

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

ACTION COPY

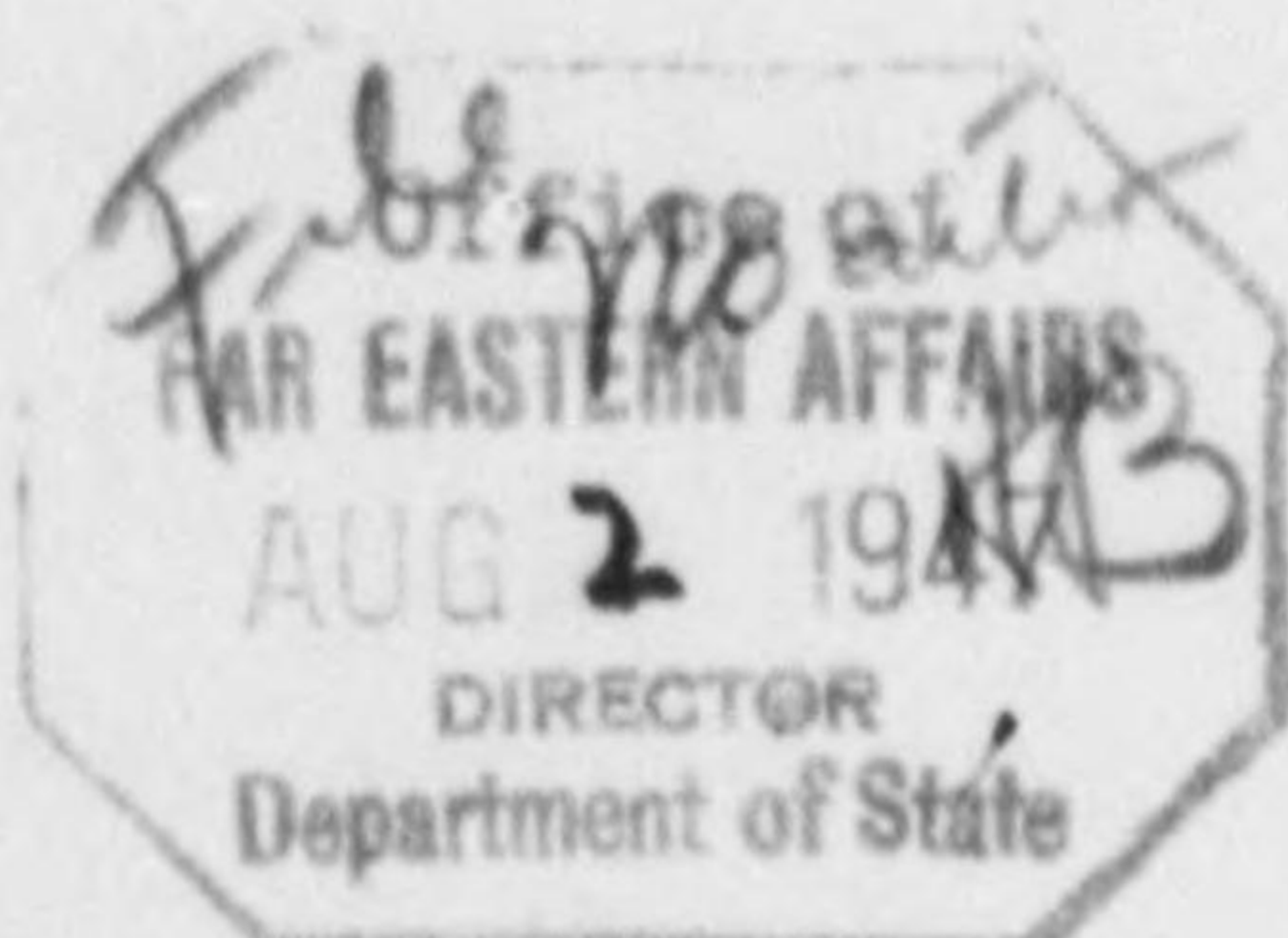
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TOP SECRET

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Action-FE
Info:
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LOG



Control 489

Rec'd August 1, 1947
9:28 p.m.

✓

FROM: Tokyo
TO: Secretary of State
NO: 209, August 1

FOR THE SECRETARY AND ASSISTANT SECRETARY HILLDRING

One. We have not raised with Doctor Evatt any question concerning Allied Council. (REMYTEL 202, July 28) This morning I called on Doctor Evatt at his request and in course of conversation he said he realized now that the Council could and should have performed a useful function by giving constructive advice and recommendation; that it had been mis-used for propaganda purposes and as a springboard for criticism; that he had not give MacMahon Ball any instructions except that he should avoid giving offense and being critical; and that he now proposed to replace Ball by Lieutenant General Robertson, Australian commander of British Commonwealth Forces in Japan. While such replacement has been announced by Melbourne Radio, Doctor Evatt indicated that consultation with Australian Prime Minister was necessary before actual change could be effected and officially made public.

Two. Doctor Evatt's visit is regarded here as having been highly satisfactory. Everything possible was done to make the visit pleasant and the atmosphere throughout has been one of gratifying friendliness and cordiality. In our conversations with him, we for our part made no commitments and put forth no affirmative suggestions in regard to the peace treaty. I have the impression from what Doctor Evatt has said to me that he has found the visit useful to himself politically (we believe that consideration was a prime one in his asking to come at this time) and also that he has found it educational as regards the occupation. His attitude now is one of praise and admiration and he seems to have gained sympathetic understanding of occupation problems not heretofore apparent in his public statements. He continues to speak privately of the whaling question, on

which his

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740.00119 CONTROL (JAPAN)/8-147 TOP SECRET FILE

PERMANENT RECORD COPY: TOP SECRET BE RETURNED TO DC/R CENTRAL FILES WITH NOTATION OF ACTION TAKEN.

TOP SECRET

-2- #209, August 1 from Tokyo

which his attitude has not altered. This morning, he remarked again that the whole question of the future of Japanese whaling should be a matter for the peace settlement.

Principal burden of his remarks this morning was again question of the peace settlement. He expressed himself most anxious that we move forward rapidly; that preliminary conference be held early in September; that we avoid delays and complexities which he envisages in having preliminary conference of experts; and that it be a conference of foreign ministers and plenipotentiary delegates. He made the sound observation that the time is propitious for the peace settlement and that the situation will deteriorate if a settlement is unduly delayed. He said the whole matter should be concluded by March 1948. In general his ideas in regard to the peace settlement appear sound and consonant with ours here and - we assume and hope - with those of the Department.

At the conclusion of conversation, he expressed appreciation in highest terms of courtesies shown him and Mrs. Evatt by General and Mrs. MacArthur and those of us who participated in arrangements and entertainment for them. He said he had come with some apprehension as regards the character of the conversations he might have and had been delighted to encounter in us only through friendliness and frankness. He indicated that his desire was that British Commonwealth cooperate with the United States to the fullest in connection with Japan.

Three. Please repeat to Canberra.

ATCHESON

Note: Repeated to Canberra August 2, 1947 7 a.m. CWG/FED
ROW:AGM

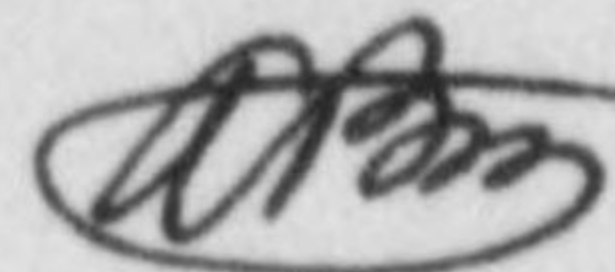
TOP SECRET

DEPARTMENT OF STATE

ASSISTANT SECRETARY

8/4/47

Mr. Conroy.
No further action is
necessary on this.



H.H 2485

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A H (Moreland) DATE: 7/25
FROM : DEAN BURNHAM
SUBJECT :

Note Bolis's remarks -
Pls delete the charge
against us for action
on this

Dean:

This cable was the subject of a meeting at War last week attended by Evans + Bramble.

Bramble and I think Scaps proposal to UK Liaison Mission is OK. However Scaps doesn't ask or expect our concurrence they have put this proposition to the British.

Nagle doesn't expect us to answer this cable. However War may send out something to the effect that the open account trading agreement ^{the silk} should be so phrased

FKH 4255/2108

740.00119 Contact Japan/8447

that it doesn't ~~just~~ restrict
convertibility of sterling received
~~beyond~~ any more than the
contemplated over-all
convertibility agreement would
restrict or limit convertibility.

I believe that copy has to
go back to A-H.

WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

SECRET TOT

PRIORITY

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET
CORRESPONDENCE PER PARAS 511 and 60a (4) AR 380-5.

From: GHQ SCAP Tokyo, Japan

To: War (WDSCA ES)

Nr: C 53963

11 July 1947

VISION OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS
DEPARTMENT OF STATE

1947

Subject is Raw Silk for United Kingdom.

This message consists of 2 Parts.

Part 1. Reurad May W 98394, following are terms of
sale of Japanese raw silk as proposed to United Kingdom
Liaison Mission for transmittal to British Government:

A. Upon written request of United Kingdom
Liaison Mission, shipments of specified quantities
and descriptions of raw silk as mutually agreed will
be made out of Japanese stocks or future production.
Raw silk of special sizes that may be produced on
order will also be made available upon request.

B. Prices will be based on price list established
by US Commercial Company until such time as list is
approved for Japanese Government by SCAP. For each
shipment raw silk, United Kingdom will be charged at
US Commercial Company prices ruling sixty (60) days
after date arrival shipment in United Kingdom or at
US Commercial Company prices ruling on date of
delivery to British buyer, whichever date shall be
earlier. Quantities delivered to British buyers
Heath descriptions and certificates would be paid
for at same prices as paid for identical grades

CM IN 1940

(12 Jul 47)

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE
NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE
MEANING OF THE ESPIONAGE ACT, 50 U. S. C. 51 AND 52.
ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS
IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIB-
ITED BY LAW.

SECRET

2485-
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WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

SECRET TOP
PRIORITY

Page 2

From: GRQ SCAP Tokyo Japan

Nr : C 53963

11 July 1947

delivered under US Testing Company certificates in United States. Quantities delivered under Japanese certificates would be paid for at same price as paid for identical grades delivered under Japanese certificates in United States. Prices will be adjusted for cost of freight and insurance from Japan to New York (currently estimated at approximately 12 cents per pound).

C. Shipments of raw silk will be billed to United Kingdom on open account. Terms of payment will be as arranged for open account trading with United Kingdom.

Part 2. These terms are substantially as given. Expect United Kingdom manufacturers will prefer buy on Japanese certificates and avoid Heath Testing because of advantage lower prices. Regard 60 day dating of invoice as temporary expedient to continue only as long as sizeable stocks held in New York.

End.

ACTION: CAD

INFO: ASW, P&O

OM IN 1940

(12 Jul 47)

DTG 110543Z

m

SECRET

COPY NO.

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THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

ACTION COPY

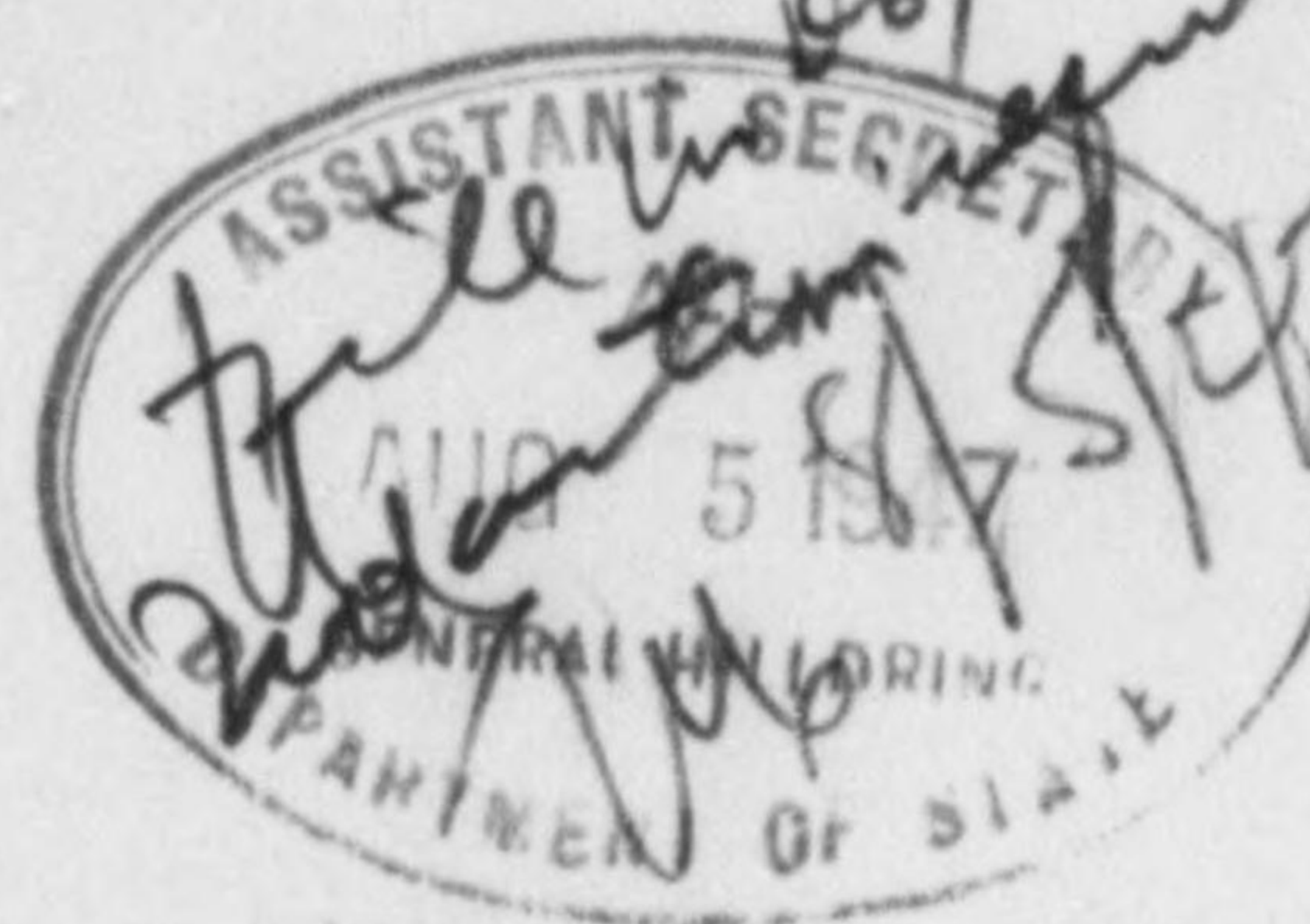
9

RESTRICTED

Action: ~~A-H~~
Info:
DC/R

Control 973

Rec'd August 4, 1947
1:27 p.m.



FROM: Tokyo
TO: Secretary of State
NO: 213, Undated

FROM GHQ SCAP TOKYO JAPAN TO STATE DEPARTMENT INFO
WDCSA NO. CX 54534

Re State serial 301, August 1, 8 p.m.

ETD Tokyo by air now set for August 15. Details later.

ATCHESON

DES:RJM

740.00119 CONTROL (JAPAN)/8-447
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AUG 6 - 1947

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

RESTRICTED

NO. 47

Consulate
Hanoi, French Indochina
August 4, 1947

SUBJECT: Request of M. DE PLETNER to Return to Japan to Act as Interpreter

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON, D.C.

SIR:

I have the honor to submit, as of possible interest to the Occupation authorities in Japan, the request of ORESTE DE PLETNER to return to Japan to offer his services as an interpreter to the appropriate officials there.

There is enclosed a copy of a letter from Mr. Pletner to the Consulate which sets out in detail his history. He is a White Russian who in 1917 entered the Russian Diplomatic Service and served in Japan where, after travel in Europe, he subsequently became a professor in a Japanese University. When the World War II broke out, he offered his service to the French Embassy which in 1940 requested that he come to Indo China to teach Japanese at the Hanoi University. This he did in 1941, travelling on a French passport although he apparently has no nationality, and was subsequently joined here by his Japanese wife and daughter. He has been here since that time although for the past two years he has not been teaching, as the University was in the hands of the Viet Nam authorities.

He wishes to return to Japan with his wife and daughter. Early this year he approached this office with regard to a Japanese visa and was subsequently advised that he should apply through the appropriate French authorities here to the French Mission in Japan. This he did but has never received a reply. Subsequently, as he states in his letter, he read a newspaper article in which it was stated that qualified interpreters were needed in Japan and on that basis he has renewed his request.

I have no reason to doubt any of the statements he has made. To my knowledge he speaks excellent French and his spoken English is more fluent than would be indicated by the letter he wrote. I am informed by the ECOLE FRANCAISE DE L'EXTREME ORIENT that he is very competent as a Japanese interpreter and instructor. The French security agencies here have no adverse reports on him.

It is not known whether the French Mission in Japan previously submitted his request nor what facts may have been presented at that time.

Rev. _____
Cat. B.R.T.
Dist. _____

DIVISION OF SOUTHEAST ASIAN AFFAIRS
SEP 19 1947
OFFICE OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

Referred to NA
Copy of report for sent to Tokyo 9/22/48
by instruction

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1947 SEP 17 PM 2 45

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DEPARTMENT OF STATE
18

740.00119 CONTROL (JAPAN) / 8-447

C-EA 740.00119 Control (Japan)

OCT 21 1947

8-447

Despatch No. 47
Dated August 4, 1947
From Hanoi, French Indochina

RESTRICTED

-2-

It is suggested however that the appropriate authorities in Japan might be interested in his services as an interpreter if his record from a security point of view is clear.

Respectfully yours,

James L. O'Sullivan
James L. O'Sullivan
American Vice Consul

Enclosures: *AK*

- 1) Copy of letter dated August 1, 1947
- 2) Information data on M. de Pletner & family
- 3) Copy of letter dated October 3, 1939 from French Ambassador in Japan to M. de Pletner
- 4) Certification dated July 7, 1922 from School of Oriental Studies, London; of invitation to M. de Pletner to lecture there.

842

JLO'Sullivan: jcf

-H

RESTRICTED

Hanoi, 1st August, 1947

Mr O'SULLIVAN
Consul of U.S.A.
in Hanoi
Indo-China

Dear Sir,

Referring to our recent talk on the 22th of July and following your kind suggestion, I have the honor to address you this letter,

I, the undersigned, Oreste de PLETNER, professor of Japanese language at the University of Hanoi, having worked for 6 years with the French Educational Authorities on a contract which is going to run out on the 31 October 1947, am entitled at its expiration and in compliance with its terms to be sent with my family to Japan, where I came from, invited in March 1941 by the French Government General of Indochina.

I applied already in November 1946, at your advice, to the French Commissariat in Hanoi for its good offices in obtaining a visa from the U.S. Authorities in Japan, but as you know, to your telegraphic inquiry into the matter in March came a reply in mid-April, saying that the initiative should be taken by the French authorities, thus implying that nothing has reached from the latter as yet.... I am still awaiting the aforesaid visa, urging the French side to expedite things and hoping to get the visa in good time.

Once back to Japan, I thought to offer my service to the American Military Government, as Interpreter or Instructor in Japanese (also Russian or French, if needed), but quite recently I came across an article in the Paris edited New York Herald Tribune on Military Government Teams in Japan and came to realize that qualified interpreters of Japanese language were scarce in number and still badly needed.

As I took at the ex-Imperial University of St Petersburg (Leningrad) a degree which would correspond to a Master of Oriental Arts, majoring in Japanese language and literature and as I have been residing in Japan for 23 years, speaking thus fluently Japanese and knowing the written language as well, I consider myself to have enough assets to be of some use to the American Military Government in Japan.

As reference in the U.S.A., I can quote Prof. S. ELISSEEFF of the Yenning Institute (Harvard University) who was one of the members of the Examination Board when I was passing post-graduate examinations in 1916.

In Japan, C.I. and E. Officer C.K. PARKER of the Aichi Military Government Team, Messrs REDMAN and HAWLEY of the British Delegation and Professors M. ROBERT and J.P. HAUCHECORNE of the Institut Franco-Japonais of Kyoto can recommend me.

There are too many friends and acquaintances of mine among the Japanese, I shall quote the actual Foreign Minister H. ASHIDA who knew me in St Petersburg, when I was still a University student (1911-15), being himself an Attache to the Japanese Embassy; he is also a friend of the aforesaid professor S. ELISSEEFF of Harvard University.

-2-

Though I am enclosing herewith summary informations on myself and my family, I presume you would appreciate to be informed as minutely as possible on all my antecedents, as well as on my views and beliefs in general and with regard to Japan in particular.

I am going to relate my career starting from the summer in 1917, when 25 years of age, I was appointed, just several months before the revolution, Attache to the Russian Embassy in Tokyo by the Russian Foreign Office to which I was admitted in autumn 1916, while preparing myself for post-graduate examinations. (I spent already several summer holidays in Japan for practice of the language; the first one in 1912) I remained at the Embassy in Tokyo for more than 5 years (until February 1922), the Soviet Government being not yet recognised and our Embassy, though representing no real government, was considered a kind of advisory body for Russian Affairs maintaining still its status of an Embassy. While at the Embassy, I was working chiefly as Assistant Interpreter doing translations from newspapers, magazines, etc., furthering at the same time my Japanese studies. I prepared for publishing in Japanese a "Manuel of Phonetics of Principal European languages compared with Japanese" (published in 1924 by Dobunkwan, Tokyo). At the end of 1921, the Japanese Government informed our Ambassador of the impending dealings with the Soviet Government and the impossibility to maintain the hitherto status. The Ambassador left for Europe. Only a few of the ancient staff remained in order to ensure the handing over of the Embassy. I too left Japan in February 1922 for Europe, residing chiefly in England, France and Germany. While in London, I was invited by the Director of the School of Oriental Studies, Sir DENISON ROSS, to deliver lectures on Japanese language at his School. I published a paper on the Accent in Tokio Dialect in the Bulletin of the School. (I am enclosing a certificate of having been invited to the School of O.S. signed by Sir D. ROSS). I thought thus settling myself definitely in London, when I received news from Russia that my father needed a medical treatment and was advised to undergo it in a German health resort. As my father was urging me to secure him a permit from German authorities to enter the country, I went immediately to Germany and succeeded finally in arranging everything, but the health of my father grew worse and he was compelled to give up his project of going to Germany. Meanwhile, my protracted absence from London made it impossible to start my lectures at the required time....Leaving Japan I was aware of a vacancy for a professor of Russian at the Osaka School of Foreign Languages available from April 1923; backed by the Japanese Embassy in London, I got the appointment with that School and came again to Japan in April 1923. I came with the same Diplomatic Passport which was delivered to me by the Embassy at my departure, bearing the signature of our last Ambassador of the old regime to Tokyo, V. Krupensky. This passport with the vise of all countries I went is still in my possession.

During my second sojourn in Japan, besides the afore mentioned School, I was teaching at the Imperial University of Kyoto, the Third Higher School, the Institute Franco-Japonais (both in Kyoto), the Tenri School of Foreign Languages in Nara and other educational establishments. I was also writing articles on linguistic and literary matters in magazines (such as the Bulletin de la Maison Franco-Japonaise, the Monumenta Nipponica and others), delivering occasionally radio-lectures and giving private lessons of Japanese to foreigners.

In 1925 I met my wife, nee Miss Kiku HAYASHI, a native of a town near Kyoto-Hino, at the town-hall of which our marriage was duly registered. My wife was brought up in the family of a well-known novelist and professor of French literature at the Tokyo Imperial University, Y. TOYOSHIMA. We have one daughter, SVIETLANA (MAYA), born on 12th September

-3-

1926; she was educated in the Canadian Academy in Kobe and the Lycee A. Sarraut in Hanoi and is familiar with English, French and Japanese languages.

I must relate here the fact of being invited in 1933 by the Soviet Consulate in Kobe to return to my native country. In summer 1932 came to Japan an old friend of mine, Professor of Japanese Literature at the Leningrad University, N. CONRAD; he asked me to make some contribution to the Oriental Revue "VOSTOK" which I did and my Russian translation of a Diary of the 10th century (the TOSA-NIKKI) appeared two or three years later in U.S.S.R. Prof CONRAD was trying to persuade me to join our group of orientalist in Leningrad, saying that, in spite of my hesitation, he was going to facilitate my return... One year later, I was informed by the Soviet Consulate in Kobe that a notice was received from the U.S.S.R. to the effect that I should be granted citizenship, provided that I would be willing to Russia within three months. I reserved my answer, asking in my turn whether this invitation implied an employment on my arrival, if I would be free to get out of the country at my will and whether I could be remunerated in foreign currency to support my family which is not likely to accompany me. To this came a negative answer followed equally by my refusal to betake myself to the U.S.S.R. Since that time, I had no contact with Soviet people, neither in Japan, nor in Indochina. My parents died; my mother in 1916 and my father in 1923; I lost equally one of my brothers, OLEG, in 1929 and my sister (NIKA) in 1935. I have still one brother presumably left (GEORGE), Professor of Chemistry in the Agricultural Institute of Kalinin (Tver) with whom I exchanged letters until 1938 but I have not heard anything of him since.

Teaching for nearly ten years in the Institut Franco-Japonais in Kyoto and delivering occasionally lectures at the Maison Franco-Japonaise in Tokyo, I naturally was in close contact with the French community in Japan. At the outbreak of the war in 1939, I offered my services to the French Embassy and received from the late French Ambassador, ARSENE HENRY, a letter thanking me for my willingness to work for the Allied cause (I am joining under this cover a copy of this letter).

In Autumn 1940, I received another letter from the same Ambassador asking if I would be willing to go to Indochina as Interpreter and Professor of Japanese. There were some points concerning the conditions to be elucidated, besides that I was not able to interrupt my teaching till the end of the school-year, but finally everything was arranged and I sailed for Indochina on 18th April 1941. I must confess that I accepted to go to Indochina in order to get out of the suffocating moral atmosphere prevailing in Japan. My family joined me in Hanoi in October.

You will certainly understand that my position in Indochina was not an easy one. At the beginning I was asked to translate documents seized from the Japanese, but afterwards they organised their own postal communications and there was only occasional work of that kind. A course of Japanese language was opened for Military and Civilians at the Hanoi University and I started lecturing. The Japanese were often trying to interfere with my teaching, but I always managed to cope with the situation. There were instances (e.g. in Saigon) when French instructors were turned out and it would have been my fate too, had it not been for my professorship of long standing in higher scholar establishments in Japan.

-4-

After the Japanese coup de main on the 9th March 1945, the whole situation became extremely strenuous...I cannot of course give myself an appreciation of my own activity in this troubled period, but I have a firm conviction to have defended, whenever I could, French interests. I am enclosing here copies of two documents relating some facts in confirmation of the aforesaid: 1) a testimonial given to my family by the former Head of the Educational Office in Hanoi, J. LOUBET, concerning its activity at TAMDAO, a mountain resort in Tonkin which was transformed into an Educational Center for the evacuated school-children and into a place of refuge for French women and children; 2) an extract from the letter of the President of the Association for Russian Refugees in Indochina (S. Solovieff, French naturalised) addressed to French Commissioner in Hanoi in support of my request of reinstatement into the French Educational Service, at the resumption of the French administration in Hanoi.

I must mention as well that in December 1946 I applied for French nationality for myself and my family. At my departure from Japan, the French Consul General in Yokohama delivered me, on instructions from the Embassy a French passport, thus assimilating me to a French protected person. As the demand for the French naturalisation is not likely to be gratified before our departure from Indochina, I shall most probably be provided with the afore mentioned passport coming to Japan. The case of my family, however, is different, as my wife had to maintain her original Japanese nationality, for I have none, and my daughter had to follow her mother's. They were delivered on their departure a Japanese passport. Unfortunately it was subsequently lost during the events which took place in Hanoi; a copy of the passport, however, was taken by the Hanoi police authorities, so that they will be able to deliver my wife and daughter a "certificat de nationalite" and I hope also to get for them a laissez-passer from the French Diplomatic Councillor in Indochina.

I am going to conclude this account of my career by a brief statement on my political views and my feelings towards the renovated Japan.

As you would have noticed from what has been related, I am rather a narrow specialist interested in linguistic matters. I had never much leisure to scrutinise Political Science or Economics. Nevertheless I am in a position to declare myself having faith in Progress of Humanity and Science and a firm belief in democracy and individual freedom. I am definitely against any fascist or totalitarian ideology. Being an antagonist of a sectarian spirit, I refuse to accept an ideology laying exclusive stress on a single (material, economical or other) aspect of human life.

As for my view on Japan, I think that since Japan was already familiar with democratic ideas and institutions from the era of Meiji Restoration (1868), she is susceptible of a re-democratisation in due course of time. The leaders of the Meiji period, however, had to gain over the feudal lords of yesterday and to connive at the survival of their warlike spirit, which nearly a century later, coupled with the imported fascism and nazism, led Japan to a catastrophe. I believe in the success of the America's leadership of the renovated Japan, for America has no reason whatever to compromise with militaristic ideology of the defeated Japan, thus enabling the country to be victorious on the pace leading to a true democracy.

I am, Sir,

Yours very faithfully,

Signed : PLETNER

c/o Hotel Metropole, Hanoi, Indochina.

This is the true copy
of the signed original

INFORMATION ON DE PLETNER, ORESTE
and his family

SURNAME, NAME :::::::::: de PLETNER, Oreste
 DATE, PLACE of BIRTH ST Petersburg (Leningrad), Russia, 26th July 1892
 NATIONALITY :..... None. Applied for French citizenship. Holder of a
 French passport delivered at the French Consulate
 General in Yokohama (on 12th March, 1941, no24)
 UNIVERSITY DEGREES :..... Master of Oriental Arts (ex-Imperial University
 of St Petersburg (1916). Majoring in Japanese lan-
 guage and literature.
 DIPLOMATIC CAREER :..... In summer 1917 appointed Attache to the Russian
 (1917-1922) Embassy in Japan. Remains at this post 5 years.
 VOYAGE IN EUROPE:..... Leaves Japan for Europe: England, France, Germany
 (1922-1923) and other countries.
 PROFESSORSHIP IN JAPAN :... Returned in Japan 1923 as Professor of languages,
 (1923-1941) general phonetics and linguistics in Japanese and
 Foreign higher educational establishments.
 INDOCHINA, HANOI :..... Invited by the French Government General as Profes-
 (1941.....) sor of Japanese language at the Hanoi University.
 From 1945 (autumn) also Professor of Russian.
 FAMILY CONDITION :..... Married in 1925 to Miss HAYASHI, Kiku, born on 10
 June 1903 in the town HINO, of SHIGA prefecture
 and GANO district. Marriage registered in the town
 hall of HINO.
 CHILDREN :..... One daughter, SVIETLANA(MAYA), born on 12th Sept-
 ember 1926 in Osaka. Educated at the Canadian Aca-
 demy (Kobe) and the Lycee Albert Sarraut (Hanoi)
 NATIONALITY OF WIFE AND
 DAUGHTER :..... As the head of the family had no nationality, they
 maintained Japanese nationality and came to Indo-
 China with a passport delivered for both of them at
 the Kobe prefectural office on June the 2nd 1941
 (No 378945). Applied for French nationality.
 PARENTS :..... Father : VICTOR de PLETNER, Mining Engineer.
 Died in 1923
 Mother : ne LAZAKEFF, Nadejda. Died in 1916.

AMBASSADE
de la
REPUBLIQUE FRANCAISE
au Japon

COPY

Tokio, le 3 Octobre 1939

Cher Monsieur,

Je vous remercie de la lettre pleine d'une vibrante sympathie que vous m'avez envoyee et qui m'a bien vivement touche. Je crois que votre action personnelle pourra etre d'une grande utilite a notre cause et je suis heureux de pouvoir compter sur elle. C'est naturellement M. Robert qui est charge a Kyoto de centraliser nos efforts en union avec le Consul a Kobe et je vous serais reconnaissant de lui dire avec quelle joie j'ai appris que vous vouliez bien le seconder dans sa tache./.

Veillez agreer, Cher Monsieur, l'expression de mes sentiments bien sympathiques et tout devoues.

/signed : CHARLES ARSENE HENRY/

Monsieur Oreste Pletner

Professeur de francais a
l'Institut franco-japonais
Kyoto

SCHOOL OF ORIENTAL STUDIES, LONDON INSTITUTION

Director:
E. DENISON ROSS, C.I.E., Ph.D.

Telephone: LONDON WALL, 6792

Telegrams : SOSLINST, PHONE, LONDON

In reply, please quote

FINSBURY CIRCUS,
LONDON, E.C.2.

7. July 1922.

THIS IS TO CERTIFY that MR. PLETNER has been invited
to deliver a course of lectures in this College on JAPANESE
PHONETICS during the Session 1922-23.

Signed : Director.

Form DS-302
(7-2-46)

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

ACTION COPY

Office of
FAR EASTERN AFFAIRS
AUG - 8 1947
10:30
DIRECTOR
Department of State

3-M

Action: FE

Info:

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FROM: Tokyo

TO: Secretary of State

NO: 216, August 7, 1947

PRIORITY

RESTRICTED

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Info
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SEA

Control 2314

Rec'd. August 8, 1947
2:41 a.m. DIVISION OF
NORTHEAST ASIAN AFFAIRS

AUG 8 1947
DEPARTMENT OF STATE

FROM GHQ SCAP TOKYO JAPAN FROM ATCHESON TO STATE DEPT,
PASS TO SECSTATE INFO WDCSA NR CX 54608.

At Allied Council meeting this morning, August 7, I
made remarks under procedural matters as follows:

"I have a question of procedure in connection with
the subject proposed by the Soviet member. The Soviet
member has proposed under official matters the follow-
ing subject: 'The outlook of development of the
Japanese exports during 1947-1948 in connection with
the reopening of the private foreign trade'. His
proposed agenda discussion calls for extensive volumi-
nous and detailed information in the form of a special
report.

The various officers of SCAP Headquarters directly
concerned with the development of the export and import
program are fully occupied in preparations for the
forthcoming entry into Japan of foreign private traders.
It has accordingly been impracticable to compile and
collate in special form the extensive and detailed
information called for by the Soviet member's agenda
proposal.

Each month a comprehensive report is published by
General Headquarters which contains the fullest avail-
able information on all phases of the occupation.

These

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NOTATION OF ACTION TAKEN.

DEPARTMENT OF STATE
AUG 28 1947
DC/E
LIAISON OFFICE

740.00119 CONTROL (JAPAN)/8-747

CW

FILED
AUG 2 1947

RESTRICTED

-2- #216, August 7, 1947, from Tokyo

These summations are some 300 pages in length and are replete with statistics, graphs and tabulations. Full information is also periodically made public by General Headquarters in regard to current developments. In addition, the various staff sections of SCAP Headquarters issue frequent resumes of the progress being made in regard to their particular tasks and the various occupational programs.

In the light of these circumstances it is not believed that the Soviet Member is justified in placing unnecessary pressure of work upon the various staff sections through this practice of utilizing the agenda of the Council as an expediency for calling for specialized reports. General Headquarters is accordingly discontinuing the compilation of detailed information in special form except in cases of appropriate need. The compilation of such detailed reports in the past has placed unwarranted extra labor on staff officers already overburdened with urgent occupational demands. Furthermore, the practice has been largely unproductive of usefulness in advancing the purposes of the occupation. The results have not been constructive; on the contrary, they have been in derogation of the Council and of its proper purposes. Operational staff sections of General Headquarters have in effect been improperly utilized for compilation and clerical assortment of public information which the Soviet Member with his considerable staff could himself have collated if he so desired from the reports and files made available.

The purpose of the Council as originally established was to assist the Supreme Commander with constructive advice and recommendations. It has been made abundantly clear that it has been a misuse of the Council to employ it as an information collection agency. There is no suggestion in the terms of reference that the Council was intended to be so employed or that General Headquarters should suffer the impositions with which the practice in question has burdened it since the earliest days of the Council.

So far

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-3- #216, August 7, 1947, from Tokyo

So far as the question of the reopening of Japan to private trade is concerned, discussion of it in the Council might readily involve the additional impropriety of infringing upon the scope of activity of the Far Eastern Commission. The Commission's Inter-Allied Trade Board, on which the member nations of the Council are represented, has been formulating plans and taking decision in this matter. The informational and other records of the Inter-Allied Trade Board are available to the governments represented on this Council and doubtless are available to the members of the Council through those governments.

What I have said does not, of course, preclude members of the Council from making reasonable inquiry of General Headquarters concerning matters of which, by their nature, the members require knowledge or elucidation in the exercise of their appropriate functions".

ATCHESON

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FORM DS-322
7-18-46

OUTGOING TELEGRAM

CLASSIFICATION

INDICATE

Collect
Charge Department
Charge to

Department of State

Washington

UNCLASSIFIED

1693

Supreme Commander for the Allied Powers

Tokyo,

307 Seventh

Info: War Dept Chief of Staff

AUG 7 1947

For Political Adviser

FOR HODGE

US Rep Del

Commerce Dept just approved T Kelvin Mallen to represent IBM on USRRD upon completion his assignment with Army. Now informed he has completed both assignments and leaving Tokyo today. In future on similar cases will appreciate your keeping us informed of approvals made there so that Commerce Dept can be kept informed.

James Lee Kauffman, Libby-Owens Ford Glass Co., scheduled depart US Aug 14 via NWA. Pierce, GE Co., and Grandgerard, Otis Elevator, scheduled depart Marine Adder Aug. 8.

Travel authorizations and advice of allotments forwarded via airmail by IC.

Expect to have two secretaries selected by Aug 7 at which time Theater clearances will be requested. Names will be cabled at that time in order for you to aid in expediting clearances. Hope to have both ready

740.00119 CONTROL (JAPAN) / 8-747

740.00119 Control (Japan) / 8-747

CS /A

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RR 740.00119 P.W.
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FORM DS-322
7-18-46

OUTGOING TELEGRAM

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Charge Department

Department of State

Charge to

Washington

depart approximately Aug 15 via air. Expect to have typewriter and adding machine to ship within week or send with secretaries whichever faster. Film will be forwarded soon as available.

Marshall
Em

ACCEPTANCE DESK

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AUG 7 1947

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FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

7 August 1947

DIVISION OF
NORTHEAST ASIAN AFFAIRS

AUG - 8 1947

DEPARTMENT OF STATE

memo drafted 8/8/47
ALD
file *DCR*

RESTRICTED

The Honorable George C. Marshall
Secretary of State
Washington, D. C.

My dear Mr. Secretary:

The Terms of Reference of the Far Eastern Commission provide that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished."

It is further provided that when such decisions are made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

At the sixty-ninth meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington, D. C., on 7 August, 1947, the enclosed policy decision relative to Disposition of Funds Covering Fines Collected by Allied Military Occupation Courts was unanimously approved.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission, in order that the appropriate directives may be prepared and transmitted to the Supreme Commander in accordance with the Terms of Reference.

In adopting the enclosed policy decision the Commission agreed that it should be released to the press after being received by the Supreme Commander. In accordance with our normal procedure I would appreciate it if you could make arrangements to notify me when the enclosed policy decision has been received in Tokyo.

Sincerely yours,

Nelson T. Johnson

Nelson T. Johnson
Secretary General

Enclosure

Anal.	<i>DE</i>
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Dist.	

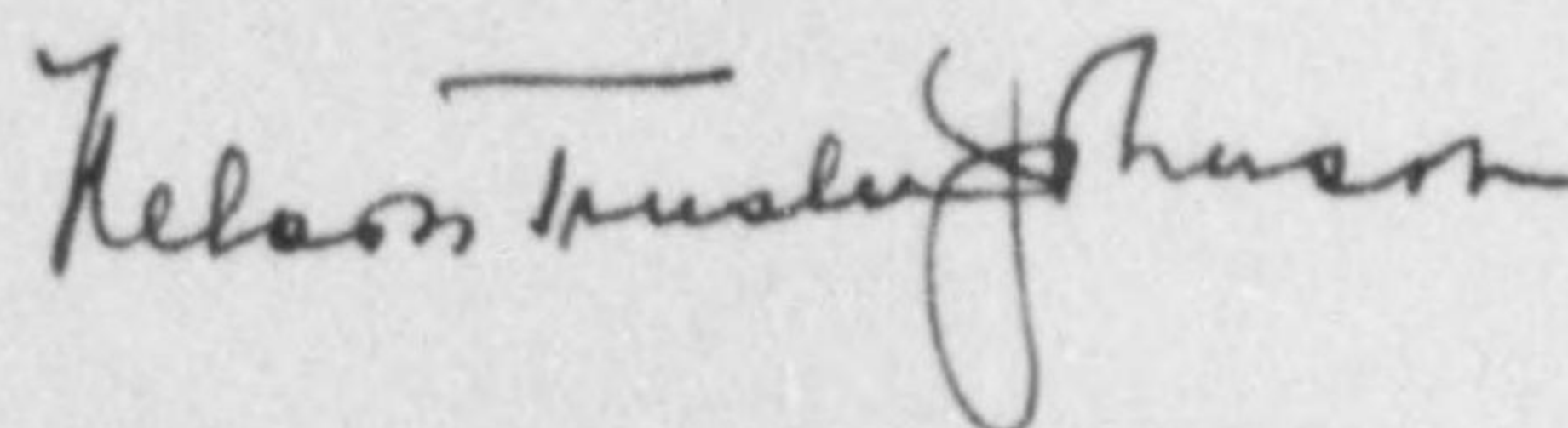
P - 44

740.00119 CONTROL (JAPAN)
/8-747

740.00119 Control
(Japan) /8-749
CS/V

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

The attached copy of a document unanimously adopted at the 69th meeting of the Far Eastern Commission, held at 2516 Massachusetts Avenue, Northwest, Washington, D. C. on 7 August 1947, has been compared with the original text and is hereby certified to be correct.



Nelson T. Johnson
Secretary General

Washington, D. C.
7 August 1947

FW. 740.00119 Contract (Japan)/8-747

RESTRICTEDENCLOSUREDISPOSITION OF FUNDS COVERING FINES COLLECTED BY
ALLIED MILITARY OCCUPATION COURTS

The Far Eastern Commission decides as a matter of policy the following:

Since ^{you} the military occupation courts which have been appointed by order of the Supreme Commander for the Allied Powers in Japan partake of an international character, any fines imposed or other sums collected pursuant to orders made by such courts should be used in defraying the costs of the Allied occupation. All such moneys should be entered in a separate account and should be assigned to meet the occupation costs of the forces whose courts ordered payment to be made.

FEC-241/6

P - 44

740.00119 CONTROL (JAPAN) / 8-747

In reply refer to
NA

MEMORANDUM FOR THE SECRETARY, SWNGC

Subject: Draft Directive Regarding Disposition of Funds Covering Fines Collected by Allied Military Occupation Courts.

There is enclosed a draft directive prepared on the basis of a policy decision approved at the sixty-ninth meeting of the Far Eastern Commission on August 7, 1947, under the provisions of paragraph II, A, 1, of its terms of reference.

It is requested that the enclosed directive be forwarded to the Joint Chiefs of Staff for transmission to General MacArthur for his guidance in accordance with paragraph III, 1, of the terms of reference of the Far Eastern Commission. It is assumed that if the Joint Chiefs of Staff have any question regarding the draft directive they will refer the matter to the Department of State for clarification before transmitting a directive on the subject.

The Secretary-General of the Far Eastern Commission has requested that the Joint Chiefs of Staff, in transmitting the enclosed draft directive to the Supreme Commander for the Allied Powers, inform him that in adopting the policy decision regarding Disposition of Funds Covering Fines Collected by Allied Military Occupation Courts the Commission agreed that it should be released to the press after being received by the Supreme Commander. Therefore, in accordance with normal procedure, acknowledgement of the receipt of the directive is requested.

J. H. Hilldring
Assistant Secretary

Enclosure:

Draft Directive.

NA:ALDunning:ggg
8/7/47

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740.00119 Control
(Japan) / 8-747

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OR sm
AUG 8 1947 P.M.

Handwritten initials and signature

RESTRICTEDENCLOSURE**DRAFT DIRECTIVE REGARDING DISPOSITION
OF FUNDS COVERING FINES COLLECTED BY
ALLIED MILITARY OCCUPATION COURTS**

Since the military occupation courts which have been appointed by your order in Japan partake of an international character, any fines imposed or other sums collected pursuant to orders made by such courts should be used in defraying the costs of the Allied occupation. All such moneys should be entered in a separate account and should be assigned to meet the occupation costs of the forces whose courts ordered payment to be made.

RESTRICTED

SWNCC
Mr. Massey

In reply refer to
NA

MEMORANDUM FOR THE SECRETARY, SWNCC

Subject: Draft Directive Regarding Disposition of
Funds Covering Fines Collected by Allied
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J. H. Hildring
Assistant Secretary

Enclosure:

Draft Directive.

NA: ALDunning: ggg
8/7/47

FE

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RESTRICTEDENCLOSURE

DRAFT DIRECTIVE REGARDING DISPOSITION
OF FUNDS COVERING FINES COLLECTED BY
ALLIED MILITARY OCCUPATION COURTS

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RESTRICTED

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In reply refer to
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J. H. Hilldring
Assistant Secretary

Enclosure:

Draft Directive.

NA: ALDunning: ggg
8/7/47

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RESTRICTED

Returns NA

In reply refer to
NA

MEMORANDUM FOR THE SECRETARY, SNECC

**Subject: Draft Directive Regarding Disposition of
Funds Covering Fines Collected by Allied
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J. H. Hilldring
Assistant Secretary

Enclosure:

Draft Directive.

NA: ALDunning:ggg
8/7/47

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RESTRICTEDENCLOSURE

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RESTRICTED

Form DS-302
(7-2-46)

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

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- OCD
- CIG
- FC
- OIC
- PA
- DC/R

FROM: London
TO : Secretary of State
NO : 4304, Eighth

Rec'd August 8, 1947
1:46 p.m.
File
AUG 1947
DEPARTMENT OF STATE

TIMES and NEWS CHRONICLE today carry brief articles from Tokyo correspondents under August 7th dateline reporting statement US member Allied Council for Japan at meeting 7th to effect SCAP discontinuing compilation detailed information in special form except in cases appropriate need is interpreted in Tokyo as attempt bring Council's activities to an end.

Sent Department, Department pass Tokyo.

DOUGLAS

MRM:ERA
NOTE: Repeated to Tokyo 8-8-47, 2:50 p.m., TEM

PLAIN

AUG 22 1947

740.00119 CONTROL (JAPAN)/8-847

CW

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FILE NO.

740.00119 CONTROL (JAPAN) / 8-847

DESP. 1857 FROM LONDON

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AUG 18 1947

D4/L
FE

AIR MAIL

American Embassy
London, August 8, 1947UNCLASSIFIED

No. 1857

Subject: Transmitting further Article from News Chronicle on JapanThe Honorable
Secretary of State,
Washington

Sir:

In reference to the Embassy's despatch No. 1808, July 31, 1947, transmitting an article from the News Chronicle by Vernon Bartlett on the subject of Japan, I have the honor to enclose a clipping of a further article on Japan by Bartlett which appeared in the August 5, 1947, issue of the News Chronicle. A summary of the article was transmitted to the Department in the Embassy's Thames Cable No. 208, August 6, 1947.

Respectfully yours,

For the Chargé d'Affaires a.i.

Everett F. Drumright
First Secretary of EmbassyEnclosure:
Clipping, as stated(Original and three copies to Department)
Copy to U.S. Political Adviser, SCAP, Tokyo

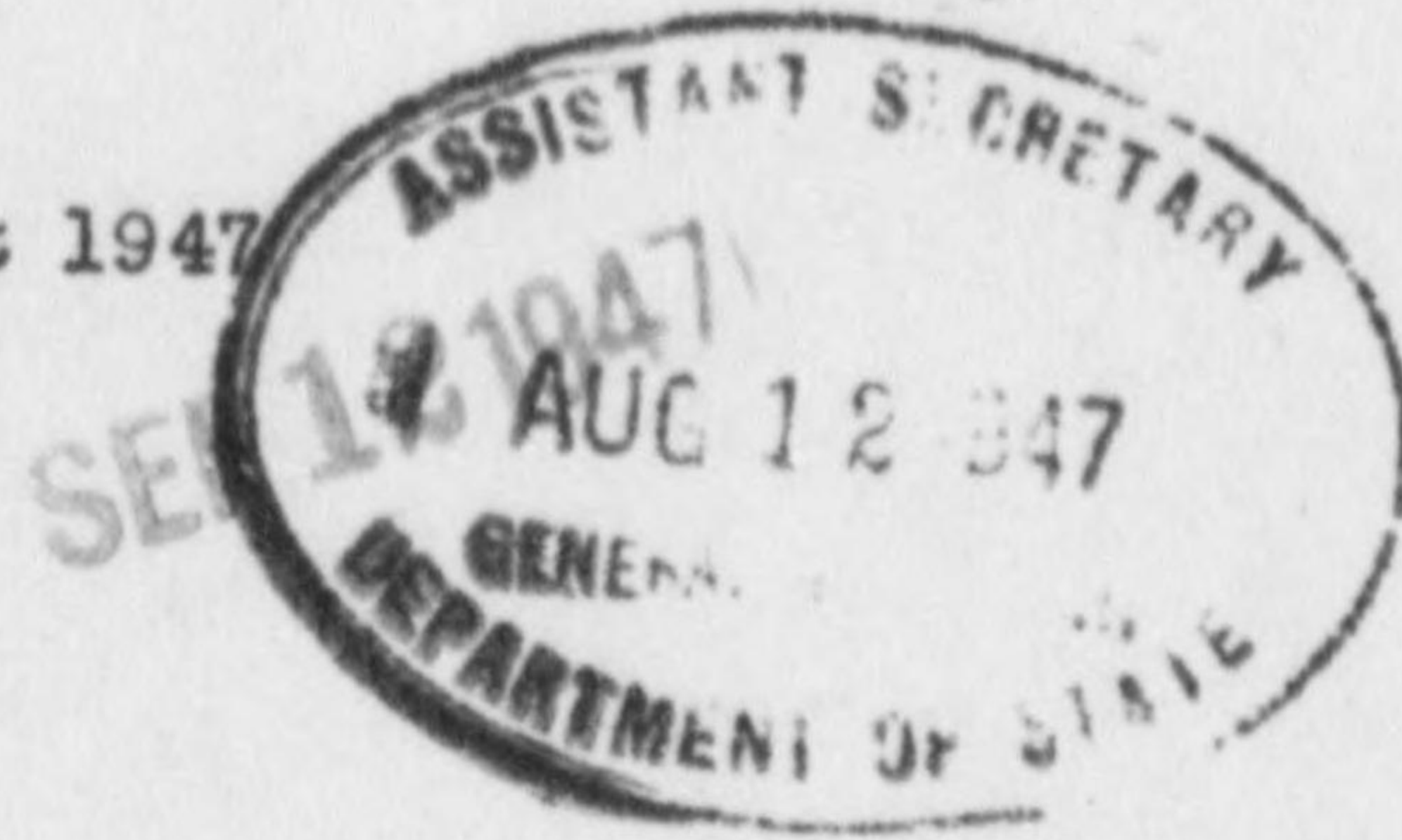
EFDrumright/wg

740.00119 Control (Japan) / 8-8-47

War 81076 - June

WAR DEPARTMENT
WAR DEPARTMENT SPECIAL STAFF
CIVIL AFFAIRS DIVISION
WASHINGTON 25, D. C.

8 August 1947



740.00119 CONTROL (JAPAN) / 8-847

Honorable J. H. Hilldring
Assistant Secretary of State
Washington, D.C.

Dear General Hilldring:

2x R12

Reference is made to Mr. Gross's letter of 31 July to Mr. Petersen requesting that a Memorandum for the Record and legal opinion concerning paragraph 16 c, of FEC 032/25 be sent via air mail letter to SCAP for his information and guidance.

The substance of the last paragraph of the Memorandum for Record is such that it should go to General MacArthur through the SWNCC and JCS Secretariat, and appropriate papers should be prepared by you for the SWNCC Secretariat.

It is considered, however, that the last paragraph of the Memorandum for Record is an administrative measure by the U.S. Government and not an interim directive to be filed with the FEC under III-4 of the FEC terms of reference.

The War Department was a party to and still is in agreement with the Memorandum for Record. The only point in question is the channel through which this information would be sent to General MacArthur.

Very truly yours,

Daniel Noce

DANIEL NOCE
Major General, GSC
Chief, Civil Affairs Division

DIVISION OF
NORTHEAST ASIAN AFFAIRS

Just drafted

SEP 5 - 1947

to Tokyo 9/8/47 by A.L.D.

DEPARTMENT OF STATE

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MDM

2631

740.00119 Control
(Japan) / 8-847
CS/SEC

8 August 1947
ASSISTANT SECRETARY
AUG 12 1947
GENERAL HILLDRING
DEPARTMENT OF STATE

Honorable J. H. Hilldring
Assistant Secretary of State
Washington, D.C.

Dear General Hilldring:

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The War Department was a party to and still is in agreement with the Memorandum for Record. The only point in question is the channel through which this information would be sent to General MacArthur.

Very truly yours,

DANIEL NOCE
Major General, GSC
Chief, Civil Affairs Division

In reply refer to
NA

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My dear Mr. Petersen:

On June 30, 1947 a directive regarding Interim Import-Export Policies for Japan, based on a policy decision approved at the sixty-seventh meeting of the Far Eastern Commission on July 24, 1947, was sent to the Secretary of the State-War-Navy Coordinating Committee to be forwarded to the Joint Chiefs of Staff for transmission to SCAP for his guidance.

In view of the fact that a question has arisen as to whether there was a meeting of minds between the US and UK government concerning paragraph 16c of FEC 032/25, on which the directive was based, a legal opinion on the use by occupying powers of Japanese goods designated for reparations to defray occupation costs and a memorandum for the record have been prepared by the Department of State. I would appreciate it if you would transmit to SCAP by air mail the enclosed copies of this legal opinion and memorandum for the record for his information and guidance.

Sincerely yours,

J. H. Hilldring
Assistant Secretary

Enclosures:

1. To General Hilldring,
July 29, 1947
2. Memorandum for Record,
July 29, 1947

Mr. Howard C. Petersen,
Assistant Secretary of War,
Washington 25, D. C.

YR
694.0031

740.00119 PW

COPY:NA:CGG
Compared with MPM

July 29, 1947

To: General Hilldring

USE BY OCCUPYING POWERS, OF JAPANESE GOODS DESIGNATED
FOR REPARATIONS, TO DEFRAY OCCUPATION COSTS

1. A legal opinion is requested on the effect of the adoption by the FEC of FEC-032/25, July 23, 1947, Interim Import-Export Policies for Japan, on the availability of Japanese stocks of gold, silver, other precious metals, precious stones and jewels, for application to occupation costs.
2. The general policy of the FEC regarding the relationship between reparations and costs of occupation was laid down in FEC-014/9, June 20, 1947, Basic Post-Surrender Policy for Japan, and in FEC-219/7, May 9, 1947, Division of Reparations Shares. The two policy decisions are identical, and establish 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 policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern commission should be made available for this purpose." The same policy decisions also establish the additional proposition that the reparations shall be in such a form "which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living." The net result of the two provisions would seem to give to the occupying powers a prior right to apply to cost of occupation such Japanese capital equipment, facilities or goods as may be made available for reparations.
3. FEC-032/25 (par. 16.c) designates Japanese stocks of gold, silver, other precious metals, precious stones and jewels, or the value thereof after their liquidation for the purpose of acquiring foreign exchange, for ultimate disposal as reparations. It is believed that the intent of the paragraph is to add Japanese stocks of precious metals and stones to the categories of Japanese property referred to in FEC-014/9 as available for reparations under policies of the Far Eastern Commission. This, without more, would seem to subject this new category to the accompanying provision that reparations shall be in such form as not to prejudice the defraying of the cost of occupation.

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4. The difficulty with this interpretation lies in the fact that the paper in question, as originally drafted (FEC-032/24), contained an express reservation: "provided this would not prejudice the defraying of the costs of occupation and the maintenance of a minimum standard of living, in accordance with the principles of FEC-219/7". This provision, on objection of the United Kingdom, was struck out in the Steering Committee, and the United States reserved its position on the amended paragraph. On consideration before the FEC General McCoy withdrew his reservation, stating the understanding of the United States that "the disposition as reparations of stocks of gold, silver, et cetera, referred to in paragraph 16.c should be in accordance with "the quoted provision of FEC-014/9." This would probably have served to clarify the issue had not Mr. Graves of the United Kingdom then stated that "in view of the United States interpretation just recorded by General McCoy" he would point out that it was the understanding by his Government "that FEC-032/25 would provide for the ultimate disposition of stocks of gold as reparations, and that while being preserved for this ultimate disposition, they would not be available for a trading account". Although he later stated that "his only desire had been for assurance that stocks of gold or their equivalent would not be dissipated by trading operations", he left standing his position that the stocks of gold or their equivalent in acceptable currency would be "ultimately disposed of as reparations". This raises serious doubt as to whether the United States and the United Kingdom agree in their interpretation of FEC-032/25.

5. If it is seriously expected that the occupying powers may need to use the Japanese stocks of gold et cetera, or their value after conversion into currency, for application to occupation costs, it would seem to be highly desirable at this time, if possible, to secure a clear admission by the representative of the United Kingdom that he did not intend to dispute its applicability to occupation costs, or at least for the United States to state more clearly and unequivocally its understanding that FEC-032/25 would not prevent the application to occupation costs of the Japanese stocks of precious metals and stones, or their value after liquidation.

(Sgd.) Charles Fahy

COPY:NA:CGG
Compared with MPM

July 29, 1947

MEMORANDUM FOR RECORD

With respect to FEC 032/25 there is a question whether there has been a meeting of the minds between the U.S. and U.K. governments concerning paragraph 16c. The issue is whether paragraph 16c is understood to be subject to the provision in the basic post surrender policy for Japan (FEC014/9) which provides that reparations shall be in such form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living.

Although the U.S. Member of the FEC made clear in the Minutes of the FEC meeting of July 24 that the U.S. Government understood that paragraph 16c was subject to the foregoing provision of FEC 014/9, the British delegate, Mr. Graves, made a statement which leaves the position of the U.K. Government on this question in doubt.

In view of the urgency of constituting stocks of gold, silver and other precious metals as a source of credit for the importation of needed raw materials and other civilian supplies, it is the view of the U.S. Government that the possible disagreement between the U.S. and U.K. Governments concerning the application of FEC 014/9 should be held open for subsequent clarification. The State and War Depts. agree that it probably will not be necessary to utilize Japanese gold stocks, or their value after conversion into currency for application to occupation costs earlier than the latter part of the calendar year 1948 in any event. Accordingly, there should be ample opportunity to reach a meeting of the minds between the U.S. and U.K. Governments concerning the question which now remains in doubt.

The U.S. Member of the FEC has advised the Department of State that in his judgment an attempt at this time to negotiate with the U.K. Representative of the FEC in an endeavor to reach a meeting of the minds on the subject of the present misunderstanding, is undesirable.

The U.S.

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The U.S. Government therefore in transmitting FEC 032/25 to the Supreme Commander for the Allied Powers as a Directive, will advise the Supreme Commander that pending the receipt of further instructions from the U.S. Government, he is not authorized to utilize the assets enumerated in para 16c of 032/25 or their value after conversion into currency for direct payment of occupation costs.

SEP 12 1947

UNRESTRICTED

No. 565

To the

Office of the United States Political Adviser for Japan,
Tokyo.

The Secretary of State refers to a directive to the Supreme Commander for the Allied Powers dated July 30, 1947, regarding Interim Import-Export Policies for Japan, based on a policy decision approved at the 67th Meeting of the Far Eastern Commission on July 24, 1947.

In view of the fact that a question has arisen as to whether there was a meeting of minds between the US and UK Governments concerning paragraph 16c of FEC 032/25, on which the directive was based, a legal opinion on the use by occupying powers of Japanese goods designated for reparations to defray occupation costs and a memorandum for the record have been prepared by the Department of State.

There is enclosed for the information and guidance of the Officer in Charge copies of this legal opinion and memorandum for the record.

740.00119 CONTROL (JAPAN) / 8-847

Enclosures:

- 1. Legal Opinion.
- 2. Memorandum for the Record.

ALD
NA:ALDunning/pm
9/8/47

FE

A.H.

A true copy of the original.

740.00119 Control (Japan)
CS/JEC
10-8-47

SEP 11 1947 P.M.
SEP 12 1947

Asst.	
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Dist.	

COPY: N&PM
Compared with MLS

July 29, 1947

To: General Hilldring

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FOR REPARATIONS, TO DEFRAY OCCUPATION COSTS

1. A legal opinion is requested on the effect of the adoption by the FEC of FEC-032/25, July 23, 1947, Interim Import-Export Policies for Japan, on the availability of Japanese stocks of gold, silver, other precious metals, precious stones and jewels, for application to occupation costs.
2. The general policy of the FEC regarding the relationship between reparations and costs of occupation was laid down in FEC-014/9, June 20, 1947, Basic Post-Surrender Policy for Japan, and in FEC-219/7, May 9, 1947, Division of Reparations Shares. The two policy decisions are identical, and establish 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 the future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose." The same policy decisions also establish the additional proposition that the reparations shall be in such a form "which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living." The net result of the two provisions would seem to give to the occupying powers a prior right to apply to costs of occupation such Japanese capital equipment, facilities or goods as may be made available for reparations.
3. FEC-032/25 (par. 16.c) designates Japanese stocks of gold, silver, other precious metals, precious stones and jewels, or the value thereof after their liquidation for the purpose of acquiring foreign exchange, for ultimate disposal as reparations. It is believed that the intent of the paragraph is to add Japanese stocks of precious metals and stones to the categories of Japanese property referred to in FEC-014/9 as available for reparations under policies of the Far Eastern Commission. This, without more, would seem to subject this new category to the accompanying provision that reparations shall be in such form as not to prejudice the defraying of the cost of occupations.
4. The difficulty with this interpretation lies in the fact that the paper in question, as originally drafted (FEC-032/24), contained an express reservation: "provided this would not prejudice the defraying of the costs of occupation and the maintenance of a minimum standard of living, in accordance with the principles of FEC-219/7". This provision, on objection of the United Kingdom, was struck out in the Steering Committee, and the United States reserved its position on the amended paragraph. On consideration before the FEC General McCoy withdrew his reservation, stating the understanding of the United States that "the disposition as reparations of stocks of gold, silver, et cetera, referred to in paragraph 16.g should be in accordance with "the quoted provision of FEC-014/9. This
would

- 2 -

would probably have served to clarify the issue had not Mr. Graves of the United Kingdom then stated that "in view of the United States interpretation just recorded by General McCoy" he would point out that it was the understanding by his Government "that FEC-032/25 would provide for the ultimate disposition of stocks of gold as reparations, and that while being preserved for this ultimate disposition, they would not be available for a trading account". Although he later stated that "his only desire had been for assurance that stocks of gold or their equivalent would not be dissipated by trading operations", he left standing his position that the stocks of gold or their equivalent in acceptable currency would be "ultimately disposed of as reparations". This raises serious doubt as to whether the United States and the United Kingdom agree in their interpretation of FEC-032/25.

5. If it is seriously expected that the occupying powers may need to use the Japanese stocks of gold et cetera, or their value after conversion into currency, for application to occupation costs, it would seem to be highly desirable at this time, if possible, to secure a clear admission by the representative of the United Kingdom that he did not intend to dispute its applicability to occupation costs, or at least for the United States to state more clearly and unequivocally its understanding that FEC-032/25 would not prevent the application to occupation costs of the Japanese stocks of precious metals and stones, or their value after liquidation.

(Signed) Charles Fahy

COPY: NA: GGG
Compared with MPM

July 29, 1947

MEMORANDUM FOR RECORD

With respect to FEC 032/25 there is a question whether there has been a meeting of the minds between the US and UK governments concerning paragraph 16c. The issue is whether paragraph 16c is understood to be subject to the provision in the basic post surrender policy for Japan (FEC 014/9) which provides that reparations shall be in such form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living.

Although the US Member of the FEC made clear in the Minutes of the FEC meeting of July 24, 1947 that the US Government understood that paragraph 16c was subject to the foregoing provision of FEC 014/9, the British delegate, Mr. Graves, made a statement which leaves the position of the UK Government on this question in doubt.

In view of the urgency of constituting stocks of gold, silver and other precious metals as a source of credit for the importation of needed raw materials and other civilian supplies, it is the view of the US Government that the possible disagreement between the US and UK Governments concerning the application of FEC 014/9 should be held open for subsequent clarification. The State and War Depts. agree that it probably will not be necessary to utilize Japanese gold stocks, or their value after conversion into currency for application to occupation costs earlier than the latter part of the calendar year 1948 in any event. Accordingly, there should be ample opportunity to reach a meeting of the minds between the US and UK Governments concerning the question which now remains in doubt.

The US Member of the FEC has advised the Department of State that in his judgment an attempt at this time to negotiate with the UK Representative of the FEC in an endeavor to reach a meeting of the minds on the subject of the present misunderstanding, is undesirable.

The US Government therefore in transmitting FEC 032/25 to the Supreme Commander for the Allied Powers as a Directive, will advise the Supreme Commander that pending the receipt of further instructions from the US Government, he is not authorized to utilize the assets enumerated in para 16c of 032/25 or their value after conversion into currency for direct payment of occupation costs.

C
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AUG 8 1947

SECRET

No. 405

*Occupation
of Japan*

To the
Officer in Charge of the American Mission,
Nanking.

The Secretary of State encloses for the informa-
tion of the Embassy copies of SWNCC documents as listed
below.

Enclosures:

- 1. SWNCC 186/27, copy no. 44.
- 2. Second Decision Amending
SWNCC 236/35, copy no. 46.
- 3. SWNCC 379, copy no. 40.

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Cat	<i>[Signature]</i>
Dist	

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the signed orig-
inal.

AUG 8 1947

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8-7-47

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740.00119 CONTROL (JAPAN) / 8-847

740.00119 Control (Japan) / 8-847

Form DS-302
(7-2-46)

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

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Control 2888

Rec'd August 9, 1947
2:09 p.m.

FROM: Tokyo
TO: Secretary of State
NO: 219, August 9

FROM SCAP (ATCHESON) TO STATE DEPARTMENT (CRYPTO WAR
PASSES) WDCSA (CX 54692) FOR PENFIELD.

Many thanks.

Your State serial 306, August 7, 3 p.m..

As schedule set also to take care of official business
other passengers will postpone leave. Please see my
218, August 9.

ATCHESON

LMS:WLB

740.00119 CONTROL (JAPAN)/8-947

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AUG 22 1947

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RECORD COPY

FILE NO.

740.00119 CONTROL (JAPAN) /8-1247

DESP. 1222 FROM TOKYO

THE ATTACHED COPY OF A DESPATCH HAS BEEN DESIGNATED THE RECORD COPY TO REPLACE THE ORIGINAL ACTION COPY WHICH WAS NOT RETURNED TO THE CENTRAL RECORDS BY THE ACTION OFFICE.

THIS COPY MUST BE RETURNED TO DC/R FOR FILING.

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MAR 31 1948

UNITED STATES POLITICAL ADVISER
FOR JAPAN

DC/R
FE

Tokyo, August 12, 1947

RESTRICTED

SEP 5 1947

Rec'd
Aug. 22, 1947 No. 1222

ACTION:
FE-enc

INFO:
OCD-enc
DCR
EUR-enc
NEA-enc
OFD
ITP

SUBJECT: Thirty-eighth Meeting of the Allied Council for Japan,
August 7, 1947.

Pol-1/0
A-C-2/0

The Political Adviser for Japan has the honor to refer to this Mission's despatch No. 1191, July 26, 1947, and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the Thirty-eighth Meeting of the Council held on August 7, 1947.

The only subject on the Agenda under official matters was "The Outlook of Development of the Japanese Exports During 1947-1948 in Connection with the Reopening of Private Foreign Trade" proposed by the Soviet Member. Under the Agenda Heading "Scope of Information Desired" the Soviet Member endeavored to lay the ground for criticism of the Occupation which has been his obvious purpose in the past in placing subjects on the Agenda. A fair example was the Thirty-first Meeting (despatch No. 1027, May 7, 1947), which discussed the subject of public health in Japan proposed by him with introductory allegations made in the Thirtieth Meeting (despatch No. 999 of April 25, 1947) that conditions were very unsatisfactory. A comprehensive detailed statement was made to the Council by the Chief of the Public Health and Welfare Section of this Headquarters concerning that Section's outstanding accomplishment in what is one of the most successful public health programs ever undertaken. Notwithstanding the facts and statistics presented, the Soviet Member took occasion (despatch No. 1083, June 2, 1947) to distort the information given by the SCAP expert, and to reiterate his allegation that no effort is being made to improve "the deteriorating public health situation in Japan".

As a result of the Soviet Member's constant misuse of the Council as an information collection agency and springboard for anti-Occupation and thus anti-American criticism, General Headquarters officers, already overburdened with urgent work, have been increasingly reluctant to compile special reports for no productive purpose merely to provide the Soviet and British Commonwealth Members with opportunities for criticism. The Supreme Commander finally decided to cease the practice and the Chairman so announced at the meeting under report. The Chairman stated that it was impracticable for the various officers of General Headquarters, already fully occupied in preparation for the forthcoming entry into Japan of foreign traders, to compile in special form the extensive and voluminous amount of detailed information requested by the Soviet Member. He also

expressed

740.00119 Central (Japan)/8-1247

Tokyo's No. 1222
August 12, 1947

-2-

expressed the belief that, in as much as the Soviet Member with his considerable staff could have collated the information he desired from comprehensive reports and files regularly made available by General Headquarters, his request for a special report was unjustified. The Chairman said that General Headquarters would no longer compile information in special form except in cases of appropriate need, and added that such information had been used in the past in derogation of the Council rather than in the advancement of the Occupation, (telegram 216, August 7, 1947). He added that this would not preclude Members from making reasonable inquiry of General Headquarters in matters on which they desired enlightenment in connection with the appropriate exercise of their functions.

In addition, the Chairman remarked that discussion of the subject in question might readily infringe upon the scope of activity of the Far Eastern Commission and the Inter-Allied Trade Board, on both of which the Governments of Members of the Council are represented.

Major General A. P. Kislenco (representing the Soviet Member during his absence) took this occasion to criticize information previously provided by General Headquarters. The Chairman pointed out that "General Headquarters has been more than generous ... in providing comprehensive and detailed information in specialized form in response to requests [by the Council Members] even though that information was available in other forms to Members of the Council".

The Chinese Member and the British Commonwealth Member evaded General Kislenco's request for their opinion of the propriety of placing such a subject on the Agenda.

Enclosures:

1. Five copies of Agenda, Thirty-eighth Meeting.
2. Five copies of Corrected Verbatim Minutes, Thirty-eighth Meeting.

Original and ozalid to the Department.

Copies to:

American Embassy, London
American Embassy, Nanking
American Embassy, Moscow
American Embassy, Canberra
American Embassy, New Delhi
American Legation, Wellington

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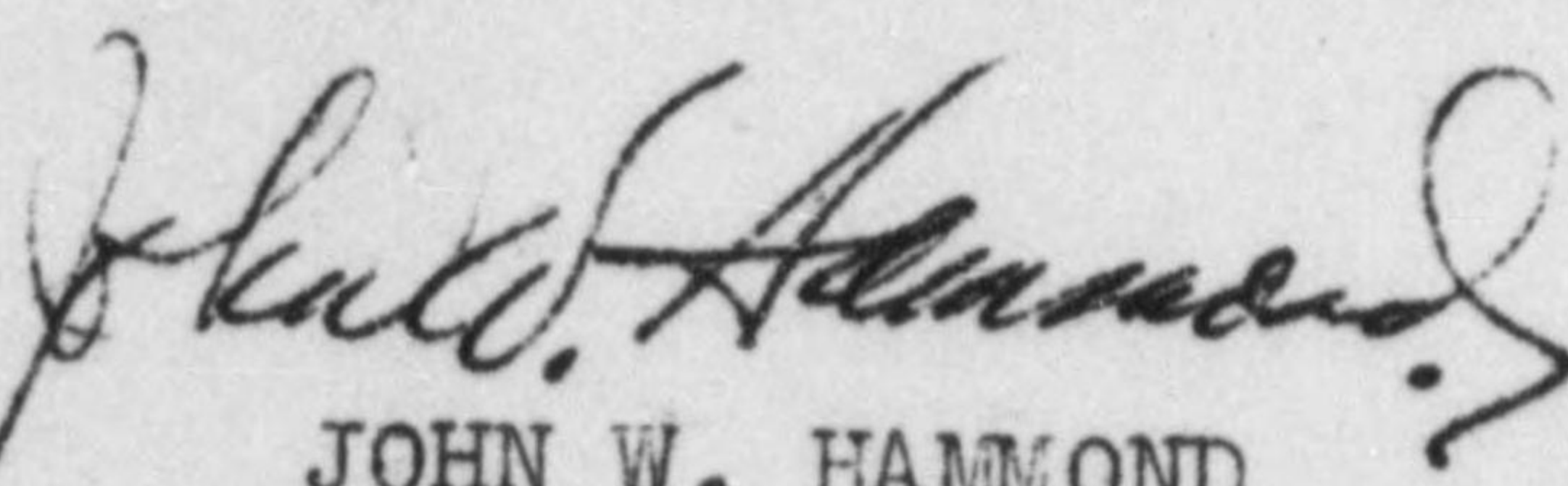
38-807

AGENDA
for the
THIRTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Thursday, 7 August 1947, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE THIRTY-SEVENTH MEETING (1 Session, Numbered 37-723).
- II PROCEDURAL MATTERS
- None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
1. The Outlook of Development of the Japanese Exports During 1947-1948 in Connection with the Reopening of the Private Foreign Trade (Inclosure #1).

By Direction of the Chairman:


JOHN W. HAMMOND
Colonel, Infantry
Acting Secretary-General

1 Incl. - Agenda Item 38-807-1.

2 August 1947

ALLIED COUNCIL FOR JAPAN
Proposed Discussion Agenda

- I AGENDA ITEM NO. 38-807-1.
- II PROPOSED BY: MAJOR GENERAL A. P. KISLENKO, representing the Member for the Union of Soviet Socialist Republics.
- III SUBJECT FOR DISCUSSION: The Outlook of Development of the Japanese Exports During 1947-1948 in Connection with the Reopening of the Private Foreign Trade.
- IV DATE PROPOSED FOR DISCUSSION: Thursday, 7 August 1947.
- V SCOPE OF INFORMATION DESIRED:
1. What kinds of goods and in what quantities approximately will be offered by Japan for export during the current year both through private trade and on government to government basis?
 2. What measures are being taken by the Japanese Government to increase the production of raw materials as well as the production of export goods?
 3. What are the reasons hindering the development of production of commodities and what is being contemplated to do to increase that production?
- VI SPECIFIC INFORMATION DESIRED ON PROGRESS TO DATE:
None requested.
- VII REFERENCES: None.

Inclosure #1

38-807

CORRECTED
VERBATIM MINUTES
of the
THIRTY-EIGHTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Thursday, 7 August 1947, at 1000 Hours

MEMBERS PRESENT

The Honorable George Atcheson, Jr., Deputy for the Supreme
Commander, Chairman, and Member for the United States

His Excellency, General Shang Chen, Member for China

The Honorable W. Macmahon Ball, Member representing jointly
the United Kingdom, Australia, New Zealand and India

Major General A. P. Kislenko, representing the Member for
the Union of Soviet Socialist Republics

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
8 August 1947

THE CHAIRMAN: The meeting will please come to order.

The Verbatim Minutes of the Thirty-seventh Meeting have been circulated among the Members for correction. In the absence of objection (Pause), they will be recorded as approved.

Are there any procedural matters? (Pause) I have a matter of procedure in connection with the subject listed under official matters. Under official matters the SOVIET MEMBER has proposed for discussion the following subject: "The Outlook of Development of the Japanese Exports During 1947-1948 in Connection with the Reopening of the Private Foreign Trade." He requests an extensive and voluminous amount of detailed information. I would like to make a statement in regard to the proposing of this subject for discussion on the Agenda.

The various officers of SCAP Headquarters directly concerned with the development of the export and import program are fully occupied in preparations for the forthcoming entry into Japan of foreign private traders. It has, accordingly, been impracticable to compile and collate in special form the extensive and detailed information called for by the SOVIET MEMBER's Agenda proposal.

Each month a comprehensive report is published by General Headquarters which contains the fullest available information on all phases of the Occupation. These summations are some three hundred pages in length and are replete with statistics, graphs and tabulations. Full information is also periodically made public by General Headquarters in regard to current developments. In addition, the various staff sections of SCAP Headquarters issue frequent resumes of the progress being made in regard to their particular tasks and the various Occupational programs.

In the light of these circumstances it is not believed that the SOVIET MEMBER is justified in placing unnecessary pressure of work upon the various staff sections through his practice of utilizing the Agenda of the Council as an expediency for calling for specialized reports. General Headquarters is, accordingly, discontinuing the compilation of detailed information in special form except in cases of appropriate need. The compilation of such detailed reports in the past has placed unwarranted extra labor on staff officers already overburdened with urgent Occupational demands. Furthermore, the practice has been largely unproductive of usefulness in advancing the purposes of the Occupation. I regret to say that the results have not been constructive; on the contrary they have been in derogation of the Council and of its proper purpose. Operational staff sections of General Headquarters have, in effect, been improperly utilized for compilation and clerical assortment of public information which the SOVIET MEMBER with his considerable staff could himself have collated if he so desired from the reports and files made available.

The purpose of the Council as originally established was to assist the SUPREME COMMANDER with constructive advice and recommendations. It has been made abundantly clear that it has been a misuse of the Council to employ it as an information collection agency. There is no suggestion in the Terms of Reference that the Council was intended to be so employed or that General Headquarters should suffer the impositions with which the practice in question has burdened it since the earliest days of the Council.

So far as the question of the reopening of Japan to private trade is concerned, discussion of it in the Council

might readily involve the additional impropriety of infringing upon the scope of activity of the Far Eastern Commission. The Far Eastern Commission's Inter-Allied Trade Board, on which the Member Nations of the Council are represented, has been formulating plans and making decision in this matter. The informational and other records of the Inter-Allied Trade Board are available to the Governments represented on this Council and, doubtless, are available to the Members of the Council through those Governments.

What I have said does not, of course, preclude Members of the Council from making reasonable inquiry of General Headquarters concerning matters of which, by their nature, the Members require knowledge or elucidation in the exercise of their appropriate functions.

MAJOR GENERAL KISLENKO: As far as information provided by GHQ SCAP is concerned, I can't say that it is exhaustive and conducive to constructive recommendations and discussion of the subject at the meetings of the Allied Council.

THE CHAIRMAN: I think there has been no question that General Headquarters has been more than generous since the very beginning of the Council in providing the most comprehensive and detailed information in specialized form in response to requests, even though that information was available in other forms to Members of the Council.

MAJOR GENERAL KISLENKO: Then I must say that it is not quite clear to me why MR. CHAIRMAN said that GHQ SCAP intends to discontinue specialized information provided to the Members of this Council.

THE CHAIRMAN: Except in cases of appropriate need. And you will recall, also, that I mentioned that what I said does

not, of course, preclude Members of the Council from making reasonable inquiries of General Headquarters concerning matters on which, by their nature, the Members require knowledge or elucidation in the exercise of their appropriate functions.

MAJOR GENERAL KISLENKO: Then I can't concur in your contention, MR. CHAIRMAN, that the information provided to the Members of this Council is improperly used. The information provided by GHQ SCAP on various subjects doesn't fully satisfy us, and therefore sometimes, as is the case now, lacking sufficient information, we are seeking to have it from GHQ SCAP.

I am firmly convinced that without specific information, the one which I am seeking at the today's meeting, it will be very hard for the Allied Council to function. Therefore, I would emphatically request to provide us with the information on the subject which I am seeking.

THE CHAIRMAN: As I have mentioned, the officers directly concerned with the development of export and import trade and the coming of private traders, are fully occupied and it has been impracticable to compile the information requested in the proposed Agenda discussion. And, as I also mentioned, it seems to me that discussion of this subject might very well be improper as infringing upon the scope of activity of the Inter-Allied Trade Board which has been formulating plans and making decisions in all aspects of this matter.

It might be helpful if I should read an excerpt or two from the Terms of Reference for the Council:

"There shall be established an Allied Council with its seat in Tokyo, under the Chairmanship of the Supreme Commander for the Allied Powers (or his

Deputy) for the purpose of consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the Occupation and control of Japan, and of directives supplementary thereto. . . ."

"Each Member shall be entitled to have an appropriate staff consisting of military and civilian advisers."

As I mentioned previously, there is no suggestion anywhere in the Terms of Reference that the Council was intended to be employed as an information collection agency or that General Headquarters was to be called upon to provide reports in special form.

MR. BALL: Were you intending to read the rest of the Terms of Reference?

THE CHAIRMAN: We can read them all, if you wish.

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, what you have read from the Terms of Reference does not exclude the possibility and necessity of providing the Members of the Council with the necessary specialized information, because in my opinion without this information, as I have said already, it will be very hard for the Allied Council to function.

In connection with this, I would like to say that information required by the Members of the Allied Council for Japan sometimes is not given for a long period of time, or not provided at all.

THE CHAIRMAN: I think we can assume that the SOVIET MEMBER has a sufficient and adequate staff to digest, collate and coordinate information which is, as I mentioned before, made fully available.

MAJOR GENERAL KISLENKO: I must say that in the information on this subject which I possess, there is no specific data which will be conducive to forming a clear opinion on the subject.

THE CHAIRMAN: I have endeavored to explain as clearly as I can the point of view of General Headquarters in this matter, and also my own point of view, and I doubt whether I can make any further comment which will do anything more than be repetitions of what I have already said.

Do you want--

MR. BALL: I think you were interrupted in reading the Terms of Reference.

THE CHAIRMAN: No, I wasn't interrupted. Do you wish to read the Terms of Reference?

MR. BALL: No, no. I am acquainted with them.

THE CHAIRMAN: This matter has been listed under official matters as a subject proposed for discussion by the SOVIET MEMBER. As I say, I have explained the point of view of General Headquarters toward it, and also my own point of view. General Headquarters has found it impracticable to compile the specialized report requested, and I think that I, as CHAIRMAN and UNITED STATES MEMBER, have made it clear that I do not favor discussion of the subject, but in accordance with our usual procedure, since the SOVIET MEMBER has proposed it, I will ask him if he has any remarks that he wishes to make under "official business" concerning it.

MAJOR GENERAL KISLENKO: I have no preliminary remarks to make.

If I understand MR. CHAIRMAN correctly, it is hardly advisable to put this subject on the Agenda of the Allied Council at all.

I would like to hear the opinion of other Members of the Council as to the expediency of placing this matter on the Agenda of the Council.

GENERAL SHANG: MR. CHAIRMAN, it is sincerely hoped that from now on information pertaining to Japan's foreign trade will be furnished to the different missions punctually and at regular intervals.

THE CHAIRMAN: I think I have explained that the fullest information is made available periodically and from time to time in all phases of the Occupation and in regard to current developments. There is the monthly summation. Various staff sections also issue frequent reports.

MR. BALL: Well, we naturally should like all the information you are able to give, sir, without placing an undue burden on GHQ SCAP.

THE CHAIRMAN: As I mentioned, in my opening sentence, the various officers of SCAP Headquarters who are concerned with this question of reopening Japan to private trade are fully occupied in making preparations therefor, and I am quite sure none of the private traders who come or their Governments will be at all disappointed with regard to any lack of information or facilities. I think everything possible is being done to push the program along and facilitate it and help private traders in every way.

The plans and programs were developed by the Inter-Allied Trade Board on which the Member Governments of this Council are all represented, and while I do not know what arrangements exist between the Members of the Council and the representatives of their Governments on the Far Eastern Commission, I assume that there is communication between them and that the activities

of the Far Eastern Commission and the Inter-Allied Trade Board are made--that the Members of the Council here are kept fully informed by their national colleagues on that body.

That would seem to conclude the business of this meeting.

MAJOR GENERAL KISLENKO: I have nothing to add to what I have previously said, but I reserve the right to make a statement on the subject at some future date.

THE CHAIRMAN: Have you anything further, GENERAL?

GENERAL SHANG: No further comment.

THE CHAIRMAN: Anything further, sir?

MAJOR GENERAL KISLENKO: No sir.

THE CHAIRMAN: Let us adjourn.

(The meeting adjourned at 1034 hours.)

RESTRICTED

**THE STATE-WAR-NAVY COORDINATING COMMITTEE
WASHINGTON, D. C.**

FE

DIVISION OF
NORTHEAST ASIAN AFFAIRS

*Memo folder Gen
8/14/47
AD*

SWN-5645
14 August 1947

DC/R

MEMORANDUM FOR THE SECRETARY OF STATE:
(Attention: Mr. J. K. Penfield, FE)

Subject: Directive Transmitted to SCAP by
the Joint Chiefs of Staff

Enclosed are three copies of Directive, Serial
No. 86, transmitted to SCAP by the Joint Chiefs of
Staff. Copy No. 1 is for transmittal to the Far
Eastern Commission, and Copies Nos. 2 and 3 are for
the files of the State Department.

For the State-War-Navy Coordinating Committee:

H. W. MOSELEY,
Secretary

Enclosures:
Copies Nos 1, 2 & 3
Serial No. 86

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THIS DOCUMENT IS DECLASSIFIED
WHEN ATTACHMENT IS REMOVED

FILED
SEP - 7 1947

740.00119 CONTROL (JAPAN)/8-1447

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RESTRICTEDCOPY NO. 2Serial No. 86

12 August 1947

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSDISPOSITION OF FUNDS COVERING FINES COLLECTED
BY ALLIED MILITARY OCCUPATION COURTS

The following directive, serial number 86, prepared by the State Department to implement the policy adopted by the Far Eastern Commission on August 7, 1947, under the provisions of paragraph II, A, 1, of its terms of reference has been received from the State, War and Navy Departments for transmission to you for your guidance in accordance with paragraph III, 1, of those terms of reference:

"Since the Military Occupation Courts which have been appointed by your order in Japan partake of an international character, any fines imposed or other sums collected pursuant to orders made by such courts should be used in defraying the costs of the Allied occupation. All such moneys should be entered in a separate account and should be assigned to meet the occupation costs of the forces whose courts ordered payment to be made."

DC/19

In reply refer to
NA 740.00119 CONTROL (JAPAN)/
8-1447

AUG 21 1947

740.00119 CONTROL (JAPAN) / 8-1447

RESTRICTED

MEMORANDUM FOR THE SECRETARY GENERAL,
FAR EASTERN COMMISSION

In accordance with a memorandum dated August 14,
1947, from the State-War-Navy Coordinating Committee,
there is enclosed a certified copy of a directive,
Serial No. 86, to the Supreme Commander for the Allied
Powers regarding Disposition of Funds Covering Fines
Collected by Allied Military Occupation Courts, to be
filed with the Far Eastern Commission under the pro-
visions of paragraph III, 4, of its Terms of Reference.

W. M. Cameron

Joe Charles Salyman
J. H. Hildring

Assistant Secretary

Special Assistant to the Secretary

Enclosure:

Copy No. 1 (certified)
of Directive to SCAP,
Serial No. 86.

18 1947

NA:ALDunning/pm
8/14/47

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SERIALIZED	FILED
AUG 21 1947	
FAR EASTERN COMMISSION	

JMA *FE*

CS/V

A true copy of
the signed orig-
inal.

*740.00119 Control (Japan)
8-1447*

INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

OFFICE OF EUROPEAN AFFAIRS MESSAGE CENTER

1947 AUG 21 10 41 AM
DEPARTMENT OF STATE

2374

FROM LONDON

DATED August 15, 1947

UNCLASSIFIED

RECD. Aug. 19, 1947 10:41 AM

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Secretary of State

Washington

A-1795, August 15, 1947

Following item appeared in the August 15, 1947, issue of The Times:-

"General MacArthur, Supreme Commander for the Allied Powers in Japan, has invited a delegation of five M.P.s to visit Japan early in October. The delegation will consist of the Rev. Gordon Lang (Lab.), Mr. John Paton (Lab.), Mr. Hervey Rhodes (Lab.), Mr. W. Teeling (Con.), and Mr. Stanley Prescott (Con.), who will be the guests of General MacArthur at his headquarters. They will then tour the Japanese mainland to observe various aspects of Allied administration and to visit units of the British Commonwealth Occupation Force."

CLARK

Copy to U.S. Political Adviser, SCAP, Tokyo

EFDrumright/wg

AUG 21 1947

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PERMANENT RECORD COPY.—This copy must be returned to DC/R central files with notation of action taken.

740.00119 CONTROL (JAPAN) / 8-1547

L.L.

AUG 15 1947

Classification approved by:	
Name:	<i>MP</i>
Title:	
DATE:	

SECRET

No. *553*

To the
United States Political Adviser for Japan,
Tokyo.

The Acting Secretary of State encloses for the information of the Political Adviser copies of two SWNCC documents, as listed below.

- Enclosures:
1. SWNCC 236/38, copy no. 34.
 2. SWNCC 373/1, copy no. 44.

740.00119 CONTROL (JAPAN) / 8-1547

Init	<i>MP</i>
Dist	<i>P</i>

SECRET

SECRET FILE

*740.00119 Control
(Japan) 8-1547*

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UNITED STATES POLITICAL ADVISER FOR JAPAN

Tokyo, August 15, 1947.

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No. 1228

740.00119 CONTROL (JAPAN) / 8-1547

SUBJECT: List of Closed Insitutions in Japan

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The Counselor of Mission has the honor to enclose for the Department's information five copies of a list of closed institutions in Japan, dated July 31, 1947, prepared by the Economic and Scientific Section, Finance Division, of this Headquarters.

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Five copies of list entitled Closed Insitutions - 31 July 1947.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
ECONOMIC AND SCIENTIFIC SECTION
FINANCE DIVISION
Liquidation Branch

CLOSED INSTITUTIONS - 31 July 1947

<u>English</u>	<u>Romaji</u>	<u>Date Closed</u>
1. Anto Light Metal Co., Ltd.	Anto Keikinzoku K.K.	28 Mar 46
2. Asbestos Sales Co., Ltd.	Sekimen Hanbai K.K.	10 Jun 47
3. Assn. of Mill Ball Makers	Funsai Boru Kyogikai	24 Jul 47
4. Bank of China	Chugoku Ginko	30 Sep 45
5. Bank of Chosen	Chosen Ginko	30 Sep 45
6. Bank of Mongolia	Mohkyo Ginko	30 Sep 45
7. Bank of South China, Ltd.	K.K. Kanan Ginko	6 Feb 46
8. Bank of Taiwan, Ltd.	K.K. Taiwan Ginko	30 Sep 45
9. Banque de l'Indo-Chine	Futsuin Ginko	23 Nov 45
10. Banque Franco-Japonaise	Nichifutsu Ginko	30 Sep 45
11. Carbide Joint-Sales Co., Ltd.	Kabaido Kyohan K.K.	10 Jun 47
12. Cast-Steel Conference	Chuko Kyogikai	24 Jul 47
13. Cement Sales Co., Ltd.	Semento Hanbai K.K.	10 Jun 47
14. Central Bank of Manchuria	Manshu Chuo Ginko	30 Sep 45
15. Central China Develop. Co., Ltd.	Nakashina Shinko K.K.	30 Sep 45
16. Central Reserve Bank of China	Chuo Chobi Ginko	30 Sep 45
17. Chosen Colonization Bank, Ltd.	K.K. Chosen Shokusan Ginko	30 Sep 45
18. Chosen Trust Co., Ltd.	Chosen Shintaku K.K.	30 Sep 45
19. Chugoku Coal Sales Co., Ltd.	Chugoku Sekitan Hanbai K.K.	2 Jun 47
20. Coal Importers Assn.	Sekitan Yunyu Kyokai	1 Jul 47
21. Commercial & Industrial Bank of Taiwan, Ltd.	K.K. Taiwan Shoko Ginko	6 Feb 46
22. Dairen Dockyards Iron Works Co., Ltd.	Dairen Senkyo Tekko K.K.	15 Jul 47
23. Dental Supplies Control Co., Ltd.	Shikayohin Tosei K.K.	19 Feb 47
24. Deutsche Bank fuer Ostasien	Doitsu Toa Ginko	30 Sep 45
25. Drum Cans Conference	Doramu Kan Kyogikai	24 Jul 47
26. East Asia Shipping Co., Ltd.	Toa Kaiun K.K.	20 Jun 47
27. Eastern Japan Sand & Gravel Co., Ltd.	Higashi Nippon Jari K.K.	20 Jun 47
28. Federal Reserve Bank of China	Chugoku Rengo Jumbi Ginko	30 Sep 45
29. Federation of Financial Assn of Chosen	Chosen Kinyu Kumiai Rengokai	30 Sep 45
30. Feed Importers Assn	Shiryō Yunyu Kyokai	1 Jul 47
31. Foreign Publications Importers Assn.	Kaigai Shuppanbutsu Yunyu Kyokai	1 Jul 47
32. Fukushima Mining Co., Ltd.	Fukushima Kogyo K.K.	18 Nov 46
33. Fushin Coal Mining Co., Ltd.	Fushin Tanko K.K.	28 Mar 46
34. Gisei-Kai	Gisei-Kai	10 May 47
35. Hokkaido Coal Sales Co., Ltd.	Hokkaido Sekitan Hanbai K.K.	2 Jun 47
36. Horai Real Estate Co., Ltd.	Horai Fudosan K.K.	28 Feb 47
37. Housing Corporation	Jutaku Eidan	23 Dec 46
38. Industrial Equipment Corp.	Sangyo Setsubi Eidan	18 Dec 46
39. Iron & Steel Sales Co., Ltd.	Tekko Hanbai K.K.	21 Jul 47
40. Japan Agricultural & Forestry Products Exporters Assn.	Nippon Norin Sanbutsu Yushutsu Kumiai	1 Jul 47
41. Japan Aquatic Products Exporters Assn.	Nippon Suisanbutsu Yushutsu Kumiai	1 Jul 47
42. Japan Artificial Limb Industrial Control Assn.	Nippon Gishi Kogyo Kumiai	31 Jul 47
43. Japan Asbestos Importers Assn.	Nippon Ishiwata Yunyu Kyokai	1 Jul 47
44. Japan Bombe Conference	Nippon Koatsu Yoki Kyogikai	24 Jul 47
45. Japan Button Materials Importers Assn.	Nippon Botan Genryo Yunyu Kyokai	1 Jul 47

CLOSED INSTITUTIONS - 31 July 1947 (Continued)

46. Japan Canned Goods Trading Assn.	Nippon Kanzume Boeki Kyokai	1 Jul 47
47. Japan Casein Importers Assn.	Nippon Kazein Yunyu Kyokai	1 Jul 47
48. Japan Cast-Iron Pipe Co., Ltd.	Nippon Chu Tekkan K.K.	24 Jul 47
49. Japan Celluloid Export Assn.	Nippon Seruroid Yushutsu Kyokai	1 Jul 47
50. Japan Chemicals Exporters Assn.	Nippon Kagakuseihin Yushutsu Kum.	1 Jul 47
51. Japan Chemicals Importers Assn.	Nippon Kagakuhin Yunyu Kyokai	1 Jul 47
52. Japan Chillies Commerce & Ind. Coop. Assn.	Nippon Bansho Shogyo Kyodo Kumiai	31 Jul 47
53. Japan Coal Co., Ltd.	Nippon Sekitan K.K.	2 Jun 47
54. Japan Cork Importers Assn.	Nippon Koroku Yunyu Kyokai	1 Jul 47
55. Japan Cotton Importers Assn.	Nippon Menka Yunyu Kyosai	1 Jul 47
56. Japan Cotton Textiles Exporters Assn.	Nippon Menshifu Yushutsu Kum.	1 Jul 47
57. Japan Eggs Importers Assn.	Nippon Chorun Yunyu Kyokai	1 Jul 47
58. Japan Fertilizer Co., Ltd.	Nippon Hiryo K.K.	15 Jul 47
59. Japan Five-Gallon Cans Industry Conference	Nippon Go-garon Kan Kogyo Kyogikai	24 Jul 47
60. Japan Fluorspar Co., Ltd.	Nippon Keiseki K.K.	10 Jun 47
61. Japan Food Provisions Foreign Trade Assn.	Nippon Inshokuryohin Boeki Kyokai	11 Jul 47
62. Japan Fur Export Co., Ltd.	Nippon Kegawa Yushutsu K.K.	1 Jul 47
63. Japan General Merchandise Export Co., Ltd.	Nippon Zakka Yushutsu K.K.	1 Jul 47
64. Japan Glass Ware Exporting Co., Ltd.	Nippon Garasu Boeki K.K.	1 Jul 47
65. Japan Glue Materials Importers Assn.	Nippon Nikawa Genryo Yunyu Kyokai	1 Jul 47
66. Japan Graphite Importers Assn.	Nippon Kokuen Yunyu Kyokai	1 Jul 47
67. Japan Grass Mats Importers Assn.	Nippon Ampera Yunyu Kyokai	1 Jul 47
68. Japan Gun-powder Sales Co., Ltd.	Nippon Kayaku Hanbai K.K.	10 Jun 47
69. Japan Hemp Importers Assn.	Nippon Asarui Yunyu Kyokai	1 Jul 47
70. Japan Hides Importers Assn.	Nippon Genpi Yunyu Kyokai	1 Jul 47
71. Japan Iron & Steel Industry Assn.	Nippon Tekko Kyogikai	10 Jun 47
72. Japan Lumber Co., Ltd.	Nippon Mokuzai K.K.	23 Jan 47
73. Japan Lumber Exporters Assn.	Nippon Mokuzai Yushutsu Kyokai	1 Jul 47
74. Japan Lumber Importers Assn.	Nippon Mokuzai Yunyu Kyokai	1 Jul 47
75. Japan Machinery and Metal Trading Co., Ltd.	Nippon Kikai Kinzoku Boeki K.K.	1 Jul 47
76. Japan Machinery Importers Assn.	Nippon Kikai Yunyu Kyokai	1 Jul 47
77. Japan Manchuria Trading Co., Ltd.	Nichinan Shoji K.K.	28 Mar 46
78. Japan Marine Hardware Control Co., Ltd.	Nippon Sempakuyo Kanamono Tosei K.K.	8 Jul 47
79. Japan Marine Internal Combustion Engine Control Assn.	Nippon Hakuyo Nainenki Tosei Kum.	15 Jul 47
80. Japan Metal Co., Ltd.	Nippon Kinzoku K.K.	10 Jun 47
81. Japan Mica Importers Assn.	Nippon Unmo Yunyu Kyokai	1 Jul 47
82. Japan Miscellaneous Goods Export Control Co., Ltd.	Nippon Zakka Koeki Tosei K.K.	24 May 47
83. Japan Mizuame Wholesale Commercial Coop. Assn.	Nippon Mizuame Shogyo Kyodo Kumiai	31 Jul 47
84. Japan Mustard Powder Ind. Coop. Assn.	Nippon Karashi Kogyo Kyodo Kumiai	31 Jul 47
85. Japan Nail and Wire Assn.	Nippon Kugi Harigane Kyogikai	24 Jul 47
86. Japan Oil Extracted Soy-Beans Commerce Coop. Assn.	Nippon Dasshi Daizu Shogyo Kyodo Kumiai	31 Jul 47
87. Japan Paper Exporters Assn.	Nippon Kamirui Yushutsu Kyokai	1 Jul 47
88. Japan Pharmaceutical Exporters Assn.	Nippon Iyakuhin Yushutsu Kyokai	1 Jul 47
89. Japan Pickaxe and Hammer Council	Nippon Tsuruhashi Hanma Kogyokai	24 Jul 47
90. Japan Polished Bar Federation	Nippon Migaki-bo Kogyo Kyodo Kumiai	24 Jul 47
91. Japan Potassic Salt Sales Co., Ltd.	Nippon Karien Hanbai K.K.	10 Jun 47
92. Japan Pottery Exporters Co., Ltd.	Nippon Tojiki Koeki K.K.	1 Jul 47
93. Japan Raw Materials for Export Co., Ltd.	Nippon Yushutsuhinyo Genzairyo K.K.	1 Jul 47
94. Japan Raw Silk Exporters Assn.	Nippon Kiito Yushutsu Kumiai	1 Jul 47
95. Japan Resin Importers Assn.	Nippon Zyushi Yunyu Kyokai	1 Jul 47
96. Japan Rice Bran Oil Ind. Coop. Assn.	Nippon Nuka Abura Kogyo Kyodo Kumiai	31 Jul 47

CLOSED INSTITUTIONS - 31 July 1947 (Continued)

97. Japan Rubber Goods Exporters Assn.	Nippon Gomu Seihin Yushutsu Kyokai	1 Jul 47
98. Japan Rubber Traders Assn.	Nippon Gomu Yunyu Kyokai	1 Jul 47
99. Japan Securities Exchange (Special Account)	Nippon Shoken Torihikisho (Tokubetsu Kanjo)	9 Jul 46
100. Japan Shovel & Scoop Industry Assn.	Nippon Shaberu. Sukkopu Kogyo Kyokai	24 Jul 47
101. Japan Silk & Rayon Exporters Assn.	Nippon Kinu Jinken Shifu Yushutsu Kumiai	1 Jul 47
102. Japan Soy-Bean Commercial Coop. Assn.	Nippon Daizu Shogyo Kyodo Kumiai	31 Jul 47
103. Japan Special Wax Importers Assn.	Nippon Tokushu Ro Yunyu Kyokai	1 Jul 47
104. Japan Sulphuric & Nitric Acid Sales Co., Ltd.	Nippon Ryushosan K.K.	10 Jun 47
105. Japan Synthetic Products Co., Ltd.	Nippon Kaseihin K.K.	10 Jun 47
106. Japan Tannin Materials Importers Assn.	Nippon Tannin Yunyu Kyokai	1 Jul 47
107. Japan Tar Products Co., Ltd.	Nippon Taru Seihin K.K.	10 Jun 47
108. Japan Textile Products Export Assn.	Nippon Yushutsu Seni Seihin Kyokai	1 Jul 47
109. Japan Tin-plate Manufacturing Conference	Nippon Buriki Seihin Kyogikai	24 Jul 47
110. Japan Trading Co., Ltd.	Nippon Shoji K.K.	10 May 47
111. Japan Wool & Hemp Yarn and Textile Exporters Assn.	Nippon Ke Asa Shifu Yushutsu Kumiai	1 Jul 47
112. Japan Wool Importers Assn.	Nippon Yomo Yunyu Kyokai	1 Jul 47
113. Kailan Mining Administration (Army Controlled)	Gun Kanri Kailan Komu Sokyoku	19 Feb 47
114. Kanto Coal Sales Co., Ltd.	Kanto Sekitan Hanbai K.K.	2 Jun 47
115. Karafuto Development Co., Ltd.	Karafuto Kaihatsu K.K.	30 Sep 45
116. Kinki Coal Sales Co., Ltd.	Kinki Sekitan Hanbai K.K.	2 Jun 47
117. Korean Rice Importers Assn.	Chosen Mai Yunyu Kyokai	1 Jul 47
118. Koshi Real Estate Co., Ltd.	Koshi Fudosan K.K.	12 May 47
119. Kyushu Coal Sales Co., Ltd.	Kyushu Sekitan Hanbai K.K.	2 Jun 47
120. Leather Goods Exporters Assn.	Hikaku Seihin Yushutsu Kumiai	1 Jul 47
121. Light Metals Demand Adjustment Assn.	Keikinzoku Jukyu Kumiai	10 Jun 47
122. Manchuria Aeroplane Mfg. Co., Ltd.	Manshu Hikoki Seizo K.K.	28 Mar 46
123. Manchuria Development Co.	Manshu Takushoku Kosha	30 Sep 45
124. Manchuria Electric Co., Ltd.	Manshu Dengyo K.K.	3 Oct 46
125. Manchuria Heavy Industry Development Co., Ltd.	Manshu Jukogyo Kaihatsu K.K.	30 Sep 45
126. Manchuria Industrial Bank	Manshu Kogyo Ginko	30 Sep 45
127. Manchuria Investment Securities Co., Ltd.	Manshu Toshi Shoken K.K.	30 Sep 45
128. Manchuria Iron & Steel Co., Ltd.	Manshu Seitetsu K.K.	28 Mar 46
129. Manchuria Light Metal Co., Ltd.	Manshu Keikinzoku K.K.	28 Mar 46
130. Manchuria Magnesium Co., Ltd.	Manshu Maguneshumu K.K.	28 Mar 46
131. Manchuria Mining Industry Co., Ltd.	Manshu Kozan K.K.	28 Mar 46
132. Manchuria Motor-car Mfg. Co., Ltd.	Manshu Jidosha Seizo K.K.	25 Nov 46
133. Manchuria Moving Pictures Assn.	Manshu Eiga Kyokai	28 Mar 46
134. Manchuria Telephone and Telegraph Co., Ltd.	Manshu Denshin Denwa K.K.	3 Oct 46
135. Marine Products Import Assn.	Suisanbutsu Yunyu Kyokai	1 Jul 47
136. Medical Treatment Sanitary Materials Co., Ltd.	Iryo Eisei Yohin K.K.	31 Jul 47
137. Metals Importers Assn.	Kinzoku Yunyu Kyokai	1 Jul 47
138. Mineral Products & Non-Ferrous Metals Export Assn.	Kosanbutsu Hitetsukinzoku Yushutsu Kyokai	1 Jul 47
139. Miscellaneous Goods Importers Assn.	Zappin Yunyu Kyokai	1 Jul 47
140. Mitsuzan Coal Mining Co., Ltd.	Mitsuzan Tanko K.K.	28 Mar 46
141. Nantaku Enterprises Co., Ltd.	Nantaku Kogyo K.K.	10 Dec 46

CLOSED INSTITUTIONS - 31 July 1947 (Continued)

142. National Financial Control Assn.	Zenkoku Kinyu Tosei Kai	28 Nov 45
143. National Petroleum Dealers Assn.	Shadan-hojin Zenkoku Sekiyu Haikyu Kyokai	8 Jul 47
144. National Reconstruction Bank	Kokumin Kosei Kinko	16 Feb 47
145. Non Metallic Minerals Importers Assn.	Hikinzoiku Kosanbutsu Yunyu Kyokai	1 Jul 47
146. North China Development Co., Ltd.	Kitashina Kaihatsu K.K.	30 Sep 45
147. North China Electric Co., Ltd.	Kohoku Dengyo K.K.	16 Feb 47
148. North China Iron Mfg. Co., Ltd.	Kitashina Seitetsu K.K.	15 Jul 47
149. North China Light Metal Co., Ltd.	Kahoku Keikinzoiku K.K.	15 Jul 47
150. North China Railways Co., Ltd.	Kahoku Kotsu K.K.	3 Oct 46
151. Oils and Fats Importers Assn.	Yuryu Yunyu Kyokai	1 Jul 47
152. Ore Distribution Control Co., Ltd.	Koseki Haikyu Tosei K.K.	24 May 47
153. Oriental Development Co., Ltd.	Toyo Takushoku K.K.	30 Sep 45
154. Overseas Funds Bank	Gaishi Kinko	30 Sep 45
155. Paper Importers Assn.	Kami Yunyu Kyokai	1 Jul 47
156. Petroleum Distribution Co., Ltd.	Sekiyu Haikyu K.K.	2 Jun 47
157. Petroleum Import Trade Assn.	Sekiyu Yunyu Kyokai	1 Jul 47
158. Phosphate Importers Assn.	Rinko Yunyu Kyokai	1 Jul 47
159. Pulp Importers Assn.	Parupu Yunyu Kyokai	1 Jul 47
160. Rice Import Assn.	Gainai Yunyu Kyokai	1 Jul 47
161. Ruen Iron Ore Co., Ltd.	Ryuen Tekko K.K.	28 Mar 46
162. Sankyo Phosphate Rock Co., Ltd.	Sankyo Rinko K.K.	18 Nov 46
163. Sea Weed Import & Distribution Assn.	Nori Yunyu Kaikyo Kyokai	1 Jul 47
164. Seian Coal Mining Co., Ltd.	Seian Tanko K.K.	28 Mar 46
165. Shikoku Coal Sales Co., Ltd.	Shikoku Sekitan Hanbai K.K.	2 Jun 47
166. Showa Securities Co., Ltd.	Showa Shoken K.K.	12 May 47
167. Soda Sales Co., Ltd.	Soda Hanbai K.K.	10 Jun 47
168. South Manchuria Railways Co., Ltd.	Minami Manshu Tetsudo K.K.	30 Sep 45
169. South Seas Agricultural & Forestry Co., Ltd.	Nanyo Norin K.K.	18 Nov 46
170. South Seas Colonization Co., Ltd.	Nanyo Takushoku K.K.	30 Sep 45
171. South Seas Enterprises Co., Ltd.	Nanyo Kohatsu K.K.	30 Sep 45
172. Southern Development Bank	Nampo Kaihatsu Kinko	30 Sep 45
173. Southern Enterprises Co., Ltd.	Nangoku Kigyo K.K.	18 Nov 46
174. Special Iron Manufacturers Council	Tokushu Tekko Kyogikai	24 Jul 47
175. Sugar Import Assn.	Sato Yunyu Kyokai	1 Jul 47
176. Taiwan Development Co., Ltd.	Taiwan Takushoku K.K.	30 Sep 45
177. Talc Industry Control Union	Kaseihin Tosei Kuniai	31 Jul 47
178. Tohoku Coal Sales Co., Ltd.	Tohoku Sekitan Hanbai K.K.	2 Jun 47
179. Tokai Coal Sales Co., Ltd.	Tokai Sekitan Hanbai K.K.	2 Jun 47
180. Tokai Sand & Gravel Co., Ltd.	Tokai Jari K.K.	20 Jun 47
181. Trading Corporation	Koeki Eidan	20 Feb 47
182. Tsuruoka Coal Mining Co., Ltd.	Tsuruoka Tanko K.K.	28 Mar 46
183. United Funds Bank	K.K. Shikin Togo Ginko	30 Sep 45
184. Wartime Finance Bank	Senji Kinyu Kinko	30 Sep 45
185. Western Japan Sand & Gravel Co., Ltd.	Nishi Nippon Jari K.K.	20 Jun 47
186. Western Sand & Gravel Co., Ltd.	Seibu Jari K.K.	20 Jun 47
187. Wheat Import Assn.	Konugi Yunyu Kyokai	1 Jul 47
188. Yokohama Specie Bank	Yokohama Shokin Ginko	30 Jun 47

Nippon Kasseki

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INCOMING TELEGRAM
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Office of
FAR EASTERN AFFAIRS
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Department of State

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DIVISION OF
NORTHEAST ASIAN AFFAIRS

AUG 19 1947 *WMB*
DEPARTMENT OF STATE

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FROM: Canberra
TO: Secretary of State
NO: 242, August 18, noon

When I talked with Dr. Evatt upon his return from Japan he said:

He was very happy about situation in Japan; thought MacArthur was doing splendid job and that little differences his country had were nothing in proportion to great job being done there. His troubles were cleared up after he got there and saw inefficiency of his own office and manner in which they had harassed American group. There was a clique of them who would go out with Russians, imbibe freely, and cook up trouble for MacArthur. Claimed he was going to clean it out, assuring me he would cut deeply. Considered Ball had done very poor job and is recalling him.

Evatt spoke highly of Acheson and said Ball altogether too touchy. Ball offended when not invited to dinner given by MacArthur for Evatt.

Press today front pages Ball resignation. Canberra TIMES voices approval and criticizes Evatt for not demanding it sooner.

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3 RECEIVED DEPARTMENT OF STATE THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

No. 299

American Embassy, Canberra, Australia, August 22, 1947.

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DIVISION OF OCCUPIED AREAS ECONOMIC AFFAIRS

OCT 7 1947

DEPARTMENT OF STATE

Australian Policy Towards Japan; Dr. Evatt's Report on His Mission to Japan.

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740.00119 CONTROL (JAPAN) / 8-2247

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The Embassy has the honor to enclose a copy of Dr. Evatt's report on his mission to Japan which was released August 17, 1947. This statement is noteworthy for Dr. Evatt's commendation of the accomplishments of the occupation authorities and failure to take exception to any phase of their work. After reviewing outstanding features of the occupation Dr. Evatt called for an early peace settlement, stating "the time has come to terminate the present phase of the occupation. General MacArthur and General Robertson have done their primary task of disarmament and demilitarization, and have done it well. The next task, of building on these foundations and creating a peaceful, democratic Japan, requires a different type of supervision and Allied decisions incorporated in a peace treaty."

Dr. Evatt concluded his five-page statement by saying "Australia desires a peace settlement which will be in accordance with the objectives of the United Nations, give real security from future Japanese aggression, and gradually help to raise the standards of welfare in South and East Asia and the Pacific. This is a policy which all Australians can unite in supporting. It is a firm policy and at the same time a just policy. There is no reason why the Pacific settlement should not provide an example which could be followed in the peace settlement in Europe."

The Federal Cabinet on August 16 endorsed Dr. Evatt's recommendation that a peace treaty with Japan be completed at the earliest possible moment. Prime Minister Chifley told the press that the Cabinet had expressed satisfaction with the progress made towards the peace settlement as a result of Dr. Evatt's mission and approved the general principles and procedures proposed for the peace conference. Mr. Chifley also endorsed the United States suggestion for a two-thirds majority voting procedure and said that any attempt to introduce the veto system must be resisted. He said that the settlement for Japan need not be protracted but could be completed early in 1948. He said further that "the future of Japan depends first on the determination of the Allies to pursue vigorously the

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Despatch 299, Canberra, 8/22/47

objectives set by the Far Eastern Commission, and secondly upon the energy, sincerity and co-operation of the Japanese in carrying out great reforms already planned."

"The peace treaty should, therefore, be not vindictive, but just and firm. Australia desires to achieve democratically a stable and permanent peace in the Pacific based on security and general welfare. This objective will be furthered if the peace conference is expedited."

Upon his return from Japan on August 12 Dr. Evatt issued a press statement in the nature of a short summary of the fuller report enclosed. He stated that all his discussions and observations in Japan amply confirmed the soundness of the policy which the Australian Government has consistently advocated towards Japan. A few days later Tokyo despatches announced the resignation of McMahon Ball, British Commonwealth representative on the Allied Council, and quoted him as saying that he found it impossible to work under Dr. Evatt and would tell why when he returns to Australia.

Dr. Evatt's apparently complete conversion to support of the policies of General MacArthur caused some eyebrow-lifting in Australia. Prior to Dr. Evatt's departure leading Australian dailies carried articles condemning American policy in Japan; accusing General MacArthur of making Japan an American colony; making major issues out of the questions of Japanese whaling and Japanese working of phosphate deposits on Anguar Island; and in general giving the impression that Dr. Evatt was going to Japan to "tell off MacArthur." This publicity was of such volume that Prime Minister Chifley, just before Dr. Evatt's departure, was impelled to issue a statement denying that there was any friction between Australia and the United States, and expressing gratitude for General MacArthur's help to Australia.

On arriving in Japan Dr. Evatt voiced approval of the work of McMahon Ball and the Australian public was therefore mildly surprised at subsequent developments. Some papers handled the matter by suggesting their satisfaction with Dr. Evatt's discovery that General MacArthur had been following Australian policies all along. A few commentators implied that Dr. Evatt was "taken in" by General MacArthur and still referred to United States policy toward Japan as "soft"; but the former widespread press criticism has been notably lacking during the past few weeks.

Enclosure: *AA*
Copy of Dr. Evatt's press
release of August 17, 1947.

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H. Shantz/vr
To Department in original and hectograph.

AB *SH*
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Enclosure to despatch no. 299, dated August 22, 1947, from American Embassy, Canberra, Australia, on subject of "Australian Policy Towards Japan; Dr. Evatt's Report on His Mission to Japan."

REPORT ON MISSION TO JAPAN

Statement by Dr. H. V. Evatt, Minister for External Affairs, 17th August, 1947.

General MacArthur

My mission was received with the utmost cordiality and friendship by General MacArthur and his staff. He has not forgotten the period of his great service in Australia and to Australia, in the darkest days of 1942, when after an epic journey he reached Australia to take command of the Australian and American forces in the South-west Pacific. He remembers too his close partnership with Mr. Curtin and the rest of the Australian Government when we were fighting to secure public recognition of the importance of the Pacific front in the whole war. Under his military leadership the Japanese were successfully held, a successful counter-offensive was later launched, and our struggle was ultimately rewarded with the surrender of Japan. Everywhere I found the greatest good will towards Australia on the part of the Americans in Japan. This good-will is a tremendous asset for us. The fact is that no country has exercised as much influence on American policy towards Japan as Australia.

Conversations with MacArthur

As a result of my frank and friendly talks with General MacArthur, and with his staff, with diplomatic representatives of other Allied nations in Tokyo, and with some Japanese political and trade union leaders, I gained a picture of the present situation in Japan. In addition General MacArthur and I obtained an understanding as to the fundamental points of the settlement. Indeed we found ourselves in agreement on the steps to be taken in negotiating the Japanese treaty, on the main principles which should be contained in it, and also on the possible lines of the supervisory machinery which should be established under the treaty.

Success of the Occupation

Undoubtedly the occupation has been very successful. Some critics attempt to deny the achievement of General MacArthur. Most of them make the mistake of expecting too much of a military occupation or expecting too much in a short time. His accomplishments are too great to be denied. The British Commonwealth forces under General Robertson are entitled to their share of the credit.

Australian

-2-

Australian policy towards Japan

The policy of the Australian Government towards Japan has been frequently stated by the Government. The first principle of our policy has always been the safety and security of the Pacific, including our own country. That calls for the disarmament and demilitarization of Japan, destruction of its capacity to wage war, and a sufficient degree of supervision under the peace treaty to prevent the regrowth of war-making capacity. The second principle has been the encouragement of democracy in Japan, which involves the gradual reform of the social, political, and economic system.

Disarmament Almost Completed

The first task of the occupation was the physical disarmament and demilitarization of Japan. That task has now been almost completed. All Japanese servicemen in Japan have been disarmed and demobilized, and the Japanese War and Navy Ministries and other military bodies have been dissolved. All Japanese arms and fortifications have been largely destroyed. The British Occupation Forces, including the Australian troops, played an important part in discovering and destroying Japanese arms, munitions, and fortifications.

Growth of Democracy is a Gradual Process

The second big task, the democratization of Japan, is a long-term one, and it would be naive to expect a complete transformation of Japan overnight. The role of the occupation forces in these first two years has been to uproot the anti-democratic, nationalistic, and militarist groups and to begin laying the foundations of democratic reform. The consolidation of these reforms must occur during succeeding years, and is a function of the post-occupation period which must be covered by the peace treaty. The principles have been well set out in the basic policy of the Far Eastern Commission, including detailed policies for education, trade unions, and the Japanese constitution.

Detailed policies will need to be formulated for land reform and the dissolution of the big monopolies known as the Zaibetsu, but even here initial steps have been taken under the Supreme Commander's guidance.

Japanese Trade Unions

The encouragement of trade unions was a matter in which the Australian Government interested itself from the beginning. The Far Eastern Commission's policy called for the encouragement of unions, for the removal of undesirable restrictions, for legislation to protect unions and the rights of workers, for machinery to settle industrial disputes with equity to the workers, for the elimination of the old, evil Government controls and

labour

-3-

labour policy, and for unions to be allowed to participate in policies and support political parties.

Energetic steps have been taken by the occupation authorities to carry out this policy, and they have met with a gratifying response from Japanese labour. We should not expect too much in too short a time: after all, it took Australian and British trade unions nearly a century to reach the position they hold today. Japanese unions can profit by our example and encouragement, but most of all they will have to learn from their own mistakes. At the end of March, 1947, there were 19,983 trade unions in Japan, with a total membership of 5,226,969, of whom 1,252,870 were women. These are impressive figures, when we remember that before the surrender there were no unions with the exception of a few Government-controlled bodies.

Japanese Labour in Politics

Labour participation in politics is growing steadily. In the last elections to the Diet, twenty-three trade union officials were elected to the House of Councillors out of a House of 250; and sixteen trade union officials were elected to the House of Representatives out of a house of 466. These figures are low, but no labour leader had ever sat in either house before the surrender. Fortunately the members elected included some of the most able and prominent of the union leaders in Japan. There will never be a soundly-based democracy in Japan until there is a strong, enlightened labour movement and strong trade unions. The election of trade union officials to Parliament, even on the present small scale, is an indication of positive accomplishments on the part of the occupation, and is one of the most encouraging things in Japan today. Before the surrender it would have been unthinkable that any labour leader should ever hold public office of any sort. The consolidation of reform by the Japanese people themselves requires new men in office, drawn from elements of the population formerly excluded. The biggest party in the Diet, the Social Democrats, numbers many trade union officials among its members.

New Japanese Constitution

In May of this year a New Japanese constitution came into effect, replacing the Meiji constitution of 1889. In its broad principles, it is an enlightened document which can afford a sound basis for the reform of Japan. It limits the functions of the Emperor to ceremonial and nominal duties, in performance of which he acts throughout on the advice of his Ministers; it specifically states that sovereignty resides in the people; it guarantees civil rights; it provides for universal adult suffrage; it provides for a Cabinet responsible to the legislature, and with the Prime Minister and a majority of its

Ministers

-4-

Ministers members of the legislature; and allows the Supreme Court to pass on the constitutionality of legislation, along the lines of the Australian and American courts. The constitution, of course, is merely a document, and to be effective it has to become part of the life of the people themselves. Democracy is a plant of slow growth.

Loss of Territory by Japan

Perhaps the most important single factor in curbing future Japanese aggression is the taking from Japan of all her former territories except the four main islands and such minor islands as are determined, as provided in the Potsdam Declaration. Thus in one stroke, Japan is stripped of the fruits of ninety years' expansion. The Kuriles and Sakhalin go to Russia; Korea eventually becomes independent; Manchuria, Formosa, the Pescadores, occupied China, and other minor areas revert to China; the mandated islands in the Pacific, the Marshalls, Marianas and Carolines, go to the United States as trustee; and other important Pacific island chains, such as the Bonins, Volcanos, the Ryukus, including Okinawa and Iwo Jima, will all be taken away. Japan will thus be hemmed in, deprived of her control of the sources of several key raw materials, and will be in a geographical position which will mean the reduction of a great extent of her war-making power.

Effects of Loss of Territory on Japanese Economy

But the territorial changes are important, not only for the geographical reduction of Japan, but also for its severe effects on the Japanese economy. Japan has lost control of vast resources of raw materials. The coal, iron, and other minerals of Manchuria, the rice of Formosa and Southern Korea, are but a few. The tin and rubber which she snatched at in the Indies and Malaya are, of course, withdrawn. From now on Japan will have to get these raw materials, not on her own terms and whenever she wishes, but only to the extent and under the conditions which the Allies deem necessary in the interests of Allied security. If the victorious Powers exercise their supervision of Japanese imports and stocks of vital raw materials in a wise manner, the peace treaty can make an immense contribution to the safety of Australia.

Economic Disarmament

The last, but very important part of the Allies' programme is economic policy. The Potsdam Declaration states that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war." Under this provision, the armaments and aircraft industries should clearly be forbidden completely. The amount of capacity

which

-5-

which Japan should be allowed to retain in other industries needs careful consideration. But the basic principles to be applied are clear; the two criteria are the security of the Allied Powers and the workability of the economic system in Japan.

The Role of Imports in Disarming Japan

The fact that Japan is an island dependent on imports for many essential raw materials, offers particularly good opportunities for the effective control of Japanese industry. I believe the main economic control should cover Japanese imports and stock-piles of certain key materials. It should apply to Japanese trade with all countries so that no possibility would exist for another country to offer exports to Japan except with the consent of the Allied supervisory authority. Japan must export to pay for essential imports for peaceful needs. The regulation of imports should be practical, and should not be multiplied unnecessarily. If there are too many controls of a minor nature, there would be a strong possibility that the whole system would prove unworkable because insufficient qualified Allied staff could be found and because too many loop-holes would be created.

Need for Early Peace

My visit confirmed the position of the Australian Government that a peace treaty should be drawn up as soon as possible. The time has come to terminate the present phase of the occupation. General MacArthur and General Robertson have done their primary task of disarmament and demilitarization, and have done it well. The next task, of building on these foundations and creating a peaceful, democratic Japan, requires a different type of supervision and Allied decisions incorporated in a peace treaty. Moreover, in the absence of a peace settlement, there will be increasing tendencies for major matters of permanent importance to be dealt with on a piecemeal basis or to be postponed.

Fitting Japan into the Rest of Asia

The settlement must take account of South and East Asia and the Pacific as a whole. A peace should be established in accordance with the objectives of the United Nations Charter...a peace which should give security from future aggression and at the same time help to raise the standards of living of all the peoples of southern and eastern Asia and the Pacific. The gradual economic development of Japan should be part of a general plan for the economic betterment of these regions as a whole.

Japanese Standards of Living

On the one hand it would be unjust if the Japanese obtained privileges and benefits denied to the countries

she

-6-

she has devastated. On the other hand it would be a foolish policy for Australia to try to depress the standard of living of the Japanese people unnecessarily. Mass unemployment, malnutrition, and economic instability in the end spread to other countries. At the same time Japan has a duty to help the Allies in the reconstruction of the Far East and Pacific. Japan is today deprived of many resources, partly because the rest of the world cannot trust her to use them for peaceful ends, and partly because Japan must contribute to the reconstruction of the countries she has despoiled.

Supervisory Authority

In order to achieve the foregoing objectives, the peace treaty should establish an Allied supervisory authority in order to consolidate the important gains already made and ensure a bona fide observance of the treaty provisions and especially to prevent any re-establishment of war potential. In addition the supervisory authority should have as one of its functions the co-ordination of the Japanese economy with those of the Pacific and south and east Asiatic regions. The authority should contain representatives of all the nations which are now members of the Far Eastern Commission, and should sit in Japan. It is very important that no power of veto exist which might prevent the supervisory body reaching timely decisions and allow the Japanese to profit by the inability of the Allies to agree on action.

Machinery for Peacemaking

The method of peacemaking is almost as important as the terms of the treaty. Australia's war effort entitles her to be recognized as a party principal in the settlement. Australia further accepts the democratic principle that, despite their varying contributions to the common victory, all Allied nations which played any substantial part in the Pacific war should be represented at the peace conference. Australia is in general agreement with the views of the United States on procedure. Any application of the principle of the veto to the Japanese peace settlement would be unjust and must be firmly resisted.

British Commonwealth Conference

In Canberra on August 26th members of the British Commonwealth will discuss informally problems associated with the Japanese peace settlement. The choice of Australia as the meeting place is not only a tribute to Australia's major role in the war against Japan but also recognises the special interest and responsibility of Australia.

Conclusion

I have therefore come back from Japan and my talks with General MacArthur with some confidence as to the settlement. Australia desires a peace settlement which will be in accordance with the objectives of the United Nations, give real security from future Japanese aggression, and gradually help to raise the standards of welfare in South and East Asia and the Pacific. This is a policy which all Australians can unite in supporting. It is a firm policy and at the same time a just policy. There is no reason why the Pacific settlement should not provide an example which could be followed in the peace settlement in Europe.



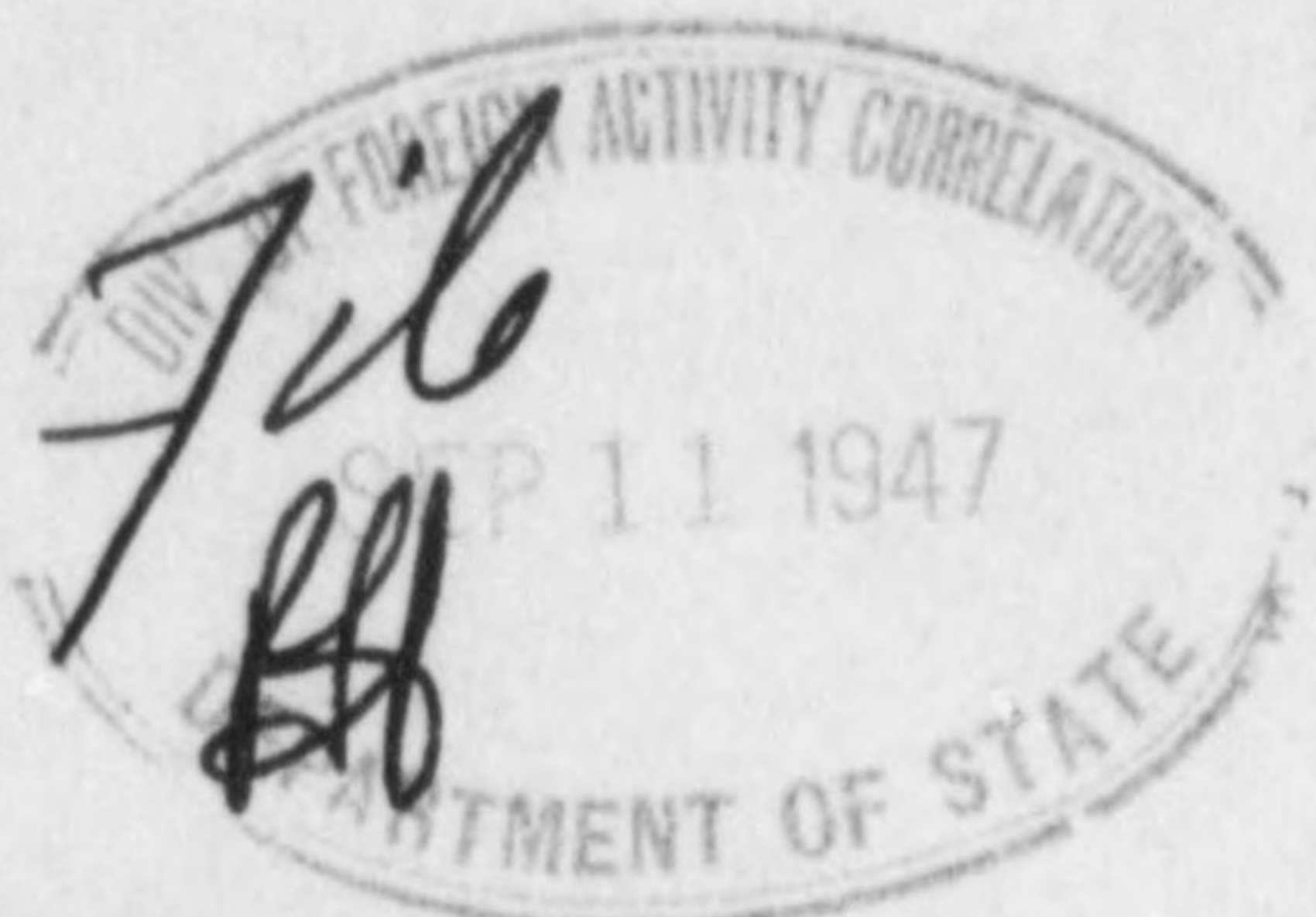
UNITED STATES POLITICAL ADVISER FOR JAPAN

Tokyo, August 22, 1947

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UNCLASSIFIED

No. 1241



SUBJECT: Transmittal of Enclosures Omitted from Despatch No. 1148 of July 1, 1947.

740.00119 Control (Japan) / 7-147
MPE PEC
FC

The Counselor of Mission has the honor to refer to the Department's instruction No. 543 of August 7, 1947 regarding omission of enclosures from this Mission's despatch No. 1148 of July 1, 1947. It is regretted that such an error occurred and the enclosures (five copies of General Headquarters General Order No. 10, dated July 1, 1947) are transmitted herewith.

FC 1/
TO:
FE (enc)
OE
0 FD (enc)
DCIA

Enclosures:

- Five copies of GHQ, SCAP, General Order No. 10, July 1, 1947.

Original and ozalid to the Department.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

GENERAL ORDERS)
:
NO.....10)

APD 500
23 June 1947

	Section
Rescission of General Orders.....	I
Government Section.....	II

I. RESCISSION OF GENERAL ORDERS. General Orders 1, General Headquarters, Supreme Commander for the Allied Powers, 13 February 1947, is rescinded.

AG 300 (23 June 47)SGS

II. GOVERNMENT SECTION. 1. The Government Section is established as a special staff section of this headquarters to advise the Supreme Commander for the Allied Powers as to the status of and the policies pertaining to the internal structure of civil government in Japan.

2. It will be the function of the Government Section to:

a. Investigate, study, and advise the Supreme Commander for the Allied Powers in general with respect to the structure of civil government in Japan, and in particular with respect to:

- (1) Relationship of civil government to military affairs and the control of military forces.
- (2) Relationship of the Japanese Government to subordinate governmental agencies or subdivisions (including regions, prefectures and municipalities), the methods and degree of centralized control, and the nature and extent of feudal and totalitarian practices.
- (3) Relationship of the Japanese Government and subordinate governmental agencies or subdivisions to the people (including the degree and type of representation of the people in government).
- (4) Relationship of government to business, the methods and degree of control by the Japanese Government and subordinate governmental agencies or subdivisions over business (including financial regulations, subsidies, and other devices for the control and manipulation of industry).
- (5) Relationship of the laws, policies, practices, procedures and other factors in the personnel administration of the Japanese Government to democratic precepts and the integrity and efficiency of administration.

(GO 10)

b. Make recommendations for:

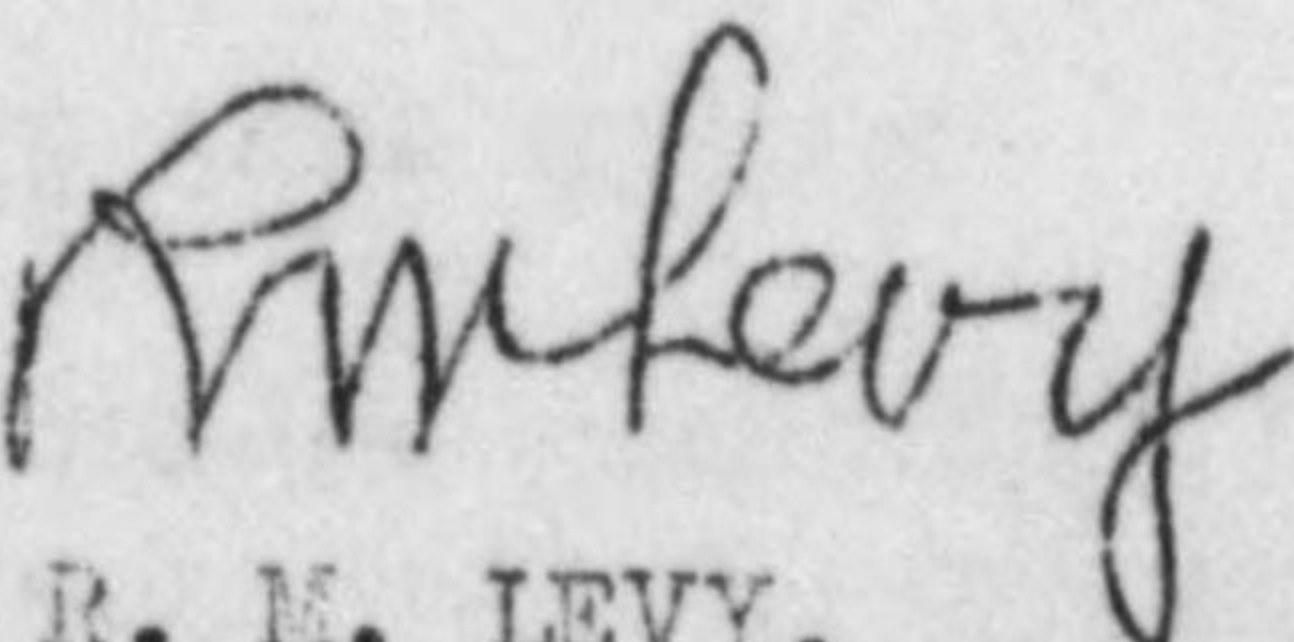
- (1) The demilitarization of the Japanese Government and all subordinate governmental agencies and subdivisions.
- (2) The decentralization of the Japanese Government and the encouragement of local responsibility.
- (3) The elimination of the feudal and totalitarian practices which tend to prevent government by the people.
- (4) The elimination of those relationships between government and business which tend to continue the Japanese war potential and to hamper the achievement of the objectives of the occupation.
- (5) The revision and supplementation as necessary of the laws, policies, practices, and procedures affecting personnel administration of the Japanese Government for the purpose of assuring conformity to democratic precepts and the making of a maximum contribution to the integrity and efficiency of administration; and the implementation of decisions made with respect to this subject matter by the Supreme Commander for the Allied Powers.

AG 323.361 (23 June 47)SGS

BY COMMAND OF GENERAL MacARTHUR:

PAUL J. MUELLER,
Major General, General Staff Corps,
Chief of Staff.

OFFICIAL:


R. M. LEVY,
Colonel, AGD,
Adjutant General.

GENERAL HEADQUARTERS
 SUPREME COMMANDER FOR THE ALLIED POWERS

GENERAL ORDERS)
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 NO.....10)

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- (3) Relationship of the Japanese Government and subordinate governmental agencies or subdivisions to the people (including the degree and type of representation of the people in government).
- (4) Relationship of government to business, the methods and degree of control by the Japanese Government and subordinate governmental agencies or subdivisions over business (including financial regulations, subsidies, and other devices for the control and manipulation of industry).
- (5) Relationship of the laws, policies, practices, procedures and other factors in the personnel administration of the Japanese Government to democratic precepts and the integrity and efficiency of administration.

(GO 10)

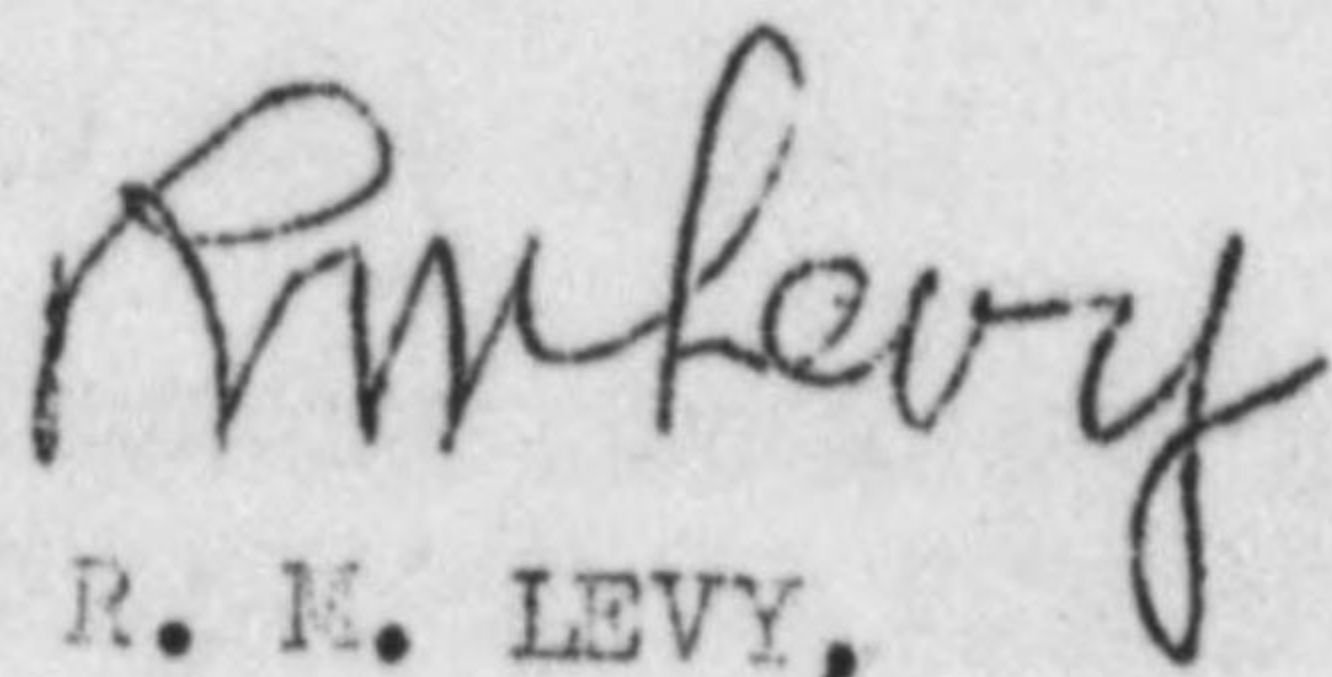
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- (2) The decentralization of the Japanese Government and the encouragement of local responsibility.
- (3) The elimination of the feudal and totalitarian practices which tend to prevent government by the people.
- (4) The elimination of those relationships between government and business which tend to continue the Japanese war potential and to hamper the achievement of the objectives of the occupation.
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AG 323.361 (23 June 47)SGS

BY COMMAND OF GENERAL MacARTHUR:

OFFICIAL:



R. M. LEVY,
Colonel, AGD,
Adjutant General.

PAUL J. MUELLER,
Major General, General Staff Corps,
Chief of Staff.



UNITED STATES POLITICAL ADVISER FOR JAPAN

60
Tokyo, August 28, 1947
DCL/R

UNCLASSIFIED

No. 1243

SEP 11 1947

DEPARTMENT OF STATE

Subject: Thirty-ninth Meeting of the Allied Council for Japan, August 20, 1947.

The Counselor of Mission has the honor to refer to this Mission's despatch No. 1222, August 12, 1947, and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the Thirty-ninth Meeting of the Council held on August 20, 1947.

Upon calling the meeting to order, the Chairman pro tempore (Mr. William J. Sebald, Counselor of this Mission) announced with deep regret the death, while on duty bound, of Ambassador George Atcheson, Jr., lately Deputy for the Supreme Commander, Chairman, and Member for the United States of the Council, and proposed that the business of the Council be postponed until the next regular meeting. After brief expressions of condolence by the respective Members, the meeting was adjourned.

Enclosures:

1. Five copies of Agenda, Thirty-ninth Meeting of the Allied Council for Japan, August 20, 1947.
2. Five copies of the Corrected Verbatim Minutes, Thirty-ninth Meeting.

Original and hectograph to the Department.

Copies to: American Embassy, London
American Embassy, Nanking
American Embassy, Moscow
American Embassy, Canberra
American Embassy, New Delhi
American Legation, Wellington

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-H - JK/Sec

FROM : OE - Mr. Whitman *RAM*

SUBJECT: Fines collected by occupation courts.

DATE: August 26, 1947

Under date of July 26, 1947, SCAP was requested to furnish certain information relative to the collection of fines imposed by military occupation courts in Japan. This information was requested by certain members of the Far Eastern Commission for consideration in connection with an FEC policy paper presented by the U.S. Member which dealt with the question of the disposition of such fines.

In the meantime, the FEC approved the policy paper in question on the understanding that the requested information would be furnished to the FEC upon its receipt from SCAP. Pursuant to the FEC action, the JCS, under date of August 13, 1947, transmitted to SCAP a directive implementing the FEC policy paper.

In C-54856, dated August 16, 1947, SCAP inquired whether the requested information is still desired in view of the JCS directive.

The attached draft cable is a reply in the affirmative to SCAP's inquiry of August 16, 1947 (C-54856).

[Signature]
OE:RBP:mr 8/26/47
ogm

RESTRICTED

2711

740. 00119 Central (Japan) / 8-26-47

DRAFT CABLE TO SCAP

Reurad C-54856, Aug 16, 1947.

Notwithstanding JCS directive implementing FEC policy on dis-
position fines collected by occupation courts, information requested
Ourad W-82822, July 26, 1947 still desired as FEC policy paper was
approved on understanding such information would be furnished
FEC members. Breakdown should be by amounts collected by Eighth
Army and by BCOF respectively.

RESTRICTED

[Signature]
OE:RBP:ke:mrr

[Signature]
8/26/47

[Signature]
NA (Allison)

A-H/SJK

A-H

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RESTRICTED

Lt. Col. Laux, Executive Officer, CAD

September 5, 1947

C. C. Hilliard, A-S

Fines Collected by Occupation Courts

Enclosed herewith is draft cable to SCAP in reply to C-54856 (CM-IN 2911 of 16 August 1947).

Background information is as follows: Under date of July 26, 1947, SCAP was requested to furnish information relative to the collection of fines imposed by the Military Occupation Courts in Japan. This information was requested by certain members of the Far Eastern Commission for consideration in connection with a FEC policy paper presented by the U.S. member which dealt with the question of the disposition of such fines. In the meantime the FEC approved the policy paper in question on the understanding that the requested information would be furnished to the FEC upon its receipt from SCAP. Pursuant to the FEC action, the JCS under date of August 13, 1947 transmitted to SCAP a directive implementing the FEC policy paper. In C-54856, dated August 16, 1947, SCAP inquired whether the requested information is still desired in view of the JCS directive.

Will you kindly obtain War Department concurrence in this cable and let me know. If any questions arise, please call me on State Department extension 3657.

Attachment.

A-S:CCHilliard:eg

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wk.*

Sept. 5, 1947

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Routine

SCAP

Action

D/PO; OASW; CAD State; CAD

From WDSCA. Reurad C-54856, August 16, 1947.

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C-54856 is CM-IN 2911 (16 Aug 1947)

9/8/47

Lt. Col. Hendricks, CAD gave War Dept. concurrence. I advised Col. Hendricks of State Dept. approval, cable to be dispatched today by War Dept. (called 3:45)

CS.

RESTRICTED

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-S - JK/Secretariat

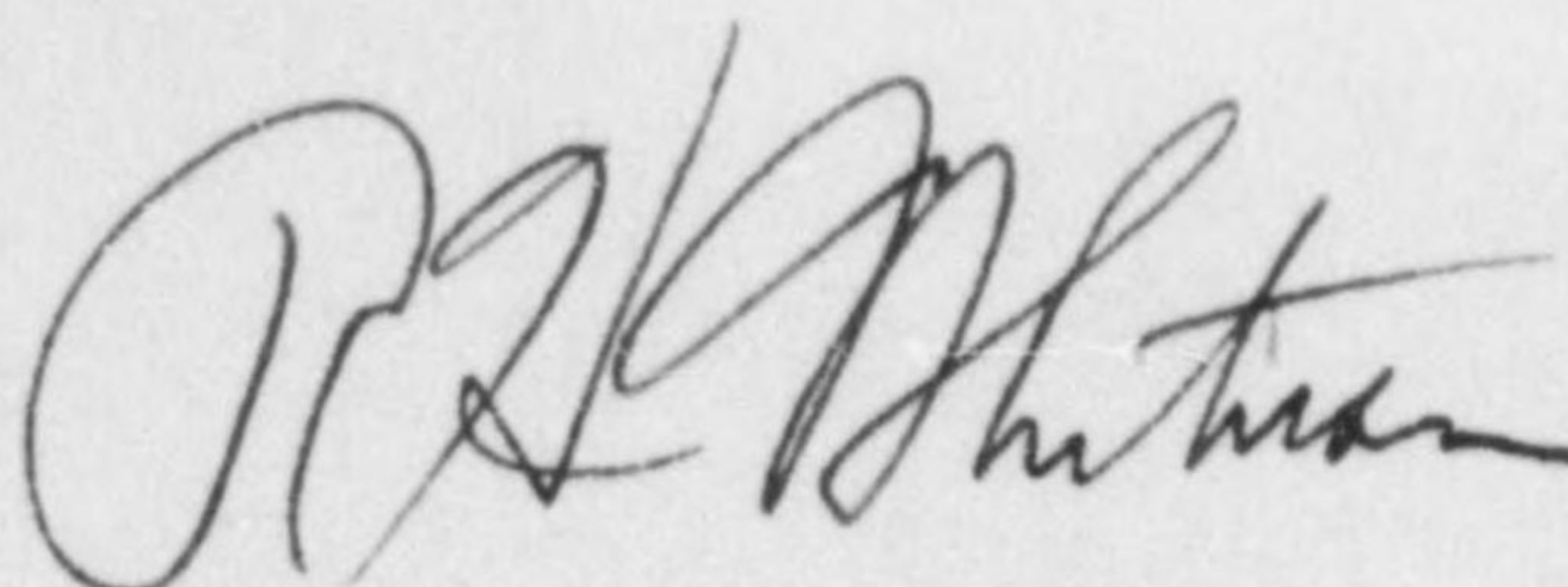
DATE: August 29, 1947

FROM : OE - Mr. Whitman

SUBJECT: Employment of Japanese Nationals as Agents of Foreign Principals.

The above subject is expected to come to the fore rapidly now that the USCC is withdrawing from its former role of sole U.S. importer of Japanese goods. It is believed that many U.S. firms will want to employ, under some type of formal or informal agreement, Japanese nationals to select goods to meet a given set of specifications, to negotiate delivery schedules, prices and other terms of sale; to inspect prior to export goods purchased and to see that they are properly packed and to arrange for shipping. Of course foreign buyers will be able to employ westerners who are in Japan as their agents but it should be possible for foreign buyers to employ Japanese agents if they wished.

The following telegram to SCAP is proposed to raise this problem and ascertain SCAP thinking regarding it.



740.00119 Contract Japan/8-2947

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-2-

DRAFT TELEGRAM TO SCAP

U.S. firms inquiring re employment of Japanese nationals as their agents in Japan in negotiating and otherwise facilitating export and import transactions. What present or proposed regulations cover such employment of Japanese and method by which they would be compensated? As to compensation tentative view here is principals should be required (repeat required) to remit all compensation they are obligated to make to their Japanese agents at frequent intervals and ⁱⁿ foreign exchange through approved banking channels payable in yen at prevailing rate. If principals have yen balances consideration might be given desirability permitting use such balances to compensate Japanese agents.

OE:RMPaige:bc

CP

FN

NA

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A-S

8/29/47

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STANDARD FORM NO. 64

CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

DATE: Sept. 22, 1947

TO : OS - Mr. McDiarmid, Room 20, Old State
FROM : A-S - Mr. Moreland
SUBJECT: Draft cable to SCAP.

Attached is a draft of the cable about which Charley Hilliard and I discussed with you over the phone this morning.

Will you please let me have your revisions by phone as soon as possible so that I may transmit it to the War Department and get the cable out.

Attachment:

Draft cable

CONFIDENTIAL

Mr. Hilliard
DEPARTMENT OF STATE

ASSISTANT SECRETARY

2. *Mr. Moreland -*

*For comment &
concurrence.*

- Cuyper

Response: Sept. 16

CONFIDENTIAL

Understood from McDermott

1. That US firms may employ Japanese nationals as its agents in Japan to negotiate and otherwise facilitate export and import transactions subject to license of such agents by SCAP on a case by case basis.
 2. That such agents would be compensated in yen at the current military conversion rate and that U.S. dollar equivalent amount required to be paid by the principle concerned would be deposited in the SCAP account.
 3. Numerous trade inquiries regarding employment of such agents have been made including question as to whether consideration would be given to request for payment of commissions by principles from yen balances which they hold in Japan thereby eliminating U.S. dollar payment of such commissions to the SCAP account.
- A joint press release in Japan and the U.S. appears essential in this connection. Your comments requested including suggested detailed press release.

CONFIDENTIAL

Sept. 16, 1947

CAD - Executive Officer

A-S - Mr. Moreland

Employment of Japanese Nationals as Agents of
Foreign Principals.

In view of the fact that the USCC will soon withdraw from Japan, it is believed that many U.S. firms will want to employ Japanese nationals to act as their agents for the transaction of business with Japan.

The attached cable queries SCAP as to his thinking on this subject. Will you kindly secure War Department concurrence and notify me on State 3775?

This cable has originated in the State Department.

Attachment:

Draft cable.

AS 2925

Sept. 16, 1947

Routine

SCAP

D/PO:USW: CAD:CAD-State

U. S. Firms inquiring re employment of Japanese nationals as their agents in Japan in negotiating and otherwise facilitating export and import transactions. What present or proposed regulations cover such employment of Japanese and method by which they would be compensated? As to compensation tentative view here is principals should be required (repeat required) to remit all compensation they are obligated to make to their Japanese agents at frequent intervals and in foreign exchange through approved banking channels payable in yen at prevailing rate, ^{MILITARY} If ^{of} ~~commercial~~ principals have yen balances consideration might be given desirability permitting use such balances to compensate Japanese agents. *Your comments requested.*

OE:RMPaige:bab 8/29/47
AS:AB^Moreland:dmd 9/16/47

AS 2925

T-595

A-S - JK/Secretariat

August 29, 1947

OE - Mr. Whitman

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2725