that representatives furnish the Documents Officer with lists of desired documents as soon as possible.

b. Pauley Mission.

MR. JOHNSON informed the Commission that two representatives of the Pauley Mission would join the Commission in Honolulu to make available information obtained on that mission. THE CHAIRMAN added that he would try to arrange for Mr. Pauley to appear before the Commission at its next meeting.

c. Time of Next Meeting.

THE COMMISSION agreed to meet Friday, December 21.

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.



DEPARTMENT OF STATE
WASHINGTON



FAR EASTERN COMMISSION

Confidential

20 December 1945

MEMORANDUM FOR: Gen. McCoy

Subject: Ninth FEC Meeting, Thursday, 13 December 1945

Enclosure: Confidential Minutes of Ninth FEC Meeting

1. The enclosure, confidential minutes of the ninth FEC meeting, is forwarded herewith.

Respectfully,

Nelson T. Johnson,
Secretary General

cc: Mr. Vincent

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ENCLOSURE

CONFIDENTIAL MINUTES OF NINTH FEC MEETING

THE CHAIRMAN, GEN. McCOY, called the meeting to order at 10:35 a.m.

ITEM 1. REMARKS MADE BY THE HONORABLE ARTEMUS L. GATES,
UNDER SECRETARY OF THE NAVY.

THE CHAIRMAN expressed regret that Mr. Gates was unable to be present because of his recent resignation as Under Secretary of the Navy. He said that he had discussed with one of Mr. Gates' associates their recent visit to Japan and had learned that their impressions had coincided with those of other speakers who had appeared before the Commission.

ITEM 2. REPORT OF WORKING COMMITTEE NO. 1.

MR. JOHNSON reported for Working Committee No. 1 with respect to the four suggestions made by Mr. Eggleston at the eighth meeting of the Commission (Record of the Eighth Meeting).

THE COMMISSION approved the report as follows:

- a. Steering Committee. That Working Committee No. 1 should function as a Steering Committee in Washington while the Commission was absent in Japan, to consider information needed by the Commission and to submit questions to the Commission in Japan for investigation.
- b. Working Committees. That the Working Committees should continue to meet during the absence of the Commission.
- c. Information. That all members of the Commission should make available any studies of basic information prepared by their Governments.
- d. Committee Chairmen. That the following chairmen and alternates be appointed for the Working Committees:

COMMITTEE NO. 1
Basic Policies and Objectives

Chairman: Sir Frederic Eggleston
Alternate Chairman: Mr. O. Reuchlin

CONFIDENTIALCOMMITTEE NO. II
Economic Problems and Reparations

Chairman: Sir George Sansom
Alternate Chairman: Mr. Erle R. Dickover

COMMITTEE NO. III
Strengthening of Democratic Processes

Chairman: Mr. J. S. Reid
Alternate Chairman: Dr. W. Weyer

COMMITTEE NO. IV
Constitutional Reform

Chairman: Sir Girja Shankar Bajpai
Alternate Chairman: Mr. Herbert Norman

COMMITTEE NO. V
War Criminals

Chairman: Dr. Liu Shih-Shun
Alternate Chairman: Mr. Manuel A. Adeva

COMMITTEE NO. VI
Aliens in Japan

Chairman: Mr. Francis Lacoste
Alternate Chairman: Dr. T. T. Mar

- e. Agenda. That the unassigned topics on the Long Term Agenda (FEAC 10/2) be assigned to the Working Committees as indicated by WC1-2.

MR. JOHNSON reported that, with the assistance of Col. Babcock, arrangements had been made for the War Department to set up a unit to supply the Commission with information which was beginning to arrive from Japan. MR. JOHNSON said that this information would be distributed by the Secretariat as it was received from the War Department. He said that Committee No. 1 at its last meeting had discussed the need for basic information regarding Japan. An investigation was now under way of the availability for use by the Commission of all basic studies made

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by agencies of the U. S. Government. MR. JOHNSON requested that all members of the Commission make available any studies prepared by their Governments. THE CHAIRMAN suggested that Gen. Hildring might address the Commission at its next meeting concerning information he had collected as Chief of the Civil Affairs Division in the War Department. He explained that Gen. Hildring would not care to supply the Commission with records, but would interpret his information for the Commission.

MR. JOHNSON explained that during the absence of the Commission Mr. Dickover would head the Secretariat and would be assisted by part of the Secretariat staff in serving the Committees and in handling communications with the Commission.

LORD HALIFAX said that his Government would be pleased to make available to the Commission any basic studies that had been prepared. Regarding the final paragraph of WC1-2, he suggested that the procedure be continued of having questions submitted to the Working Committees for report by them to the Commission.

MR. BAJPAI said he had understood that each Committee would elect its Chairman and that the lists submitted by Committee No. 1 contained recommendations only. MR. EGGLESTON said that election by each Committee might result in an unbalanced list of Chairmen; he thought that appointment of Working Committee chairmen by the Commission was satisfactory. THE CHAIRMAN agreed that appointment of Working Committee chairmen by the Commission was preferable to election by each Working Committee of its chairman.

ITEM 3. DETAILS IN REGARD TO THE TRIP TO JAPAN.

THE CHAIRMAN expressed regret that none of the Ambassadors could accompany the Commission to Japan. However, he was conscious that the arrangements which had been made would permit the Committee to continue their work in Washington while the Commission studied the occupation in Japan.

THE CHAIRMAN suggested that the time of departure from Washington be changed from morning to afternoon.

THE COMMISSION agreed to change the time of departure from Washington to the afternoon of December 26.

CONFIDENTIALITEM 4. POSSIBILITY OF FINAL ACTION ON FEAC 2/3.

THE CHAIRMAN stated that he foresaw possible delays in reaching final agreement on FEAC 2/3 if, after the first replies were received from the respective Governments, each suggested change had again to be referred to the Governments in the course of negotiation. As an example of the type of delay he hoped to avoid, THE CHAIRMAN told of Gen. MacArthur's effort to get approval on an important action. The State Department had told Gen. MacArthur to take the matter up through diplomatic channels with the ten nations represented on the Far Eastern Commission. Gen. MacArthur had waited for replies for a month and had not yet received one from any of the ten nations. In the hope of obviating such delay, THE CHAIRMAN had requested from the U. S. Government the authority to act, in this specific case, to finalize agreement on this basic policy. He suggested that each representative should request such authority from his Government. If this were done, he thought it possible that final agreement might be reached before the Commission departed for Japan, a goal which he considered desirable in the interest of international collaboration.

MR. EGGLESTON asked whether each delegation was submitting FEAC 2/3 to its own Government or whether the Commission was submitting the paper to the ten Governments. THE CHAIRMAN replied that each delegation was submitting the paper to its Government.

MR. NAGGIAR inquired as to whether agreement on this basic policy would involve the Commission in action on specific matters in Japan or whether such agreement would simply result in the forwarding of the document to General MacArthur as general instructions. THE CHAIRMAN replied that such agreement by the Commission would have the latter effect.

MR. WEI said that because the new Terms of Reference had not been agreed upon, he doubted the Commission's ability to take any action and inquired as to whether the Commission could send the document to the U. S. Government for transmission to General MacArthur as a directive, without new Terms of Reference, or whether the document might be sent only as a recommendation to the respective Governments under the old Terms of Reference. He said that only in case the document might be sent as a directive could the delegates request acceleration by their Governments.

MR. BAJPAI proposed that the Commission might proceed pragmatically on this one document, without agreed Terms of Reference, and that if the Governments should give instructions to reach agreement upon a certain text, the agreement by the Commission would amount to agreement by the Governments.

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LORD HALIFAX said that although the status of the Commission, without agreed Terms of Reference, was anomalous, he did not think this need interfere with the practical value of the Commission's recommendations on the basis of somewhat informal agreements. LORD HALIFAX suggested that the Chairman request the delegates to obtain the comments of their respective Governments within a week and to inform their Governments that if they would authorize their delegates to reach agreement on this document, the Commission would then transmit the document to the U. S. Government for communication to Gen. MacArthur as a directive. THE CHAIRMAN adopted Lord Halifax's suggestion and explained that should the delegates obtain authority to act for their Governments on this document, there would be no commitments as to Commission action on other documents.

THE COMMISSION agreed:

- a. 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.
- b. That each representative should seek from his Government a degree of discretion in negotiating agreement on FEAC 2/3.

5. INFORMAL BUSINESS.a. Documents

MR. JOHNSON drew attention to paragraph 2 of MI-4 and requested that representatives furnish the Documents Officer with lists of desired documents as soon as possible.

b. Pauley Mission.

MR. JOHNSON informed the Commission that two representatives of the Pauley Mission would join the Commission in Honolulu to make available information obtained on that Mission. THE CHAIRMAN added that he would try to arrange for Mr. Pauley to appear before the Commission at its next meeting.

c. Time of Next Meeting

THE COMMISSION agreed to meet Friday, December 21. The meeting adjourned at 11:50 a.m.

10th MeetingFAR EASTERN COMMISSIONAGENDA

For the Meeting to be held in Room 285,
The State Department Building,
on Friday, December 21, 1945, at 10:30 A.M.

ITEM 1 - CONSIDERATION OF REPORT OF WORKING COMMITTEE I,
FEAC 2/3, POST-SURRENDER POLICY FOR JAPAN

It is the hope of the Chairman of the Commission that members of the Commission accompanying him on the trip to Japan will be given authority to confer together on the journey in order that matters may be discussed and agreement achieved, so that the work of the Commission may go on as occasion arises.

TENTH MEETING FAR EASTERN COMMISSION
FRIDAY, DECEMBER 21, 1945, at 10:30 A. M.
ROOM 285, STATE DEPARTMENT BLDG.

UNITED STATES

Major Gen. Frank R. McCoy
Dr. George Blakeslee
Mr. Erle R. Dickover
Major W. W. Lockwood

UNITED KINGDOM

His Excellency Lord Halifax
Mr. B. Cockram
Col. W. A. Howkins
Mr. F. C. Everson

CHINA

His Excellency Dr. Wei Tao-ming
Dr. Liu Shi-shun
Mr. Yang Yun-chu
Mr. Tsui Tswen-ling
Mr. King Ching
Dr. T. T. Mar

AUSTRALIA

His Excellency, Sir Frederic Eggleston
Major J. Plimsoll

FRANCE

His Excellency Paul Emile Naggiar
Mr. Paul Guerin
Capt. Y. Durand De Saint Front
Lt. Col. G. V. Vandembroucke
Mr. Pierre Sauvageot

CANADA

His Excellency Lester B. Pearson
Maj. Gen. H. F. G. Letson
Mr. Ralph F. Collins

PHILIPPINES

Mr. ~~T~~omas Confesor
Mr. Antonio A. Gonzalez

NETHERLANDS

Dr. A. D. A. de Kat Angelino
Mr. O. Reuchlin
Dr. H. N. Boon

NEW ZEALAND

The Honorable C. A. Berendsen
Mr. J. S. Reid

INDIA

The Honorable Sir Girja Shankar Bajpai
Mr. R. R. Saksena
Mr. Humphrey Trevelyan

SECRETARIAT

Mr. Nelson T. Johnson
Mr. Harold Moseley
Mr. Thomas D. Blake
Mr. Hugh D. Farley
Mr. John Gardiner
Mr. Richard Weigle
Mr. Carl H. Pfuntner
Miss Mary A. Mc Guigan

HONOR GUESTS

Mr. Edwin W. Pauley (and group)
Maj. Gen. John H. Hildring

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Record of
Tenth Meeting

FAR EASTERN COMMISSION

Record of 10th Meeting held in Room 285,
The State Department Building,
on Friday, December 21, 1945, at 10:30 A. M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (U.S.)
His Excellency Lord Halifax (U.K.)
His Excellency Dr. Wei Tao-ming (China)
His Excellency Sir Frederic Eggleston (Australia)
His Excellency Paul Emile Naggiar (France)
His Excellency Lester B. Pearson (Canada)
The Honorable Tomas Confesor (P.I.)
Dr. A. D. A. de Kat Angelino (Netherlands)
The Honorable C. A. Berendsen (New Zealand)
The Honorable Sir Girja Shankar Bajpai (India)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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The Chairman, GENERAL McCOY, called the meeting to order at 10:35 a.m.

1. CONSIDERATION OF REPORT OF WORKING COMMITTEE 1, FEAC 2/3, POST-SURRENDER POLICY FOR JAPAN

THE CHAIRMAN reminded the Commission that it had been hoped to circulate the comments of the various Governments on FEAC 2/3 before this meeting. He distributed the comments of the U. S. Government at the meeting.

LORD HALIFAX said that he regretted the inability of his Government to present its views on FEAC 2/3 at this time, but preparations for the Moscow Conference had delayed completion of the study by the United Kingdom Government.

THE COMMISSION agreed:

- a. That members making the trip to Japan should have authority to reach agreement on FEAC 2/3 during the journey.
- b. That the delegates making the trip should act in the capacity of the Commission as such, and communicate agreements they might reach to the delegates in Washington for approval, or, if necessary, for submission to the respective Governments.
- c. That the responses of the Governments which had not yet commented on FEAC 2/3 should be communicated to the Commission abroad ship and should be circulated to the delegations in Washington.
- d. That Working Committee No. 1 should also consider FEAC 2/3 as soon as the comments of all nations had been received.

2. REPORT BY MR. EDWARD PAULEY ON HIS MISSION TO JAPAN

MR. PAULEY discussed the Japanese economy, with particular attention to an interim reparations program, and answered questions by the delegates. (Mr. Pauley's remarks will be circulated as an addendum to this Record.)

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MR. PAULEY invited the Commission, during its visit to Japan, to make use of the services of members of his staff who were stationed in Japan.

3. REMARKS BY GENERAL HILLDRING, CHIEF OF THE CIVIL AFFAIRS DIVISION, WAR DEPARTMENT

GENERAL HILLDRING reported to the Commission on recent information obtained from Japan, and answered questions by the delegates. (His remarks will be circulated as an addendum to this Record.)

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ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.



Confidential

DEPARTMENT OF STATE
WASHINGTON

FAR EASTERN COMMISSION



January 9, 1946

MEMORANDUM FOR: Gen. McCoy

Subject: Tenth FEC Meeting, Monday, 21 December 1945

Enclosure: Confidential Minutes of Tenth FEC Meeting

1. The enclosure, confidential minutes of the tenth FEC meeting, is forwarded herewith.

Respectfully,

Erle R. Dickover for
NELSON T. JOHNSON
Secretary General

cc: Mr. Vincent

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ENCLOSURE

CONFIDENTIAL MINUTES OF TENTH FEC MEETING

THE CHAIRMAN, GEN. McCOY, called the meeting to order at 10:35 a.m.

1. CONSIDERATION OF REPORT OF WORKING COMMITTEE NO. 1
FEAC 2/3, POST SURRENDER POLICY FOR JAPAN.

THE CHAIRMAN asked whether the American comments on FEAC 2/3 had been prepared for distribution. MR. BLAKE replied that the paper containing the American viewpoint would be completed and ready for circulation before the end of the meeting.

LORD HALIFAX said his Government had hoped to be in a position to give its views, but the preparations by the Foreign Secretary for the Moscow conference had delayed his rendering a final opinion on FEAC 2/3. However, LORD HALIFAX added that his Government had expressed general satisfaction with the document and only desired further study of a few points.

THE CHAIRMAN expressed the hope that members of the Commission making the trip to Japan would be given authority to confer together on the journey in order that matters might be discussed and agreements achieved. LORD HALIFAX and MR. WEI agreed that this would be desirable.

MR. EGGLESTON said that it would be essential that those making the trip should consult together but that they should only make decisions as to procedure. THE CHAIRMAN replied that the meaning of his previous suggestion was that agreements should be communicated to the members of the Commission remaining in Washington. LORD HALIFAX agreed, and pointed out that as discussions should proceed it might be necessary for the delegates to communicate with their respective Governments. This could best be done through the representatives in Washington.

MR. BERENDSEN said he was unclear as to what disposition might be made of FEAC 2/3 during the absence of part of the Commission. THE CHAIRMAN replied that he understood that authority had now been given for delegates making the journey to act as the Commission, subject to communication with the principals remaining in Washington. He pointed out that all those making the trip were alternates except Mr. Berendsen and himself, and expressed the opinion that communication with the principals in Washington would be more practicable than communication with the respective Governments through diplomatic channels.

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MR. EGGLESTON suggested that as additional comments on FEAC 2/3 were submitted, they should be discussed by Working Committee No. 1 in Washington. Discussion and action could then take place aboard ship with the benefit of comments received from Working Committee No. 1.

THE COMMISSION agreed:

- a. That members making the trip to Japan should have authority to reach agreement on FEAC 2/3 during the journey.
- b. That the delegates making the trip should act in the capacity of the Commission as such, and communicate agreements they might reach to the delegates in Washington for approval, or, if necessary, for submission to the respective Governments.
- c. That the responses of the Governments which had not yet commented on FEAC 2/3 should be communicated to the Commission aboard ship and should be circulated to the delegations in Washington.
- d. That Working Committee No. 1 should also consider FEAC 2/3 as soon as the comments of all nations had been received.

2. REPORT BY MR. EDWARD PAULEY ON HIS MISSION TO JAPAN.

THE CHAIRMAN introduced Mr. Pauley to the Commission and explained that Mr. Pauley's remarks must be considered informal and off the record.

MR. PAULEY said that his remarks, while not comprising the official viewpoint of the United States, had the general approval of the President. He then discussed the Japanese economy, with particular attention to an interim reparations program and answered questions by the delegates. (Mr. Pauley's remarks have been circulated as an addendum to the record of the tenth meeting.)

THE CHAIRMAN said he felt Mr. Pauley's remarks were pertinent and that they should have the effect of allaying the concern any members of the Commission might feel as to what was happening in Japan. He inquired whether the policy Mr. Pauley had outlined was being followed in general by Gen. MacArthur. MR. PAULEY replied that Gen. MacArthur's policy came to him through orders from the Joint Chiefs of Staff. He hoped that the suggested interim program might soon be approved and relayed to Gen. MacArthur through such an order. He said that the interim program left

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a cushion for further removal of Japanese industry after an over-all decision on reparations had been made. He emphasized the urgency of instituting the interim program before any discussion of final reparations. MR. EGGLESTON asked whether the estimates contained in Mr. Pauley's suggested program were based on statistics compiled by Gen. MacArthur or by the Japanese. MR. PAULEY replied that his estimates had been based on both types of statistics and added that the principal source of Gen. MacArthur's statistics was the Japanese Government. There had been no thorough check of the accuracy of these statistics, and some of them, particularly those pertaining to agriculture, were questionable.

LORD HALIFAX expressed his appreciation of Mr. Pauley's addressing the Commission and presenting such a valuable over-all view of the situation in Japan.

MR. PAULEY invited the Commission, upon its arrival in Japan, to utilize the services of members of his staff who would still be in Japan. He said the training and the information of his staff would enable them to show the Commission what remained of Japanese industry, rather than simply to point out what had been destroyed. He compared the salvage value, from the standpoint of reparations, of Japanese industry with that of Germany. A survey in Germany had indicated that only 15% of industry had been beyond salvage. A similar survey in Japan indicated that not over 30%, and probably only 25%, of Japanese industry was beyond salvage. He observed that a bomb damage survey report indicating 70% destruction of industry did not indicate the percentage of industry that might be salvaged for purposes of reparations.

MR. EGGLESTON asked whether, since the Japanese economy had been distorted to create a war potential, it might not be necessary to build up peace industries if war industries were removed. MR. PAULEY replied that this would be true in the long range, but he stressed the importance of the immediate institution of the interim program, because of the apparent intention of the Japanese to convert war plants to peace use, with the hope that such plants would thus not be considered war potential. As an example, he said that the Japanese were seeking permits for aluminum in order to build civilian goods in former airplane factories. A desirable policy might be to make it clear to the Japanese that airplane factories would be removed before they were reconverted.

LORD HALIFAX inquired as to the reasons for Mr. Pauley's feeling that reconversion now by the Japanese was undesirable. Was it because such reconversion would result in an unbalanced economy or in excess capacity? MR. PAULEY replied that he thought both results would follow. LORD HALIFAX said that he presumed the ultimate test would be to decide what amount of peacetime production would be necessary to balance an

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export-import program to enable the Japanese to live, and he agreed that it was probably true that if domestic production were permitted to exceed the amount necessary to achieve this balance, the Japanese would be unable to maintain such production. MR. PAULEY said that he and his staff had tried to make such a decision in the case of steel production. Their tentative figure had been between 1,700,000 tons and 2,500,000 tons. MR. EGGLESTON inquired as to how production of 2,500,000 tons of steel could be reconciled with a pig iron production of 500,000 tons which Mr. Pauley had previously mentioned. MR. PAULEY replied that there was enough scrap iron in Japan to last for many years. In reply to a question by the Chairman regarding oil stocks in Japan, MR. PAULEY said that a bomb damage survey report indicated that at the time of collapse there were only 200,000 barrels of petroleum, the equivalent of two tanker loads, in the whole of Japan.

3. REMARKS BY GENERAL HILLDRING, CHIEF OF THE CIVIL AFFAIRS DIVISION, WAR DEPARTMENT.

THE CHAIRMAN presented Gen. Hilldring to the Commission and said that it was indeed a pleasure to again hear from him.

GEN. HILLDRING said he was glad to be before the Commission again and to supplement his report of November 7 with more up-to-date information. He felt that any scarcity of information was attributable to the fact that the present phase of occupation in Japan was that of instructing the Japanese Government what it should do. There had not yet been time for the Japanese Government to do much in carrying out the instructions it had received from Gen. MacArthur. However, the War Department was now beginning to receive reports from Gen. MacArthur regarding what the Japanese had accomplished in response to his instructions, and Gen. Hilldring said that a weekly summary, beginning immediately, would be supplied to the Commission covering in detail Japanese responses to Gen. MacArthur's orders.

GEN. HILLDRING then reported to the Commission on recent information obtained from Japan, and answered questions by the delegates. (His remarks have been circulated as an Addendum to the Record of the Tenth Meeting.)

In reply to a question by GEN. McCOY regarding Japanese water transportation and the fishing fleet, GEN. HILLDRING said that enough boats remained to carry on fishing in nearby waters, but neither sufficient boats nor fuel existed to make possible fishing over wide areas. He said that steps would probably be taken to make fuel available to the fishing fleet. The only solution of which he had heard for the difficulties in inter-island shipping was the informal suggestion by Col. Kramer that surplus Liberty ships be used for this purpose. The problems involved in water

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transportation and fishing pointed up the necessity for planning toward an integrated Japanese economy. Until steps should be taken to enable the Japanese to secure raw materials, they would not be able to build ships.

The meeting adjourned at 12:45 p.m.

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ADDRESS TO

FAR EASTERN ADVISORY COMMISSION

by

Major General John H. Hilldring
Director, Civil Affairs Division
War Department Special Staff

21 December 1945

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OUTLINE OF ADDRESSI. INTRODUCTORY

Reports from Japan since my appearance on November 7th indicate our control is made effective by a sound machinery.

II. POLITICS AND GOVERNMENT

As conditions become more settled in Japan, as it is learned that General MacArthur's policy is to encourage a democratic society, the nation has commenced to stir politically.

- A. Parties in opposition to the conservatives now in power are being formed.
- B. Newspapers are charging the conservatives with opposition to reform and with guilt for the nation's plight.
- C. The Government is considering revision of organization of the House of Representatives and Peers, election, land, labor, and other laws.
- D. Diplomats of neutral nations may now be sent to Japan.
- E. Arrest and preparation of prosecution of Japanese war criminals by an International Tribunal is getting under way.
- F. The organization of an independent Korean government is moving ahead. The pressing problems to the Korean is (1) possibility of delayed independence, (2) the 38th parallel, and (3) the threat of trusteeship.

III. EDUCATION AND INFORMATION CONTROL

Activities in the information field in Japan have been to encourage liberty of expression and wide dissemination of diversified views; in education, to eliminate ultra-nationalist influences.

- A. Revision of texts, organization, and personnel is under way in education.
- B. Japanese language programs are beamed throughout the day from San Francisco.
- C. Japanese radio stations are permitted to broadcast.
- D. Radio reception facilities for the public are assured.

IV. ECONOMICS

Lack of raw materials, fuel, finance, and confidence are slowing down the reactivation of the Japanese industrial machine.

- A. The fact that banks were so deeply involved in finance of the defunct war industry has raised a critical problem.
- B. Shortage of currency is more imaginary than real.
- C. The Japanese government has been ordered to supply currency for the occupation forces.

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- D. Use of the military yen is being discontinued; there is no discrimination against it in exchange for local yen.
- E. Blocked assets of nationals of enemy and ex-enemy nations are being made available, liberally if an individual is "unobjectionable," sparingly if "objectionable"; but none are permitted to trade for non-Japanese exchange.
- F. Japanese food supplies will permit only 1453 calories in 1946. To raise the diet to 1550 calories will require importations of 835,000 tons; to 1800 calories, 3,000,000 tons; and to 2160 calories, 6,000,000 tons.
- G. A real food shortage, plus hoarding by producers, plus government price ceilings, plus a crippled transportation system, are producing, among other problems, the customary black market. To combat it, controls have been removed from certain items.
- H. Japan's extremely important textile industry is faced with stoppage because of dwindling stocks of cotton.
- I. Termination of the war has produced a further shortage of coal, principally because of release of Korean workers previously forced into the mines by the Japanese.
- J. Air bombings destroyed 21 per cent of Japanese dwellings and other buildings.

V. CONCLUSION

The Japanese citizen is depressed by the defeat, which is reflected in loss of confidence in the old government. This is magnified by the crippled industry, food shortage, and increasing prices and decreasing wages. However, the nation is awaking politically and industrially.

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ADDRESS

Since my appearance before you on November 7th, further reports have been received indicating progress in the realization of our objectives in Japan. Our control of that nation is being assured through a sound machinery. The Japanese Government is carrying out General MacArthur's orders.

As conditions become more settled in Japan, as it is learned that Allied policy is to encourage a democratic society, the nation has commenced to stir politically. The conservative groups now in power are attempting to put on a more liberal front with changes in names and announcement of plans to liberalize laws. The press is generally supporting the new parties and accuses the conservatives in power of having no real intention of instituting reforms. General MacArthur is following a policy of permitting political action so long as security of the troops is not endangered and so long as a feeling of mistrust and resentment of the presence of Allied troops is not stimulated.

The reactivation of the conservative groups in Japan, which is now recovering from the post surrender shock is significant. Since the conservatives have an overwhelming majority in the Diet as it is now instituted, it is becoming increasingly apparent that in spite of much talk concerning legislative reforms any voluntary changes which may be made by the present leaders of these groups will not be drastic.

The Press is openly hostile to this group and has charged the Government generally with the responsibility for the present economic distress of the country and for its inability to solve any of the pressing problems.

It is reliably reported that just recently fifty-three conservative Diet members have announced the formation of a "Democratic" party which was later called the "Progressive Party".

The Communist Party has announced a comprehensive democratic program of twenty-five points, but no reliable estimate of the strength of the party is available. Such questions as the Institution of the Emperor, and many other planks in the party's platform, apparently have not yet made an impression on the mind of a people unused to the existence of opposing political factions. There are indications that the general conservatism of the peasants, and the apathetic political thinking of the people as a whole will cause the Communist Party to align itself with elements of the Social Democrats.

The Japanese Liberal and Japanese Socialistic Parties have been formed, but no reports of their strength or activities have been received.

The retention of the Institution of the Emperor has now become a major political issue. The attitude of both the cabinet and of Imperial Household Committees make it clear that any revision by them of the Japanese Constitution will not include a voluntary change in their attitude towards the Institution of the Emperor.

In appointing Ken Governors, the Home Ministry has not confined itself to selection of members from among those of the old political hierarchy. The Government has announced the proposed revision of many laws, including the election laws and those laws having to do with land ownership, labor rights, the grading of civil officials, and the strength of Neighborhood Associations. A change in the organization of the House of Representatives and Peers is also contemplated. Concerning the question of land reform, a spokesman for the conservative Japanese Liberal Party considers the proposed Japanese Government plan to purchase land for resale to peasants

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too radical. It was felt it might cause friction between landlords and tenants, and that any such action should await solution of the food problem. A leader of the conservative Japan Progressive Party accepts the plan in principle but believes the present governmental machinery inadequate to handle the problem and, that the prices which the government proposes to pay for the land are too low.

General MacArthur has requested the State Department to advise neutral nations that their diplomats may now be accredited to the Supreme Allied Commander instead of to the Japanese Government.

Progress is being made in the preparation of trials of war criminals. To date, 291 persons charged with war crimes have been arrested and are being held awaiting trial and several of them have committed hari-kari. The United States has directed that Class A War Criminals, which category would include Tojo and his War Cabinet, are to be tried by an International Tribunal. It is hoped, in view of the desirability of an early trial, that those nations who have been invited to participate will promptly submit nominations for judges and members of the prosecution staff.

Very little comment has been made, in Japan, upon the trial of General Yamashita in Manila and practically no account of the atrocities of which he has been charged. It appears in discussions of war guilt that many Japanese leaders tend to stress that the guilt was the loss of a disastrous war, rather than starting a war.

Koreans are being given an active part in the administration of their country. Koreans who were not collaborators with the Japanese and who are qualified are being groomed for administrative posts.

Minor incidents of violence continue in Korea. These disturbances are aimed at Japanese, pro-Japanese and local appointees of Military Government, rather than at Military Government itself. For the most part, these demonstrations are led by youth groups affiliated with the "Korean Peoples Republic".

The most pressing problems to the Korean mind today are: (1) possibility of delayed independence, (2) the 38th parallel, and (3) the fear of a possible trusteeship.

Generally, the attitude of the Koreans continues friendly to our occupation, although Military Government is sometimes attacked editorially and in posters.

General MacArthur's activities in the information field in Japan have been directed towards the encouragement of liberty of expression and the wide dissemination of diversified views. Japanese agencies are limited only by the need for security of our forces. School organizations, personnel, and texts are being rid of objectionable ultra-nationalist and militaristic influences.

The Civil Information and Education Section of General MacArthur's Headquarters is charged with the promulgation of theater policy and directives, and the supervision of the Japanese information and education agencies. A representative of the War Department Propaganda Branch has just returned from a tour in Tokyo where he assisted that headquarters in obtaining personnel and equipment to make effective our control of the Japanese newspapers and radio. Japanese language programs are beamed daily on a five-hour schedule from San Francisco by short-wave and rebroadcast on a medium wave from Saipan.

The Japanese continue to broadcast their own programs on medium wave. These programs are permitted great freedom under broad directives from General MacArthur. They must adhere to truth; and refrain (1) from destructive criticism of Allied Powers, (2) items inviting mistrust or resentment of Allied troops, and (3) information of troop movements.

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Active steps are being taken to assure reception of these radio programs by the public. Radio receiving sets are generally in a critical state of disrepair throughout Japan. "Neighborhood Associations," a carry-over of wartime policy to assure rapid public reception of radio programs still continue to operate. The re-educational program requires radio receivers in schools and the Ministry of Education has been directed to procure 2,683 additional receivers.

To effect a wider dissemination of news, the Japanese Government has been directed to submit a plan to manufacture and distribute radios to equip 50 per cent of all Japanese homes. Progress has been made in the production of large transmission tubes for the full power operation of a majority of the stations of the Japan Broadcasting Corporation.

Relative to the financial situation in Japan, recent statements of the Bank of Japan reflect a growing demand for currency on the part of financial institutions and official agencies in Japan. In fact, a serious situation exists with respect to liquidity of Japanese commercial banks, particularly in view of the large loans based on munitions contracts which are outstanding on the books of such banks.

Currency requirements of United States forces in Japan are being met by supplies of Bank of Japan notes furnished to General MacArthur by the Japanese Government. In Korea, similar currency requirements are met through the use of Bank of Chosen notes. Bank of Japan notes are no longer legal tender in Korea and Bank of Chosen notes are no longer legal tender in Japan. Prior to the arrangements whereby supplies of Bank of Japan notes and Bank of Chosen notes were made available to General MacArthur, U.S. forces in the main and outlying islands of Japan and in Korea were using supplemental military currency denominated in yen, as well as other legal tender currency of the respective areas. Military yen currency is interchangeable without distinction, one for one, with other legal tender currency in Japan and Korea, respectively. Although these supplemental military currencies are not at present being issued, such issuance may be resumed by General MacArthur at any time, in case of need. In order to distinguish between the supplemental military currency used in Japan and Korea, the letter "B" has been imprinted on the military currency notes for use in the main and outlying islands of Japan and the letter "A" on the military currency notes for use in Korea.

Supplemental military yen currency notes were printed in advance of military operations for the use of General MacArthur, for issuance under military authority. ~~Accordingly, the above-mentioned supplemental military authority.~~ Accordingly, the above-mentioned supplemental military currency notes bear on their face the words "Military Currency" in English and in Japanese and on the reverse side the words "Issued Pursuant to Military Proclamation" in both languages. Under International law, the Hague Conventions and decisions of the Supreme Court of the United States, the military commander in areas occupied by the forces under his command has all the powers necessary for the carrying out of governmental functions, including the right to provide for the currency needs of the area occupied.

In regard to treatment to be accorded blocked assets in Japan of nationals of Italy, Siam, Finland, Bulgaria, Hungary, and Rumania, General MacArthur has been advised that the liberality of licensing policy with respect to such nationals should depend upon whether or not the individuals involved are regarded as "objectionable" by reason of their support of Axis and Axis-sponsored regimes. All Italians in Japan who are in good standing with the present Italian Government are regarded as unobjectionable nationals. Liberal licensing policies are followed in the case of unobjectionable nationals, but licenses issued on behalf of unobjectionable nationals do not authorize disposition of any of their holdings of foreign currency, precious metals or foreign exchange.

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Unobjectionable nationals, including neutrals and nationals of United Nations, are being authorized by General MacArthur to take with them upon departure from Japan their normal personal effects and up to the equivalent of \$250 of any foreign currencies in their possession. Upon repatriation, objectionable nationals will be permitted to take with them from Japan minimum personal effects but no foreign currencies or precious metals except minor personal jewelry. No repatriates from Japan are being provided at present with any facilities for converting their yen holdings, including yen proceeds of liquidation of property licensed prior to their departure, into foreign currencies, precious metals or foreign exchange.

Presently available estimates submitted by the Japanese Government indicate that indigenous supplies will support a feeding level of about 1450 calories per person per day. Further information from the same source advises that about 835,000 metric tons of imported foodstuffs will be required to raise the feeding level to 1550 calories or 3,000,000 metric tons to support a standard of 1800 calories. Import requirements would include rice, wheat, beans, sugar, and fats and would require Allied shipping for transport, since only a negligible amount of the Japanese high seas merchant fleet is presently available. I should like to emphasize, however, that this data has been supplied by Japanese agencies and is, therefore, subject to review and revision upon further investigation by the Supreme Commander of the Allied Powers in the Pacific.

Korea is normally a food surplus area; hence it is not considered that imports of food will be required here. However, rice, normally surplus, has been reported as not available for export in view of the disrupted flow of other cereals that formerly were imported from Manchuria. An influx of repatriated Koreans as well as the continued migration from the northern part of Korea may be anticipated as further tending to reduce such food surpluses as may be uncovered.

The maintenance of any standard of living in Japan is, of course, dependent upon a adequate system of distribution. The outstanding problems now existing which affect the distribution of food supplies are a crippled and inadequate internal transportation system and hoarding by food producers and black market operators. In an effort to combat hoarding, the Japanese, with the approval of General MacArthur, have removed all control over the sale of fish and vegetables. It was hoped that this partial restoration of a free market would encourage producers to sell, would stimulate the flow of food into cities (which had almost stopped), and would reduce attempts of city dwellers to forage in the country areas. In addition, the Japanese authorities have been directed to take all possible steps to repair and restore their transportation system insofar as supplies and resources available to them permit.

Another related problem which has arisen is the refusal of the unemployed to accept legitimate work. This refusal is largely due to the inadequacy of the crippled transportation facilities and the general attractiveness of black market operations. Furthermore, the tendency on the part of many Japanese to delay their return to work is accentuated by the fact that many of them still retain a residue of war factory discharge payments which, until it is exhausted, will provide them with the funds they need for living expenses.

Production and reconversion in Japanese industry is retarded by shortages of raw materials, lack of funds, and uncertainty as to the future economy under which Japan will be permitted to operate. Immediately before the surrender, Tokyo had 5,457 factories in operation which employed ten or more workers. On November 1st, only 1,956 were operating while ninety were in the process of reconverting to peace time production, and 3,411 were idle. Those in operation are producing a wide range of consumer goods ----- toilet articles, chemicals, electric wire, communications apparatus, printing machines, shoes, auto parts, leather goods, furniture, clocks and

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watches, and metal sashes, but are faced with dwindling stocks of raw materials, most of which were imported before the war. Uncertainty concerning payment by government of claims and concerning the pattern of the future Japanese economy is particularly retarding activity in those industries which will require large capital outlays and long term production information and confidence.

The following examples will serve to indicate the extent to which production has been curtailed. The synthetic rubber industry is at a standstill because of the shortages of solvents and fuel. The formerly large textile industry is faced with stoppage because of dwindling stocks of cotton. Working a two shift day, this 3,000,000 spindle industry will exhaust present stocks of cotton sometime in January. Since Japan's basic need for textiles, plus their value as incentive consumer goods for essential industrial and agricultural workers, make this one of her most important industries, various agencies here in Washington are now studying the advisability of supplying raw cotton stocks and means of making available for the industry funds and stocks of raw material.

A third example is the plywood industry which is in limited operation. This industry needs glue, which ordinarily is furnished from the soy bean crop. However, that crop is more needed as a source of food at this time and we are therefore considering furnishing glue from the United States, finished plywood products to be accepted in payment.

Another serious problem is raised by the increasing shortage of coal which is causing a further curtailment in the gas production of public utilities. Gas is now being supplied only during certain hours for cooking although Tokyo has 45 percent and Japan, as a whole, 55 percent of its gas plant ready for operation when coal is available. The coal shortage is mainly due to a dearth of workers which resulted when the termination of the War liberated the Korean laborers who were being employed in the mines. To combat this shortage of labor, the Japanese government has made plans to conscript labor for the mines and is conducting a campaign to secure volunteer mine workers which has met with some degree of success. However, labor recruitment is difficult, for the mines have a national reputation as death traps.

The effectiveness of the air bombing to which Japan was subjected has been revealed by a survey of the housing situation. Again I should point out that this survey was made by the Japanese and that, therefore, the figures may not be entirely accurate. It is reported that 2,000,000 dwellings and 330,000 other buildings were destroyed and 100,000 dwellings and 10,000 other buildings partially destroyed, by bombing. To provide fire breaks after these air raids, it was necessary to demolish 500,000 dwellings and 100,000 other buildings. The total loss amounts to 21 percent of Japan's buildings.

In conclusion, I should like to cite an example of the careful attention which is being given to the permanent demilitarization of Japan. In November, General MacArthur disapproved a recommendation of the Japanese Government for the creation of a "Society for Aid and Guidance of Demobilization." He did so because he felt that the creation of such an organization would preserve a corps of ex-servicemen under the old military leadership and would thus serve to perpetuate the military spirit of the Japanese which was one of the basic causes of the war.

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Addendum to Record
of Tenth Meeting

FAR EASTERN COMMISSION

Addendum to Record of Tenth Meeting, held
in Room 285, The State Department Building,
on Friday, December 21, 1945, at 10:30 A.M.

Note by the Secretary General

The enclosure, Reparations from Japan, is the text of remarks by Mr. Edwin W. Pauley at the Tenth Meeting of the Far Eastern Commission, and is circulated for the information of members of the Commission.

NELSON T. JOHNSON
Secretary General

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ENCLOSURE

REPARATIONS FROM JAPANOUTLINE OF IMMEDIATE PROGRAM

by

Edwin W. Pauley,
Representative of the President on
Reparations.

After study of the problem of reparations from Japan, including extensive personal observations by my staff and myself in Japan, China (excluding Manchuria), Southern Korea and the Philippines, I am prepared to make certain definitive recommendations for immediate action.

1. Basic Conclusions

My decisions fall within the following very simple frameworks:

- a. In preparation for war, in aggression in China, and in war against the United Nations, Japan built up the most diversified and over-expanded industrial economy in Asia.
- b. In spite of extensive destruction, especially in the closing phases of the war, Japan has left within her four main islands more industrial capacity than she needs or has ever used for her civilian economy.
- c. The removal of the surplus, especially to neighboring Asiatic countries and also to other countries whose war effort and sacrifice entitle them to reparations, will help to raise their industrial standards and living standards without depressing the standards of Japan, since only excess capacities are at the moment in question.

d. A program of interim removals should be announced to the claimant nations immediately, and the successive actions of seizure, inventory, packing and shipment should follow in the shortest possible time in order to make both the framework of policy and the course of action uncompromisingly clear. Interim removals will, in most cases, be below the total quantities that may eventually be allocated to reparations, but the sooner the interim removal program is made clear to the Japanese, the sooner they will see that they cannot rely definitely on certain things in order to build a peaceful, democratic Japan, and the better it will be for them as well as for us.

e. The immediate reparation program from Japan will deal only with capital goods, that is, with machinery and plants. At this stage it appears that any exportable current production will be required to meet costs of necessary imports and of occupation, which will be a first charge on exports ahead of reparations.

f. Japan should be deprived immediately of all industrial and financial interests outside her four main islands and such minor islands as may be left to Japan in accordance with the Potsdam declarations.

g. Japan's gold and precious metals should be shipped to the United States to be held in custody. It should be made clear to the Japanese as soon as possible that they cannot rely on the use of this gold for their own purposes.

h. As an aid in opening up the road for the development of democracy in Japan, the whole reparations program should be administered in the manner best designed to break up the influence of the big holding companies, known as the Zaibatsu, in the economic and political life of Japan.

i. Steps should be taken as soon as possible by the Government of the United States in concert with our Allies to determine the long-range reparations program for removals from Japan. These steps should not, however, be allowed to delay immediate action on the interim reparations program here presented.

2. Industrial Situation in Japan

The industries built up in Japan during the past generation have consisted of plants primarily for the purpose of waging wars of aggression. Japan ravaged her victims in two successive stages -- first, in preparation for war came Japanese penetration and infiltration; local industrialization was paralyzed or slowed down. Raw materials were siphoned off to Japan. The industrial use of these materials was monopolized by Japan. In the second stage, a few industries were fostered in Japan's outer empire, and even these industries were tributary. Key phases of the industrial processes -- usually the final phases -- were reserved as a Japanese monopoly. Japan, by the time the end came, was a country largely deficient in raw materials of its own -- especially raw materials for war industries -- but was grotesquely studded with advanced war industries. Despite all the destruction to Japan's war plants, Japan still retains in workable condition more plants and equipment than its rulers ever allowed to be used for civilian supply and consumption even in peace-time years.

Observations by my staff and myself in various parts of Japan, confirmed by reports from General MacArthur's staff, indicate that not only conversion of these war plants, but the rebuilding of heavy industries is now going forward with an apparent expectation on the part of the Japanese that they will be given an opportunity to maintain a level of industrial capacity which would be inconsistent with the determination of the Allied Governments to put an end to the war making capacity of Japan.

This statement of fact is not presented as a criticism of our occupation policies in Japan, but as an indication of the impossibility of proceeding consistently in harmony with a reparations policy which has not been stated. Particularly in dealing with industrial conversion authorizations, G.I. in Tokyo must know not only the broad principles of the reparations program, but also the practical implications of these principles, industry by industry.

3. Agricultural Situation in Japan

The long range reparations program for Japan will deal with the standard of living which the Japanese will be permitted to have in comparison with the neighboring allied peoples, with the import-export program and particularly with the food and agriculture situation in Japan. This is not necessary, except very indirectly in connection with the interim program because the interim program is so designed as not to cut so deeply into the economy as to affect the food situation. Moreover, the interim program makes no removals of textile, ceramic, wood-working or other light industries.

In this connection it is important to note, however, that studies which have been made of the current food situation in Japan indicate that the Japanese propaganda that "the Japanese are starving" now is without foundation. The Japanese people are better fed at present than the people of any of the nations against whom Japan committed aggression. Official studies by the GHQ Division of Health and Welfare present positive evidence that there is no serious or unusual malnutrition in Japan. It is interesting that not less than 4% of the rice crop, and possibly as much as 8%, is still permitted by the Japanese Government to go into the manufacture of alcoholic beverages.

The evidence indicates that:

- (1) The estimates of the crop yields prepared by the Japanese government underestimate the amount of food raised in the past year.
- (2) Hoards of food are being held on the farms and in the local storerooms as a hedge against further decline in the purchasing power of the yen.
- (3) Black market (or "open market") channels, for which no statistical data are officially available, provide a large part of the food for the urban people.

General MacArthur is fully conversant with and is dealing with this situation administratively.

4. Program for Immediate Action

Accordingly, I recommend the following program for immediate action:

2. Remove Industrial Machinery from Japan Proper

Industrial plants and equipment in the following categories should be made available as soon as possible under a program of interim deliveries:

(1) Half of the capacity for the manufacture of machine tools. I believe that this could most conveniently be done by seizing the 27 most important machine-tool manufacturing plants, which produce almost exactly half of Japan's total.

(2) All tools and equipment located as follows:

(a) In Army and Navy arsenals, except for equipment useful solely for making arms, ammunition and implements of war, which will be destroyed. It is estimated that these seizures should bring in not less than 70,000 machine tools, as well as other kinds of equipment.

(b) In the entire aircraft industry of Japan. It is estimated that this should bring in 220,000 machine tools.

(c) In all plants manufacturing ball and roller bearings.

(d) In all plants manufacturing aircraft engines.

(3) All equipment and accessories in 20 shipyards, to the extent that it is not needed for the repair of shipping essential to the occupation.

(4) All steel making capacity in excess of 2,500,000 tons per year. Japan's admitted present steel capacity is in excess of 11,000,000 tons, as compared with 1930, when Japan produced 2,300,000 tons of ingot and consumed only 1,700,000 tons of finished steel.

(5) All capacity for the production of pig iron in excess of 500,000 tons per year.

(6) All facilities for the production of magnesium, for the preparation of alumina and reduction to aluminum, other than those required for processing scrap, and all machinery and equipment used exclusively for finishing magnesium and aluminum such as strip mills, rolling mills and extrusion presses.

(7) Half of the thermal (coal) electric generating plants of Japan. In selecting the half of the plants of this character which are to be left, I suggest that the thermal electric generating plants left to Japan should be selected primarily for their value as stand-by plants to supplement hydro-electric energy in areas of high consumption.

(8) All contact process sulfuric acid plants, except those necessary to recover waste gases from Zinc, lead, copper and other heavy metal smelters.

(9) The most modern large Solvay process soda-ash plant in Japan. (According to the Japanese information made available by the Economic and Scientific Section of General MacArthur's staff, there are four of these from which to choose.)

(10) Twenty of the most modern large plants for the production of caustic soda and chlorine, either in diaphragm or mercury cells. (According to the Japanese information relayed to me by General MacArthur's Headquarters, there are 41 plants under this classification.)

b. Deprive Japan of All External Assets

All Japanese financial and economic penetration of other countries must be wiped out. All Japanese, including the Japanese Government, the Emperor and the Imperial Household and the Zaibatsu, should be deprived of the ownership or control of any assets located outside Japan proper.

c. Ship Gold and Precious Metals to United States

The bulk of the gold and other precious metals now under the custody of the United States forces in Japan should be shipped to the United States Mint in San Francisco, to be held in custody pending decision as to its disposal. The shipment of this gold and other precious metals will not prejudice any later decision as to its use to pay for occupation costs, imports, reparations and restitutions.

d. Use Reparations Program to Help Destroy Zaibatsu

One concrete step in the direction of implementing the policy of breaking up the Zaibatsu will be our program designed to deprive the Zaibatsu, as well as others, of their holdings outside Japan. In this connection we should see to it that any such program which the Japanese Government may adopt in the future for compensating holders of external assets shall not be designed to benefit the Zaibatsu, directly or indirectly.

In addition, I have recommended the following:

(1) In implementing any program for interim deliveries of reparations which may be adopted, immediately select a few large plants which are owned by the Zaibatsu and which constitute war potential, and order that they be dismantled and made ready for shipment.

(2) Announce that in administering any program of reparations removals from Japan, priority will be given to properties owned or controlled by the Zaibatsu, in the sense that, other factors being equal, a plant owned or controlled by one of the Zaibatsu will be taken in preference to a non-Zaibatsu plant.

5. Conclusion

The recommendations above are designed to constitute an Interim Program of Reparation Removals, not a final program. The proposed removals will substantially reduce if not eliminate the war-making capacity of Japan, but in no case do they go so far as to raise fundamental issues which have not already been settled as to the future of the Japanese economy or the place of Japan in international trade. These fundamental issues should rightly be dealt with in connection with your deliberations on broad matters of policy and in connection with the long-range reparations program which will be worked out in the future.

The specific figures in the Interim Removal Program cited above have been arrived at after expert study and are designed to leave in Japan ample equipment for the normal civilian economy, as well as a margin to facilitate the economic policies which may be worked out by the Allied Governments in connection with long-range program for Japan.

The interim program is designed to take out of Japan, or to earmark for early removal, that excess industrial capacity which clearly constitutes the major part of the industrial expansion specifically designed for war, and to transfer as much as possible of this excess at the earliest possible date to the Allied economies of the Far East, so as to assist them in their post-war recovery.

A further advantage of the proposed interim program is that it gives the Supreme Commander for the Allied Powers guidance on the industrial policies which should be followed during the conversion period in Japan and at the same time gives the Japanese some indication as to the course of action which they may follow in developing a peaceful and democratic economy in Japan.