

FEC-RESTRICTED

tation is a very difficult problem but it is going on without any special difficulty.

GENERAL McCOY: Well, sir, your talk was very interesting and helpful. Are there any questions of M. Rueff?

DR. TAN: Mr. Chairman, I should like to hear something about the problem of current production which was just mentioned--how it works with reference to industrial plants allocated for reparations. There are two categories of reparations, and then what are the materials included in the category of current production?

M. RUEFF: The question of current production has been referred to in the Paris Conference, but there wasn't unanimous agreement. There has only been a resolution, which is an annex of the Paris Agreement and which expresses the wish of some countries--the hope, rather--that the occupying Powers will consider it possible to allocate in the future reparations from current production. That is Resolution 2., Resolution on Reparation from Existing Stocks and Current Production. "The delegates of Albania, Belgium, Czechoslovakia, Denmark, Egypt, France, Greece, India, Luxembourg, the Netherlands, Norway, and Yugoslavia,

"In view of the decision of the Crimea Conference that Germany shall make compensation to the greatest possible extent for the losses and suffering which she has inflicted on the United Nations,

"Considering that it will not be possible to satisfy the diverse needs of the Governments entitled to reparation unless the assets to be allocated are sufficiently varied in nature and the methods of allocation are sufficiently flexible,

"Express the hope that no category of economic resources in excess of Germany's requirements as defined in Part III, Article 15 of the Potsdam Declaration, due account being taken of Article 19 of the same Part, shall in principle be excluded from the assets, the sum total of which should serve to meet the reparation claims of the Signatory Governments."

We have used this process of resolution. There are quite a lot. There are eight resolutions after the Paris Agreement because it was not possible to get an unanimous agreement on this part of the conference. You know that the question is still under discussion and that it is outside our power. It is only dependent on the governments of the occupying Powers in Germany. It was chiefly discussed in Moscow at the last conference in April.

Then about war material. There is a reference there in the agreement itself in Article 7, "The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to Signatory Governments shall be charged against their reparation shares in so far as such supplies and materials have not been or are not, in the future either paid for or delivered under arrangements precluding any change. It is recognized that transfers of such supplies and material by the United Kingdom and United States Governments to other Governments are agreed to be subject to such final approval by the legislature of the United Kingdom or the United States of America as may be required."

MR. GRAVES: Mr. Chairman, I should like to thank M. Rueff for a very learned discourse on what was evidently a most successful activity. We haven't gotten so far, unfortunately, in our own reparations attempts. He referred briefly to one question which is still extremely important to us, and that is the question of external assets which are held by recipient countries, that is, claimant countries, and I wonder whether he could tell us briefly how external assets were acted on amongst the claimant accounts?

M. RUEFF: As I told you at the beginning, that has been the most difficult part of our task and you will find the settlement in Article 6. As I told you, each country has to impute the value of German external assets which it holds on its own share. But the real value is not known for many of them because the process of selling these assets is still going

on and you don't know what their value really will be. But the rights of each country with respect to other assets depends upon the German assets in its own country. So as to be fair to other countries you have to know as much as possible what the value of these assets is. Therefore, this is what we have decided, "A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the former German owners of such assets)." We have done that only for practical purposes. First we thought that we ought to make a pool of the German assets but practically it has seemed that it was unthinkable that we should ask a country which has held under custody for four or five years German assets in its territory to give them back to the pool. So we have decided that each country shall keep these assets in its own territory. In its own territory only. But then we say that: "F. The Inter-Allied Reparation Agency, to be established in accordance with Part II of this Agreement, shall charge the reparation account of each Signatory Government for the German assets within that Government's jurisdiction over a period of five years. The charges at the date of the entry into force of this Agreement shall be not less than 20 per cent of the net value of such assets (as defined in Article 6 of Part I of this Agreement) and then estimated, at the beginning of the second year thereafter not less than 25 per cent of the balance as then estimated, at the beginning of the third year not less than 33.1/3 per cent of the balance as then estimated, at the beginning of the fourth year not less than 50 per cent of the balance as then estimated, at the beginning of the fifth year not less than 90 per cent of the balance as then estimated, and at the end of the fifth year the entire remainder of the total amount actually realized." So we have received from each country a declaration of the value of these assets but in many cases only an estimation because the assets have not yet been sold. So we shall enter this value and enter 20% to each country and the next year 25% and at the end of the fifth year it will be the full amount, that is, for the assets in each country.

Then the most complicated question has been the negotiations with the neutral. You know that it is still going on. There again there has been some difficulty with some neutral countries because some thought it involved the sovereignty of the country. We have just been negotiating with Sweden and the question has been settled.

DR. TAN: Mr. Chairman, following that line, may I ask this question, whether any attempt has been made to differentiate between the location of internal assets of different kinds as well as those which have been allocated? Take for illustration--suppose there are German assets in Argentina or in Spain or, for instance, in the United States or in the United Kingdom--purely assets in another country, which countries have not been occupied, and then another kind which, for instance, is located in a European country which was occupied. Take, for instance, during the time of occupation they just requisitioned your material, your manpower with your plant. Take a coal mine or something like that. The coal mine belongs to your country. It is your country's property. Or they may have bought something from France, for instance, and in order to buy such things they issued a kind of note which was worthless because it had no backing. Now, has there been any attempt to differentiate between these things in order to get at the root of the problem?

M. RUEFF: The question--you are right--is a very important one. This kind of damage was included in the questionnaire to which I referred in the beginning and was considered among the items defining the right to reparations, and we have entered a clause there which says that this right to reparations nullifies all other rights outside with certain reservations. That is Article 2, Settlement of Claims against Germany: "A. The Signatory Governments agree among themselves that their respective shares of reparation, as determined by the present Agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its Agencies, of a governmental or private nature, arising out of the war (which are not otherwise provided for), including costs of German occupation, credits acquired during occupation on clearing accounts and claims against the Reichskreditkassen. B. The

MINUTES--FECFEC--RESTRICTEDMINUTES--73rd FEC Mtg.18 September 1947FAR EASTERN COMMISSION

Minutes of the Seventy-third Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D. C.
18 September 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. A. Stirling (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan, Dr. Y. C. Yang (China)
Mr. R. Douteau (France)
Mr. S. N. Banerji (India)
Mr. R. H. van Gulik (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--73rd FEC Mtg.
18 September 1947

SUMMARY--MINUTES, FECFEC--RESTRICTEDSUMMARY--73rd FEC Mtg.18 September 1947FAR EASTERN COMMISSIONSUMMARY OF THE MINUTES OF THE 73rd FEC MEETING

- ITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-SECOND MEETING
Amended and approved.
- ITEM 2 - JAPANESE TAXATION OF ALIENS (FEC-232/5, FEC-232)
Approved.
- ITEM 3 - REPORT OF AD HOC SUBCOMMITTEE ON TRADE REPRESENTATIVES IN JAPAN AND REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/9, FEC-088/12)
TRADE REPRESENTATIVES IN JAPAN (FEC-088/9)
REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6)
FEC-228/9 unacceptable to U.S.S.R. Subject referred back to ad hoc subcommittee for further consideration.
- ITEM 4 - RESTITUTION OF LOOTED PROPERTY: REPORT OF THE AD HOC SUBCOMMITTEE (FEC-011/35; FEC-011/12, FEC-011/32)
Referred back to ad hoc subcommittee for further consideration.
- ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)
- ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)
Items 5 and 6 considered together and postponed.
- ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)
Postponed.
- ITEM 8 - OTHER BUSINESS
- a. Chinese Request for Information on Fund for Financing Imports into Japan.
U.S. statement that reply would be forthcoming.
 - b. Welcome of Mr. G. R. Powles by the Chairman
 - c. Remarks by Chairman concerning Major Plimsoll
 - d. Printed Document, "Activities of the Far Eastern Commission"
- ITEM 9 - PRESS RELEASE
None.

Summary-Minutes 73rd FEC Mtg.

FEC--RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-SECOND MEETING

DR. TAN requested that the fifth paragraph under Item 5 a on page 2 of the minutes of the 72nd FEC meeting be amended to read as follows:

"DR. TAN said that the ad hoc Subcommittee had had two meetings. He estimated that one or two more meetings might be required before a report could be submitted to the Far Eastern Commission. Thus far the discussion centered on paragraphs 14, 8 and the last part of paragraph 10 (FEC-011/32). In this connection, he continued, he should like to ask the Chairman if the United States Delegation could furnish him some information. He said the Chinese Delegation had received a report which, however, was unconfirmed that the Supreme Commander for the Allied Powers had allotted a sum of some United States \$170,000,000 for the financing of imports into Japan. He presumed, if the report were true, it might be for the financing of the self-liquidating imports into Japan. He called attention to the fact that one of the main points of paragraph 8 had to do with the use of the proceeds from the sale of unidentified looted property for the financing of self-liquidating imports into Japan and the fact that this paragraph was still under discussion. He expressed that he would appreciate it if the United States Delegation could give him some information regarding this report."

THE COMMISSION unanimously approved the minutes of its 72nd meeting with the above amendment.

ITEM 2 - JAPANESE TAXATION OF ALIENS (FEC-232/5, FEC-232)

THE COMMISSION unanimously approved FEC-232/5 as a letter to be forwarded by the Chairman to the United States Assistant Secretary of State.

ITEM 3 - REPORT OF AD HOC SUBCOMMITTEE ON TRADE REPRESENTATIVES IN JAPAN AND REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/9, FEC-088/12)TRADE REPRESENTATIVES IN JAPAN (FEC-088/9)REOPENING OF PRIVATE TRADE WITH JAPAN (FEC-228/6)

ADMIRAL RAMISHVILI said that the recommendation of the Ad Hoc Subcommittee on Trade Representatives in Japan and Reopening of Private Trade with Japan shown in FEC-228/9 was not acceptable to the Soviet Government. His Government favored, rather, the adoption of a provision whereby the question of the right of neutral nations to have trade representatives in Japan and of their right to carry on private trade with Japan would be decided separately, and unless such a provision were adopted he would have to oppose both of the proposed policy decisions.

THE COMMISSION unanimously agreed to refer FEC-088/9, FEC-228/6, and related papers to the Ad Hoc Subcommittee on Trade Representatives in Japan and Reopening of Private Trade with Japan for further consideration.

FEC--RESTRICTEDITEM 4 - RESTITUTION OF LOOTED PROPERTY: REPORT OF THE AD HOC SUBCOMMITTEE (FEC-011/35; FEC-011/12, FEC-011/32)

MR. GRAVES, speaking as Chairman of the ad hoc subcommittee, to which consideration of FEC-011/32, Restitution of Looted Property, had been referred by the Commission on 14 August 1947, reviewed the report of the subcommittee (FEC-011/35). He said that tentative agreement had been reached on three of the amendments which had been proposed, with regard to inspection of objects known to have been looted, with regard to extension of the period within which restitution claims might be lodged, and with regard to the distribution of the secured fund. Proposed amendments with respect to the use of the proceeds from the sale of unidentified looted property, with respect to the share of the proceeds obtained from the sale of unidentified looted property, and with respect to the salvaging, repairing, and refitting of looted ships, had been found acceptable to the subcommittee. It was his opinion that the report of the subcommittee represented some definite progress toward agreement and that further consideration by the subcommittee might result in an extension of the area of agreement.

DR. TAN, who said that it would be necessary for him to leave the meeting at this point, said that he regarded the meetings of the subcommittee as very fruitful and that he would leave to the judgment of the Commission whether further consideration of the subject of the Restitution of Looted Property should take place within the Commission itself or should be continued by the ad hoc subcommittee.

(At this point DR. TAN left the meeting and DR. Y. C. YANG assumed his seat as the Chinese Representative).

MR. STIRLING said that the Australian Delegation had been authorized to support FEC-011/32 generally but that there was no authority for him to support the proposal (paragraph 5, FEC-011/35) to allow China as much as or more than fifty percent of the proceeds from the liquidation of unidentified property. The Australian Government had considered the provision for the distribution of these proceeds among the seven looted countries in accordance with their respective reparations percentages to be reasonable and equitable, and MR. STIRLING was convinced that his Government would require that considerably more evidence be adduced in favor of changing this basis of distribution than had yet been presented by the Chinese.

MR. POWLES said that the New Zealand Delegation had been authorized to support FEC-011/32 and that he was in full agreement with the view just expressed by Mr. Stirling concerning the proposal that China receive more than fifty percent of the proceeds.

GENERAL McCOY asked whether, in considering the Soviet proposal regarding the salvaging of ships, the ad hoc subcommittee had had before it any lists of ships in waters outside Japan. MR. GRAVES replied that although no specific list had been before the subcommittee, the Chinese and Soviet members had referred to certain numbers of ships.

ADMIRAL RAMISHVILI said that in his opinion the important matter for consideration was the principle involved, rather than the number of ships which might be affected by the principle. The Soviet Government felt very strongly that the expense of the restoration of looted ships should be borne by the Japanese regardless of the location at which such ships were sunk. He emphasized that the provision applied only to looted ships and not to all damaged ships. He said that it had been argued

FEC--RESTRICTED24 September 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-THIRD MEETINGNote by the Secretary General

1. The attached pages, numbered 2 and 2 a, constitute a revision, embodying corrections of the remarks of the United Kingdom Representative, of page 2 of the minutes of the seventy-third meeting of the Far Eastern Commission.

2. All Representatives are requested to substitute the attached pages 2 and 2 a for page 2 of the minutes of the seventy-third meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum
Minutes - 73rd FEC Mtg.

FEC--RESTRICTEDITEM 4 - RESTITUTION OF LOOTED PROPERTY: REPORT OF THE AD HOC SUBCOMMITTEE (FEC-011/35; FEC-011/12, FEC-011/32)

MR. GRAVES, speaking as Chairman of the ad hoc Subcommittee to which consideration of FEC-011/32, Restitution of Looted Property, had been referred by the Commission on 14 August 1947, reviewed the report of the Subcommittee (FEC-011/35). He explained that the Subcommittee had prepared the present report on the basis of discussion at four meetings. He pointed out that the United States member and the United Kingdom member both took the position that any agreement which they expressed with reference to any particular proposal would be contingent on the ability of the Subcommittee to effect a compromise on the other proposals under discussion.

The Subcommittee had agreed to recommend an addition to the first sentence of paragraph 8 which involved a reference to paragraph 14, and he noted that, under paragraph 14, the Subcommittee had agreed, with the Soviet position reserved, to recommend that the period for filing claims be raised from eight months to twelve.

An emendation of the penultimate sentence of paragraph 8 had been agreed to by the Subcommittee as shown in paragraph 3 of FEC-011/35, with the understanding that the phrase "the percentage mentioned above" would be subject to reconsideration in connection with an amendment to be submitted later by the Chinese Delegation.

MR. GRAVES said that the Chinese Delegation had proposed the amendment of the provision in paragraph 8 of FEC-011/32 whereby the proceeds from the liquidation of looted property would be used as a secured fund to stimulate imports and would be distributed to certain recipient countries not later than 1 January 1950. The Chinese proposal was that distribution of the proceeds take place immediately upon liquidation. The United States and the United Kingdom members of the Subcommittee had opposed the Chinese proposal, and the Soviet member had supported the proposal in a personal capacity. There had been indications of the possibility of some compromise on this proposal either by specifying an earlier date of distribution than 1 January 1950 or by some other means, and the Subcommittee felt justified in reporting that the matter seemed susceptible of adjustment.

With regard to the Chinese proposal that China receive more than 50% of the proceeds from the liquidation of unidentified property, MR. GRAVES said that the United Kingdom member had been bound to state firm opposition to this proposal and had said that he could not agree to preferential treatment for China. The Chinese member had stated that there was no intention of seeking preferential treatment for China, and MR. GRAVES invited attention to the Chinese position in this regard as stated on page 3 of FEC-011/35.

MR. GRAVES said that the Soviet member of the Subcommittee had proposed that a provision be included in the restitution policy whereby the Japanese Government would bear the cost of salvaging, repairing, and refitting looted ships. The United States and United Kingdom members had opposed inclusion of this subject in a restitution paper on the ground that in so far as it would affect ships found outside Japanese waters, it would be difficult for the Supreme Commander to implement his directive and further there was no obvious way in which the Japanese could find foreign exchange with which to pay for the work done. The Soviet member had not thought those objections valid and had, indeed,

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stated that his Delegation would have to insist on the inclusion of the proposed amendment.

In conclusion, MR. GRAVES said that although a large measure of disagreement still existed on the more important of the amendments which had been proposed, it was nevertheless his opinion that the report of the Subcommittee represented some definite progress toward agreement and that further consideration by the Subcommittee might result in an extension of the area of agreement.

DR. TAN, who said that it would be necessary for him to leave the meeting at this point, said that he regarded the meetings of the Subcommittee as very fruitful and that he would leave to the judgment of the Commission whether further consideration of the subject of the Restitution of Looted Property should take place within the Commission itself or should be continued by the ad hoc Subcommittee.

(At this point DR. TAN left the meeting and DR. Y. C. YANG assumed his seat as the Chinese Representative).

MR. STIRLING said that the Australian Delegation had been authorized to support FEC-011/32 generally but that there was no authority for him to support the proposal (paragraph 5, FEC-011/35) to allow China as much as or more than fifty percent of the proceeds from the liquidation of unidentified property. The Australian Government had considered the provision for the distribution of these proceeds among the seven looted countries in accordance with their respective reparations percentages to be reasonable and equitable, and MR. STIRLING was convinced that his Government would require that considerably more evidence be adduced in favor of changing this basis of distribution than had yet been presented by the Chinese.

MR. POWLES said that the New Zealand Delegation had been authorized to support FEC-011/32 and that he was in full agreement with the view just expressed by Mr. Stirling concerning the proposal that China receive more than fifty percent of the proceeds.

GENERAL McCOY asked whether, in considering the Soviet proposal regarding the salvaging of ships, the ad hoc Subcommittee had had before it any lists of ships in waters outside Japan. MR. GRAVES replied that although no specific list had been before the Subcommittee, the Chinese and Soviet members had referred to certain numbers of ships.

ADMIRAL RAMISHVILI said that in his opinion the important matter for consideration was the principle involved, rather than the number of ships which might be affected by the principle. The Soviet Government felt very strongly that the expense of the restoration of looted ships should be borne by the Japanese regardless of the location at which such ships were sunk. He emphasized that the provision applied only to looted ships and not to all damaged ships. He said that it had been argued

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that to provide for payment by the Japanese for the restoration of ships found in waters outside Japan would be to direct the Supreme Commander to act in areas outside his jurisdiction. It was the Soviet view, however, that the Supreme Commander would be quite within his jurisdiction in ordering the Japanese Government to pay the expenses involved. A second objection that had been raised was that payment by the Japanese for salvaging operations taking place outside Japan would involve the use of foreign exchange. It was the Soviet position that the financial difficulty was in no way insurmountable, and that the payment could be handled by various methods, some of which had been indicated in Soviet proposals presented to the subcommittee.

Unless a provision were included whereby the Japanese Government would bear the expenses involved in the restoration of looted ships found in waters outside Japan, ADMIRAL RAMISHVILI said, he could not support the paper. The Chinese proposals set forth in FEC-011/35, ADMIRAL RAMISHVILI said, were receiving careful consideration by his Government but at present he was not prepared to state any official view.

MR. DOUTEAU said that the French Delegation had been in sympathy with the Soviet proposal regarding payment by the Japanese Government for the salvaging of ships outside Japanese waters. However, it was the French position that FEC-011/32 already covered the cases envisaged by the Soviet proposal. The French Delegation's interpretation of paragraph 10, taken in conjunction with paragraph 3, was that bilateral arrangements should take place between the Government of the owner of a looted ship and the Government of the country in whose waters the ship might be found concerning the salvaging of such a ship and that the expense involved should be borne by the Japanese Government. If this interpretation did not coincide with the Commission's intentions, he thought some redrafting of the paragraphs in question should take place.

With regard to paragraph 8 of FEC-011/32, MR. DOUTEAU pointed out that the French Government had consistently opposed the principle of the establishment of any fund which would serve to restore or expand the Japanese economy while countries which had suffered from Japanese aggression were still at a lower economic level than Japan. However, he said, the French Delegation would not on this account oppose FEC-011/32 but would simply abstain from voting on it.

MR. DOUTEAU said that the proposal that China receive more than fifty percent of the proceeds from the liquidation of unidentified property was not favored by his Government, on the ground that no country should enjoy preferential treatment.

MR. RODRIGUEZ said that he was prepared to support FEC-011/32, which was felt by his Government to be an improvement over the existing policy on the subject (FEC-011/12), since it would make possible the further restitution of looted property which was known to be deteriorating rapidly. The Philippine Government did not consider FEC-011/32 to be altogether satisfactory, but was willing to approve it at once in order to expedite restitution. With regard to the proposal that China receive more than fifty percent of the proceeds from the sale of unidentified looted property, the Philippine Government, while most sympathetic with the Chinese view that restitution on the basis of reparations shares was not the most equitable way of dividing this fund, was nevertheless convinced that immediate adoption of FEC-011/32 as a means of expediting restitution would be more valuable to all member governments than further refinement of the provisions of the proposed policy by continued discussion with its attendant delays. He urged, therefore, that all representatives make every effort to facilitate the early adoption of FEC-011/32.

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GENERAL McCOY agreed with the views stated by Mr. Rodriguez. He was wholly in sympathy with the feelings of those countries which had been looted by Japan during the war and he felt that every effort should be made to meet the Supreme Commander's request for policy on restitution of this looted property which was constantly diminishing because of deterioration and thievery. He hoped that all representatives would very soon find it possible to agree on compromises which would enable the Commission to adopt a policy decision and thereby hasten the early movement of looted property to its rightful owners.

THE COMMISSION unanimously agreed to refer this subject back to the ad hoc subcommittee for further consideration.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

Items 5 and 6 were considered together. GENERAL McCOY said that requests continued to be directed to the United States Department of State for participation by Japan in various international conferences. The latest request which had come to his attention had been in connection with Japanese attendance at the fourth International Cancer Conference at St. Louis, Missouri which had taken place during the first week in September. He asked that all representatives give sympathetic consideration to the subject of Japanese representation at international conferences with a view to finding a formula for agreement.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - OTHER BUSINESS

a. Chinese Request for Information on Fund for Financing Imports into Japan

GENERAL McCOY referred to DR. TAN'S request for information (page 2, minutes 72nd FEC meeting--amended as shown under Item 1, present minutes) for information concerning a report that the Supreme Commander had allocated a fund for the financing of imports into Japan. GENERAL McCOY said that relevant information was being sought, and that he hoped to be able to supply the desired information at an early date.

b. Welcome of Mr. G. R. Powles by the Chairman

GENERAL McCOY welcomed Mr. Powles who had returned from attendance at the Commonwealth Conference at Canberra. He invited Mr. Powles to make some appropriate statement to the Commission regarding the accomplishments of that conference. MR. POWLES replied that he was not in a position at present to offer a statement on the Canberra Conference but perhaps would be able to do so at a later meeting.

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c. Remarks by Chairman concerning Major Plimsoll

GENERAL McCOY said that he had learned with pleasure that Major Plimsoll, after accompanying Dr. Evatt to Japan, and after attending the Commonwealth Conference at Canberra, had now returned to the United States and was serving with the Australian Delegation at the United Nations. Speaking parenthetically, GENERAL McCOY said that he had been expecting for some time that Major Plimsoll would be promoted to a rank more appropriate to his duties as a Representative on the Far Eastern Commission. Personally, GENERAL McCOY said, he felt that if Major Plimsoll's rank were based strictly upon his distinguished performance with the Commission, he would have to be made a general officer. He could only regret that Major Plimsoll was not returning to Washington to serve with the Far Eastern Commission. He referred to a letter he had received from Major Plimsoll which had enclosed a press statement released by Dr. Evatt in New York. He had found the press statement very interesting, and drew particular attention to the following passage with reference to the Far Eastern Commission:

"A large measure of agreement already exists as to the principles of the Japanese peace settlement. Over the past two years the eleven powers who took part in the Pacific fighting have been working together in Washington, as members of the Far Eastern Commission, establishing occupation policies based on principles of the Potsdam Declaration. A valuable guide to the peace settlement is to be found in the basic policy of the Commission, whose industrious and valuable work has received far too little notice."

d. Printed Document, "Activities of the Far Eastern Commission"

GENERAL McCOY said that he had been pleased to note the publication of the Report by the Secretary General. He remarked that before the appearance of this printed document he had somewhat casually sent copies of the report in its mimeographed form to various scholars and specialists throughout the country. He had been rather pleasantly surprised to note the amount and tone of the comment received from the recipients of the report. Most of the recipients had not been aware that any international organization had been functioning for over a year with the degree of quiet success which characterized the activities of the Commission. The general reaction to the Report of the Secretary General had strengthened his personal view that no problem confronting the Commission offered impossible barriers to agreement. He continued to maintain this view although fully conscious of the difficulties now being experienced by Committees Nos. 1 and 2 on various economic problems. He urged that all delegations renew their efforts to proceed with the admittedly difficult economic problems and that they urge their governments to supply any instructions, lack of which might now be delaying deliberations of the two committees in question.

DR. van GULIK proposed that a vote of thanks be extended to the Secretariat for its work in the preparation of "Activities of the Far Eastern Commission." All representatives joined in extending this vote of thanks to the Secretariat.

ITEM 9 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 11:45 A.M.

MINUTES--FECFEC--RESTRICTEDMINUTES--74th FEC Mtg.25 September 1947FAR EASTERN COMMISSION

Minutes of the Seventy-fourth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.,
Washington, D.C.
25 September 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. A. Stirling (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan (China)
Mr. F. Lacoste (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--74th FEC Mgt.

FEC--RESTRICTED2 October 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE 74th MEETING OF THE FAR EASTERN COMMISSIONNote by the Secretary General

1. The Far Eastern Commission, at its 75th meeting, 2 October 1947, unanimously approved the minutes of its 74th meeting, with the following amendment requested by the Chinese member:

Page 1, second sentence under Item 6 b, to read:

"He thought that the proposal that this gold be returned to countries which were looted might be relevant to the Commission's consideration of the subject of the restitution of looted property found in Japan, and particularly to the disposition of the proceeds acquired from the sale of unidentifiable looted property."

2. All Representatives are requested to note the above amendment in their copies of the minutes of the 74th meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

Corrigendum,
Minutes, 74th FEC Mtg.

SUMMARY--FECFEC--RESTRICTED25 September 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF THE SEVENTY-FOURTH MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 73rd MEETING.

Approved.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

Postponed.

ITEM 3 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3;
236 series, 240 series)

Postponed.

ITEM 4 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

Postponed.

ITEM 5 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 6 - OTHER BUSINESSa. Article in The New York Times relative to Commission's
Consideration of Supply of Food for Civilian Consumption
in Japan

The Chairman invited attention to this news article and it was circulated as FEC-248/5.

b. Press Article relative to Disposition of Stocks of Gold
Looted by Germany

The Chinese Representative invited attention to articles appearing in the press regarding proposed disposition of stocks of looted gold found in Germany.

c. Attendance by Mr. R. B. Finn

The Chairman noted Mr. Finn's attendance and announced his assignment to the staff of the Chairman of the Allied Council for Japan.

d. Remarks by Mr. Powles regarding the Canberra Conference

Mr. Powles' remarks will be circulated as an appendix to these minutes.

Summary--Minutes, 74th FEC Mtg.

TOP SECRETITEM 1 - APPROVAL OF THE MINUTES OF THE 73rd MEETING

THE COMMISSION unanimously approved the minutes of its seventy-third meeting.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

ADMIRAL RAMISHVILI said that he was not yet prepared to state the official position of his Government on FEC-248/4.

GENERAL McCOY referred to the question which, at the last meeting of the Steering Committee, had been directed by the United Kingdom member to the United States member (page 1, minutes 77th SC Meeting, 23 September 1947) as to whether FEC-248/4, when adopted, would be forwarded as a directive to the Supreme Commander.

GENERAL McCOY said that he was prepared to assure the Commission that this policy decision, when approved, would constitute the basis for an appropriate directive to be forwarded to the Supreme Commander.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 3 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 4 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - OTHER BUSINESSa. Article in The New York Times relative to Commission's Consideration of Supply of Food for Civilian Consumption in Japan

GENERAL McCOY invited attention to an article which had appeared in The New York Times for 25 September 1947 which he regarded as relevant to the Commission's deliberations on the supply of food for Japan and which he was requesting the Secretariat to circulate (subsequently circulated as FEC-248/5).

b. Press Article relative to Disposition of Stocks of Gold Looted by Germany

DR. TAN said that articles were currently appearing in the press concerning possible disposal of gold looted from Allied countries which had been found in Germany. He thought that the proposal that this gold be ~~used~~ *returned* ~~for the purchase of relief supplies for Europe~~ might be relevant to the Commission's consideration of the subject of the restitution of looted property found in Japan, and particularly to the disposition of the proceeds acquired from the sale of unidentifiable looted property.

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c. Attendance by Mr. R. B. Finn

GENERAL McCOY said that Mr. R. B. Finn, who was attending the present meeting, and who had resigned from the Secretariat in June in order to become a United States Foreign Service Officer, was leaving shortly for Tokyo to join the staff of Mr. William J. Sebald, Chairman of the Allied Council for Japan. GENERAL McCOY said that he took a personal pleasure in Mr. Finn's new assignment, which indicated anew that the Commission and its Secretariat were proving to be a kind of school for experts on Japanese affairs. He could not help but feel that the services of the members of the delegations and of the Secretariat as well would be in great demand when the peace conference should convene, and he wondered, in passing, just how the Commission would continue to discharge its own responsibilities while the peace conference was in session.

d. Remarks by Mr. Powles regarding the Canberra Conference

The remarks by MR. FOWLES will be circulated subsequently as an appendix to these minutes.

The meeting adjourned at 11:45 A.M.

Minutes--74th FEC Mtg.

FEC--RESTRICTEDAPPENDIX - Minutes, 74th FEC Mtg.FAR EASTERN COMMISSIONAPPENDIX TO MINUTES, 74th FAR EASTERN COMMISSION MEETINGVERBATIM TRANSCRIPT OF REMARKS

BY MR. G. R. POWLES, NEW ZEALAND REPRESENTATIVE,
CONCERNING COMMONWEALTH CONFERENCE AT CANBERRA,

AUSTRALIA,

AT THE SEVENTY-FOURTH MEETING OF THE FAR EASTERN COMMISSION,

25 SEPTEMBER 1947

APPENDIX - MINUTES, 74th FEC MTG.

FEC--RESTRICTEDAPPENDIX--FECAPPENDIXTOMINUTES OF THE SEVENTY-FOURTH FEC MEETING, 25 SEPTEMBER 1947Remarks of Mr. G. R. Powles concerning recent Commonwealth
Conference at Canberra, Australia

GEN. McCOY: We have been very much interested in a conversation I had with Mr. Powles as to his recent visit to the Canberra Conference. It was so interesting to me that I asked him to talk to the Commission about it. I thought it would interest you all, and, if Colonel Powles will be so inclined this morning, I would like to hear him again and have a Commission record of his remarks.

MR. POWLES: Mr. Chairman, you will recall at the last meeting you asked me whether I had anything that I cared to say on the subject of the Canberra Conference. Your request took me by surprise and therefore, being naturally cautious and having no documents with me at the time, I merely declined and said that at that stage I had nothing to say. But I am happy now to be able to accept your invitation to say something about it, because I know that the subject matter of the Conference, that is to say, the peace settlement with Japan, is of very great concern to all our Governments and has become, I think, of great personal concern to all of us who sit around this table. We feel personally interested in what has been going on and what is going to happen.

PRESS COVERAGE

Also I think that the press coverage which, as far as I have been able to learn, was given the Canberra Conference in the papers here was not particularly adequate. Actually, the Conference had two public sessions; it had certain of its proceedings broadcast over the radio; after each daily session a press communique was issued; and this was followed at the conclusion of the conference by the issue of a further press report which summed up the work of the Conference. So that, from the point of view of the public in Australia the proceedings of the Conference were pretty well known, but, of course, what gets out of Australia depends entirely on the whim of the press men. I therefore think the Commission might find it useful if I did go into matters in some detail.

PURPOSE OF CONFERENCE - NATURE OF "AGREEMENTS"

I would like to make two introductory points before I go any further. The first is that the Conference was expressly held for the purpose of exchanging views. It wasn't held for the purpose of making any decisions or making any commitments at all. It was a conference held for the purpose of gathering information about the views of other countries relating to the subject under discussion. It did not make any decisions at all, and it was clear that Governments did not regard themselves in any way committed by the views they expressed at the Conference. This, of course, meant that on certain issues where views were exchanged which

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were not in agreement there was not much further discussion which would lead to an agreement, and it also meant that on the much more frequent occasions when views were exchanged which were similar or in some cases identical that it became convenient to refer to the situation by using the expression "agree", although in view of what I have just said you will appreciate that "agree" is merely a term of convenience, not accuracy. So I hope that when I am referring to the proceedings of the Conference as I go on this morning, if I say that the Conference "agreed" to do this and the other, or "agreed" that such a thing should go in the treaty, you will understand that it wasn't a formal agreement at all; it was only just a convenient method of expressing the fact that those delegations who expressed a view on a particular point did express views which were similar or identical. My second introductory note is, of course, that I speak only for the New Zealand Government, and I don't have any authority or any call to speak on behalf of any of the other Governments that were represented at Canberra, and consequently what I say will necessarily be somewhat one-sided.

COMPOSITION AND AGENDA

Mr. Chairman, the Conference consisted of the following nations: Australia, Burma, Canada, India, New Zealand, Pakistan, South Africa, and the United Kingdom. The agenda of the Conference covered two main aspects. The first was the proceedings and machinery for making the peace settlement with Japan, including (a) the composition, (b) the level of representation, (c) the time, (d) the place, (e) the voting, (f) the timetable for the peace settlement procedure, and (g) the subsequent procedure. The second part of the Conference proceedings concerned the content of a possible or desirable Japanese peace treaty and this was covered under the following heads: the basic objectives of the settlement; the territorial provisions; disarmament and demilitarization; political provisions; economic and financial provisions; reparations; machinery for enforcement, including three subheads (a) the arrangements for the termination of the occupation, (b) the control organization, discussing its composition, manner of voting, place of meeting, executive action, and relation to the United Nations, and (c) the termination of the control arrangement; and the last item on the agenda was the form of the peace settlement—one instrument or two, the participation of Japan, the coming into force of the treaty, and the question of adherences. So you will see, Mr. Chairman, from the agenda that there was a very wide field to be covered and the Conference didn't last very long, with the result that, generally speaking, the Conference found itself unable to discuss questions of detail at all and confined itself to a discussion of matters of general principle.

PROPOSALS FOR LOCATION AND SECRETARIAT OF PEACE CONFERENCE

Now I think the best way for me to do it would be to go through the agenda item by item, but I am not going to weary you by going into too much detail. The first part of the agenda, you will remember, I said dealt with the peace settlement procedure, and the views expressed by most delegations were that the peace settlement machinery should be put into motion at an early date; that the primary treaty-making functions should rest with all the eleven Powers who are members of the Far Eastern Commission plus Pakistan, should she desire to become a member. It was thought that there would be a drafting conference in Washington—there seemed to be a general acceptance of the view that Washington was the most suitable place for the hard work of treaty-making to be done. Indeed, it seemed fairly obvious that some delegations had contemplated certain changes of hats taking place in Washington in the case of representatives who were members of Far Eastern Commission delegations who might be representatives at the peace conference, and I think

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too, that there was a suggestion made by one delegation that it would be proper actually to hold the peace conference in this building, that is, the building where we are now, and to make use of the existing Secretariat facilities. That suggestion, however, was just put out and wasn't followed up. As to subsequent procedure, most views seemed to be that at a later stage in the development of the peace treaty all the belligerents against Japan should come into the formation of the peace treaty but in such a way that control over the actual contents of the peace treaty would not be lost by the Powers who were entrusted with the primary function of drawing the treaty.

VOTING PROCEDURE

As far as the voting procedure in the Conference is concerned, in spite of the fact that I am in the presence of four of the veto Powers, I don't think I could pass over this point without saying that most of the delegations at the Conference expressed a reluctance to agree to a system of voting at the peace conference in which any one power had a veto. The New Zealand view put forward was that a peace conference is not quite the same as an executive body; that in a peace conference any one of the participating nations has in effect a veto because you can't compel any nation to sign a peace treaty that it doesn't want to sign, with the result that, considering the initial fact that all nations have vetoes, it would be a more practical solution to abandon all the vetoes and get down to a consideration of the ordinary points of drafting and considering all the details without the hampering provisions of a veto in the voting procedure.

BASIC OBJECTIVES OF PEACE SETTLEMENT

On the question of the content of the treaty itself, the basic objectives for the peace settlement for Japan were recognized as being set down in the Potsdam Declaration and also in the Basic Policy of the Far Eastern Commission, particularly in its preamble and in its first section where it sets out the basic objectives for the occupation and control of Japan. I think this is a useful stage to say that the good work which had been done by the Far Eastern Commission was recognized and commented upon by many of the delegations at the Conference. It was interesting to note this, because, after all, in this body here we have done a lot of work but at the same time our light has been very much hidden under a bushel. We haven't had very much publicity, and it was interesting to note that the work that has been done was recognized as being sound, and as of being of very great assistance to the treaty makers.

Now, if one examines the Potsdam Declaration and the Far Eastern Commission's Basic Policy, one will appreciate that the Conference accepted the three main basic objectives of disarmament, democratization, and a reasonable peacetime economy, as being the ones which would dictate the nature of the peace settlement.

CONTENTS OF TREATY

The rest of the agenda concerned the actual contents of the treaty itself, and here I might say that there was a good deal of discussion time and again during the proceedings of the conference---not on the point of view as to whether a particular obligation which might be sought to be placed on the Japanese Government was desirable in itself, but whether the obligation was suitable or proper to be inserted in the peace treaty; and it was recognized that one of the most difficult things that the peace conference will have to determine is how to draw the line between those

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things that we all agree are sound and proper and wise for the Japanese to do or for the Japanese Government to do, and those more specific and more readily enforceable obligations which are of the type to be inserted in a peace treaty. And that particular line of thought came up under every subsequent heading in the agenda.

REAFFIRMATION OF CAIRO, YALTA, POTSDAM

Now let me come to the territorial provisions in the treaty. It was recognized that the framework had been set already—that the Cairo, Yalta, and Potsdam Declarations, all of which were regarded as unreservedly binding, had fixed a territorial framework within which the peace settlement for Japan must be carried out. It was readily agreed that in the peace treaty, in order to acknowledge this framework, there must be a renunciation of Japanese rights in connection with the territories which are mentioned in those international agreements as being disposed of to other powers. But the question as to whether there should be any more than that in the Japanese peace treaty was regarded as one of very great difficulty. The question as to whether it would be proper to put in the Japanese peace treaty any detailed implementation of some of the provisions of the agreements relating to territories which were once Japanese but have now been disposed of to other powers is one which the peace conference will definitely have to consider. But there was no suggestion at Canberra that any of the nations concerned there had any firm views on the point. It was merely recognized that it would be a difficult problem and that the conference would have to consider it.

ENFORCEMENT OF TREATY PROVISIONS

Now, for the sake of convenience, I won't go right through the agenda but I'll jump to the question of the enforcement of the treaty, because the viewpoint was that the basic objectives and the territorial provisions, which are binding and have already been agreed to, do themselves lead inevitably to some restriction on Japan long after the treaty comes into force. But it was also realized that the content of the peace treaty itself would probably be influenced by the means which the nations desire to adopt to enforce the treaty, and, consequently, I would like to refer now to this question of means of enforcement.

It was recognized straight away that there were certain positive incentives that would move the Japanese to obey strictly the provisions of any treaty, and that these positive incentives were the Japanese desire to stand well with the world, and their desire progressively to achieve membership in international bodies and finally of the United Nations, and that a further positive incentive could be provided by a relaxation from time to time of restrictions which might be imposed on Japanese economic life from points of view of security. And it was recognized that there would have to be some form of control or supervisory organization set up to supervise the Japanese observance of the treaty.

NEW ZEALAND PLAN OF CONTROL

Now I should like to give you an outline of the New Zealand scheme as a sample of the methods of control that were discussed by the Conference. There were a number of schemes put forward, none of which differed very much in principle, although they differed in detail; and there wasn't much discussion of the respective merits of one scheme as against another—merely an indication that these were the matters which would have to be discussed in the peace conference. Consequently, if I give you the New Zealand scheme it will be an adequate sample, I think, of the line of thought.

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The New Zealand scheme envisaged a representative body sitting in Tokyo having the function of supervising the Japanese observance of the treaty. This body probably could consist of the representatives of all powers who considered themselves primarily concerned with the question of security and who were prepared to accept the obligations of becoming a member of this body, and it was obviously thought that those powers would again be the powers who are represented on the Far Eastern Commission. This body would have the general function of supervising the Japanese observance of the treaty, and the specific duty of inspecting the observance of the disarmament and demilitarization provisions, it being considered that the latter was a particular task which simply must be carried out, for which purpose an inspectoral staff was envisaged. The supervisory body would have naval and air patrol forces at its disposal, perhaps based on nearby islands, but it would not be necessary for there to be any occupation of Japan proper after the peace treaty comes into force, unless it were felt from a technical point of view that these naval and air patrol forces, which were to be under the control of the supervisory body, could not adequately operate unless they had a base in Japan, in which case it might be necessary to occupy such a base. The supervisory body would have power to increase or to relax the economic restrictions imposed by the treaty. The supervisory body would—and this was regarded by New Zealand as being absolutely vital—have a very close relationship to the United Nations. It would be, in our view, an organ of the United Nations, and thus would be avoided a number of the difficulties which would arise in connection with the relationship between the supervisory body and other nations, and thus, too, would be left to the United Nations the ultimate problem of enforcement of peace in the Pacific—where that problem ultimately belongs. Japan's membership in the United Nations would also be a subject to be dealt with by the supervisory body—whether it would be necessary for the supervisory body actually to permit the Japanese to apply for membership in the United Nations, or whether it would be advisable to allow the Japanese to apply at any time they wished and merely ensure that the supervisory authority had the right to make a report to the United Nations on such application, were matters which would have to be carefully considered by the peace conference. There was at Canberra an identity of view in recognizing the importance of the Japanese application for membership at the United Nations, and the tremendous effect that that was likely to have on her and on the carrying out of the treaty. It was also realized that in some way or other the Powers responsible for the enforcement of the treaty would have to be permitted to express their views to the United Nations on the manner in which Japan was carrying out her obligations under the treaty. The New Zealand scheme envisaged the supervisory body remaining in existence for about twenty to twenty-five years, or perhaps until such time as the body itself determined that the Japanese were now fully responsible and democratic people and could be completely removed from control.

DISARMAMENT AND DEMILITARIZATION

The next item in the agenda was disarmament and demilitarization. Here it was recognized that we had one of the most important aspects of the whole matter. It was recognized that most of the disarmament had been done already, also most of the demilitarization. The Conference had before it the paper which is now in the Far Eastern Commission, FEC-017/7, (I think it is in the Steering Committee now) and thought that the principles in that paper were very sound, and that it was a good paper. But here it was most interesting to note that even at Canberra, where the representation was really on quite a high level it was impossible for even those high level delegates to discuss the disarmament of Japan without getting into an argument as to whether the Japanese police should have

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pistols or machine guns. (Laughter). And there was quite an argument about that. I don't know what the conclusion was; I don't think there was any.

ADM. RAMISHVILI: Were you the initiator of this discussion?

MR. POWLES: No, I didn't initiate it, Admiral. It grew up of its own accord, which shows how one's mind naturally turns to it. It must be a very important matter.

NECESSITY FOR CIVILIAN COAST GUARD

There was one point made by some of the delegations which I think is worthwhile mentioning, and that was that this paper in the Far Eastern Commission omitted any reference to a civilian coast guard service, and it was thought that the Japanese will have to be allowed a civilian coast guard service, with much the same status as their civilian police, in order to allow them to exercise ordinary disciplinary control over their customs and over their fisheries within their territorial waters.

SCIENTIFIC RESEARCH BY JAPANESE

There was a good deal of discussion about the scientific aspects of disarmament, and there again there was a reflection of the two views one knows that are held—one view being that embodied in the present Far Eastern Commission policy, that, with reference to fundamental research into atomic energy, the Japanese must be prohibited, the other view being that you just simply can't prohibit people from doing fundamental research and that the only way to make sure that it is safe is to allow them to do it subject to conditions and make quite sure it is being brought out into the open. Those two views were expressed at the Conference and I came away just as wise on the subject as I was when I went there, which isn't wise at all. It was, of course, on the industrial side definitely agreed that there must be no armaments manufactured, no aircraft industry, and that there must be a long-term supervision of heavy industry.

REVIEW OF JAPANESE CONSTITUTION

In discussing the political provisions, reference was made to the Far Eastern Commission decision for review of the Constitution, and it was pointed out that some provision will have to be made for the implementation of that policy decision, and that whether it will be done by the Far Eastern Commission or by some other body will depend on the time factor, it generally being thought that the Far Eastern Commission will go out of existence when the peace treaty comes into force. It was also stated that the Constitution itself, the new Constitution, was an extremely good document and it would be worthwhile for the peace conference to consider inserting in the peace treaty a clause obligating the Japanese to maintain their Constitution subject to their own constitutional method of amending it. There was another view which thought that that went a bit far, and that all that was necessary was to put in the peace treaty some clauses relating to human rights.

APPROBATION FOR FEC TRADE UNION POLICY

There was a great approbation at the Conference of the Far Eastern Commission policy on trade unions, which was regarded as an extremely good document. The extent to which that policy ought to be inserted in the peace treaty again was a matter which there was no identity of view expressed. There was even no detailed view expressed. It was desired

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quite clearly that something would have to be put in the peace treaty about trade unions, but exactly what should go in was a matter for consideration after the actual skeleton form of the peace treaty had been already fixed, and after one had cleared one's mind on the nature of the control of Japan that one was going to exercise and for how long one was going to exercise it.

FEC POLICY ON EDUCATION

Similarly, the Far Eastern Commission policy on education was referred to in satisfactory and complimentary terms, and there was a similar realization that it would be good to put it into the peace treaty. But would it be wise? I mean, is that the sort of obligation which ought to go into a peace treaty? Those questions came up, and one interesting remark was made that UNESCO might be able to assist the Japanese in the production of a democratic system of education very materially, and I think that is an idea we could have in mind.

PURGE DIRECTIVES, ETC.

It was definitely agreed that the provisions in the purge directives relating to ultra-nationalist societies, relating to special police and para-military organizations, and the provision of the directive relating to religious matters--the separation of Shintoism from the State--those provisions would have to be perpetuated in the peace treaty. The provision of the purge directive itself, which prevents the employment in official positions of ultra-nationalist people or people with a militaristic record, was recognized as a subject for consideration by the Conference--not necessarily from the point of view that the purge would have to be perpetuated for twenty-five years, because it was thought by more than one delegation that it is not going to be either wise or practical to keep in Japan for the next twenty-five years a body of men who were at one time extremely influential in the State but now have been purged of all official connection with it and therefore are very largely irresponsible but probably still influential, and it was thought that perhaps the supervisory body might be given some task or some duty to examine or reexamine the situation relating to certain purges and allow them to come back to public life--the idea being that it is better that anything that these people are going to do should be done in the open rather than done under cover or underground where they have been driven by the present directive.

The question of treaties and the question of international relations, were also discussed, but I don't think I will weary you with that because time is getting on.

RECOGNITION OF MAGNITUDE OF ECONOMIC PROBLEMS

Then, under the economic and financial provisions section the Conference recognized the immense difficulty of these problems because of the detailed considerations involved and at the outset it refused to discuss or consider figures. I think that was very wise because it didn't have the time to do so. But, generally speaking, one could say that it seemed prepared to follow the line of approach which one can already see growing in the Far Eastern Commission, starting from the basic consideration that there must be no restrictions on the Japanese economy which are not wanted for security considerations. One then can see that the pattern that is being formed here in the Far Eastern Commission is to prohibit some industries altogether, to cut down the capacity of certain key industries, such as iron and oil, and to keep this capacity cut down for the period of control, to place import restrictions on certain basic raw materials, and to remove the excess war

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capacity in a large number of other industries, but, subject to what I have already said to place the other industries under no long-term restriction. That seemed to be the general pattern which was in accordance with the views which were expressed by most of the delegates at Canberra, but it was made quite clear that the detailed working out of such a program would need a tremendous amount of discussion, and reference was made to the extremely valuable work which the Far Eastern Commission was in the process of doing in considering the levels of industries paper, and also to the valuable work done in the paper just finished. You will remember that industrial disarmament paper was passed by the Far Eastern Commission just a week or so before the Conference started. Although, as I say, there were no detailed views expressed because there was no time, it was clear that long-term control of Japanese industry was envisaged, with the fundamental principle that there must be no restrictions which are not warranted by security considerations.

DISSOLUTION OF ZAIBATSU

The Conference, however, did produce an identical expression of views on the subject of Zaibatsu dissolution program. It seemed to be the general view that, whatever else you put in the treaty under the economic section, and although there might be a lot of argument as to a number of the desirable things that could go in the treaty, one thing ought definitely go in, and that would be the perpetuation and continuation of the program for the dissolution of the Zaibatsu. The actual details or the merits of the present program which is underway in Japan were not discussed at all, and it was recognized that there were a lot of immense difficulties yet to be overcome, but it was thought that the principal objective of doing away with these concentrations of economic power must be implemented in the peace treaty.

There was discussion as to whether in the peace treaty anything should be inserted on the subject of land reform, or of commercial policy, or of economic equality, or access to raw materials, but there were doubts expressed, as I have mentioned before, as to how far the treaty should go in these respects.

REPARATIONS

Then reparations. Now, I think the Commission will be disappointed to hear that the Canberra Conference didn't discuss the allocation of shares at all. I wouldn't like to say it was too difficult for them, but I feel that taking the view they did that they had no time to consider questions of figures and detail they were probably wise in not even embarking on a discussion. It just simply wasn't discussed at all.

GEN. MCCOY: Was there any hope expressed?

MR. POWLES: Well, I don't even know whether there was, sir. There was a feeling that most delegates felt a little bit nonplused on the subject and preferred to say nothing. There were several statements made about the unhappy possibility of a substantial failure in the present reparations program, and there were also several statements made which indicated a marked reluctance to consider reparations from current production as a suitable alternative to the present program.

FORM OF TREATY

On the question of the form of the peace settlement, it was realized that the peace conference would have to determine whether there would be a single peace treaty which would contain within it the provisions relating to the long-term control of Japan and the obligations assumed by the nations

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who were going to control Japan, or whether there should be a peace treaty of a more ordinary kind supplemented by a separate treaty between the control Powers. I could not discern whether there was a leaning in the expression of views either to one side or the other. I can only say that from the New Zealand point of view we expressed quite strongly the feeling that it should all be in one document in spite of the fact that it would probably be a precedent-making document. There never has been a peace treaty quite like that in the history of the world before, but we see no objection to that, and we see no reason why there shouldn't be one now, and we think that there are a number of advantages of having it in one document.

NO JAPANESE PARTICIPATION IN PEACE CONFERENCE

On the question of the participation of Japan in the peace conference it seemed quite clear to me that the delegations did not envisage at all any discussions with the Japanese nor would they have envisaged—as I notice in the reports from Japan recently—a strong delegation from Japan and headed by the prime minister, et cetera. It was, however, admitted that the Japanese were entitled to make representations to the conference on the subject matter of the peace treaty, but that there could be no suggestion whatever that we were bargaining with them nor could there be any discussion on the terms. They would be entitled to be heard but the decision must rest with the conference.

TIME OF TREATY'S COMING INTO EFFECT

As far as the coming into force of the treaty was concerned, it was felt that some arrangements might be made whereby it could come into force upon ratifications being deposited by a certain specified number or group of powers, and this would mean that the control machinery could come into force at an early date and the present system of control of Japan could at the same time be stopped. On that point it was made clear by more than one delegation that it would be most important for the control machinery of Japan to succeed from the administrative point of view to the machinery and the work which had been used and done by the Supreme Commander for the Allied Powers in Japan, including the records, method of approach, et cetera.

SUMMATION

Summing it up, Mr. Chairman, I think it could be fair to say that the Conference was single-minded in its search for security and permanent peace in the Pacific, and in its recognition of the basic framework within which that solution must be found. The deliberations of the Far Eastern Commission and agreements of Cairo, Yalta, and Potsdam have greatly simplified the problem, and this was recognized by the Conference. The result was that eight nations going out to this Conference in Australia, thinking quite independently, did and could produce closely similar approaches to the peace settlement, and I think with this experience I wouldn't be surprised to see, and I would hope to see, no fundamental difficulties at the peace conference itself.

Mr. Chairman, if anyone would like to ask me any questions, I would be happy to answer them. I hope I haven't taken too long in covering the field.

GEN. McCOY: You have not. It is a very clarifying series of statements and a very interesting one. I would hope that we can still have time to query Mr. Powles on any point that occurred to any member. It seems to me he has covered it pretty widely and fully, but I have a couple of questions which occurred to me—not important—but I would like to ask them just for my own interest possibly after the other delegates have had an opportunity to query him. Gentlemen, the round table is round.

FEC--RESTRICTEDPARTICIPATION OF BURMA AND PAKISTON

MR. REUCHLIN: Mr. Chairman, may I ask one question of Mr. Powles. Mr. Powles told us that the States of Pakistan and Burma both were represented in Canberra. Then he told us that it was envisaged that Pakistan should also become one of the Far Eastern Commission members. My question would be, was it discussed whether Burma should become one of the members?

GEN. McCOY: Was Burma represented?

MR. POWLES: Burma was represented at the Conference. The question of Burma becoming a member of the peace-making body wasn't adequately discussed for a rather curious reason. The Burmese minister of foreign affairs, who was due to arrive at the Conference, was held up by bad weather and didn't arrive with his delegation until the middle of the second day of the proceedings. On the first day, we had gone through this question of procedure, and it was stated by more than one delegation, when we were discussing the question of Pakistan, that the claims of Burma would have to be very carefully considered, but that was as far as it went. Burma just wasn't there at the time when the topic was discussed.

GEN. McCOY: And, of course, Burma has not yet been given formal Dominion status, has it?

MR. POWLES: No. Burma becomes an independent nation later this year.

JURISDICTION OF JAPANESE OVER FOREIGNERS

MR. REUCHLIN: And one last question, Mr. Chairman, if you will allow me. Was the question of the jurisdiction of Japanese police and Japanese courts over foreigners discussed at all after the peace treaty?

MR. POWLES: No, Mr. Chairman, that question was not discussed.

MR. LACOSTE: Mr. Chairman, I had thought of a similar question, only perhaps a little bit wider, and I was wondering whether it had been envisaged to have any clauses pertaining to what we generally call a consular establishment in the treaty; I mean, the status of foreigners in Japan, as far as the right of circulation and commerce jurisdiction and all connected questions. Was there anything said about that?

MR. POWLES: There was a document filed by one delegation, quite a comprehensive document, which made a number of suggestions—machinery clauses for the treaty including property rights and all that sort of thing, the treatment of aliens—and although the document was before the Conference it wasn't discussed. It didn't come up at all.

MR. LACOSTE: I imagine that is one of the questions that should be broached when we come to the drafting of the peace treaty.

MR. POWLES: Yes.

JAPANESE DIPLOMATIC RELATIONS

GEN. McCOY: That would involve also the reestablishment of freedom of Japan to reestablish diplomatic relations.

MR. LACOSTE: Yes, that would also have to be dealt with.

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MR. POWLES: That particular point was discussed just briefly by more than one delegation. It was realized that it was a question for consideration whether Japan should be given, after the peace treaty comes into force, complete freedom to enter into diplomatic relations with any other nation who was willing to reciprocate with her, and it was recognized it would be very difficult to prevent it, even if one should want to prevent it.

PARTICIPATION OF SOUTH AFRICA

ADM. RAMISHVILI: Mr. Chairman, since there were countries not members of the Far Eastern Commission—Burma, South Africa—could Mr. Powles elaborate more on South Africa as in comparison with Burma?

MR. POWLES: South Africa was there because she was a member of the British Commonwealth, but she made no suggestion or no claim that she should be admitted as a member of the Far Eastern Commission or as one of the principal drafting powers in the peace conference.

MR. LACOSTE: I was wondering whether there had been any indication that South Africa had any particular interests in Japanese affairs.

MR. POWLES: I don't think that the occasion arose for South Africa to make any statement as to whether she was particularly interested or not.

LATIN-AMERICAN INTERESTS IN THE PACIFIC

GEN. McCOY: That brings up a point that has always seemed queer to me in our arrogating to ourselves in particular interest in the Pacific without ever any of the Latin-American countries that front on the Pacific being considered or even any part being taken by them in trying to be considered. Does anybody have any remembrance of any one of the Pacific countries of Latin-America ever bringing up the point? For instance, in this it has occurred to me often in the American line up here in the Pan-American Union, and in organizations like the Institute of Pacific Relations, which was very active for many years in conferences on the Pacific, I don't think they ever had any delegate from any one of the Pacific Powers in Latin-America. I have talked about it several times in conferences and round tables on the subject of the Pacific, but I never have found any interests there, at least in any of the conferences that I have sat in on. I just wondered if it ever occurred then if any Latin-American diplomats had ever brought up the subject as far as you know. Of course, they have had diplomatic representation in China for many years and in Japan heretofore, and it hasn't come up here in any of our considerations in the Far Eastern Commission.

It's not of any importance as far as we are concerned, but it has always interested me that they didn't show any interest themselves in the Pacific problems.

(To the New Zealand delegate) Do you have any trade at all with Chile or Peru? I mean, are there any ships trading direct?

MR. POWLES: No, no direct ships. We used to have casual contact with the Argentine, and still do from a trade point of view, but in a very limited way.

APPROVAL OF COMMISSION POLICIES

GEN. McCOY: Was there any consideration given to the over-all approval or adoption of any of the previous policy papers of the Far Eastern Commission in a blanket way? That is, very often that comes up when there is a

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change of administration. I noticed that the United Kingdom, the last time we were discussing the Constitution, was very concerned about a statement as to the former code or the former trade relations or other previous laws or treaties being covered in a blanket form as to the future, and that would be particularly pertinent with regard to a great many of our policy papers. Of course, these interests you mentioned in certain policy papers will bring them up for that consideration, but I was just wondering if there were any thoughts expressed as to a blanket carrying-on of any background policy?

MR. POWLES: Yes, there was, and it was recognized as a problem for the draftsmen really to decide how it was to be done. But it appeared to be thought by some delegations, and I think quite rightly, that the obligations which have been imposed on the Japanese Government by the successive directives of General MacArthur, some of which of course have been issued on his own and some of which have been issued as a result of Far Eastern Commission policies would have to be perpetuated, but that it wouldn't be the policies themselves that you would perpetuate but you would have to perpetuate the obligations imposed on the Japanese Government by all of General MacArthur's directives which had anything in the nature of a long-term effect. It was also thought that it will be important to ensure that there is a provision in the peace treaty protecting against the victimization within Japan of any Japanese who have acted pursuant to occupation directives or who have cooperated with the occupation.

GEN. McCOY: There is one thing that occurred to me when you were talking about the purge policy. It seems to me that old Father Time will settle that, that is, the purge in effect had to do with men of considerable age, that is, there were no young men involved in it really. It was nearly all old men, so that it doesn't seem to me that we have to bother much about that.

MR. POWLES: I think, from a general point of view, we probably wouldn't, but there was expressed by one or two delegations the view that the peace conference would be wise to consider some provisions whereby exceptions could be made because, although it was recognized that a large number of them were old men, yet there are some of them who are not. Those who are not old men are probably the most dangerous or potentially dangerous, and it would be better from some points of view to arrange it so that they could come out into the open. But that's a thing one would have to discuss very carefully.

GEN. McCOY: Are there any other questions, gentlemen? There seem to be none.

The session is adjourned.

(Whereupon the meeting adjourned at 11:40 A.M.).

FEC--RESTRICTEDMINUTES--75th FEC Mtg.2 October 1947FAR EASTERN COMMISSION

Minutes of the Seventy-fifth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N.W.,
Washington, D.C.
2 October 1947, 10:30 A. M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. H. W. Bullock (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan (China)
Mr. F. Lacoste (France)
His Excellency M. Asaf Ali (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Pamishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--75th FEC Mtg.

FEC-RESTRICTED17 October 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-FIFTH MEETING OF THE
FAR EASTERN COMMISSIONNote by the Secretary General

1. The Far Eastern Commission, at its seventy-sixth meeting, 16 October 1947, unanimously approved the minutes of its seventy-fifth meeting, with the following amendments requested by the Soviet and United Kingdom Representatives:

Page 1, first paragraph under Item 3 to read:

"ADMIRAL RAMISHVILI said that he was not yet prepared to vote on FEC-248/4. In the meantime he said he wanted to make clear the meaning of paragraph 4 of FEC-248/4. He thought that this paragraph could not be interpreted as imposing on any Government any particular responsibility for feeding Japan. He therefore wished to hear any comments on this subject from representatives."

Page 2, third full paragraph, fourth line - change the phrase "paragraph 6 of FEC-032/26" to read "paragraph 16 of FEC-032/26"

2. All Representatives are requested to note the above amendments in their copies of the minutes of the seventy-fifth meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

SUMMARY--FECFEC--RES/10/1000FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 75th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 74th MEETING

Amended and approved.

ITEM 2 - REPORT OF AD HOC SUBCOMMITTEE ON TRADE WITH JAPAN
(FEC-273/1, FEC-273; FEC-228/6, FEC-088/9)

The Commission agreed to table FEC-228/6, Reopening of Private Trade with Japan, and FEC-088/9, Trade Representatives in Japan. FEC-273, Operation of Private Trade in Japan, referred to Committee No. 2.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

Postponed.

ITEM 4 - FURTHER REPORT OF THE AD HOC SUBCOMMITTEE ON RESTITUTION OF LOOTED PROPERTY (FEC-011/37; FEC-011/35, FEC-011/32, FEC-011/12)

Referred to Committee No. 1

ITEM 5 - REPRESENTATIVE OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

Postponed.

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

Postponed.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 8 - OTHER BUSINESS

a. Vote of Thanks to Mr. G. R. Powles for remarks regarding the Canberra Conference at the 74th meeting of the Commission

b. Remarks of Mr. Asaf Ali regarding his trip to India

To be circulated as an appendix to these minutes.

ITEM 9 - PRESS RELEASE

None.

FEC--RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE 74th MEETING

DR. TAN requested that the second sentence under Item 6 b., page 1, minutes of the 74th Commission meeting, be amended to read:

"He thought that the proposal that this gold be returned to countries which were looted might be relevant to the Commission's consideration of the subject of the restitution of looted property found in Japan, and particularly to the disposition of the proceeds acquired from the sale of unidentifiable looted property."

THE COMMISSION unanimously approved the minutes of its 74th meeting with the foregoing amendment.

ITEM 2 - REPORT OF THE AD HOC SUBCOMMITTEE ON TRADE WITH JAPAN
(FEC-273/1, FEC-273; FEC-228/6; FEC-088/9)

THE COMMISSION unanimously agreed, in accordance with the recommendation of the ad hoc Subcommittee on Trade with Japan (FEC-273/1, to table FEC-228/6, Reopening of Private Trade with Japan, and FEC-088/9, Trade Representatives in Japan.

THE COMMISSION further agreed unanimously to refer FEC-273, a United States proposal on Operation of Private Trade in Japan, to Committee No. 2: Economic and Financial Affairs, for consideration.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

ADMIRAL RAMISHVILI said that he was not yet prepared to vote on FEC-248/4, but ~~wished to inquire on behalf of his Government as to whether paragraph 4 was to be interpreted as imposing on any government any particular responsibility for feeding Japan.~~

In the meantime he said he wanted to make clear the meaning of paragraph 4 of Fed 248/4. He thought that this paragraph could not be interpreted as imposing any particular responsibility for feeding Japan. He therefore wished to hear any comment on this subject from representatives.

MR. GRAVES, speaking as the Representative of the Government which had originated the proposed policy decision, said that it had not been the intention of the drafters of the paper that any obligation to feed Japan be imposed on any Government. The wording of the paragraph simply provided that all member Governments take steps to assist in the implementation of the policy. Since the policy itself provided for measures on the part of the Japanese Government to obtain the maximum production of indigenous foods and to ensure equitable distribution of indigenous foods, cooperation in its implementation could not be interpreted to mean an obligation to supply food. It was the supposition of the proposal, MR. GRAVES added, that if international bodies should consider the allocation of food, all member Governments should be consulted.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 4 - FURTHER REPORT OF THE AD HOC SUBCOMMITTEE ON RESTITUTION OF LOOTED PROPERTY (FEC-011/37; FEC-011/35, FEC-011/32, FEC-011/12)

MR. GRAVES recalled that when he had reported on this subject on 18 September he had remarked that, while it was evident that a large area of disagreement existed, he nevertheless thought that the difference on at least one of the topics, that of the revolving fund, seemed susceptible of adjustment. However, the subcommittee had, since the time of that report,

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had a very long meeting and had been unable to produce a unanimous recommendation on the revolving fund or on either of the other controversial topics.

MR. GRAVES recalled that at the time of drafting FEC-011/32, the proposed revision of FEC-011/12, the Commission's policy on the restitution of looted property, the United States member had proposed that the proceeds from the liquidation of unidentified looted property be used as a revolving fund from which payments for imports could be made, until the end of 1949, at which time the fund should be divided among certain specified countries.

Although a large measure of agreement existed on the revolving fund provision, MR. GRAVES said that the Chinese Representative was still unable to agree with its principles. Although all arguments in favor of the fund had been laid before the Chinese Foreign Minister, there were important reasons why the Chinese Government could not associate itself with the principle of the revolving fund.

MR. GRAVES said that during the deliberations of the subcommittee the United States member had stated that if the provisions of FEC-011/32 were not accepted, then unidentified gold would have to be treated in accordance with paragraph 16 of FEC-032/26, the Interim Import-Export Policy for Japan. MR. GRAVES pointed out that FEC-032/26 provided that stocks of gold, silver and precious metals looted from occupied areas should be treated in accordance with FEC policy and that pending establishment of a new restitution policy, items known to have been looted or probably looted should not be exported from Japan. There was a further provision in FEC-032/26, he said, to the effect that "Stocks of gold, silver, other precious metals, precious stones and jewels of clearly established Japanese ownership ultimately should be disposed of as reparations. In the meantime, values of such Japanese assets should be preserved, but such assets themselves may be used as a means of acquiring foreign exchange to aid in financing production programs designed to contribute to the revival of productivity in a Japanese peace economy." On the basis of this paragraph, MR. GRAVES said, it would seem that unidentified property in the form of gold, silver, or precious metals looted from an occupied area would have to be retained in Japan. However, if there was evidence of Japanese ownership it could be used in the revolving fund provided for in FEC-032/26. The United States member had also pointed out that the present policy on restitution (FEC-011/12) contained a rather stringent provision with regard to identification. One of the objects of FEC-011/32, the proposed revision of FEC-011/12, was to relax this stringency so that identification of looted property and claims by owner governments could be facilitated. However, if the Supreme Commander continued to be bound by the provisions of the present policy on looted property, the United States member had pointed out the stringent regulations with regard to identification would of course also be in effect.

MR. GRAVES recalled that a Chinese proposal had been made for more than a 50% share of the proceeds from the liquidation of unidentified looted property. The United Kingdom had had an opportunity to state its reasons for opposition to the Chinese proposal in the subcommittee, but there had been no expression of view on behalf of the Australian, French, Netherlands, and Philippine Governments. MR. GRAVES hoped that their views could be stated at the present meeting.

MR. GRAVES said that the subcommittee had considered paragraphs 10 and 11 of FEC-011/32 at length and that there had been a general consensus that since these two paragraphs were really recommendations to member governments they should not be included in a proposed directive to the Supreme Commander. The subcommittee therefore felt that the two paragraphs might well be excised

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from the paper and dealt with in some other way. However, the Soviet member, although he agreed that the subject matter of the paragraphs was not properly part of a directive, took the position that they should be expanded rather than deleted. The Chinese member had stated that, if the paragraphs were deleted he would offer an amendment to paragraph 3, which dealt with looted ships. The Soviet member had said that he might be able to agree to the Chinese suggestion, provided the Commission definitely committed itself to formulating a policy on looted ships.

MR. GRAVES said, in conclusion, that the disagreements which he had enumerated had been thoroughly explored by the subcommittee and that it was his view that nothing further could be accomplished by continued consideration on the part of the subcommittee. He regretted, therefore, that the subcommittee found it necessary to report such fundamental disagreements and to have to say that there seemed little hope of solving the problems in the subcommittee.

MR. ASAF ALI said that he doubted whether any purpose could be served by discussion in the Commission of the same points which had been discussed so exhaustively by the subcommittee. Before discussion should be commenced at the Commission level, he thought that the area of disagreement should be reduced to a minimum. It seemed obvious to him that the broad category of looted property could be sub-divided into identifiable looted property located in Japan, identifiable looted property located outside Japan, and unidentifiable looted property. With regard to the first of these categories he could envisage no difficulties concerning restitution. Property in the second category, because of its location, could not easily be repossessed and therefore would require deliberation by the appropriate committee of the Commission. Unidentifiable looted property, it seemed to MR. ASAF ALI, would have to be placed in a pool. This pool would have to be liquidated and the divisible assets so realized would have to be distributed in proportions and at a time to be decided by the Commission.

MR. ASAF ALI pointed out that any delay in the liquidation of unidentifiable looted property meant further deterioration of that property with resultant damage to the prospective recipients of the proceeds from liquidation. He urged, therefore, that agreement be expedited on the liquidation phase and that the Commission thereby be enabled to move on to consideration of the distribution of the proceeds of liquidation.

DR. TAN referred to paragraph 4 b. of FEC-011/37 and said that the Chinese proposal therein described for the inclusion of a provision regarding looted ships of countries members of the Far Eastern Commission, had been intended for inclusion either in FEC-011/32 or in some other paper. The Chinese delegation had not insisted that the provision be included in FEC-011/32. The position was, rather, that the Chinese Government, which regarded the proposal as beneficial to all member governments, would be satisfied if the proposal were included in some policy decision of the Commission.

To clarify the record as set forth in FEC-011/37, DR. TAN said that when it had been proposed by Mr. Graves, the Chairman of the subcommittee, that paragraphs 10 and 11 be deleted, he (DR. TAN) had stated that he saw the logic of this proposal and had then twice read the following statement:

"If those parts were deleted then the Chinese delegation would propose that a provision be made in an appropriate part of FEC-011/32 or in another paper stipulating that ships of Allied countries represented in the Far Eastern Commission sunk or damaged outside Japanese waters by Japan should, on the request of the countries concerned, be salvaged, repaired, and refitted to permit them to return in a condition sufficiently similar to that at the time they came into Japanese hands. The costs for such salvage, repair, and refitting should be borne by the Government of Japan. The Supreme Commander for the Allied Powers is authorized to pay for such costs out of Japanese funds."

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ADMIRAL RAMISHVILI referred to paragraph 4 a of FEC-011/37. He said that the important point, in the Soviet view, was that the policy decision on the restitution of looted property should contain a statement of the principle that the Japanese were to be charged with the restoration of looted property, and that this looted property should include looted ships. The details of negotiations regarding different classes of looted objects, including ships, could of course be embodied in other papers.

With regard to the statement in paragraph 4 b that "this proposal... in contrast to the original Soviet proposal, would make the Japanese liable...even when the ships were located in territory of the claimant country itself", ADMIRAL RAMISHVILI said that at no time had the Soviet proposal contained any qualification as to the location of looted ships. The proposal had been meant to include all locations outside Japanese waters.

ADMIRAL RAMISHVILI referred to the statement which had been read by Dr. Tan at the meeting of the subcommittee and which had just been repeated by him. ADMIRAL RAMISHVILI said that as he had stated at the subcommittee in response to Dr. Tan's statement, he could subscribe to the Chinese proposal except that he would have to insist that the principle of payment by the Japanese of salvage costs of looted ships be included in the present policy proposal.

MR. GRAVES referred to paragraph 4 b of FEC-011/37 and said that the reference to the Chinese proposal as being in contrast to the original Soviet proposal had stemmed from the fact that paragraph 10 of FEC-011/32, had obviously applied only to ships which might be found in the waters of a third country, outside of Japanese waters, but not in the waters of the claimant country. The Soviet amendment had been introduced as an amendment to that paragraph and its application must therefore be assumed to be controlled by the clauses of the paragraph. MR. GRAVES realized that the Soviet member desired his amendment to refer to ships found anywhere in waters outside Japan but the amendment he had proposed, since it applied to paragraph 10, excluded, for example, Soviet waters, since that paragraph dealt with bilateral arrangements between the owner government and the government in whose waters the ship might be located. The Chinese amendment referred to looted ships wherever found and would therefore cover the original Soviet intention.

ADMIRAL RAMISHVILI said that the intention of his Government had been all along to provide that the Japanese should be liable for looted ships, regardless of the waters in which they might be located. Although he felt personally quite sure that no looted ships were located in Soviet waters, other claimant countries might have such ships in their own waters, and he did not wish to advocate any provision which would place such countries at a disadvantage. He said that there had been a request in the subcommittee for lists of looted ships to which the provision, if adopted, would apply. He said that this information had been requested and would be supplied to the Commission.

DR. TAN said that the United States member of the subcommittee had pointed out that the subject under discussion was restitution, and that it was therefore appropriate to deal with the question of ships, some of which had been damaged outside Japanese waters, in a separate policy decision. DR. TAN had seen the logic of this position and for that reason would interpose no objection to treatment of looted ships in a separate paper.

MR. REUHLIN referred to the suggestion that had been made that representatives of countries which had not been represented on the ad hoc subcommittee express their views on the subject at the present meeting. He said that he had not yet had time to study the report of the ad hoc subcommittee and was therefore not in a position to express any definitive view. However, in regard to the discussion which had so far taken place,

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he felt in complete agreement with the logic of the statement made by Mr. Asaf Ali and agreed that the Commission should address itself not to a discussion of the broad subject of restitution of looted property but to separate discussions of each of the three categories which Mr. Asaf Ali had enumerated. MR. REUCHLIN felt bound, however, to express surprise that the question of looted ships should have arisen, since he regarded the expression as a contradiction in terms. It was his opinion that it was a well-recognized right of a belligerent to use the ships of an enemy nation. Looting, he thought, arose in connection with the stealing of other forms of property, such as objects of art and gold, but did not arise in connection with the use by a belligerent of its enemy's ships.

MR. RODRIGUEZ agreed that three separable categories were combined in the one proposed policy decision. To some degree this had arisen from the fact that early proposals on restitution had been considered deficient because they had not included all categories of looted articles. He thought that adoption of a policy which would make possible the return of identifiable looted property located in Japan should be regarded as a matter of urgency. With regard to looted property difficult to identify, MR. RODRIGUEZ recalled that the existent policy decision (FEC-011/12) contained very stringent regulations concerning identification. The present proposal would liberalize those regulations and consequently facilitate the restitution of the property involved.

MR. RODRIGUEZ realized that more substantial difficulties were involved with respect to the disposition of unidentifiable property. The proposed policy decision would provide for sale of such property and the allocation of the proceeds to a fund. Whether this fund should be used as a revolving fund, or whether it should be immediately distributed among countries which had suffered from Japanese looting, was the issue before the Commission. It was the position of the Philippine Government that the proceeds from the fund should be distributed to the prescribed countries and that the ends of justice would be best served by carrying out this distribution as soon as possible. The use of the fund for the benefit of the Japanese he regarded as inconsistent with just treatment for the people who had been victimized. Nevertheless, in the interests of reaching agreement, he was prepared to accept the proposal that the fund be used to stimulate Japanese trade.

MR. RODRIGUEZ said that he did not regard looted ships found in non-Japanese waters to be a restitution problem. Restitution, he thought, involved the return by the Japanese of things in their possession, and any prescription as to arrangements by the claimant countries and countries in whose waters looted ships were found could not be regarded as essential to a policy on restitution.

MR. RODRIGUEZ suggested that the proposal on restitution of looted property be reconsidered with a view to liberalizing the regulations for identification and thereby enlarging the categories of articles subject to restitution. A policy decision on these points could, he thought, be adopted and thus allow restitution to begin. Other more controversial questions could then be explored further.

MR. GRAVES said that with regard to the suggestion that unidentified property be treated separately, it had been pointed out in paragraph 2 g of FEC-011/37 that the United States member, in response to the suggestion by the United Kingdom member, had agreed to consider exploring again with his Government the possibility of removing paragraph 8 of FEC-011/32 and dealing with it separately, but held out little hope that the proposal would be acceptable to his Government. He said that the proposal had been made on various occasions and that the United States member had several times stated that his Government was opposed to removing from the policy decision the proposal in paragraph 8 for treating unidentified looted property. However, the United States member had now agreed to explore the

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question further with his Government in spite of the slight hope of its acceptability. The subcommittee had felt quite strongly, MR. GRAVES added, that it would be advisable to exclude the subject of looted ships from the proposed policy. With the exception of the Soviet member there had been a general consensus that looted ships should be the subject of a separate paper.

DR. TAN said that regardless of whether the principle that the proceeds from the sale of unidentifiable property to benefit the Japanese economy were included in the present proposal or were made the subject of a separate policy, it would be extremely difficult to justify to the Chinese people the use of the proceeds from the sale of unidentified looted property for the benefit of the aggressor nation. He felt that any government represented on the Commission would be flying in the face of public opinion to accept such a principle. He thought that the people of the member governments, if they could be polled, would unanimously oppose the use of such funds for the stimulation of Japanese trade. He thought that not only material interests were involved in consideration of such a proposal but also the inevitable public reaction, and he urged that all representatives give very serious consideration to all aspects of the proposal, including that of public reaction.

MR. ASAF ALI said that the discussion which had taken place made it abundantly clear that clearly distinguishable categories of looted property were involved. These categories, he thought, could be handled either by means of a more comprehensive paper than FEC-011/32, or by separate treatment of the three main categories in separate papers.

With regard to the remarks just made by Dr. Tan, MR. ASAF ALI said that he felt confident that he could assure the Chinese representative that the sentiments he had expressed were fully appreciated by every representative present. It was quite true that from a practical point of view every government had to consider the reaction of its people. Governments often acted on principles which they considered perfectly sound, only to find that the people rebelled against such actions. However, it was the duty of all governments, he thought, to prepare the minds of their people for the acceptance of sound principles. He fully appreciated that after the long and bitter suffering of the Chinese people any steps which had the appearance of concessions to the Japanese would arouse rebellion on the part of millions of those people. Nevertheless, he urged that a long-range view be taken of Japanese payment for acts of aggression. It was clearly necessary, he pointed out, in the interest of the Allies themselves in collecting reparations, that they allow restoration of the Japanese economy to an extent which would permit the Japanese to produce items which could be used as reparations. He emphasized that since unidentifiable property must be placed in a pool the maximum use of that pooled property would come from its investment in a manner which would help Japan to subsist and would also yield a surplus which could be drawn upon for reparations. This maximum use of the proceeds from the sale of unidentifiable property afforded the necessary long-range justification of what might seem to be a gratuitous concession to the Japanese, and as a long-range view he thought all member governments could reconcile themselves to it.

DR. TAN said that his Government, out of a desire to narrow the area of disagreement as much as possible, had instructed him to withdraw the Chinese proposal which had been accepted by the ad hoc subcommittee (paragraph 2, FEC-011/35) that the period for filing claims in paragraph 14 of FEC-011/32 be extended from eight months to twelve months. DR. TAN said that he was now in a position to approve the first sentence of paragraph 8 as it appeared in FEC-011/32. The emendation of the penultimate sentence of paragraph 8 which had been suggested by the Chinese Delegation and accepted by the subcommittee (paragraph 3, FEC-011/35) represented simply a clarification in drafting, and DR. TAN thought it would prove to be acceptable to the Commission.

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DR. TAN said that the Chinese Government fully appreciated the magnitude of the task confronting the United States Government and the Supreme Commander, and he wished the record to show that in the opinion of the Chinese Government the duties of the United States Government and of the Supreme Commander had been and were being discharged with distinction and merit. There was appreciation on the Chinese side that very good reasons underlay the United States position that the proceeds of unidentified looted property should be used to finance Japanese imports. Although not convinced of the reasons relied on by the United States Government, the Chinese Government fully appreciated the United States position even though it would have to continue to urge the establishment of a different principle.

THE COMMISSION unanimously agreed to refer the subject of restitution of looted property to Committee No. 1: Reparations for further consideration.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(Fec-240/6; 240 series, 236 series)

Items 5 and 6 were considered together.

GENERAL McCOY said that the United States Government was still very anxious that these proposed policies be acted on favorably by the Commission. However, he understood that some representatives were still without instructions and that it would therefore be necessary to postpone further consideration.

THE COMMISSION unanimously agreed to postpone further consideration of these subjects.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS
(FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - OTHER BUSINESS

a. Vote of Thanks to Mr. G. R. Powles for remarks regarding the Canberra Conference at the 74th meeting of the Commission

At the suggestion of Admiral Ramishvili THE COMMISSION unanimously agreed to record its formal vote of thanks to Mr. Powles for his remarks made before the Commission on 25 September 1947 concerning the Canberra Conference (Appendix, Minutes 74th FEC Meeting).

b. Remarks of Mr. Asaf Ali regarding his trip to India

The remarks of Mr. Asaf Ali will be circulated subsequently as an appendix to these minutes.

ITEM 9 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement concerning the foregoing proceedings should be released to the press.

The meeting adjourned at 12:25 P.M.

FI RESTRICTEDAPPENDIX - Minutes 75th FEC Mtg.FAR EASTERN COMMISSIONAPPENDIX TO MINUTES, 75th FAR EASTERN COMMISSION MEETING

VERBATIM TRANSCRIPT OF REMARKS
BY HIS EXCELLENCY M. ASAF ALI,
CONCERNING RECENT TRIP TO INDIA

AT THE SEVENTY-FIFTH MEETING OF THE FAR EASTERN COMMISSION,2 OCTOBER 1947

APPENDIX - MINUTES 75th FEC MTG.

FEC-RESTRICTEDAPPENDIX - FECAPPENDIXTOMINUTES OF THE SEVENTY-FIFTH FEC MEETING, 2 OCTOBER 1947Remarks by His Excellency M. Asaf Ali Concerning Recent
Trip to India

GEN. MCCOY: I will ask the Ambassador if he will tell us about his trip home and back. Did you stop in Japan, Mr. Ambassador, or did you go the other way?

MR. ASAF ALI: No, sir. I left here by air on the 25th of last month and stayed for about five days in London and saw some of the ministers of state there in a private capacity because there was no question of any consultation or anything of that sort. Then I arrived home on the 5th of this month and took off again on the 10th and arrived back here on the 24th, spending another five days or six days in London for the simple reason that, unfortunately, some tinned food was served on the plane and knocked about half dozen of us out of normal health, and I was confined to bed in London for about five days. That is as far as the procedure of the trip is concerned.

IMPRESSIONS OF LONDON

As regards the state of affairs as I observed them, I noticed during my stay in London that the Government and the people were making a determined effort to meet what appeared to be a very hard situation. I certainly found a more cheerful note this time-Mr. Graves will be interested to note-among the people this time in spite of the austerity campaign and all the hardships which they are called upon to bear than I had found some months ago when I passed through London. Some months ago there was gloom--brooding all over the place. Of course, I visited London at that time after thirty-three years and therefore I could notice many more changes which were not easily noticeable by those who had actually gone through the whole thing, and I myself felt very depressed at that time. But I am happy to say that this time I found a more cheerful atmosphere in spite of the fact that the hardships which the people have to bear are perhaps more acute, and I noticed, as I say, a tone of determination to meet the situation.

SITUATION IN EUROPE

Of course I did get some impression of what was happening in Europe at the time. I do not know whether it will interest the members around this table to know my reactions. After all, my reactions are nothing else but a layman's reaction or perhaps you may say a diplomat's reactions. But I did feel after my talks with various people in responsible positions, that Europe is still suffering from what I described some time ago as "pernicious anaemia" and without transfusion of fresh blood Europe is in a bad way. There is no doubt about that. Of course, it is felt that it is unfortunate that the whole of Europe cannot coalesce and enter upon an united effort to rehabilitate itself. But the situation is there and of course, the reasons are known all around the table here.

FEC-RESTRICTEDIMMEDIATE INDIAN REACTION TO INDEPENDENCE

Then I went home, sir, and as bad luck would have it I arrived there just one day after the worst possible trouble had arisen in the capital itself, and I stayed there for ten days of the most dreadful crisis that the Government had to face. I am being very frank here. After the 15th of August, after India had actually entered upon its new role as an independent country, for about twenty-four hours there was amazing expression of general enthusiasm and in that enthusiasm everyone forgot that there were certain spots here and there where a little gun powder might blow up. But within forty-eight hours this new government had to face a situation which even a far more experienced and well-established government would have found extremely difficult to handle.

CONTROVERSY BETWEEN DOMINIONS

A decision had been taken about the creation of two Dominions, the Dominion of India with practically 320,000,000 to 330,000,000 people on the one hand, and the Dominion of Pakistan with the rest of the population, with two or three states standing out for the time being, not making up their mind about joining one or the other. This decision was taken after ten years or more of very acute controversy and that is where the strangeness of history comes in. A government may take a decision but sometimes that decision doesn't go down with the people and then the people take the law into their own hands.

In Punjab, which constitutes about one-twelfth or one-thirteenth of the entire country, the situation was very critical on account of this spontaneous upheaval of frenzy among a certain section of the people. The total population involved in that frenzy did not exceed at any time 4,000,000, which consisted of people who wanted to move from one part to the other. Nearly a million to 2,000,000 people were on the roads migrating - from eastern Punjab into western Punjab and from western Punjab into eastern Punjab - and during that movement certain very, very deplorable incidents took place. There is no doubt about that.

RELATIVELY SMALL PROPORTION OF PEOPLE INVOLVED

But we must see the whole thing in its proper perspective. I am granting the maximum number, which is doubtful; for it may be less. Even if, say, 4,000,000 people were involved in this trouble--well, we have a total population of 400,000,000 people. It means just one percent. It means only one percent of the entire population of the country happened to be involved in this state of trouble. But the way the news comes out makes one feel as if the whole continent had gone up in flames which is entirely untrue. It is just the other way about.

But, as I say, during the ten days that I was in India this stream of refugees or evacuees, which was moving down from western Punjab into eastern Punjab and from eastern Punjab down to the capital, created an extremely difficult situation because it was not anticipated. Nobody expected it. I am being very frank with you. We did not have enough troops at the time to cope with the situation. Two hundred and fifty thousand refugees had been staying there and then suddenly came a new wave of highly-frenzied people with harrowing tales of their sufferings, which created a very bad situation for about two to three days. I must be very, very candid about it. For two to three days we felt that the ground was shaking

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under our feet. It was almost like an earthquake. But on the third day we started creating a new human machinery to deal with the whole situation which worked with a will. We created a Ministry of Refugees. We also created another ministry for re-settlement and we gave them enough powers to deal with the whole question. And by the fifth or the sixth day we had got hold of the right end of the stick and we could deal with the situation. On the day I left the capital had been cleared of the troublesome elements and new troops had come from the south--completely impartial troops who were utterly unaffected by any kind of partiality. They had come up and they were posted at strategic points and the whole situation was under control. Once the capital was under control of the Government the rest of the trouble became sporadic incidents here and sporadic incidents there. However, today, according to my information from home, the situation is very, very much under control and ways and means are being devised to resettle the people who have been displaced, either out of sheer panic or on account of force applied on either side by certain sections and the problems are colossal. There is no doubt about it. Even if the population involved is no more than 4,000,000 the problem is terrific. We have got to resettle them. There is a certain dislocation of the economic structure of that area howsoever small it may be as compared with the rest of the country and the problem has got to be tackled. It is being tackled with a will and determination. There is no doubt about that. Much of the news which you may be reading in the papers, may have little on the factual side to be objected to but as it paints rather a lurid picture of what the rest of the country is like it misrepresents the picture of the country as a whole. It is unfortunate that it should be so because in the present day international atmosphere it is but only essential, when we have been talking of the areas of disagreement, that the areas of temptation should be reduced to the minimum.

POSSIBILITY OF DECLARATION OF MARTIAL LAW

GEN. MCCOY: Do you have provision in the Government there for our habit of declaring martial law?

MR. ASAF ALI: Yes, sir, they considered that very seriously and in most of these areas now there is a state of affairs which may be described as being as near martial law as possible. But for technical reasons we did not think we could do it because of little islands here of one constitutional complexion and then you have another area there and you can't very well cover the whole area with one law.

ROLE OF RELIEF ORGANIZATIONS

GEN. MCCOY: What was the reaction of what might be called volunteer beneficent organizations to help the Government?

MR. ASAF ALI: Most excellent, sir, most excellent because the local population of every place naturally was inclined to stave off this trouble because the trouble came from this stream of disgruntled people, and people who had suffered also, and therefore the charitably inclined wanted to do whatever they possibly could. Of course, in the first flush it was very difficult to organize things but now volunteers are coming forward--and volunteers were working even at that time.

GEN. MCCOY: Is there a Red Cross there?

MR. ASAF ALI: The Red Cross organization is there but I regret to say that the Red Cross did not come into action, so to speak, as swiftly as it might have done. But by now things are

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moving very satisfactorily--very satisfactorily indeed. I can fairly promise that the improvement may be expected to be maintained, because after all these sufferings people are beginning to realize how utterly insane the whole thing was. After all they stand to suffer if all this continues. As I say, it may be only one percent of the population, it may be only one twentieth of the entire territory of the country but even then these people have got problems and they have got to settle down. Some people might kill others out of frenzy ; they might injure them; they might loot one another and afterwards find they have no place to go to for a permanent settlement. I mean, if they move from one place to another and they get hold of someone else's property, again the question of restitution would come in. If there is any looted property it must be restored. The Government can't allow this kind of lawlessness to continue and therefore when the wave of frenzy abates the trouble makers begin to realize their action has been completely insane.

That is how things stand at present. I don't think I have any right to take any more time of the Commission.

GEN. MCCOY: Well, thank you very much for giving us your observations. Where is your home in India, Mr. Ambassador?

MR. ASAF ALI: Delhi.

GEN. MCCOY: Gentlemen, we stand adjourned.

(Whereupon the Commission adjourned at 12:25 P.M.)

FEC-RESTRICTED

MINUTES - 76TH FEC Mtg.

16 October 1947

FAR EASTERN COMMISSION

Minutes of the Seventy-fifth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Ave., N. W.,
Washington, D. C.
16 October 1947, 10:30 a. m.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. A. Stirling (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan (China)
Mr. F. Lacoste (France)
His Excellency M. Asaf Ali (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U. S. S. R.)
Mr. F. C. Everson (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes - 76th FEC Mtg.

FEC-RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 76TH MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 75TH MEETING

Amended and approved.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, /12, /14)

Postponed.

ITEM 3 - REPORT BY COMMITTEE NO. 1 TO THE FAR EASTERN
COMMISSION REGARDING DIVISION OF REPARATIONS SHARES
(FEC-219/25; 219 series)

Preliminary views stated. Further consideration postponed.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

Postponed.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER
COUNTRIES (FEC-240/0; 240 series, 236 series)

Postponed.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 7 - OTHER BUSINESSa. Remarks by Mr. Miguel Cuaderno, Minister of Finance,
Republic of the PhilippinesITEM 8 - PRESS RELEASE

None.

Summary, Minutes, 76th FEC Mtg.

FEC--RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-FIFTH MEETING

ADMIRAL RAMISHVILI requested that the first paragraph under Item 3, on page 1 of the minutes of the 75th meeting, be amended to read:

"ADMIRAL RAMISHVILI said that he was not yet prepared to vote on FEC-248/4. In the meantime he said he wanted to make clear the meaning of paragraph 4 of FEC-248/4. He thought that this paragraph could not be interpreted as imposing on any Government any particular responsibility for feeding Japan. He therefore wished to hear any comments on this subject from representatives."

MR. EVERSON requested that the phrase "paragraph 6 of FEC-032/26" in the fourth line of the third full paragraph on page 2 be changed to read "paragraph 16 of FEC-032/26".

THE COMMISSION unanimously approved the minutes of its 75th meeting with the above amendments.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, -026/12, -026/14)

GENERAL McCOY said that, although he had anticipated the adoption of FEC-248/4 at the present meeting, he found that some further consideration was desired by the United States Government and he therefore asked postponement for another week.

MR. EVERSON inquired as to the Soviet reservation which had been maintained on FEC-248/4. ADMIRAL RAMISHVILI replied that, although he would have to seek certain information from the United States Delegation, he had received instructions which would enable him to vote for FEC-248/4 in its present form.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 3 - REPORT BY COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

A verbatim record of the discussion of this subject follows:

GENERAL McCOY: Item 3 is a report of Committee No. 1, the Reparations Committee, regarding division of reparations shares. The report is on the status of negotiations concerning the division of shares of industrial facilities within Japan declared available for reparations. The Netherlands and Soviet members of Committee No. 1 voted against forwarding the report to the Commission.

This is a very interesting report and concludes a long series of earnest effort on the part of all concerned to reach agreement on that very hard nut of natural differences of opinion. I think we have almost gotten to the point referred to by Mr. Rueff, who honored us by telling about the difficulties in Europe on that score. He seemed to think that the only way to reach a solution was to cut the Gordian knot by making everybody disagree, or rather to bring about equal dissatisfaction. Well, we haven't gotten to that point yet. We still have considerable opportunity to consider this very earnestly together. I must say that I had hoped against hope that the Reparations Committee would ultimately find a way out for us. But it is now before the Commission.

I believe the Chairman of the Committee consulted the Chairman of the Steering Committee before it was put before the Commission. It is therefore in order and on our agenda for what I hope will be final agreement. Certainly the United States Government will do everything in its power to help this Commission decide the most thorny problem that we have had before us.

I haven't read the report yet. I am not going to discuss it myself, but, in view of the fact that it was the proposal of the United Kingdom representative to put it before the Commission, possibly he can

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give us a little light and help in starting this important subject.

MR. WERSON: Mr. Chairman, I feel I can't be of very much help to you in that respect. We thought the time had come when the Commission should be made fully aware of the position reached in the Reparations Committee, because that position seemed to us not to hold out any promise that agreement could be reached in that Committee by further consideration of the problem on the same basis. We hoped that by bringing it to the attention of the Commission, by summarizing the position reached there, we should be able to make governments fully aware of the danger that we were running into in this respect--the danger of not being able to reach agreement in good time. We hoped that it might have the effect of bringing some pressure to bear on the governments which sit around this table to reconsider their position and to try and think out for themselves ways of breaking this deadlock. I am afraid I have no concrete proposal to offer this morning, Mr. Chairman. Like you, I have not had time to read it, and what is more important my Government hasn't had time to consider the position now reached. I wish to have time to get instructions before saying anything useful to the Commission.

GENERAL McCOY: I have had such illuminating information from time to time from the Chairman of the Committee, Dr. van Gulik--do you care to add anything from your experience in this knotty problem.

DR. VAN GULIK: Mr. Chairman, I think it might be useful to add a few words on the last line of the document which is now before you about the results of the vote that was taken, that the Soviet Delegation voted against referring this paper to the full Commission because it was the feeling of the Soviet delegate that little purpose would be served by bringing this paper to a higher level, so to speak, and it was my impression that it was also the opinion of the Soviet delegation that all possibilities existing in the Committee had not yet been fully explored. I, in my capacity as Chairman of the Committee and at the same time speaking for the Netherlands Delegation, voted against this because I had a strong impression that all possibilities for solving this knotty problem had not yet been fully exhausted in our own Committee, and, feeling my responsibility as Chairman, I felt it incumbent upon me to oppose referring this problem to you and burdening the full Commission with it before we ourselves had really done everything possible to solve the problem. But, since it was the consensus of the Committee that it should be referred and since a great majority of the Committee was in favor of having it referred to the Commission, we had to put it before you and submit it for the wiser counsel of the full Commission.

I may add a few words about what seemed to me, at least personally, to be the main difficulties. The general discussions of this problem were hampered, it seemed to me, by the fact that various members of the Committee had not received from their governments sufficient authority for what might be properly called bargaining margin, and for almost every change in their proposals they had to refer back to their governments, which was a process which took much time.

Secondly, from the point of view of procedure we had right from the start to cope with the situation created by the uncompromising attitude of the Australian Government, who refused to give a schedule of percentages for other countries and who gave only the percentage which they thought they themselves were entitled to. Further, in the field of procedure, there was more than one delegation who did not present to us a full list of percentage shares but rather a list divided into groups. Now that is, of course, entirely a matter of procedure, but it increased our difficulties.

Finally, Mr. Chairman, I would like to repeat here what I said in the meetings of our Committee. I wish to report here upon the most praiseworthy work done by the New Zealand Delegation who, being the most disinterested one, made great efforts toward solving our problems for us--really, as I say, because the New Zealand delegation is the least concerned in it. So I wish to utilize again this opportunity to express the thanks of Committee No. 1 for the great amount of useful work done by the New Zealand Delegation.

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Secondly, with regard to the document which is now before you, Mr. Chairman, I would like to point out that it is mainly due to the efforts of the Secretary of our Committee, Mr. Eichler, who has on more than one occasion shown extraordinary zeal and great efficiency in dealing with the affairs of that Committee.

I have said these things before in the Committee meetings, but I would like to utilize the opportunity of repeating them here. Thank you, Mr. Chairman.

GENERAL McCOY: Well, thank you very much. That is a very interesting survey.

ADMIRAL RAMISHVILI: Mr. Chairman, may I say a few words? The report is big and, of course, very carefully drafted. Of course everybody would have preferred to have had instead of these fifty or sixty pages only one page of a report, listing the actual shares. I fully appreciate the earnest efforts of the Committee and the members of the Committee. However, I must express my regrets that we have not advanced very far.

I want to make a slight clarification of the position of the U.S.S.R. Government concerning the voting on this paper. We were not against the report, Mr. Chairman. We were, as Dr. van Gulik said, against sending this paper to the Commission, thinking that it would serve no useful purpose. We thought that there were still, in the Committee, possibilities of approaching nearer to a final solution than they did.

Now, Mr. Chairman, if the Commission would like to hear Mr. Korobochkin, who, of course, is very familiar with this question, he is anxious to say a few words, if you will allow him.

GENERAL McCOY: Yes, we will be very glad to have him speak.

(Mr. Korobochkin, the Soviet representative on Committee No. 1, spoke through an interpreter.)

MR. KOROBOCHKIN: Mr. Chairman and gentlemen, as the Admiral has already stated, we were not against the drawing up of such a document but were against the forwarding of the document to the Commission. We thought that the reference of this document to the Commission would not serve any useful purpose in achieving a desirable solution to this question. We also don't share the pessimistic point of view of the wording of this document, which says that the Committee has exhausted all its possibilities and has failed to decide this problem. We have no doubt, Mr. Chairman, that there are certain difficulties in the Committee but these difficulties are not insurmountable.

What are those difficulties? I would like to say one or two words. The main difficulty would seem to be in the definition of shares by individual countries. Naturally it would be difficult to achieve any practical solution if one of the countries requires 125% to 130% and doesn't leave any percentage at all for the other states. The second difficulty consisted of the fact that there were some attempts in the Committee to discuss not only the necessary aspect of the problem, that is, the aspect of deciding shares for the internal assets from Japan, but also to discuss the problem of the external assets of Japan. The second difficulty should not be taken too seriously, because the Terms of Reference of our Commission say that we are authorized to discuss only internal assets of Japan.

With regard to the first difficulty, Mr. Chairman, I can say that the Soviet Delegation has suggested that the governments should revise their original positions as to the shares of reparations. I should add at the same time that some of the governments have already revised their position in this respect. To be sure, these revisions by the governments were not done on an equal basis, but, nevertheless, the fact remains that some revision has been achieved.

With regard to the Soviet position, I can say that in spite of

FEC-RESTRICTED27 October 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-SIXTH MEETING OF THE
FAR EASTERN COMMISSIONNote by the Secretary General

1. The attached pages are revisions, embodying changes requested by the Netherlands and Soviet Representatives, of pages 2 and 3 of the Minutes of the 76th meeting of the Far Eastern Commission.

2. The Far Eastern Commission, at its seventy-seventh meeting 23 October 1947, unanimously approved the minutes of its seventy-sixth meeting with the above revisions and with the following change requested by the Indian Representative:

Page 6, first full paragraph - last phrase to read, "isn't it, Dr. Tan?"

3. All Representatives are requested to substitute the attached pages for pages 2 and 3 of the Minutes of the seventy-sixth meeting of the Far Eastern Commission and to note the change indicated in paragraph 2 above in the copies of those minutes.

NELSON T. JOHNSON
Secretary General

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give us a little light and help in starting this important subject.

MR. EVERSON: Mr. Chairman, I feel I can't be of very much help to you in that respect. We thought the time had come when the Commission should be made fully aware of the position reached in the Reparations Committee, because that position seemed to us not to hold out any promise that agreement could be reached in that Committee by further consideration of the problem on the same basis. We hoped that by bringing it to the attention of the Commission, by summarizing the position reached there, we should be able to make governments fully aware of the danger that we were running into in this respect--the danger of not being able to reach agreement in good time. We hoped that it might have the effect of bringing some pressure to bear on the governments which sit around this table to reconsider their position and to try and think out for themselves ways of breaking this deadlock. I am afraid I have no concrete proposal to offer this morning, Mr. Chairman. Like you, I have not had time to read it, and what is more important my Government hasn't had time to consider the position now reached. I wish to have time to get instructions before saying anything useful to the Commission.

GENERAL MCCOY: I have had such illuminating information from time to time from the Chairman of the Committee, Dr. van Gulik--do you care to add anything from your experience in this knotty problem.

DR. VAN GULIK: Mr. Chairman, I think it might be useful to add a few words on the last line of the document which is now before you about the results of the vote that was taken. The Soviet Delegation voted against referring this paper to the full Commission because it was the feeling of the Soviet delegate that little purpose would be served by bringing this paper to a higher level, so to speak, and it was my impression that it was also the opinion of the Soviet delegation that all possibilities existing in the Committee had not yet been fully explored. I, in my capacity as Chairman of the Committee and at the same time speaking for the Netherlands Delegation, voted against this proposal because I had a strong impression that all possibilities for solving this knotty problem had not yet been fully exhausted in our own Committee, and, feeling my responsibility as Chairman, I felt it incumbent upon me to oppose referring this problem to you and burdening the full Commission with it before we ourselves had really done everything possible to solve the problem. But, since a great majority of the Committee was in favor of having it referred to the Commission, we had to put it before you and submit it for the wiser counsel of the full Commission.

I may add a few words about what seemed to me, at least personally, to be the main difficulties. The general discussions of this problem were hampered, it seemed to me, by the fact that various members of the Committee had not received from their governments sufficient authority for what might be called "bargaining margin", so that for almost every change in their proposals they had to refer back to their governments, which was a process which took much time.

Secondly, from the point of view of procedure we had right from the start to cope with the situation created by the uncompromising attitude of the Australian Government, who refused to give a schedule of percentages for other countries and who gave only the percentage which they thought they themselves were entitled to. Further in the field of procedure, there was more than one delegation who did not present to us a full list of percentage shares but rather a list divided into groups. Now that is, of course, entirely a matter of procedure, but it increased our difficulties.

Finally, Mr. Chairman, I would like to repeat here what I said in the meetings of our Committee. I wish to mention, in the first place, the most praiseworthy work done by the New Zealand Delegation who, although being the most disinterested one, made, on more than one occasion, great efforts toward solving our problems for us. So I wish to utilize again this opportunity to express the thanks of Committee No. 1 for the great amount of useful work done by the New Zealand Delegation.

FEC-RESTRICTED

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I have brought these points up before in the Committee meetings, but I would like to utilize the opportunity of repeating them here. Thank you, Mr. Chairman.

GENERAL McCOY: Well, Thank you very much. That is a very interesting survey.

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GENERAL McCOY: Yes, we will be very glad to have him speak.

(Mr. Korobochkin, the Soviet representative on Committee No. 1, spoke through an interpreter.)

MR. KOROBOCHKIN: Mr. Chairman and gentlemen, as the admiral has already stated, we were not against the drawing up of such a document but were against the forwarding of the document to the Commission. We thought that the reference of this document to the Commission would not serve any useful purpose in achieving a desirable solution to this question. We also don't share the pessimistic point of view of the wording of this document, which says that the Committee has exhausted all its possibilities and has failed to decide this problem. We have no doubt, Mr. Chairman, that there are certain difficulties in the Committee but these difficulties are not insurmountable.

What are those difficulties? I would like to say one or two words. The main difficulty would seem to be in the definition of shares by individual countries. Naturally it would be difficult to achieve any practical solution if one-half of the countries requires 125% to 130% and doesn't leave any percentage at all for the other states. The second difficulty consisted of the fact that there were some attempts in the Committee to discuss not only the necessary aspect of the problem, that is, the aspect of deciding shares for the internal assets from Japan, but also to discuss the problem of the external assets of Japan. The second difficulty should not be taken too seriously, because the Terms of Reference of our Commission say that we are authorized to discuss only internal assets of Japan.

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With regard to the Soviet position, I can say that in spite of

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the fact that the Soviet delegation has named a most modest share it still has found its way to revise its original position quite considerably. At the time that the Soviet delegation revised its position, it was thought that other governments would follow the example of the Soviet Government. However, it is regretted that there were very few who did.

Then we suggested officially that those governments which had not yet revised their positions should do so in the way that had been done by the Soviet Government. Therefore, Mr. Chairman, we now consider this method of revision the only correct and practical method -- the method which was followed by the Soviet Government. It goes without saying that if one-half of the countries insist on their original position and do not attempt to revise their original schedules and would insist on their original schedules, the question will remain undecided. Thank you, Mr. Chairman.

GEN. MCCOY: Thank you very much. That is clarifying and will be helpful as we approach agreement. I still continue to be very hopeful about this affair because, even in the course of the disagreements, a certain pattern has developed that certainly gives a lead for certain reconsiderations. I too hope to be able to help, now that the report is before the Commission -- but not this morning because, as I said, I haven't yet read the report nor had an opportunity to consult my assistants in this very important matter. This is a matter that concerns me very much, and has from the beginning, because it involves so much in cleaning our whole slate and supplementing our former policy papers in connection with the interim removal program allocations, which are now approaching disposition in Tokyo, pending action on this agreement on percentages on a "broad political basis".

Is there any other comment this morning on this very interesting report?

DR. TAN: Mr. Chairman, the Chinese Delegation attaches great importance to this question. It hopes that equitable arrangements on the division of percentage shares can be agreed upon as soon as possible. I should like to observe that the division of the reparations shares of industrial assets from Japan declared available for reparations is only one of the many problems now facing us, in connection with the general question of reparations.

Ever since last April the Commission has endeavored to deal with the general question of reparations. It was taken for granted then that the Commission would concentrate first on the question of interim removals and then deal with other aspects of the problem. As we are aware, some thirteen categories of Japanese industries have been declared available for reparations under the interim removals program. It is essential that additional categories of industries, including lighter industries, should also be declared available for reparations. It is expected that we should undertake to discuss the final reparations program soon, because the very fact that we are dealing only with the interim removals program implies that there are other programs to follow. Besides, many other problems incident to the general reparations question, such as that on current production for instance, should also receive our prompt attention.

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In order to find a fair basis for the division of reparations shares, certain factors have to be remembered constantly by all of us. In the past when the principles of reparations were under discussion in the Commission, the Chinese Delegation called attention to certain criteria which should constitute the basis for decision. In the judgment of the Chinese Delegation, all of us should bear in mind the history of Japanese aggression, the vicissitudes of the war against such aggression, the efforts made by the various countries represented on this Commission, particularly the supreme sacrifices made by some of them, the damage and loss sustained by each of these countries, the extent of occupation, the duration of time in which these countries were actually engaged in hostilities, the contribution to the defeat of the enemy, etc. In deciding on this question of division of shares, each Delegation naturally has a tendency to consider its own interest and to emphasize its own rôle in the war against Japan. What we need is to take into due account, on the basis of absolute fairness, the relative rôle played by each of these countries. Perhaps we may need some impartial person to remind all of us of the parts that the several countries played in the defeat of Japan, or in other words, we need somebody who could act as the keeper of our own conscience. Personally, I think that the Secretariat may be of help, although I realize there are duties which keep them fully occupied, in reminding us of some of the simple facts bearing on the several criteria which I have just mentioned.

The Chairman of Committee No. 1 has just remarked that one country has not presented a schedule of percentages for other countries and that some have presented only schedules for groups of countries. The Chinese Delegation will endeavor to present an individual schedule for all the countries at a later date or on such occasion as may be deemed opportune or conducive to agreement.

GEN. MCCOY: Thank you very much, Dr. Tan.

Are there any other comments this morning on this subject?

MR. ASAF ALI: May I say just a word, sir?

GEN. MCCOY: The Indian Ambassador.

MR. ASAF ALI: Mr. Chairman, this report came into our hands only last night but it does not mean that we have not been aware of the discussions that have been going on, because we ourselves have discussed these matters here and then they have been discussed elsewhere too, and our representatives have always reported the proceedings to us. Therefore I cannot take shelter behind the fact that the document has come into my hands only now and that therefore I knew nothing about it; for indeed I do know something about it.

It appears to me, Mr. Chairman, that there is a good deal of truth in the assertion that various representatives of the countries who have submitted their own suggestions have paid a little too much attention to their own claims in proportion to that paid to the claims of others, generally speaking. There are some who have undoubtedly taken a more detached view of the whole problem. Appendix 8, sir, represents to my mind an earnest effort on the part of every country to try as far as possible to adjust the claims of

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various countries within the natural and total figure of a hundred, and it is surprising that, with the exception of Column 1 where you find that the total suggested by each country for itself comes to 189 -- which means 89 more than the hundred -- that all the others seem to have at least a figure of a hundred when thinking of others.

Now, if we look at this chart, we find that the main difficulty comes with respect to the percentages for two countries, Australia and China. Australia claims 28% for herself; China claims 40% for herself; then the others have tried to amend these figures to bring them within the total figure of a hundred. And as you look at the allocation to these countries which has been suggested by other countries, it is somewhat revealing. Now Australia claimed 28% for herself. The U. S. S. R. suggested only 3% for Australia; the United States suggested 8%; the United Kingdom 8.5%; the Netherlands 6%; France 7.5%; India 9.5%; the Philippines 7%; New Zealand 9%. In other words, in the case of Australia, with the exception of Australia's own claims, which must have been very carefully considered -- I have no doubt about that -- other countries seem to hit a figure for Australia which on an average comes to about 8% or 8.5%. It is for Australia to consider now whether this figure is fair or unfair and to reconsider the situation. Then we come to China. In the case of China, sir, China claims 40% for herself. The U. S. S. R. suggests 30% for China; the United States suggests 29%; the United Kingdom suggests 14%; the Netherlands 24%; France 20%; India 25%; the Philippines 23%; New Zealand 23%. Now once again we find that, with the exception of the United Kingdom, which hits the lowest mark, all the others are somewhere in the neighborhood of 25% or 26%, which means, if we take an average, that it would come to something like 24% or 25%, which means that the general consensus is more or less in favor of a figure which comes within the hundred more nearly than the one that has been submitted by China herself. But, at the same time, I have no doubt in my mind that China's claim is undoubtedly based on a long period of devastation and suffering, a much longer period of devastation and suffering than any other country has experienced, because war began as far as China is concerned -- and aggression began as far as China is concerned -- much earlier -- two years earlier, isn't it, Dr. Tan?

DR. TAN: In our case we began in July 1937.

MR. ASAF ALI: Well -- so that is how they stand. As for the rest, sir, I find that adjustments are much, much easier and I don't think there can be much difficulty in toning down some of them. I am speaking individually today -- not on behalf of my Government -- I have already communicated the result of the Committee's consideration to my Government and I am awaiting their reply. But in my individual capacity I hope I shall be allowed to offer a few remarks which perhaps may be found of some little use somewhere.

I feel, sir, that in determining the share of each country in the way of reparations, apart from other considerations, we must keep in view two things. In so far as the totality of divisible assets is concerned we need not worry ourselves very much about it because that inventory is bound to be made sooner or later. Today we are considering the whole question theoretically on the basis that x quantity of divisible assets is available or will be available. Now, how is this quantity

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to be distributed among the various claimants? I don't know. My personal approach would be on two grounds.

Number 1. I would like to approach the question from the point of view of rehabilitation of the world's economic structure, which is the most important. Some countries may have plenty of resources to be able to rehabilitate themselves or to reimburse themselves. There are other countries whose need is much deeper because they have neither the necessary ability to rehabilitate themselves nor have they any other compensation coming from any quarter. Perhaps this is a measure which must help us all a great deal if we begin to look at the ability of each country to rehabilitate itself, to rehabilitate itself in consequence of the quantum of injury inflicted upon it. Therefore, obviously this would be the correct approach. I am only just illustrating the point. Suppose the Philippine Republic is found today in a state where it cannot possibly rehabilitate itself without help from outside. Now, the first source of help should be, to my mind, the divisible assets which may be recoverable from Japan and we say, "Here you are. Your need is most. You must get most". That is just illustrative. Similarly, we have to go around to the other countries and find out what each one's losses are and what each one's need is and then we can make some kind of an allocation. That would be, in my opinion, a humane, an economic and a correct approach. Politics must be, to my mind -- when I say politics I do not mean the larger aspect of it but partisan politics, as far as I can understand them -- should be excluded from these considerations.

The second point of approach, in my opinion, would be the ascertainment -- the sympathetic ascertainment -- of the quantum of injury resulting from war activity anywhere, because in so far as rehabilitation is concerned many countries may be in need of rehabilitation but not in consequence of the war, not in consequence of the injury inflicted. That is a very difficult and hard question, because each country is bound to say, "I have suffered so much". But, after all, there is such a thing as human conscience and the general conscience of all the countries concerned. They can also judge things, and, therefore, if there is a clash between the claimant and the general conscience of all the others, observing, I think the claimant country ought to be able to tone down its claim to a point which may be held reasonable by the majority. Otherwise there can be no agreement. For example, I may go on claiming 50% of all available assets because I feel that I am entitled to them; and yet the general conscience of the world may say, "No, you should not claim more than 20%." Well then, it is, I think my duty to try to tone down my claim to a point where the general consensus may bring it.

Mr. Chairman, these are my purely personal and individual observations. They have nothing to do with my country's approach. I shall receive my instructions in due time and I shall place them before you. But this is, to my mind, a human approach.

GEN. MCCOY: Thank you very much, Mr. Ambassador.

DR. TAN: Mr. Chairman, our colleague from India has just remarked in substance that all countries are in need of rehabilitation, but it needs to be ascertained whether the rehabilitation to be made is necessitated by devastation directly resulting from the Japanese aggression. This remark is well made indeed. In finding a proper solution for the decision on reparation shares, due attention should be paid to the

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actual damage done by Japan to the several countries. Referring again to the question of criteria, I may mention another one; that is the number of Japanese soldiers actually engaged in hostilities in the territories of each of the several allied countries. Even the number of soldiers actually deployed in each of the countries at the time of the Japanese surrender would constitute a rough index as to the contribution made by that country. Recently we have received many news reports from China regarding the need of rehabilitation and regarding inflation and other happenings. We should realize that all these are phenomena arising directly from the nine long years of Japanese aggression. Before Japan embarked on large scale hostilities against China in July 1937, China, in the years preceding July 1937, had made tremendous progress along various lines of reconstruction and development and she was taking her rightful place in the family of nations. Any man who was familiar with affairs in that part of the world is conscious of these facts, but not all the newspaper readers are familiar with the conditions in China, especially those existing many years ago, and consequently some of them may think that these happenings are developed out of a vacuum.

GEN. MCCOY: Thank you. There seem to be no further remarks at present, and we will retain this important subject on the agenda for future consideration.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - OTHER BUSINESS

a. Remarks by Mr. Miguel Cuaderno, Minister of Finance of the Republic of the Philippines

GENERAL MCCOY welcomed Mr. Cuaderno, the Minister of Finance of the Republic of the Philippines, and presented him to the Commission.

Mr. Cuaderno's remarks follow:

MR. CUADERNO: Mr. Chairman and gentlemen, it is indeed a great honor and a pleasure for me to be here with you this morning. I did not anticipate that I would be asked to speak and, to tell you frankly, I am not very much inclined to talk because I have been hearing a lot of talk during the last few days at Lake Success. I believe, however, that this is a very

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good opportunity for representatives, authorized representatives, of nations to be together to air their complaints, if any, and I should not say "any", because there are many complaints. Since the most important thing -- more important than political -- is the economic, I think, gentlemen, that you are doing here one of the most important and difficult tasks before the nations, especially those that have been devastated by war -- and my country is one of these.

I need not tell you how badly the Philippines have been devastated by war. I can only tell you that we are doing our best with the limited means, the limited financial resources, at hand. We are doing our best because we know that the United States, which has been helping many countries in the world and may have to help other countries that are also suffering, already has enough troubles in hand. We would appreciate very much, of course, if we could get some equipment from Japan. After all, Japan has not only taken away much of our equipment, not to say foodstuffs, but has destroyed industrial equipment in the Philippines. They have killed all the work animals; 95% or 98% of all small farmers depend on water buffalos. They have all been killed -- practically all killed during the war. We hope to be able to get something. We do not ask much and we are not going to ask very much. But we hope that in your deliberations you will not forget this young republic in the Pacific which is striving to do its best to rehabilitate itself and to play its part in a small way in the reconstruction of the world.

Let us all hope, and I am hoping, that your deliberations here will finally work out something for the best interest of all, especially the countries that have been devastated by war. I thank you.

GEN. MCCOY: Thank you very much, Mr. Minister. May I ask, just as a matter of interest, where you can get these buffalo without breeding them yourselves? Is there any country that can supply them?

MR. CUADERNO: We used to buy them from Indo-China, but it seems that Indo-China also cannot supply them at this time. We used to get a lot of them from South Burma. It is hard to get them and the few that we can get from them are quite expensive. It costs about 450 pesos per head now, whereas, you remember when you were there, we used to pay 75 per head. And 450 pesos is quite a lot to pay.

GEN. MCCOY: Yes, almost as expensive as a race horse.

MR. CUADERNO: There is going to be a big shortage of rice throughout the world at this time according to the report of the FAO.

GEN. MCCOY: Yes, we are quite conscious of that, and very sympathetic too, of course.

MR. CUADERNO: Gentlemen, if you will excuse me I think I must go.

GEN. MCCOY: Thank you very much for coming and we were delighted with your visit.

ITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press

The meeting adjourned at 11:35 a. m.

FEC--RESTRICTEDMINUTES--77th FEC Mtg.23 October 1947FAR EASTERN COMMISSION

Minutes of the Seventy-seventh Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.
Washington, D.C.
23 October 1947, 10:30 A. M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. H. W. Bullock (Australia)
Mr. R. L. Rogers (Canada)
Dr. S. H. Tan (China)
Mr. F. Lacoste (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. F. C. Everson (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--77th FEC Mtg.

FEC RESTRICTEDFAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 77TH MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE 76TH MEETING

Amended and approved.

ITEM 2 - LETTER TO NORWEGIAN EMBASSY CONCERNING MEMORANDUM ON NORWAY'S REPARATIONS CLAIM (FEC-205/8, FEC-205/4, 205 series)

Approved.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series FEC-026/10 /12, /14)

Postponed.

ITEM 4 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

Postponed.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

Postponed.

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

Postponed.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 8 - OTHER BUSINESSa. Remarks by Mr. Collins on his trip to Japan

Subsequently circulated as an appendix to these minutes.

b. Discussion of FEC Press Policy and Terms of ReferenceITEM 9 - PRESS RELEASE

None.

Summary Minutes, 77th FEC Mtg.23 October 1947

FEC-RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE 76TH MEETING

THE COMMISSION unanimously approved the minutes of its seventy-sixth meeting with changes requested by the Indian, Netherlands, and Soviet Representatives, and circulated subsequently in a corrigendum dated 27 October 1947.

ITEM 2 - LETTER TO NORWEGIAN EMBASSY CONCERNING MEMORANDUM ON NORWAY'S REPARATIONS CLAIM (FEC-205/8, FEC-205/4; 205 series)

THE COMMISSION unanimously approved FEC-205/8, as a letter to be sent by the Secretary General to the Norwegian Ambassador concerning the memorandum (FEC-205/4) concerning Norwegian reparations claims.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, /12, /14)

GENERAL MCCOY said that he was not yet in a position to support the adoption of FEC-248/4. Consideration of the proposal was still continuing within the United States Government and he therefore found it necessary to request another week's postponement of action.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 4 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

GENERAL MCCOY said that while he was not at present prepared to offer any suggestions toward furthering negotiations on the division of reparations shares, he would be glad to hear comments from other Representatives.

MR. COLLINS said that his Government had been one of those to which Dr. van Gulik, Chairman of the Reparations Committee, had referred (page 2, minutes, 76th FEC Mtg.) as not having presented a full schedule of percentage shares. He thought that the Canadian Government was now prepared to present such a schedule if it would serve any useful purpose.

GENERAL MCCOY said that he thought it would be helpful to have the Canadian schedule and MR. COLLINS replied that he would consult his Government further in the matter.

GENERAL MCCOY said that he remained hopeful of reaching agreement on this difficult problem, in spite of what might now appear to be a deadlock in negotiations. Conditions in general, he thought, would stimulate renewed efforts to reach some basis for unanimity. He urged that all Representatives consider the implications of failure on the part of the Commission to reach agreement, and that they bear in mind the record of the Commission in achieving agreement even though in many cases after extended delay. He pointed out that consistent agreement in the Far Eastern Commission might in itself be very helpful in the general world situation as a practical demonstration that at least one international commission could carry out the intentions which led to its formation.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-219/25.

FEC-RESTRICTEDITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - OTHER BUSINESSa. Remarks by Mr. Collins

GENERAL MCCOY welcomed Mr. Collins, who was, for the first time since returning to Washington, attending a meeting of the Commission. He invited Mr. Collins to speak informally regarding his visit to Japan.

A verbatim record of Mr. Collins' remarks will be subsequently circulated as an appendix to these minutes.

b. Discussion of FEC press policy and Terms of Reference

MR. REUHLIN drew attention to an article by Thomas J. Hamilton in the New York Times for 19 October 1947 on an interview with the Chinese Foreign Minister, Dr. Wang Shih-chieh. Dr. Wang was reported to have advocated that a peace treaty be drafted with Japan by the eleven countries represented on the Far Eastern Commission and that the voting procedure be the same as that of the Commission. In this connection Dr. Wang was reported to have pointed out that although each of the "Big Four" had a veto in Commission proceedings, none had exercised it.

MR. REUHLIN said that this press story, with its implication that because the veto had never been used the Commission had not been hindered by its existence and was indeed making satisfactory progress in the settlement of all differences, had made him wonder whether the policy of not pressing proposals to the vote when it was evident that the veto would be used was now creating public misapprehension and should therefore be revised. He wondered whether Dr. Tan could comment on the accuracy of the report of Dr. Wang's remarks.

DR. TAN replied that he was not in a position to know whether Dr. Wang's remarks had been correctly reported. His Foreign Minister had, on previous occasions, expressed high regard for the Far Eastern Commission and for its work under the chairmanship of General McCoy, and had expressed his opinion that the Commission might well be entrusted with additional duties. Nevertheless, DR. TAN repeated, he could not comment on this last report, and was not aware of developments in the Chinese position on the peace conference other than those which had appeared in print.

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ADMIRAL RAMISHVILI recalled that in the past there had been discussion of the feasibility of permitting the press to attend Commission meetings. He was not himself convinced that attendance by the press would be the correct solution to the problem of disseminating public information, but he wondered whether any Representative wished to comment on that proposal, or wished to propose any other suggestion, such as amplified press releases. He was aware of some distortion of Commission proceedings in the press and wondered whether this had stemmed, at least in part, from the Commission's own policy of silence. He thought an exchange of views on this point would be desirable.

GENERAL MCCOY said that in recent months there had been less pressure from the press for news of Commission proceedings than had been the case during the early months of the Commission's existence. He was perfectly willing to reconsider the press policy of the Commission, but personally felt that much of the success enjoyed by the Commission in reaching agreement had been attributable to some extent to the fact that disagreements during negotiations had not been exaggerated by their dramatization in the press.

MR. POWLES said that Sir Carl Berendsen had been one of the principal advocates of greater publicity in the affairs of the Commission. If it were now thought appropriate to reconsider the matter of publicity, the New Zealand delegation would be glad to participate in such discussion.

GENERAL MCCOY recalled that at one stage of the discussions of the Commission's policy on publicity, Sir Carl Berendsen had suggested the issuance of a statement on the questions on which agreement had not been reached, as well as those on which agreement had been found possible. Such a statement had not been issued, and GENERAL MCCOY pointed out that a present survey of the Commission's history would indicate agreement on all matters except those still under active consideration. On these matters, GENERAL MCCOY said, he remained hopeful of agreement.

ADMIRAL RAMISHVILI, referring to the earlier remarks by Mr. Reuchlin, said that in his opinion no "veto" existed, and that the voting procedure of the Commission should be regarded rather as characterized by a requirement for unanimity. A review of the Commission's history would show, he thought, that little would have been accomplished if matters had been pushed to a vote at an early stage of their consideration. Ultimate agreement had often been made possible, he pointed out, by refraining from early votes and resuming deliberation looking toward unanimous agreement. Immediate agreement was always pleasant, of course, but extended consideration for the purpose of achieving unanimity was in no way a misuse of the Terms of Reference.

ADMIRAL RAMISHVILI said that he fully realized the seriousness of some of the delays which had resulted from the Commission's extended deliberations, but that he could not believe that a better situation would have resulted from early votes with consequent relatively frequent uses of the "veto". The requirement on the Commission was to reach agreement, and in this regard no time-table existed.

GENERAL MCCOY remarked that the lack of a deadline was one of the advantages under which the Commission functioned, and one which emphasized the contrast between the Commission and, say, the meetings of the Council of Foreign Ministers, where decision must be reached very quickly.

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MR. LACOSTE said that, in addition to the short time at their disposal, the very public nature of the meetings of the Council of Foreign Ministers constituted additional pressure on their reaching early conclusions. The absence of necessity for reports to the press, he thought had contributed to the reaching of agreements on many issues which had confronted the Commission. Little would be gained, he thought, by the adoption of any course which would place the Commission in the public eye to any greater extent than at present. While there was nothing spectacular about the achievements of the Commission, the quiet courtesy which had characterized negotiations had proven effective in obtaining agreements, and he thought there should be no urgency to issue press releases except when some substantial results justified them. Any change now in the Commission's press policy would, he thought, have the unfortunate result of exciting comment and speculation as to the reasons for the change, and it would therefore be preferable to adhere to the present policy.

GENERAL MCCOY remarked that the press in general was little interested in reports of agreement. The friction attendant to preliminary negotiations was what they preferred to emphasize as being more "newsworthy."

GENERAL MCCOY thanked Representatives for the exchange of views regarding press policy and said that he would bear the discussion in mind.

ITEM 9 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 11:50 a. m.

RESTRICTEDMINUTES--78th FEC Mtg.30 October 1947FAR EASTERN COMMISSION

Minutes of the Seventy-eighth Meeting of the Far Eastern Commission,
held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.
Washington, D. C.
30 October 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. H. W. Bullock (Australia)
Mr. R. E. Collins (Canada)
Dr. S. H. Tan (China)
Mr. M. P. Guerin (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. R. B. Taylor (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. F. C. Everson (United kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

Minutes--78th FEC Mtg.

SUMMARY--FECFEC--RESTRICTEDSUMMARY - 78th FEC Mtg.30 October 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 78th MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-SEVENTH MEETING

Amended and approved.

- ✓ ITEM 2 -
- SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4;
248 series, FEC-026/10, /12, /14)

Postponed.

- ✓ ITEM 3 -
- REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION
REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25;
219 series)

Formal statement presented on behalf of the Republic of the Philippines. Further consideration postponed.

- ✓ ITEM 4 -
- REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

Postponed.

- ✓ ITEM 5 -
- INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

Postponed.

- ✓ ITEM 6 -
- ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 7 - OTHER BUSINESS

✓ The Commission heard informal and off-the-record remarks by Mr. J. B. D. Pennenk of the Netherlands.

ITEM 8 - PRESS RELEASE

None.

Summary--Minutes, 78th FEC Mtg.

FEC--RESTRICTEDITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-SEVENTH MEETING

DR. TAN requested that the last sentence on page 2 of the minutes of the seventy-seventh Far Eastern Commission meeting be amended to read: "Nevertheless, DR. TAN repeated, he could not comment on this last report, as he was not aware of the nature of the remarks made by Dr. Wang in the press interview".

THE COMMISSION unanimously approved the minutes of the seventy-seventh meeting with the above amendment.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

GENERAL McCOY said that he again found it necessary to request postponement of consideration of this subject.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 3 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

GENERAL McCOY said that although he was not yet prepared to state the position of his Government on FEC-219/25, he would be very glad to hear any comments other representatives might wish to offer.

MR. RODRIGUEZ said that he had been requested by the representative of the Republic of the Philippines, General Romulo, to present the following statement:

"My Government is greatly concerned over the delay in the reparations program. After considering the report of Committee 1: Reparations, contained in FEC-219/25, I have been instructed to submit the following statement to the Commission:

'With the submission by Committee No. 1: Reparations, of its report, FEC-219/25, regarding the division of reparations shares, to this Commission, the Far Eastern Commission is now faced with the problem of how to proceed to secure agreement on the reparations shares at the earliest possible date. This matter was under consideration by Committee No. 1 since February 14, 1947, or for approximately eight months, and while considerable work was done and many possibilities of settlement explored, no agreement has been reached to date. Considering the importance of a speedy settlement of the reparations problem to the Allied Nations and in furthering the objectives of the Allied occupation of Japan, the Commission should, at this stage, take a direct hand and adopt all possible measures for its solution.

'The Philippine Delegation is vitally interested in the early determination of the reparations shares as an important link in the chain of acts that this Commission should authorize to effect the early transfer of all reparations assets to the claimant countries. We are willing to cooperate with all the countries represented around this table towards this end.

'We note that there is a wide divergence between the claims of different countries and the shares that the others have allotted to them. When the eleven countries represented here submitted the percentage they believe they are entitled to from the reparations pool, the total of all claims was 204.5%. Even after certain countries had scaled down their claims, the total remained at 189%. A comparison of the percentage claimed by each country and the range and average of percentage allotted to it by the others follows:

FEC--RESTRICTED

Country	% Share # Requested by Each Country	Percentages Allotted Each Country by the Others [@]			Ratio of Share Requested to Corrected Average
		Range	Average	Corrected to 100%	
AUSTRALIA	28.0	3.0 - 9.5	7.31	7.9	3.54
CANADA	1.5	1.5 - 2.0	1.63	1.8	0.83
CHINA	40.0	14.0 - 30.0	23.50	25.6	1.56
FRANCE	12.0	1.5 - 6.0	2.79	3.0	4.00
INDIA	12.5	4.0 - 9.0	6.36	6.9	1.81
NETHERLANDS	12.0	4.0 - 10.0	6.29	6.8	1.76
NEW ZEALAND	2.0	1.5 - 2.0	1.71	1.8	1.11
PHILIPPINES	15.0	7.0 - 9.5	8.08	8.8	1.71
U.S.S.R.	12.0	2.0 - 4.0	3.29	3.6	3.33
UNITED KINGDOM	25.0	6.0 - 15.0	10.36	11.3	2.21
UNITED STATES	29.0	15.0 - 30.0	20.67	22.5	1.29
T o t a l	189.0		91.99		

[@] Based on official schedules of national percentage shares submitted by U.S.S.R., U.S., U.K., Netherlands, France, India, Philippines and New Zealand. No attempt has been made to distribute the figure of 32% assigned the U.S. and the Philippines in the U.K. Schedule.

[#] The percentage asked by each country for itself is not used in computing that country's average.

'It is noted that the share requested by France is four times what the others allotted to her; Australia, 3.54 times; U.S.S.R., 3.33 times; United Kingdom, 2.21 times; India, 1.81 times; Netherlands, 1.76 times; Philippines, 1.71 times; China, 1.56 times; United States, 1.29 times; New Zealand, 1.11 times, and Canada, 0.83 times.

'We believe that the divergence between percentage shares claimed and percentage allotted by the others, stems from the indefinite principle laid down as the basis for the determination of reparations shares. FEC-219/7 provides that "the shares of the particular countries from the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression."

'During the discussion of this policy decision, no clear definition was given of the phrase "broad political basis" with the result that it has been subject to varied interpretations by the different claimant countries. While mention is made of the criteria of the damage suffered by each country and its contribution to victory, these factors are taken into account only in connection with that indefinite factor embraced by the phrase "broad political basis". The situation is further complicated by the fact that, in the view of many countries, the distribution of the reparations assets within Japan is linked inextricably with the problem of external assets, hence their ideas on the latter issue affect their thinking as to what the different countries should receive from Japan. It is, of course, quite natural that in the appreciation by each country of its claims against the reparations pool, its own needs and what it thinks it is entitled to should loom larger than the needs and claims of the other countries. Here therefore lies the challenge which the

different countries represented in this Commission must face. Must we let our narrow conceptions of own national interest block the way for the settlement of this problem for the benefit of all?

'It is evident that the only way to secure agreement would be for each of our countries to give more generous consideration to the needs and justified claims of the others and accordingly to reconsider our own claim on that basis. Since compensation is basic to the concept of reparations, greater emphasis should be placed on the extent of damage and destruction actually suffered by the different claimants. No agreement will ever be effected so long as the different countries insist on the percentage that they now think they deserve. Even if agreement should be reached by ten countries, a country possessing the veto can block that agreement if it so chooses and if it refuses to reconcile its views with the views of others on the matter of percentage shares. We, therefore, take this opportunity to appeal to all countries represented at this table to yield to the spirit of compromise and conciliation, more specifically, to the countries having the veto power to be sparing in the use of the veto in connection with this particular problem.

'The Philippine Delegation desires once again to emphasize the imperative need of effecting a solution of this problem. The Far Eastern Commission will fall short in the performance of the tasks assigned to it if it cannot bring to a happy conclusion the negotiations that have been going on during the past two years regarding Japanese reparations. It serves no one any useful purpose to defer settlement of this problem. Every day that passes means that much further delay in the harnessing of the excess industrial facilities of Japan to productive use by the countries which suffered greatly from Japanese aggression. Every day that passes means further deterioration of the equipment in Japan, rendering it less efficient when finally delivered to the claimant countries and impairing its utility in production. On the other hand, no benefit accrues to the Japanese by leaving this problem undecided, since, in this way, they have no guidance as to the industrial capacity that they are to give up or may retain, and cannot therefore shape their internal economy.

'The Philippines, for one, sorely needs equipment from Japan for the rehabilitation and reconstruction of its industrial facilities which the Japanese destroyed. This work is delayed due to shortage of equipment. The earlier we receive reparations, the sooner we can rehabilitate and develop our industrial enterprises and enhance the productive capacity now so sorely needed by us and by the rest of the world.

'This Commission needs vision, intelligence and understanding in order to solve this particular problem, and to show that we can live together in cooperation and understanding in a progressive world'."

GENERAL McCOY thanked Mr. Rodriguez for the above expression on behalf of the Philippines Government and said that he felt that this statement, taken together with those which had been offered by the Representatives of China, India, and the Soviet Union (Minutes, 76th FEC Meeting), constituted a very real aid in the furtherance of consideration of the question of division of reparations shares.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

FEC--RESTRICTEDITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - OTHER BUSINESSa. Remarks by Mr. J. B. D. Pennenk

GENERAL McCOY welcomed Mr. J. B. D. Pennenk, who was attending this meeting of the Commission in company with the Netherlands representative. GENERAL McCOY explained that Mr. Pennenk had, before the war, been the Netherlands consul general at Kobe, and that since the establishment of the Netherlands military mission in Tokyo he had served as political adviser to the chief of the mission. He had now been appointed Netherlands minister to Romania and was enroute from Tokyo to his new post.

MR. PENNENK spoke informally and off-the-record on the occupation of Japan.

ITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 11:50 A.M.

COPY NO. 248FEC--CONFIDENTIALMINUTES--79th FEC Mtg.6 November 1947FAR EASTERN COMMISSION

Minutes of the Seventy-ninth Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.,
Washington, D. C.
6 November 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Mr. H. W. Bullock (Australia)
Mr. R. E. Collins (Canada)
Dr. Y. C. Yang (China)
His Excellency M. Paul E. Naggiar (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. J. U. Jovellanos (Republic of the Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. F. C. Everson (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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

Minutes--79th FEC Mtg.

SUMMARY-FEC

FEC-CONFIDENTIALSUMMARY-79th Mtg6 November 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 79TH MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-EIGHTH MEETING

Approved.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, /12, /14)

Postponed.

ITEM 3 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION
REGARDING DIVISION OF REPARATIONS SHARES
(FEC-219/25; 219 series)

FEC-278, Statement by the United States Representative of the Far Eastern Commission on Reparations Shares, was introduced by General McCoy with the request that it be submitted to all Governments. Further consideration postponed pending receipt of views from member Governments.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES
(FEC-236/3; 236 series, 240 series)

Postponed.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

Postponed.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 7 - OTHER BUSINESS

An announcement by the Secretary General that because of the Armistice Day holiday on Tuesday 11 November the usual Steering Committee meeting would not be held but that, if there were business to be transacted by the Steering Committee, a meeting would be scheduled for some other day of the week of 10 - 14 November.

ITEM 8 - PRESS RELEASE

None.

FEC-CONFIDENTIAL14 November 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE SEVENTY-NINTH MEETING OF THE
FAR EASTERN COMMISSIONNote by the Secretary General

1. The Far Eastern Commission, at its eightieth meeting, 13 November 1947, unanimously approved the minutes of its seventy-ninth meeting, with the following change requested by the French Representative:

Page 2, amend first sentence in third paragraph from the bottom of the page as follows -- "MR. FAGGIAR said that he wished to thank the United States Government for this new effort to find a solution of the problem of division of ~~reparation~~ shares and for their generous offer of giving a part of their share. He wished also to thank General McCoy for his own efforts in connection with the proposal."

2. All Representatives are requested to note the above amendment in their copies of the minutes of the seventy-ninth meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

C-00 FILE FILE

GENERAL McCOY, in opening the meeting, extended a cordial welcome on behalf of the Commission to Mr. Maggiar, who was, for the first time since his return from France, attending a meeting of the Commission.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-EIGHTH MEETING

THE COMMISSION unanimously approved the minutes of its 78th meeting.

ITEM 2 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN
(FEC-248/4; 248 series, FEC-026/10, /12, /14)

GENERAL McCOY said that he again found it necessary to request postponement of consideration of this subject.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 3 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF JAPANESE REPARATIONS
(FEC-219/25; 219 series)

GENERAL McCOY said that the United States Government had considered very carefully the issues at the root of the disagreements set out in FEC-219/25 and had sympathetically studied the views which had been expressed by several of the representatives since the report of Committee No. 1 had been placed before the Commission. On the basis of this consideration, the United States Government could now offer a further proposal, regarding which GENERAL McCOY made the following formal statement:

"1. The Far Eastern Commission has been unusually successful as an international organization in passing upwards of 50 policy decisions, practically all by a unanimous vote. Even in the field of Japanese Reparations we have approved a number of important papers, including: Determination of the Peaceful Needs of Japan, a series of 8 papers on Interim Reparations Removals, Assured Production Levels, Delivery of Reparations Goods in Japan, and Division of Reparations Shares.

"2. Notwithstanding these agreements, the Commission has not yet been able to reach an agreement on the shares of Industrial Reparations to be assigned to each country. This is a complicated and perplexing problem and naturally is difficult. The Reparations Committee has reported that it has spent some 8 months on this problem, has studied carefully all of the solutions which have been proposed by the several members of the Committee, and yet has been unable to agree on any one of them. The percentage shares suggested by the several Governments and by members of the Committee do show a similar pattern of distribution. The Committee, however, has concluded that there appears no likelihood that it can reach an agreement in the near future.

"3. This is the kind of situation which not infrequently occurs in an international committee or conference. After working and worrying for weeks or months over some problem the conference comes to feel that the problem is

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hopeless and cannot be solved. Then, happily, some new proposal is presented, and the members of the conference, realizing that a solution is important and that each state represented must make some sacrifice to obtain it, accept the new proposal.

"4. The U. S. Government has a new proposal which I trust the other Governments represented on the Commission, each making some concession to obtain our common objective, will accept and that it may solve the difficult and long-continued problem of reparations shares.

"There must be some schedule of percentages which is accepted by the states on the Commission. The U. S. Government proposes that if the Commission will accept the schedule now submitted by the U. S., the U. S. Government will relinquish 18 of the 28% which it claims, and will allot this 10% as a fund to be distributed by the other states among themselves in any proportion which they deem advisable. The U. S. will leave entirely to the other states on the Commission the problem of reaching an agreement on the distribution of this 18% fund of industrial facilities in Japan to be divided as reparations.

"5. The official statement of the U. S. proposal has been distributed. It presents the conclusions of a long, earnest, careful study by the U. S. Government of the problem of reparations shares, together with an explanation of the contribution which the U. S. Government is willing to make toward reaching an agreement in the FEC on reparations shares. I am asking the representatives here this morning to forward this U. S. proposal to their Governments with the request that it be given early consideration, and if possible, an early reply. I trust that this proposal will be acceptable to all the Governments represented on the Far Eastern Commission. If, however, it should not be acceptable, the United States Government will consider itself at liberty to withdraw it without prejudice to its future position on reparations shares."

GENERAL McCOY accordingly invited the attention of the representatives to FEC-278, which contained the proposal which he had described. He pointed out that the document was, at least for the present, classified "Confidential".

and for their generous offer of giving a part of their share.

MR. MAGGIAR said that he wished to thank the United States Government for this new effort to find a solution of the problem of ~~division of reparations shares~~ and to thank General McCoy for his own efforts in connection with the proposal. He would be pleased to submit the proposal to the French Government and would inform the Commission as to the French position directly upon receipt of instructions.

He smiled also

GENERAL McCOY said that he hoped all representatives would submit the proposal to their governments at once and he urged that everything possible be done to expedite the receipt of instructions. He emphasized the necessity for reaching over-all agreement on division of reparations shares, and said that he regarded such an agreement as the logical and necessary climax to the series of agreements which had been reached on interim removals.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

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ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL JO FILIPINES
(FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - OTHER BUSINESS

- a. Announcement of Armistice Day holiday.

MR. JOHNSON pointed out that Tuesday, 11 November was Armistice Day, a United States national holiday, and that accordingly the usual Steering Committee meeting would not be held. Should there be business for the Steering Committee to transact during the week of 10 - 14 November, a meeting would be scheduled on some other day of the week.

ITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 11 A. M.

COPY NO. 10FEC CONFIDENTIALMINUTES--80th FEC Mtg.13 November 1947FAR EASTERN COMMISSION

Minutes of the Eightieth Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.,
Washington, D. C.
13 November 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) Chairman
Major J. G. Plimsoll (Australia)
Mr. R. E. Collins (Canada)
Dr. S. H. Tan (China)
M. Francis Lacoste (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. F. C. Everson (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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

Minutes--80th FEC Mtg.

SUMMARY -FEC

FEC-CONFIDENTIALSUMMARY-80th FEC Mtg.13 November 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 80TH MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-NINTH MEETING

Attended and approved.

ITEM 2 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

Formal statements by Australian and Netherlands representatives.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, /12, /14)

Postponed.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

Postponed.

ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

Postponed.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 7 - OTHER BUSINESS

Remarks by Major Plimsoll regarding conditions in Japan.

ITEM 8 - PRESS RELEASE

None

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GENERAL McCOY, on behalf of the entire Commission extended a welcome to Major Plimsoll who was, for the first time in several months, attending a meeting of the Commission in his capacity as Australian representative.

ITEM 1 - APPROVAL OF THE MINUTES OF THE SEVENTY-NINTH MEETING

MR. LACOSTE requested that the first sentence in the third paragraph from the bottom of page 2 of the minutes of the seventy-ninth Far Eastern Commission meeting be amended to read: "MR. NAGGIAR said that he wished to thank the United States Government for this new effort to find a solution of the problem and for their generous offer to give a part of their share. He wished also to thank General McCoy for his own efforts in connection with the proposal".

THE COMMISSION unanimously approved the minutes of its seventy-ninth meeting with the amendment requested by Mr. Lacoste.

ITEM 2 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

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

MAJOR PLIMSOLL presented the following formal statement:

"Mr. Chairman, I am sorry Dr. Evatt is not here himself today because, as you know, he has taken a very close interest in the working of the Far Eastern Commission ever since it was established. Since the United States Government presented this proposal last Thursday, Dr. Evatt has examined it with a great deal of attention and has consulted on the subject with our Prime Minister.

"The Australian Government submitted a claim for a substantial share of reparations from Japan, based on the Australian war effort. That war effort was considerable and has been elaborated in detail in the Reparations Committee. It consisted of substantial military operations in all theaters of the war and in particular in the Pacific Theater--in New Guinea, the Solomons, Burma, Malaya, Borneo, et cetera. There was also a substantial economic contribution to the war in the form of food for all the Allied forces in the Pacific as well as in the form of clothing, munitions, and other military supplies distributed all through the Pacific and Asian area as far west as Suez. On those grounds the Australian Government submitted a claim for a substantial portion of reparations from Japan and I think that, judging from the discussions in the Reparations Committee, it has been conceded by the other countries that Australia is entitled to a very large share of reparations from Japan.

"In the light of that recognition, Mr. Chairman, we have examined the United States proposal and have also borne in mind the other considerations which the Australian Government has mentioned in past discussions, particularly the need for rapid recovery of the countries of Southeast Asia and of China and the other countries that have been devastated. In view of the recognition of our war effort in the course of the discussion, and considering the urgent needs of other countries, the Australian Government is prepared to support the proposal of the United States Government. We note that eight percent is allotted to Australia. As a contribution toward an early acceptance of this proposal, the Australian Government offers to return to the pool on the same conditions as the United States Government five out of that eight percent. Thus the Australian and United States Governments between them will be putting back into the pool nearly twenty-five percent of the total reparations from Japan in industrial equipment.

"We hope that these offers will be an inducement to other countries to accept the United States proposal without any undue delay caused by haggling over particular figures. It will mean an increase, I think, of roughly a third in each country's share if in the redistribution we keep the proportions of the original United States schedule. Of course

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countries may follow the alternative suggestion of the United States Government, which would be entirely acceptable to us, of redistributing the amount according to need. We have, in fact, felt very strongly that the Japanese reparations program should be tied in to the general program of economic recovery and reconstruction in the Far East. In making our offer we have taken account of the fact that needs in the Philippines, China, Burma, Indo-China, Malaya, India, the Indies, the Soviet Far East, and other countries, are very urgent and very large. These countries have been devastated or are under-developed, and they need assistance rapidly. The industrial equipment in Japan is deteriorating and we feel that, whether this is a scientific allocation or not, it should be accepted now in order to solve this problem and prevent further loss.

"As we have stated on other occasions, the Australian Government has a particular interest in obtaining whaling ships and equipment as reparations. I don't know whether they will become available as industrial assets or under some other category. In any case we will expect special consideration for our claim on that point.

"But I don't want to go on to a side issue like that--our main point today is that Australia supports the United States proposal completely. We are returning five of our eight percent to the pool. Our offer is made on the same conditions as the United States Government and that means that, like the United States Government, if this offer is unacceptable to the Far Eastern Commission the Australian Government will consider itself at liberty to withdraw it.

"Our views on the need for an early peace settlement, of course, have not varied. We still think an early peace settlement is desirable and urgently needed. I think that on this point we are in complete agreement with the United States Government and most of the other Governments around this table. But we do feel that, irrespective of that, it is urgently necessary to redistribute those industrial assets in Japan today that have been declared available as reparations."

GENERAL McCOY expressed his appreciation of the cooperation extended by the Australian Government in helping to solve the problem of division of reparations shares. MR. LACOSTE also expressed appreciation for the very helpful offer made by the Australian Government.

MR. REUCHLIN presented the following formal statement:

"The prolonged discussions in Committee No. 1 regarding the division of reparations shares have shown the extreme difficulty of this problem. The Far Eastern Commission has stated that a broad political basis should be the main criterion for fixing the percentages of these shares.

"This criterion, however, is vague, and it is only natural that each country stressed--as was its good right--the special merits of its own particular case. Those countries, for instance, that have suffered devastation stressed the amount of damage caused by the Japanese occupation; those countries that, through the activities of their armed forces, contributed to the final victory, stressed their war effort; those countries that are in need of assistance in their recovery stressed the urgency of this need. While avoiding as much as possible belittling the part played by other countries, each country prefers, as is natural, to emphasize its own. In other words, there existed a marked tendency on the part of each Government to inflate its own claim. One need not be astonished, therefore, that the individual percentage claims of all eleven countries, when added up, show a total of over 200%.

"In view of this tendency it has always been the considered opinion of our Delegation that the best criterion for arriving at a just schedule of division is to be found in the average of what other countries wish to allocate to each single country represented on this Commission, rather than to discuss the individual claims of each country. Although the Netherlands Delegation is well aware of the fact that more than one delegation is strongly opposed to the procedure

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of using averages, it still considers this the only sound basis for solving the problem. In a way these averages reflect world opinion; they may therefore be said to be in conformity with a generally acceptable broad political basis, and are therefore more acceptable as a basis for discussion than any schedule one-sidedly drawn up by any one of the Far Eastern Commission countries. A discussion of individual claims would, on the other hand, lead only to invidious comparisons and fruitless debate.

"The Netherlands Delegation therefore, in studying the new United States proposal, still retains the averages proposed by the various countries concerned as a basis for determining its attitude.

"A comparison of the averages allocated by the other countries, with the percentage now proposed by the United States Delegation, clearly shows that this United States proposal discriminates against three countries, viz., the Netherlands, France, and India--that is, if we leave out New Zealand and Canada, whose claims are so small that they can easily be adjusted during the redistribution of the eighteen percent mentioned in the United States proposal.

"Now, if I may ask you to look at some figures, which will be distributed in order to have the figures before you,

<u>A</u>	<u>B</u>	<u>C</u>
Percentage Allocated Under New U.S. Proposal	Average of Percentages Allotted by Other Countries	Percent of Average Percentage (Col B) Allotted Under New U.S. Proposal (Col A)
Australia 8	7.9	101.26
Canada 1	1.8	55.55
China 30	25.6	117.14
France 2	3	66.67
India 4	6.9	57.97
Netherlands 4	6.8	58.82
New Zealand 1	1.8	55.55
Philippines 8	8.8	90.91
U. K. 10	11.3	88.50
U.S.S.R. 4	3.6	111.11
U. S. 28	22.5	124.44

you will see that with the exception of the Netherlands, France, and India, the percentages given in the United States proposal more or less approach the average of the percentages proposed by other countries. Only in the case of the Netherlands and India is there a considerable reduction, viz., 2.8 for the Netherlands and 2.9 for India, while the United States, on the other hand, proves to have increased its own percentage by 5.5. The Netherlands Delegation considers, therefore, that, of course, be it without any evil intent, the United States proposal does grave injustice to our own just cause. Our Government could never entertain the idea of placing before the people of the Netherlands, and particularly of the Netherlands East Indies, a proposal that so grievously misrepresents the role played by the kingdom of the Netherlands during the war and the losses suffered by it.

"As regards war effort, it may be pointed out that, having prior to Pearl Harbor consistently refused repeated Japanese offers for economic cooperation, after the attack on Pearl Harbor the Netherlands Government immediately declared war on Japan and proved itself an

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extremely useful ally. Fifty percent of the Netherlands Air Force was destroyed while assisting in the defense of Singapore, and later practically the entire Netherlands Navy was annihilated in the battle of the Java Sea, trying to stem the Japanese southern advance. In addition, Netherlands submarines sank a very considerable number of Japanese troop transports. Although memories are short, you will all recall how the press of the whole Allied world wrote in glowing terms of our 'a ship-a-day' achievement. These determined and costly efforts gave the Allies, and I am thinking especially of Australia, more time to organize their defense.

"As regards war damage, the Netherlands East Indies suffered all the terrible consequences of the Japanese occupation. Untold numbers of Netherlanders and Indonesians were ruthlessly tortured and killed; thousands perished in concentration camps or were incapacitated for life; and the riches of Indonesia were systematically looted. The economic system of Indonesia--after China the largest unified geographical area in Southeast Asia--was dislocated and its population of 70 million, both Netherlanders and natives, subjected to terrible hardships.

"Finally, since Holland itself is still in distress because of the evil economical and social consequences of the German occupation, it is, unfortunately, not in a position now to contribute as largely as it would wish to the rehabilitation of its vast overseas territories. The kingdom of the Netherlands, therefore, as we think, more than any other country, needs Japanese reparations and needs them urgently.

"The claim of twelve percent presented by the Netherlands Government therefore seems a modest one, fixed only after having taken into due consideration the sufferings of our neighbors and their contribution to the war effort. It was not without regret, therefore, that the Netherlands Delegation saw that the consensus of the other Far Eastern Commission countries allocated to the kingdom of the Netherlands an average of only 6.8. Although firmly convinced of the validity of the original twelve percent claim, still, in the interest of reaching a compromise, the Netherlands Delegation would be willing to consider a percentage of approximately 6.8. The figure in the United States proposal, however, four percent, is, I am sorry to say, too low to be considered by us fit for discussion.

"The Netherlands Government finds itself at a loss to comprehend on what grounds the United States Government arrived at this figure, which appears utterly disproportionate when compared with such figures as four for India and eight for Australia. Without wishing to minimize in any way the war effort of these two countries, it is a fact that their devastated areas are negligible when compared with the vast territory of the Netherlands East Indies. India suffered devastation only on the Andaman and Nicobar Islands and a small part of eastern India and Australia in a section of the under-developed eastern part of New Guinea.

"The dissatisfaction of the Netherlands Delegation will be all the more understandable when it is remembered that the draft of FEC-011/32 on the Restitution of Looted Property states that the secured fund obtained by liquidating the unidentified looter property shall be ultimately distributed to the recipient countries in accordance with the percentage fixed for reparations shares. The Netherlands Government, through its representative, has only reluctantly agreed to this clause in the aforementioned draft, since it is known that the bulk of precious stones and jewels and nearly all of the unidentified rubber and tin originated from the Netherlands East Indies. This agreement on the part of the Netherlands Government was based on the expectation that a just percentage of the reparations would be allotted to the Netherlands. Should this expectation prove to be unfounded, then this fact would necessitate the Netherlands Government reviewing its attitude to the draft of the document for the Restitution of Looted Property.

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"As a possible solution the Netherlands Delegation ventures to suggest the following procedure. Since the United States proposal aims at solving the difficulties by raising the share allotted to it, the Netherlands Delegation would propose that final agreement be reached by revising the United States share to the figure of 22.5, which is the average of the percentage which the other countries allocated to the United States. Of the 5.5 points gained through this procedure, 2.5 should be transferred to the Netherlands' share, with the understanding that a final adjustment of the Netherlands' percentage should be arrived at after the equitable distribution of the percentage which the United States would so generously place at the disposal of the other countries. The remainder of three percent could be used for adjusting the shares of the other countries mentioned above, whose shares were disproportionately reduced.

"Finally, now that discussion of this problem has reached this stage, the Netherlands Delegation thinks it necessary that before the question of percentage shares is placed on the table, a clear agreement should be reached as to what will be the entire and ultimate amount of reparations involved so that, when each Government concerned agrees to the percentage allocated to it by common agreement, it will know exactly where it stands. The Basic Post-Surrender Policy for Japan states in paragraph 4, that, 'reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policy set forth by the Far Eastern Commission and pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose'.

"This clause provides for reparations being paid by Japan from its future current production. This being so, the Netherlands Delegation thinks it imperative that agreement be now reached on the question as to whether the percentage shares under discussion now will apply also to these future reparations or whether they are binding only for reparations from equipment, goods, facilities, et cetera, available at present.

"The Netherlands Delegation wishes it to be understood, Mr. Chairman, that the present statement bears a preliminary character. As soon as final instructions will have been received, our Delegation proposes to present further observations regarding this subject, after having taken due notice of the views to be expressed by our colleagues.

"Thank you, Mr. Chairman."

Following a brief recess for purposes of consultation, GENERAL McCOY stated that, while the United States proposal (FEC-278) was subject to clarification on any points representatives wished to raise, it had not been presented as an item subject to revision in accordance with recommendations from other member Governments. The proposal had been designed as an immediate, over-all solution, and as such it was offered to member Governments for acceptance or rejection as a whole. The statement of the Australian Representative indicated that the Australian Government had understood the proposal in the sense intended.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, /12, /14)

GENERAL McCOY said that he again found it necessary to request that further consideration of FEC-248/4 be postponed. THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 4 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

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ITEM 5 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES
(FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - OTHER BUSINESS

a. Remarks by Major Plimsoll Regarding Conditions in Japan

MAJOR PLIMSOLL said that he had been in Japan in July and that many marked changes had occurred since his previous visit, together with members of Far Eastern Commission Delegations, in December of 1945. Extensive reconstruction had taken place and the people exhibited a quite satisfactory degree of well-being in so far as nutrition and clothing were concerned. Nevertheless the Japanese economic situation was grave and while certain factories were operating at a high degree of efficiency, much of Japan's industrial capacity was still useless as a result of unrepaired war damage and because of shortages of raw materials.

MAJOR PLIMSOLL said that he was not in a position to judge the degree to which political reforms in Japan had been successful. He did feel that the short-term phase of the control of Japan had been very well carried out by General MacArthur and that demilitarization and demobilization, which were the proper function of a military occupation, were virtually completed. General MacArthur himself claimed to have instituted only the beginnings of long-term educational and political reforms in Japan. On the whole, it seemed to MAJOR PLIMSOLL that the occupation had been successful and he thought that the remaining tasks should be carried out by some form of civilian control agency to be established by a peace conference. This view, he said, was shared by General MacArthur, who agreed that the military phase of the occupation was over and that an early peace conference should be convened for the formulation of plans for the long-term control of Japan.

ITEM 8 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement concerning the foregoing proceedings should be released to the press.

The meeting adjourned at 11:30 A.M.

COPY NO. 194FEC--CONFIDENTIALMINUTES--81st FEC Mtg.20 November 1947FAR EASTERN COMMISSION

Minutes of the Eighty-first Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.
Washington, D. C.
20 November 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Dr. G. H. Blakeslee (United States) (Chairman pro tempore)
Mr. H. W. Bullock (Australia)
Mr. R. E. Collins (Canada)
Dr. S. H. Tan (China)
His excellency M. Paul E. Naggiar (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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

Minutes--81st FEC Mtg.

SUMMARY--FEC

FEC--ConfidentialSUMMARY--81st FEC Mtg.20 November 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 81st MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE EIGHTIETH MEETING

Approved.

ITEM 2 - RESTITUTION OF LOOTED PROPERTY (FEC-011/40; -011/12, /21, /32 through /39)

Subject retained on agenda. The question of shipping in FEC-011/40 was referred to an ad hoc subcommittee of the whole Commission for report at the next meeting of the Commission.

ITEM 3 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

Formal statement by the New Zealand representative. Further consideration postponed.

ITEM 4 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4; 248 series, FEC-026/10, -/12, -/14)

Formal U.S. statement with proposal for the amendment of paragraph 3 of FEC-248/4. Further consideration postponed.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

Referred to Committee No. 4.

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/4; 240 series, 236 series)

Referred to Committee No. 4.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 8 - OTHER BUSINESS

None.

ITEM 9 - PRESS RELEASE

None.

Summary--Minutes, 81st FEC Mtg.

FEC--CONFIDENTIALELECTION OF CHAIRMAN PRO TEMPORE

MR. JOHNSON opened the meeting and explained that because of illness the Chairman and United States Representative, General McCoy, could not be present and that it would therefore be necessary to elect a Chairman pro tempore.

DR. BLAKESLEE moved and DR. TAN and ADMIRAL RAMISHVILI simultaneously seconded the motion that Mr. Naggiar serve as Chairman pro tempore. MR. NAGGIAR expressed his appreciation for the esteem which had prompted this motion, but said that since he had only just returned to Washington he was not fully aware of recent developments in regard to certain items on the present agenda and would therefore prefer not to act as Chairman pro tempore. He thought that the business of the Commission might be best expedited if the Deputy United States Representative, Dr. Blakeslee, were to serve as Chairman pro tempore. Accordingly, he moved and MR. GRAVES seconded the motion that Dr. Blakeslee serve in this capacity. The motion was carried unanimously and Dr. Blakeslee assumed the chair.

ITEM 1 - APPROVAL OF THE MINUTES OF THE EIGHTIETH MEETING

THE COMMISSION unanimously approved the minutes of its eightieth meeting.

ITEM 2 - RESTITUTION OF LOOTED PROPERTY (FEC-011/40; FEC-011/12, /21, /32 through /38)

MR. REUCHLIN moved and MR. NAGGIAR seconded the motion that FEC-011/40 be approved by the Commission as a policy decision.

ADMIRAL RAMISHVILI said that he desired to bring to a formal vote the Soviet proposal regarding looted ships. Accordingly, he moved that paragraph 10 of FEC-011/40 be amended to include the following sentence:

"The cost of the necessary work of the salvaging, repairing and refitting of looted ships in the cases where they were sunk or damaged should be borne by the Japanese Government."

There was no second to this motion and it was accordingly declared lost.

ADMIRAL RAMISHVILI stated that FEC-011/40 would not be acceptable to his Government unless it included the amendment he had proposed. Therefore, if the motion for adoption were to be voted on, he would have to vote against the proposed policy decision. However, he had no objection to any course the Commission might wish to follow in a further effort to achieve ultimate agreement.

DR. TAN recalled that in connection with the present proposed policy decision the Soviet Delegation had submitted its amendment on ships found outside Japanese waters as a provision analogous to that in paragraph 3, whereby looted ships found in Japanese waters were to be repaired at Japanese expense. Likewise, the Chinese Delegation had favored the inclusion of certain provisions regarding shipping in the present paper, although such proposals were somewhat different from the Soviet proposals. The Chinese Delegation had made various concessions in order to expedite agreement on the present proposed policy, and although the Chinese Delegation was not entirely satisfied with the paper in its present form, it had felt that the urgency of the subject required, during the long process of "give and take" which had taken place, the concessions that had been made for the sake of agreement. He pointed out that approval of the present proposed policy could be hastened if all reference to shipping were deleted and the subject considered separately with a view to formulating an additional policy decision. He wondered whether this course would be favored by Admiral Ramishvili. In any case, he thought, some further attempt should be made to reconsider the question of shipping with a view to formulating some provision upon which all could agree.

ADMIRAL RAMISHVILI said that the proposal for the question of shipping to be made the subject of a possible separate policy decision was not acceptable to his Government. The Soviet Delegation had made it clear

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during previous discussion at the working committee level that the present proposed policy decision on the Restitution of Looted Property was deemed by them to be the proper document for the inclusion of provisions on shipping. ADMIRAL RAMISHVILI recalled that the discussion of the subject of Restitution of Looted Property had extended over a very long period of time and had included consideration of a very great number of proposals and counter-proposals. Deliberations on the subject had, as Dr. Tan had said, involved a great deal of "give and take" and the Soviet Delegation had, ADMIRAL RAMISHVILI thought, been extremely cooperative throughout these negotiations, and had, indeed, accepted all the numerous amendments which had been proposed by other Delegations. However, this one proposal regarding ships found outside Japanese waters, which had been the only one strongly desired by the Soviet Government, had been rather summarily rejected. The Soviet Delegation would of course be perfectly willing to discuss any aspect of FEC-011/40 at any length, so long as the aspect in question was not separated from the main document but continued to be regarded simply as a part of that document.

MR. GRAVES said that he understood that the Soviet proposed amendment referred to looted ships, regardless of the waters in which they might be found. It seemed to him that paragraph 10 had to do with the making of arrangements concerning ships found in the waters of a third country, that is, a country other than Japan or the claimant country. Therefore, since reference to the waters of the claimant country itself would be inappropriate under paragraph 10, the Soviet proposal as presently worded could not appropriately be inserted in paragraph 10.

ADMIRAL RAMISHVILI said that the Soviet proposal was meant to refer to the waters of third countries. However, if the form of the proposal seemed to make it inconsistent with paragraph 10, the Soviet Delegation was perfectly agreeable to placing it anywhere in the document.

Again addressing himself to the question of separating the subject of shipping from the rest of the paper, ADMIRAL RAMISHVILI said that the proposal for separation had first been made approximately two months ago and that since that time the working committee had refrained from discussing the merits and details of the proposed amendment, on the assumption that it would be made the subject of a separate policy decision. He thought that if discussion of the question had been carried on during the past two months agreement would now have been reached. He pointed out that the objections to the inclusion of the proposal in the present paper had been on exclusively technical grounds, such as the impracticability and inconvenience to the Japanese Government of complying with the provision. He felt that such technical objections hardly constituted a justification for the denial of the proper claims of member Governments, particularly since the proposed policy decision contained other very important provisions which would prove difficult to implement. He again expressed regret that in view of the cooperation the Soviet Delegation had demonstrated on this subject, as on other important subjects such as the Soviet relinquishment of the right to participate in the distribution of unidentified property, the proposal concerning shipping, in which the Soviet Union had been particularly interested, had been rejected.

MR. BULLOCK asked in what way the Soviet proposal would affect the Soviet Union. He had been unable to ascertain what Soviet ships, if any, were involved.

ADMIRAL RAMISHVILI replied that his reference to the effect of the proposal on the Soviet Union had referred simply to the fact that the proposal had been submitted by his Government. The practical effects of the proposal if adopted might, of course, be felt by any country. He was not prepared to state what if any Soviet ships were expected to be found in the waters of third countries.

MR. NAGGIAR inquired as to the exact meaning of the phrase "according to these principles" at the end of paragraph 10. He said that he had been informed that the phrase referred to all the principles embodied in the proposed policy. Such a phrase, he thought, was lacking in clarity and he thought that a clarification of the exact meaning of the phrase involved might be helpful in meeting the Soviet viewpoint on ships found in waters outside Japan.

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In reply to a question by Dr. Blakeslee, DR. VAN GULIK, speaking as Chairman of the Reparations Committee, said that certain members of that Committee had expressed some doubt as to the clarity of the phrase "according to these principles" and it had even been thought by some members that the Soviet proposal was superfluous since its point was already covered by paragraph 10. However, this point of view was based on the assumption that the phrase referred only to the principles contained in paragraph 3. It had been felt by several members of the Reparations Committee that the principles meant should be more clearly defined but, because of the urgency of the document, no steps toward clarification had been taken, and the proposed policy had been forwarded to the Steering Committee.

MR. NAGGIAR said that Dr. van Gulick's remarks had served to confirm his own impression that the phrase in question was vague and he thought some clarification could be usefully undertaken. In spite of the urgency of the matter, he pointed out, it was clear that the proposed policy could not, under the voting procedure of the Commission, be adopted and that consequently time must be devoted to finding some course which would lead to unanimity.

MR. BANERJI said that he thought that the suggestions of the French Representative should be followed. He said that he had raised the question before the Reparations Committee as to whether the phrase "according to these principles" referred to the principles in paragraph 3. In that connection he had sought clarification as to whether the principle that the Japanese Government should pay the costs of ships found in its own waters would apply also to ships found in the waters of a third country.

MR. POLES said that he had shared Mr. Banerji's doubts, expressed before Committee No. 1, with regard to the exact meaning of the phrase "according to these principles". He thought that the proposed policy in its present form was, on account of the phrase, ambiguous, and that it would therefore be difficult of interpretation by the Supreme Commander. The disagreement involved was, he thought, more fundamental than one concerning mere drafting and represented rather a difference of opinion as to what should be included in the paper. He therefore suggested that any reference be to an ad hoc subcommittee of the Commission itself rather than to the Reparations Committee.

DR. TAN agreed that reference of the subject of shipping to an ad hoc subcommittee of the Commission might prove useful. He recalled that the Chinese Delegation had formerly wished to treat the problem of shipping in the present proposed policy but that, since the paper really dealt with restitution, there was no objection on the part of the Chinese Delegation to the treatment of shipping in a separate paper. He considered the question of shipping therefore to be a major problem which so far had not received thorough examination. China alone, he pointed out, would be affected to the extent of approximately sixty vessels by any provision regarding looted ships outside Japanese waters.

MR. NAGGIAR moved and MR. BANERJI seconded the motion that FEC-011/40 be retained on the agenda of the Commission and that the subject of shipping in FEC-011/40 be referred to an ad hoc subcommittee of the whole Commission for consideration and report at the next meeting of the Commission. The motion was carried unanimously.

ITEM 3 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

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

MR. POLES presented the following formal statement:

"The New Zealand Government welcomes the initiative of the Government of the United States in making this broad and forthright proposal for the settlement of the vexed question of shares of industrial assets available for reparations.

"The interest of New Zealand in the reparations question is quantitatively small, because New Zealand's human and material resources are not large when compared with those of most other countries. Nevertheless, such as they were, these resources were thrown without stint into the common struggle against fascist aggression, against Germany and Italy, as well as against Japan. Details of New Zealand's war effort are superfluous at this stage. Suffice it to say that the people of New Zealand claim with a clear conscience their just share of reparations as some measure of compensation - small though it may be - for their losses in human lives, and in material goods, and for their years of strenuous toil in the course of the war. This loss and effort cannot really be compensated for, but the New Zealand people are conscious of the great devastation wrought by the Japanese in the countries which they occupied, and of the immense dislocation to the economies of those countries caused by years of Japanese occupation and the struggle for liberation; and the New Zealand people are conscious too of the great urgency of the need for the rehabilitation of the devastated countries and of the assistance in this respect which will be afforded by actual deliveries of industrial reparations from Japan.

"Consequently New Zealand's interest in the reparations problem is not limited to receipt of a share of the assets, but extends to the reparations settlement itself. As regards the share of the assets, New Zealand is undoubtedly interested in certain types of assets, particularly shipping, and would welcome consideration of her claims in that respect in due course, but as regards the general reparations settlement New Zealand anxiously desires to see this attained in the very near future. The early attainment of such a settlement would not only bring much-needed relief to war-torn countries and help to revive the struggling economies of East and South-East Asia, but also produce an atmosphere most favourable to the holding of a peace conference for Japan at which the remaining problems arising from the war in the Far East could be settled in co-operative harmony and the way paved for a long period of peace and prosperity in a Pacific freed from the disturbing influence of Japanese militarism.

"The American proposal allots 1% to New Zealand. This is a little more than half of the average of the shares allotted to New Zealand by most of the countries represented here--allotments which, needless to say, must have been made after careful consideration. Nevertheless, New Zealand, bearing in mind the spirit of the American proposal, accepts the 1% in the earnest hope that this acceptance may be some contribution -- small as it is -- to the achievement of general agreement. As to the redistribution of the pool, New Zealand feels that a pro rata basis would be preferable, but would not exclude division on some other basis if this could be speedily agreed upon by the Far Eastern Commission countries and were more satisfactory to them. Having regard to the needs of the devastated countries, New Zealand foregoes her right to participate in the proceeds of such distribution.

"The New Zealand acceptance of the American proposal does not imply New Zealand approval of the percentage allotments in the American list - indeed, it is a matter for regret that the American allotments do not more nearly approximate the averages allotted by other countries, as so clearly pointed out by the Netherlands Representative at the last meeting of the Commission. Even such an approximation would not, in our view, have, in some cases, done justice to the claims of certain particular countries, such as that of the United Kingdom on behalf of itself and Burma, Malaya, and other territories."

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

FEC--CONFIDENTIALITEM 4 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4;
248 series, FEC-026/10, -/12, -/14)

DR. BLAKESLEE presented the following formal statement:

"I am now able to state the position of my Government on the pending paper, "Supply of Food for Civilian Consumption in Japan" (FEC-248/4).

"My Government has authorized me to approve the paper as it stands, provided a time limit is placed on the period during which it will be in effect.

"My Government therefore proposes that the paper be amended as follows: in line 1 of paragraph 3, before the word 'period' insert the word 'present', and after the word 'period', insert in brackets the clause '(Japanese crop year, November 1, 1947 - October 31, 1948)'. The first line will then read: 'During the present period (Japanese crop year, November 1, 1947 - October 31, 1948) of acute world shortage, imports of...'

"It has been the policy of the United States Government from the beginning of the occupation, during which period there has been acute world food shortage, that the food imported into Japan should be limited to not more than the amount recommended by SCAP and approved by my Government to be the amount necessary 'to prevent such starvation and wide-spread disease and civil unrest as would endanger the safety of the occupation forces'. In the view of SCAP and my Government's medical authorities, no less than 1500 calories for the normal consumer are needed to meet this standard. However, as members of the Far Eastern Commission are aware, the shortage in world food supply has, in fact, thus far made it entirely impossible to provide a ration which will fully meet even this minimum standard. My Government is willing to approve and enforce this policy for another year, fulfilling Japan's minimum requirements as fully as the food situation will allow.

"In view, however, of the impossibility of forecasting the conditions which will exist in Japan and in other Far Eastern countries a year from now, or the obligations which changed conditions may place upon the Government of the United States, my Government is unwilling to commit itself to any particular policy for a longer period than that proposed.

"If the United States amendment should be adopted, the United States Government, as the time approaches when this paper will cease to be in effect, will be pleased to consider with other interested governments the policy regarding food relief for Japan which might then be adopted for a further period."

DR. BLAKESLEE moved and MR. REUCHLIN seconded the motion that the amendments to paragraph 3 of FEC-248/4 proposed in the above statement be adopted.

ADMIRAL RAMISHVILI requested that there be as full discussion as possible of the subject in the light of the United States proposal, but that action on the motion to adopt the amendment be postponed to allow time for complete study. MR. NAGGIAR supported this request.

MR. REUCHLIN explained that he had seconded the United States motion because he felt that some policy statement on civilian food supply, even though qualified by the proposed amendment, would be better than having no policy decision on the subject. He pointed out that if the United States amendment were adopted in the form proposed the wording of paragraph 3 would seem to assume that the present period of acute world shortage would end in October, 1948. MR. COLLINS suggested that the intended meaning of the amendment might be better expressed if it were incorporated as follows:

"In view of the acute world shortage, imports of food during the present crop year (November 1, 1947 - October

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31, 1948) should be the minimum required to prevent such starvation and widespread disease and civil unrest....."

MR. POWLES said that at the time of adoption of the proposed policy decision the New Zealand Delegation would wish to submit a formal statement. For the present, he wished to state that while it was quite likely that the New Zealand Delegation would be able to accept the United States amendment it would be on grounds similar to those mentioned by Mr. Reuchlin: FEC-248/4 had been half a loaf; it had now been reduced to one slice, but was still better than no bread at all.

MR. NAGGIAR said that in general Commission policy decisions had been quite properly affirmations of general principles. He thought that the inclusion of the dates which constituted part of the United States amendment would give the paper a somewhat precarious aspect. It seemed to him that the purpose of the United States amendment might be served by some other method than the use of specific dates.

MR. RODRIGUEZ said that he had been prepared to accept FEC-248/4, but that his Delegation now desired time to study the United States amendment.

MR. BULLOCK said that he too had been prepared to accept FEC-248/4. While it was possible that his Government would be able to agree to accept the United States amendment on grounds similar to those mentioned by the Netherlands and New Zealand Representatives, he found it regrettable that after so many concessions had been made by member Governments in an effort to reach an agreed policy on this subject, they should now be asked to weaken further the proposed policy. He felt that the basic principle that "imports of food in Japan should be the minimum required to prevent such starvation and widespread disease and civil unrest as would endanger the safety of the occupation forces....." should be a principle which the United States Government could affirm as valid with respect to any period of time during the acute world shortage. To confine it to a particular crop year was a distinct weakening of that principle.

ADMIRAL RAMISHVILI said that although he too had been prepared to accept FEC-248/4, it would now be necessary for him to consult his Government regarding the United States proposal to amend the paper.

THE COMMISSION unanimously agreed to postpone further consideration of FEC-248/4.

ITEM 5 - REPRESENTATION OF JAPAN AT INTERNATIONAL CONFERENCES (FEC-236/3; 236 series, 240 series)

ITEM 6 - INTERCHANGE OF PERSONS BETWEEN JAPAN AND OTHER COUNTRIES (FEC-240/6; 240 series, 236 series)

THE COMMISSION unanimously agreed to consider Items 5 and 6 together.

ADMIRAL RAMISHVILI said that although he had not yet received instructions which would enable him to remove his reservation on either FEC-236/3 or FEC-240/6, he wondered whether the two proposed policy decisions were acceptable to all other representatives.

MR. BULLOCK said that the Australian Government still maintained objections to both of the proposals. With regard to FEC-236/3, his Government did not object to the substance of the paper but did wish to incorporate an additional provision to the effect that in each case where representation of Japan at an international conference was envisaged, the prior approval of the Far Eastern Commission would be necessary.

MR. POWLES said that the New Zealand Delegation was prepared to accept the proposed policy on Representation of Japan at International Conferences, if it were slightly amended. FEC-240/6, on Interchange of Persons between Japan and Other Countries, was not acceptable to the New Zealand Delegation.

DR. TAN suggested that the second sentence in the second paragraph of FEC-236/3 be amended as follows:

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"The Supreme Commander may appoint members of his staff to participate as non-voting observers who are not of Japanese nationality....."

MR. POWLES said that Dr. Tan's amendment expressed the sense of the one he had in mind. He thought that the meaning intended might be expressed more satisfactorily simply by the insertion of the phrase "non-Japanese" between the words "appoint" and "members". DR. BLAKESLEE said that the amendment in the form suggested by Mr. Powles would be acceptable to the United States Delegation.

DR. TAN pointed out that if the meaning intended were to be expressed simply by the insertion of the phrase "non-Japanese" between "appoint" and "members", then the sentence should end with the phrase "governmental conferences" and the sentence would then read: "The Supreme Commander may appoint non-Japanese members of his staff to participate as non-voting observers at inter-governmental conferences.....".

MR. BULLOCK said that subject to his remark concerning prior Commission approval his Government could accept the proposed policy if an additional paragraph were added as follows: "A country acting as host to an international conference should be under no obligation to receive Japanese without its consent."

ADMIRAL RAMISHVILI moved and MR. BULLOCK seconded the motion that FEC-236/3 and FLC-240/6 be referred to Committee No. 4: Strengthening of Democratic Tendencies, for reconsideration in the light of the foregoing discussion and of the foregoing proposed amendments.

The motion was carried unanimously.

ITEM 7 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 8 - OTHER BUSINESS

a. Time of Next Meeting

THE COMMISSION unanimously agreed that, because Thursday, 27 November, 1947, was a United States national holiday, the next meeting of the Commission would be scheduled for the following Thursday, 4 December, barring the advent of urgent business which would require a special meeting.

ITEM 9 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

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FEC--CONFIDENTIALMINUTES--82nd FEC Mtg.4 December 1947FAR EASTERN COMMISSION

Minutes of the Eighty-second Meeting of the Far Eastern Commission,
Held in the Main Conference Room, 2516 Massachusetts Avenue, N. W.,
Washington, D. C.
4 December 1947, 10:30 A.M.

REPRESENTATIVES PRESENT

Major General Frank R. McCoy (United States) (Chairman)
Mr. J. Plimsoll (Australia)
Mr. R. E. Collins (Canada)
Dr. S. H. Tan (China)
Mr. F. Lacoste (France)
Mr. S. N. Banerji (India)
Mr. O. Reuchlin (Netherlands)
Mr. G. R. Powles (New Zealand)
Mr. F. C. Rodriguez (Republic of the Philippines)
Mr. S. k. Tsarapkin (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

SECRETARY GENERAL

Mr. Nelson T. Johnson

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

Minutes--82nd FEC Mtg.

FEC-CONFIDENTIAL17 December 1947FAR EASTERN COMMISSIONCORRIGENDUMTOMINUTES OF THE EIGHTY-SECOND MEETING OF THE
FAR EASTERN COMMISSIONNote by the Secretary General

1. The Far Eastern Commission, at its eighty--third meeting, 11 December 1947, unanimously approved the minutes of its eighty-second meeting with the following change requested by the Netherlands Member:

Page 4, add to the first sentence in the last paragraph the words "in waters of third countries", making the sentence conclude "where they were sunk or damaged in waters of third countries".

2. All Representatives are requested to note the above change in their copies of the minutes of the eighty-second meeting of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

FEC--CONFIDENTIALSUMMARY--82nd FEC Mtg.4 December 1947FAR EASTERN COMMISSIONSUMMARY OF MINUTES OF 82nd MEETINGITEM 1 - APPROVAL OF THE MINUTES OF THE EIGHTY-FIRST MEETING

Approved.

ITEM 2 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)b REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25; 219 series)

Canadian statement of acceptance of FEC-278. Discussion of Chinese and Soviet views. Further consideration postponed.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4, FEC-248/7)

Postponed pending receipt of Australian, Indian, and United Kingdom instructions.

ITEM 4 - RESTITUTION OF LOOTED PROPERTY (FEC-011/40, -/42; FEC-011/12, /21, /32 through /39)

Discussion of recommendations of ad hoc subcommittee as shown in FEC-011/42 and as reported by the subcommittee chairman, Mr. Reuchlin. Further consideration postponed.

ITEM 5 - PROHIBITION OF MILITARY ACTIVITY IN JAPAN AND DISPOSITION OF JAPANESE MILITARY EQUIPMENT (FEC-017/17)

Postponed pending negotiations between Chairman and Soviet Delegation.

ITEM 6 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

Postponed.

ITEM 7 - OTHER BUSINESSa. Inquiry Regarding Publicity of FEC-230 in "Newsweek" MagazineITEM 8 - PRESS RELEASE

None.

Summary - Minutes, 82nd FEC Mtg.

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GENERAL McCOY opened the meeting by introducing Mr. Frank G. Wisner, Deputy to Mr. Saltzman, the Assistant Secretary of State. On behalf of the Commission, he welcomed Mr. Wisner, who was for the first time attending a meeting of the Commission.

ITEM 1 - APPROVAL OF THE MINUTES OF THE EIGHTY-FIRST MEETING

THE COMMISSION unanimously approved the minutes of its eighty-first meeting.

ITEM 2 - a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

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

MR. COLLINS presented the following formal statement:

"I think it may fairly be said that throughout the long and complicated negotiations within the Commission, Canada has consistently supported all reasonable proposals for the settlement of the difficult question of reparations.

"I should also like to point out that the official Canadian claim for 1.5% was both modest and reasonable, as was clearly shown by the fact that it was never questioned in committee discussion and, in two at least of the official schedules of other delegations given in Appendix 8, Table "A" of FEC-219/25, was increased to 2%.

"Nevertheless, in the same spirit of cooperation with which we have attempted to approach this problem in the past, we are willing to accept a reduction in this admittedly reasonable claim if, by so doing, we can contribute to the acceptance of the United States proposal which would lead to an early start being made on the remainder of the reparations removal program, before the withdrawal of the occupation forces from Japan.

"I am therefore authorized by my Government to accept the proposal which was submitted by you, Mr. Chairman, on November 6, and which was circulated as FEC-278."

GENERAL McCOY thanked Mr. Collins for this statement of acceptance of FEC-278 on behalf of the Canadian Government, and expressed his appreciation of the fact that, in accepting the United States proposal as submitted, the Governments of Australia, New Zealand and Canada had displayed a spirit of willingness to accept sacrifice as a contribution to cooperation among the member governments.

DR. TAN presented the following formal statement:

"The Chinese Delegation desires to express its appreciation of the statement of the United States Delegation as enclosed in document FEC-278 and of the efforts made by the United States Delegation in bringing about an agreement on this difficult matter of allocating reparations shares of the industrial assets in Japan to the several countries represented on this Commission. Although the schedule as embodied in this statement falls short of the expectations of some of the countries, yet, in the view of the Chinese Delegation, it represents a dynamic and earnest endeavor to deal with the matter. No doubt it marks an advancing step towards complete agreement, which, it is hoped, will not be too distant. The Chinese Delegation also desires to thank the United States for its generous manifestation that it will hold 18% of its own authorized share of the industrial facilities for

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redistribution among the countries which desire increments to amounts of industrial facilities they are entitled to receive under their respective authorized shares.

"The Chinese Delegation wishes to state, however, that the share allotted to China under this schedule, viz, 30%, is too low in view of the tremendous losses, great devastation and untold sufferings sustained by China in the course of her eight years of continuous and strenuous resistance to the Japanese aggression. I have no intention of dwelling on the fact that for over four years she fought Japan alone, and on the losses suffered by China and the contribution made by her to the defeat of Japan on this occasion. Appropriate references to such factors **among others**, which should be made the criteria for allocation of shares, had been made in connection with the discussions leading to the passage of the paper on Basic Policy and that on Reparations Shares. It will be recalled that the Chinese Delegation has also recorded its understanding of the term 'broad political basis'. If China's losses and contribution are to be taken into due account, the share of 40% originally proposed by China for herself will appear to be quite moderate and reasonable. The Chinese Government is quite conscious of the legitimate claims of the other countries and it is for this reason that it has undertaken to limit its own claim to 40%. With a view to reaching a speedy agreement and in a spirit of compromise, the Chinese Government is ready to make a substantial reduction and accept 34% instead of 40%. We sincerely hope that favorable consideration will be given to the proposal.

"The Chinese Delegation should like to suggest that the United States proposal should be used as the basis of discussion. With this proposal as a point of departure, it may be expected that a schedule reasonably acceptable to all the countries concerned could be worked out, if we would provide ourselves with further opportunities for 'give and take' and a spirit of compromise and mutual helpfulness.

"It is hoped, however, that the United States Delegation will not insist that its proposal must be accepted in total and will allow it to remain on the agenda as the basis of discussion. It is perfectly apparent that the essential purpose of this proposal is to bring about agreement and for this reason it could be usefully taken as the basis of discussion.

"It is further hoped that the United States Government would participate in the decision regarding the allocation among claimant countries of that portion of its share which it has so generously promised to make available for redistribution."

In concluding, DR. TAN said that the Chinese Delegation was highly appreciative of the generous offer which had been made by the Australian Government to make available for redistribution a portion of its share.

MR. TSARAPKIN presented the following formal statement:

"The Soviet Government considers the proposal of the United States Government on reparations shares, as stated in FEC-278, unacceptable, as this proposal does not reflect, in regard to the U.S.S.R., the principles laid down in FEC-219/7 on the criteria of the division of reparations shares.

"We continue to insist that the U.S.S.R. Government's share, which is quite moderate and which has already been reduced from 14% to 12%, be met in the course of further consideration of this question."

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MR. GRAVES referred to the statement made by Dr. Tan and asked whether Dr. Tan's meaning had been that the figure of 30% for China as shown in the United States proposed schedule in FEC-278 should be raised to 34% or whether the figure of 34% envisaged the use of a portion of the percentages to be returned to the pool for redistribution.

DR. TAN replied that his first point had been that the Chinese Government was offering to make a substantial reduction in its claim from 40% to 34%. A second point was that the Chinese Delegation favored the use of FEC-278 as a point of departure from which to reach a basis for settlement of the question of division of shares. With regard to the disposition of the proportion of the United States share to be offered for redistribution, DR. TAN said that the Chinese Delegation considered this a separate problem to be considered after agreement had been reached on the apportionment of basic shares.

MR. GRAVES said that he understood Dr. Tan to mean that the point of departure for the Chinese share should be 34% rather than 30%. However, he had understood that the United States schedule was intended to be a rigid one and that it was intended to be considered as a whole, in the form shown in FEC-278. He was therefore still not entirely clear as to whether Dr. Tan accepted the proposed Chinese share of 30% as a point of departure or was proposing 34% as a point of departure.

DR. TAN said that his statement had referred to two separate points-- first, although the Chinese Government felt itself entitled to 40%, it was willing to lower this figure to 34%. Second, it was suggested that the United States proposal in FEC-278 be used as a basis of discussion, and it was understood that during the course of such discussion there would necessarily be a certain amount of "give and take".

GENERAL McCOY said that he had indeed intended to make it perfectly clear that the schedule therein was to be considered as a whole for acceptance or rejection, and he recalled that he had so stated previously (page 5, Minutes, 80th FEC Mtg.). He recalled the long negotiation and discussion which had taken place regarding the allocation of shares and he said that the United States proposal had been purposely withheld to allow adequate consideration of such points as those Dr. Tan had raised and to permit "give and take" to the very fullest extent possible at the appropriate level for such negotiation. Under the circumstances, therefore, the United States position with regard to the schedule shown in FEC-278 remained unchanged.

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 3 - SUPPLY OF FOOD FOR CIVILIAN CONSUMPTION IN JAPAN (FEC-248/4, FEC-248/7)

MR. COLLINS said that he was prepared to support paragraph 3 of FEC-248/4 with the inclusion of the United States amendment (FEC-248/7) and with the revision of the amendment suggested by him at the last meeting of the Commission, making the paragraph read as follows:

"In view of the acute world shortage, imports of food for Japan during the present crop year (November 1, 1947 - October 31, 1948) should be the minimum required to prevent such starvation and widespread disease and civil unrest as would endanger the safety of the occupation forces, and no imports exceeding this minimum should be permitted which would have the effect of giving preferential treatment to the Japanese over the peoples of any Allied Power or liberated area."

GENERAL McCOY said that the Canadian suggestion for the revision of the proposed United States amendment of paragraph 3 was acceptable to the United States Government.