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force in connection with the purge. The Japanese Government is now reviewing purge action previously taken and as a result approximately 1000 persons have been made re-eligible for public office since 1 December 1948. The Government's Public Office Qualifications Appeal Board now has before it 31,190 additional appeals for review.

**14. OCCUPATION COSTS (Para 14, NSC 13/3)**

General MacArthur is making every effort to hold such costs to a minimum. Cost to the United States and to Japan for support of the occupation forces is steadily being reduced. Allied occupation forces fund requirements on the Japanese national budget, computed at official military conversion rates, have been JFY - \$2,323.3 million; JFY 47 - \$1,409.0 million; JFY 48 - \$932.5 million; JFY 49 - \$287.0 million. However, costs to the United States for support of the indigenous Japanese economy have steadily increased.

**15. ECONOMIC RECOVERY (Para 15, NSC 13/3)**

Specific measures taken to encourage economic recovery in Japan have included the recent institution of a nine-point economic stabilization program, the passage by the Diet of a balanced budget, the elimination of export subsidies and reduction of domestic subsidies, creation of a counterpart fund to assure most effective use of U.S. aid, the tightening of credit policies, re-opening of the stock exchange, improvement of the raw materials allocation system, development of a program for centering production in the most efficient industries, and the creation of a fixed exchange rate. Further measures contemplated or in progress include a request to Congress for an appropriation of \$116 million to stimulate economic recovery, endeavors to obtain MFN treatment for Japan, endeavors to strengthen the Japanese merchant marine, and a plan to terminate indigenous yen funding and logistic support for Allied Missions in Japan.

**16. PROPERTY MATTERS (Para 16, NSC 13/3)**

There are now under informal consideration by the State and Army Departments proposals which would set up a claims tribunal to adjudicate certain claims against Japan which have not yet been settled between the Japanese Government and U.N. nationals.

**17a. INFORMATION AND EDUCATION - CENSORSHIP (Para 17a, NSC 13/3)**

Censorship of literary materials entering Japan is limited to spot-checking of international mails. Pre-censorship of the Japanese press

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press has ceased.

17b. INFORMATION AND EDUCATION - RADIO (Para 17b, NSC 13/3)

In a survey report to the Secretary of State on 7 April 1949, the Secretary of the Army concurred in the findings of CINCFE regarding the desirability of Saipan as the location of a transmitter station for broadcasts to Japan.

17c. INFORMATION AND EDUCATION - INTERCHANGE OF PERSONS (Para 17c, NSC 13/3)

Between June 1948 and April 1949, 71 Japanese students entered U.S. schools and 50 more are awaiting clearance for entry from the Department of State. For FY 50 Department of the Army is seeking \$450 thousand from Congress to bring between 150 and 300 Japanese students and national leaders to the United States. Since June 1948, 62 Japanese educators, technicians, scientists, missionaries and labor leaders have attended 33 international conferences throughout the world.

18. WAR CRIME TRIALS (Para 18, NSC 13/3)

As of 1 April 1949, two trials of "B" and "C" War Crimes suspects were in process and one was pending. It is unlikely that there will be additional trials.

19. CONTROL OF JAPANESE ECONOMIC WAR POTENTIAL (Para 19, NSC 13/3)

Inventories of raw materials available in Japan have indicated that existing stockpiles are so small as to make unnecessary at the moment any restrictions on stockpiling. The manufacture of weapons of war and civil aircraft has been prohibited since the beginning of the occupation. Except for the potential limitations imposed until 1 October 1949 by JCS Directive No. 87, respecting reduction of the Japanese industrial war potential, there are currently no formal restrictions on industrial production in Japan for purposes of disarmament which limit production for peaceful purposes.

20. JAPANESE REPARATIONS (Para 20, NSC 13/3)

The United States has rescinded the interim reparations transfer directive and SCAP has terminated the interim reparations program, with the exception of certain items already allocated and processed.

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STANDARD FORM NO. 64

*NR 2/12/51*

*Sept 1949*

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Office Memorandum • UNITED STATES GOVERNMENT

TO : S - The Secretary  
Through: S/S - Mr. Sheppard  
FROM : FE - Mr. Butterworth *46*

DATE: October 3, 1949

SUBJECT: Summary of Action Taken on NSC 13/3 "Recommendations with Respect to U.S. Policy Toward Japan" During Period Ending October 1, 1949.

This Document Must Be Returned to  
R/R  
Central  
Miss  
711.94/10-349

Pursuant to circular instruction of October 7, 1948, requiring officers of the Department designated as action officers for the implementation of National Security Council papers to submit to you each 30 days a summary of action taken, I wish to report the following action on NSC 13/3, "Recommendations with Respect to U.S. Policy Toward Japan", during the period September 1, 1949 to October 1, 1949:

*xx*  
*740,000 PW (Peace)*

- Paragraph 1 (Timing and Procedure of a Peace Treaty)
- Paragraph 2 (The Nature of the Treaty)
- Paragraph 4 (The Post-Treaty Arrangements)

In the course of the recent conversations in Washington on Far Eastern problems between representatives of the Department of State and of the UK Foreign Office, Foreign Minister Bevin expressed sympathy for a liberal non-punitive treaty for Japan to be concluded as soon as practicable. He volunteered the suggestion that U.S. strategic needs in the western Pacific might be met in the post-treaty period through a U.S.-Japanese agreement, separate from the main treaty, providing for the retention of U.S. security forces and bases in Japan in return for a U.S. commitment to ensure Japan's security. Mr. Bevin further suggested that the U.S. Government draft a treaty (and agreement) of this nature for confidential discussion with the UK Government and, if the latter agrees with the draft, he has offered to undertake to enlist the support of the other Commonwealths to that draft at the Commonwealth Foreign Ministers Conference at Colombo in January, 1950.

Mr. Bevin's suggestion raises the possibility that, provided this approach were successfully pursued, including similar approaches by the U.S. and UK to other friendly FEC countries, the U.S. might be in a position early next year to invite the FEC countries to a vetoless peace conference as it did before but with prior, definite assurances from an adequate number of countries to ensure the adoption of the essentials of the U.S. treaty draft.

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After the cabinet meeting on September 16, 1949, Mr. Acheson outlined the results of his conversations on Japan with Mr. Bevin to the President and to Mr. Early (who was representing Mr. Johnson). Mr. Acheson stressed the fact that his discussions with Mr. Bevin had been purely exploratory and that nothing would be done nor any commitments made until, with proper staff work, the U.S. proposals for a peace treaty had received the President's approval.

At the suggestion of the President, it was agreed that as a first step toward consideration of a peace treaty, the Department of State would address a written request to the Department of Defense for advice on the essential security requirements of the United States in a peace settlement with Japan.

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STANDARD FORM NO. 64

*NR 2/12/51*

**TOP SECRET**

*Oct, 1949*

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**Office Memorandum • UNITED STATES GOVERNMENT**

TO : The Secretary  
Through : S/S - Mr. McWilliams  
FROM : FE - Mr. Butterworth *W.B. 7/19/49*

DATE: November 4, 1949

SUBJECT: Summary of Action Taken on NSC 13/3 "Recommendations with Respect to U.S. Policy Toward Japan" During Period Ending November 1, 1949.

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Central Files  
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Pursuant to circular instruction of October 7, 1948, requiring officers of the Department designated as action officers for the implementation of National Security Council papers to submit to you each 30 days a summary of action taken, I wish to report the following action on NSC 13/3, "Recommendations with Respect to U.S. Policy Toward Japan", during the period October 1, 1949 to November 1, 1949.

*740.0011 Pw (Peace)*

- Paragraph 1 (Timing and Procedure of a Peace Treaty)
- Paragraph 2 (The Nature of the Treaty)
- Paragraph 4 (The Post Treaty Arrangements)

On October 3, Mr. Webb as Acting Secretary wrote to Secretary Johnson requesting the advice of the Department of Defense on the essential security requirements of the United States in a peace treaty with Japan. Mr. Webb urged that the advice be submitted as soon as possible in order that a treaty draft, as approved by the NSC and the President, might be presented for discussion with the British Government in early December. Mr. Webb suggested that Secretary Johnson detail a high-ranking planning officer to participate in the preparation of the military and security provisions of the treaty.

On October 7, Mr. Butterworth left with Under Secretary Voorhees a memorandum setting forth the preliminary views of the Bureau of Far Eastern Affairs on the procedures, general character and principal points of content of a Japanese treaty.

On October 25, Under Secretary Voorhees acknowledged Mr. Webb's letter of October 3 and stated that Major General Magruder, his Deputy, had been designated as the planning officer Mr. Webb had requested. Mr. Voorhees further stated that he had cabled General MacArthur asking him to send an officer who would reflect General MacArthur's thinking and who would assist in the treaty preparations, and that this officer had arrived in Washington.

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During October the Department of State proceeded with the drafting of a peace treaty. The first draft (minus the chapter on security) was completed on October 13, and a revised draft was then undertaken on the basis of the further views of the interested offices in the Department of State. The second draft had been completed by the end of the month.

Paragraph 18 (War Crimes Trials)

On October 20, General Headquarters, SCAP, announced the termination of war crimes trials in Japan.

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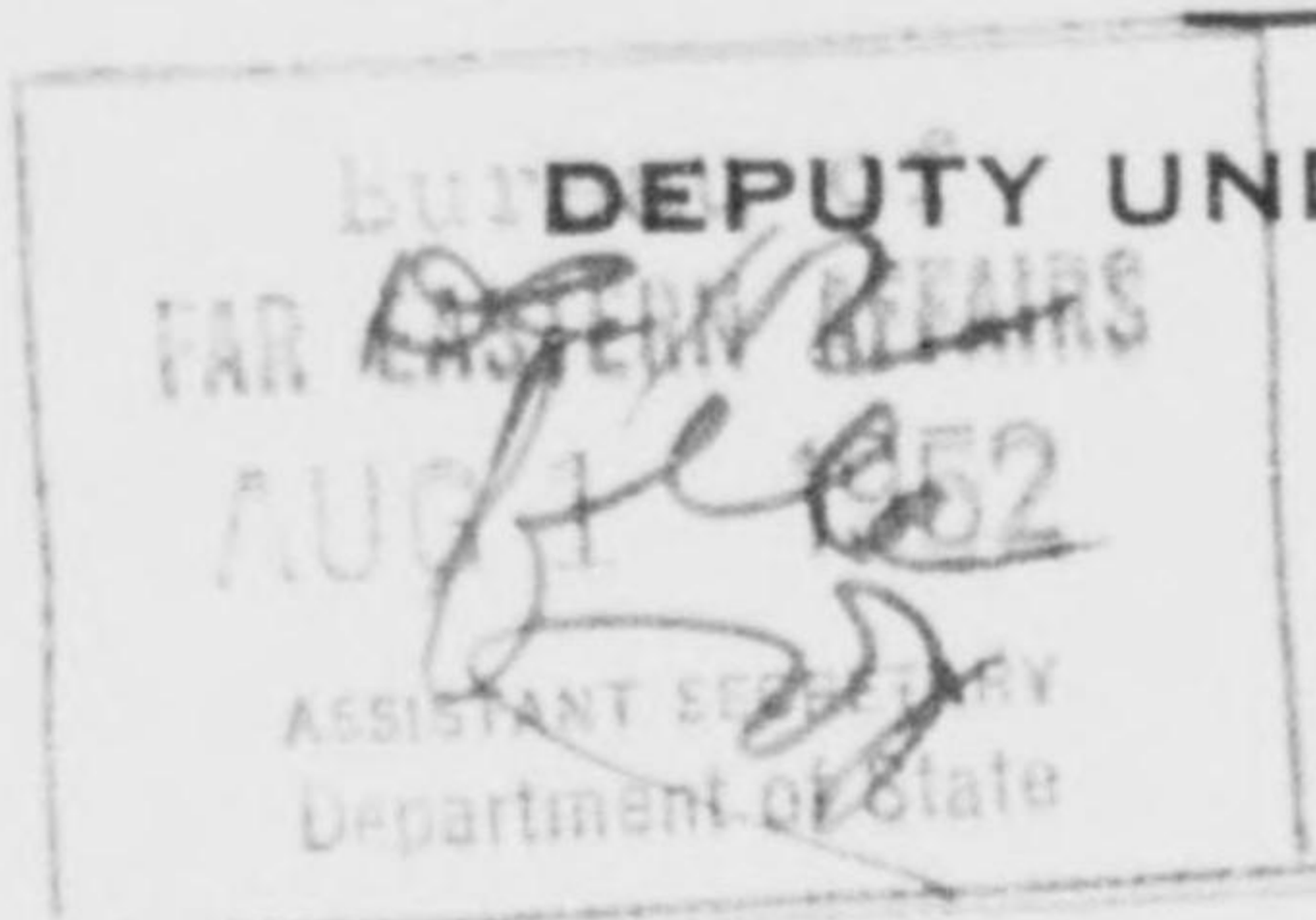
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DEPARTMENT OF STATE

*DC/R*



December 8, 1949

> G - Mr. Rusk

Subject: Recommendations with Respect to U. S. Policy Toward Japan

With the exception only of the Asia policy paper (of which this problem is a part and undoubtedly the key part insofar as U.S. security in the Pacific is concerned) the question of the Japanese Peace Treaty, including its terms and timing, is one of the most important from the standpoint of the national security which the Department is called upon to help solve.

It is one to which, I am sure, you will be asked to give an increasing amount of your personal thought and attention. I offer these suggestions for whatever they may be worth.

I have a strong feeling, rightly or wrongly, that in our discussions with the military of the strategic importance of Japan neither we nor the military fully understand one another or actually come to grip with the basic problems in terms which we can both understand. ~~In~~ The attached draft memorandum by John Howard, which I think you will want to read if you have time, ~~is~~ seems to me to represent an effort to convince the military of the correctness of our position by holding out to them the bait that they will be able to have such military bases as they may desire in Japan for as long as they may wish to keep American forces there. I believe we would be on firmer ground if we would approach the military and obtain their agreement along these lines:

1. U.S. security in the Pacific requires not only that Japan be denied to the USSR, but also that Japan be a potential ally of the U.S., making available, in the event of war, all of its facilities.

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2. Because of the lack of suitable facilities elsewhere in that part of the world it is necessary, from a security standpoint, that the U.S. have the use (not necessarily under lease or occupation, but perhaps merely on a commercial basis) of the Naval base facilities at Yokosuka in time of peace.

3. From the foregoing essential requirements, it follows that U.S. security also requires that Japan be safe from internal communist revolution and from external communist aggression and that there be developed the closest friendly ties and association between the U.S. and Japan to assure that the latter becomes and remains at least a potential ally.

The questions at issue then revolve around the means to obtain these security objectives. The determination of those means depends as a first step upon an intelligence estimate of the situation whether it is likely that war will come within the near future, or may be postponed indefinitely, and we hope, avoided entirely. If our intelligence estimate indicates the imminence of war there can be no question but that our present strength in Japan should be retained and in fact augmented. If, on the other hand, war is not considered imminent, then we have ~~in fact~~ a long range political and international relations problem -- the development of friendship between the U.S. and Japan, admittedly a difficult and precarious undertaking requiring statesmanship of a high order. It is nevertheless a political problem and the presence of U.S. forces in Japan could be nothing but a liability and in the long range a source of irritation.

There remains, of course, two problems in Japan which must be squarely faced before the occupation could be terminated: 1) internal security and 2) external security. Without going into detail or marshalling the arguments pro and con, I offer it as my considered opinion that our requirements for both Japan's internal and external security could be met in a matter of a few months without raising the question of recreating Japanese military forces and without the expenditure of any vast sums by this Government. The communist conspiracy (as distinguished from theoretical communism as a part of political science) could be outlawed in Japan. Japan can, should, and undoubtedly will have adequate police forces to

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maintain internal order. (Such forces, although strictly police forces, would include units armed and capable of performing the same sort of domestic function which our National Guard is called upon to perform in rare instances.) Similarly, Japan could, should, and undoubtedly will have adequate Coast Guard forces to patrol its coasts. At the same time, if the U.S. is going to protect its own position in the Pacific it could, and I believe should, increase American forces there -- on the land, sea and in the air -- and maintain a military posture in or near the Pacific sufficient to prevent successful Soviet occupation of Japan.

U.S. policy in Asia must find the answer to these, among other, problems:

1. How to allay the natural fears and suspicions which we and other Pacific peoples have toward Japan.
2. How to facilitate the revival of friendly relationships and cooperation between Japan and other nations of the non-communist world.
3. How to develop Japan as a friend and potential ally making available all its facilities in event of war.
4. How to develop a power relationship in the Pacific which will assure our speedy victory in any war and be a strong deterrent to the outbreak of war.

*I agree fully with John Howard that the lack of a statement of the reasons for an early peace treaty is a serious deficiency. Apologies for this hurried statement.*

Max W. Bishop,  
Special Assistant

*MWB*

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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

*file*

CONFIDENTIAL

Tokyo, December 30, 1949.

Dear John:

For the past year or more many of our policies in Japan have been loosely defended with the retort that the policy is an effort "to relieve the burden on the American taxpayer." Not only has this statement been given widespread and repeated publicity in Japan, but also in the Far East generally, and in the United States, including the Far Eastern Commission.

I feel that from a political viewpoint the use of this reasoning, namely, the American taxpayer angle, is about as weak a defense as could be devised (other than, perhaps, to influence public opinion at home). Admittedly, the phrase represents a catchword which is easy to use and apparently requires no further explanation. On the other hand, it is negative in its political implications and furnishes no secure foundation upon which the Japanese can justify to themselves the adoption of various American policies that have been implemented by the Occupation during the past several years. It appears to me that it is timely for us to adopt a new justification for our policies, and that we might well gradually advance the concept that our policies are based upon our endeavors to hasten the return of Japan into the family of nations, to bring about a self-supporting economy, and to enhance the realization of a democratic and peace-loving nation. This could be accomplished, I believe, by setting forth in public statements, or otherwise, our concern that Japan should be fully prepared in the time remaining for her eventual admission as a full-fledged member into the United Nations, a circumstance which can only be brought about when the internal situation in Japan has developed to the stage where of itself it can furnish proof of Japan's qualifications for admissibility.

John M. Allison, Esquire,  
Director, Office of  
Northeast Asian Affairs,  
Department of State,  
Washington.

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I throw out the above suggestion with the full knowledge that it is, of course, impossible for you to outlaw the phrase in question. I do believe, however, that your office, USIS, and this Mission can exercise some restraint on the constantly reiterated use of the American taxpayer line of reasoning. There are times when this expression can be useful, but in general I would like to see greater emphasis upon foreign policy objectives here.

Sincerely yours,

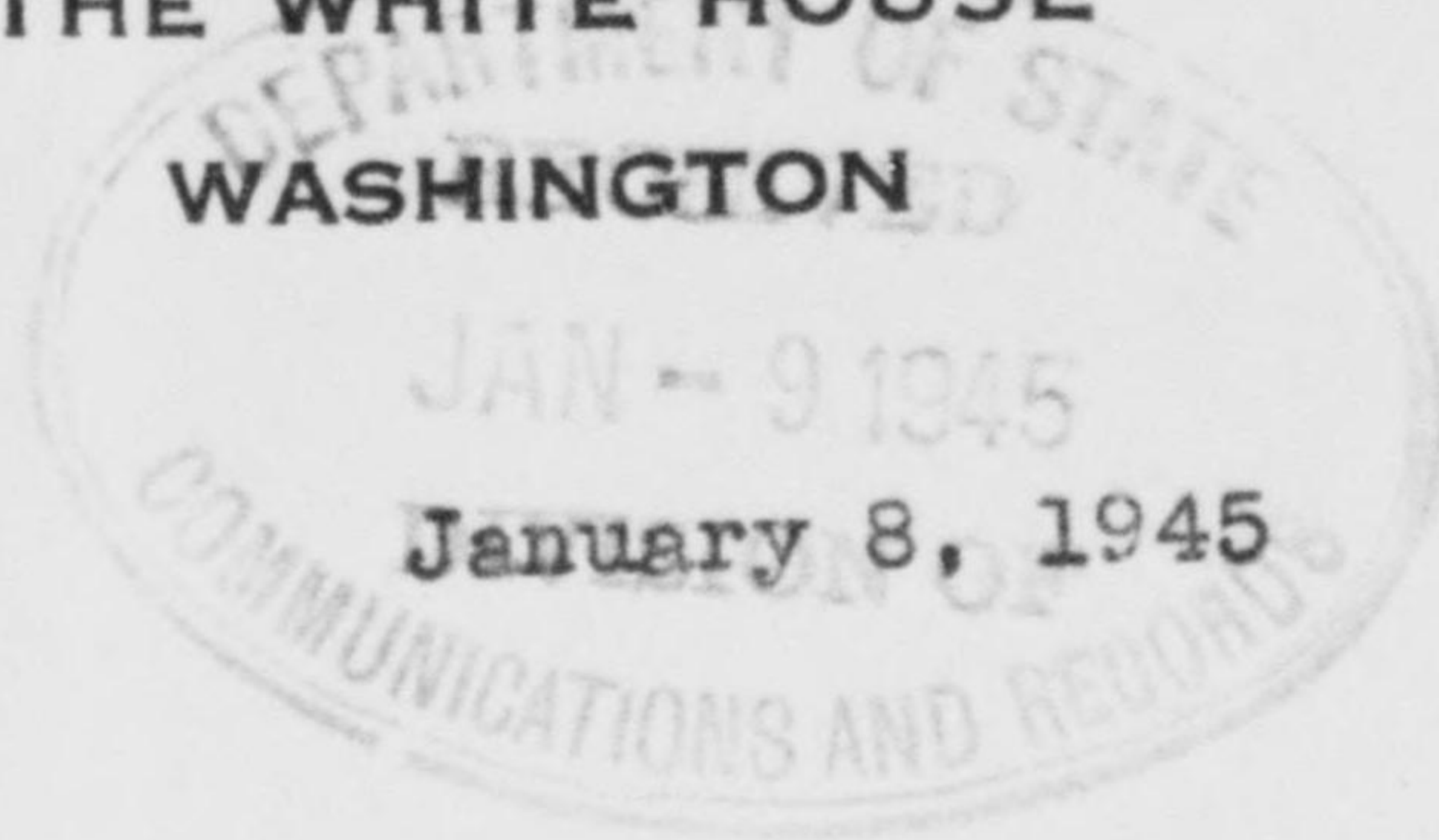
*Bill*

W. J. Sebald

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THE WHITE HOUSE  
WASHINGTON



Respectfully referred to the  
Department of State.

M. C. LATTA  
Executive Clerk

*date - Nov. 21, 1944 + re: request for  
811.111 - Yuki, Anthony T. release  
information*