THE
NATIONAL ARCHIVES
OF THE
UNITED STATES

RG 331 (Allied Operational & Occupation
Headquarters, World War II)

SUPREME COMMANDER FOR THE ALLIED POWERS
Govenment Section
Administrative Division
Philosophy of Occupation
1945-48

Appendix "A" to National Exec.

Box No. 2084

GHQ/SCAP Records(RG 331)
Description of contents

THE
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Appendix A - Basic Documents

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POLITICAL REORIENTATION OF JAPAN
September 1945 to September 1948

Report of

Government Section
Supreme Commander for the Allied Powers

APPENDICES

EDITORIAL NOTE CONCERNING DOCUMENTS

The texts of all basic and pertinent documents pertaining to the responsibilities and effectuation of the various missions assigned to the Government Section, GHQ, SCAP, appear in a series of eight appendices. These consist of more than two hundred documents brought together as follows:

A. BASIC DOCUMENTS: specific statements, declarations, and directives which established the Allied policy and occupation of Japan;

B. ELIMINATION OF THE OLD ORDER: directives, staff memoranda, Japanese Government ordinances, and other materials relative to the establishment of a new order in Japan;

C. DOCUMENTS RELATING TO THE NEW CONSTITUTION OF JAPAN: this material includes basic constitutional drafts, memoranda for the record, exchange of correspondence, directives, and other official papers pertinent to the drafting of the new Constitution of Japan;

D. DOCUMENTS RELATING TO REORGANIZATION OF THE GOVERNMENT and

E. DOCUMENTS RELATING TO POLITICAL POLICY: consist of a selection of official papers, staff memoranda, staff orders, etc., pertaining to implementation of the political aspects of the new Constitution;

F. STATEMENTS BY GENERAL MacARTHUR: a selection of pertinent comments and public declarations by the Supreme Commander on important issues;

G. HISTORY OF THE GOVERNMENT SECTION, GHQ, SCAP: includes General Headquarters orders and staff memoranda affecting the functions of the Government Section and describing the administrative evolution of the Section under the General Headquarters;

H. LAWS IMPLEMENTING THE NEW CONSTITUTION: includes concrete legislative enactments and revisions of the major codes of Japan accomplished during the first three years of the Allied Occupation.

The needs of the increasing number of readers in the United States interested in Japanese affairs have been kept primarily in mind. Publication of these fundamental documents, it is hoped, will provide an historical record of the policy pursued as well as a documentary analysis of the chief political reorganisations effected in Japan during the first three years of the Allied Occupation.

Reference to these documents in the body of the work is indicated numerically in each case. Reference to other documentary material concerning basic issues, but not specifically bearing on SCAP operations, and all secondary sources are indicated in parenthesis wherever cited.

Appendix H includes the texts of laws implementing Japan's new Constitution. It was impossible, however, to include the pre-surrender versions of some of these laws or of other important legislation in force at the time the Occupation began. Texts of most of these laws would, however, be available in the archives of the Department of State or in the files of the Civil Affairs Division of the Department of the Army.

The files of the Government Section in the Headquarters of the Supreme

Commander for the Allied Powers, from which documents included in the Appendices have been culled, offer a wealth of substantial factual and documentary information. In due course, it is to be hoped that a central public depository will be established in the National Archives or the Library of Congress in Washington, D. C., which will make such official documentary information readily accessible to all serious students. At present, however, much of this documentary material is available in the Civil Affairs Division, Department of the Army, which maintains records of official documents pertaining to United States policy in occupied territories.

APPENDIX A

BASIC DOCUMENTS

APPENDIX A

THE CAIRO CONFERENCE

UNITED STATES OF AMERICA: PRESIDENT ROOSEVELT
CHINA: GENERALISSIMO CHIANG KAI-SHEK
UNITED KINGDOM: PRIME MINISTER CHURCHILL

Statement Released December 1, 1943

The several military missions have agreed upon future military operations against Japan. The Three Great Allies expressed their resolve to bring unrelenting pressure against their brutal enemies by sea, land, and air. This pressure is already rising.

The Three Great Allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence and greed. The aforesaid three great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.

With these objects in view the three Allies, in harmony with those of the United Nations at war with Japan, will continue to persevere in the serious and prolonged operations necessary to procure the unconditional surrender of Japan.

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AGREEMENT REGARDING JAPAN

Between the Leaders of the Three Great Powers --
The United States of America
The Union of Soviet Socialist Republics
and the United Kingdom of Great Britain and
Northern Ireland

Signed at Yalta February 11, 1945

The leaders of the three Great Powers -- the Soviet Union, the United States of America and Great Britain -- have agreed that in two or three months after Germany has surrendered and the war in Europe has terminated the Soviet Union shall enter into the war against Japan on the side of the Allies on condition that:

1. The status quo in Outer-Mongolia (The Mongolian People's Republic) shall be preserved;

2. The former rights of Russia violated by the treacherous attack of Japan in 1904 shall be restored, viz:

(a) the southern part of Sakhalin as well as all the islands adjacent to it shall be returned to the Soviet Union,

(b) the commercial port of Dairen shall be internationalized, the preeminent interests of the Soviet Union in this port being safeguarded and the lease of Port Arthur as a naval base of the USSR restored,

(c) the Chinese-Eastern Railroad and the South-Manchurian which provides an outlet to Dairen shall be jointly operated by the establishment of a joint Soviet-Chinese Company it being understood that the preeminent interests of the Soviet Union shall be safeguarded and that China shall retain full sovereignty in Manchuria;

3. The Kuril islands shall be handed over to the Soviet Union.

It is understood, that the agreement concerning Outer-Mongolia and the

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ports and railroads referred to above will require concurrence of Generalissimo Chiang Kai-Shek. The President will take measures in order to obtain this concurrence on advice from Marshal Stalin.

The Heads of the three Great Powers have agreed that these claims of the Soviet Union shall be unquestionably fulfilled after Japan has been defeated.

For its part the Soviet Union expresses its readiness to conclude with the National Government of China a pact of friendship and alliance between the USSR and China in order to render assistance to China with its armed forces for the purpose of liberating China from the Japanese yoke.

February 11, 1945

J. Stalin
Franklin D. Roosevelt
Winston S. Churchill

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POTSDAM DECLARATION July 26, 1945

PROCLAMATION BY HEADS OF GOVERNMENTS, UNITED STATES, UNITED KINGDOM, AND CHINA

(1) We — the President of the United States, the President of the National Government of the Republic of China, and the Prime Minister of Great Britain, representing the hundreds of millions of our countrymen, have conferred and agree that Japan shall be given an opportunity to end this war.

(2) The prodigious land, sea and air forces of the United States, the British Empire and of China, many times reinforced by their armies and air fleets from the west, are poised to strike the final blows upon Japan. This military power is sustained and inspired by the determination of all the Allied Nations to prosecute the war against Japan until she ceases to resist.

(3) The result of the futile and senseless German resistance to the might of the aroused free peoples of the world stands forth in awful clarity as an example to the people of Japan. The might that now converges on Japan is immeasurably greater than that which, when applied to the resisting Nazis, necessarily laid waste to the lands, the industry and the method of life of the whole German people. The full application of our military power, backed by our resolve, will mean the inevitable and complete destruction of the Japanese armed forces and just as inevitably the utter devastation of the Japanese homeland.

(4) The time has come for Japan to decide whether she will continue to be controlled by those self-willed militaristic advisers whose unintelligent calculations have brought the Empire of Japan to the threshold of annihilation, or whether she will follow the path of reason.

(6) Following are our terms. We will not deviate from them. There are no alternatives. We shall brook no delay.

(6) There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

(7) Until such a new order is established and until there is convincing proof that Japan's war-making power is destroyed, points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.

(8) The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.

(9) The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

(10) We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners. The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion, and of thought, as well as respect for the fundamental human rights, shall be established.

(11) 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. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted.

(12) The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished and there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government.

(13) We call upon the government of Japan to proclaim now the unconditional surrender of all Japanese armed forces, and to provide proper and adequate assurances of their good faith in such action. The alternative for Japan is prompt and utter destruction.

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APPENDIX C

JAPANESE QUALIFIED ACCEPTANCE

LEGATION DE SUISSE

Washington, D. C.

Sir: August 10, 1945

I have the honor to inform you that the Japanese Minister to Switzerland, upon instructions received from his Government, has requested the Swiss Political Department to advise the Government of the United States of America of the following:

"In obedience to the gracious command of his majesty the Emperor who, ever anxious to enhance the cause of world peace, desires earnestly to bring about a speedy termination of hostilities with a view to saving mankind from the calamities to be imposed upon them by further continuation of the war, the Japanese Government several weeks ago asked the Soviet Government, with which neutral relations then prevailed, to render good offices in restoring peace vis a vis the enemy powers. Unfortunately, these efforts in the interest of peace having failed, the Japanese Government in conformity with the august wish of His Majesty to restore the general peace and desiring to put an end to the untold sufferings entailed by war as quickly as possible, have decided upon the following:

"The Japanese Government are ready to accept the terms enumerated in the joint declaration which was issued at Potsdam on July 26th, 1945, by the heads of the Governments of the United States, Great Britain, and China, and later subscribed by the Soviet Government with the understanding that the said declaration does not comprise any demand which prejudices the prerogatives of His Majesty as a Sovereign Ruler.

"The Japanese Government sincerely hope that this understanding is warranted and desire keenly that an explicit indication to that effect will be speedily forthcoming."

In transmitting the above message the Japanese Minister added that his Government begs the Government of the United States to forward its answer through the intermediary of Switzerland. Similar requests are being transmitted to the Governments of Great Britain and the Union of Soviet Socialist Republics through the intermediary of Sweden, as well as to the Government of China through the intermediary of Switzerland. The Chinese Minister at Berne has already been informed of the foregoing through the channel of the Swiss Political Department.

Please be assured that I am at your disposal at any time to accept for and forward to my Government the reply of the Government of the United States.

Accept, Sir, the renewed assurances of my highest consideration.

The Honorable

James F. Byrnes

Secretary of State

/s/ Gravelli

Charge d'Affaires ad interim
of Switzerland

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APPENDIX D

REPLY BY SECRETARY OF STATE TO JAPANESE QUALIFIED ACCEPTANCE

August 11, 1945

Sir:

I have the honor to acknowledge receipt of your note of August 10, and in reply to inform you that the President of the United States has directed me to send to you for transmission by your government to the Japanese Government the following message on behalf of the Governments of the United States, the United Kingdom, the Union of Soviet Socialist Republics, and China:

"With regard to the Japanese Government's message accepting the terms of the Potsdam proclamation but containing the statement, 'with the understanding that the said declaration does not comprise any demand which prejudices the prerogatives of His Majesty as a sovereign ruler,' our position is as follows:

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

"The Emperor will be required to authorize and ensure the signature by the Government of Japan and the Japanese Imperial General Headquarters of the surrender terms necessary to carry out the provisions of the Potsdam Declaration, and shall issue his commands to all the Japanese military, naval and air authorities and to all the forces under their control wherever located to cease active operations and to surrender their arms, and to issue such other orders as the Supreme Commander may require to give effect to the surrender terms.

"Immediately upon the surrender the Japanese Government shall transport prisoners of war and civilian internees to places of safety, as directed, where they can quickly be placed aboard Allied transports.

"The ultimate form of government of Japan shall, in accordance with the Potsdam declaration, be established by the freely expressed will of the Japanese people.

"The armed forces of the Allied Powers will remain in Japan until the purposes set forth in the Potsdam declaration are achieved."

Accept, Sir, the renewed assurances of my highest consideration.

Mr. Max Grassli
Charge d'Affaires ad Interim of
Switzerland

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Imperial Rescript by HIROHITO, Emperor of Japan, prior to the signing of the surrender instrument.

Toyko. September 2, 1945.

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

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APPENDIX B

FINAL JAPANESE ACCEPTANCE

LEGATION DE SUISSE
WASHINGTON D.C.

August 14, 1945

Sir:

I have the honor to refer to your note of August 11, in which you requested me to transmit to my Government the reply of the Governments of the United States, the United Kingdom, the Union of Soviet Socialist Republics and China to the message from the Japanese Government which was communicated in my note of August 10.

At 20.10 today (Swiss Time) the Japanese Minister to Switzerland conveyed the following written statement to the Swiss Government for transmission to the four Allied Governments:

"Communication of the Japanese Government of August 14, 1945, addressed to the Governments of the United States, Great Britain, the Soviet Union, and China:

"With reference to the Japanese Government's note of August 10 regarding their acceptance of the provisions of the Potsdam declaration and the reply of the Governments of the United States, Great Britain, the Soviet Union, and China sent by American Secretary of State Byrnes under the date of August 11, the Japanese Government have the honor to communicate to the Governments of the four powers as follows:

"1. His Majesty the Emperor has issued an Imperial rescript regarding Japan's acceptance of the provisions of the Potsdam declaration.

"2. His Majesty the Emperor is prepared to authorize and ensure the signature by his Government and the Imperial General Headquarters of the necessary

terms for carrying out the provisions of the Potsdam declaration. His Majesty is also prepared to issue his commands to all the military, naval and air authorities of Japan and all the forces under their control wherever located to cease active operations, to surrender arms and to issue such other orders as may be required by the Supreme Commander of the Allied Forces for the execution of the above-mentioned terms."

Accept, Sir, the renewed assurance of my highest consideration.

The Honorable
James F. Byrnes
Secretary of State

Grassli
Charge d'Affaires ad interim
of Switzerland

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Secretary of State Byrnes' Reply of August 14, 1945

August 14, 1945

Sir:

With reference to your communication of today's date, transmitting the reply of the Japanese Government to the communication which I sent through you to the Japanese Government on August 11, on behalf of the Governments of the United States, China, the United Kingdom, and the Union of Soviet Socialist Republics, which I regard as full acceptance of the Potsdam Declaration and of my statement of August 11, 1945, I have the honor to inform you that the President of the United States has directed that the following message be sent to you for transmission to the Japanese Government:

"You are to proceed as follows:

"(1) Direct prompt cessation of hostilities by Japanese forces, informing the Supreme Commander for the Allied Powers of the effective date and hour of such cessation.

"(2) Send emissaries at once to the Supreme Commander for the Allied Powers with information of the disposition of the Japanese forces and commanders, and fully empowered to make any arrangements directed by the Supreme Commander for the Allied Powers to enable him and his accompanying forces to arrive at the place designated by him to receive the formal surrender.

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"(3) For the purpose of receiving such surrender and carrying it into effect, General of the Army Douglas MacArthur has been designated as the Supreme Commander for the Allied Powers, and he will notify the Japanese Government of the time, place and other details of the formal surrender."

Accept (etc.)

JAMES F. BYRNES

Secretary of State

MAX GRÄSSLI, Esquire,

Charge d'Affaires ad interim of Switzerland.

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APPENDIX 9

INSTRUMENT OF SURRENDER

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

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

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

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

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

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

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

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

Signed at Tokyo Bay, Japan at 0904
on the Second day of September, 1945.

/s/ Mamoru Shigemitsu
By Command and in behalf of the Emperor of Japan and the Japanese Government.

/s/ Yoshijiro Umezo
By Command and in behalf of the Japanese Imperial General Headquarters.

Accepted at Tokyo Bay, Japan at 0908
on the Second day of September, 1945, for the United States, Republic of China, United Kingdom and the Union of Soviet Socialist Republics, and in the interests of the other United Nations at war with Japan.

/s/ Douglas MacArthur
Supreme Commander for the Allied Powers

C. W. Nimitz /s/
United States Representative

Hsu Yung - Chang /s/
Republic of China Representative

/s/ Bruce Fraser
United Kingdom Representative

/s/ Lieutenant General K. Derevyanko
Union of Soviet Socialist Republics
Representative

/s/ T. A. Blamey
Commonwealth of Australia Representative

/s/ L. Moore Cosgrove
Dominion of Canada Representative

/s/ Le Clerc
Provisional Government of the French
Republic Representative

/s/ C. E. L. Helfrich
Kingdom of the Netherlands Representative

/s/ Leonard M. Isitt
Dominion of New Zealand Representative

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Agreement of Foreign Ministers at Moscow on Establishing Far Eastern Commission and Allied Council for Japan

December 27, 1945

The Foreign Ministers of the Union of Soviet Socialist Republics, the United Kingdom, and the United States of America met in Moscow from December 16 to December 26, 1945, in accordance with the decision of the Crimea Conference, confirmed at the Berlin Conference, that there should be periodic consultation between them. At the meeting of the three Foreign Ministers, discussion took place on an informal and exploratory basis and agreement was reached on . . .

. . . . . .

FAR EASTERN COMMISSION AND ALLIED COUNCIL FOR JAPAN

A. Far Eastern Commission

Agreement was reached, with the concurrence of China, for the establishment of a Far Eastern Commission to take the place of the Far Eastern Advisory Commission. The Terms of Reference for the Far Eastern Commission are as follows:

I. Establishment of the Commission

A Far Eastern Commission is hereby established composed of the representatives of the Union of Soviet Socialist Republics, United Kingdom, United States, China, France, The Netherlands, Canada, Australia, New Zealand, India, and the Philippine Commonwealth.

II. Functions

A. The functions of the Far Eastern Commission shall be:

1. 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.

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2. To review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission.

3. To consider such other matters as may be assigned to it by agreement among the participating Governments reached in accordance with the voting procedure provided for in Article V-2 hereunder.

B. The Commission shall not make recommendations with regard to the conduct of military operations nor with regard to territorial adjustments.

C. The Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan and will respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces.

III. Functions of the United States Government

1. The United States Government shall prepare directives in accordance with policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency. The Supreme Commander shall be charged with the implementation of the directives which express the policy decisions of the Commission.

2. If the Commission decides that any directive or action reviewed in accordance with Article II-A-2 should be modified, its decision shall be regarded as a policy decision.

3. The United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese

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constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission.

4. All directives issued shall be filed with the Commission.

IV. Other Methods of Consultation

The establishment of the Commission shall not preclude the use of other methods of consultation on Far Eastern issues by the participating Governments.

V. Composition

1. The Far Eastern Commission shall consist of one representative of each of the States party to this agreement. The membership of the commission may be increased by agreement among the participating Powers as conditions warrant by the addition of representatives of other United Nations in the Far East or having territories therein. The Commission shall provide for full and adequate consultations, as occasion may require, with representatives of the United Nations not members of the Commission in regard to matters before the Commission which are of particular concern to such nations.

2. The Commission may take action by less than unanimous vote provided that action shall have the concurrence of at least a majority of all the representatives including the representatives of the four following Powers: United States, United Kingdom, Union of Soviet Socialist Republics and China.

VI. Location and Organization

1. The Far Eastern Commission shall have its headquarters in Washington. It may meet at other places as occasion requires, including Tokyo, if and when it deems it desirable to do so. It may make such arrangements

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through the Chairman as may be practicable for consultation with the Supreme Commander for the Allied Powers.

2. Each representative on the Commission may be accompanied by an appropriate staff comprising both civilian and military representation.

3. The Commission shall organize its secretariat, appoint such committees as may be deemed advisable, and otherwise perfect its organization and procedure.

VII. Termination

The Far Eastern Commission shall cease to function when a decision to that effect is taken by the concurrence of at least a majority of all the representatives including the representatives of the four following Powers: United States, United Kingdom, Union of Soviet Socialist Republics and China. Prior to the termination of its functions the Commission shall transfer to any interim or permanent security organization of which the participating governments are members those functions which may appropriately be transferred.

It was agreed that the Government of the United States on behalf of the four Powers should present the Terms of Reference to the other Governments specified in Article I and invite them to participate in the Commission on the revised basis.

B. Allied Council for Japan

The following agreement was also reached, with the concurrence of China, for the establishment of an Allied Council for Japan:

1. 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

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Commander in regard to the implementation of the Terms of Surrender, the occupation and control of Japan, and of directives supplementary thereto; and for the purpose of exercising the control authority herein granted.

2. The membership of the Allied Council shall consist of the Supreme Commander (or his Deputy) who shall be Chairman and United States member; a Union of Soviet Socialist Republics member; a Chinese member; and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

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

4. The Allied Council shall meet not less often than once every two weeks.

5. The Supreme Commander shall issue all orders for the implementation of the Terms of Surrender, the occupation and control of Japan, and directives supplementary thereto. In all cases action will be carried out under and through the Supreme Commander who is the sole executive authority for the Allied Powers in Japan. He will consult and advise with the Council in advance of the issuance of orders on matters of substance, the exigencies of the situation permitting. His decisions upon these matters shall be controlling.

6. If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission.

7. In cases of necessity the Supreme Commander may take decisions concerning the change of individual Ministers of the Japanese Government, or concerning the filling of vacancies created by the resignation of individual cabinet members, after appropriate preliminary consultation with the representatives of the other Allied Powers on the Allied Council.

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UNITED STATES INITIAL POST-SURRENDER POLICY FOR JAPAN[1]

August 29, 1945

Purpose of This Document

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

Part I -- Ultimate Objectives

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

(a) To insure that Japan will not again become a menace to the United States or to the peace and security of the world.

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

These objectives will be achieved by the following principal means:

(a) Japan's sovereignty will be limited to the islands of Honshu,

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1. Prepared jointly by the Department of State, the War Department, and the Navy Department and approved by the President on Sept. 6, 1945. The document in substance was sent to General MacArthur by radio on Aug. 29 and, after approval by the President, by messenger on Sept. 6.

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Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined, in accordance with the Cairo Declaration and other agreements to which the United States is or may be a party.

(b) Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated from her political, economic, and social life. Institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.

(c) The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly, speech, and the press. They shall also be encouraged to form democratic and representative organizations.

(d) The Japanese people shall be afforded opportunity to develop for themselves an economy which will permit the peacetime requirements of the population to be met.

Part II -- Allied Authority

1. Military Occupation

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

Although every effort will be made, by consultation and by constitution

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

2. Relationship to Japanese Government

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

In view of the present character of Japanese society and the desire of the United States to attain its objectives with a minimum commitment of its forces and resources, the Supreme Commander will exercise his authority through Japanese governmental machinery and agencies, including the Emperor, to the extent that this satisfactorily furthers United States objectives. The Japanese Government will be permitted, under his instructions, to exercise the normal powers of government in matters of domestic administration. This policy, however, will be subject to the right and duty of the Supreme Commander to require changes in governmental machinery or personnel or to act directly if the Emperor or other Japanese authority does not satisfactorily meet the requirements of the Supreme Commander in effectuating the surrender terms. This policy, moreover, does not commit the Supreme Commander to support the Emperor or any other Japanese governmental authority in opposition to evolutionary changes looking toward the attainment of United States objectives. The policy is to use the existing form of Government in Japan, not to support it. Changes in the form of Government initiated by the Japanese people or government in the direction of modifying its feudal and authoritarian tendencies are to be permitted and

favored. In the event that the effectuation of such changes involves the use of force by the Japanese people or government against persons opposed thereto, the Supreme Commander should intervene only where necessary to ensure the security of his forces and the attainment of all other objectives of the occupation.

3. Publicity as to Policies

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

Part III -- Political

1. Disarmament and Demilitarization

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

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

High officials of the Japanese Imperial General Headquarters, and General Staff, other high military and naval officials of the Japanese Government, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into

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custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

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

2. War Criminals

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

3. Encouragement of Desire for Individual Liberties and Democratic Processes

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

The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture, and the accomplish-

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ments of the United States and the other democracies. Association of personnel of the occupation forces with the Japanese population should be controlled, only to the extent necessary, to further the policies and objectives of the occupation.

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

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

Part IV -- Economic

1. Economic Demilitarization

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

Therefore, a program will be enforced containing the following elements, among others; the immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon any specialized facilities for the production or repair of implements of war, including naval

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vessels and all forms of aircraft; the institution of a system of inspection and control over selected elements in Japanese economic activity to prevent concealed or disguised military preparation; the elimination in Japan of those selected industries or branches of production whose chief value to Japan is in preparing for war; the prohibition of specialized research and instruction directed to the development of war-making power; and the limitation of the size and character of Japan's heavy industries to its future peaceful requirements, and restriction of Japanese merchant shipping to the extent required to accomplish the objectives of demilitarization.

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

2. Promotion of Democratic Forces

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

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

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

(a) To prohibit the retention in or selection for places of importance

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in the economic field of individuals who do not direct future Japanese economic effort solely towards peaceful ends; and

(b) To favor a program for the dissolution of the large industrial and banking combinations which have exercised control of a great part of Japan's trade and industry.

3. Resumption of Peaceful Economic Activity

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

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

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

(a) To avoid acute economic distress.

(b) To assure just and impartial distribution of available supplies.

(c) To meet the requirements for reparations deliveries agreed upon by the Allied Governments.

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(d) To facilitate the restoration of Japanese economy so that the reasonable peaceful requirements of the population can be satisfied.

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

4. Reparations and Restitution

Reparations

Reparations for Japanese aggression shall be made:

(a) Through the transfer -- as may be determined by the appropriate Allied authorities -- of Japanese property located outside of the territories to be retained by Japan.

(b) Through the transfer of such goods or existing capital equipment and facilities as are not necessary for a peaceful Japanese economy or the supplying of the occupying forces. Exports other than those directed to be shipped on reparation account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange. No form of reparation shall be exacted which will interfere with or prejudice the program for Japan's demilitarization.

Restitution

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

5. Fiscal, Monetary, and Banking Policies

The Japanese authorities will remain responsible for the management and

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direction of the domestic fiscal, monetary, and credit policies subject to the approval and review of the Supreme Commander.

6. International Trade and Financial Relations

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

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

7. Japanese Property Located Abroad.

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

8. Equality of Opportunity for Foreign Enterprise within Japan

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

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9. Imperial Household Property

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

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AUTHORITY OF GENERAL MACARTHUR AS SUPREME COMMANDER FOR THE ALLIED POWERS

September 6, 1945

The text of a message transmitted on September 6 through the Joint Chiefs of Staff to General MacArthur follows. It was prepared jointly by the Department of State, the War Department, and the Navy Department and approved by the President on September 6. The message is a statement clarifying the authority which General MacArthur is to exercise in his position as Supreme Commander for the Allied powers.

"1. The authority of the Emperor and the Japanese Government to rule the State is subordinate to you as Supreme Commander for the Allied powers. You will exercise your authority as you deem proper to carry out your mission. Our relations with Japan do not rest on a contractual basis, but on an unconditional surrender. Since your authority is supreme, you will not entertain any question on the part of the Japanese as to its scope.

"2. Control of Japan shall be exercised through the Japanese Government to the extent that such an arrangement produces satisfactory results. This does not prejudice your right to act directly if required. You may enforce the orders issued by you by the employment of such measures as you deem necessary, including the use of force.

"3. The statement of intentions contained in the Potsdam Declaration will begiven full effect. It will not be given effect, however, because we consider ourselves bound in a contractual relationship with Japan as a result of that document. It will be respected and given effect because the Potsdam Declaration forms a part of our policy stated in good faith with relation to Japan and with relation to peace and security in the Far East."

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J.C.S. 1380/15

2 November 1945

A: 13

JOINT CHIEFS OF STAFF

BASIC DIRECTIVE FOR POST-SURRENDER MILITARY GOVERNMENT IN JAPAN PROPER

References: a. J.C.S. 1380/5
b. J.C.S. 1380/8
c. J.C.S. 1380/12
d. J.C.S. 1380/14

Note by the Secretaries

The enclosed basic directive for post-surrender military government in Japan proper which has been approved by the State-War-Navy Coordinating Committee and concurred in by the Joint Chiefs of Staff is being forwarded to the Supreme Commander for the Allied Powers with information copies to the Commander in Chief, U.S. Pacific Fleet; Commander in Chief, U.S. Army Forces, Pacific; and the Commanding General U.S. Forces, China Theater.

A. J. McFARLAND,
C. J. MOORE,
Joint Secretariat

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ENCLOSURE

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

1. The Purpose and Scope of this Directive

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

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

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

PART I

GENERAL AND POLITICAL

2. The Basis and Scope of Military Authority

The basis of your power and authority over Japan is the directive signed by the President of the United States designating you as Supreme Commander for the Allied Powers (SWNCC 21/6 (J.C.S. 1467)) and the Instrument of Surrender (SWNCC 21/6 (Annex "4" to J.C.S. 1380/5)), executed by command of the Emperor of Japan (SWNCC 21/6 (Annex "B" to J.C.S. 1380/5)). These documents, in turn are based upon the Potsdam Declaration of 26 July 1945 (SWNCC 149/1 (Annex "C" to J.C.S. 1380/5)), the reply of the Secretary of State on 11 August 1945 to the Japanese communication of 10 August 1945 (SWNCC Memo for Info. No. 19 (Annex "E" to J.C.S. 1380/5), and the final Japanese communication on 14 August 1945 (SWNCC Memo for Info. No. 19

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(Annex "F" to J.C.S. 1380/5)). Pursuant to these documents your authority over Japan, as Supreme Commander for the Allied Powers, is supreme for the purpose of carrying out the surrender. In addition to the conventional powers of a military occupant of enemy territory, you have the power to take any steps deemed advisable and proper by you to effectuate the surrender and the provisions of the Potsdam Declaration. It is contemplated, however, that unless you deem it necessary, or are instructed to the contrary you will not establish direct military government, but will exercise your powers so far as compatible with the accomplishment of your mission through the Emperor of Japan or the Japanese Government. In the exercise of your powers you will be guided by the following general principles.

3. Basic Objectives of Military Occupation of Japan

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

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Japanese Government conform as closely as may be to principles of democratic self-government, but it is not the responsibility of the occupation forces to impose on Japan any form of government not supported by the freely expressed will of the people.

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

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

4. <u>The Establishment of Military Authority over Japan</u>

a. Immediately upon the surrender of Japan you will require the Emperor, the Japanese Government and the Japanese Imperial General Headquarters to issue orders to all the armed forces of Japan and all armed forces under Japanese control to cease hostilities and to surrender their arms and to issue

such other orders as may be required to give effect to the instrument of surrender and the policies set forth in the Potsdam Declaration. You will require the Emperor and the Japanese Government to take all necessary steps to assure that all orders issued to effectuate the objectives of your mission are promptly and fully complied with by all persons in Japan.

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

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

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only where necessary to ensure the security of your forces and the attainment of all other objectives of the occupation. You may, as circumstances require, exercise your supreme power and authority in the fullest measure including the imposition of direct military government. If it becomes necessary to impose direct military government in any part of Japan, you will immediately thereafter advise the Joint Chiefs of Staff. You will not remove the Emperor or take any steps toward his removal without prior consultation with and advice issued to you through the Joint Chiefs of Staff.

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

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

this end in view, and to insure the security of the troops, a policy of non-fraternization may be applied in Japan if and to the extent that you may deem it to be desirable. Your officers and troops, however, should so treat the Japanese population as to develop confidence in the United States and the United Nations and their representatives.

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

g. You will establish such military courts as may be necessary with jurisdiction over offenses against the forces of occupation and over such other matters as are consistent with the implementation of the surrender. You will, however, except as otherwise deemed necessary by you assure that Japanese courts exercise no effective jurisdiction over cases not of direct and predominant concern to the security of your troops.

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

5. Political and Administrative Reorganization.

a. Local, regional and national agencies of governmental administration, excluding those with functions and responsibilities inconsistent with the purposes of the occupation will be permitted to continue to function after the removal of officials who are unacceptable as described in paragraph 5 h below, or who are ascertained to be unreliable. Such agencies and their personnel will be held responsible for the administration of government and will be charged with the execution of your policies and directives. At all times, however, and in all circumstances you are empowered yourself to take direct action if and to the extent that Japanese authorities fail satisfactorily to carry out your instructions.

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

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

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nate the Ministries of War, Navy, and Munitions during the process of disarmament and demobilization.

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

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

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

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

h. You will direct the Japanese Government to recall such Japanese diplomatic and consular officials and other agents abroad as the Department

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of State may request through the Joint Chiefs of Staff. You will also direct the Japanese Government to arrange for the turning over to the custody of properly accredited representatives of the Allied governments of archives and property of Japanese diplomatic and consular establishments for the purposes of effectuating the surrender.

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

6. Demilitarization

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

b. You will provide for the permanent dissolution of all military and para-military organizations, including the Supreme Military Council, the Board of Field Marshals and Fleet Admirals, the Imperial General Headquarters, the Army and Navy General Staffs, the Army, Navy, Civilian Volunteer Corps

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and Gendarmerie, together with all reservists and other militaristic associations which might serve to keep alive the military tradition in Japan. You may, however, for a brief period of time, utilize military and naval agencies, including those enumerated above, for the limited purpose of giving effect to the surrender with particular reference to demobilization. All military and para-military training on land and sea and in the air will be prohibited.

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

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

7. Arrest and Internment of Japanese Personnel

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

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

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

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

(4) All persons who you have reason to believe are war criminals or whose names or descriptions are contained in lists of suspected war crimi-

*SWNCC 58/9 (J.C.S. 1328/5)

nals which have been or may be furnished to you.

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

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

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

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

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

g. Property, real and personal, owned or controlled by persons who have been detained or arrested under the provisions of paragraph 7 will be taken under your control pending directions as to its eventual disposition.

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

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

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

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

d. You will treat Formosan-Chinese and Koreans as liberated peoples

in so far as military security permits. They are not included in the term "Japanese" as used in this directive but they have been Japanese subjects and may be treated by you, in case of necessity, as enemy nationals. They may be repatriated, if they so desire, under such regulations as you may establish. However, priority will be given to the repatriation of nationals of the United Nations.

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

9. Political Activity

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

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

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

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

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

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

10. Education, Arts and Archives

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

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

organizations referred to in paragraph 5 f above.

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

PART II

A. ECONOMIC

Objectives and General Basic Principles

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

a. To eliminate existing specialized facilities for the production of arms, munitions, or implements of war of any kind.

b. To destroy the economic ability of Japan to create or support any armaments dangerous to international peace.

c. To execute such program of reparations and restitutions as may be decided upon by the appropriate Allied authorities.

d. To encourage the development within Japan of economic ways and institutions of a type that will contribute to the growth of peaceful and democratic forces in Japan.

e. To supervise and guide the operation of Japanese economic arrangements and operations to assure that they conform to the general purposes of the occupation, and make possible the eventual readmission of Japan to the ranks of peaceful trading nations.

The instructions composing the economic part of the directive are intended to advance these objectives during the first and immediate period of occupation that lies ahead; they will be subject to addition and revision

in the light of the circumstances which you encounter and the conduct of the Japanese people.

12. Your supreme authority as Supreme Commander for the Allied Powers in Japan will extend to all matters in the economic sphere. In the exercise of that authority, to the extent that the accomplishment of your objectives permits, you will use the services of the Emperor and the machinery of the Japanese Government to accomplish your objectives. You will require them to carry out your orders, and to make such changes in the administrative organization of those branches of government concerned with economic matters as may seem to you necessary to carry out your objectives.

You should act directly:

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

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

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

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

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

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

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

Economic Disarmament

14. In order to effect the economic disarmament of Japan

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

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

c. You will not postpone the enforcement of the prohibitory program specified in subparagraph a or darrying out instructions that you will receive pursuant to subparagraph b without specific approval through the Joint Chiefs of Staff. Should you, however, find that production of any of the items enumerated in subparagraph a is essential to meet your requirements for military operations, the occupying forces, or temporary military research, you will

make suitable recommendations to the Joint Chiefs of Staff; and pending the decision of the Joint Chiefs of Staff, you are authorized to make arrangements for production to the minimum extent necessary therefor.

15. Instructions which will be subsequently transmitted to you for carrying out progrems for economic disarmament, reparations and restitution will involve the reduction or elimination of certain branches of Japanese production, such as iron, steel, chemicals, non-ferrous metals, aluminum, magnesium, synthetic rubber, synthetic oil, machine tools, radio and electrical equipment, automotive vehicles, merchant ships, heavy machines, and important parts thereof.

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

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

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

You will also make clear to the Japanese that any such permission

to convert is granted without prejudice to subsequent decisions as regards removal of plant or equipment on account of reparations or restitution or scrapping for security reasons under paragraph 11.

17. You will

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

b. Have prepared as rapidly as possible inventory reports upon all significant facilities that have been producing or are intended to produce the products covered in paragraph 14, and in all the industries specifically mentioned in paragraph 15. These reports should specify the condition and capacity of plant and equipment and the extent of raw materials stocked, finished goods, and goods in process. You will also inventory the Japanese merchant fleet.

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

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

18. You will insure that all laboratories, research institutes, and similar technological organizations are closed immediately except those you deem necessary to the purposes of the occupation. You will provide for the maintenance and security of physical facilities thereof when deemed necessary, and for the detention of such personnel as are of interest to your technological or counter-intelligence investigations. You will at once investigate the character of the study and research conducted in such closed organizations

and as rapidly as possible permit the resumption of those forms of study and research that have an obviously peaceful purpose under appropriate regulations which (1) define the specific type of research permitted, (2) provide for frequent inspection, (3) require free disclosure to you of the results of the research, and (4) impose severe penalties, including permanent closure of the offending institution whenever the regulations are violated.

The Operation of the Japanese Economic System

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

a. To avoid acute economic distress.

b. To assure just and impartial distribution of available supplies.

c. To meet your demands for the needs of the occupying forces.

d. To meet the requirements for such reparations deliveries as may be agreed upon by the Allied Governments.

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

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

21. The Japanese authorities shall be permitted on their own responsibility to establish and administer any controls over economic activities that

are appropriate or necessary in order to achieve the economic ends specified in paragraph 19. Both the policy and the administration of these controls shall be subject to your approval and supervision particularly in so far as they may conflict with paragraph 15. This paragraph shall not preclude your taking direct action as provided in paragraph 12.

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

Elimination of Certain Elements in the Japanese Economic System:

23. You will prohibit the retention in or selection for positions of important responsibility or influence in industry, finance, commerce, or agriculture of all persons who have been active exponents of militant nationalism and aggression, of those who have actively participated in the organizations enumerated in paragraph 5 g (page 141, Political and General Part) of this directive, and of any who do not direct future Japanese economic effort solely towards peaceful ends. (In the absence of evidence, satisfactory to you, to the contrary, you will assume that any persons who have held key positions of high responsibility since 1937, in industry, finance, commerce or agriculture have been active exponents of militant nationalism and aggression.)

24. You will require the protection from destruction and the maintenance for such disposition as may be determined by this and other directives of all plants, equipment, patents, books and records and all other significant pro-

party of the large Japanese industrial and financial companies and trade and research associations that have played an important part in the Japanese war effort or economy.

Democratisation of Japanese Economic Institutions

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

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

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

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

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

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

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

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

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

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

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

Foreign Economic Transactions

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

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

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

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

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

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

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

27. The Japanese authorities are to enter into no economic agreements of any kind with foreign governments or interests except after prior consultation with you by your express approval. Any such proposed agreements should be submitted to the Joint Chiefs of Staff for their consideration.

Reparations and Restitutions

28. You will assure the execution of programs of reparations in kind and of restitution of identifiable looted property in accordance with decisions of the appropriate Allied authorities transmitted to you by the

Joint Chiefs of Staff. Reparations will be accomplished:

a. Through the transfer of Japanese property located outside of the territories to be retained by Japan:

b. Through the transfer from Japan of goods, existing plant, equipment, and facilities that are not necessary to the operation of a peaceful Japanese economy, or the supplying of the occupying forces.

All requests received by you, for reparations or restitution from the United Nations which have been victims of Japanese aggression will be reported with your recommendations to the Joint Chiefs of Staff.

B. CIVILIAN SUPPLY AND RELIEF

Civilian Supply Policy and Standard of Provision

29. a. You will assure that all practicable economic and police measures are taken to achieve the maximum utilization of essential Japanese resources in order that imports into Japan may be strictly limited. Such measures will include production and price controls, rationing, control of black markets, fiscal and financial controls and other measures directed toward full employment of resources, facilities and means available in Japan.

b. You will be responsible for providing imported supplies only to supplement local resources and only to the extent supplementation is needed to prevent such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations. Such imports will be confined to minimum quantities of food, fuel, medical and sanitary supplies and other essential items, including those which will enable local production of such supplies which you would otherwise have to import.

c. Supplies necessary to be imported under paragraph 29 b above will be obtained to the extent possible from surpluses available from other

Asiatic and Pacific Ocean areas. To the extent that such surpluses are available in areas under the jurisdiction of other United States commanders, arrangements may be made by you directly with such other commanders. To the extent that such surpluses are available in areas under the jurisdiction of governments other than the United States, or the military commanders of such governments, negotiations necessary to obtain such surpluses will be conducted by or with approval of local United States diplomatic representatives in the areas in question. In the event such diplomatic representatives are not available, you will report the situation, with your recommendations to the Joint Chiefs of Staff.

d. If you deem that you should assume responsibility for additional imports to accomplish the objectives of your occupation, you will submit your recommendations to the Joint Chiefs of Staff.

Methods and Conditions of Distribution

30. You will require that all practicable steps be taken to assure the fair and equitable distribution of supplies under uniform ration scales.

31. To the maximum extent consistent with military expediency, import supplies for the civilian population should, in so far as practicable and desirable, be delivered to such Japanese public supply agencies or other consignees as are acceptable to you and under your direct supervision or control. Whenever possible, such deliveries will be at ports of entry, but if necessary, deliveries may take place at appropriate inland centers of distribution.

32. You may make sales directly to wholesalers or other commercial dealers in the event that no satisfactory public supply agency exists or that operational or other reasons render distribution of civilian supplies through

such an agency impracticable. In order to limit direct provision and distribution of supplies by you to the civilian population, you should assure that the Japanese do not unnecessarily involve the occupying forces in such responsibility. Such direct sales by you as are necessary will be paid for by the purchaser in local currency at prices determined by you to be consistent with the internal economy.

33. Supplies delivered to supply agencies or other consignees will be sold by them through distribution channels and in accordance with distribution policies satisfactory to you and at prices determined by you to be consistent with the internal economy. When military necessity requires, civilian supplies may be made the subject of direct relief issue by you or by supply agencies under your supervision or control.

PART III

FINANCIAL

34. In the financial field you will make full application of the principles stated elsewhere in this directive, acting through the Japanese Government to the extent that effective execution of the policies and programs hereinafter enumerated will permit, but establishing administrative machinery not dependent upon Japanese authorities and agencies to the extent necessary to execute or assure the effective execution of such policies and programs. You are specifically directed to establish such independent administrative machinery in order to execute or assure the effective execution of the provisions of paragraphs 40, 41, 45, 46 and 47 of this directive.

35. Japanese financial organizations and the public finance system will be expected to function on the basis of Japanese resources. You will take no

steps designed to maintain, strengthen, or operate the Japanese financial structure except in so fer as may be necessary for the purposes specified in this directive.

36. You may authorize or require the Bank of Japan or any other bank or agency to issue bank notes and currency which will be legal tender; without such authorization no Japanese governmental or private bank or agency will be permitted to issue bank notes or currency.

37. You will require the Japanese authorities to make available to you legal tender yen notes or yen credits free of cost and in amounts sufficient to meet all expenses of your forces including the costs of your military occupation.

38. a. In the event that for any reason adequate supplies of regular legal tender yen notes are not available you will use supplemental military yen (Type "B") issued pursuant to military proclamation. Supplemental yen will be declared legal tender and will be interchangeable at par without distinction with other legal tender yen currency.

b. Regular yen currency will include currencies which are now legal tender in the area.

c. Japanese military yen issued for circulation in territories occupied by the Japanese will not be legal tender and will not be acceptable nor interchangeable with supplemental yen or regular yen currencies.

39. You will not announce, establish or permit the use or publication, until receipt of further instructions, of any general rate of exchange between the Japanese yen on the one hand the U.S. dollar and other currencies on the other. However, a rate of conversion to be used exclusively for pay of military and naval personnel and for military and naval accounting purposes,

namely 15 regular or supplemental yen equal one U.S. dollar, has already been communicated to you.

40. You will remove and exclude from positions of important responsibility or influence in all public and private financial institutions, agencies or organizations all persons who have been active exponents of militant nationalism and aggression or who actively participated in the organizations enumerated in paragraph 7 of this directive. It may be generally assumed in absence of evidence to the contrary that any persons who have held key positions in any such institutions, agencies, or organizations are active exponents of militant nationalism and aggression. You will also prevent the retention in or selection for places of importance in the financial field of individuals who do not direct future financial effort solely towards peaceful ends.

41. You will close and not allow to reopen banks and other financial institutions whose paramount purpose has been the financing of war production or the mobilization or control of financial resources in colonial or Japanese occupied territories. These include:

a. The Wartime Finance Bank,

b. The National Financial Control Association and its member control associations,

c. Offices, in the area, of the Bank of Chosen and the Bank of Taiwan,

d. The various banks and development companies whose fields of operation have been outside Japan proper such as the Southern Development Company, the Southeran Development Company Bank and the Tokyo offices of the Central Bank of Manchou, Bank of Mongolia, Federal Reserve Bank of China, and Central Reserve

Bank of China. You will take custody of all the books and records of these banks and other institutions.

42. You are authorized to take such fiscal measures as you may deem necessary to accomplish the objective of your military occupation. Specifically including, without limitation, the following:

a. Close banks, other than those indicated in paragraph 41 above, only where clearly necessary for the purposes of introducing satisfactory control, removing objectionable personnel and taking measures to effectuate the program for the blocking of certain accounts and transfers or the determination of accounts to be blocked or for other reasons of military necessity. You should reopen any banks so closed except those indicated in paragraph 41 above, as promptly, as is consistent with the accomplishment of the foregoing purposes;

b. Prohibit, or regulate transfers or other dealings in private or public securities or real estate or other property;

c. Establish a general or limited moratorium or moratoria only to the extent clearly necessary to carry out the objectives of your military occupation;

d. Close stock exchanges, insurance companies and similar financial institutions for such periods as you deem appropriate.

43. You will prohibit the payment of:

a. All military pensions, or other emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work, at rates which are no higher than the lowest of these for comparable physical disability arising from non-military causes;

b. All public or private pensions or other emoluments or benefits

granted or conferred:

(1) By reason of membership in or services to the Political Association of Great Japan, the Imperial Rule Assistance Association (Taisei Yokusankai), the Imperial Rule Assistance Political Society (Taisei Seijikai), their affiliates and agencies or any successor or similar organizations, and all Japanese nationalistic, terroristic and secret patriotic societies and their agencies and affiliates.

(2) To any person who has been removed from an office or position in accordance with paragraphs 5 or 40 of this directive.

(3) To any person interned in accordance with paragraph 7 of this directive, during the term of his internment, or permanently in case of his subsequent conviction.

44. a. Any laws, ordinances and regulations or practices relating to taxation or other fields of finance which tend to discriminate for or against any person because of nationality, race, creed or political opinion will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. The collection of contributions of any kind for nationalistic, imperialistic, militaristic, or anti-democratic societies of any kind will be prohibited.

b. You will insure that Japanese public expenditures are consistent with the objectives stated elsewhere in this directive.

45. You will impound or block all gold, silver, platinum, currencies, securities, accounts in financial institutions, credits, valuable papers and all other assets within the categories listed below:

a. Property owned or controlled directly or indirectly, in whole

or in part, by any of the following:

(1) The Japanese national, prefectural and local governments, or any agency or instrumentality of any of them, including all utilities, undertakings, public corporations or monopolies under the control of any of the above;

(2) The Governments, nationals, or residents of Germany, Italy, Bulgaria, Rumania and Hungary, including those of territories formerly occupied by them and by Japan;

(3) The Japanese Imperial Household;

(4) The Political Association of Great Japan, the Imperial Rule Assistance Association, the Imperial Rule Assistance Political Society, their affiliates and agencies or any successor or similar organizations, and all Japanese nationalistic, terroristic and secret patriotic societies, agencies and affiliates and their officials, leading members and supporters;

(5) The National Shinto;

(6) All organizations, clubs or other associations prohibited or dissolved by you;

(7) Absentee owners of non-Japanese nationality including United Nations and neutral governments and Japanese outside of Japan;

(8) Any person or concern in any area under Japanese control at any time since 1894, except the islands of Honshu, Hokkaido, Kyushu, Shikoku and whatever minor islands are left to Japan;

(9) Persons subject to internment under provisions of paragraph

7, and all other persons specified by Military Government by inclusion in lists or otherwise.

b. All Japanese (public and private) foreign exchange and external assets of every kind and description located within or outside Japan.

c. Property which has been the subject of transfer under duress, wrongful acts of confiscation, dispossession or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise.

d. Works of art of cultural or material value of importance, regardless of ownership.

You will take such action as will insure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issue. In the case particularly of property blocked under a (1) above, you will proceed to adopt licensing measures which while maintaining such property under surveillance would permit its use by you or by the licensees in consonance with this directive. In the case of property blocked under c above, you will institute measures for prompt restitution, in conformity with the objectives of this directive and subject to appropriate safeguards to prevent the cloaking of militaristic and other undesirable influence.

You will require from the Japanese Government such reports as you deem necessary to obtain full disclosure of all assets mentioned in b above.

46. You will seek out and reduce to the possession or control of special agency established by you within your command all Japanese (public and private) foreign exchange and external assets of every kind and description located within or outside Japan.

47. All foreign exchange transactions, including those arising out of

exports and imports, will be controlled with the aim of preventing Japan from developing a war potential and of achieving the other objectives set forth in this directive. To effectuate these purposes, you will:

a. Prohibit, except as authorized by regulation or license, all dealings in gold, silver, platinum, foreign exchange, and all foreign exchange transactions of any kind.

b. Make available any foreign exchange proceeds of exports for payment of imports directly necessary to the accomplishment of the objectives of this directive, and authorize no other outlay of foreign exchange assets without specific approval of your government through the Joint Chiefs of Staff.

c. Establish effective controls with respect to all foreign exchange transactions, including:

(1) Transactions as to property between persons inside Japan and persons outside Japan;

(2) Transactions involving obligations owed by or to become due from any person in Japan to any person outside Japan; and

(3) Transactions involving the importation into or exportation from Japan of any foreign exchange asset or other form of property.

d. You will provide full reports to your government with respect to all Japanese foreign and external assets.

48. No extension of credit to Japan or Japanese by any foreign person, agency or government will be permitted except as may be authorized by your government through the Joint Chiefs of Staff upon your recommendations.

49. It is not anticipated that you will make credits available to the

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Bank of Japan or any other bank or to any public or private institution. If, in your opinion, such action becomes essential, you may take such emergency actions as you may deem proper, but in any such event, you will report the facts to your government through the Joint Chiefs of Staff.

50. You will maintain such accounts and records as may be necessary to reflect the financial operations of your military occupation and you will provide the Joint Chiefs of Staff with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs, and other expenditures arising out of operations or activities involving participation of your forces.

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OCCUPATION FORCE IN JAPAN

Summary of Agreement Between the United States and Australia, Acting on Behalf of the United Kingdom, New Zealand, and India

January 30, 1946

1. As a result of discussion between members of the British Commonwealth, proposals for a joint British Commonwealth Force to participate in the occupation of Japan were agreed upon and conveyed to the United States Government by the Australian Government, acting on behalf of the British Commonwealth Government concerned.

2. Following recent representations in Washington by the Australian Minister for External Affairs, Dr. H. V. Evatt, the United States Government has now formally accepted the participation of British Commonwealth forces in the occupation of Japan. Arrangements are now well advanced for the force to proceed on the following basis.

3. The force is drawn from the United Kingdom, Australia, New Zealand, and India. The Commander in Chief of the force is Lieutenant General J. Northcott, C. B., M. V. O., of the Australian Military Forces. His headquarters are fully integrated with representatives drawn from each service and from each Commonwealth country contributing to the force. Air Commodore F. M. Bladin, C. B. E., of the Royal Australian Air Force, has been appointed Chief of Staff to Lieutenant General Northcott.

4. The force comprises:

(a) force and base troops drawn from each of the contributing countries;

(b) a land component, organised as a corps, consisting of one British Indian division and two independent brigade groups -- one each from Australia and New Zealand;

(c) an air component comprising squadrons drawn from the Royal Air Force, the Royal Australian Air Force, the Royal New Zealand Air Force, and the Royal Indian Air Force.

5. A squadron of the British Pacific fleet, which includes ships of the Royal Navy, the Royal Australian Navy, and the Royal Indian Navy is stationed in Japanese waters under operational control of the admiral commanding the detachment of the United States fleet.

6. The British Indian division is commanded by Major General D. T. Cowan, C. B., D. S. O., M. C., Indian Army, and includes the 5th Brigade of the 2nd British Division and the 268th Indian Infantry Brigade. The Australian Infantry Brigade group includes the 34th Australian Infantry Brigade commanded by Brigadier R. H. Mimmo. The Commander of New Zealand Brigade, which is coming from Italy, is Brigadier K. L. Stewart, C. B. E., L. S. C.

7. The Commander of the air component is Air Vice Marshal C. A. Bouchier, C. B., C. B. E., D. F. C., Royal Air Force. His senior air staff officer is Air Commodore I. D. McLaughlan, D. F. C., Royal Australian Air Force. The air component includes the 81st Australian Fighter Wing of three Mustang Fighter Squadrons; numbers 11 and 17 Spitfire Squadrons, and number 96 Medium Transport Squadron, Royal Air Force; number 4 Spitfire Squadron, Royal Indian Air Force; and number 14 Corsair Squadron, Royal New Zealand Air Force.

8. The British Commonwealth Occupation Force (BCOF) will form part of the occupation forces in Japan under the supreme command of General Douglas MacArthur, Supreme Commander for the Allied Powers (SCAP). He has assigned the land component to the general operational control of the Commanding General, 8th United States Army, who is in military control of the

whole area of Japan. The air component has been assigned to the general operational control of the Commanding General, Pacific Air Command, United States Army (PAC USA). Lieutenant General Northcott, as Commander in Chief, BCOF, is entirely responsible for the maintenance and administration of the British Commonwealth Occupation Force as a whole. He has direct access to General MacArthur on matters of major policy affecting operational commitments of the force. On policy and administrative matters affecting the force, the Commander in Chief is responsible to the British Commonwealth Governments concerned through a British Commonwealth organization set up in Melbourne and known as the Joint Chiefs of Staff in Australia. Their instructions to the Commander in Chief, BCOF will be issued by the Australian Chiefs of Staff. The Joint Chiefs of Staff in Australia (JCOSA) comprise the Australian Chiefs of Staff and representatives of Chiefs of Staff in the United Kingdom and New Zealand and of the Commander in Chief in India. This organization is fully associated with Australian Joint Service machinery. The Commander in Chief BCOF has the right of direct communication with the Joint Chiefs of Staff in Australia on administrative matters affecting the force. On matters of governmental concern affecting the policy and operations of BCOF, he will communicate through JCOSA to the Australian Government, which acts as the representative of the other Commonwealth Governments concerned.

9. The BCOF will be initially located in the Hiroshima Prefecture including the cities of Kure and Fukuyama. It will be responsible for the demilitarization and disposal of Japanese installations and armaments. It will exercise military control of the area but will not be responsible for its military government, which remains the responsibility of United States agencies. The BCOF area will not constitute a national zone. The BCOF may

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be called upon to conduct military operations outside its normally allocated area. When air support for the land component of the BCOF is required, this will be provided primarily by the BCOF air component. Kure will be the base port for BCOF which will be responsible for the working of the entire port. The Kure Naval Yard will remain under United States naval control.

10. Provision is being made for the BCOF to be represented in the Tokyo Prefecture by a detachment which probably will be of battalion strength. This detachment will be drawn in turn from each national component in the force.

11. The British Commonwealth Occupation Force may be withdrawn wholly or in part by agreement between the United States Government and the Commonwealth Governments concerned or upon six months' notice by either party. It has been agreed also that progressive reduction in the strength of the force will be made from time to time in conformity with progressive reductions which may be made in the strength of United States occupation forces in Japan.

12. The Australian Services Mission, hitherto located in Tokyo, has been transformed into an advanced echelon of Headquarters BCOF with an addition of officers from other Commonwealth components. For the present it remains in the Tokyo area to facilitate liaison with General MacArthur's headquarters.

13. Details of the move to Japan of the various components of BCOF cannot yet be announced but detailed planning is now in progress on the following basis:

(a) naval port parties for the working of Kure port to arrive in the first week of February;

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(b) leading elements of the Australian component, including an airfield-construction squadron, to arrive in the third week of February;

(c) leading elements of the British Indian Division and the advanced parties of the British Indian air component to arrive about the first of March;

(d) leading elements of the New Zealand Brigade, which is moving from Italy, to arrive about March 25.

General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers, made the following statement concerning the employment of British Commonwealth Forces in the occupation of Japan:[1]

"The present occupation forces in Japan extend the heartiest possible welcome to the British Commonwealth forces who are about to share with them the arduous and difficult duties which are involved. Their presence will materially broaden the base along international lines of a burden which up to this time has, of necessity, been carried to a large extent unilaterally by United States forces and cannot fail to be of over-all beneficial effect. It will enable a diminution in our own strength, and will thereby bring welcome relief to many individuals. The Australian contingent served under my personal command with brilliant honor to itself during the long and arduous campaigns on the road back, and I take a special personal pride in again being associated with it. The reception of the entire force will be of the warmest."

When the exact composition and time of arrival of the British Commonwealth force are known to General MacArthur he will determine the number and

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1. The remaining statements were released in Washington and Tokyo only.

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schedule of withdrawal of American troops from his command.

The participation of British Commonwealth forces in the occupation of Japan is in line with the policy made public by the President on September 22 which stated that the "participation of the forces of other nations that have taken a leading part in the war against Japan will be welcomed and expected".

In accordance with this declaration, invitations were extended also to the Governments of China and the Union of Soviet Socialist Republics to send troops to participate in the occupation. The Chinese Government has informed this Government that, while it is willing to provide a contingent of troops, it is not in a position to do so at the present time. The Union of Soviet Socialist Republics has not accepted the invitation to participate.