

FEC Mtgs.

134-142

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 134th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, December 23, 1948

134

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

CONFIDENTIAL

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 134th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, December 23, 1948

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
His Excellency Mr. N. J. O. Makin	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. V. K. Wellington Koo Dr. S. H. Tan	(China)
His Excellency Mr. P. E. Naggiar	(France)
Mr. S. N. Banerji	(India)
Mr. G. J. Jobsis	(Netherlands)
His Excellency Sir Carl Berendsen	(New Zealand)
Mr. Emilio Abello	(Philippines)
His Excellency Mr. A. S. Panyushkin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The 134th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:30 A.M., 23 December 1948, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen, we will open our session with the consideration of the minutes. Of what meeting, Mr. Secretary General? I think we have two to consider, haven't we?

MR. JOHNSON: The 132nd and 133rd meetings.

GEN. MCCOY: The 132nd was the meeting having to do with the special consideration of the case before the Supreme Court, wasn't it?

MR. JOHNSON: Yes, sir, the status of the International Military Tribunal for the Far East.

GEN. MCCOY: And we will consider that first--the 132nd meeting, that emergency meeting in our effort to help the United States case before the Supreme Court in a sense as to the statement as to the international constitution of the court, which apparently was accepted by the Court.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 132nd MEETING

GEN. MCCOY: Are there any comments, gentlemen, on the minutes of the 132nd meeting?

SIR CARL BERENDSEN: Mr. Chairman, could I have one slight alteration on page 5, the second line: "...the Commission not only had the right to enunciate its appreciation...". No doubt I used the word "appreciation" but I used it in the sense of "understanding". Could I have the word "understanding" instead of "appreciation"?

MR. JOHNSON: In the 132nd meeting?

SIR CARL BERENDSEN: Yes, on page 5 the second line. I don't like the sense of the word "appreciation" about stringing people up by the neck. It could be taken with some misunderstanding.

MR. JOBSIS: Mr. Chairman, the 132nd meeting, page 4, the sixth line from the top, I should like to add the word "army". The sentence reads then: "The Supreme Commander's proclamation had been based on a United States Army regulation".

GEN. MCCOY: If there are no other corrections of the minutes, they will be made of record and we will pass to the minutes of the 133rd meeting, the last regular meeting on Thursday of last week.

ITEM 2 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 133rd MEETING

GEN. MCCOY: If there are no comments, the minutes will be made of record.

MR. MAKIN: Mr. Chairman--

GEN. MCCOY: There are some comments and corrections apparently.

MR. MAKIN: There is just one, sir. On page 1 the seventh line from the bottom, the word "His" should be "The".

GEN. MCCOY: The minutes, unless there are further corrections, will be made of record.

I call your attention to the fact that there was a revised agenda issued yesterday to include FEC-316/13, and that this revised agenda has been circulated at the table?

MR. EICHLER: Yes, sir.

ITEM 2 - SECOND PUBLIC REPORT ON COMMISSION ACTIVITIES (FEC-316/10,
FEC-316/11, FEC-316/12)

GEN. MCCOY: FEC-316/10 is a proposed second installment of the public report on the activities of the Commission and covers developments from the 10th of July 1947 to the 1st of November 1948. The Steering Committee, on the 16th of November, approved a motion to recommend to the Commission that it authorize the Secretary General to issue the report. The Soviet position was reserved. FEC-316/11 contains a proposed addition of the new policy on Conduct of Trade and enumerates other minor changes and additions. FEC-316/12 contains a proposed addition on the new policy on Farmers' Organizations. It is anticipated that the Soviet representative will submit amendments to the proposed report. FEC-316/13 contains these Soviet amendments one of which embodies a somewhat new approach to the proposed report. I bring that to your attention and consideration. That was circulated yesterday afternoon, that is FEC-316/13.

"In considering these amendments it is worth noting that they fall into two distinct categories: firstly, amendments which would quite drastically change the character of the proposed report, and, secondly, a series of relatively minor amendments many of which may prove entirely acceptable to most members. Perhaps the best approach in considering this document this morning would be to consider amendment No. 1 on pages 1 and 2 of FEC-316/13 first, that is, the major change proposed as to the whole character and type of report."

My understanding of our former report, and having had the experience of its usefulness as what might be called an over-all guidebook or reference book, seemed to us, in discussing it, as a type of report for the ensuing year and one that would be an objective record of the work of the Commission, without the round-the-table reasons or particular reasons for the adoption or the action of any particular country as expressed through its delegate. So

that this report that has now been before you for some time is just such an effort to put before the public a reference book which would bring up-to-date the results of the work of the Commission. However, our Soviet colleague has, in this first part, ^{made} some suggestions that I would like you to consider because it involves a completely new aspect and one which seems to be proposing a very different kind of report and one that would require long and careful consideration and a good deal of controversy which probably would fail to ever get us together on the type of report that is proposed. However, I would like to see people with new ideas, and one of the great values of this Commission is the opportunity to not only present new ideas but for us to give careful consideration to them. So I ask that in this case.

Possibly, in the consideration you give this amendment and the others, you might have in mind that there is a great need for bringing this up-to-date in this rather innocuous and objective way as a record, and we are pressed from time to time by government officials and others who are a year behind the game in regard to what has happened in this Commission. So that it is a convenience for those concerned to have some report soon.

Mr. Ambassador, would you care to make any statement about this particular new approach?

MR. PANYUSHKIN: Mr. Chairman, I am glad to note that you like the new ideas expressed in the Soviet proposals. I would not say that in the Soviet proposals there are new ideas in respect to the report prepared by the Secretary General; in every report on activities of an international body, which the Far Eastern Commission is, it is advisable to have given the positions of different countries. Thus the annual report of the Secretary General should not be a statistical report of its activities; I doubt whether there is a necessity to publish a statistical report. The report prepared by the Secretary General is something more than a report of a statistical nature;

indeed, besides the enumeration of the policy decisions adopted by the Far Eastern Commission, there is an attempt to give the contents of the policy decisions. Thus this report tries to give an objective view on the policy decisions which were adopted by the Far Eastern Commission and it is necessary to have in mind that these policy decisions were published in the press. The situation being such, the Soviet delegation has all foundations to propose changes which are set forth in FEC-316/13, which paper is before the members of the Commission. Our first proposal was made with a view to presenting the policy decision FEC-017/23 in a more objective way--this paper in the report was given in a one-sided way. Thus in my proposal I don't see any new ideas which were mentioned by General McCoy. The Soviet delegation naturally has some other proposals in respect to other papers which are not less important than FEC-017/23, and just for a beginning and paying justice to the real situation the Soviet delegation proposes the changes set forth in FEC-316/13. I would like to draw once more the attention of the members of the Far Eastern Commission to the fact that there is nothing new in the Soviet proposals, and I believe that if the Soviet proposals are adopted the report would be much better and it would have become much better because in such a case it would have been more objective and more clear. I believe that is the objective we should pursue in our work. I don't know whether I should read all the proposals suggested by me, which I introduce formally, or we should restrict ourselves because of the fact that every representative has got a copy of these proposals.

MR. GRAVES: Mr. Chairman, those to whom we have distributed copies of the first report of the activities have found the booklet extremely useful. It was a plain, straightforward, objective account of what the Commission decided and it has been a book of reference and made available to the public. As far as our own people are concerned it has been a most useful document of reference. We hoped,

and I believe there are many others who hoped, that the second report would be of the same nature.

Now I have studied the amendments which are proposed in FEC-316/13 and in the first paragraph it does refer to a ~~principal~~ disagreement. Now it was my understanding of these reports that they should refer to decisions only and not to the arguments which went on in the Commission. In my own opinion it would be quite improper to disclose differences in our discussions because that is not the objective of the report; the objective of the report is to give the substance of the decisions only and not to disclose the differences which arose in the time we were arriving at these decisions. I don't know whether the Secretary General would accept this amendment which is suggested, but if he did I think I ought to say straightway that I should have to withdraw my agreement for the publication of the report if it included the first amendment proposed by the Soviet Ambassador. I have other views on the second, third and fourth amendments, but so far as the first is concerned we could not agree to the publication of the report if it disclosed that ~~principal~~ disagreement.

MR. COLLINS: Mr. Chairman, there would also seem to me to be a practical difficulty involved in adopting the first of the Soviet amendments, and that is, in altering the approach to the whole subject, it seems to open up a multitude of possibilities. There would seem to be no logical reason for stopping simply at this one stage; this introduces the whole question of what amendments had been proposed in connection with various papers--in other words, the history of the course of the negotiations leading up to the final agreement--and if we once adopted this approach in connection with one paper I should think that we would have not only to outline the Soviet amendments that have been suggested in connection with this paper but other amendments on the part of other delegations, and so on, with

regard to the remaining papers that are discussed in the report. That would lead, I should think, to endless difficulties.

MR. MAKIN: Mr. Chairman, the Australian view is that as expressed by the representative for the United Kingdom. Really I have no need to repeat again the arguments, but we agree with the views expressed by Mr. Graves.

MR. JOBSIS: Mr. Chairman, my delegation agrees with the ideas expressed by Canada, which are about the same tendency as the point of view of the United Kingdom and Australia.

MR. NAGGIAR: Mr. Chairman, I see no reason to delay the publication of this report. As a rule such a report does not go into the details of discussion; the main object of the report is to present the policy decisions adopted by the Commission, and on the whole I should see no important correction to be proposed to the report as it has been drafted and am quite in favor of publication as it stands.

DR. KOO: Mr. Chairman, it seems to me that the real point to consider here is the purpose of this report. As I understand it, it is meant to inform the public of the work of the Commission in regard to the agreement it has reached and it is not the purpose to inform the public of the disagreements, of which we have many in this Commission in the course of discussion on any question. There have been, in regard to questions for future discussion, and I am quite sure there will be differences of opinion--amendments--proposals--but if we were to present those to the public, each delegation making known its position in this report, I am afraid it would only serve to confuse the public rather than enlighten them. This is a report which is intended to merely give a gist, as I said, of the decisions reached so as the public would be informed of the progress of the work so that they would be kept enlightened. So, Mr. Chairman, it seems to me that it would not be appropriate for this kind of report to incorporate the specific and respective views of the different

delegations, and, as someone has already said, if we were to incorporate the dissenting opinion or views of the proposal of one delegation, of course, then other delegations would like also to incorporate theirs. In that case, apart from the deviation from our original purpose, it would make the report very voluminous. So far as the positions taken by the different delegations, we have the minutes here and they are the most complete record of the different views and positions taken. So, in my view, Mr. Chairman, the present report as it is phrased would seem to best serve the purpose without any further amendment. If, really, the point is pressed, it seems to me that the Soviet delegation might have an asterisk put after the sentence saying that this decision was adopted simply to say that the Soviet delegation abstained. That might serve the purpose, but even that I myself would not recommend for my delegation, for example, because, as I have stated, the special purpose of the report is to inform the public of agreements reached by the Commission and not the disagreements.

MR. BANERJI: Mr. Chairman, I haven't had time to study these amendments because I only have seen this document this morning; nevertheless, I have listened with a good deal of interest to the explanation given by the Soviet Ambassador as well as the comments made on those proposals by the different members. I feel, Mr. Chairman, that, as Dr. Koo has stated before, the main purpose of this report is to enlighten the public of what we have actually achieved, and, knowing the public will not make a research into this question, we should only try to present this thing in as lucid a manner as possible. Now, if we adopted the Soviet amendment and if we followed its logical course, we will in fact reproduce all the minutes that have been drawn up in relation to these papers giving a summary of the discussions that have taken place. It would not be proper for only one delegation's amendments or only one delegation's comments

to be incorporated into the report. To follow it to its logical course, as suggested by Mr. Collins, the positions taken by different delegations on each amendment--by anybody--has to be given in full and that would merely mean a sort of summary of the minutes that we have already adopted. That would be bulky and I dare say that the public would not feel very much disposed to go through a maze of documents and try to find out which position has been taken by which delegation. I presume that all they are interested in is to see what we have actually achieved and their attention will be more concentrated on the policy decision itself than on the introductory portion of the Secretary General's report. For these reasons, Mr. Chairman, I am inclined to think that the report as it stands, without the Soviet amendments, is acceptable to us, and I do not think that this paragraph 1 of the Soviet amendments is at all necessary for the purpose we have in view.

MR. ABELLO: Mr. Chairman, I have listened to the statements made around the table of those delegates who believe that the suggestion of the Soviet delegate should not be approved by the Commission, considering that it would probably convert the report of the Secretary General from a report of the activities of the Commission to a summary of the minutes of the Commission. As a matter of fact, I have grave doubts as to whether it is absolutely necessary for this Commission at all to go over this paper which is issued by the Secretary General; there is nothing in the report which needs the approval of this Commission because they are documents which are not restricted in nature and the release of which in this report would need special authority. But nevertheless, even if the Secretary General, and that is entirely within the competence of the Secretary General, even if he should ask this Commission for authority to incorporate in his report the suggestions of the Soviet amendment, the Philippine delegation would naturally vote against it because

it would make the report voluminous and because all the other delegations would naturally want their own positions, their own arguments, their own discussions, incorporated and set forth.

SIR CARL BERENDSEN: Mr. Chairman, I haven't intervened in this debate because I wanted to save time. It seems to me perfectly obvious it would be quite improper to include this sort of thing in the report, and I don't believe the Soviet colleague is serious in making the suggestion it should be. If we are going to include that sort of thing, there is nothing I would like better than the opportunity to set out all those instances in which I was right and everybody else was wrong. (Laughter)

GEN. MCCOY: You are looking directly at me.

SIR CARL BERENDSEN: No, sir. I am looking, as I am bound to look, to the Chairman. I am simply point out that if we want to argue whether we are right or wrong, the correct place to do so is not in an objective report such as this. We simply cannot do it, sir.

GEN. MCCOY: Possibly, after hearing the discussion around the table, the Ambassador might consider withdrawing the first part of the amendments and let us consider 2, 3 and 4 with him and the others. From my own point of view I would be very glad to consider the other amendments because I think they are in the nature of proper correction of the report. But, unless the Ambassador presses for a vote on this first proposal, I think that he might consider withdrawing it.

MR. PANYUSHKIN: Mr. Chairman, I would like to speak in defense of my first proposal. I would like to speak in defense of my first proposal because the objections expressed here are not convincing. These objections were only formal ones and not objections on the substance of the Soviet proposal. In introducing these proposals before the Far Eastern Commission, the Soviet delegation was very serious and it was not a joke, because if we look into the report prepared by the Secretary General it will be seen that the part which deals

with the paper FEC-011/23 does not give appropriately the matter in respect to this paper and really the position of the Soviet delegation is distorted in that report. For example, if we take one part of that policy decision, that is the question of arming the Japanese police, and I would like to repeat that as an example I would like only on this particular question, you will remember the Soviet delegation insisted that the Japanese police should be armed only with rifles and pistols and the Soviet delegation insisted that the Japanese police should not be armed with automatic arms. However, this proposal of the Soviet delegation was not adopted by the Far Eastern Commission. And now let us suppose that a person who is not well experienced in politics should read this second report and such a person, for example, should read the paragraph in respect to the arming of Japanese police. As you remember, it is said in the policy decision that the Japanese police may be armed with other small arms, and such an inexperienced person might think why the Soviet delegation agreed to such an incorrect decision. And not only an inexperienced person but also an experienced one would doubt that the Soviet delegation could subscribe to such a decision. Therefore, it seems to me that the objections were not in substance and I believe that it wasn't appropriate to make anecdotes of the Soviet proposals. The first Soviet proposal is suggested in order to make the report of the Secretary General an objective one. I haven't heard logical explanations why this proposal should not be approved; the objections were only formal ones. Therefore, Mr. Chairman, I insist that my statement be taken into view and that my proposal be put to a vote.

GEN. MCCOY: The first amendment, that is, the first part in question, has been considered--discussed--and if there are no further discussions the Soviet delegate has asked that it be put to a vote of the Commission. If there are no further comments I will comply

with his request. Will the Secretary General take the "ayes" and "nays" on the first part of the proposal, which might be called that part having to do with the changed character of the report and which ends--well, it is the whole of paragraph 1 of the paper FEC-316/10. No, it's paper FEC-316/13--I was mistaken--changes in FEC-316/10 and the proposal is paragraph 1 of FEC-316/13.

MR. MAKIN: No.

MR. COLLINS: No.

DR. KOO: No.

MR. WAGGIAR: No.

MR. BANERJI: No.

MR. JOBSIS: No.

SIR CARL BERENDSEN: No.

MR. ABELLO: No.

MR. PANYUSHKIN: In favor.

MR. GRAVES: No.

GEN. MCCOY: No.

The tally on the vote on the first paragraph as proposed is 1 for and 10 against, so that the motion is lost, having no majority.

Mr. Ambassador, I have consulted with the Secretary General about the amendments proposed in paragraphs 2, 3 and 4, and as far as the Secretary General is concerned, he is ready to accept those changes that you have offered. If there is no objection--will you explain it so that I am sure that I am not mistaken?

MR. JOHNSON: Mr. Chairman, the amendments which are listed as on pages 2, 3 and 4 of the enclosure with FEC-316/13 exclusive of the first amendment, which has just been voted upon, have been examined by the Secretariat and by myself, and we feel that they are acceptable. They cover the amendments to the text of the report as it was before the working committees and of the supplemental summaries of acts of the Commission which were voted upon subsequent to the original text.

GEN. MCCOY: In view of the statement of the Secretary General, are the other members ready to accept these changes in the report?

MR. JOBSIS: Mr. Chairman, the Netherlands delegation itself has nothing against the changes, but would go on record as abstaining because we think that this is a matter which we shouldn't vote on and is a matter which should be entirely in the hands of the Secretary General. By voting we would in a way be involved in the meaning of the statement itself, so we would like to go on record as abstaining.

GEN. MCCOY: Well there is no objection to accepting the statement of the Secretary General and adopting the changes proposed by the Soviet delegate. It is so ordered.

MR. PANYUSHKIN: Mr. Chairman, are the Soviet proposals adopted?

GEN. MCCOY: All except the first one on which we voted.

MR. PANYUSHKIN: And, do I understand correctly that the whole report would not be put to a vote?

GEN. MCCOY: Well I was just assuming that with those corrections the Commission accepts the statement of the Secretary General and adopts the report of the Secretary General with those changes.

MR. PANYUSHKIN: Mr. Chairman, I would like to agree with the procedure accepted by you, but I would like to make a short statement:

"Although the Soviet delegation does not oppose the issuance of the Second Public Report on the Activities of the Far Eastern Commission, the Soviet delegation considers that the report is unsatisfactory since the position of the Soviet Union on certain questions is reflected not precisely."

GEN. MCCOY: The Secretary General has some remarks to make.

MR. JOHNSON: Mr. Chairman, for the information of members the Secretariat plans to issue a mimeographed version of the Second Public Report including both the text of the report and the various appendices. This mimeographed document will be the official version of the report and will be issued to the press and to member govern-

ments probably on Monday, December 27th, with, however, a future release date of about the 28th to give the press an opportunity to study the report. Arrangements will be made with the Publication Division of the Department of State to reprint the report as was done last year. Printed copies will be probably available within a month of its release to the press. The purpose in circulating the document first in mimeographed form is to provide copies not only to the press but to delegations on the Commission so that their governments would be free immediately to undertake whatever steps they may wish for distribution of the report in their own country.

ITEM 3 - REVIEW OF JAPANESE CONSTITUTION (FEC-326/4; FEC-031/41)

GEN. MCCOY: FEC-326/4 is a proposed consultation with SCAP, approved by the Steering Committee on the 14th of December by a vote of 10 in favor with 1 abstention. This is acceptable on the part of the United States and I will put it before you for your concurrence with the report of the Steering Committee. If there is no objection on the part of the members, this message will be sent as a consultative message to SCAP, having in mind that the Soviet representative abstained in the vote in the Steering Committee.

MR. PANYUSHKIN: Mr. Chairman, I believe that this question is not so simple; it deals with the review of the Japanese Constitution, and it is impossible to solve this problem so simply--so simply like a cavalry attack. Although in the past we both were cavalry generals, I believe it wouldn't be so simple now.

GEN. MCCOY: I wasn't speaking as a cavalry general; I was speaking as the Chairman of the Commission in carrying out the procedure of the Commission.

MR. PANYUSHKIN: But, Mr. Chairman, sometimes you are too operative and too quick while some of the questions remain on our agenda for two years. Mr. Chairman, I would like to leave this item on the

agenda in order that in the near future I may state my opinion because I need to consult with my Government on this question.

GEN. MCCOY: The consultative paper under Item 3 will remain on the agenda at the request of the Soviet representative.

ITEM 4 - ECONOMIC STABILIZATION IN JAPAN (SC-329/3, FEC-329/2)

GEN. MCCOY: FEC-329/3 is a United States statement on economic stabilization in Japan which was considered by the Steering Committee on the 21st of December, and is forwarded without recommendation for consideration by the Commission. Committee No. 2, that is the Committee on Economic and Financial Affairs, considered the statement on the 14th of December and requests instructions from the Commission. FEC-329/2 is a United States interim directive, and is identical in substance with FEC-329/3.

MR. PANYUSHKIN: Mr. Chairman, the Soviet delegation has very carefully studied the United States statement on economic stabilization in Japan. The statement deals with a very important question. But to our regret from this statement it is impossible to understand what purpose is pursued by this statement. Perhaps it would have been correct to ask what economic program is meant. What is the nature of this program? From the statement made by the United States representative on December 11 it is very difficult to understand this. It would have been interesting to know when and by whom this program was prepared. In this statement it is envisaged that the Supreme Commander will request the Japanese Government immediately to enforce this program. It is important to know what 'appropriate actions' the United States Government is going to take in this respect. So the Soviet delegation is interested in these questions, Mr. Chairman. Wouldn't it be possible to receive answers to these questions?

GEN. MCCOY: The statement that the Ambassador referred to was a preliminary statement which was followed by the action taken in the interim directive issued under the Terms of Reference as a matter of

urgency. However, there are other implications in the statement of the Ambassador which will receive consideration and I would be prepared to answer if, on further consideration, the Ambassador doesn't think the interim directive covers the major questions which he proposes.

MR. PANYUSHKIN: Mr. Chairman, the interim directive sent to General MacArthur is almost identical to the statement and I would say in general and not clear terms. Therefore it is interesting to know what the United States Government is doing in respect to the economic stabilization in Japan. I feel that there is an extreme necessity to have certain data on the economic situation in Japan and I believe it is necessary to receive concrete data in respect to the points mentioned in the statement. Such data is necessary in connection with the paper under discussion, and the situation is that the Commission is suggested to consider a paper the wording of which is too general. Therefore I would like to know whether the United States representative is going to give certain data on the economy of Japan and the data in respect to the program mentioned in the statement of December 11.

GEN. MCCOY: There seems to be no further comment this morning. It will be retained on the agenda and the statement of the--

MR. BANERJI: Mr. Chairman, I have received no instructions from my Government on this subject but I should like to say a few words, if I may, in my personal capacity.

On the question of principle, while I agree that it is undeniable that Article III, 3 of the Terms of Reference of the Far Eastern Commission empowers the United States Government to issue interim directives, I am inclined to think that this provision relates to emergency matters on which the Far Eastern Commission has not time to take a decision. Now, in this case no proposal had been submitted to the Commission which had thus no opportunity to express its opinion

on this important subject. The issuance of the directive is thought to be justified on the ground of emergency. Here again I am prepared to concede that the economic instability in Japan, menaced by the ever-increasing inflationary threat, demands prompt action, but the nature of the basis proposed to effectuate what has been called the economic stabilization program will indicate that a ^{slight} delay in the formulation would not have made matters very much worse. Even if it were considered that any delay is dangerous to the economic security of Japan, I would for one have appreciated the submission of the program to the Far Eastern Commission with an earnest request for immediate consideration, and I am sure that should the Commission accepted the emergency nature of the program it would have discharged its responsibility in a proper manner.

On the substance of the program I share the apprehension expressed by certain members that the determination of the levels of industry and the division of reparations shares is vitally necessary for the proper implementation of a stabilization program of the kind contemplated. The lack of decision on these vital questions render the program a little unrealistic. This is, as I stated before, my personal, tentative reactions, and I will express the views of our Government when I do receive them.

MR. NAGGIAR: Mr. Chairman, while I am not in a position to discuss the technical points, either in procedure or in substance, raised by the statement of December 11, 1948, I wish to formulate the views of my delegation on this statement.

For the past two years no effort was spared by the French and other delegations to draft policy decisions on matters related to the level of peaceful economy of Japan and prohibition of war potential, all matters being dealt with by the Potsdam Declaration. But it so transpired that this Commission has not been fortunate enough to adopt a certain number of policy decisions to that effect. Also we have not yet been able to achieve complete agreement on the

ceiling to be fixed for each of the main products for a peaceful Japanese economy or on the general percentage of reparations. The matters of principle on which the French delegation has always based its consideration of this problem are the following: first, a level of the peaceful needs for Japan; second, no war industry; third, reparations. Those three points are precisely those enumerated by Article 11 of the Potsdam Declaration.

As regards especially the Level of the Peaceful Needs of Japan, we were presented many months ago by the United States delegation a draft of a detailed policy decision on which, after months of serious study, the French delegation gave its assent, and on which a general agreement was delayed by the United States delegation--without withdrawing it being nevertheless unable to give definite approval to its own proposal. And now, Mr. Chairman, we are faced with the following situation: according to the American directive to General MacArthur, it seems that Japan is from now on not only permitted to maintain and develop its economy without any of the limitations decided upon by the Potsdam Declaration and by the Far Eastern Commission, but furthermore without any reference to reparations or to the prohibition of war industry. In view of this obscure situation, I wish to state formally that the French delegation is unable to agree to any policy that would contradict the three statements enumerated above for a peaceful development of the Japanese economy.

DR. KOO: Mr. Chairman, my delegation attaches great importance to the substance--the contents of the paper before the Commission. I am not quite sure as to the precise situation in which the Commission stands now with regard to this paper. It is, I understand, an interim directive already issued by the United States Government and in doing so, of course, the United States Government acted within its rights under the Terms of Reference. I don't know whether the paper now is before the Commission for review. My doubt arises from

the fact that this paper has been laid before the Commission, as it was laid before Committee No. 2, for information, as, I believe I am correct in quoting, "a gesture of courtesy". So long as that procedural question is not clear I would like to reserve the right of my delegation to submit its views on the paper as a whole. Meanwhile, Mr. Chairman, you will allow me to make a general remark or two.

As I stated, we consider the purport and content of this directive as of great importance. It covers a very wide field of fiscal, financial, commercial and economic problems in Japan. The purpose of it, we understand, is to promote economic stabilization. But to carry out successfully such an objectives it requires consideration of many factors involved. Perhaps, due to the uncertainties caused by the delay in acting upon such important papers as the Division of Reparations Shares, as the one on the Level of Economic Life in Japan, as another one on Reparations Removals: Accessory Facilities, Buildings and Technical Data, perhaps because of these uncertainties it has been judged desirable by the United States Government to issue this directive. But it involves many vital problems not only for Japan but also for the countries with which Japan is bound to have a great deal to do if economic stabilization and ultimate recovery is to be achieved. So for the present, Mr. Chairman, while reserving the right of my delegation to present its views more fully, I would like for the time being to stress--to emphasize the principle to which my Government attaches great importance and which I hope, and I believe that no other delegation will object, namely the principle that measures designed to increase Japan's production should be in conformity with Japan's peaceful needs as defined by the Far Eastern Commission. And, in the second place, also to emphasize that any program of domestic economic stabilization for Japan should take into consideration Japan's reparations obligations to the allied nations and the industrial capacity

of several essential industries to be retained in Japan. We regret that there has been so much delay in the Commission to take action on those three papers which I mentioned a little while ago, because those papers should have been acted upon first in order to provide a definite basis to work out the program of economic stabilization in Japan, and a delay which we regret all the more because so far as our delegation is concerned it has tried very hard to push forward to a definitive action by the Commission. However, so far our efforts and the efforts of some other delegations have not proved successful. Now we are faced with this very broad program as proposed in the interim directive. So I want to take this opportunity, pending a fuller presentation of our views when the directive is properly before the Commission for review, to emphasize these two principles, and I wish to express the hope of my Government that these principles, in carrying out the directive in Japan, would be borne in mind by SCAP.

MR. GRAVES: Mr. Chairman, it is my understanding that this paper is before us for notification and is not before us at the moment for review, and as yet no one has asked for review of this directive. If that understanding is correct, then I don't propose to make any remarks on the substance of it. I have no instructions to do so. Our views on the level of industry are, I think, very well known: it is regarded as a matter of great urgency, but since that is not the question before us on this particular paper I don't propose to say any more about it and shall leave it until the circumstance has changed and address any remarks I have to make about level of industry to the paper at that time.

SIR CARL BERENDSEN: Mr. Chairman, I expressed my tentative and personal views on this paper to the Steering Committee and I don't intend to say any more here until I have received my instructions.

GEN. MCCOY: I, speaking personally in connection with the views

expressed here which are all pertinent--the representative of the United Kingdom has stated it very plainly and I think his statement covers the points of view as I understand them for the moment. With regard to the statement of the Chinese representative, I don't think there is any action involved in this paper that for the moment need give concern about the points that the Ambassador makes; the level of production in Japan is still so relatively low that there is no danger in the carrying out of this program of being inconsistent--any action that the SCAP will probably take in connection with its instructions in this emergency directive would not involve any inconsistency with the announced policy so far. And as regards the levels of industry and the attendant papers which you mentioned, they have been had in mind and will be covered, I still hope, very soon in such a way that the Commission can act on the long-term principles and set the levels as a commission. And in the meantime there is nothing in this directive that will commit the SCAP to fly in the face of future or any agreed levels of industry that might be adopted by this Commission, I am sure. Now I will communicate to my Government the views expressed and will keep the item on the agenda for continued interest and concern.

ITEM 5 - TRIAL OF JAPANESE WAR CRIMINALS (FEC-314/4, FEC-314/5)

GEN. MCCOY: FEC-314/4 is a proposed policy decision approved by the Steering Committee on the 16th of November. FEC-314/5 is a statement submitted by the Philippine representative on the 9th of December. The Australian, Canadian, and French representatives desired to postpone further action in the light of this statement. Are any of the delegates ready this morning to comment on that reservation?

(No response)

SIR CARL BERENDSEN: Mr. Chairman, I think I should take it upon myself to point out that this is a very old timer. Unless something

is done about this paper the date referred to in the paper, the 31st of December 1948, becomes *derisive*.

GEN. MCCOY: Yes, the date would have to be reconsidered and that can be done when we finally consider the paper for action. But in the meantime that point will be, I hope, considered by all of you after we hear the comments of the representatives who asked postponement. There seems to be no further discussion on the paper this morning.

ITEM 6 - LABOR POLICY IN JAPAN (FEC-318, /1, /2, /3, /4, /5, /6, /7, /8, /9; FEC-267, /3, /4, FEC-324, FEC-268, FEC-269, FEC-270, FEC-014/9, FEC-045/5)

GEN. MCCOY: I spoke to the representative from New Zealand last week and told him that my Government was engaged in consideration of his explicit questions which I think are in the interest of other representatives, and I am still in the same position this morning as I was last week. But I am assured that continued discussions are taking place between departments of my Government and that I can expect a draft very shortly. I am sorry that I can't reply this morning.

ITEM 7 - a LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32; FEC-242/35, FEC-242/36)

b LEVEL OF ECONOMIC LIFE IN JAPAN; POLICY TOWARDS SHIPBUILDING AND SHIPPING (FEC-297/10)

GEN. MCCOY: Item 7 remains, as for some time. I am conscious and my Government is too of the attitude and desire of the representatives to have these papers presented to them as soon as possible.

MR. PANYUSHKIN: Mr. Chairman, the Soviet delegation would like to state its opinion on the paper FEC-242/32.

"Attaching extreme importance to the question of determining levels of Japan's industrial development, the Soviet delegation considers it necessary to stress that the development of Japanese industry should be subordinated to the satisfaction of only the peaceful needs of the Japanese people. The Soviet

delegation also considers it necessary to point out that the development of Japan's peaceful industry to the level of 1930-34 or to a higher level will contribute to the improvement of the physical well-being of Japan's population, will broaden her export possibilities, and will contribute to the strengthening of her economic independence.

"Such development of Japan's peaceful economy will meet not only the interests of the Japanese people but also the interests of other countries, and, first of all, of Asiatic countries. One should also bear in mind that Japan will have to satisfy legitimate claims for reparations on the part of the states which suffered from Japanese aggression.

"In connection with this the Soviet delegation draws the attention of the members of the Far Eastern Commission to the fact that according to the policy decision of the Far Eastern Commission FEC-084/21, the industrial facilities enumerated in FEC-242/32 are classified as war-supporting industries, however, these industries at the same time play a major part in the satisfaction of peaceful needs of the Japanese economy and the Japanese people. Therefore the industrial capacities of these industries should strictly correspond to the satisfaction of peaceful (non-military) needs of the Japanese economy and the Japanese people. These peaceful needs include, as is known, the satisfaction of vital needs of the population, production, payment for imports of raw materials needed for peaceful (non-military) industry, foodstuffs and other goods for the population, as well as the needs for rehabilitation work. Meanwhile, the levels of industrial capacities suggested in the paper under discussion, FEC-242/32, limit the possibilities for the rehabilitation of Japan's peaceful economy and do not secure full satisfaction of the needs of the Japanese people, nor the payment for imports of raw materials, needed for

peaceful (non-military) Japanese industry, foodstuffs and other goods for the population.

"The Soviet delegation also attaches utmost importance to the question of the fulfillment of the policy decisions adopted by the Far Eastern Commission on 'Reduction of Japanese Industrial War Potential', FEC-084/21, and 'Removal of Facilities from Japan for Reparations', FEC-059/3, since the timely and complete fulfillment of the above-mentioned decisions will contribute to the speediest development of Japan's peaceful economy.

"Proceeding from the above-said the Soviet delegation proposes the following amendments to FEC-242/32."

(Copies of the Soviet amendments were distributed to representatives.)

GEN. MCCOY: What is the wish of the Commission with regard to this statement and the proposed amendments? Have these been proposed before, Mr. Ambassador, in the working committee?

MR. PANYUSHKIN: These are suggested for the first time.

MR. GRAVES: Mr. Chairman, these are obviously very important and far-reaching proposals but I wonder whether it would be wise to inflict this long and profound study on the working committee until we have got the United States proposals which are also going to be in all probability far-reaching. If we go through the paper again, which is a very, very complicated business, we arrive at a new proposal and it comes up to the Commission, and we may still do it before the United States proposal. There is no sarcasm intended in that statement, but it would be most useful if we could await the one remaining proposal--the United States Government proposal. And there I would make the plea once more that we should be provided with the United States proposals and that those should be considered at the same time as the Soviet proposals.

GEN. MCCOY: That would seem to be satisfactory to me.

MR. JOBSIS: Mr. Chairman, we would like to give the support of the Netherlands delegation to the point of view of the United Kingdom.

(Dr. Koo, the Chinese representative, departed the meeting and Dr. Tan assumed his chair as alternate.)

DR. TAN: Mr. Chairman, I should like to associate myself with the statement made by Mr. Graves.

GEN. MCCOY: Just for the sake of my face, I would like to refer the whole thing to the committee to await the arrival of the United States paper, but I am subject to your wishes in that matter. I am entirely agreeable to any way you wish to handle it. It certainly goes to the basic consideration of the whole paper and it is highly technical. We know what struggles we have had to get it up to the Commission and certainly the Commission would not be able to finish its work on these until the United States presents its statement. So if it is agreeable to the Commission we will keep it together for further consideration when the United States presents its views. Is that agreeable to the Soviet representative?

MR. PANYUSHKIN: Yes.

GEN. MCCOY: In the meantime it will give food for consideration and thought for all concerned.

ITEM 8 - POLICY TOWARDS ACCESS TO JAPANESE TECHNICAL AND SCIENTIFIC INFORMATION BY NON-FEC COUNTRIES AT WAR WITH JAPAN (FEC-315/6)

GEN. MCCOY: Is there any desire for further consideration on this paper, or are you ready for a vote? The United States is ready to act on this paper, so that if that is the case with the other countries I will ask the Secretary General to put it to a vote.

Are you ready for a vote, Mr. Banerji?

MR. BANERJI: Yes, Mr. Chairman, thank you.

MR. JOHNSON: The question, Mr. Chairman, is a vote on FEC-315/6, Policy towards Access to Japanese Technical and Scientific Information by Non-FEC Countries at War with Japan.

MR. MAKIN: Yes.
MR. COLLINS: Yes.
DR. TAN: Yes.
MR. NAGGIAR: In favor.
MR. BANERJI: Yes.
MR. JOBSIS: Yes.
SIR CARL HERENDSEN: Yes.
MR. ABELLO: In favor.
MR. PANYUSHKIN: In favor.
MR. GRAVES: Yes.
GEN. MCCOY: Yes.

The paper has been passed by unanimous vote and is adopted as a policy paper of the Commission.

ITEM 9 - POLICY TOWARDS PATENTS, UTILITY MODELS, AND DESIGNS IN JAPAN
(FEC-284/10, FEC-284/11)

ITEM 10- RECOMMENDATIONS REGARDING JAPANESE-OWNED PATENTS, UTILITY MODELS AND DESIGNS IN TERRITORIES OF COUNTRIES AT WAR WITH JAPAN (FEC-311/2)

GEN. MCCOY: FEC-284/10 is a proposed policy decision approved by the Steering Committee by a vote of 7 to 1 with 3 abstentions. FEC-284/11 contains Soviet proposed amendments submitted on 16 December. Is there any discussion this morning?

(No response)

GEN. MCCOY: I would like to retain items 9 and 10 on the agenda for continued consideration.

ITEM 11- REPARATIONS REMOVALS; ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; FEC-299/6, /7, /8, /9)

ITEM 12- a STATEMENT BY THE UNITED STATES REPRESENTATIVE OF THE FAR EASTERN COMMISSION ON REPARATIONS SHARES (FEC-278)

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

GEN. MCCOY: Items 11 and 12 I would also like to continue on the agenda, and we will go to other business.

ITEM 13- OTHER BUSINESS

GEN. MCCOY: Before I ask your other business, I would like to inform you with great regret that the Ambassador from France has informed me that he and his faithful assistants are sitting for the last time with us in this meeting. Will you be here in the next meeting?

MR. NAGGIAR: When will it be, Mr. Chairman?

GEN. MCCOY: A week from today.

MR. NAGGIAR: I don't think so.

GEN. MCCOY: At any rate I am informed that the Ambassador is withdrawing and retiring from his very distinguished service that we all are conscious of and have received the value of around this table. Personally I can feel that we are going to miss you all very much in the sense of our work and in the charming way that the French delegation always acts in stress and strain as well as in easy affairs. I don't feel so sorry for the Ambassador because he informs me that he is going to retire to Paris. I don't consider that a hardship on any person. I can appreciate his well-earned retirement and I hope to keep his permanent address there in my own little book. I hope that you all feel, and I know that you do, as he has expressed it in his letter informing me not only of his retirement but also that the French Ambassador will be the titular representative of France here, and I believe Mr. Daridan still remains so that the experience that he has had will be carried on although we will very much miss the other members of the French delegation as we still miss Mr. LaCoste. I say farewell and happy days with real feeling.

MR. NAGGIAR: Mr. Chairman, I thank you very much for your kind words. It has been for me a very agreeable experience and very enlightening to work with you under your direction. I may even say that, with full respect to our Chairman, we started our Far Eastern

Commission together; we were from the very beginning when the Commission was called an advisory commission. And then we got some promotion--we became a full-fledged policy decision body, and I am glad to say that comparing what has been done here and what has been done elsewhere, after all the Commission did good work in its limited capacity. Not only did the Commission have full and complete discussion always I must say in a friendly spirit, but even when we didn't agree we agreed to disagree peacefully, the main object of diplomats when diplomats cannot achieve agreement. So the proof of our achievement was in the blue book published under the direction of our very able Secretary General; we have a big blue book full of many policy decisions and we expect, after our decision of today, to have another blue book and later the Commission will have a fully library of decisions, I hope. Such being the case, she will have achieved her purpose and she will have helped to manage the Allied occupation of Japan. And now, Mr. Chairman, I thank you again for what you have done as well as my colleagues, and as you were kind enough to remind me, if ever I would be able to forget, that my permanent residence will be in Paris, I hope to meet you all again. Merry Christmas to all and thank you very much. (Applause)

GEN. MCCOY: Is there any other business, gentlemen?

MR. JOHNSON: Mr. Chairman, I just wish to say that the policy decision which was adopted today will be treated in regard to the press in the usual way.

GEN. MCCOY: In adjourning, I call your attention to Christmas and wish you all a very Merry Christmas. We stand adjourned, gentlemen.

(The meeting adjourned at 12:30 P.M.)

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 135th Meeting of the Far Eastern Commission

Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, December 30, 1948

135

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

CONFIDENTIAL

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 135th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, December 30, 1948

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. V. K. Wellington Koo	(China)
Mr. R. Douteau	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. J. S. Reid	(New Zealand)
Mr. Emilio Abello	(Philippines)
His Excellency Mr. A. S. Panyushkin	(U.S.S.R.)
Mr. J. F. Ford	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

CONFIDENTIAL

*Please return to
Mr. Pennington - F.E.C.*

(The 135th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:40 A.M., 30 December 1948, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning gentlemen, if it meets with your pleasure we will open the session and ask your consideration of the minutes of the last meeting.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 134th MEETING

GEN. MCCOY: The Secretary General has a correction to announce.

MR. JOHNSON: Mr. Chairman, the U.S.S.R. delegation asks that the following correction be made on page 8 of the minutes of the 134th meeting. In the middle of the page just at the break between the text offered by the Soviet delegation and the words "Mr. Pan-yushkin" there should be placed in there an extra paragraph which should read as follows: "Proceeding from the above-said, the Soviet delegation proposed the following amendments to FEC-242/32".

GEN. MCCOY: Are there any other comments or corrections?

MR. BANERJI: Mr. Chairman, on page 5 in the penultimate paragraph, in the last sentence, I would like the last two and a half lines to read as follows: "since he felt sure that if the Commission would have accepted this claim of emergency it would have discharged its responsibility in a proper manner".

GEN. MCCOY: If there are no further corrections or comments, the minutes will stand of record.

ITEM 2 - REVIEW OF JAPANESE CONSTITUTION (FEC-326/4; FEC-031/41)

GEN. MCCOY: FEC-326/4 has been before the Commission and has been deferred on final action for one of our colleagues to consider his position on it, and I am informed he is not yet ready to do it this morning. So if it meets with your approval we will retain it on the agenda for the next meeting.

CONFIDENTIAL

MR. REUCHLIN: Mr. Chairman, may I at this stage make a suggestion and give that suggestion for the consideration of the members of the Commission. I would like to present it in the form of an amendment if the other members could agree to it. As I say, it is more in the way of a suggestion. I have rather strong objections against one phrase in that policy proposal. It's that I would like to call it a sort of sugar-coated phrase in the middle which says that "it would of course attach the utmost importance to the views of the Supreme Commander". Now, first of all, if it is a matter of importance of course we needn't state it; the Supreme Commander knows it, and why should we here say that "of course we attach the utmost importance to the Supreme Commander's views" I think is totally unnecessary. I therefore would propose that the second phrase would read: "The Commission would appreciate" and I think in the word "appreciate" already is the necessary politeness "would appreciate to receive any information which the Supreme Commander believes might be of assistance to the Commission in the review". That is the first thing which we want to have; "and any further comments he may desire to make", I think this is actually what we want: we are telling the Supreme Commander that we are busy with the review, that in that review we would like to have his assistance and any further comments he wants to make. I would prefer to delete that sentence which I don't think sounds very genuine either. That is the suggestion I would like to make.

GEN. MCCOY: What is the background? Have you been sitting in the committee?

MR. REUCHLIN: I have not been sitting in the Steering Committee; Sir Carl Berendsen has.

GEN. MCCOY: Well, it came up from the working committee. I was just wondering what--it no doubt was discussed before, and I was just wondering what the background was and the reason for it.

Well, we will consider that and I will be very glad to have

any comment from the others at this time. I believe it was considered in the Steering Committee. I am informed the Chairman thought that it was a little bit tart the way it was originally and thought that it would be more successful in bringing back a helpful reply if it were couched in what might be called diplomatic language. Now the diplomat takes exception to it so we will not call it diplomatic language. At any rate I think it is well worth considering and certainly we have time to do it now.

MR. BULLOCK: Mr. Chairman, the actual situation was that we really started off in the committee with a much longer and what we thought to be a somewhat politer draft to the Supreme Commander. In the course of committee discussion, and so on, it became whittled down to such a point that I think the Chairman of the Steering Committee considered that we perhaps should insert the wording to this message to what the Netherlands member quite rightly calls a sugar-coated pill.

GEN. MCCOY: Yes. Well my old Spanish friends used to quote a proverb to me that molasses catches more flowers than vinegar. Possibly that was the idea that the Chairman had in mind. It's not important in any case I don't think; it is not important to keep it in if there is objection to it.

MR. REUCHLIN: No.

GEN. MCCOY: Any other comments on that?

(No response)

GEN. MCCOY: We will keep it on the agenda for the next meeting.

NOTE: no page 4.

ITEM 3 - ECONOMIC STABILIZATION IN JAPAN (FEC-329/3, FEC-329/2)

GEN. MCCOY: FEC-329/3 is a United States statement on economic stabilization in Japan which was considered by the Steering Committee on the 21st of December and forwarded without recommendation for consideration by the Commission. Committee No. 2 considered the statement on the 14th of December and requests instructions from the Commission. FEC-329/2 was the United States ~~interim~~ interim directive and is identical in substance with FEC-329/3. On the 23rd of December the Soviet queries were raised as to the program envisaged and other members, including the Chinese, French, and Indian, expressed their opinions, all of which, that is in the sense of queries and concern and interest, the United States representative said would be referred to his Government.

There was, I think, one query specifically made by the Australian member but it was embodied really in the requests and opinions and queries of the others, and I will ask the Secretary General to read the reply of the United States Government so far. It will be circulated because it is rather technical in some sense and will need reading as well as hearing.

(The Secretary General read the United States reply as follows.)

MR. JOHNSON: "The Australian member has requested that my Government explain the relation between paragraph h of FEC-329/2 and the interim directive sent by the United States Government to SCAP on 10 December 1948 and the level of industry program now being considered by the Commission. Other members of the Commission associated themselves with this question.

"Paragraph h directs SCAP to 'increase production of all essential indigenous raw material and manufactured products'. The level of industry discussions which have taken place in this Commission have been concerned with determination of that industrial capacity in Japan which should be considered available for removal as reparations, it having been already agreed by this Commission

that industrial facilities (except those which have been destroyed by virtue of being specialized war-making facilities) required for the needs of the Japanese peace economy should not be removed as reparations.

"In SCAP's reports on Japan's economic development we see that the over-all index of Japan's manufacturing activity, with no adjustments made for population growth, and so on, is no more than 65% of 1930-34 levels. Needless to say, none of this manufacturing activity is of a military character. Raw material shortages and difficulties in finding markets for manufactured output will make it most difficult for Japan to exceed 1930-34 levels even with maximum effort on the part of the Japanese. Yet, unless those production levels are reached, and even in some cases surpassed, due to population, technological and trade pattern changes Japan will not be self-supporting and its deficits will fall upon the United States taxpayer. My Government feels, therefore, that there is no conflict and in fact no practical relation between the consideration being given to the level of industry problem by the Far Eastern Commission and paragraph h of the directive which the United States Government has issued to SCAP."

GEN. MCCOY: This will be circulated, gentlemen, for your consideration.

MR. BULLOCK: Mr. Chairman, our delegation has already made some preliminary remarks in the committee and the Steering Committee and of course we asked a question last time which we did on a personal basis, of course. But I now have some comments from my Government on the interim directive and, with your permission, I would like to express them to the Commission.

At the outset I would like to make it perfectly clear that we have no real objection to the substance of the interim directive as it is worded. As a general statement of broad objectives it seems to be a common-sense program necessary to meet a situation

which has been urgent since the early days of the occupation.

Now, other members have questioned already the correctness of the United States in handling this question by means of the issuance of an interim directive. It is also our opinion that--I think, as the Indian member stated last week--the United States has had ample time to submit a policy for consideration by the Far Eastern Commission and that the Far Eastern Commission should not have been by-passed by the issuance of an interim directive. Of course, we don't dispute the right of the United States Government to issue interim directives under certain circumstances; this is expressly provided for in the Terms of Reference. But we had always understood, I think as the Indian member said last week, that the issuance of an interim directive on a question which had not been previously under consideration in the Far Eastern Commission would be resorted to only in an emergency situation, in other words some situation--some emergency situation which arose almost overnight, as it were, and required almost immediate action in Japan.

Now, as I have stated before, the need to stabilize the Japanese economy has been urgent and has been recognized I think by very many members of this Commission as being urgent since the early days of the occupation. Our Committee No. 2 recognized that problem as long ago as the beginning of 1947--perhaps earlier--but to my knowledge at least at the beginning of 1947, and in fact a special subcommittee was established under the chairmanship of the former Netherlands member, Dr. Weyer. And at that time, even on the basis of such scanty information as was available to the Commission, several members of the committee were somewhat disturbed at the growth of the inflationary situation in Japan and actually started in subcommittee to consider the problem. The question was abandoned for a reason which we are all familiar with in the Far Eastern Commission--it was difficult to formulate a policy in a

vacuum. We didn't have enough information--we didn't have the views of the United States member which were very important in this case, and looking back at the record I discovered the latest reference to this whole problem as far as Committee No. 2 was concerned was a statement by the United States member in the committee on the 26th of June 1947 where the United Kingdom member referred back to the discussions in Subcommittee No. 3 on the financial situation in Japan and asked if the United States member had any proposal to submit in the future. The United States member replied that his Government had no panacea for the inflationary situation but his Government had been thinking about a policy statement on financial reform and tax policy, and if other members were interested he would see if he could bring his Government's deliberations to a head and submit a paper. Of course, we were obviously interested since we had a subcommittee which was studying the problem at the time, but no paper ever emerged. Well, Mr. Chairman, that was in June 1947.

And the next action is an issuance of an emergency directive on the grounds of emergency toward the end of 1948. Well I think the facts really speak for themselves. The urgency of the problem too was also considered in the Allied Council in April 1947. There was a debate there where members of the Allied Council stressed the need for some stabilization of the Japanese economy, and the fact that Mr. MacMahon Ball, who was at that time the British Commonwealth member, made certain comprehensive and constructive suggestions. So I think those facts demonstrate that the emergency situation has not really developed overnight.

And there is another inference--I mention these things only because I think that it is important that the authority of this Commission should be upheld--that the issuance of an interim directive should imply no inference that the Far Eastern Commission and the Allies generally have been unaware of their responsibilities

in this connection. I feel one inference that might be drawn from the issuance of an interim directive might very well be that the United States, having eventually decided that something simply must be done, had so little confidence in the Far Eastern Commission's willingness or ability to cooperate quickly in an emergency situation. Now I am only too well aware that when we look at our agenda we will find that there a large number of papers, particularly on economic questions, which have been on our agenda for a long time and might possibly suggest that a certain paralysis has set in on the Far Eastern Commission. Well I don't think that it would be correct to blame all the members of the Commission for that particular situation, that I think you yourself, Mr. Chairman, I feel sure would only be too willing to admit that the United States itself must bear a considerable share of the blame in paralyzing the Commission in the sense that there hasn't been, for instance, a United States position on so many of the important economic questions which have been before us. Well, so much then for the actual procedure.

As I said previously, we have no objection really to the substance of the interim directive as it is written. But there is one aspect of it which I would like to raise, conscious of the fact that we still have imperfect knowledge and I don't want to come to any hasty conclusions which would be an injustice to the United States or the Supreme Commander. But the issuance of this interim directive has been popularly accepted, if one can believe the newspapers from Japan, and also I will refer a little bit later to General MacArthur's own letter to Yoshida, but it has been popularly assumed that the objectives of this stabilization program are to be achieved at the expense, if necessary, at the sacrifice of certain processes of democratization of Japan. Now, as I say, I will illustrate this a little later in connection with the labor situation to show that there are good grounds at least for raising this question

in the Commission because if a decision has been made, and I don't claim that it has and I would be very surprised if the United States has made this decision, but it is a question, I think, on which we need some reassurance, if a decision has been reached, that the question of the stabilization of the Japanese economy is of such overwhelming importance that we must sacrifice certain measures for the democratization of Japan, well then that would be a very dangerous decision. As I say, I am not claiming that that is the case, but I certainly would like to be reassured that that is not the situation.

For instance, in connection with wage stabilization, now nobody would dispute, and I certainly would be the last one to do so, that wage stabilization is a very necessary objective in Japan, but that particular problem, for instance, does have certain implications in connection with our policy on trade unions. Now I think it has certainly been held by my Government and no doubt, I think, by several other governments--by most of the governments--that one of the really important steps in the democratization of Japan should be the development of a healthy--and I stress the word "healthy"--and free and vigorous trade union movement. Now the question of wage stabilization arises.

Now, as I understand from what Mr. ~~McDiarmid~~ told us in the committee, that what is envisaged is the adjustment of wages in accordance with the cost of living--it was held, I think, by Mr. ~~McDiarmid~~ that the situation in Japan was that wages were in fact going beyond the cost of living. Well, I am personally not in any position to assess, and I wouldn't presume to do so on the basis of such imperfect information as I have, I wouldn't try to assess the extent to which strikes in Japan for higher wages are upsetting the wage structure or interfering with production. I feel that it is quite possible that there would be a dilemma in Japan--on the one hand one must attempt to maximize production and stabilization on

the one hand and on the otherhand there is the problem of promoting a vigorous and free and democratic trade union movement. I would recognize that there could possibly be a dilemma but a dilemma which is susceptible of solution.

Now, if there is a problem, of course the solution doesn't necessarily lie, for instance, just merely in banning strikes. I don't wish to elaborate further although I would be prepared to do so in a constructive way at the appropriate time, but obviously you first of all have to have your price controls very firmly established, and so on; you have to think in terms possibly of tribunals which will determine a basic wage which is adjusted in accordance with the cost of living, and so on, all of which requires the establishment of some machinery, and your first approach shouldn't necessarily be the attempt to ban or to threaten to ban strikes. Once again I stress that I have imperfect knowledge of the situation; I have only seen fragmentary reports from the press. I haven't seen the full text of General MacArthur's letter to Yoshida, but on the basis of such information as I have seen I think I have good cause at least to just draw attention to the problem.

For instance, General MacArthur, in his letter to Yoshida, is reported to have stated that there isn't any place for interference by labor in the acceleration of production and no place for political or ideological opposition to the objectives of the program. That would seem to me to be a rather wide interpretation of the actual terms of the interim directive itself. There have also been reports, and, as I say, I don't see the full picture--I can only quote what I have seen and probably once I have seen the full side of the picture there may be very little to worry about, but there have been reports that the Chief of SCAP's Labor Division, and so on, has told the Japanese that they may have to ban strikes if they further retard production, and so on. So that there is some reason for fear that

possibly the Japanese Government itself, under the guise of this economic stabilization program, might assume that they have the right to resort--to go back--to have the "go ahead signal"--to go back to authoritarian and anti-labor practices to the subordination of democratic rights. So I would appreciate as much information as possible from the United States Government on this whole question, and I would be quite prepared to reserve my position on the whole question. But I do say that if the Japanese Government is assuming that they now have the "green light" to go ahead and resort to all these evil practices of the past, then it would be a very disturbing thing. And, as I say, it does raise the general question of this whole economic stabilization program. Is it the intention of the United States Government that this interim directive on a stabilization program supersedes or is to be carried out at the expense of the democratic policies, and so on, which we have passed? If that is so, and I hope it is not so, then that is a very major decision which would require us to look at this whole question of this interim directive in an entirely new light. That is all I wish to say, Mr. Chairman.

GEN. MCCOY: Well, thank you very much, Mr. Bullock. You have put the case very well I think from the point of view of the Commission at large in the sense of the considered concern. I think that I can assure you that that very point is very much a matter of concern of our own Government, and, of course, I with the Commission sitting here too don't think that we need fear any lack of concern on the part of the Supreme Commander representing this Commission in permitting any infringement of civil rights as defined by the broad terms of policy papers of this Commission of the democratic constitution now in existence in Japan, and many efforts to interpret it in successive laws and in the general supervision that has so far been exercised by SCAP. I would call your attention to the fact that, after three years, this is the first time the

United States Government has taken advantage of the right in the Terms of Reference to use an emergency directive, so that I think that you would assume with me that there was good reason for that in this case--once in three years. I hope that will not become a habit. I think that is part of our responsibility to consider that in the future.

MR. BANERJI: Mr. Chairman, on a point of information, you have just now stated that the United States had issued an interim directive only once in three years.

GEN. MCCOY: An emergency one.

MR. BANERJI: I am a little doubtful--I think that once a directive was issued sometime in 1947 and there was another directive on the restitution problem.

GEN. MCCOY: No, they were not emergency; they were interim directives.

MR. BANERJI: But, under what power? That was under the emergency powers in the Terms of Reference, isn't that correct?

GEN. MCCOY: No, it was my recollection--I am subject to your query, of course--but my recollection is that the others were interim directives under the Terms of Reference whereas this is one to meet an emergency.

MR. BANERJI: That is very true, but I was under the impression that the United States was empowered to issue an interim directive only in terms of urgency. It is just an academic question.

GEN. MCCOY: The others, if you will remember, what I call "interim directives", were of a substance that was before the Commission and where agreement had failed--where the Commission failed to reach an agreement. In other words, all the others were substantive papers before the Commission that had come up through the working committees and the Steering Committee and failed in the Commission and then the United States issued--not due to emergency but due to a lack of agreement on questions that were considered and before the

Commission. This is a question that wasn't before the Commission except in the form that Mr. Bullock has noted in the working committee or subcommittee of the working committee. Of course, the different points in this general stabilization policy have been before the Commission in other papers--in other forms--for instance in the trade paper that we published recently with reference to the encouragement of international trade and making it possible to begin normal international trade, and that involves also the policy of this Commission to establish the rate of the yen, and so on. So that it is a question that we cannot be entirely too consistent about because I could take a *defensive* attitude in reply to some of Mr. Bullock's statements and point the finger at disagreements and long periods of effort on the part of the Commission to get together on the subjects that he mentioned. But that's beside the mark for the moment. I think it is a very valuable statement that Mr. Bullock has made and full of the pertinent points that we are all interested in and concerned about. So that I welcome Mr. Bullock's statement and any others that express the opinions of my colleagues. I think your statement the other day was useful and has been useful already, and that of the French representative.

MR. PANYUSHKIN: Mr. Chairman, I have carefully heard your statement and have carefully studied your previous statements on this subject and now the question arises: "Would it not be possible to take away that ^{*smoke*} ~~smoke~~ curtain which is around this question and to put this matter on its own stand and to tell concretely what the program is behind this interim directive?" And what program? The program of economic stabilization--but under this term different measures might be taken. And why is there such an urgency? And not once I have pointed out that the American representative tries to decide some questions almost in ten minutes and some questions remain on our agenda almost for two years.

Now, on the substance of the statement and the interim

directive which was sent to General MacArthur: only one thing is clear--that the question deals with the economic developments, and recently we discussed the Soviet proposal on the economy of Japan, that is that peaceful industry of Japan should not be limited. Doesn't that mean the economic stabilization of Japan? Why in the first place was the American representative opposed to that Soviet proposal? Is it that the Soviet proposals suggested at that time were contrary to the economic stabilization in Japan? As you will remember, the Soviet proposals dealt with non-limitation of the peaceful industry of Japan and that meant the stabilization of the economy in Japan. Then, by what kind of another program of stabilization do you want to stabilize the Japanese economy? On our agenda we have some other economic question, that is, the question of level of economic life in Japan, and yet I haven't noticed yet a desire of the United States representative to express his view on that question. And now your statement that this interim directive has no connection with the level of economic life in Japan is not a serious one. Therefore it is necessary to hear a clear explanation of what program you are going to fulfill in Japan. By whom was this program prepared and for what purpose? And why is there such an urgency? Perhaps there is an earthquake to happen soon in Japan or something else. I would like to hear what this program is.

GEN. MCCOY: Well this urgency directive is, as the Soviet delegate states, at this moment in very general lines of statement that are before you, that is, the broad lines of policy which are given to the Supreme Commander to work out with the Japanese Government under the constitution and democratic processes. It involves all these points that have been brought up both by the Ambassador and by the Australian delegate and shows at once that there are many details and many questions involved that ^{are} of major importance, and they will develop as the policy paper that went to the Supreme Commander is gradually developed under the democratic processes in Japan.

There is a Japanese government in Japan with a constitution, and a Diet, and the very fact that this program on broad lines has been laid down very explicitly in this policy paper shows the necessity for very thorough consideration by the Japanese Government and, no doubt, not only in certain laws to be passed in furtherance of the policy paper but a very much closer supervision possibly on the part of the Supreme Commander. That supervision can't be done here. But the Commission will be kept informed and can be from time to time concerned with the way this policy is being carried out. That will be reported to you and you will be kept thoroughly informed on the subject.

MR. PANYUSHKIN: And what program is this, Mr. Chairman? We cannot see at this just like strangers. There is a Far Eastern Commission which should decide such matters. The Far Eastern Commission adopts certain key decisions--policies--and you at the same time issue interim directives which, as certain members stated here--there are three members and myself--don't see any urgency in this program. We have economic questions^{on} our agenda and are waiting for your position on the level of economic life in Japan. Now, just before considering this matter of level of economic life in Japan, almost to the competition of this discussion you issue an interim directive and the Far Eastern Commission exists just for the purpose of considering questions which are on the agenda of this Commission. I would like very much to hear what this program is, by whom it was prepared, and what was the urgency in issuing an interim directive? There is nothing on fire now.

GEN. MCCOY: Well I am glad to have the Soviet representative be so solicit^{ous} about the concern of the Far Eastern Commission. I might call his attention to the fact that the United States presented papers on these economic lines, including the levels of industry, nearly two years and a half ago, and the Soviet delegate never gave any indication in nearly two years and a half of any interest or

any concern or any help in the United States paper which was before us all this time until two or three weeks ago he submitted a very general proposition which was considered, given due consideration here and believed by the ten other members of the Commission to be entirely beside the mark, both as to intention and as to legality under the Terms of Reference of this Commission. So that there has been full consideration of these other economic papers which the Ambassador mentions, and only after two years and a half did we have his version of what should be done about it and that was not accepted by the Commission for very good reasons and very explicitly stated by all the ten members who voted against the Soviet plan. So that I think that, in answer to his questions on that score, the record is perfectly plain.

Are there any other comments this morning? My Government will take cognizance of these statements and will consider them with you from time to time.

MR. PANYUSHKIN: Mr. Chairman, how should I understand your statement that the United States Government would inform the Commission from time to time?

GEN. MCCOY: Yes, I think that is perfectly plain.

MR. PANYUSHKIN: Will you inform the Commission of the progress of fulfillment of this interim directive?

GEN. MCCOY: Yes.

MR. PANYUSHKIN: Then perhaps first of all you will tell us what the program is?

GEN. MCCOY: The program is before you fully stated in a policy paper known as an interim directive issued under emergency conditions.

MR. PANYUSHKIN: Mr. Chairman, perhaps you will tell us what the program is because from the paper I cannot see what this program means.

GEN. MCCOY: Well it will develop, as I say, as the program is carried out and the Commission will be kept informed.

MR. PANYUSHKIN: Mr. Chairman, it would mean that you are sending a "pig in a bag" because we don't know what is meant by that.

GEN. MCCOY: Well it will be developed. We don't know either. This is the broad policy that is sent to the Supreme Commander and the development will involve laws and continued supervision to see that this is developed and carried out under the provisions that are before you. I don't know how the Supreme Commander is going to carry it out. My Government doesn't know--doesn't intend to give any further instructions in the matter. Those are the instructions of the Far Eastern Commission in an emergency directive. So that you naturally are concerned with its development as it is received in Japan and put into effect.

I think the misunderstanding probably, that is I will call it a misunderstanding on the part of the delegate, comes from the fact that he assumes that the United States Government has a nice package of laws and programs and acts and directions that are being sent to the Supreme Commander from the Department here in Washington. That is not the case. There is a broad policy sent to the Supreme Commander for him to provide the proper means for carrying it out through the democratic processes of the Japanese Government.

MR. PANYUSHKIN: Mr. Chairman, as you say, the program is not clear for you nor for the United States Government. Does that mean that all this problem would be decided by General MacArthur?

GEN. MCCOY: And the Japanese Government under the constitution. It's perfectly clear--the statements are very explicit--but it involves a great many procedures of the government in Japan which is under the supervision of the representative of the Allied Powers.

MR. PANYUSHKIN: Mr. Chairman, I consider that in this there might be a certain danger.

GEN. MCCOY: Yes, I agree with you.

MR. PANYUSHKIN: There is the Far Eastern Commission and it

decides the principles. The Far Eastern Commission has adopted a number of policy decisions on the question of democratization, also on the labor question, and now I believe the time has come that the Far Eastern Commission should be interested in how these policy decisions are fulfilled.

GEN. MCCOY: Yes. Well I am trying to explain that you will be informed about that.

MR. PANYUSHKIN: And at the same time, as you have already stated, neither you nor the United States Government know what this program of economic stabilization will be, and the question of economic stabilization is being given to full decision of General MacArthur.

GEN. MCCOY: Subject to the action of this Commission. That is the way with all our policy papers.

MR. PANYUSHKIN: And the situation is such that you are issuing an interim directive and you yourself don't know what the program will be, and now this Commission is to wait until General MacArthur informs this Commission or something. But it is not known what General MacArthur will do there and even you don't know what this program will be, and especially the members of the Far Eastern Commission don't know. This program was not prepared by the Far Eastern Commission but by the United States Government and naturally such a program should be. Perhaps the time has come that you stop telling us ~~tales~~ tales but will concretely tell us what this program is. There is a proverb that a nightingale is ~~fed~~ fed by tales and I don't want to be a nightingale, Mr. Chairman, and I don't think that the other members of the Far Eastern Commission would like to become such nightingales.

GEN. MCCOY: Well I hope not. Gentlemen, are there any further remarks on this subject?

ITEM 4 - TRIAL OF JAPANESE WAR CRIMINALS (FEC-314/4, FEC-314/5)

GEN. MCCOY: FEC-314/4 is a proposed policy decision approved by the Steering Committee on the 1st of November. FEC-314/5 is a statement submitted by the Philippine representative on the 9th of December. The Australian, Canadian, and French representatives desired to postpone further action in the light of this statement. Are there any comments from any of you gentlemen this morning on this paper in view of the Philippine statement?

MR. BULLOCK: I would be prepared to discuss this paper, Mr. Chairman, if other members are ready to this morning.

MR. DOUTEAU: No objection to any discussion at all, Mr. Chairman.

MR. COLLINS: No objection to discussion, Mr. Chairman, or to action if the Commission wishes to take action on it. I think my position would still be that I should probably in the present situation have to abstain on the final vote, but I would not want to hold up the Commission in taking what action it deems advisable.

MR. BULLOCK: Well my position is substantially the same. I would probably be able to take our position in the final vote, but I am mindful of the Philippine statement and I think it deems some consideration. But I have no objection to the Commission taking action on it today if it desires to do so.

GEN. MCCOY: I think Sir Carl called attention to the fact that it would have to have a change in the date in the paper. Was there anything else, Mr. Abello, that you care to press on this paper?

MR. ABELLO: Mr. Chairman, the position of my Government has been stated; we have registered our opposition to the paper.

GEN. MCCOY: Opposition.

MR. ABELLO: Yes, and there is nothing which has changed our attitude, so that it is up to the members of the Commission to take whatever action they desire.

GEN. MCCOY: Yes. Would ~~it~~ change of date to a more or less lengthening one meet your objections or opposition?

MR. ABELLO: No, Mr. Chairman. We are fundamentally against any target date. We want that matter left entirely in the hands of the national military courts sitting in the several states. We have given assurances that we are trying our very best to dispose of these cases as fast as they can be disposed of without any miscarriage of justice, and target dates would only create the impression in our countries that this Commission is trying to rush the trial of these cases and permit the escape of criminals who should be punished. I do not think that the Commission should be caught in that false position. It is for that reason that we have objected to the approval of this policy decision.

GEN. MCCOY: Is there any comment on the part of any member as to the change of date? Perhaps the New Zealand representative, who called attention to the fact that the paper has now caught up with the date almost, would like to propose an amendment or a different date.

MR. REID: Mr. Chairman, I am sorry that I am under some difficulty. I know Sir Carl thought the date should be altered; it is obvious of course that it is not an appropriate date now. As to the date that would be suggested I have no idea of what the proposal was, and I believe that his impression was that as there were at least three states reserving their position at the last meeting probably this was a matter which would have to be considered by the committee again and there would be time to do that. But I have no positive suggestion to make today.

GEN. MCCOY: I think the French delegate took part in phrasing this paper. Have you any suggestions to help us reach agreement on the paper?

MR. DOUTEAU: No, Mr. Chairman. We have referred the Philippine statement to Paris for one thing. That is why we made our reservation. Secondly, we think now of course the dates have to be revised in some manner. We have an open mind on this last point and if dis-

cussion is desired we will eventually participate in it. But no special suggestions made.

GEN. MCCOY: Would it be agreeable to the Commission, in view of the statement of the New Zealand representative and having in mind also the statement of the other representatives--we could either send it back to the committee to report directly to the Commission or we could appoint an ad hoc committee of the Commission to consider these points.

MR. BULLOCK: Mr. Chairman, before we do that, I wonder if you might permit me an opportunity to make my position a little bit clearer on this paper?

GEN. MCCOY: Have you any opinion--I pose the question because I like to hear you talk about it, and first, in going back to the basic grounds for opposition on the part of the Philippine delegate, that is, the question of the invasion of sovereignty, I think, you might say, basic in the paper.

MR. ABELLO: That is, in part, Mr. Chairman.

MR. BULLOCK: Well, sir, we rather ourselves have been in a somewhat similar position as the Philippine member during the early debate on this, except that we had taken the position that we wouldn't object to the Far Eastern Commission making these recommendations. But, like the Philippine member, while we were making every effort to conclude the trials, and so on, we still felt that it might be difficult for us to actually conform to a specific target date and I think we have made that clear throughout the discussions of the paper. But we would have no objection to the Far Eastern Commission making such a recommendation to member governments with the understanding, as it was the understanding throughout, these were rather target dates rather than any specific dates by which anybody would be bound. Now I myself feel that as far as sovereignty is concerned of course the Far Eastern Commission cannot really do anything but make recommendations; it couldn't, in my opinion, pass a policy

decision which would require national military courts to conclude their own business by any particular date. I think we started off originally by having papers really drafted in such a way that in fact governments were required to do that, but that was later changed to a recommendation, I think, for the very reason that the Commission felt that we couldn't really invade the private business of national military courts. But we ourselves wouldn't have any objection to supporting this policy if a majority of the Commission wanted it, but we would have to say ourselves that as far as the recommendation is concerned we would have to be quite fair about it and say that we ourselves would have difficulty in meeting the actual target dates. But the thing that puzzles me a little bit is that, if one member--the second part of it is plainly a recommendation--and if one member of the Commission is opposing it, what is the effect of such a recommendation from the Far Eastern Commission?

GEN. MCCOY: Well I think that would have to be left up to the governments concerned.

MR. BULLOCK: It would rather seem to me that a recommendation in a way to member governments would need to be unanimous.

MR. REUHLIN: Mr. Chairman, at a previous meeting I have already stated the views of our delegation on this paper and they were almost similar to the views of the Australian Government. In view also of the fact that the Philippine representative is so strongly against any target dates, which I really can very well understand, for the reason of a compromise because the other members thought it advisable to have some target date in it and with all the "if possibles" and the fact it was a recommendation, I could agree with it, I am more or less inclined now to share the view of our Philippine colleague that there shouldn't be any dates, and I think there shouldn't be any recommendation perhaps. Since I made my statement a month or two ago, I at that time made the reservation

for the possibility that some Japanese might be found in Indonesia, the situation has somewhat changed because at that time I spoke in doubt. At the present moment I can be certain because we have proof that at the present moment there are at least six hundred Japanese fighting in Indonesia; we have definite proof that there are two aircraft batteries manned entirely by Japanese. So the circumstances have somewhat changed and my reservation is all the more necessary, and I would agree with my Philippine colleague that no dates should be inserted. I would even agree with him that no recommendation should be made at all because it is more or less meaningless. We all are of the opinion that it is essential to finish this litigation as soon as possible, but the governments can be trusted to do their utmost to come to such a result with due diligence.

GEN. MCCOY: In view of your remark about these Japanese fighting, who are they fighting with?

MR. REUHLIN: They are fighting with the T and I, which is the so-called Republic Army.

GEN. MCCOY: And have been?

MR. REUHLIN: And have been, and probably as instructors or as actual fighting units.

DR. KOO: Mr. Chairman, my delegation was fully prepared to vote for this paper, but in view of the hesitation manifested by several colleagues of ours on the Commission to accept it, it occurs to me that perhaps we might make some changes which will convey the sentiment of the Commission and also remove the objectionable features in the draft. Since this is a recommendation it is understood to have no binding force on any member government; it is up to the member governments to carry it out or not. That is the nature of the recommendation. Doubts have been expressed as to the acceptability of this provision both on the ground of principle raised and that it seems to interfere with domestic sovereignty and also on the practical

ground that there are still Japanese nationals who are not easily reachable now but who should be punished. In view of all these difficulties, it occurs to me, Mr. Chairman, that we might substitute the word "recommendation" with the word "hope" and omit the phrases like "if possible" and the target dates, so that it would be "and expresses the hope to member governments" and "of the Far Eastern Commission" and it says "investigations in connection with offenses", and so on right down to the third sentence "should be completed as soon as practicable". Personally, as I stated at the beginning, I am prepared to accept this whole paper or with some modifications so long that the sentiment of the Commission to desire to see these investigations and trials and sentences were carried out as early as possible is definitely, clearly conveyed.

GEN. MCCOY: Well I think it is perfectly evident that it needs reconsideration, and if it meets with the approval of the Commission I will send it back to the same committee and ask them, with the approval of the Chairman of the Steering Committee, to report back directly to the Commission. Is that agreeable?

(No response)

GEN. MCCOY: If there are no objections, that will be done.

ITEM 5 - LABOR POLICY IN JAPAN (FEC-318, /4; 318 series; FEC-267, FEC-267/3, /4; FEC-324; FEC-268, FEC-269, FEC-270, FEC-014/9, FEC-045/5)

GEN. MCCOY: I will not go through the whole series, strictly speaking, and state that there is a Soviet statement of the 16th of September, a proposed policy decision submitted by that representative on the 14th of October. There are also inquiries directed by the New Zealand representative to the United States delegation and a consideration at recent meetings has been postponed pending a United States reply to these queries. Positions on the Soviet proposal and on the general subject are as follows: Australia expressed doubts as to the wisdom of attempting to promote democracy by means of undemocratic legislation; Canada welcomed United States undertaking to scrutinize new legislation and stressed desirability of the Far Eastern Commission being kept fully informed on developments; China emphasis on long-range trends regarding labor legislation and necessity of adequate mediation machinery stressed; France said until the occupation is over, any right to strike on the part of government employees must rest with the discretion of SCAP; New Zealand expressed doubts as to the character of interim legislation and raised queries as to whether proposed legislation complies with FEC policy. That I am not able to meet yet. The same thing holds that I explained to the Commission and to Sir Carl, that we are earnestly trying to meet these explicit questions that he has raised and I hope soon to be able to reply to that query. United Kingdom noted absence in proposed Public Service Law of provision for arbitration machinery and would regret permanent legislation which would fail to provide such machinery; Philippines said FEC should direct its attention to assuring that permanent legislation complies with FEC policy and time should not be devoted to obtaining revocation of interim ordinance. That's already been covered by the law passed by the Diet. That's the situation up to date. This of course is just a summary of your expressed opinion, but all of these are being

considered by my Government with the express and explicit queries of Sir Carl representing New Zealand.

MR. BANERJI: Mr. Chairman, I am afraid your summary is a little defective in the sense that I have twice expressed my views on this question and I am afraid it has not been summarized at all. It is just for your information.

GEN. MCCOY: Yes, I remember that.

MR. BANERJI: I expressed my views twice on this question.

GEN. MCCOY: I will add your general statement to that list. It has been sent, however, to my Government.

MR. BANERJI: Oh, that is all right, Mr. Chairman, I am sure it has.

MR. PANYUSHKIN: Mr. Chairman, since the Soviet delegation introduced its proposal on September 16th three and a half months have passed. Unfortunately the Soviet proposals haven't found due attention on the part of the members of the Far Eastern Commission. Some members express the opinion that it isn't proper for the Far Eastern Commission to criticize the actions of General MacArthur. As is known, the Soviet delegation introduced a policy draft consisting of two parts. The first paragraph was worded in accordance with Article III, 2 of the Terms of Reference of the Far Eastern Commission and suggested that the Supreme Commander should be requested to revoke his directive of July 22 and ordinance of the Japanese Government of July 31 concerning the prohibition of strikes and collective bargaining by the workers and employees of government enterprises and institutions as being contrary to the decisions of the Far Eastern Commission, FEC-014/9 and FEC-045/5, as violating the principles for democratization of Japan. And the second paragraph of the Soviet proposal suggested that repressive measures against the workers and employees of government enterprises and institutions should be discontinued. As you remember, at that time the United States representative stated that these actions of

General MacArthur were not contrary to the existing policy decisions of the Far Eastern Commission. However, it is not enough to have such a statement without having given proving facts and naturally there could not be such proving facts. And some members of the Far Eastern Commission did not express their opinion on this subject waiting for the Japanese legislation. Now everyone knows this legislation and this legislation is contrary to the decisions of the Far Eastern Commission, and in fact workers and employees of government enterprises are deprived of the rights which are given them by the policy decisions of the Far Eastern Commission. At that time I said that the Far Eastern Commission could not bypass such illegal actions and that the Far Eastern Commission should react. And if the Far Eastern Commission doesn't take notice of this action it would become as it is said in the proverb that the appetite comes during the mealtime there might be certain attempts to violate further decisions of the Far Eastern Commission. And the situation was just such. According to the Japanese paper, Asaki, the Chief of the Labor Division, Mr. *Hepner* stated that the Headquarters of General MacArthur has the right to stop strikes and if the labor unions continue their strikes they might be deprived of the right to engage in strikes. I feel that such statements could be made because of the fact that certain members of the Far Eastern Commission, by their silence, encouraged further violations. I don't mention now that in his statement the United States representative approved such violations. I don't know why for such a long time the United States representative is unable to answer the questions which were raised three weeks ago. This is the question of the right of the government workers and employees to engage in strikes. It might be said that while the United States delegation is preparing its answer, and it isn't difficult to imagine what the answer will be, in Japan there would continue all kinds of violations. Therefore I ask to put to a vote today the Soviet proposal on this

subject. It is impossible to suspend this question any longer. The legislation was adopted by the Japanese Government on the basis of the draft prepared by the Japanese Government and that draft was prepared on the basis of the directive given by General MacArthur. Therefore I ask to put to a vote the Soviet proposal.

GEN. MCCOY: Well, gentlemen, my natural inclination is to bring this to a vote too, but I was hesitant in view of the absence of Sir Carl and the fact that there were other things involved. This is directed to the action taken by the Supreme Commander and I expressed my opposition to it at the time it was presented, and it still persists. But in view of the request of the Soviet proponent of the paper and the fact that it has been before us for a considerable period, and a very useful period to give it due consideration, and the whole subject involved which you know is very complex and was brought down to a very clear consideration on the broader questions by Sir Carl's paper or statement and the queries he made, however, this paper itself-- I don't think Sir Carl would object to voting on this particular paper.

MR. REID: No.

GEN. MCCOY: So that, if there is no objection, I will ask the Secretary General to put it to the vote.

MR. BULLOCK: Mr. Chairman, it rather seems to me that this Soviet proposal was originally made in connection with the interim ordinance. There have been a large number of developments since that period. There has been certain legislation which applies to Japan and the situation has become somewhat confused. Now, in all the general discussion that has ensued, I frankly don't have any instructions on this particular paper which would enable me to vote on it one way or the other, and I would like to request that we might postpone a vote on this until our next meeting. There are other issues outstanding in connection with Sir Carl Berendsen's questions with which we also associated ourselves, and we are very

interested in the general principles on this whole question although we certainly wouldn't necessarily be able to go along with the particular way in which this question has been put before us by the Soviet representative, which in any case refers to something which is outmoded in my opinion. I think that we really need to concern ourselves with the question of actually what has happened since the interim ordinance, and I for one would like to get the United States interpretation of the applicability of FEC-045/5 to workers in government enterprises. I feel I would want to consider the United States interpretation of that before I could make up my mind one way or the other on this thing, and I would like to request that if possible the vote on this question be postponed until I can consult further with my Government.

DR. KOO: Mr. Chairman, my Government has been feeling a great deal of concern about this question--about the status of the trade unions and the rights of the workers in the government service, and in not only the civil service but also the government enterprises, as well as the requirements of the economic situation for increasing or bringing about economic stability through increased production and the cessation of strikes. But the situation as it stands is not quite clear to my delegation at present. I understand certain laws have been passed by the Diet, namely the National Public Service Law, the National Railway Law, the Japanese Monopoly Public Corporation Law, and the Public Corporations Labor Act, but of these four laws we understand that only the first one, the National Public Service Law, has been put into effect, leaving the other three to be carried into force by next April. The point which is not clear to us now is, what is the actual situation in view of the fact that three of the laws which have been recently passed are still awaiting being put into effect and, in view of the further fact that unless our information is incorrect the Cabinet Ordinance of July 31, 1948, which regulated the labor situation before the

enactment of these laws, has been revoked and abrogated, the question which I would like to ask for information is whether the entire labor situation at present now is regulated until next April by the National Public Service Law alone and the abrogation of the Cabinet ordinance is really definitive. If that is the case, of course, then the Soviet proposal for the Commission to express a definite opinion on the original directive really no longer holds because that is a matter of the past.

GEN. MCCOY: To answer your question, Mr. Ambassador, I am going to ask my assistant to formulate it because I haven't been familiar with it in detail. But I am just informed that he has explicit answers to your questions. Will you please take it?

MR. RAY: Mr. Chairman, it is the understanding of our Government that the National Public Service Law is the applicable law governing labor relations for employees of the central government of Japan. The Cabinet ordinance has been revoked under a provision of the National Public Service Law as regards its application to those central government employees--not in its application to provincial or municipal or other governmental units in Japan--and the central government, including the central government enterprises of course.

DR. KOO: Mr. Chairman, in that event I would like to associate myself with the proposal made by the Australian delegate to postpone the vote on the Soviet proposal say until next meeting and let me study more the actual situation meanwhile.

MR. PANYUSHKIN: Mr. Chairman, it is difficult to understand the situation because it is said that the interim ordinance was revoked, but what it means is not understandable. But the fact remains that the directive of General MacArthur violated the policy decision FEC-045/5 and the violations continue in Japan. It means that the danger remains that the workers would be deprived of further rights provided for them by the policy decisions. We hear

press reports that repressions against workers continue. The period of occupation was established for the purpose of encouraging the Japanese people for democratic principles, but the situation in Japan is just the contrary--it happens that the workers and employees of government enterprises are deprived of their fundamental rights provided for them by the Potsdam Declaration and by the policy decisions of the Far Eastern Commission. Instead of encouraging democratic rights there is the suppression of such democratic rights in Japan. In paragraph 10 of the Potsdam Declaration it is said that the Japanese Government should abolish all obstacles in the way to the development and strengthening of democratic tendencies among the Japanese people; the freedom of speech, religion, and thought should be established as well as respect to fundamental human rights. It is said in the policy decision FEC-045/5 that no policy or other governmental agencies should be used for spying on workers, breaking strikes or for the suppression of legal activities of the labor unions. Now, at the request of the Chairman a member of the United States delegation made certain explanations. I feel that we do not need such explanations. Indeed, efforts are made to take the blame for the healthy head on the unhealthy one. Efforts are made to say that the blame is to be borne by the Japanese Government and the Japanese Diet. But the question is who issued the directive to the Japanese Government to the fact that the Potsdam Declaration and the policy decisions of the Far Eastern Commission are to be violated? If we speak straight it was the letter of General MacArthur in which he suggested to the Japanese Government in his directive of July 22nd violations of the Potsdam Declaration and the existing policies of the Far Eastern Commission. And why we speak now of the abrogation of that interim order or not and to transfer the blame from one person to another one--the blame to be borne by General MacArthur; he violated the policy decisions. Therefore the Soviet proposal of September 16th can never be out-

moded because it correctly reflects the situation. If the members of the Far Eastern Commission desire to decide this question correctly, they should propose General MacArthur to revoke his directive.

GEN. MCCOY: Well I am faced with a rule of order in view of the fact that the Soviet Ambassador asked for a vote this morning and the Australian and Chinese representatives wish it postponed until the next meeting, which amounts in parliamentary practice to tabling the motion for a vote. So that, to carry out the Chairman's duties, I will now ask the Commission to vote on whether we shall vote this morning. Will you canvass the Commission?

MR. PANYUSHKIN: Mr. Chairman, since some members of the Far Eastern Commission haven't got their instructions, I believe it would be better to wait and to vote on this proposal at the next meeting.

GEN. MCCOY: Is that agreeable to the Commission? If so, we will postpone the vote today.

ITEMS 6 - 10 INCLUSIVE - Not considered.

ITEM 11- OTHER BUSINESS

MR. PANYUSHKIN: Mr. Chairman, in the United States press there have recently appeared reports to the fact that General MacArthur has sent to Washington a report in which it is suggested to re-establish the Japanese army and the question of re-arming Japan is raised. Press reports link this plan of re-arming Japan with a recent directive by General MacArthur to the Japanese Government ordering the development of a five-year plan for highway construction in Japan. The Soviet delegation considers it necessary that the United States representative inform the Far Eastern Commission on this matter.

GEN. MCCOY: I will try to do so. I am entirely unfamiliar with the subject.

Are there any other statements, gentlemen?

MR. REUCHLIN: Mr. Chairman, may I ask, through your intermediary, of the United States Government some information as to the news item which appeared in the New York ^{WORLD-TELEGRAM} that ninety-one Liberty ships are either chartered or are bought outright by the Japanese? I would like some information on that.

GEN. MCCOY: I will also make a query to that effect.

Any other business, gentlemen?

(No response)

GEN. MCCOY: We stand adjourned.

(The meeting adjourned at 12:45 P.M.)

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 136th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, January 6, 1949

136

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

CONFIDENTIAL

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 136th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, January 6, 1949

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
His Excellency Mr. N. J. O. Makin	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. V. K. Wellington Koo	(China)
Mr. R. Douteau	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
His Excellency Sir Carl Berendsen	(New Zealand)
His Excellency General Carlos P. Romulo	(Philippines)
His Excellency Mr. A. S. Panyushkin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The 136th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:30 A.M., 6 January 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen, the session is open this morning.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 135th MEETING

GEN. MCCOY: We will consider as usual the minutes of the last meeting. Are there any comments or corrections, gentlemen?

(No response)

GEN. MCCOY: There seem to be none, and if there are no objections the minutes of the last meeting will stand on the record.

ITEM 2 - REVIEW OF JAPANESE CONSTITUTION (FEC-326/4; FEC-031/41)

GEN. MCCOY: FEC-326/4 is a proposed consultation with SCAP, approved by the Steering Committee on 14 December 1948, by a vote of 10 in favor with 1 abstention. On 30 December the Netherlands representative suggested that the phrase "which would of course attach the utmost importance to the views of the Supreme Commander" be deleted. Final action was postponed, pending receipt of instructions by the Soviet representative. That is still the case, gentlemen, so that with your permission we will keep that on the agenda for the next meeting.

ITEM 3 - ECONOMIC STABILIZATION IN JAPAN (FEC-329/3, FEC-329/2)

GEN. MCCOY: FEC-329/3 is a United States statement on economic stabilization in Japan which was considered by the Steering Committee on the 21st of December and is forwarded without recommendation for consideration by the Commission. Committee No. 2: Economic and Financial Affairs, considered the statement on the 14th of December and requests instructions from the Commission. FEC-329/2 is a United States interim directive and is identical in substance with

FEC-329/3. On the 23rd of December, Chinese, French, Indian, and Soviet views were expressed, all of which the United States representative has referred to his Government. Views were also expressed by the Australian representative on the 30th of December. FEC-329/4 is a United States reply to the queries raised in the Steering Committee on the 21st of December.

Are there any of my colleagues who wish to discuss these questions this morning?

MR. PANYUSHKIN: Mr. Chairman, may I expect that we will receive the answers to the questions which were put at the last meeting of the Commission to our distinguished Chairman concerning the program of stabilization?

GEN. MCCOY: Well my remembrance is that I answered those in what I thought was sufficient detail. What does the Ambassador wish now in answer or in furtherance of his query?

MR. PANYUSHKIN: Mr. Chairman, from your answers given at the last meeting I haven't understood anything. I don't know about other members but I haven't understood what the program is. I remember that you tried to give an answer to those questions but at the same time you stated that neither you nor the United States Government knew what the program was. You said that neither you nor the United States Government yet knew what the program was.

GEN. MCCOY: Yes, and that still persists. I explained in great detail, I thought, the measures that would have to be taken in Japan to carry out these explicit statements. They were very explicit. But the program that the Ambassador talks about is going to take a year or two to work out in Japan, and he will be kept informed as will the Commission, and that I have stated very determinedly. He is trying to press me for some hidden package of instructions that goes to General MacArthur. We don't have such affairs in our Government. The Supreme Commander, representing these commissioners--these countries--gets a policy paper and he

works out the procedures and the laws and the supervision and the administration and executive work in Japan. It's not done here at this table nor down in the State Department.

MR. PANYUSHKIN: Mr. Chairman, you have not correctly understood me. I am not trying to receive any secret directives which are given by the United States Government to the Supreme Commander. If some one of the members of the Far Eastern Commission were to ask for secret directives which are given by the United States Government to the Supreme Commander it would be too much. I just simply asked you to tell us what the program of economic stabilization is. I ask that it be done in the open.

GEN. MCCOY: Yes, I agree with you, and we have done it in the open. And that is the whole thing. We don't issue secret directives for this Commission; we have issued an interim directive under the Terms of Reference and it is very explicitly told what the program is. That's the story at present. Now I am sympathetic with the Ambassador in wanting to know the results of this directive; that is very important for us all to know and consider here, and that will be done as we get the results from Japan.

MR. PANYUSHKIN: Mr. Chairman, and in what way should I inform my Government of this subject? Does it mean that you refuse to tell us of the nature of this program?

GEN. MCCOY: No, not at all. I am trying to tell you that we will tell you when we get the results from Japan.

MR. PANYUSHKIN: And where is the program of this stabilization?

GEN. MCCOY: It is before you in the interim directive.

MR. PANYUSHKIN: Well, Mr. Chairman, you continue to tell stories.

GEN. MCCOY: Are you referring now to the Nightingales tales?

Are there any other members here that are concerned on the same line as the Soviet representative? Apparently the--

DR. KOO: Mr. Chairman, I have one small point about which I hope you can clarify me. In the statement which you were good enough

to make in answer to some queries addressed by me and other representatives on the Commission, you stated, on page 2 of the minutes of the last meeting--it's the ninth line from the bottom of the statement: "Yet, unless those production levels are reached and, even, in some cases surpassed, due to population, technological and trade pattern changes, Japan will not be self-supporting and its deficits will fall upon the United States taxpayer." Mr. Chairman, at the meeting on December 23rd, with reference to this interim directive I made a statement in which I emphasized a principle which evidently underlies the policy decision of the Commission on Japan's peaceful needs, the principle that measures designed to increase Japan's production should be in conformity with Japan's peaceful needs as defined by the Far Eastern Commission. Now, in the statement which you made and with particular reference to this sentence, my delegation feels a little uneasy about the word "surpassed" - "even, in some cases surpassed". On closer examination we feel that this sentence could only be as an argument to show that the present level of Japan's industrial capacity is still way below the peaceful needs as defined by the Commission and that it is not contemplated that such level of peaceful needs as already decided upon by the Far Eastern Commission, at least for the present, based upon the level of 1930-34 is not to be exceeded until another decision to the contrary is made by the Commission. I hope I am right in reading--in interpreting this sentence that--to put it another way--

GEN. MCCOY: Yes, I understand. And that was my understanding and I made that explanation myself--not as representing my Government--I made it just off-the-bat in the early consideration here, and I'll have that verified and inform you to see whether you and I are right in our understanding of this question.

DR. KOO: Yes, I do hope we are.

GEN. MCCOY: Yes. Is there any other comment at this time?

GEN. ROMULO: Mr. Chairman, I wish to stress also the fact that in the Determination of the Peaceful Needs of Japan, the Far Eastern Commission policy states definitely that, "The Far Eastern Commission determines as a matter of policy that the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930-34", and in the statement just quoted by the Ambassador of China it is stated, "Yet, unless those production levels are reached and, even, in some cases surpassed...". That would not seem to jibe with this policy decision of the Far Eastern Commission. And so, therefore, the Philippine delegation would second and support the statement just made here by the Ambassador of China.

GEN. MCCOY: Let me see, you were quoting from the policy decision FEC-106/1?

GEN. ROMULO: I am quoting from the Report of the Secretary General, Appendix 30, page 85, the Far Eastern Commission policy decision of January 23, 1947.

GEN. MCCOY: Yes. Well, you will notice that the final paragraph: "Acceptance of the above policy should not be interpreted to mean acceptance in advance of a specific level for any particular industry".

GEN. ROMULO: Yes, but I just the same would feel that the first paragraph is not only pertinent but important to us.

GEN. MCCOY: Yes. Well this gives us grounds for consideration and I will bring that to your attention later on when we further discuss it.

GEN. ROMULO: Thank you.

GEN. MCCOY: Item 3 will remain on the agenda.

ITEM 4 - LABOR POLICY IN JAPAN (FEC-318/10, FEC-318/9)

GEN. MCCOY: FEC-318/10 is a corrected version of the proposed policy decision which was submitted by the Soviet representative on the 14th of October. FEC-318/9 contains inquiries directed by the New Zealand representative to the United States delegation on the 9th of December. Consideration has been postponed pending a United States reply to these queries, although on the 30th of December the Soviet representative urged action on the proposal. This action was postponed at the request of the Australian and Chinese representatives.

The state of affairs with reference to this general subject remains pretty much as it was last week and I'm sorry that I still am unable to give the position of my Government in respect to your statement and the explicit questions which you asked. In your absence, however, the paper was brought up last week with a request for a vote and it was postponed by request of the Australian and Chinese representatives. What is your wish this morning in the sense of action on this paper as requested by the Soviet Ambassador?

MR. PANYUSHKIN: Mr. Chairman, I would like that the Soviet proposal in respect to the violations by General MacArthur of policy decisions of the Far Eastern Commission be put to a vote without waiting your answer to the questions put forward at the previous meetings by certain members of the Far Eastern Commission.

GEN. MCCOY: Is there any objection to the paper going to a vote?

SIR CARL BERENDSEN: Mr. Chairman, I cannot disguise my disappointment that it has not been possible--I know how earnestly you have tried--but I can't disguise my disappointment that it has not been possible to obtain a reply to the questions which I addressed to the representative of the United States something like a month ago. They were, I believe, pertinent questions--they were put, I

hope, reasonably--they deserve a reply, and they deserve a reply with a reasonable degree of promptitude. I know how difficult this question is--I have had a lot of experience in these matters. But we are facing a situation which is becoming more and more compromised as the days and the weeks go by. We are looking at legislation some of which appears to some of us to be contrary to a policy decision of the Commission, and I do hope, sir--and I will confine myself to saying this--I do hope that we shall not again be faced with a situation that by the time we have arrived at a condition of affairs--at a degree of knowledge when we can do with a matter the matter will have settled itself by the passage of time and the transpiring of events.

As for this particular proposal here, It doesn't seem to me that there is much to be gained by voting on it--it deals, it seems to me, with what has passed. We are not looking now on the temporary instructions that was issued by the Japanese Government--we are looking at permanent legislation.

MR. MAKIN: Yes.

SIR CARL BERENDSEN: And for the life of me I do not see we gain anything by either passing or refusing to pass this particular resolution. I think events have passed this resolution by. But I do hope, sir, we can get down to the real point at issue and that is how far our policy decision on labor does apply to government service. It is a very important matter.

MR. MAKIN: Mr. Chairman, I wish to very strongly support my New Zealand colleague in regard to his earnest request that we should be supplied at the earliest possible moment with the information sought by him. We too share great concern regarding matters which affect the question of labor policy which is to guide the affairs of Japan, and we would certainly appreciate if this matter can be sufficiently expedited that we can have some early reply to those questions.

GEN. ROMULO: Mr. Chairman, the Philippines joins New Zealand and Australia in that request. It seems to the Philippine delegation that time is of the essence in a question like this where developments are going quite fast and the timeliness of whatever we may do as a result of the reply to the inquiries may have been gone. It would seem that expeditiousness is the important thing in a matter like this. So the Philippine delegation also joins with New Zealand and Australia in their request that there be promptitude and a reply be given to this request.

GEN. MCCOY: The question now is whether we shall vote on the paper before us at the request of the Soviet representative.

MR. PANYUSHKIN: Mr. Chairman, I would like to say a few words before voting on this paper. I would like to draw the attention of the Far Eastern Commission members and, first of all, the attention of the United States representative to the fact that the matter is concerned not with routine questions; the matter is concerned with living people--with three and a half million workers and employees of governmental enterprises and institutions. And if we take into consideration that these three and a half millions have families it would amount to eight or ten million people. It means that altogether the matter is concerned with living conditions of twelve million Japanese people. I don't know what the reasons are that the United States representative is unable to give an answer to the questions which were raised at previous meetings. Perhaps it is not so easy to answer the question which was raised by the New Zealand representative. It is not so easy to give an answer to this question from the point of view of the interests of the United States, because if one tries to prove that the policy decision of the Far Eastern Commission does not apply to the workers and employees of the government institutions and enterprises, this would not be done.

Some representatives say that nothing would be attained

whether we vote on the proposal or not. I feel that that is not correct for the following reasons. Indeed, for everyone it is clear that the decisions of the Japanese Diet were subsequent to and in accordance with the order of General MacArthur, and it is absolutely clear that the directive issued by General MacArthur is in contradiction with the policy decisions of the Far Eastern Commission. I feel that in such a case for the members of the Far Eastern Commission it is not appropriate to raise the question of any compromise. Indeed, is it possible to have a compromise on such a question as the attitude of the Far Eastern Commission toward the violations of the policy decisions of the Far Eastern Commission by General MacArthur? I feel that in such a question there could be no compromise. There are policy decisions in respect to the rights which are to be exercised by the Japanese people, and in the policy decision in respect to the trade labor unions it is clearly said that all these rights--the rights to strike and other rights--are applicable to all workers and employees in Japan and our talk about compromise in this case only encourages General MacArthur and the officers of his headquarters toward further violations. At the last meeting of this Commission I gave examples that there were further violations of the policy decisions in Japan. It seems to me that the Far Eastern Commission simply has no right to by-pass these facts. Therefore I ask to put the Soviet proposal in respect to the violations by General MacArthur of the policy decisions of the Far Eastern Commission to a vote and the Soviet proposal concerning the discontinuance of repressions against the workers and employees of government enterprises and institutions.

GEN. MCCOY: Will you canvass the "ayes" and "nays" on this subject?

MR. MAKIN: Mr. Chairman, before the matter is put to a vote, I would like to just offer a few words.

I should be forced, sir, to vote against the Soviet proposal, which is inappropriate, we feel, for the following reasons. In the first place paragraph 1 is concerned with a letter of the Supreme Commander to the Japanese Government. It cannot be said that the Supreme Commander's letter was in fact a directive. Furthermore, the temporary ordinance as far as we can understand has now been superseded by permanent legislation. Our concern in this whole question is with the question of the long-term legislation.

In voting against this proposal, I wish to make it perfectly clear that this action is without prejudice to our views on the question of the long-term legislation.

SIR CARL BERENDSEN: Mr. Chairman, I entirely agree with that statement of position. I am in the same position myself.

MR. COLLINS: Mr. Chairman, that is also my position.

DR. KOO: Mr. Chairman, may I make a statement. My delegation feels that what is now involved in this paper is not the question of compromise—it is really a question of relevance. The Supreme Commander, in sending the letter to the Japanese Cabinet, obviously did it in face of a crisis as an emergency proposal and the Japanese Government, in issuing that ordinance, likewise took the same view. What mattered to us very much was the fact that the necessary legislation was at once proposed to the Diet and that several laws have already been passed. One of them, the National Public Service Law, has already been put into effect and the other laws which have been enacted will be put into effect, I understand, on April 1st. So this emergency situation which gave rise to the action of the Supreme Commander and also to the issuance by the Japanese Cabinet of the special ordinance has passed and we are now concerned, as some of my colleagues have rightly said, with the long-term regulation of the relations between labor and the government, including

the public service corporations operated by the government. So it seems to my delegation that really a vote on this Soviet proposal would be not only unnecessary but really superfluous. If a vote is to be put before the Commission, for the reasons which I have stated my delegation will abstain from voting.

MR. BANERJI: Mr. Chairman, I will also have to vote against the Soviet proposal if it is put to a vote. I also share the views of the New Zealand, Australian, and Chinese representatives that no useful purpose will be gained at this stage to vote on the Soviet proposal, and I think it should have been better to await your replies to the New Zealand questions before we proceeded to a vote on this question at all. But as the Soviet Ambassador is forcing the issue and is asking for a vote on this proposal, I think that we will have to vote perhaps on this question. As I stated before, I will have to vote against this proposal and I would like to explain why I would have to vote against it.

In this connection, Mr. Chairman, I would like to invite reference to the remarks which I made in earlier meetings of the Commission, I believe in the 120th and 131st meetings. As I tried to indicate therein at that time, we do not propose to take any exception to the Supreme Commander's communication of the 22nd of July which undertakes to enunciate what he considers fit for the general principle that should govern the conduct of government employees in their relation to the government, but we have all along felt that the Japanese ordinance of the 31st of July 1948, which probably resulted from that communication, goes much beyond it and it fails to draw a clear distinction between workers in civil administrative positions and government employees in enterprises and it denies the latter class of employees generally accepted rights, including the right to strike. This we feel should be the general principle. But we realize that in the present condition

of economic instability in Japan the Japanese employees in government enterprises should not be allowed to abuse these rights and resort to a general strike without giving due notice to the government of their intention to do so.

The Soviet proposal before us seeks to disapprove of the Supreme Commander's letter of the 22nd of July as well as the Japanese ordinance of the 31st of July, which is supposed to have been issued in pursuance of the Supreme Commander's letter. For the reasons I stated above, we cannot vote for the proposal, but I want to make it clear, Mr. Chairman, that our inability to accept this Soviet proposal should not be construed to imply our approval of the Japanese ordinance or for that matter the National Public Service Law, that is, certain features of the National Public Service Law, which we understand has already been passed. We also, along with the Australian Ambassador, reserve the right to express our opinion on that long-term legislation at a suitable opportunity.

For this purpose, Mr. Chairman, I would ask your opinion as to what would happen--suppose the Soviet resolution is put to a vote and either adopted or rejected, will the subject remain on the agenda for us to discuss the long-term legislation? We are very anxious to see that the policy is discussed at a later stage.

GEN. MCCOY: That would be at the express wish of the Commission.

MR. BANERJI: I mean, suppose we take action on this Soviet resolution, will the item automatically be dropped from the agenda or will it remain on the agenda to enable you to reply to the New Zealand questions particularly and to allow--

GEN. MCCOY: Well the paper voted on will be dropped.

MR. BANERJI: Yes, certainly. But the subject--

GEN. MCCOY: But if the Commission wishes to express its opinion on that point I would be glad to hear it either now or after the vote.

MR. COLLINS: Mr. Chairman, in view of the fact that there is an outstanding question as yet unanswered from our New Zealand representative, I should assume that the question would remain on the agenda.

MR. BANERJI: That is also my assumption.

GEN. MCCOY: Well I would like the expression of the Commission on that point.

SIR CARL BERENDSEN: Well, sir, I would just like to say this, that if voting against the Soviet resolution, which I am inclined to do for the reasons I have explained, is going to have the effect-- could possibly have the effect of removing this item and my questions from the agenda, I shall vote for the Soviet resolution.

GEN. MCCOY: Well, of course, I take it that you request then that the heading and your statement be still kept on the agenda.

SIR CARL BERENDSEN: If that is what you require, sir, I so request, yes.

GEN. MCCOY: Well that settles it as far as I am concerned.

MR. BANERJI: Thank you, Mr. Chairman.

GEN. MCCOY: So we'll proceed with a vote at the request of the Soviet--

GEN. ROMULO: Mr. Chairman, for reasons already stated by my alternate delegate in my absence, the Philippine delegation is voting against the Soviet proposal. However, I want to make of record that we don't want our vote here on this question interpreted as committing the Philippine delegation on the substantive nature of whether workers and employees of government enterprises and institutions have the right to strike.

GEN. MCCOY: Any other comment before we vote, gentlemen?

MR. DOUTEAU: Mr. Chairman, I believe the French delegation has expressed our views on the matter. Although I am voting against the Soviet proposal this morning, I want it to be clear

that it will be without prejudice to the French Government's views, a, on the present legislation on this matter, and b, on the eventuality of the Far Eastern Commission, if it finds it necessary, reviewing its relevant existing policy decisions on the matter.

GEN. MCCOY: All these statements will be considered and put before my Government. So I think the board is cleared for a vote as requested. Will you call for the "ayes" and "nays", please?

(The Secretary General proceeded to call the role.)

MR. MAKIN: No.

MR. COLLINS: No.

DR. KOO: Abstain.

MR. DOUTEAU: No.

MR. BANERJI: No.

MR. REUCHLIN: No.

SIR CARL BERENDSEN: No.

GEN. ROMULO: No.

MR. PANYUSHKIN: In favor.

MR. GRAVES: Mr. Chairman, I shall have to register my vote against, having particular regard to the fact that the motion had little reference to the circumstances of the moment. I would like that qualification be placed with my vote, please.

GEN. MCCOY: No.

The tally reported by the Secretary General is 1 for, 9 against, and 1 abstention, so that FEC-318/10 is lost by reason of no majority.

Now, complying with your wishes as to retention of the general heading "Labor Policy in Japan", I am just having a draft with reference to the original labor policy paper of this Commission and your queries--in a moment I will have it ready for you--to be retained as a heading on the agenda.

MR. FANYUSHKIN: "In submitting the proposal concerning the adoption by the Far Eastern Commission of a decision on the question of violations by General MacArthur of democratic freedoms in Japan which found their expression in the prohibition for the workers and employees of government and public enterprises and institutions to engage in strikes and to conclude collective agreements, the Soviet delegation proceeded from the provisions of the Potsdam Declaration in respect to Japan and Far Eastern Commission policy decisions 'Basic Post-Surrender Policy for Japan' and 'Principles for Japanese Trade Unions'.

"The Soviet delegation pointed out to concrete facts which confirm that General MacArthur's directive of July 22 and the ordinance of the Japanese Government of July 31, 1948, issued in conformity with that directive, which have deprived a considerable part of Japanese workers and employees of their elementary rights to defend their vital interests, are a direct violation of the above-mentioned decisions.

"The situation has been aggravated by the fact that this anti-democratic measure was approved on November 30 by the Japanese Diet under the pressure of the United States authorities, although it was opposed by a considerable number of Diet members who pointed out that the adoption of this measure constituted an anti-democratic and anti-people's policy.

"It is regrettable that the majority of the representatives on the Far Eastern Commission, having not agreed with the Soviet proposal, entered thus the road of approving these anti-democratic measures of General MacArthur and the Japanese Government.

"The Soviet delegation feels it necessary to state that it considers, as before, the above-mentioned measures of General MacArthur and the Japanese Government as being contrary

to the adopted policy of the Allied Powers on the question of Japan's democratization and incompatible with the objectives of the Allies in respect to Japan. Those countries which support this policy of American military authorities in Japan are violating the Potsdam Declaration in respect to Japan and the decisions on democratization of Japan, which have already been adopted by the Far Eastern Commission."

SIR CARL BERENDSEN: Mr. Chairman, if I heard correctly our Soviet colleague is suggesting that by disapproving this proposal we are expressing approval of the legislation passed or in contemplation in Japan. That is so patently contrary to the facts--so obviously contrary to everything that has been said here that I am bound to call attention to the fact that the way we are conducting our business in this Commission is furthering completely wrong impressions not only in this country and in Japan but throughout the world, and if any statement to that effect is made by our Soviet colleague in my judgment the Commission should immediately issue a statement giving the correct facts.

GEN. ROMULO: Mr. Chairman, it is evident that this statement just read by the distinguished delegate of the Soviet Union was prepared in advance--that it was prepared before he heard the statements made here by his colleagues. It is evident, Mr. Chairman, that the Soviet delegate came to this meeting foreseeing the vote that was going to take place and therefore prepared himself to make a statement apparently aligning us against democracy and involving us as guilty of violating the Potsdam Declaration and the Far Eastern Commission policies. That is not so. Each of those who voted today made statements making clear their position as to the timeliness and the wisdom of the proposal made by the Soviet Union today. And so therefore, Mr. Chairman, it would seem to me that it is imperative that the Commission should issue a statement

replying to this absolute distortion of the views of the delegates of the other countries represented here as made in this statement of the Soviet delegate.

MR. MAKIN: Mr. Chairman--

MR. PANYUSHEIN: Mr. Chairman--

GEN. MCCOY: Pardon me, the Australian Ambassador:--

MR. MAKIN: Mr. Chairman, I wish to associate myself with the representative for New Zealand and the representative for the Philippines in the expressions that they have made. The very fact that we are going to retain this subject upon the agenda is another evidence that the statements made that we have made some declaration regarding the actual principle of labor policy in Japan is entirely wrong, and I certainly share the view that if any effort is going to be made to exercise or to use the statements for propaganda purposes then there is reason why this Commission, to protect its position, should certainly be required to make a public statement upon it. I agree with the statement that has been made by both the representatives of New Zealand and the Philippines upon this matter.

SIR CARL BERENDSEN: And now, Mr. Chairman, I am almost tempted to fall back upon the suggestion that I made in the very earlier stage of our meetings. If we held our meetings in public we couldn't be misrepresented.

GEN. ROMULO: You will remember I supported you.

SIR CARL BERENDSEN: I think you will remember we were alone.

GEN. MCCOY: Well I think that the position of all is perfectly clear. I don't think that the Commission need to worry about the propaganda part of it nor their well-known attitude, certainly not until something has happened that we're presuming or assuming for the moment. I think that under the circumstances there's no question about the record and the position of the various delegates. I think that the subject, however, can be covered in the future under the

general subject of "Labor Policy in Japan" which will be retained on the agenda.

"There will remain on the agenda the general subject of Labor Policy in Japan, including the original Far Eastern Commission paper on Trade Unions, the Diet laws, the questions of the New Zealand Ambassador, and the coming answers from the United States."

Is that satisfactory, gentlemen, to the Commission?

SIR CARL BERENDSEN: Yes.

MR. PANYUSHKIN: Mr. Chairman, in connection with the fact that after my last statement several representatives made their statements too, I would like to say a few words.

I quite agree with the Philippine representative that my statement was prepared in advance and it was prepared on the basis of the statements made by various representatives at earlier stages. There was nothing new in the statements of representatives made at this meeting. Thus the Soviet statement correctly reflects the situation which prevailed during the voting of the Soviet proposal and the statements which were made at this meeting of the Commission did not change in any way the general situation in respect to this matter. And I don't see how this may change the situation as it was said by the Philippine representative.

Now, in respect to the strong statement made by the New Zealand representative, that it would have been better to have open meetings, I feel that if these meetings were open and sincere correspondents were present here some persons would feel even more difficult.

Now, in respect to the statement made by the Chairman, that there is nothing to be worried about in respect to the fact that the Soviet proposal was rejected, I feel just to the contrary, that there is something to be worried about because the Far Eastern

Commission should decide all the matters more objectively. Indeed, the results of today's voting show that the representatives on the Far Eastern Commission look on the violations by General MacArthur with tolerance.

ITEM 5 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32; FEC-242/35, FEC-242/37)

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

GEN. MCCOY: I am not prepared to give any further information on Item 5 as representing the United States.

ITEM 6 - POLICY TOWARD PATENTS, UTILITY MODELS AND DESIGNS IN JAPAN (FEC-284/10, FEC-284/11)

GEN. MCCOY: As Chairman, I call your attention to Item 6. FEC-284/10 is a proposed policy decision approved by the Steering Committee on the 14th of December by a vote of 7 to 1 with 3 abstentions. FEC-284/11 contains the Soviet proposed amendments submitted on the 16th of December, and I believe the Netherlands representative has also submitted amendments to that. Have you had those circulated yet?

MR. REUCHLIN: No, we haven't submitted them to this Commission, Mr. Chairman. The situation is thus, that we have announced that some time we will have some amendments to submit but we haven't received them yet.

GEN. MCCOY: Is it your wish then to keep this on the agenda pending your amendments?

MR. REUCHLIN: I would very much appreciate it, yes.

MR. GRAVES: Mr. Chairman, may I make a short reference to subparagraph 4 g on page 2, a short reference by way of clarification. Right at the bottom of subparagraph g, the words "on the same basis as other funds are restored to Allied national property owners in Japan", it is our understanding that these words mean inter alia that an owner receiving funds credited to him on account

of royalties would not be required to renounce any claim which he might have against the Japanese Government and/or Japanese nationals in respect of any amount by which the royalties paid fall short of the royalties due in accordance with the terms of the agreement, contract or other arrangement creating the liability for royalties. I understand, Mr. Chairman, that the sentence referred to was originally drafted by your own delegation, and I should therefore like to ask the United States representative in particular whether our understanding on this point would accord with the United States view.

GEN. MCCOY: The United Kingdom representative queries the member of the United States delegation--the sentence referred to was originally drafted by the United States delegation--and he would like to ask the United States representative in particular whether our understanding on this point would accord with the United Kingdom views. I can see no objection to this interpretation as I think it is already inherent in the paragraph, and when we discuss the amendments of the Soviet and of the Netherlands we will be conscious of this clarification of yours and our reply. But I can say that it is acceptable as it stands.

MR. GRAVES: Thank you.

GEN. MCCOY: Item 6 will be retained on the agenda pending the amendments of the Netherlands representative, and we will then discuss both the amendments of the Soviet representative and the Netherlands and also this point of the representative of Great Britain.

ITEM 7 - RECOMMENDATIONS REGARDING JAPANESE-OWNED PATENTS, UTILITY MODELS AND DESIGNS IN TERRITORIES OF COUNTRIES AT WAR WITH JAPAN (FEC-311/2)

GEN. MCCOY: Item 7 was deferred pending instructions from some of the countries, I think: Australia, China, France, Netherlands, and the Philippines. Are any of those ready to discuss this morning any points that they have in mind?

MR. REUCHLIN: Mr. Chairman, I think I am correct in saying that this paper is so closely connected with the paper under Item 6 that we can't very well deal with this paper if we don't know exactly what we are going to do on 6.

MR. MAKIN: Mr. Chairman, I am not ready, sir, to express at the moment further views on the matter.

GEN. MCCOY: With your approval then, we will consider these papers together later. Item 7 will also be kept on the agenda.

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

GEN. MCCOY: Item 8 is still in abeyance in connection with the papers still on the agenda having to do with the levels of industry and reparations removals.

GEN. ROMULO: Mr. Chairman, may I make a statement in connection with Item 8? We are now on Item 8, are we?

GEN. MCCOY: Yes.

GEN. ROMULO: "My Government has consistently favored the early adoption of FEC-299/5 as a policy decision. It is my understanding, however, that certain delegations find some difficulty in accepting paragraph 2 regarding the subject of buildings. They have expressed the view that buildings which housed industrial facilities made available for reparations could be usefully converted by the Japanese into schools, libraries and other public institutions to meet Japan's peacetime needs. They also seem to be inclined to feel that the recipient countries would derive limited benefits from the removal of buildings as reparations and such limited benefits do not warrant the additional administrative burden involved.

"With respect to the first point, sir, our technical staff in Tokyo has informed us that the buildings in which the various missions of the Far Eastern Commission member countries are interested for removal as reparations are of such design as

to be suitable only for the specialized purposes for which they were originally used and their conversion to schools or libraries would be most expensive and impractical. [That is the information that we received directly from our technical staff now in Tokyo.] Furthermore, some of these buildings are located in dispersal areas away from the center of population and the location of a school or library in such areas is, according to them, out of the question.

"There is at present a critical shortage of steel for building construction in the Philippines and the acquisition of certain buildings, or portions thereof, which are easily removable and could be usefully re-erected in the Philippines to house the equipment and industrial facilities already delivered on reparations account would go a long way in expediting the employment of such facilities in rehabilitating the war-ravaged economy of a country that was destroyed by the Japanese. No doubt, similar conditions obtain in other reparations recipient countries.

"In an effort to provide a basis for agreement, the Chinese representative recently submitted an amendment to paragraph 2 which is now contained in document FEC-299/9. While the new draft is more restrictive than the version included in FEC-299/5, my Government is now prepared to give its full support for it as a reasonable compromise.

"Mr. Chairman, there is some urgency attached to this item on our agenda and I sincerely hope that final action by the Commission is forthcoming soon."

Thank you, Mr. Chairman.

ITEM 9 WAS NOT DISCUSSED

ITEM 10 - OTHER BUSINESS

GEN. MCCOY: I will now go to the general term "Other Business".

a. Philippine Inquiry regarding Press Reports on Reparations

GEN. ROMULO: Mr. Chairman, the American press the last few days has been publishing news items about Japanese reparations, such as the Evening Star of January 4th, where it is stated in the headline "U. S. May Take Japanese Reparations Issue from Allied Commission: Interim Directive to MacArthur is Reported Planned if Group Remains Deadlocked". The New York Times, I think, of yesterday has a dispatch of more or less the same nature. Mr. Chairman, I need not say here in this Commission what I have repeatedly said in the past, that countries like the Philippines that have been devastated by Japanese hordes are vitally interested in reparations. In behalf of my Government I would like to know from the representative of the United States in this Commission, what is the truth behind these stories as published by the American press recently?

GEN. MCCOY: Which article did you have particular reference to?

GEN. ROMULO: First the Evening Star of January 4th and the New York Times of yesterday.

GEN. MCCOY: Yes, I have read both of those articles. Apparently it was an attempt to clarify some of the papers that were mentioned in the forthcoming report and like so often in complex subjects the newspaper articles were not entirely clarifying themselves, especially the one from the Star where the headline was quite misleading and where, ^{the} attempts at clarification were apparently lifted from the context. I think that on the whole the New York Times article was nearer the correct version.

Are there any other queries with regard to these—?

b. U. S. Comment to Netherlands Inquiry re Liberty Ships

GEN. MCCOY: We seem to be in the midst of newspapers. There were several queries made last week about certain statements in

newspapers. I think the Netherlands representative made a query which I haven't yet received a reply to but which off-the-bat seems to me quite untrue, but I will give you the definite information later.

c. U. S. Reply to Soviet Query on Re-establishment of Japanese Army

GEN. MCCOY: The Soviet Ambassador also queried me on a press statement which was entirely untrue, that is, reports that General MacArthur or this Government have suggested action toward re-arming Japan or re-establishing the Japanese army. My Government has already stated that these are entirely, totally without foundation.

There seems to be no other business this morning, gentlemen, and if there is no objection we will stand adjourned until the next meeting.

(The meeting adjourned at 12:00 N.)

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 137th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, January 13, 1949

137

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

CONFIDENTIAL

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 137th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, January 13, 1949

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
His Excellency Mr. N. J. O. Makin	(Australia)
Mr. R. E. Collins	(Canada)
Dr. S. H. Tan	(China)
His Excellency Mr. Henri Bonnet	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
His Excellency Sir Carl Berendsen	(New Zealand)
Mr. F. Lozada	(Philippines)
His Excellency Mr. A. S. Panyushkin	(U.S.S.R.)
Mr. H. A. Graves	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Reporter: Mr. R. Holtz, Department of State--FEC

(The 137th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 13 January 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen. The session is now open. And it is really a notable session in our having a new French representative, the Ambassador, sitting with us, fortunately one who served almost with us for a long time and who we all respect and admire. I have the honor too to present to the Commission the Right Honorable Peter Fraser of New Zealand who for so long has meant to all of us on this side a most representative statesman of his country and who is now its Premier and concurrently its Minister of Foreign Affairs. So it's a great honor to have you sit in with us today.

I might add for his information that he has been well represented here throughout our sessions, and we, even in the presence of Sir Carl, I could say, I am sure, for myself and other members that we haven't forgotten Colonel Powles who was such a valued member for such a long period. It was a great satisfaction to me in losing him that he seemed to be appreciated at home, and not without honor in his country.

MR. FRASER: I would like to thank you, Mr. Chairman, very much for your welcome, and I am very pleased to have this opportunity to see this important body at work. I am not staying other than about half an hour because I can contribute nothing. I don't like taking part in discussions that I don't know anything about except the general reports and not the details. Therefore I agree with you that New Zealand has been well represented and any intervention on my part would spoil that very efficient representation. So I thank you very much.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 136th MEETING

GEN. MCCOY: We will proceed to the routine consideration of the minutes of the last meeting, and I ask your comment or criticism or corrections. Have you any that have been presented to you, Mr. Secretary General?

MR. JOHNSON: No, sir.

GEN. MCCOY: If there are no corrections or comments--

MR. BANERJI: Mr. Chairman, I have three very minor amendments to suggest. On page 4, in the penultimate paragraph, the seventh last line, insert the word "and" between "civil" and "administrative". It will read: "...workers in civil and administrative positions...". The second correction is in the same paragraph, the penultimate line of the paragraph, and it should read: "or to resort to a sudden general strike", the word "sudden" is important there. And in the last paragraph on the same page, in the fourth line from the bottom, the word "Indian" in the middle of the line should be deleted.

GEN. MCCOY: If there are no other comments, the minutes will stand on the record as usual.

ITEM 2 - CHAIRMAN OF COMMITTEE NO. 3: CONSTITUTIONAL AND LEGAL REFORM (FEC-206/19)

GEN. MCCOY: The second item is the recommendation of the Secretary General, approved by the Steering Committee on the 11th of January, that Mr. A. K. Dar be elected chairman of Committee No. 3, that is, the Committee on Constitutional and Legal Reform. If there is no objection, the recommendation of the Steering Committee will be accepted and Mr. Dar will act as chairman of Committee No. 3.

ITEM 3 - REVIEW OF JAPANESE CONSTITUTION (FEC-326/4; FEC-031/41)

GEN. MCCOY: The third item is the review, under our own policy paper, of the Japanese constitution which began following our proposed review which must be completed before the end of the two-year period after the adoption of the constitution. That would be some

time in April?

DR. BLAKESLEE: May 3rd.

SIR CARL BERENDSEN: May.

GEN. MCCOY: May 3rd of spring. And the committee very properly has begun to consider this question and it has submitted, in view of that, a consultative dispatch to the Supreme Commander in Tokyo. This is now before you. Final action was postponed until the receipt of instructions on the part of one government, and a suggested amendment or, we might call it, change in wording was proposed by the Netherlands delegate. Before proceeding to the proposal of the Netherlands delegate, I will turn to the Soviet representative for his consideration of the proposed dispatch.

MR. PANYUSHKIN: Mr. Chairman, I am ready to express my opinion, but first of all I would like to associate myself with the suggestion made by the Netherlands representative. I quite agree that the phrase "which would of course attach the utmost importance to the views of the Supreme Commander" is unnecessary in the text of this paper.

GEN. MCCOY: Is there any further statement on the part of the Soviet--

MR. PANYUSHKIN: We have no objection to the adoption of the Australian proposal.

GEN. MCCOY: Well now, that consideration is before you. I think that it was proposed in the Steering Committee by the Chairman simply to make what was considered a more polite approach. Was that--

SIR CARL BERENDSEN: That is precisely it, Mr. Chairman. I felt that the message as originally worded was perhaps a little curt and I was anxious that there should be no further misunderstanding between the Commission and the Supreme Commander. But I am not wedded to this.

GEN. MCCOY: I think it is not important excepting in the light that you give it. I think these diplomatic approaches through the ages have served to be more acceptable when couched in what might be called pleasant language.

SIR CARL BERENDSEN: I thought it was a nice message with that addition.

GEN. MCCOY: But it is not important. I am quite sure that the Supreme Commander is ready to accept any type of language. He has been under fire for a long time on a red-hot spot and he's accustomed to criticism. But I would have preferred to associate myself with your polite approach; however, I don't consider the change an impolite one.

SIR CARL BERENDSEN: Yes.

GEN. MCCOY: And if it is agreeable to the Commission I would be glad to accept the proposal of the Netherlands representative. Would you please state it again?

MR. REUCHLIN: Mr. Chairman, the deletion is that phrase which states that, "of course the Commission attaches the utmost importance to the views of the Supreme Commander", and then only a minor change-- reverse the last two sentences. First of all we want the information which the Supreme Commander believes may be of assistance and, secondly, then we appreciate any further comments. That is only a matter of logical sequence. I made that proposal, but I want it to be quite understood not because I want to be discourteous to the Supreme Commander but I thought by being over-courteous you might become impolite, almost.

GEN. MCCOY: I once more quote my Spanish proverb, which wasn't quite understood because it's an old one of Don Quixote and we don't all remember his language so well, but as I remember it it was that "molasses catches more flies than vinegar" and I think you had some such idea of that sort in mind.

SIR CARL BERENDSEN: I was thinking of molasses but I am not

going to insist on it, Mr. Chairman.

GEN. MCCOY: Well, if it is agreeable then to the Commission, the consultative message will be sent as modified and suggested and agreed to by the Netherlands representative. I might add that I hope very much that we will get quick action on the part of the Supreme Commander because we don't want to be jammed up at the end of this period with a lot of important consideration. I would hope, and I shall do everything in my power, to have this considered as quickly as possible consistent with due consideration.

ITEM 4 - ECONOMIC STABILIZATION IN JAPAN (FEC-329/3, FEC-329/2, /4)

GEN. MCCOY: FEC-329/3 is a United States statement on economic stabilization in Japan which was considered by the Steering Committee on the 21st of December and was forwarded without recommendation for consideration by the Commission. Committee No. 2 considered the statement on the 14th of December and requests instructions from the Commission. FEC-329/2 is a United States interim directive and is identical in substance with FEC-329/3. FEC-329/4 is a United States reply to queries raised in the Steering Committee on the 21st of December. On the 23rd of December, Chinese, French, Indian, and Soviet views were expressed, all of which the United States representative said would be referred to his Government. Views were expressed by the Australian representative on the 30th of December, and on the 6th of January there was discussion of possible surpassing of the living standard of 1930-34.

"At the January 6 meeting of the Far Eastern Commission the Chinese and Philippine members raised certain questions regarding a statement made by the United States representative at the Commission meeting of December 30. In that statement I observed that 'Raw material shortages and difficulties in finding markets for manufactured output will make it most difficult for Japan to exceed 1930-34 levels even with maximum effort on the part

of the Japanese. Yet, unless those production levels are reached and, even, in some cases surpassed, due to population, technological and trade pattern changes, Japan will not be self-supporting and its deficits will fall upon the United States taxpayer'.

"My Chinese and Philippine colleagues have expressed concern over the phrase 'in some cases surpassed'. I should like to reassure them that there was no implication whatever in this phrase that SCAP or the United States Government contemplated any compromise of the principles set forth in the Far Eastern Commission decision dealing with 'determination of the peaceful needs of Japan'. They will note that that policy deals with the problem of Japan's consumption needs or, in other words, the standard of living of the Japanese people. That policy was explicit in dissociating the standard of living concept from any arbitrary prescription for the pattern of Japanese industry. In other words, paragraphs 2 and 3 of that policy make clear that the nature and size of a Japanese industrial structure capable of satisfying Japan's peaceful needs will be affected by population growth and various other factors and that the 1930-34 standard should not be interpreted to imply any specific level for any particular industry."

If there is no further comment on the economic stabilization this morning, I will proceed to Item 5, Labor Policy in Japan.

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

GEN. MCCOY: You can see that we have had considerable discussion and expression of opinion, very frankly and helpfully. The Commission agreed on the 6th of January to retain this subject on the agenda and the purpose was to hear the United States reply to a statement and certain queries explicitly put by the representative from New Zealand. That statement and those queries are in paper FEC-318/9. My Government has given due consideration to this