

RESTRICTEDD. STRENGTHENING OF DEMOCRATIC TENDENCIESTrade Unions

One of the provisions of the Potsdam Proclamation provides for the "strengthening of democratic tendencies" within Japan, and much of the Commission's work has been directed to this end, especially in the fields of constitutional and economic reform. In addition two formal policy decisions in the field of political and social reform have been adopted. The first, entitled "Principles for Japanese Trade Unions" was approved on December 6, 1946. (Appendix 32). In accordance with this policy, Japanese workers are to be encouraged to form themselves into trade unions. Discrimination against employees because of union membership is forbidden, and the passage of appropriate legislation to guarantee the right of workers to participate in trade union activity is advocated. Strikes or other work stoppages may be prohibited in accordance with the terms of this policy only where such stoppage would "directly prejudice the objectives or needs of the occupation." Also guaranteed was the right of trade unions to participate in political activities and to support political and encouragement was given to "organized participation by trade unions and their officials in the democratization process in Japan", with the qualification, however, that this should not hinder the principal responsibility of unions to organize for the protection of union interests.

Education

Revision of the Japanese educational system is the second subject connected with "strengthening of democratic tendencies" on which the Commission has adopted a formal policy decision. On March 27, 1947 a policy was approved providing in detail standards and principles for the revision of the



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traditional Japanese educational system. (Appendix 33). One of these principles specified that "education should be looked upon as the pursuit of truth, as a preparation for life in a democratic nation, and as a training for the social and political responsibilities which freedom entails". The Commission's decision provided certain guiding objectives for education, among them "the dignity and worth of the individual", and an emphasis upon the "inter-dependent character of international life". Teachers with records as exponents of ultra-nationalistic and militaristic ideas were excluded from educational activity and provision was made for the issuance of new textbooks from which the objectionable doctrines of militarism, Emperor worship and State Shintoism would be expunged. The Commission policy also provided that, subject to such control over the educational system as will insure the achievement of the objectives of the occupation, particularly the reforms called for by this policy decision, responsibility for the administration of educational establishments should gradually be decentralized.



RESTRICTEDE. WAR CRIMESWar Crimes

Shortly after the surrender of Japan a United States policy directive was sent to General MacArthur providing for the apprehension, trial, and punishment of war criminals both within Japan and in areas previously dominated by the Japanese. This directive accorded with a provision of the Potsdam Proclamation specifying that "stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners." Because of the international nature of the problem of war criminals, the Far Eastern Commission decided that any policy dealing with them ought more appropriately to be an Allied rather than a unilateral United States policy. Using the United States directive as the basis of its consideration, the Commission formulated and approved a policy decision relative to war criminals. This was approved on April 3, 1946 (Appendix 34).

In the Commission's policy the term "war crimes" was defined to include: (a) planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements or participation in a conspiracy for the accomplishment of any of the foregoing; (b) violations of the laws or customs of war, including deportation as slave labor of civilian population, murder or ill-treatment of prisoners of war, improper treatment of hostages, and wanton destruction of cities; (c) murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population before or during the war or prosecution on political, racial, or religious grounds. The date established for the offense was determined to be since or in the period immediately preceding the Mukden Incident of September 18, 1931.



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The function of the Supreme Commander with respect to these trials was carefully defined, and procedures providing for the arrest and detaining of suspects and the gathering of information relating to the alleged crimes were detailed. The policy decision also provided that the military commander of any nation participating in the occupation of areas previously dominated by Japan might establish special national military courts to deal with war criminals not held for trial by an international military tribunal.

The Commission policy differed in several significant respects from the original United States directive. In the first place, the international military tribunal already set up in Tokyo to try accused war criminals was enlarged to include a judge nominated by each nation represented on the Far Eastern Commission; this meant the addition to the tribunal of judges representing the Philippines and India. Also, judges were to be nominated for each international court by each state represented on the Far Eastern Commission and not by the Supreme Commander. And finally, the responsibility of the Supreme Commander to carry out the judgments of the tribunal, as well as his power to approve, reduce, or alter sentences imposed, was made subject to his consultation on these points with the Allied Council for Japan and with representatives in Japan of other nations who were members of the Far Eastern Commission but were not represented on the Council.

Since approving this policy, the Commission has maintained keen interest in the trials in the Far East and is at present considering several aspects of punishment for convicted war criminals.



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F. ALIENS IN JAPAN

In formulating a policy for the treatment of non-Japanese nationals in Japan, the Commission used another United States directive as the basis of its consideration. This policy was adopted on June 5, 1946 and was entitled "Aliens in Japan" (Appendix 35); it defined the status and determined the treatment to be accorded non-Japanese in Japan. Under the terms of the Commission's policy a distinction in status was made between the nationals of Members of the United Nations, neutral nationals, and Axis nationals other than Japanese, with special provisions set out for each category. In addition special principles governing the treatment of Formosans and Koreans in Japan were prescribed, including their repatriation and the protection of their property. Prisoners of non-Japanese nationality detained solely on political, racial, or religious grounds were ordered to be released.

Japanese Extraordinary Taxation

In this connection the Commission on July 18, 1946 approved a policy providing that "no Japanese taxation should discriminate against aliens" and that no capital levy should be made by the Japanese with respect to property inside or outside Japan owned by nationals of Members of the United Nations (Appendix 36).

Legal Jurisdiction Over Aliens

In order to anticipate and provide for the contingency that Allied nationals resident in Japan might be made subject to the jurisdiction of Japanese courts during the period of the occupation, the Commission approved on August 15, 1946 a policy limiting the extent of Japanese legal authority in this regard (Appendix 37). Under the terms of this policy Japanese courts were deprived of criminal jurisdiction over



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nationals of Members of the United Nations who were attached to the armed forces of the Allies, with the stipulation that such jurisdiction should be exercised by the appropriate military courts. Decisions by Japanese courts in civil cases in which nationals of Members of the United Nations become involved are to be reviewed by the Supreme Commander, the policy provided, and the Supreme Commander was given the authority to revise these decisions or to take any other action which he considered necessary in order to protect the rights of these nationals.



RESTRICTEDG. MISCELLANEOUSJapanese Atomic Research

All Japanese research and activity in the field of atomic energy were forbidden by the Commission for the time being in a policy decision adopted on January 30, 1947 (Appendix 38), except that "the mining, processing and refining of radioactive materials in Japan for authorized purposes, such as radium for medical uses, should be permitted only in those instances specifically approved by the Supreme Commander for the Allied Powers and under his surveillance." At the same time the Commission decision took cognizance of discussion under way within the United Nations on the subject of atomic energy control by providing that in the field of atomic energy research, Japan should eventually be governed by "such decisions by the United Nations on international control of atomic energy as are applicable."



SC-215/5RESTRICTEDSC-215/5FAR EASTERN COMMISSIONREVISION OF PROPOSED TEXT FOR  
PUBLIC REPORT ON COMMISSION ACTIVITIES  
(Reference: FEC-215 series)Note by the Secretary General

The enclosure, a revision of SC-215/4 prepared by the Secretariat pursuant to instructions of the ad hoc Subcommittee of the Steering Committee appointed to deal with FEC-215, is circulated herewith for the consideration of the ad hoc Sub-committee.

NELSON T. JOHNSON  
Secretary General

SC-215/5



RESTRICTEDE N C L O S U R EPROPOSED TEXT FOR PUBLIC REPORT  
ON COMMISSION ACTIVITIESI. INTRODUCTION

From its beginning the control of Japan has been an Allied responsibility. It was to the Allied Powers that the Japanese surrendered on August 14, 1945. General MacArthur formally accepted that surrender on September 2, 1945 as Supreme Commander for the Allied Powers. Since February 26, 1946 the task of formulating Allied policies under which the Japanese were to execute the obligations imposed upon them by the Terms of Surrender has been carried out by the Far Eastern Commission, an inter-Allied body composed of representatives of eleven nations and meeting regularly in Washington.

Welcoming the members of the Far Eastern Commission at their first meeting, the United States Secretary of State, James F. Byrnes, outlined in broad terms the responsibility that had been entrusted to the Commission by the Moscow Agreement of Foreign Ministers. "Peace in the Pacific," he said, "is an essential cornerstone to a stable world structure. The guidance of Japan to a position of peaceful association with the other nations is therefore a task of major responsibility. That responsibility now belongs to you of the Far Eastern Commission....The Terms of Reference agreed to last December in Moscow placed the final and ultimate responsibility for formulating the policies and principles upon which the peace and security of the Pacific may well be based, in your hands."

As the occupation forces under General MacArthur's command have carried on their work in Japan, the Far Eastern Commission in Washington has been engaged in formulating Allied policy. The following summary describing the structure of the Commission and giving an account of its activities has been prepared by the Secretary General of the Commission in the hope that it will acquaint the public at large with the work of an important international organization concerned with the formulation of principles for the control of Japan.

II. HISTORY AND BACKGROUNDJapanese Surrender

The first official Japanese surrender offer was made on August 10, 1945. Acceptance of this offer entailed the appointment of a Supreme Commander to receive the surrender in behalf of the Allied Powers, with the understanding that from the moment of surrender the authority of the Japanese Emperor and the Japanese State was to be subject to the Supreme Commander for the Allied Powers. On August 14, 1945 General Douglas MacArthur was designated Supreme Commander. On September 2, 1945, acting for the Republic of China, the United Kingdom, the Union of Soviet Socialist Republics, and the United States, and in the interests of the other United Nations at war with Japan, he formally accepted the surrender of Japan on board the United States battleship Missouri. Representatives of the following nine nations also signed the instrument of surrender with General MacArthur: Australia, Canada, China, France, the Netherlands, New Zealand, the Union of Soviet Socialist Republics, the United Kingdom, and the United States.



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Occupation forces which first went ashore under General MacArthur's leadership were in the main American, and the policy directives under which the Supreme Commander began enforcing Japanese fulfillment of the surrender terms were issued to him by the United States Government. A statement by the United States Government of its Basic Initial Post-Surrender Policy for Japan was forwarded in substance to General MacArthur by radio on August 29, 1945 and, following formal approval by the President, was dispatched by special messenger on September 6. Further directives covering specific policy matters not included in the basic statement were subsequently forwarded through the channels of the United States Government as the occasion required.

Far Eastern Advisory Commission

Growing out of negotiations originally begun on August 21, 1945, a Far Eastern Advisory Commission was convened in Washington on October 30, 1945, for the purpose of making "recommendations" on the "formulation of policies, principles, and standards by which the fulfillment by Japan of its obligations under the instrument of surrender may be determined." The Commission met regularly over the next two months. It was composed of representatives of Australia, Canada, China, France, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States. The Soviet Union declined the proposal to take part in the Far Eastern Advisory Commission because of its purely advisory character. In December 1945 the Advisory Commission undertook a trip to Japan and returned to Washington in February 1946.

Establishment of the Far Eastern Commission

At the Moscow Meeting of Foreign Ministers in December 1945 further negotiations between the United States, the Soviet Union, and the United Kingdom were conducted on the subject of greater Allied participation in the control of Japan during the occupation, and with the concurrence of China the three Foreign Ministers on December 27, 1945 issued a communique establishing Terms of Reference for a Far Eastern Commission to replace the Far Eastern Advisory Commission. The Moscow Agreement was made known one day after the Advisory Commission had left Washington on its trip to Japan. Upon this body's return to Washington, the Far Eastern Commission was constituted, consisting of representatives of the Powers which had been represented on the Advisory Commission and a Soviet representative. Headquarters were established in the former Japanese Embassy in Washington, and the first meeting of the Far Eastern Commission was held there on February 26, 1946.

Terms of Reference

Under the Terms of Reference (Appendix 1) the Far Eastern Commission has two principal functions. First, to formulate "the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished"; and second, "to review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." In addition, the Commission is empowered "to consider such other matters as may be assigned to it by agreement among the participating Governments." Making recommendations with regard to either



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the conduct of military operations or territorial adjustments, however, is specifically excluded.

The Terms of Reference provide that the Commission should "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Policy decisions of the Commission are to be transmitted to the United States Government, and the United States Government is then made responsible for preparing directives in accordance with these decisions and transmitting the directives to the Supreme Commander for his guidance. As sole executive authority for the Allied Powers in Japan, the Supreme Commander is charged with the implementation of the directives prepared in accordance with Commission policy decisions.

The Commission may take action by a majority vote, provided the representatives of the United States, the United Kingdom, the Soviet Union and China all concur in the action taken.

The Terms of Reference stipulate, however, that the "United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

While the main seat of the Commission is in Washington, the Terms of Reference authorize it to meet in Tokyo or in any other place it may desire. The Commission is authorized to make such arrangements through the Chairman as may be practicable for consultation with the Supreme Commander.

No time limit is placed upon the functioning of the Commission by the Terms of Reference. The Commission "shall cease to function when a decision to that effect is taken" in accordance with the voting procedure described above. Prior to concluding its functions, however, the Commission is directed by the Terms of Reference to transfer such functions as may be appropriately transferred to "any interim or permanent security organization of which the participating governments are members."

Allied Council for Japan

The Moscow Agreement which established the Terms of Reference of the Far Eastern Commission also established Terms of Reference for an Allied Council for Japan, which was to have the function of "consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the occupation and control of Japan, and of directives supplementary thereto." The seat of the Allied Council for Japan was to be in Tokyo. The Chairman of the Council would be either the Supreme Commander himself or his Deputy. In addition to him the membership would include representatives of China, the Soviet Union, and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

Reference to the Allied Council is made in the Terms of Reference of the Far Eastern Commission as follows: "The



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Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan ...". The Terms of Reference of the Allied Council include the following provision with reference to the Far Eastern Commission: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."

### III. ORGANIZATION OF THE COMMISSION

#### Commission

The Far Eastern Commission is composed of representatives of the eleven nations referred to in the Terms of Reference. Major General Frank R. McCoy, United States Army (Retired), United States Representative, who serves with the personal rank of Ambassador, was unanimously elected Chairman of the Commission at its first meeting. In most cases the representatives of the other countries are the Chiefs of Mission of those countries in Washington. A list of representatives and their alternates follows in alphabetical order, and a complete roster of the personnel of each national delegation on the Commission will be found in the appendix. (Appendix 2)

Australia	Ambassador Norman J. O. Makin Alternate: Major J. Plimsoll
Canada	Ambassador Hume Wrong Alternate: Mr. Ralph E. Collins
China	Ambassador V. K. Wellington Koo Alternate: Dr. Shao-hwa Tan
France	Ambassador Paul E. Naggiar, Special Ambassador of the Republic of France to the Far Eastern Com- mission Alternate: Mr. Francis Lacoste
India	Ambassador M. Asaf Ali Alternate: Mr. B. R. Sen
Netherlands	Ambassador A. Loudon Alternate: Dr. A. D. A. de Kat Angelino
New Zealand	Sir Carl Berendsen, New Zealand Minister to the United States Alternate: Mr. G. R. Powles
Philippines	Ambassador Carlos P. Romulo, Per- manent Representative of the Republic of the Philippines to the Far Eastern Commission and the United Nations Alternate: Mr. F. C. Rodriguez



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Union of Soviet Socialist Republics	Ambassador Nikolai V. Novikov Alternate: Mr. S. K. Tsarapkin
United Kingdom	Sir George Sansom, His Britannic Majesty's Minister to the British Embassy in Washington Alternate: Mr. H. A. Graves
United States	Major General Frank R. McCoy, U. S. A. (Ret.) Alternate: Major General John H. Hilldring, Assistant Secretary of State for Occupied Areas

Steering Committee

A Steering Committee has been established and is responsible for organizing Commission business and coordinating the work of the various working committees. Recommendations from working committees regarding resolutions and policy proposals are normally considered by the Steering Committee before being forwarded to the Commission. Areas of disagreement between members are canvassed, and wherever possible are resolved before proposals are forwarded to the Commission itself for consideration. The Chairman of the Steering Committee is Sir Carl Berendsen (New Zealand) and the Deputy Chairman is Dr. A. Loudon (the Netherlands).

A list of members of the Steering Committee follows:  
(See Appendix 2)

Australia	Major J. Plimsoll
Canada	Mr. Ralph E. Collins
China	Dr. Shao-hwa Tan
France	Mr. Francis Lacoste
India	Mr. B. R. Sen
Netherlands	Ambassador A. Loudon
Philippines	Mr. F. C. Rodriguez
Union of Soviet Socialist Republics	Rear Admiral S. S. Ramishvili
United Kingdom	Mr. H. A. Graves
United States	Dr. George H. Blakeslee

Committees

At its first meeting the Commission established seven working committees to consider and make appropriate recommendations on various aspects of Commission business. Each of the working committees is composed of delegates from all of the eleven nations constituting the Commission.

Officers and principal fields of business of the working committees are listed as follows:



RESTRICTEDCommittee No. 1: Reparations

Chairman:  
Deputy Chairman:

Major J. Plimsoll (Australia)  
Dr. G. A. Ph. Weyer (Netherlands)

Subjects for  
consideration.

Japanese reparations: restitution  
of looted property

Committee No. 2: Economic and Financial Affairs

Chairman:  
Deputy Chairman:

Mr. F. C. Everson (United Kingdom)  
Mr. Roswell H. Whitman (United  
States)

Subjects for  
consideration:

Extent and character of Japanese  
industry, commerce and agriculture  
necessary for a viable economy in  
Japan; measures necessary to  
establish such an economy, such as  
regulation of Japanese foreign  
commerce, control of agriculture,  
control of fishing and aquatic  
industries, control of transpor-  
tation and communication, and  
control of industries; democratic  
agrarian reform; liquidation  
of monopolistic financial and  
industrial concerns (Zaibatsu);  
complete elimination of Japanese  
war industry; reduction, control  
and reconversion to the peacetime  
production of industry, commerce,  
shipping, shipbuilding and other  
industries which were used for  
war purposes during wartime; con-  
trol of scientific and industrial  
research; stocks of strategic raw  
materials; relief problems, such  
as prevention of mass unemployment,  
public health, food, housing, and  
financial problems.

Committee No. 3: Constitutional and Legal Reform

Chairman:  
Deputy Chairman:

Mr. B. R. Sen (India)  
Mr. Ralph E. Collins (Canada)

Subjects for  
consideration:

The Emperor institution, Diet,  
Cabinet, local Government, politi-  
cal parties; a Bill of Rights;  
machinery for drafting a new  
constitution; judiciary; electoral  
system and reform of the police  
system.

Committee No. 4: Strengthening of Democratic Tendencies

Chairman:  
Deputy Chairman:

Mr. G. G. Dolbin (U. S. S. R.)  
Dr. T. T. Mar (China)



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Subjects for  
consideration

Positive policy of democratization of the Japanese; removal from the Government and governmental institutions as well as from organs of local administration and self-government, of all militarist and totalitarian elements who actively supported the aggressive policy of Japan; dissolution of former military and semi-military, fascist, nationalistic and secret organizations; trade unions and peasants' organizations; supervision of elections in order to insure free expression of the people's will; activities of the Japanese Diet; educational system; public information including press and radio and also public entertainment -- theatre and movie; political and social status of women; working of the Japanese Constitution; State Shinto.

Committee No. 5: War Criminals

Chairman: Mr. Hsuan-tsui Liu (China)  
Deputy Chairman: Mr. C. Coronel (Philippines)

Subjects for  
consideration: Identification, apprehension and trial of persons suspected of war crimes; punishment of convicted war criminals.

Committee No. 6: Aliens in Japan

Chairman: Mr. Francis Lacoste (France)  
Deputy Chairman: Mr. F. C. Everson (United Kingdom)

Subjects for  
consideration: Status and property of persons other than Japanese nationals

Committee No. 7: Disarmament of Japan

Chairman: Mr. O. Reuchlin (Netherlands)  
Deputy Chairman: Temporarily Vacant

Subjects for  
consideration: Disarmament and dissolution of Japanese armed forces; disposition of Japanese armaments and military equipment; long-range control of armaments necessary for internal police security in Japan.

Each of these committees appoints ad hoc subcommittees as the occasion may require, and several committees have one or two standing subcommittees.

Secretariat

In its capacity as host to the Commission, the United States Government has furnished the headquarters for the Commission, has underwritten the Commission's budget, and has in the main provided the staff for the Commission's secretariat.



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The Honorable Nelson T. Johnson, former United States Ambassador to China and Minister to Australia, is the Secretary General of the Commission, and Mr. Samuel S. Stratton is his Deputy. The Commission agreed that any nation is free to nominate and pay the salary and expenses of members of the Secretary General's staff, and upon this basis Mr. Donald G. Badger of Australia was appointed by the Secretary General to the position of Economic Secretary. The remainder of the Secretariat are Americans.

The Secretariat is charged with the performance of all of the technical and administrative duties which Commission and committee meetings involve, including the preparation of committee agenda and minutes, the procurement, analysis, and dissemination of informational material about Japan, receiving and distributing official communications from governments, handling official Commission policy decisions and consultations, advising Commission members on questions of procedure, and performing such other functions as may be specifically assigned.

IV. ACCOMPLISHMENTS

The Basic Initial Post-Surrender Policy statement issued by the United States to General MacArthur in September 1945 covered a wide variety of subjects, providing for democratic, constitutional, and economic reform, as well as for military disarmament. From time to time as the occupation progressed, this basic policy was supplemented and elaborated by further United States policy directives intended to meet particular situations arising in Japan. By the time the Far Eastern Commission began its operation, therefore, a considerable number of exclusively United States policies had already been transmitted to the Supreme Commander, and the occupation of Japan based upon these policies was already under way. Under the Terms of Reference of the Far Eastern Commission these policies were subject to review by the Commission, and the Commission was authorized to modify them, if it so desired. On all subjects within its Terms of Reference, the Commission was authorized to formulate such additional Allied policy as might be deemed necessary; when a policy was formulated and issued as a directive it superseded previous directives in conflict with it.

To date 38 policy decisions have been adopted by the Commission and a total of 12 formal consultations with the Supreme Commander on matters relating to policy have been approved.



RESTRICTEDA. JAPANESE CONSTITUTIONDate of Japanese General Elections

One of the first items with which the Commission concerned itself was the general election for the first post-surrender House of Representatives in the Japanese Diet; this election had been scheduled by the Japanese Government, after several postponements, for April 10, 1946. Within the Commission the thought was expressed by some members that the election as scheduled was premature; candidates representing long-suppressed liberal forces of Japan would not have had enough time, it was felt, to organize themselves in such a way that the results of the election would adequately reflect the real extent of liberal political thought in Japan. Moreover, on March 6, 1946 the Japanese Cabinet had announced completion of a preliminary draft of a proposed revision of the Japanese Constitution. This announcement had an important bearing on the election for the House of Representatives because of the part the new Diet would be likely to play in adopting proposed constitutional revisions.

On March 20, 1946 the Commission accordingly approved a message of consultation with the Supreme Commander, communicating to him the doubts expressed by members as to the date of the general election and requesting the Supreme Commander's views on the advisability of postponing the election (Appendix 3). The Supreme Commander subsequently replied that it "was probable that the new Diet will be the most truly responsive body to the will of the people that has ever served Japan and will provide the basis for a much more representative cabinet." Under these circumstances, he went on, "any postponement of the election would have a profound adverse reaction upon the purposes and success of the occupation." He added that, in any case, if "the results of the election prove disadvantageous to the purposes of the occupation, the remedy is always in my power to require the dissolution of the Diet and the holding of a new election under such provisions as are deemed necessary." (Appendix 4). After considering the Supreme Commander's reply, the Commission voted on a proposal to require postponement of the election; a majority agreed that no action was necessary.

Draft Japanese Constitution

Revision of the Japanese Constitution was of major concern to the Allied Powers. Although the Meiji Constitution of 1889, which was still in effect, possessed a deceptively liberal appearance, it was actually a highly undemocratic document and had contributed greatly to perpetuating the basic feudal structure of Japanese life. During the period of military aggression the Meiji Constitution had served as a tool by which militaristic and ultra-nationalistic elements were able to obtain political power and exercise it without restraint in behalf of their designs for conquest.

The appearance on March 6, 1946 of a draft revision of the Meiji Constitution, which was sponsored by the Japanese Government and released with the personal endorsement of General MacArthur, focused the Commission's attention urgently upon the question of constitutional reform. Essentially the Commission's responsibility amounted to insuring that any new constitution adopted should not be inconsistent with the principles of the Potsdam Declaration (Appendix 5) and, as prescribed by the Potsdam Declaration, should be a free expression of the will of the Japanese people.



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In order to prevent hasty consideration by the Diet of the Government-sponsored draft, to give the Japanese people themselves as they approached the general election for the House of Representatives a clear indication of their own prerogatives in the matter of constitutional reform, and to enunciate at the very beginning the Commission's own authority in the matter of constitutional reform, the Commission on March 10, 1946 approved a policy decision entitled "Draft Japanese Constitution" (Appendix 6). In this policy it was stated that "the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the Powers represented on this Commission." The policy provided that the Supreme Commander should make known to the Japanese people that the submission of a draft constitution by the Government did not preclude favorable consideration of other proposals or drafts which might subsequently be submitted to the Diet. Furthermore, the Supreme Commander should also make known to the Japanese the fact "that the Far Eastern Commission must be given an opportunity to pass upon the final draft of the constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid."

Criteria for Adopting a New Constitution

For the purpose of determining whether any constitutional revision actually represented the free will of the Japanese people, the manner in which such a constitutional revision was adopted would be of very great importance. Before turning their attention, therefore, to the task of drawing up a set of principles by means of which it would be possible to determine whether or not a new constitution conformed with the requirements of the Potsdam Declaration, the Commission first proceeded to establish criteria governing the method of adopting a new Japanese constitution. This policy, which was approved on May 17, 1946, provided that the new constitution should have "complete legal continuity" from the Meiji Constitution of 1889 and that "adequate time and opportunity should be allowed for the full discussion and consideration of the terms of the new constitution" (Appendix 7). The manner in which the new constitution was adopted should "demonstrate that it affirmatively expresses the free will of the Japanese people."

Basic Principles for a New Constitution

A Commission policy decision setting forth principles for use as a basis in determining whether or not a new constitution conformed with the Potsdam Declaration was approved July 2, 1946 (Appendix 8). Among the requirements set forth in this decision was the principle that the sovereign power should reside not, as in the past, in the Emperor, but in the people. Retention of the Emperor system in its "present constitutional form", the Commission declared, was not considered desirable and "the Japanese should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines."

Under the Commission's decision an acceptable constitution should provide for a representative government based upon



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universal adult suffrage with an executive deriving its authority from and responsible to either the electorate or a fully representative legislative body. The constitution should accord the legislature full legislative powers, including complete control over the raising and spending of public funds. An independent judiciary should be established. The Prime Minister and the Ministers of State should all be civilians, and a majority of them, including the Prime Minister, should be selected from the Diet. It was further provided that all property of the Imperial Household should be declared property of the State. Retention of the Privy Council and the House of Peers "in their present form and with their present powers" was declared to be undesirable. Provisions guaranteeing fundamental civil rights and local self-government were included.

After deciding on this policy, the Commission continued to consider carefully the progress of the Government-sponsored draft constitution in the Japanese Diet, and was in frequent consultation with the Supreme Commander during this period.

Further Policies Relating to a New Japanese Constitution

On September 25, 1946 the Commission approved a policy decision setting for the certain additional principles and policies governing a new Japanese constitution (Appendix 9). These included reaffirmation of the Commission's previous decision taken in the policy on Basic Principles that all Cabinet Ministers should be civilians, together with a further decision that the House of Councillors, the proposed new upper House of the Diet, "should not have any predominance" over the House of Representatives. In this connection the Commission declared that it considered "essential its continuing right to scrutinize the implementing legislation very carefully to insure that such predominance is not established".

In accordance with this decision the Commission has received from the Supreme Commander thirty-one laws implementing the new Japanese constitution, which was promulgated on November 3, 1946. The Commission has consulted with the Supreme Commander several times in connection with some of these laws, and reserves the right to review them.

Review of the New Constitution

When it became clear that the Japanese Government intended to adopt the constitution by means of approval by the Diet, some doubt was expressed in the Commission whether this particular method would in fact represent a free expression of the will of the Japanese people within the meaning of the Potsdam Declaration and the Commission's own policy on Criteria for the Adoption of a New Japanese Constitution (See Appendix 7). In the first place, there was still some dissatisfaction on the part of Commission members as to the composition of the then existing Diet, based upon arguments already suggested in the Commission's consultation concerning the advisability of postponing the date of the general election for the House of Representatives (See Appendix 3). In addition there was a feeling among certain members that the Government-sponsored revision had not been before the Japanese people sufficiently in advance of the April elections so as to become a real election issue, and so that the Diet then elected could be said to have a clear mandate from the Japanese people to approve the Government-sponsored constitution. Another opportunity to express



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themselves on this new constitution should be given to the Japanese people, it was felt, in order to make doubly sure that the new constitution actually did represent the freely expressed will of the Japanese people.

These considerations, coupled with an equally strong desire to give the Japanese people and the Allied Powers a chance to examine the constitution in actual operation, led the Commission on October 17, 1946 to approve a policy decision calling for subsequent review of the new constitution (Appendix 10). Not sooner than one year after the new constitution went into effect on May 3, 1947 and not later than two years, the policy provided, "the situation with respect to the new Japanese constitution should be reviewed by the Diet", and "without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period." Also included was a provision that the Commission, "in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution." Meanwhile, the provision for review should not alter the status of the new constitution, once it had gone into effect, as the "legal successor of the present constitution."

Issuance of the Review Policy Decision

At the request of the United States representative, the Commission approved this policy decision on constitutional review with the understanding that the "time and manner of issuance" of the decision would be a subject for further consideration by the Commission. On December 12, 1946 the Commission approved a decision directing that the terms of the policy decision on Review of a New Japanese Constitution "should be formally communicated to the Government of Japan" (Appendix 11), and on March 20, 1947 the policy decision on constitutional review was released to the press for publication outside of Japan.



RESTRICTEDB. REPARATIONSInterim Reparations Removals

The Potsdam Declaration provided that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war." It has been the task of the Far Eastern Commission to determine (1) exactly what "just reparations in kind" should be, (2) how much of the Japanese industrial machine could be included in reparations without undermining the essential Japanese peacetime economy, and (3) how reparations thus made available were to be apportioned among the various claimant countries.

As a first step toward an over-all reparations settlement, the Commission at an early stage adopted a series of policy decisions which together comprise a program of so-called "interim reparations removals." It was felt that a final reparations settlement might require a considerable period of time, but that relatively swift agreement could be reached on the designation for reparations of industrial facilities which were obviously surplus to Japan's peacetime needs and which were in those industries most directly part of Japanese war potential. The Commission has still to determine whether further capacity is to be removed as reparations from these or other industries.

Adoption of the interim program was intended to allow the Supreme Commander to designate immediately plants which would be removed as reparations, and to prepare the Japanese for some of the readjustments in their peacetime economy that would eventually be required before their reparations obligations were completely fulfilled.

The program of "interim removals" adopted by the Commission was confined to industrial facilities which were considered basic to Japan's war economy. This program, however, did not authorize any actual removals from Japan, in spite of its name, but merely authorized the designation by the Supreme Commander of appropriate industrial facilities within Japan to be "available for claim" as reparations. No actual transfer of the facilities thus designated could be undertaken until some determination had been made of the various percentages of available assets claimant countries were to receive, and of the procedure by which such percentage shares were to be fulfilled with specific Japanese facilities.

The pertinent Commission policy decisions establishing the interim removal program follow.

1. Arsenals, Aircraft, and Light Metals

On May 13, 1946 the Commission adopted a policy to the effect that with certain exceptions facilities in Army and Navy arsenals, all aircraft plants and establishments, and all light metals plants and establishments should be made available for reparations claim (Appendix 12).

2. Machine Tools, Sulphuric Acid, and Shipbuilding

On May 23, 1946 the Commission approved a policy decision providing for interim removals in the machine tool, sulphuric acid, and shipbuilding industries (Appendix 13). Under this policy all installations of the Japanese machine tool industry,



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except that portion required for the production of a balanced type-size aggregate of 27,000 units annually were to be made immediately available for reparations claim. Subject to certain specified limitations, all Japanese capacity for the production of sulphuric acid in excess of 3.5 million metric tons annually was likewise to be made immediately available for reparations claim. All naval shipbuilding facilities and those remaining shipbuilding facilities in excess of that required to build 150,000 gross tons annually and to service a merchant fleet of 3,000,000 gross tons were to be made available for claim, subject to certain specified limitations.

3. Ball and Roller Bearings

On May 29, 1946 the Commission approved a policy making available for reparations claim all ball and roller bearing capacity in Japan in excess of 32.5 million yen per year, computed on a basis of 1943-1944 average prices (Appendix 14).

4. Iron and Steel, Thermal Electric Power, and Soda Ash, Chlorine and Caustic Soda

On June 12, 1946 a policy was approved providing for interim removals in the iron and steel, thermal electric power, and soda ash, chlorine, and caustic soda industries (Appendix 15). With certain specified limitations, these policies, when carried out, would leave Japan with facilities for an annual production of 3.5 million metric tons of steel ingot, 2.0 million tons of pig iron, 2.1 million thermal-electrically generated kilowatts of power, 75,000 metric tons of chlorine, 82,500 metric tons of caustic soda in electrolytic plants, and 630,000 metric tons of soda ash.

5. Privately-Owned Munitions

On June 20, 1946 the Commission approved a policy that all privately-owned munitions plants, with certain exceptions, should be made available for reparations claim (Appendix 16).

6. Synthetic Oil and Synthetic Rubber

On September 12, 1946 the Commission approved a policy to the effect that all facilities in the synthetic oil and synthetic rubber industries should be made available for claim, subject to the condition that synthetic oil plants designated for actual or potential conversion to the manufacture of sulphate of ammonia and fertilizers should be retained in operation until the supply of nitrogen from other sources became adequate (Appendix 17).

7. Steel Rolling Industry

On December 6, 1946 a policy was approved making available for reparations claim all steel rolling capacity in excess of that required to produce a balanced annual output of 2,775,000 metric tons of rolled steel products (Appendix 18). This policy decision was accompanied by another approved on the same date (Appendix 19) authorizing the Supreme Commander to retain in Japan until June 30, 1947 certain electric steel furnace capacity together with the rolling mills integrated with it. The Supreme Commander had indicated to the Commission that these were temporarily required because of a current coal shortage. If at any time before June 30, 1947 the Supreme Commander should consider that in order to meet the needs of the occupation an extension of this retention policy was necessary, the Far Eastern Commission declared that it would review the situation.



RESTRICTEDReparations in Relation to Dissolution of the "Zaibatsu"

A policy relating to the selection of specific plants within these industries covered under the terms of the interim removal program was adopted by the Commission on May 13, 1946 preliminary to a broader statement on selection of plants for reparations (Appendix 20). This policy required that the general objective of dissolving the so-called "Zaibatsu" industrial and financial monopoly should be one of the criteria employed in the selection of specific plants.

Selection of Plants for Reparations Removals,  
Destruction or Retention in Japan

Proceeding toward a final reparations settlement, the Commission approved a policy decision on May 22, 1947 establishing further criteria for selection of plants for reparations (Appendix 21). Security and industrial disarmament requirements were emphasized so that facilities employed in primary and secondary war industries should be removed in preference to other facilities. Fair balance should be sought between the general preferences of reparations claimants for modern, integrated, and efficient equipment, and the legitimate needs of the Japanese peacetime economy for similar equipment. Occupation policies of dissolving large industrial and banking corporations constituted another criterion. Consistent with the above standards an order of preference in the selection of plants was indicated so that the property of the "Zaibatsu" and other large industrial and financial concerns would be selected first, followed by plants and equipment owned by other Japanese, the Japanese Government and by Axis Nationals and Governments, and finally by the plants and equipment owned by the nationals and Governments of neutral countries. The property of nationals of Members of the United Nations should receive special treatment in accordance with another policy decision. (See Page 23 and Appendix 39).

Delivery of Reparations Goods

Another step in the direction of a final settlement of reparations was taken by the Commission on February 13, 1947 when a policy was approved providing that "the Japanese Government should bear all costs connected with dismantling, packing, transporting to a port in Japan for waterborne craft or for airborne craft, handling and loading on board the craft at that port", of all reparations goods subsequently allocated for delivery to claimant countries. The total costs thus sustained by the Japanese were to be divided up and added to the reparations accounts of the various recipient countries in proportion to their national percentage share of reparations goods from Japan, with the proviso, however, that the addition of these costs "should not affect the distribution of reparations received by the claimant countries". In other words, the addition of these delivery costs would not reduce the actual amount of goods delivered as reparations. Title to the reparations goods would pass to the recipient country when the goods were delivered on board at the designated port, the policy provided, and the responsibility of arranging for their further transportation from Japan would rest upon the recipient country (Appendix 22).



RESTRICTEDDivision of Reparations Shares

Progress has been made toward determining the various national percentage shares of reparations goods. The Commission on May 8, 1947 approved a policy entitled Division of Reparations Shares, which set forth in broad terms the criteria to be used in determining shares for each country. (Appendix 23). Under the terms of this policy, the shares of particular countries in the total settlement of reparations from Japan shall be determined on a "broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression". The policy further provided that reparations should be "in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living". The policy expressly provided that these references to reparations should be "without prejudice to the views of Governments on the overseas assets issue."

At the present time the Commission is proceeding with discussions looking toward final agreement as to specific shares on the basis of this broad policy.

Restitution of Looted Property

Closely related to reparations is the problem of recovery and returning to the original owners property which had been looted by the Japanese during the war and the identity and original ownership of which could be clearly established. On July 18, 1946 the Commission approved a policy requiring the restitution of specified categories of identifiable property looted from occupied countries and of ships found in Japanese waters which were seized or sunk by the Japanese. This policy established the principle that the fact that the Japanese had made payment "should be disregarded unless there is conclusive evidence that fraud or duress did not take place." On October, 1946 this policy was amended, in response to a request from the Supreme Commander for clarification of the paragraph dealing with ships damaged or sunk, to provide that the deadline of December 31, 1946 did not apply in certain cases to the repairing and returning of damaged ships (Appendix 24).

The Commission is currently considering certain revisions of this policy which would liberalize the standards of identification and expand the categories of looted objects. Separate consideration is also being given to a policy for replacing cultural objects looted by the Japanese from occupied areas and subsequently lost or destroyed.

Restitution of Property Confiscated Within Japan

A further policy of the Commission, which set forth on an interim basis certain principles to be used by the Supreme Commander in making restitution to nationals of any of the United Nations of any identifiable property which had been located in Japan prior "to the outbreak of hostilities between their government and the Government of Japan" and which was looted or confiscated by the Japanese, was adopted



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on March 6, 1947 (Appendix 25). As an interim measure, this policy made provision only for natural persons present in Japan, or juridical persons "where the holders of a controlling interest are nationals of Members of the United Nations now resident in Japan", or for charitable and religious institutions financed primarily by non-Japanese funds. It was stipulated, however, that the right to restitution did not constitute permission "to operate properties where the Supreme Commander for the Allied Powers considers the operations of such property injurious to the occupying forces or to the purposes of the occupation." On the other hand, the Supreme Commander was authorized to operate any properties which, "upon consultation with the Allied Council for Japan in accordance with the Terms of Reference of the Allied Council for Japan" he considered to be beneficial to the occupying forces and/or the accomplishment of the purposes of the occupation', without awaiting the restitution of title or the transfer of possession of such properties, provided that "in such cases compensation for the use of the property should be paid for the account of the owner."

C. JAPANESE ECONOMIC PROBLEMS

Establishing policies which will make possible in Japan an economy which would be capable of sustaining the various political reforms contemplated by the Potsdam Declaration but which would not enable Japan to rearm for war has constituted another major part of the Commission's work.

Determination of the Peaceful Needs of Japan

The level fixed for Japan's post-war economic life must insure that Japan is industrially disarmed and at the same time make it possible for her to maintain a viable economy. Before any determination could be taken on specific levels to be prescribed for individual industries, it was necessary to reach some over-all decision establishing in general terms the basis on which a viable peace-time Japanese economy should be built. A policy decision covering this question was approved by the Commission on January 23, 1947, establishing the principle that the "peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930-1934." (Appendix 26). In order to determine the extent of industrial capacity which would be required to permit this 1930-34 standard, the Commission selected the statistical year "1950" as an early normal post-war year - in terms of population growth, etc. - on the basis of which specific Japanese post-war peace-time needs could be projected. In estimating the nature and size of the industrial structure within the 1930-34 level, account will be taken of such factors as technological developments, the balance of payments, and employment. The Commission's policy further provided that acceptance of this level "should not be interpreted to mean acceptance in advance of a specific level for any particular industry."

The Commission is currently proceeding with a consideration of the next step in this task, namely, determining the exact levels to be fixed for specific industries.



RESTRICTEDInter-Allied Trade Board

World trade, particularly for a country like Japan which is deficient in natural resources, is an important factor in a healthy economic life. The Potsdam Declaration provided that the Japanese should eventually be permitted to participate in world trade, and the Commission has devoted its attention to the form that such trade should take. Because many of the problems involved are of a specialized or technical nature, the establishment of a special body concerned with world trade was decided upon by the Far Eastern Commission as a first step in reviving Japan's trade. On October 10, 1946, the Commission approved as a policy decision the Terms of Reference for an Inter-Allied Trade Board for Japan, to be composed of representatives of all of the nations which are members of the Far Eastern Commission (Appendix 27). Within a broad framework of policies on trade to be laid down by the Far Eastern Commission, the function of the Board is to consult with and advise the United States Government as to the disposition of exports from Japan and the procurement of imports required for Japan. Although the Board in general is to function independently, under the provisions of its Terms of Reference "all recommendations of the Board involving matters of policy shall be subject to the approval of the Far Eastern Commission."

The first meeting of the Board was held on October 24, 1946. Mr. Roswell H. Whitman, United States member, was elected Chairman. The Board accepted the offer of the Secretary General of the Far Eastern Commission to have the Commission Secretariat provide necessary services, and Mr. Donald G. Badger of Australia, Economic Secretary of the Commission, was designated by the Secretary General to serve as Secretary to the Trade Board.

To date the Board has been concerned primarily with the allocation of Japanese textile exports, the marketing of Japanese raw silk, and the problem of reopening Japan to private trade.

Sources of Japanese Imports and  
Destination of Japanese Exports

In furtherance of the trade program for Japan the Far Eastern Commission on May 8, 1947 approved two policy decisions setting forth the criteria that should govern the conduct of Japanese trade. (Appendices 28 and 29).

The primary objective of the Japanese import program should be to minimize the cost and difficulty of procurement, with particular attention being paid to price, other terms of purchase, assurance of meeting scheduled requirements, and other relevant factors such as the interest of all Members of the United Nations, including new trade situations and pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. The needs of countries other than Japan must be duly considered where commodities in world short supply are involved. The United States responsibility for the prevention of such disease or unrest as would endanger the occupation is also recognized.

The primary object of the export program should be to maximize the proceeds, with consideration being given to price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the exports. Commercial



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exports are to be made "only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports". The interests of all Members of the United Nations are to be considered, and "the Inter-Allied Trade Board may recommend individual treatment for different types of exports", just as it may do in the case of imports. The principles in accordance with which foreign exchange is considered usable and by which prices should be fixed are also set forth.

Allied Trade Representatives

In providing for imports into and exports from Japan, General MacArthur had for some time been assisted by a group of trade specialists representing the various countries comprising the Far Eastern Commission, who worked with the Supreme Commander pursuant to arrangements informally worked out earlier in the Commission. These trade representatives advised the Supreme Commander's headquarters as to the needs and interests of their respective nations in connection with specific Japanese exports and imports, and assumed any other duties that arose in connection with delivering and paying for the goods in question. Because of a desire within the Commission to formalize the duties of these representatives, the Commission on March 13, 1947 approved a policy decision covering the functions of Allied Trade Representatives in Japan (Appendix 30). This decision, which detailed the functions already accepted by the Commission informally, was specifically designated as an interim policy, subject to review in the light of experience.

Food Supply for Japan

In view of the extensive food shortage and desparate conditions prevailing in most of the territories devastated by the Japanese the Commission adopted a policy on April 25, 1946 providing that, "except to the extent that the Supreme Commander for the Allied Powers, with the advice of the Allied Council for Japan, determines that imports are essential immediately for the safety of the occupation forces, no imports shall be permitted which will have the effect of giving to the Japanese a priority or preferential treatment over the requirements of the peoples of any Allied Power or liberated area." (Appendix 31).

Included in the policy was a request to the United States Government to review immediately the food import program for Japan in consultation with the various international food allocating authorities.

In stating his concurrence in the policy the United States delegate stated for the record that the principles adopted by the Commission were in full accord with those upon which the United States had, in the past, acted in supplying food to Japan.

This decision of the Far Eastern Commission was duly communicated to the United States Government. The United States Government, as the government immediately responsible



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for applying policy to the allotment of food to meet requisitions from the Supreme Commander in Japan, accepted this decision as a guide to it in determining amounts of food to be supplied Japan, and at the same time communicated a copy to the Supreme Commander, not as a directive but for his information as to the policy which would govern the United States as well as the other governments participating in the Far Eastern Commission in the allotment of food supplies.

Short Period Economic Controls

In further recognition of world-wide economic shortages, the Commission on February 27, 1947 approved a policy decision requiring the Japanese to help insofar as possible in supplying goods needed in areas which had been deprived of them because of Japanese aggression (Appendix 32). Production of goods required for export by Japan was to be increased, while consumption by Japan of textiles and necessary consumer goods was to be curtailed. In the case of textiles, consumption in Japan was, with certain exceptions, not to exceed 2½ pounds per person annually. Because of the emergency nature of the policy, provision was made for its termination automatically on December 31, 1947, unless extended by the Commission.

D. STRENGTHENING OF DEMOCRATIC TENDENCIESTrade Unions

One of the provisions of the Potsdam Declaration provides for the "strengthening of democratic tendencies" within Japan, and much of the Commission's work has been directed to this end, especially in the fields of constitutional and economic reform. In addition two formal policy decisions in the field of political and social reform have been adopted. The first, entitled "Principles for Japanese Trade Unions" was approved on December 6, 1946. (Appendix 33). In accordance with this policy, Japanese workers are to be encouraged to form themselves into trade unions. Discrimination against employees because of union membership is forbidden, and the passage of appropriate legislation to guarantee the right of workers to participate in trade union activity is required. Strikes or other work stoppages may be prohibited in accordance with the terms of this policy only where such stoppage would "directly prejudice the objectives or needs of the occupation." Also guaranteed was the right of trade unions to participate in political activities and to support political parties and encouragement was given to "organized participation by trade unions and their officials in the democratization process in Japan", with the qualification, however, that this should not hinder the principal responsibility of unions to organize for the protection of union members and union interests.

The policy also provided that "the Japanese should be free to choose the form of organization of their unions", with emphasis to be placed on the importance of a solid local basis for future trade union activity. The formation of trade unions was to be a process of democratic self-expression and initiative; trade union officials and standing committees were to be elected by the workers by secret ballot and democratic methods. Trade union organizations were to be protected from spying activities by the police and other Government agencies, from undemocratic workers' organizations such as the "Patriotic Industrial Associations", and from the activity of those subject to purge directives.



RESTRICTEDEducation

Revision of the Japanese educational system is the second subject connected with "strengthening of democratic tendencies" on which the Commission has adopted a formal policy decision. On March 27, 1947 a policy was approved providing in detail standards and principles for the revision of the traditional Japanese educational system. (Appendix 34). One of these principles specified that "education should be looked upon as the pursuit of truth, as a preparation for life in a democratic nation, and as a training for the social and political responsibilities which freedom entails." The Commission's decision provided certain guiding objectives for education, among them "the dignity and worth of the individual", and an emphasis upon the "inter-dependent character of international life". Equal opportunity for both sexes was to be provided at all levels of education. Teachers with records as exponents of ultra-nationalistic and militaristic ideas were to be excluded from educational activity and provision was made for the issuance of new textbooks from which the objectionable doctrines of militarism, Emperor worship and State Shintoism would be expunged. The Commission policy also provided that the Japanese Government should exercise such control over the educational system as will insure the achievement of the objectives of the occupation; particularly the reforms called for by this policy decision, but subject to this and to maintenance of standards prescribed by the Government, responsibility for the administration of educational establishments should in due time be decentralized. Provision was made in regard to the difficult problem of finance: "In order that educational standards in poor districts should not be lowered by the inability of some local bodies to provide sufficient finance from local revenue, finance for education should come for the most part from the national government, which should be responsible for the maintenance of an adequate level of education throughout Japan. Local and private bodies should be encouraged to supplement these funds provided by the national government."



RESTRICTEDE. WAR CRIMESWar Crimes

Shortly after the surrender of Japan a United States policy directive was sent to General MacArthur providing for the apprehension, trial, and punishment of war criminals both within Japan and in areas previously dominated by the Japanese. This directive accorded with a provision of the Potsdam Declaration specifying that "stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners." Because of the international nature of the problem of war criminals, the Far Eastern Commission decided that any policy dealing with them ought more appropriately to be an Allied rather than a unilateral United States policy. Using the United States directive as the basis of its consideration, the Commission formulated and approved a policy decision relative to war criminals. This was approved on April 3, 1946 (Appendix 35).

In the Commission's policy the term "war crimes" was defined to include: (a) planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements or participation in a conspiracy for the accomplishment of any of the foregoing; (b) violations of the laws or customs of war, including deportation as slave labor of civilian population, murder or ill-treatment of prisoners of war, improper treatment of hostages, and wanton destruction of cities; (c) murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population before or during the war or prosecution on political, racial, or religious grounds. Any of these offenses was declared punishable if committed since or in the period immediately preceding the Mukden Incident of September 18, 1931. The function of the Supreme Commander with respect to these trials was carefully defined, and procedures providing for the arrest and detaining of suspects and the gathering of information relating to the alleged crimes were detailed.

The Commission policy differed in several significant respects from the original United States directive. In the first place, the International Military Tribunal for the Far East already set up in Tokyo to try accused war criminals was enlarged to include a judge nominated by each nation represented on the Far Eastern Commission; this meant the addition to the tribunal of judges representing the Philippines and India. Also, judges were to be nominated for each international court by each state represented on the Far Eastern Commission and not by the Supreme Commander. And finally, the responsibility of the Supreme Commander to carry out the judgments of the tribunal, as well as his power to approve, reduce, or alter sentences imposed, was made subject to consultation on these points with the Allied Council for Japan and with representatives in Japan of other nations who were members of the Far Eastern Commission but were not represented on the Council.

Apart from these major war criminals whose indictments were based on offenses of an international scope, the policy decision also provided for the establishment of national military courts to deal with persons who were suspected of war crimes committed in or against the nation concerned and who were not held for trial by an international military tribunal. Such courts could be set up by the military command of any nation participating in the occupation of areas previously dominated by Japan. Where such suspected war criminals



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were known to be within the territorial limits of another military command, they might be extradited, subject to certain conditions, to the military court of the nation by which they were accused of war crimes.

Since approving this policy, the Commission has maintained keen interest in the trials in the Far East and is at present considering several aspects of punishment for convicted war criminals.

F. ALIENS IN JAPAN

In formulating a policy for the treatment of non-Japanese nationals in Japan, the Commission used another United States directive as the basis of its consideration. This policy was adopted on June 5, 1946 and was entitled "Aliens in Japan" (Appendix 36); it defined the status and determined the treatment to be accorded non-Japanese in Japan. Under the terms of the Commission's policy a distinction in status was made between the nationals of Members of the United Nations, neutral nationals, and Axis nationals other than Japanese, with special provisions set out for each category. In addition, special principles governing the treatment of Formosans and Koreans in Japan were prescribed, including their repatriation and the protection of their property. Prisoners of non-Japanese nationality detained solely on political, racial, or religious grounds were ordered to be released.

Japanese Extraordinary Taxation

The Commission on July 18, 1946 approved a policy providing that "no Japanese taxation should discriminate against aliens" and that no capital levy should be made by the Japanese with respect to property inside or outside Japan owned by nationals of Members of the United Nations (Appendix 37).

Legal Jurisdiction Over Aliens

In order to anticipate and provide for the contingency that Allied nationals resident in Japan might be made subject to the jurisdiction of Japanese courts during the period of the occupation, the Commission approved on August 15, 1946 a policy limiting the extent of Japanese legal authority in this regard (Appendix 38). Under the terms of this policy Japanese courts were deprived of criminal jurisdiction over nationals of Members of the United Nations who were attached to the armed forces of the Allies, with the stipulation that such jurisdiction should be exercised by the appropriate military courts. Decisions by Japanese courts in civil cases in which nationals of Members of the United Nations become involved are to be reviewed by the Supreme Commander, and the Supreme Commander was given the authority to revise these decisions or to take any other action which he considered necessary in order to protect the rights of these nationals.

Destruction or Removal of United Nations Property in Japan

In order to protect as far as possible the property of nationals of Members of the United Nations from the effects of the reparations program, a policy was approved on April 24, 1947 providing that United Nations property which is subject to destruction should be destroyed irrespective of the nationality of its owner but that United Nations owners should



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be entitled to full compensation for the value of their interest at the time of destruction (Appendix 39). United Nations property which is subject to removal in accordance with Commission policies is not to be selected for removal so long as Japanese-owned industrial facilities within the same category are available. If such property has to be made available for reparations, its Owner's Government is to be given reasonable opportunity to remove it as part of its own share of reparations, and in addition the Japanese Government is to compensate the owner in yen.

G. MISCELLANEOUSJapanese Atomic Research

All Japanese research and activity in the field of atomic energy were forbidden by the Commission for the time being in a policy decision adopted on January 30, 1947 (Appendix 40), except that "the mining, processing and refining of radioactive materials in Japan for authorized purposes, such as radium for medical uses, should be permitted only in those instances specifically approved by the Supreme Commander for the Allied Powers and under his surveillance." At the same time the Commission took cognizance of discussion under way within the United Nations on the subject of atomic energy control by providing that in the field of atomic energy research, Japan should eventually be governed by "such decisions by the United Nations on international control of atomic energy as are applicable," and by additional restrictive policies established for the disarmament and control of Japan.



RESTRICTEDLIST OF APPENDICES

1. Terms of Reference
2. Current Roster of FEC Personnel
3. FEC-021/2
4. FEC-021/3; FEC-021/5; FEC-021/6
5. Potsdam Declaration
6. FEC-031/1
7. FEC-031/7
8. FEC-031/19
9. FEC-087/9
10. FEC-031/41
11. FEC-099/3
12. FEC-059
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14. FEC-059/6
15. FEC-059/14
16. FEC-059/15
17. FEC-059/21
18. FEC-059/29
19. FEC-059/30
20. FEC-059/3
21. FEC-091/7
22. FEC-094/3
23. FEC-219/7
24. FEC-011/12, FEC-011/18
25. FEC-011/29
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30. FEC-088/2
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34. FEC-092/2
35. FEC-007/3, -007/4
36. FEC-034/1
37. FEC-055/4
38. FEC-038/2
39. FEC-226/1
40. FEC-024/6



SC-215/6RESTRICTEDSC-215/66 June 1947FAR EASTERN COMMISSIONREPORT OF AD HOC SUBCOMMITTEE ON PROPOSED TEXT FOR  
PUBLIC REPORT ON COMMISSION ACTIVITIES  
(Reference: 215 series)Note by the Secretary General

1. The enclosure, the proposed text for public report on Commission activities prepared by the Secretary General, has been amended in accordance with suggestions made by an ad hoc subcommittee and is circulated herewith for the consideration of the STEERING COMMITTEE.

2. A summary of the proposed Basic Policy for Japan (FEC-014 series) has been incorporated in the enclosure in anticipation of approval of the Basic Policy by the Far Eastern Commission.

3. The ad hoc subcommittee reports to the Steering Committee as follows:

The Steering Committee should recommend to the Far Eastern Commission that it authorize the Secretary General to incur the necessary expenses and to publish the Secretary General's report on Commission activities. By approving this motion of authorization to the Secretary General the representatives on the Commission do not necessarily commit themselves to endorsement of the particular phraseology of the Secretary General's report.

NELSON T. JOHNSON  
Secretary General

SC-215/6

*10 June to show*



RESTRICTEDE N C L O S U R EPROPOSED TEXT FOR PUBLIC REPORT  
ON COMMISSION ACTIVITIESI. INTRODUCTION

From its beginning the control of Japan has been an Allied responsibility. It was to the Allied Powers that the Japanese surrendered on August 14, 1945. General MacArthur formally accepted that surrender on September 2, 1945 as Supreme Commander for the Allied Powers. Since February 26, 1946 the task of formulating Allied policies under which the Japanese were to fulfill the obligations imposed upon them by the Terms of Surrender has been carried out by the Far Eastern Commission, an inter-Allied body composed of representatives of eleven nations and meeting regularly in Washington.

Welcoming the members of the Far Eastern Commission at their first meeting, the United States Secretary of State, James F. Byrnes, outlined in broad terms the responsibility that had been entrusted to the Commission by the Moscow Agreement of Foreign Ministers. "Peace in the Pacific," he said, "is an essential cornerstone to a stable world structure. The guidance of Japan to a position of peaceful association with the other nations is therefore a task of major responsibility. That responsibility now belongs to you of the Far Eastern Commission . . . . The Terms of Reference agreed to last December in Moscow placed the final and ultimate responsibility for formulating the policies and principles upon which the peace and security of the Pacific may well be based, in your hands."

As the occupation forces under General MacArthur's command have carried on their work in Japan, the Far Eastern Commission in Washington has been engaged in formulating Allied policy. The following summary describing the structure of the Commission and giving an account of its activities has been prepared by the Secretary General of the Commission in the hope that it will acquaint the public at large with the work of an important international organization concerned with the formulation of principles for the control of Japan.

II. HISTORY AND BACKGROUNDJapanese Surrender

The first official Japanese surrender offer was made on August 10, 1945. Acceptance of this offer entailed the appointment of a Supreme Commander to receive the surrender in behalf of the Allied Powers, with the understanding that from the moment of surrender the authority of the Japanese Emperor and the Japanese State was to be subject to the Supreme Commander for the Allied Powers. On August 14, 1945 General Douglas MacArthur was designated Supreme Commander. On September 2, 1945, acting for the Republic of China, the United Kingdom, the Union of Soviet Socialist Republics, and the United States, and in the interests of the other United Nations at war with Japan, he formally accepted the surrender of Japan on board the United States battleship Missouri. Representatives of the following nine nations also signed the instrument of surrender with General MacArthur: Australia, Canada, China, France, the Netherlands, New Zealand, the Union of Soviet Socialist Republics, the United Kingdom, and the United States.



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Occupation forces which first went ashore under General MacArthur's leadership were in the main American, and the policy directives under which the Supreme Commander began enforcing Japanese fulfillment of the surrender terms were issued to him by the United States Government. A statement of United States Initial Post-Surrender Policy for Japan was forwarded in substance to General MacArthur by radio on August 29, 1945 and, following formal approval by the President, was dispatched by special messenger on September 6. Further directives covering specific policy matters not included in the basic statement were subsequently forwarded through the channels of the United States Government as the occasion required.

Far Eastern Advisory Commission

Growing out of negotiations originally begun on August 21, 1945, a Far Eastern Advisory Commission was convened in Washington on October 30, 1945, for the purpose of making "recommendations" on the "formulation of policies, principles, and standards by which the fulfillment by Japan of its obligations under the instrument of surrender may be determined." The Commission met regularly over the next two months. It was composed of representatives of Australia, Canada, China, France, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States. The Soviet Union declined the proposal to take part in the Far Eastern Advisory Commission because of its purely advisory character. In December 1945 the Advisory Commission undertook a trip to Japan and returned to Washington in February 1946.

Establishment of the Far Eastern Commission

At the Moscow Meeting of Foreign Ministers in December 1945 further negotiations between the United States, the Soviet Union, and the United Kingdom were conducted on the subject of greater Allied participation in the control of Japan during the occupation, and with the concurrence of China the three Foreign Ministers on December 27, 1945 issued a communique establishing Terms of Reference for a Far Eastern Commission to replace the Far Eastern Advisory Commission. The Moscow Agreement was made known one day after the Advisory Commission had left Washington on its trip to Japan. Upon this body's return to Washington, the Far Eastern Commission was constituted, consisting of representatives of the Powers which had been represented on the Advisory Commission and a Soviet representative. Headquarters were established in the former Japanese Embassy in Washington, and the first meeting of the Far Eastern Commission was held there on February 26, 1946.

Terms of Reference

Under the Terms of Reference (Appendix 1) the Far Eastern Commission has two principal functions. First, to formulate "the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished"; and second, "to review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." In addition, the Commission is empowered "to consider such other matters as may be assigned to it by agreement among the participating Governments." Making recommendations with regard to either



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the conduct of military operations or territorial adjustments, however, is specifically excluded.

The Terms of Reference provide that the Commission should "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Policy decisions of the Commission are to be transmitted to the United States Government, and the United States Government is then made responsible for preparing directives in accordance with these decisions and transmitting the directives to the Supreme Commander for his guidance. As sole executive authority for the Allied Powers in Japan, the Supreme Commander is charged with the implementation of the directives prepared in accordance with Commission policy decisions.

The Commission may take action by a majority vote, provided the representatives of the United States, the United Kingdom, the Soviet Union and China all concur in the action taken.

The Terms of Reference stipulate, however, that the "United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

While the main seat of the Commission is in Washington, the Terms of Reference authorize it to meet in Tokyo or in any other place it may desire. The Commission is authorized to make such arrangements through the Chairman as may be practicable for consultation with the Supreme Commander.

No time limit is placed upon the functioning of the Commission by the Terms of Reference. The Commission "shall cease to function when a decision to that effect is taken" in accordance with the voting procedure described above. Prior to concluding its functions, however, the Commission is directed by the Terms of Reference to transfer such functions as may be appropriately transferred to "any interim or permanent security organization of which the participating governments are members."

Allied Council for Japan

The Moscow Agreement which established the Terms of Reference of the Far Eastern Commission also established Terms of Reference for an Allied Council for Japan, which was to have the function of "consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the occupation and control of Japan, and of directives supplementary thereto." The seat of the Allied Council for Japan was to be in Tokyo. The Chairman of the Council would be either the Supreme Commander himself or his Deputy. In addition to him the membership would include representatives of China, the Soviet Union, and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

Reference to the Allied Council is made in the Terms of Reference of the Far Eastern Commission as follows: "The



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Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan ... The Terms of Reference of the Allied Council include the following provision with reference to the Far Eastern Commission: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."

### III. ORGANIZATION OF THE COMMISSION

#### Commission

The Far Eastern Commission is composed of representatives of the eleven nations referred to in the Terms of Reference. Major General Frank R. McCoy, United States Army (Retired), United States Representative, who serves with the personal rank of Ambassador, was unanimously elected Chairman of the Commission at its first meeting. In most cases the representatives of the other countries are the Chiefs of Mission of those countries in Washington. A list of representatives and their alternates follows in alphabetical order, and a complete roster of the personnel of each national delegation on the Commission will be found in the appendix. (Appendix 2)

Australia	Ambassador Norman J. O. Makin Alternate: Major J. Plimsoll
Canada	Ambassador Hume Wrong Alternate: Mr. Ralph E. Collins
China	Ambassador V. K. Wellington Koo Alternate: Dr. Shao-hwa Tan
France	Ambassador Paul E. Naggiar, Special Ambassador of the Republic of France to the Far Eastern Com- mission Alternate: Mr. Francis Lacoste
India	Ambassador M. Asaf Ali Alternate: Mr. B. R. Sen
Netherlands	Ambassador A. Loudon Alternate: Dr. A. D. A. de Kat Angelino
New Zealand	Sir Carl Berendsen, New Zealand Minister to the United States Alternate: Mr. G. R. Powles
Philippines	Ambassador Carlos P. Romulo, Per- manent Representative of the Republic of the Philippines to the Far Eastern Commission and the United Nations Alternate: Mr. F. C. Rodriguez



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Union of Soviet Socialist Republics	Ambassador Nikolai V. Novikov Alternate: Mr. S. K. Tsarapkin
United Kingdom	Sir George Sansom, His Britannic Majesty's Minister to the British Embassy in Washington Alternate: Mr. H. A. Graves
United States	Major General Frank R. McCoy, U. S. A. (Ret) Alternate: Major General John H. Hilldring, Assistant Secretary of State for Occupied Areas

A list of both present and former representatives on the Far Eastern Commission with their dates of service will be found in the Appendix (Appendix 3)

Steering Committee

A Steering Committee has been established and is responsible for organizing Commission business and coordinating the work of the various working committees. Recommendations from working committees regarding resolutions and policy proposals are normally considered by the Steering Committee before being forwarded to the Commission. Areas of disagreement between members are conveyed, and wherever possible are resolved before proposals are forwarded to the Commission itself for consideration. The Chairman of the Steering Committee is Sir Carl Berendsen (New Zealand) and the Deputy Chairman is Dr. A. Loudon (the Netherlands).

A list of members of the Steering Committee follows:  
(See Appendix 2).

Australia	Major J. Plimsoll
Canada	Mr. Ralph E. Collins
China	Dr. Shao-hwa Tan
France	Mr. Francis Lacoste
India	Mr. B. R. Sen
Netherlands	Ambassador A. Loudon
New Zealand	Sir Carl Berendsen
Philippines	Mr. F. C. Rodriguez
Union of Soviet Socialist Republics	Rear Admiral S. S. Ramishvili
United Kingdom	Mr. H. A. Graves
United States	Dr. George H. Blakeslee

Committees

The Commission has established seven working committees to consider and make appropriate recommendations on various aspects of Commission business. Each of the working committees is composed of delegates from all of the eleven nations constituting the Commission.

Officers and principal fields of business of the working committees are listed as follows:



RESTRICTEDCommittee No. 1: Reparations

Chairman: Major J. Plimsoll (Australia)  
Deputy Chairman: Dr. G. A. Ph. Weyer (Netherlands)

Subjects for consideration: Japanese reparations: restitution of looted property

Committee No. 2: Economic and Financial Affairs

Chairman: Mr. F. C. Everson (United Kingdom)  
Deputy Chairman: Mr. Roswell H. Whitman (United States)

Subjects for consideration: Extent and character of Japanese industry, commerce and agriculture necessary for a viable economy in Japan; measures necessary to establish such an economy, such as regulation of Japanese foreign commerce, control of agriculture, control of fishing and aquatic industries, control of transportation and communication, and control of industries; democratic agrarian reform; liquidation of monopolistic financial and industrial concerns (Zaibatsu); complete elimination of Japanese war industry; reduction, control and reconversion to the peacetime production of industry, commerce, shipping, shipbuilding and other industries which were used for war purposes during wartime; control of scientific and industrial research; stocks of strategic raw materials; relief problems, such as prevention of mass unemployment, public health, food, housing, and financial problems.

Committee No. 3: Constitutional and Legal Reform

Chairman: Mr. B. R. Sen (India)  
Deputy Chairman: Mr. Ralph E. Collins (Canada)

Subjects for consideration: The Emperor institution, Diet, Cabinet, local Government, political parties; a Bill of Rights; Japanese Constitution and machinery for drafting a new constitution; judiciary; electoral system and reform of the police system.

Committee No. 4: Strengthening of Democratic Tendencies

Chairman: Mr. G. G. Dolbin (U. S. S. R.)  
Deputy Chairman: Dr. T. T. Mar (China)



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Subjects for  
consideration

Positive policy of democratization of the Japanese; removal from the Government and governmental institutions as well as from organs of local administration and self-government, of all militarist and totalitarian elements who actively supported the aggressive policy of Japan; dissolution of former military and semi-military, fascist, nationalistic and secret organizations; trade unions and peasants' organizations; supervision of elections in order to insure free expression of the people's will; activities of the Japanese Diet; educational system; public information including press and radio and also public entertainment -- theatre and movie; political and social status of women; working of the Japanese Constitution; State Shinto.

Committee No. 5: War Criminals

Chairman: Mr. Hsuan-tsui Liu (China)  
Deputy Chairman: Mr. C. Coronel (Philippines)

Subjects for  
consideration: Identification, apprehension and trial of persons suspected of war crimes; punishment of convicted war criminals.

Committee No. 6: Aliens in Japan

Chairman: Mr. Francis Lacoste (France)  
Deputy Chairman: Mr. F. C. Everson (United Kingdom)

Subjects for  
consideration: Status and property of persons other than Japanese nationals

Committee No. 7: Disarmament of Japan

Chairman: Mr. O. Reuchlin (Netherlands)  
Deputy Chairman: Temporarily Vacant

Subjects for  
consideration: Disarmament and dissolution of Japanese armed forces; disposition of Japanese armaments and military equipment; long-range control of armaments necessary for internal police security in Japan.

Each of these committees appoints ad hoc subcommittees as the occasion may require, and several committees have one or two standing subcommittees.

Secretariat

In its capacity as host to the Commission, the United States Government has furnished the headquarters for the Commission, has underwritten the Commission's budget, and has in the main provided the staff for the Commission's secretariat.



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The Honorable Nelson T. Johnson, former United States Ambassador to China and Minister to Australia is the Secretary General of the Commission, and Mr. Samuel S. Stratton is his Deputy. The Commission agreed that any nation is free to nominate and pay the salary and expenses of members of the Secretary General's staff, and upon this basis Mr. Donald G. Badger of Australia was appointed by the Secretary General to the position of Economic Secretary. The remainder of the Secretariat are Americans.

The Secretariat is charged with the performance of all of the technical and administrative duties which Commission and committee meetings involve, including the preparation of committee agenda and minutes, the procurement, analysis, and dissemination of informational material about Japan, receiving and distributing official communications from governments, handling official Commission policy decisions and consultations, advising Commission members on questions of procedure, and performing such other functions as may be specifically assigned.

IV. ACCOMPLISHMENTS

The Basic Initial Post-Surrender Policy statement issued by the United States to General MacArthur in September 1945 covered a wide variety of subjects, providing for democratic, constitutional, and economic reform, as well as for military disarmament. From time to time as the occupation progressed, this basic policy was supplemented and elaborated by further United States policy directives intended to meet particular situations arising in Japan. By the time the Far Eastern Commission began its operation, therefore, a considerable number of exclusively United States policies had already been transmitted to the Supreme Commander, and the occupation of Japan based upon these policies was already under way. Under the Terms of Reference of the Far Eastern Commission these policies were subject to review by the Commission, and the Commission was authorized to modify them, if it so desired. On all subjects within its Terms of Reference the Commission was authorized to formulate such additional Allied policies as might be deemed necessary; when a policy was formulated and issued as a directive it superseded previous directives in conflict with it.

To date 38 policy decisions have been adopted by the Commission and a total of 12 formal consultations with the Supreme Commander on matters relating to policy have been approved.

A. BASIC POLICY FOR JAPAN

Growing out of discussions begun by the Far Eastern Advisory Commission well over a year ago and under consideration since that time, a statement of Basic Policy for Japan to cover the period of the occupation was approved by the Far Eastern Commission on June 1947 (Appendix 4). Members of the Commission felt that a general formulation of the overall purposes and objectives of the Allied Powers in Japan would be useful, and continued with the drafting of such a policy statement at the same time that other policy decisions on specific issues were being considered and approved.

Based on the Potsdam Declaration as well as on the United States Initial Post-Surrender Policy for Japan, this statement declared the ultimate objectives of the Commission's work to be both to insure that Japan would not again become a menace to the peace and security of the world, and to bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibility, respect the rights of other states, and support the objectives of the United Nations.

The Commission's formulation of Basic Policy covered in broad outline all phases of the control of Japan. It defined the nature of Allied authority in regard to the military occupation and in relation to the Japanese Government. In the field



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of political reform militarists and ultra-nationalists were to be excluded from public office; war criminals were to be punished and individual liberties and democratic processes encouraged. Economically, the Basic Policy provided for economic demilitarization, for promotion of democratic forces in industry and agriculture, for resumption of peaceful economic activity, for eventual participation in world trade and for equality of commercial opportunity in Japan among all United Nations and their nationals.

## B. JAPANESE CONSTITUTION

### Date of Japanese General Elections

One of the first items with which the Commission concerned itself was the general election for the first post-surrender House of Representatives in the Japanese Diet; this election had been scheduled by the Japanese Government, after several postponements, for April 10, 1946. Within the Commission the thought was expressed by some members that the election as scheduled was premature; candidates representing long-suppressed liberal forces of Japan would not have had enough time, it was felt, to organize themselves in such a way that the results of the election would adequately reflect the real extent of liberal political thought in Japan. Moreover, on March 6, 1946 the Japanese Cabinet had announced completion of a preliminary draft of a proposed revision of the Japanese Constitution. This announcement had an important bearing on the election for the House of Representatives because of the part the new Diet would be likely to play in adopting proposed constitutional revisions.

On March 20, 1946 the Commission accordingly approved a message of consultation with the Supreme Commander, communicating to him the doubts expressed by members as to the date of the general election and requesting the Supreme Commander's views on the advisability of postponing the election (Appendix 5). The Supreme Commander subsequently replied that it "was probable that the new Diet will be the most truly responsive body to the will of the people that has ever served Japan and will provide the basis for a much more representative cabinet." Under these circumstances, he went on, "any postponement of the election would have a profound adverse reaction upon the purposes and success of the occupation." He added that, in any case, if "the results of the election prove disadvantageous to the purposes of the occupation, the remedy is always in my power to require the dissolution of the Diet and the holding of a new election under such provisions as are deemed necessary." (Appendix 6). After considering the Supreme Commander's reply, the Commission voted on a proposal to require postponement of the election; a majority agreed that no action was necessary.

### Draft Japanese Constitution

Revision of the Japanese Constitution was of major concern to the Allied Powers. Although the Meiji Constitution of 1889, which was still in effect, possessed a deceptively liberal appearance, it was actually a highly undemocratic document and had contributed greatly to perpetuating the basic feudal structure of Japanese life. During the period of military aggression the Meiji Constitution had served as a tool by which militaristic and ultra-nationalistic elements were able to obtain political power and exercise it without restraint in behalf of their designs for conquest.

The appearance on March 6, 1946 of a draft revision of the Meiji Constitution, which was sponsored by the Japanese Government and released with the personal endorsement of General MacArthur, focused the Commission's attention urgently upon the question of constitutional reform. Essentially the Commission's responsibility amounted to insuring that any new constitution adopted should not be inconsistent with the principles of the Potsdam Declaration (Appendix 7) and, as prescribed by the Potsdam Declaration, should be a free expression of the will of the Japanese people.



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In order to prevent hasty consideration by the Diet of the Government-sponsored draft, to give the Japanese people themselves as they approached the general election for the House of Representatives a clear indication of their own prerogatives in the matter of constitutional reform, and to enunciate at the very beginning the Commission's own authority in the matter of constitutional reform, the Commission on March 10, 1946 approved a policy decision entitled "Draft Japanese Constitution" (Appendix 8). In this policy it was stated that "the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the Powers represented on this Commission." The policy provided that the Supreme Commander should make known to the Japanese people that the submission of a draft constitution by the Government did not preclude favorable consideration of other proposals or drafts which might subsequently be submitted to the Diet. Furthermore, the Supreme Commander should also make known to the Japanese the fact "that the Far Eastern Commission must be given an opportunity to pass upon the final draft of the constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid."

Criteria for Adopting a New Constitution

For the purpose of determining whether any constitutional revision actually represented the free will of the Japanese people, the manner in which such a constitutional revision was adopted would be of very great importance. Before turning their attention, therefore, to the task of drawing up a set of principles by means of which it would be possible to determine whether or not a new constitution conformed with the requirements of the Potsdam Declaration, the Commission first proceeded to establish criteria governing the method of adopting a new Japanese constitution. This policy, which was approved on May 17, 1946 provided that the new constitution should have "complete legal continuity" from the Meiji Constitution of 1889 and that "adequate time and opportunity should be allowed for the full discussion and consideration of the terms of the new constitution" (Appendix 9). The manner in which the new constitution was adopted should "demonstrate that it affirmatively expresses the free will of the Japanese people."

Basic Principles for a New Constitution

A Commission policy decision setting forth principles for use as a basis in determining whether or not a new constitution conformed with the Potsdam Declaration was approved July 2, 1946 (Appendix 10). Among the requirements set forth in this decision was the principle that the sovereign power should reside not, as in the past, in the Emperor, but in the people. Retention of the Emperor system in its "present constitutional form", the Commission declared, was not considered desirable and "the Japanese should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines."

Under the Commission's decision on acceptable constitution should provide for a representative government based upon



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universal adult suffrage with an executive deriving its authority from and responsible to either the electorate or a fully representative legislative body. The constitution should accord the legislature full legislative powers, including complete control over the raising and spending of public funds. An independent judiciary should be established. The Prime Minister and the Minister of State, all of whom should be civilians and of whom a majority including the Prime Minister should be selected from the Diet, should form a Cabinet collectively responsible to the legislature; if the chief executive is not directly elected to that office by the people, the provision that a majority of the Cabinet should be chosen from the legislature need not apply. It was further provided that all property of the Imperial Household should be declared property of the State. Retention of the Privy Council and the House of Peers "in their present form and with their present powers" was declared to be undesirable. Provisions guaranteeing fundamental civil rights and local self-government were included.

After deciding on this policy, the Commission continued to consider carefully the progress of the Government-sponsored draft constitution in the Japanese Diet, and was in frequent consultation with the Supreme Commander during this period.

Further Policies Relating to a New Japanese Constitution

On September 25, 1946 the Commission approved a policy decision setting forth additional principles and policies governing a new Japanese constitution (Appendix 11). These included affirmation of the Commission's previous decision taken in the Policy on Basic Principles that all Cabinet Ministers should be civilians, together with a further decision that the House of Councillors, the proposed new upper House of the Diet, "should not have any predominance" over the House of Representatives. In this connection the Commission declared that it considered "essential its continuing right to scrutinize the implementing legislation very carefully to insure that such predominance is not established."

In accordance with this decision the Commission has received from the Supreme Commander thirty-one laws implementing the new Japanese Constitution which was promulgated on November 3, 1946. The Commission has consulted with the Supreme Commander several times in connection with some of these laws, and reserves the right to review them.

Review of the New Constitution

When it became clear that the Japanese Government intended to adopt the constitution by means of approval by the Diet, some doubt was expressed in the Commission whether this particular method would in fact represent a free expression of the will of the Japanese people within the meaning of the Potsdam Declaration and the Commission's own policy on Criteria for the Adoption of a New Japanese Constitution (See Appendix 9). In the first place, there was still some dissatisfaction on the part of Commission members as to the composition of the then existing Diet, based upon arguments already suggested in the Commission's consultation concerning the advisability of postponing the date of the general election for the House of Representatives (See Appendix 5). In addition there was a feeling among certain members that the Government-sponsored revision had not been before the Japanese people sufficiently in advance of the April elections so as to become a real election issue, and so that the Diet then elected could be said to have a clear mandate from the Japanese people to approve the Government-sponsored constitution. Another opportunity to express



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themselves on this new constitution should be given to the Japanese people, it was felt, in order to make doubly sure that the new constitution actually did represent the freely expressed will of the Japanese people.

These considerations, coupled with an equally strong desire to give the Japanese people and the Allied Powers a chance to examine the constitution in actual operation, led the Commission on October 17, 1946 to approve a policy decision calling for subsequent review of the new constitution (Appendix 12). Not sooner than one year after the new constitution went into effect on May 3, 1947 and not later than two years, the policy provided, "the situation with respect to the new Japanese constitution should be reviewed by the Diet", and "without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period." Also included was a provision that the Commission, "in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution." Meanwhile, the provision for review should not alter the status of the new constitution, once it had gone into effect, as the "legal successor of the present constitution."

Issuance of the Review Policy Decision

At the request of the United States representative, the Commission approved this policy decision on constitutional review with the understanding that the "time and manner of issuance" of the decision would be a subject for further consideration by the Commission. On December 12, 1946 the Commission approved a decision directing that the terms of the policy decision on Review of a New Japanese Constitution "should be formally communicated to the Government of Japan" (Appendix 13), and on March 20, 1947 the policy decision on constitutional review was released to the press.



RESTRICTEDC. REPARATIONSInterim Reparations Removals

The Potsdam Declaration provided that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war." It has been the task of the Far Eastern Commission to determine (1) exactly what "just reparations in kind" should be, (2) how much of the Japanese industrial machine could be included in reparations without undermining the essential Japanese peacetime economy, and (3) how reparations thus made available were to be apportioned among the various claimant countries.

As a first step toward an over-all reparations settlement, the Commission at an early stage adopted a series of policy decisions which together comprise a program of so-called "interim reparations removals." It was felt that a final reparations settlement might require a considerable period of time, but that relatively swift agreement could be reached on the designation for reparations of industrial facilities which were obviously surplus to Japan's peacetime needs and which were in those industries most directly part of Japanese war potential. The Commission has still to determine whether further capacity is to be removed as reparations from these or other industries.

Adoption of the interim program was intended to allow the Supreme Commander to designate immediately plants which would be removed as reparations, and to prepare the Japanese for some of the readjustments in their peacetime economy that would eventually be required before their reparations obligations were completely fulfilled.

The program of "interim removals" adopted by the Commission was confined to industrial facilities which were considered basic to Japan's war economy. This program, however, did not authorize any actual removals from Japan, in spite of its name, but merely authorized the designation by the Supreme Commander of appropriate industrial facilities within Japan to be "available for claim" as reparations. No actual transfer of the facilities thus designated could be undertaken until some determination had been made of the various percentages of available assets claimant countries were to receive, and of the procedure by which such percentage shares were to be fulfilled with specific Japanese facilities.

The pertinent Commission policy decisions establishing the interim removal program follow.

1. Arsenals, Aircraft, and Light Metals

On May 13, 1946 the Commission adopted a policy to the effect that with certain exceptions facilities in Army and Navy arsenals, all aircraft plants and establishments, and all light metals plants and establishments should be made available for reparations claim (Appendix 1<sup>4</sup>).

2. Machine Tools, Sulphuric Acid, and Shipbuilding

On May 23, 1946 the Commission approved a policy decision providing for interim removals in the machine tool, sulphuric acid, and shipbuilding industries (Appendix 1<sup>5</sup>). Under this policy all installations of the Japanese machine tool industry,



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except that portion required for the production of a balanced type-size aggregate of 27,000 units annually were to be made immediately available for reparations claim. Subject to certain specified limitations, all Japanese capacity for the production of sulphuric acid in excess of 3.5 million metric tons annually was likewise to be made immediately available for reparations claim. All naval shipbuilding facilities and those remaining shipbuilding facilities in excess of that required to build 150,000 gross tons annually and to service a merchant fleet of 3,000,000 gross tons were to be made available for claim, subject to certain specified limitations.

3. Ball and Roller Bearings

On May 29, 1946 the Commission approved a policy making available for reparations claim all ball and roller bearing capacity in Japan in excess of 32.5 million yen per year, computed on a basis of 1943-1944 average prices (Appendix 16).

4. Iron and Steel, Thermal Electric Power, and Soda Ash, Chlorine and Caustic Soda

On June 12, 1946 a policy was approved providing for interim removals in the iron and steel, thermal electric power, and soda ash, chlorine, and caustic soda industries (Appendix 17). With certain specified limitations, these policies, when carried out, would leave Japan with facilities for an annual production of 3.5 million metric tons of steel ingot, 2.0 million tons of pig iron, 2.1 million thermal-electrically generated kilowatts of power, 75,000 metric tons of chlorine, 82,500 metric tons of caustic soda in electrolytic plants, and 630,000 metric tons of soda ash.

5. Privately-Owned Munitions

On June 20, 1946 the Commission approved a policy that all privately-owned munitions plants, with certain exceptions, should be made available for reparations claim (Appendix 18).

6. Synthetic Oil and Synthetic Rubber

On September 12, 1946 the Commission approved a policy to the effect that all facilities in the synthetic oil and synthetic rubber industries should be made available for claim, subject to the condition that synthetic oil plants designated for actual or potential conversion to the manufacture of sulphate of ammonia and fertilizers should be retained in operation until the supply of nitrogen from other sources became adequate (Appendix 19).

7. Steel Rolling Industry

On December 6, 1946 a policy was approved making available for reparations claim all steel rolling capacity in excess of that required to produce a balanced annual output of 2,775,000 metric tons of rolled steel products (Appendix 20). This policy decision was accompanied by another approved on the same date (Appendix 21) authorizing the Supreme Commander to retain in Japan until June 30, 1947 certain electric steel furnace capacity together with the rolling mills integrated with it. The Supreme Commander had indicated to the Commission that these were temporarily required because of a current coal shortage. If at any time before June 30, 1947 the Supreme Commander should consider that in order to meet the needs of the occupation an extension of this retention policy was necessary, the Far Eastern Commission declared that it would review the situation.



RESTRICTEDReparations in Relation to Dissolution of the "Zaibatsu"

A policy relating to the selection of specific plants within those industries covered under the terms of the interim removal program was adopted by the Commission on May 13, 1946 preliminary to a broader statement on selection of plants for reparations (Appendix 22). This policy required that the general objective of dissolving the so-called "Zaibatsu" industrial and financial monopoly should be one of the criteria employed in the selection of specific plants.

Selection of Plants for Reparations Removals,  
Destruction or Retention in Japan

Proceeding toward a final reparations settlement, the Commission approved a policy decision on May 22, 1947 establishing further criteria for selection of plants for reparations (Appendix 23). Security and industrial disarmament requirements were emphasized so that facilities employed in primary and secondary war industries should be removed in preference to other facilities. Fair balance should be sought between the general preferences of reparations claimants for modern, integrated, and efficient equipment, and the legitimate needs of the Japanese peacetime economy for similar equipment. Occupation policies of dissolving large industrial and banking corporations constituted another criterion. Consistent with the above standards an order of preference in the selection of plants was indicated so that the property of the "Zaibatsu" and other large industrial and financial concerns would be selected first, followed by plants and equipment owned by other Japanese, the Japanese Government and by Axis Nationals and Governments, and finally by the plants and equipment owned by the nationals and Governments of neutral countries. The property of nationals of Members of the United Nations should receive special treatment in accordance with another policy decision. (See Page 23 and Appendix 21).

Delivery of Reparations Goods

Another step in the direction of a final settlement of reparations was taken by the Commission on February 13, 1947 when a policy was approved providing that "the Japanese Government should bear all costs connected with dismantling, packing, transporting to a port in Japan for waterborne craft or for airborne craft, handling and loading on board the craft at that port", of all reparations goods subsequently allocated for delivery to claimant countries. The total costs thus sustained by the Japanese were to be divided up and added to the reparations accounts of the various recipient countries in proportion to their national percentage share of reparations goods from Japan, with the proviso, however, that the addition of these costs "should not affect the distribution of reparations received by the claimant countries". In other words, the addition of these delivery costs would not reduce the actual amount of goods delivered as reparations. Title to the reparations goods would pass to the recipient country when the goods were delivered on board at the designated port, the policy provided, and the responsibility of arranging for their further transportation from Japan would rest upon the recipient country (Appendix 24).



RESTRICTEDDivision of Reparations Shares

Progress has been made toward determining the various national percentage shares of reparations goods. The Commission on May 8, 1947 approved a policy entitled Division of Reparations Shares, comprising certain paragraphs extracted from the draft of the proposed statement of Basic Policy for Japan (see Appendix 4) which set forth in broad terms the criteria to be used in determining shares for each country. (Appendix 25). Under the terms of this policy, the shares of particular countries in the total settlement of reparations from Japan shall be determined as a "broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression". The policy further provided that reparations should be "in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living". The policy expressly provided that these references to reparations should be "without prejudice to the views of Governments on the overseas assets issue."

At the present time the Commission is proceeding with discussions looking toward final agreement as to specific shares on the basis of this broad policy.

Restitution of Looted Property

Closely related to reparations is the problem of recovering and returning to the original owners property which had been looted by the Japanese during the war and the identity and original ownership of which could be clearly established. On July 18, 1946 the Commission approved a policy requiring the restitution of specified categories of identifiable property looted from occupied countries and of ships found in Japanese waters which were seized or sunk by the Japanese. This policy established the principle that the fact that the Japanese had made payment "should be disregarded unless there is conclusive evidence that fraud or duress did not take place." On October 10, 1946 this policy was amended, in response to a request from the Supreme Commander for clarification of the paragraph dealing with ships damaged or sunk, to provide that the deadline of December 31, 1946 did not apply in certain cases to the repairing and returning of damaged ships (Appendix 26).

The Commission is currently considering certain revisions of this policy which would liberalize the standards of identification and expand the categories of looted objects. Separate consideration is also being given to a policy for replacing cultural objects looted by the Japanese from occupied areas and subsequently lost or destroyed.

Restitution of Property Confiscated Within Japan

A further policy of the Commission, which set forth on an interim basis certain principles to be used by the Supreme Commander in making restitution to nationals of any of the United Nations of any identifiable property which had been located in Japan prior "to the outbreak of hostilities between their government and the Government of Japan" and which was looted or confiscated by the Japanese, was adopted.



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on March 6, 1947 (Appendix 27). As an interim measure, this policy made provision only for natural persons present in Japan, or juridical persons "where the holders of a controlling interest are nationals of Members of the United Nations now resident in Japan", or for charitable and religious institutions financed primarily by non-Japanese funds. It was stipulated, however, that the right to restitution did not constitute permission "to operate properties where the Supreme Commander for the Allied Powers considers the operations of such property injurious to the occupying forces or to the purposes of the occupation." On the other hand, the Supreme Commander was authorized to operate any properties which, "upon consultation with the Allied Council for Japan in accordance with the Terms of Reference of the Allied Council for Japan" he considered to be beneficial to the occupying forces and/or the accomplishment of the purposes of the occupation, without awaiting the restitution of title or the transfer of possession of such properties, provided that "in such cases compensation for the use of the property should be paid for the account of the owner."

D. JAPANESE ECONOMIC PROBLEMS

Establishing policies which will make possible in Japan an economy which would be capable of sustaining the various political reforms contemplated by the Potsdam Declaration but which would not enable Japan to rearm for war has constituted another major part of the Commission's work.

Determination of the Peaceful Needs of Japan

The level fixed for Japan's post-war economic life should insure that Japan is industrially disarmed and at the same time make it possible for her to maintain a viable economy. Before any determination could be taken on specific levels to be prescribed for individual industries, it was necessary to reach some over-all decision establishing in general terms the basis on which a viable peace-time Japanese economy should be built. A policy decision covering this subject was approved by the Commission on January 23, 1947, establishing the principle that the "peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930-1934." (Appendix 28). In order to determine the extent of industrial capacity which would be required to permit this 1930-34 standard, the Commission selected the statistical year "1950" as an early normal post-war year - in terms of population growth, etc. - on the basis of which specific Japanese post-war peace-time needs could be projected. In estimating the nature and size of the industrial structure within the 1930-34 level, account will be taken of such factors as technological developments, the balance of payments, and employment. The Commission's policy further provided that acceptance of this level "should not be interpreted to mean acceptance in advance of a specific level for any particular industry."

The Commission is currently proceeding with a consideration of the next step in this task, namely, determining the exact levels to be fixed for specific industries.



RESTRICTEDInter-Allied Trade Board

World trade, particularly for a country like Japan which is deficient in natural resources, is an important factor in a healthy economic life. The Potsdam Declaration provided that the Japanese should eventually be permitted to participate in world trade, and the Commission has devoted its attention to the form that such trade should take. Because many of the problems involved are of a specialized or technical nature the establishment of a special body concerned with world trade was decided upon by the Far Eastern Commission as a first step in reviving Japan's trade. On October 10, 1946, the Commission approved as a policy decision the Terms of Reference for an Inter-Allied Trade Board for Japan, to be composed of representatives of all of the nations which are members of the Far Eastern Commission (Appendix 29). Within a broad framework of policies on trade to be laid down by the Far Eastern Commission, the function of the Board is to consult with and advise the United States Government as to the disposition of exports from Japan and the procurement of imports required for Japan. Although the Board in general is to function independently under the provisions of its Terms of Reference "all recommendations of the Board involving matters of policy shall be subject to the approval of the Far Eastern Commission."

The first meeting of the Board was held on October 24, 1946. Mr. Roswell H. Whitman, United States member, was elected Chairman. The Board accepted the offer of the Secretary General of the Far Eastern Commission to have the Commission Secretariat provide necessary services, and Mr. Donald G. Badger of Australia, Economic Secretary of the Commission, was designated by the Secretary General to serve as Secretary to the Trade Board.

To date the Board has been concerned primarily with the allocation of Japanese textile exports the marketing of Japanese raw silk, and the problem of reopening Japan to private trade.

Sources of Japanese Imports and  
Destination of Japanese Exports

In furtherance of the trade program for Japan the Far Eastern Commission on May 8, 1947 approved two policy decisions setting forth the criteria that should govern the conduct of Japanese trade the first entitled "Sources of Japanese Imports" (Appendix 30), and the second "Destination of Japanese Exports" (Appendix 31).

The primary objective of the Japanese import program (Appendix 30) should be to minimize the cost and difficulty of procurement, with particular attention being paid to price, other terms of purchase and assurance of meeting scheduled requirements. The needs of countries other than Japan should be duly considered where commodities in world short supply are involved. In the procurement of commodities in world surplus, account should be taken of other relevant factors such as the interest of all Members of the United Nations, including new trade situations and pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. The United States responsibility for the prevention of such disease or unrest as would endanger the occupation is also recognized.

The primary object of the export program (Appendix 31) should be to maximize the proceeds, with consideration being given to price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the exports. Commercial



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exports are to be made "only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports". The interests of all Members of the United Nations are to be considered, and "the Inter-Allied Trade Board may recommend individual treatment for different types of exports", just as it may do in the case of imports. The principles in accordance with which foreign exchange is to be considered usable and by which prices should be fixed are also set forth.

Allied Trade Representatives

In providing for imports into and exports from Japan, General MacArthur had for some time been assisted by a group of trade specialists representing the various countries comprising the Far Eastern Commission, who worked with the Supreme Commander pursuant to arrangements informally worked out earlier in the Commission. These trade representatives advised the Supreme Commander's headquarters as to the needs and interests of their respective nations in connection with specific Japanese exports and imports, and assumed any other duties that arose in connection with delivering and paying for the goods in question. Because of a desire within the Commission to formalize the duties of these representatives, the Commission on March 13, 1947 approved a policy decision covering the functions of Allied Trade Representatives in Japan (Appendix 32). This decision, which detailed the functions already accepted by the Commission informally, was specifically designated as an interim policy, subject to review in the light of experience.

Food Supply for Japan

In view of the extensive food shortage and desperate conditions prevailing in most of the territories devastated by the Japanese the Commission adopted a policy on April 25, 1946 providing that, "except to the extent that the Supreme Commander for the Allied Powers, with the advice of the Allied Council for Japan, determines that imports are essential immediately for the safety of the occupation forces, no imports shall be permitted which will have the effect of giving to the Japanese a priority or preferential treatment over the requirements of the peoples of any Allied Power or liberated area." (Appendix 33).

Included in the policy was a request to the United States Government to review immediately the food import program for Japan in consultation with the various international food allocating authorities.

In stating his concurrence in the policy the United States delegate stated for the record that the principles adopted by the Commission were in full accord with those upon which the United States had, in the past, acted in supplying food to Japan.

This decision of the Far Eastern Commission was duly communicated to the United States Government. The United States Government, as the government immediately responsible



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for applying policy to the allotment of food to meet requisitions from the Supreme Commander in Japan, accepted this decision as a guide to it in determining amounts of food to be supplied Japan and at the same time communicated a copy to the Supreme Commander, not as a directive but for his information as to the policy which would govern the United States as well as the other governments participating in the Far Eastern Commission in the allotment of food supplies.

Short Period Economic Controls

In further recognition of world-wide economic shortages, the Commission on February 27, 1947 approved a policy decision requiring the Japanese to help as far as possible in supplying goods needed in areas which had been deprived of them because of Japanese aggression (Appendix 34). Production of goods required for export by Japan was to be increased, while consumption by Japan of textiles and necessary consumer goods was to be curtailed. In the case of textiles, consumption in Japan was, with certain exceptions, not to exceed 2½ pounds per person annually. Because of the emergency nature of the policy, provision was made for its termination automatically on December 31, 1947, unless extended by the Commission.

E. STRENGTHENING OF DEMOCRATIC TENDENCIES

The Potsdam Declaration provided for "strengthening of democratic tendencies" in Japan and much of the Commission's work has been directed to this end, especially in constitutional reform.

Trade Unions

In addition, two formal policy decisions in the field of political and social reform have been adopted. The first, entitled "Principles for Japanese Trade Unions" was approved on December 6, 1946. (Appendix 35). In accordance with this policy, Japanese workers are to be encouraged to form themselves into trade unions. Discrimination against employees because of union membership is forbidden, and the passage of appropriate legislation to guarantee the right of workers to participate in trade union activity is required. Strikes or other work stoppages may be prohibited in accordance with the terms of this policy only where such stoppage would "directly prejudice the objectives or needs of the occupation." Also guaranteed was the right of trade unions to participate in political activities and to support political parties and encouragement was given to "organized participation by trade unions and their officials in the democratization process in Japan", with the qualification, however, that this should not hinder the principal responsibility of unions to organize for the protection of union members and union interests.

The policy also provided that "the Japanese should be free to choose the form of organization of their unions", with emphasis to be placed on the importance of a solid local basis for future trade union activity. The formation of trade unions was to be a process of democratic self-expression and initiative; trade union officials and standing committees were to be elected by the workers by secret ballot and democratic methods. Trade union organizations should be protected against spying activities by the police and other Government agencies. Undemocratic workers' organizations such as the "Patriotic Industrial Associations" should be dissolved, and no person subject to purge directives should be allowed to hold office in a trade union.



RESTRICTEDEducation

Revision of the Japanese educational system is the second specific subject in the general field of democratic tendencies on which the Commission has adopted a formal policy decision. On March 27, 1947 a policy was approved providing in detail standards and principles for the revision of the traditional Japanese educational system. (Appendix 36). One of these principles specified that "education should be looked upon as the pursuit of truth, as a preparation for life in a democratic nation, and as a training for the social and political responsibilities which freedom entails." The Commission's decision provided certain guiding objectives for education, among them "the dignity and worth of the individual", and an emphasis upon the "inter-dependent character of international life". Equal opportunity for both sexes was to be provided at all levels of education. Teachers with records as exponents of ultra-nationalistic and militaristic ideas were to be excluded from educational activity and provision was made for the issuance of new textbooks from which the objectionable doctrines of militarism, Emperor worship and State Shintoism would be expunged. The Commission policy also provided that the Japanese Government should exercise such control over the educational system as would insure the achievement of the objectives of the occupation, particularly the reforms called for by this policy decision; but subject to this provision and to the maintenance of standards prescribed by the Government, responsibility for the administration of educational establishments should in due time be decentralized. Provision was made in regard to the difficult problem of finance: "In order that educational standards in poor districts should not be lowered by the inability of some local bodies to provide sufficient finance from local revenue, finance for education should come for the most part from the national government, which should be responsible for the maintenance of an adequate level of education throughout Japan. Local and private bodies should be encouraged to supplement these funds provided by the national government."



RESTRICTEDII. WAR CRIMES

Shortly after the surrender of Japan a United States policy directive was sent to General MacArthur providing for the apprehension, trial, and punishment of war criminals both within Japan and in areas previously dominated by the Japanese. This directive accorded with a provision of the Potsdam Declaration specifying that "stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners." Because of the international nature of the problem of war criminals, the Far Eastern Commission decided that any policy dealing with them ought more appropriately to be an Allied rather than a unilateral United States policy. Using the United States directive as the basis of its consideration, the Commission formulated and approved a policy decision relative to war criminals. This was approved on April 3, 1946 (Appendix 37).

In the Commission's policy the term "war crimes" was defined to include: (a) planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements or participation in a conspiracy for the accomplishment of any of the foregoing; (b) violations of the laws or customs of war, including deportation as slave labor of civilian population, murder or ill-treatment of prisoners of war, improper treatment of hostages, and wanton destruction of cities; (c) murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population before or during the war or prosecution on political, racial, or religious grounds. Any of these offenses was declared punishable if committed since or in the period immediately preceding the Mukden Incident of September 18, 1931. The function of the Supreme Commander with respect to these trials was carefully defined, and procedures providing for the arrest and detaining of suspects and the gathering of information relating to the alleged crimes were detailed.

The Commission policy differed in several significant respects from the original United States directive. In the first place, the International Military Tribunal for the Far East already set up in Tokyo to try accused war criminals was enlarged to include a judge nominated by each nation represented on the Far Eastern Commission; this meant the addition to the tribunal of judges representing the Philippines and India. Also, judges were to be nominated for each international court by each state represented on the Far Eastern Commission and not by the Supreme Commander. And finally, the responsibility of the Supreme Commander to carry out the judgments of the tribunal, as well as his power to approve, reduce, or alter sentences imposed, was made subject to consultation on these points with the Allied Council for Japan and with representatives in Japan of other nations who were members of the Far Eastern Commission but were not represented on the Council.

Apart from these major war criminals whose indictments were based on offenses of an international scope, the policy decision also provided for the establishment of national military courts to deal with persons who were suspected of war crimes committed in or against the nation concerned and who were not held for trial by an international military tribunal. Such courts could be set up by the military command of any nation participating in the occupation of areas previously dominated by Japan. Where such suspected war criminals



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were known to be within the territorial limits of another military command, they might be extradited, subject to certain conditions, to the military court of the nation by which they were accused of war crimes.

Since approving this policy, the Commission has maintained keen interest in the trials in the Far East and is at present considering several aspects of punishment for convicted war criminals.

G. ALIENS IN JAPAN

In formulating a policy for the treatment of non-Japanese nationals in Japan, the Commission used another United States directive as the basis of its consideration. This policy was adopted on June 5, 1946 and was entitled "Aliens in Japan" (Appendix 38); it defined the status and determined the treatment to be accorded non-Japanese in Japan. Under the terms of the Commission's policy a distinction in status was made between the nationals of Members of the United Nations, neutral nationals, and Axis nationals other than Japanese, with special provisions set out for each category. In addition, special principles governing the treatment of Formosans and Koreans in Japan were prescribed, including their repatriation and the protection of their property. Prisoners of non-Japanese nationality detained solely on political, racial or religious grounds were ordered to be released.

Japanese Extraordinary Taxation

The Commission on July 18, 1946 approved a policy providing that "no Japanese taxation should discriminate against aliens" and that no capital levy should be made by the Japanese with respect to property inside or outside Japan owned by nationals of Members of the United Nations (Appendix 39).

Legal Jurisdiction Over Aliens

In order to anticipate and provide for the contingency that United Nations nationals resident in Japan might be made subject to the jurisdiction of Japanese courts during the period of the occupation, the Commission approved on August 15, 1946 a policy limiting the extent of Japanese legal authority in this regard (Appendix 40). By the terms of this policy the Supreme Commander for the Allied Powers should provide that no criminal jurisdiction should be exercised by Japanese courts with respect to nationals of Members of the United Nations, but that such criminal jurisdiction will be exercised by Allied military courts. Japanese courts should exercise no civil jurisdiction over nationals of Members of the United Nations attached to or accompanying the armed forces and decisions in civil cases affecting other nationals of Members of the United Nations should be reviewed by the Supreme Commander, who was given authority to revise these decisions or take any other action considered necessary in order to protect the interests of these nationals.

Destruction or Removal of United Nations Property in Japan

In order to protect as far as possible the property of nationals of Members of the United Nations from the effects of the reparations program, a policy was approved on April 24, 1947 providing that United Nations property which is subject to destruction should be destroyed irrespective of the nationality of its owner but that United Nations owners should



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be entitled to full compensation for the value of their interest at the time of destruction (Appendix 41). United Nations property which is subject to removal in accordance with Commission policies is not to be selected for removal so long as Japanese-owned industrial facilities within the same category are available. If such property has to be made available for reparations, its (owner's Government is to be given reasonable opportunity to remove it as part of its own share of reparations, and in addition the Japanese Government is to compensate the owner in yen.

H. MISCELLANEOUSJapanese Atomic Research

All Japanese research and activity in the field of atomic energy were forbidden by the Commission for the time being in a policy decision adopted on January 30, 1947 (Appendix 42), except that "the mining, processing and refining of radioactive materials in Japan for authorized purposes, such as radium for medical uses, should be permitted only in those instances specifically approved by the Supreme Commander for the Allied Powers and under his surveillance." At the same time the Commission took cognizance of discussion under way within the United Nations on the subject of atomic energy control by providing that in the field of atomic energy research, Japan should eventually be governed by "such decisions by the United Nations on international control of atomic energy as are applicable", and by "additional restrictive policies established for the disarmament and control of Japan".



RESTRICTEDLIST OF APPENDICES

1. Terms of Reference
2. Current Roster of FEC Personnel
3. Roster of Present and Former Representatives on  
FEC with Dates of Service
4. FEC-014/4 (to be amended)
5. FEC-021/2
6. FEC-021/3; FEC-021/5; FEC-021/6
7. Potsdam Declaration
8. FEC-031/1
9. FEC-031/7
10. FEC-031/19
11. FEC-087/9
12. FEC-031/41
13. FEC-099/3
14. FEC-059
15. FEC-059/4
16. FEC-059/6
17. FEC-059/14
18. FEC-059/1
19. FEC-059/21
20. FEC-059/29
21. FEC-059/30
22. FEC-059/3
23. FEC-091/7
24. FEC-094/3
25. FEC-219/7
26. FEC-011/12, FEC-011/18
27. FEC-011/29
28. FEC-106/1
29. FEC-089
30. FEC-060/12
31. FEC-032/22
33. FEC-026/2
34. FEC-079/5
35. FEC-045/5
36. FEC-092/2
37. FEC-007/3, -007/4
38. FEC-034/1
39. FEC-055/4
40. FEC-038/2
41. FEC-226/1
42. FEC-024/6



FEC-215/7RESTRICTEDFEC-215/710 June 1947FAR EASTERN COMMISSIONPROPOSED TEXT FOR PUBLIC REPORT ON COMMISSION ACTIVITIES  
(References: SC-215/6, 215 series)Note by the Secretary General

1. The Steering Committee at its sixty-sixth meeting, 10 June 1947, approved the forwarding of the Proposed Text for Public Report on Commission Activities, (SC-215/6), to the Far Eastern Commission for its consideration.
2. The Steering Committee recommends to the Far Eastern Commission that it authorize the Secretary General to publish the text of SC-215/6 as the Secretary General's report on Commission activities. By approving this motion of authorization to the Secretary General, Representatives on the Commission do not necessarily commit themselves to endorsement of all or any part of the Secretary General's report.
3. The Soviet and French members abstained from voting on the above recommendation.
4. It has been noted that the word "not" has inadvertently been added to the tenth line of page 11 of SC-215/6. It is requested that all members delete the word "not" from their copies of SC-215/6.

NELSON T. JOHNSON  
Secretary General

FEC-215/7



FEC-215/8RESTRICTEDFEC-215/819 June 1947FAR EASTERN COMMISSIONAMENDMENTS TO PROPOSED TEXT OF THE PUBLIC REPORT ON  
COMMISSION ACTIVITIES  
(References: 215 series)Note by the Secretary General

The enclosure, a list of changes in the Proposed Text for Public Report on Commission Activities (SC-215/6) made by the Secretary General after consultation with the Soviet Representative, together with a summary of the Commission's policy decision on Property of War Criminals (FEC-204/11) to be incorporated in the Public Report, is circulated herewith for the consideration of the Far Eastern Commission.

NELSON T. JOHNSON  
Secretary General

FEC-215/8



RESTRICTEDE N C L O S U R EAMENDMENTS TO PROPOSED TEXT OF THE PUBLIC REPORT ON  
COMMISSION ACTIVITIES

1. Page 8, second paragraph from bottom of page.

The opening of this paragraph should be amended to read:

Based on the Potsdam Declaration and expanding principles set forth in the United States Initial Post-Surrender Policy for Japan, this statement declared.....

2. Page 9, following paragraph at top of page.

The following paragraph should be inserted:

The Basic Policy also set forth in detail the standards for the disarmament and demilitarization of Japan. Finally, it established the general principles to be followed in the determination of percentage shares of reparations for claimant countries.

3. Page 10, last sentence of second paragraph from bottom of page.

This sentence should be amended to read:

The Commission declared that retention of the Emperor system in its "present constitutional form" was not considered desirable and that "the Japanese should be encouraged to abolish the Emperor Institution or to reform it along more democratic lines".

4. Page 17, at the end of the page, delete the period, insert a comma, and add the following words:

and in that connection is also considering the subject of the reduction of industrial war potential.

5. Page 20, paragraph to be inserted after second paragraph from top of page:

Another subject within the economic field to which consideration is still being given is the subject of agrarian reform, although as yet no policy decision has been reached. This subject is also being considered from its political aspect within the Committee on Strengthening of Democratic Tendencies.

6. Page 23, (A summary of the Commission's policy decision on Property of War Criminals.) paragraph to be inserted in place of second paragraph from top of page. Delete paragraph beginning:

Since approving this policy.....

and insert the following paragraph:



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The decision also required that "military commanders should take under their control, pending subsequent decisions as to its eventual disposition, property, real and personal, found in areas of their respective jurisdiction and owned or controlled by persons taken into custody....." The Supreme Commander in March 1947 requested instructions as to the disposition of impounded and blocked property, and therefore the Commission on June 12, 1947 adopted a policy (FEC-204/11) to be followed in the disposition of this property. The property of convicted war criminals was to be forfeited if so ordered by a tribunal, and in the absence of an order it was to be returned to the owner or his legal heirs unless subject to other occupation policy directives requiring impounding, forfeiture, or restitution. Property forfeited or fines levied were to be made available for occupation costs. Property of accused persons who were acquitted or who died before completion of trial was to be returned to them or to their legal heirs except where otherwise provided by occupation policy directives.

7. Page 24, Section "H" should be re-entitled "DISARMAMENT" and the following paragraphs inserted immediately after the title and before the paragraph on Japanese Atomic Research:

The sections of the Commission's Basic Policy for Japan relating to disarmament (See Appendix 4) stipulated that "Japan is not to have any army, navy, airforce, secret police organization, or any civil aviation, or gendarmerie, but may have adequate civilian police forces." All military equipment was to be surrendered and high military officials were to be taken into custody and held for future disposition. Active exponents of militarism and anti-democratic practices were to be excluded from public office and from teaching positions. The policy further provided that future production of military equipment was to be prohibited and that "Japan shall be restricted to the maintenance of those industries which will sustain the level of economy and standard of living fixed in accordance with principles determined by the Far Eastern Commission and consistent with the Potsdam Declaration."

A more detailed statement of these general principles is still under consideration by the Commission as a specific policy decision on the subject of disarmament and control of future Japanese military activity, but no final agreement has so far been reached.



FEC-215/9RESTRICTEDFEC-215/927 June 1947FAR EASTERN COMMISSIONTEXT OF PUBLIC REPORT ON  
COMMISSION ACTIVITIESNote by the Secretary General

1. The enclosure, a final revision of SC-215/6, incorporating amendments set forth in FEC-215/7 and FEC-215/8, together with certain stylistic changes made by the Secretary General, is circulated herewith for the consideration of the Far Eastern Commission as the text of a report on the activities of the Commission to be made public in the form of a report by the Secretary General in terms of the following paragraph.
2. At its sixty-first meeting on 12 June 1947, the Commission unanimously agreed that such report as the Secretary General might subsequently be authorized to publish as the Secretary General's report on Commission activities, should be published with the understanding that in approving the motion of authorization to the Secretary General, representatives on the Commission do not necessarily commit themselves to endorsement of all or any part of the Secretary General's report.
3. The title of the enclosure is the title under which it is proposed to issue the Secretary General's report, and members will note that it differs from the titles of the 215 series, including this cover page.
4. The summary of the Commission policy decision on Temporary Extension of the Far Eastern Commission policy on Temporary Retention of Electric Steel Furnaces (FEC-239/2), approved at the sixty-third Far Eastern Commission meeting on 26 June 1947, has been included in the second paragraph of page 7, although the text of that policy has not so far been approved for release to the press.
5. With reference to the inclusion of summaries of such decisions as the Commission may approve subsequent to its final authorization on the enclosure, it is recommended that such summaries be submitted separately to the Commission by the Secretary General and then, if practicable, be included in the text of the report prior to its actual publication.
6. In the event that the Commission authorizes the enclosure, it is the intention of the Secretary General to prepare his report in mimeographed form, including both the text shown herein and the documents indicated as appendices, and to release this document to delegations on the Commission and to the press at the earliest practicable time. Member Governments will then be free to make such arrangements as they desire for having the report further reproduced in their own countries. Tentative plans for a printed version to be reproduced by the Department of State have already been made by the Secretary General, and it is anticipated that a number of copies of this printed U. S. edition will also be available to member Governments shortly after the release of the mimeographed Commission edition.

NELSON T. JOHNSON  
Secretary General

FEC-215/9



REPORT BY THE SECRETARY GENERAL ON THE  
ACTIVITIES OF THE FAR EASTERN COMMISSION

(February 26, 1946 - )

PREFACE

From its beginning the control of Japan has been an Allied responsibility. It was to the Allied Powers that the Japanese surrendered on August 14, 1945. General MacArthur formally accepted that surrender on September 2, 1945 as Supreme Commander for the Allied Powers. Since February 26, 1946 the task of formulating Allied policies under which the Japanese were to fulfill the obligations imposed upon them by the Terms of Surrender has been carried out by the Far Eastern Commission, an inter-Allied body composed of representatives of eleven nations and meeting regularly in Washington.

Welcoming the members of the Far Eastern Commission at their first meeting, the United States Secretary of State, James F. Byrnes, outlined in broad terms the responsibility that had been entrusted to the Commission by the Moscow Agreement of Foreign Ministers. "Peace in the Pacific," he said "is an essential cornerstone to a stable world structure. The guidance of Japan to a position of peaceful association with other nations is therefore a task of major responsibility. That responsibility now belongs to you of the Far Eastern Commission .... The Terms of Reference agreed to last December in Moscow placed the final and ultimate responsibility for formulating the policies and principles upon which the peace and security of the Pacific may well be based, in your hands."

As the occupation forces under General MacArthur's command have carried on their work in Japan, the Far Eastern Commission in Washington has been engaged in formulating Allied policy. The following summary describing the structure of the Commission and giving an account of its activities has been prepared by the Secretary General of the Commission in the hope that it will acquaint the public at large with the work of an important international organization concerned with the formulation of principles for the control of Japan.

NELSON T. JOHNSON  
Secretary General

Washington, D. C.



## I. HISTORY AND BACKGROUND

### Japanese Surrender

The first official Japanese surrender offer, made in response to the Potsdam Declaration of July 26, 1945, (Appendix 1), came on August 10, 1945. Acceptance of this offer entailed the appointment of a Supreme Commander to receive the surrender on behalf of the Allied Powers, with the understanding that from the moment of surrender the authority of the Japanese Emperor and the Japanese State was to be subject to the Supreme Commander for the Allied Powers. On August 14, 1945 General Douglas MacArthur was designated Supreme Commander. On September 2, 1945, acting for the Republic of China, the United Kingdom, the Union of Soviet Socialist Republics, and the United States, and in the interests of the other United Nations at war with Japan, General MacArthur formally accepted the surrender of Japan on board the United States battleship Missouri. Representatives of the following nine nations also signed the instrument of surrender with General MacArthur: Australia, Canada, China, France, the Netherlands, New Zealand, the Union of Soviet Socialist Republics, the United Kingdom, and the United States.

Occupation forces which first went ashore under General MacArthur's leadership were in the main United States troops, and the policy directives under which the Supreme Commander began enforcing Japanese fulfillment of the surrender terms were issued to him by the United States Government. A statement of United States Initial Post-Surrender Policy for Japan was forwarded in substance to General MacArthur by radio on August 29, 1945 and following formal approval by the President, was dispatched by special messenger on September 6. Further directives covering specific policy matters not included in the basic statement were subsequently forwarded through the channels of the United States Government as the occasion required.

### Far Eastern Advisory Commission

Growing out of negotiations originally begun on August 21, 1945, a Far Eastern Advisory Commission was convened in Washington on October 30, 1945, for the purpose of making "recommendations" on the "formulation of policies, principles, and standards by which the fulfillment by Japan of its obligations under the instrument of surrender may be determined." The Commission met regularly over the next two months. It was composed of representatives of Australia, Canada, China, France, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States. The Soviet Union declined the proposal to take part in the Far Eastern Advisory Commission because of its purely advisory character. In December 1945 the Advisory Commission undertook a trip to Japan and returned to Washington in February 1946.

### Establishment of the Far Eastern Commission

At the Moscow Meeting of Foreign Ministers in December 1945 further negotiations between the United States, the Soviet Union, and the United Kingdom were conducted on the subject of greater Allied participation in the control of Japan during the occupation, and with the concurrence of China the three Foreign Ministers on December 27, 1945 issued a communique establishing Terms of Reference for a Far Eastern Commission to replace the Far Eastern Advisory Commission. (Appendix 2). The Moscow Agreement was made known one day after the Advisory Commission had left Washington on its trip to Japan. Accordingly upon this body's return to Washington the Far Eastern Commission came into being, consisting of representatives of those Powers



which had been members of the Advisory Commission, and a Soviet representative. Headquarters were established in the former Japanese Embassy in Washington, and the first meeting of the Far Eastern Commission was held there on February 26, 1946.

#### Terms of Reference

Under its Terms of Reference the Far Eastern Commission has two principal functions: first, to formulate "the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished"; and second, "to review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." In addition, the Commission is empowered "to consider such other matters as may be assigned to it by agreement among the participating Governments." Making recommendations with regard to either the conduct of military operations or territorial adjustments, however, is specifically excluded.

The Terms of Reference provide that the Commission should "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Policy decisions of the Commission are to be transmitted to the United States Government, and the United States Government is then made responsible for preparing directives in accordance with these decisions and transmitting the directives to the Supreme Commander for his guidance. As sole executive authority for the Allied Powers in Japan, the Supreme Commander is charged with the implementation of the directives prepared in accordance with Commission policy decisions.

The Commission may take action by a majority vote, provided the representatives of the United States, the United Kingdom, the Soviet Union and China all concur in the action taken.

The Terms of Reference stipulate, however, that the "United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

While the main seat of the Commission is in Washington, the Terms of Reference authorize it to meet in Tokyo or in any other place it may desire. The Commission is authorized to make such arrangements through the Chairman as may be practicable for "consultation" with the Supreme Commander.

No time limit is placed upon the functioning of the Commission by the Terms of Reference. The Commission "shall cease to function when a decision to that effect is taken" in accordance with the voting procedure described above. Prior to concluding its functions, however, the Commission is directed by the Terms of Reference to transfer such functions as may appropriately be transferred to "any interim or permanent security organization of which the participating governments are members."

#### Allied Council for Japan

The Moscow Agreement which established the Terms of Reference of the Far Eastern Commission also established Terms of Reference for an Allied Council for Japan, which was to have the function of "consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the occupation



and control of Japan, and of directives supplementary thereto." The seat of the Allied Council for Japan was to be in Tokyo. The Chairman of the Council would be either the Supreme Commander himself or his Deputy. In addition, the membership would include representatives of China, the Soviet Union; and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

Reference to the Allied Council is made in the Terms of Reference of the Far Eastern Commission as follows: "The Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan ..." The Terms of Reference of the Allied Council include the following provision with reference to the Far Eastern Commission: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."



II. ORGANIZATION OF THE COMMISSIONCommission

The Far Eastern Commission is composed of representatives of the eleven nations referred to in the Terms of Reference. Major General Frank R. McCoy, United States Army (Retired), the United States Representative, who serves with the personal rank of Ambassador, was unanimously elected Chairman of the Commission at its first meeting. In most cases the representatives of the other countries are the Chiefs of Mission of those countries in Washington. A list of representatives and their alternates follows in alphabetical order, and a complete roster of the personnel of each national delegation on the Commission will be found in the appendix (Appendix 3).

Australia	Ambassador Norman J. O. Makin Alternate: Major J. Plimsoll
Canada	Ambassador Hume Wrong Alternate: Mr. Ralph E. Collins
China	Ambassador V. K. Wellington Koo Alternate: Dr. Shao-hwa Tan
France	Ambassador Paul E. Naggiar, Special Ambassador of the Republic of France to the Far Eastern Commission Alternate: Mr. Francis Lacoste
India	Ambassador M. Asaf Ali Alternate: Mr. B. R. Sen
Netherlands	Ambassador A. Loudon Alternate: Dr. A. D. A. de Kat Angelino
New Zealand	Sir Carl Berendsen, New Zealand Minister to the United States Alternate: Mr. G. R. Powles
Philippines	Ambassador Carlos P. Romulo, Permanent Representative of the Republic of the Philippines to the United Nations and on the Far Eastern Commission Alternate: Mr. F. C. Rodriguez
Union of Soviet Socialist Republics	Ambassador Nikolai V. Novikov Alternate: Mr. S. K. Tsarapkin
United Kingdom	Sir George Sanson, His Britannic Majesty's Minister to the British Embassy in Washington Alternate: Mr. H. A. Graves
United States	Major General Frank R. McCoy, U. S. A. (Ret) Alternate: Major General John H. Hilldring, Assistant Secretary of State for Occupied Areas

A list of both present and former representatives on the Far Eastern Commission with their dates of service will be found in the Appendix (Appendix 4).



Steering Committee

A Steering Committee of the Commission has been established and is responsible for organizing Commission business and coordinating the functions of the various working committees described below. Recommendations from working committees regarding resolutions and policy proposals are normally considered by the Steering Committee before being forwarded to the Commission. Areas of disagreement between members are canvassed, and wherever possible are resolved before proposals are forwarded to the Commission itself for consideration. The Chairman of the Steering Committee is Sir Carl Berendsen (New Zealand) and the Deputy Chairman is Dr. A. Loudon (The Netherlands).

A list of members of the Steering Committee follows:  
(See also Appendix 2).

Australia	Major J. Plimsoll
Canada	Mr. Ralph E. Collins
China	Dr. Shao-hwa Tan
France	Mr. Francis Lacoste
India	Mr. B. R. Sen
Netherlands	Ambassador A. Loudon
New Zealand	Sir Carl Berendsen
Philippines	Mr. F. C. Rodriguez
Union of Soviet Socialist Republics	Rear Admiral S. S. Ramishvili
United Kingdom	Mr. H. A. Graves
United States	Dr. George H. Blakeslee

Committees

The Commission has also established seven working committees to consider and make appropriate recommendations on various aspects of Commission business. Each of the working committees is composed of delegates from all of the eleven nations constituting the Commission.

Officers and the principal fields of business of the working committees are listed as follows:

Committee No. 1: Reparations

Chairman:	Major J. Plimsoll (Australia)
Deputy Chairman:	Dr. G. A. Ph. Weyer (Netherlands)
Subjects for consideration.	Japanese reparations; restitution of looted property

Committee No. 2: Economic and Financial Affairs

Chairman:	Mr. F. C. Everson (United Kingdom)
Deputy Chairman:	Mr. Roswell H. Whitman (United States)



Subjects for  
consideration:

Extent and character of Japanese industry, commerce and agriculture necessary for a viable economy in Japan; measures necessary to establish such an economy, such as regulation of Japanese foreign commerce, control of agriculture, control of fishing and aquatic industries, control of transportation and communication, and control of industries; democratic agrarian reform; liquidation of monopolistic financial and industrial concerns ( Zaibatsu); complete elimination of Japanese war industry; reduction, control and reconversion to peacetime production of industry, commerce, shipping, shipbuilding and other industries which were used for war purposes during wartime; control of scientific and industrial research; stocks of strategic raw materials; relief problems, such as prevention of mass unemployment, public health, food, housing, and financial problems.

Committee No. 3: Constitutional and Legal Reform

Chairman:  
Deputy Chairman:

Mr. B. R. Sen (India)  
Mr. Ralph E. Collins (Canada)

Subjects for  
consideration:

The Emperor institution, Diet, Cabinet, Local Government, political parties; a Bill of Rights; Japanese Constitution and machinery for drafting a new constitution; judiciary; electoral system; reform of the police system.

Committee No. 4: Strengthening of Democratic Tendencies

Chairman:  
Deputy Chairman:

Mr. G. G. Dolbin (U. S. S. R.)  
Dr. T. T. Mar (China)

Subjects for  
consideration:

Positive policy for democratization of the Japanese; removal from the Government and governmental institutions, as well as from organs of local administration and self-government, of all militarist and totalitarian elements who actively supported the aggressive policy of Japan; dissolution of former military, semi-military, fascist, nationalistic and secret organizations; trade unions and peasants' organizations; supervision of elections in order to insure free expression of the people's will; activities of the Japanese Diet; educational system; public information, including press and radio and public entertainment, e.g., theatres and movies; political and social status of women; working of the Japanese constitution; State Shinto.



Committee No. 5: War Criminals

Chairman: Mr. Hsuan-tsui Liu (China)  
Deputy Chairman: Mr. C. Coronel (Philippines)

Subjects for consideration: Identification, apprehension and trial of persons suspected of war crimes; punishment of convicted war criminals.

Committee No. 6: Aliens in Japan

Chairman: Mr. Francis Lacoste (France)  
Deputy Chairman: Mr. F. C. Everson (United Kingdom)

Subjects for consideration: Status and property of persons other than Japanese nationals

Committee No. 7: Disarmament of Japan

Chairman: Mr. O. Reuchlin (Netherlands)  
Deputy Chairman: (Temporarily Vacant)

Subjects for consideration: Disarmament and dissolution of Japanese armed forces; disposition of Japanese armaments and military equipment; long-range control of armaments necessary for internal police security in Japan.

Each of these committees appoints ad hoc subcommittees as the occasion may require, and several committees have one or two standing subcommittees.

Secretariat

In its capacity as host to the Commission, the United States Government has furnished the headquarters for the Commission, has underwritten the Commission's budget, and has in the main provided the staff for the Commission's secretariat.

Nelson T. Johnson, former United States Ambassador to China and Minister to Australia is Secretary General of the Commission, and Samuel S. Stratton is his Deputy. The Commission agreed that any nation is free to nominate and pay the salary and expenses of members of the Secretary General's staff, and upon this basis Mr. Donald G. Badger of Australia was appointed by the Secretary General to the position of Economic Secretary. The remainder of the Secretariat are citizens and employees of the United States.

The Secretariat is charged with the performance of all of the technical and administrative duties which Commission and committee meetings involve, including preparation of committee agenda and minutes, procurement, analysis, and dissemination of informational material about Japan, receiving and distributing official communications from governments, handling official Commission policy decisions and consultations, advising Commission members on questions of procedure, and performing such other functions as may be specifically assigned.



### III. ACCOMPLISHMENTS

The United States initial Post-Surrender Policy statement issued by the United States Government to General MacArthur in September 1945 covered a wide variety of subjects, providing for democratic, constitutional, and economic reform, as well as for military disarmament. From time to time as the occupation progressed, this basic policy was supplemented and elaborated by further United States policy directives intended to meet particular situations arising in Japan. By the time the Far Eastern Commission began its operation, therefore, a considerable number of exclusively United States policies had already been transmitted to the Supreme Commander, and the occupation of Japan based upon these policies was already under way. Under the Terms of Reference of the Far Eastern Commission these policies were subject to review by the Commission, and the Commission was authorized to modify them if it so desired. On all subjects within its Terms of Reference the Commission was authorized to formulate such additional Allied policies as might be deemed necessary. When a policy was formulated and issued as a directive it superseded previous directives in conflict with it.

To date 41 policy decisions have been adopted by the Commission and a total of 12 formal consultations with the Supreme Commander on matters relating to policy have been approved.

#### A. BASIC POST-SURRENDER POLICY FOR JAPAN

Growing out of discussions begun by the Far Eastern Advisory Commission well over a year ago and under consideration since that time, a statement of Basic Post-Surrender Policy for Japan to cover the period of the occupation was approved by the Far Eastern Commission on 19 June 1947 (Appendix 5). Members of the Commission felt that a general formulation of the overall purposes and objectives of the Allied Powers in Japan would be useful, and continued with the drafting of such a policy statement at the same time that other policy decisions on specific issues were being considered and approved.

Based on the Potsdam Declaration and expanding principles set forth in the United States Initial Post-Surrender Policy for Japan, this statement declared the ultimate objectives of the Commission's work to be both to insure that Japan would not again become a menace to the peace and security of the world, and to bring about the earliest possible establishment of a democratic and peaceful government which would carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations.

The Commission's formulation of Basic Policy covered in broad outline all phases of the control of Japan. It defined the nature of Allied authority in regard to the military occupation and in relation to the Japanese Government. In the field of political reform militarists and ultra-nationalists were to be excluded from public office; war criminals were to be punished; and individual liberties and democratic processes were to be encouraged. Economically, the Basic Policy provided for economic demilitarization, for promotion of democratic forces in industry and agriculture, for resumption of peaceful economic activity, for eventual participation in world trade, and for equality of commercial opportunity in Japan among all United Nations and their nationals. The Basic Policy also set forth in detail standards for the disarmament and demilitarization of Japan. Finally, it established general principles to be followed in the determination of percentage shares of reparations for claimant countries.

When the text of the Basic Post-Surrender Policy for Japan was released to the press, the Secretary General issued the following statement:



"The Far Eastern Commission in adopting the Basic Post-Surrender Policy for Japan on 19 June 1947 gave Final approval to a set of fundamental principles which had been under continuing examination since the organization of the Commission.

"It is the understanding of the Commission that the peace conference for Japan will have full authority to discuss and to include in the treaty of peace whatever it desires, and that the Commission's Basic Post-Surrender Policy for Japan will be effective until such time as the treaty of peace comes into force!"

## B. JAPANESE CONSTITUTION

### Date of Japanese General Elections

One of the first items with which the Commission concerned itself was the general election for the first post-surrender House of Representatives in the Japanese Diet. This election had been scheduled by the Japanese Government, after several postponements, for April 10, 1946. Within the Commission the thought was expressed by some members that the election as scheduled was premature; candidates representing long-suppressed liberal forces of Japan would not have had enough time, it was felt, to organize themselves in such a way that the results of the election would adequately reflect the real extent of liberal political thought in Japan. Moreover, on March 6, 1946 the Japanese Cabinet had announced completion of a preliminary draft of a proposed revision of the Japanese Constitution. This announcement had an important bearing on the election for the House of Representatives because of the part the new Diet would be likely to play in adopting proposed constitutional revisions.

On March 20, 1946 the Commission accordingly approved a message of consultation with the Supreme Commander, communicating to him the doubts expressed by members as to the date of the general election and requesting the Supreme Commander's views on the advisability of postponing the election (Appendix 6). The Supreme Commander subsequently replied that it was "probable that the new Diet will be the most truly responsive body to the will of the people that has ever served Japan and will provide the basis for a much more representative cabinet." Under these circumstances, he went on, any postponement of the election "would have a profound adverse reaction upon the purposes and success of the occupation." He added that, in any case, if "the results of the election prove disadvantageous to the purposes of the occupation, the remedy is always in my power to require the dissolution of the Diet and the holding of a new election under such provisions as are deemed necessary." (Appendix 7). After considering the Supreme Commander's reply, the Commission voted on a proposal to require postponement of the election; a majority agreed that no action was necessary.

### Draft Japanese Constitution

Revision of the Japanese Constitution was of major concern to the Allied Powers. Although the Meiji Constitution of 1889, which was still in effect, possessed a deceptively liberal appearance, it was actually a highly undemocratic document and had contributed greatly to perpetuating the basic feudal structure of Japanese life. During the period of military aggression the Meiji Constitution had served as a tool by which militaristic and ultra-nationalistic elements were able to obtain political power and exercise it without restraint in behalf of their designs for conquest.



The appearance on March 6, 1946, therefore, of a draft revision of the Meiji Constitution, which was sponsored by the Japanese Government and released with the personal endorsement of General MacArthur, focused the Commission's attention urgently upon the question of constitutional reform. Essentially the Commission's responsibility amounted to insuring that any new constitution adopted should not be inconsistent with the principles of the Potsdam Declaration and, as prescribed by the Potsdam Declaration, should be a free expression of the will of the Japanese people.

In order to prevent hasty consideration by the Diet of the Government-sponsored draft, give the Japanese people themselves, as they approached the general election for the House of Representatives, a clear indication of their own prerogatives in the matter of constitutional reform, and enunciate at the very beginning the Commission's own authority in the matter of constitutional reform, the Commission on March 10, 1946 approved a policy decision entitled "Draft Japanese Constitution" (Appendix 8). In this policy it was stated that "the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the Powers represented on this Commission." The policy accordingly provided that the Supreme Commander should make known to the Japanese people that the submission of a draft constitution by the Government did not preclude favorable consideration of other proposals or drafts which might subsequently be submitted to the Diet. Furthermore, the policy provided, the Supreme Commander should also make known to the Japanese the fact "that the Far Eastern Commission must be given an opportunity to pass upon the final draft of the constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid."

#### Criteria for Adopting a New Constitution

For the purpose of determining whether any constitutional revision actually did represent the free will of the Japanese people, the manner in which such a constitutional revision was adopted would be of very great importance. Before turning their attention, therefore, to the task of drawing up a set of principles by means of which it would be possible to determine whether or not a new constitution conformed with the requirements of the Potsdam Declaration, the Commission first proceeded to establish criteria governing the method of adopting a new Japanese constitution. This policy, which was approved on May 17, 1946, provided that the new constitution should have "complete legal continuity" from the Meiji Constitution of 1889, and that "adequate time and opportunity should be allowed for the full discussion and consideration of the terms of the new constitution" (Appendix 9). The manner in which the new constitution was adopted, the policy declared should "demonstrate that it affirmatively expresses the free will of the Japanese people."

#### Basic Principles for a New Constitution

A Commission policy decision setting forth principles for use as a basis in determining whether or not a new constitution conformed with the Potsdam Declaration was approved on July 2, 1946 (Appendix 10). Among the requirements set forth in this decision was the principle that the sovereign power should reside not, as in the past, in the Emperor, but people. The Commission declared that retention of the Emperor system in its "present constitutional form" was not considered desirable and that "the Japanese should be encouraged to



abolish the Emperor Institution or to reform it along more democratic lines".

Under the terms of the Commission's decision, an acceptable constitution should provide for a representative government based upon universal adult suffrage, with an executive deriving its authority from and responsible to either the electorate or a fully representative legislative body. The constitution should accord the legislature full legislative powers, including complete control over the raising and spending of public funds. An independent judiciary should be established. The Prime Minister and the Ministers of State - all of whom should be civilians and of whom a majority including the Prime Minister should be selected from the Diet - should form a Cabinet collectively responsible to the legislature. If the chief executive were to be directly elected to that office by the people, then the provision that a majority of the Cabinet should be chosen from the legislature need not apply. It was further provided that all property of the Imperial Household should be declared property of the State. Retention of the Privy Council and the House of Peers "in their present form and with their present powers" was declared to be undesirable. Provisions guaranteeing fundamental civil rights and local self-government were also included in the Commission's decision.

After deciding on this policy, the Commission continued to consider carefully the progress of the Government-sponsored draft constitution within the Japanese Diet, and was in frequent consultation with the Supreme Commander during this period.

#### Further Policies Relating to a New Japanese Constitution

On September 25, 1946 the Commission approved a policy decision setting forth additional principles and policies governing a new Japanese constitution (Appendix 11). These included an affirmation of the Commission's previous decision taken in the policy on Basic Principles to the effect that all Cabinet Ministers should be civilians, together with a further decision that the House of Councillors, the proposed new upper house of the Diet, "should not have any predominance" over the house of Representatives. In this connection the Commission declared that it considered "essential its continuing right to scrutinize the implementing legislation very carefully to insure that such predominance is not established."

In accordance with this decision, the Commission has received to date from the Supreme Commander thirty-five laws implementing the new Japanese Constitution which had been officially promulgated on November 3, 1946. The Commission has consulted with the Supreme Commander several times in connection with some of these laws, and reserves the right to review them.

#### Review of the New Constitution

When it became clear that the Japanese Government intended to adopt the new constitution by means of approval by the Diet, some doubt was expressed within the Commission as to whether this particular method would in fact represent a free expression of the will of the Japanese people within the meaning of the Potsdam Declaration and the Commission's own policy on Criteria for the Adoption of a New Japanese Constitution (See Appendix 9). In the first place, there was still some dissatisfaction on the part of Commission members as to the composition of the then existing Diet, based upon arguments already suggested in the Commission's consultation concerning the advisability of postponing the date of the general election for the House of Representatives (See Appendix 6). In addition there was a feeling among certain members that the Government-sponsored



revision had not been before the Japanese people sufficiently in advance of the April elections so as to become a real election issue, and so that the Diet then elected could be said to have a clear mandate from the Japanese people to approve the Government-sponsored constitution. Another opportunity to express themselves on this new constitution should be given to the Japanese people, it was felt, in order to make doubly sure that the new constitution actually did represent the freely expressed will of the Japanese people.

These considerations, coupled with an equally strong desire to give the Japanese people and the Allied Powers a chance to examine the new constitution in actual operation, led the Commission on October 17, 1946 to approve a policy decision calling for subsequent review of the new constitution (Appendix 12). Not sooner than one year after the new constitution went into effect on May 3, 1947 and not later than two years, the policy provided, "the situation with respect to the new constitution should be reviewed by the Diet", and "without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period." Also included was a provision that the Commission, "in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution." Meanwhile, the provision for review should not alter the status of the new constitution, once it had gone into effect, as the "legal successor of the present constitution."

#### Issuance of the Review Policy Decision

At the request of the United States representative, the Commission approved this policy decision on constitutional review with the understanding that the "time and manner of issuance" of the decision would be a subject for further consideration by the Commission. On December 12, 1946 the Commission approved a decision directing that the terms of the policy decision on Review of a New Japanese Constitution "should be formally communicated to the Government of Japan" (Appendix 13), and on March 20, 1947 the policy decision on constitutional review was released to the press.

### C. REPARATIONS

#### Interim Reparations Removals

The Potsdam Declaration provided that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war." It has been the task of the Far Eastern Commission to determine; (1) exactly what "just reparations in kind" should be, (2) how much of the Japanese industrial machine could be included in reparations without undermining the essential Japanese peacetime economy, and (3) how reparations thus made available were to be apportioned among the various claimant countries.

As a first step toward an over-all reparations settlement, the Commission at an early stage adopted a series of policy decisions which together comprised a program of so-called "interim reparations removals." It was felt that a final reparations settlement might require a considerable period of time, but that relatively swift agreement could be reached on the designation for reparations of industrial facilities which were obviously in excess of Japan's peacetime needs and which were in those industries most directly part of Japanese war potential. The Commission has still to determine whether further capacity is to be removed as reparations from these or other industries.



Adoption of the interim program was intended to allow the Supreme Commander to designate immediately certain plants which would be removed as reparations, and to prepare the Japanese for some of the readjustments in their peacetime economy that would eventually be required before their reparations obligations were completely fulfilled.

The program of "interim removals" adopted by the Commission was confined to industrial facilities which were considered basic to Japan's war economy. This program, however, did not authorize any actual removals from Japan, in spite of its name, but merely authorized the designation by the Supreme Commander of appropriate industrial facilities within Japan to be made "available for claim" as reparations. No actual transfer of the facilities thus designated could be undertaken until some determination had been made of the various percentages of available assets which claimant countries were to receive, and of the procedure by which such percentage shares were to be fulfilled with specific Japanese facilities.

The pertinent Commission policy decisions establishing the interim removal program follow.

1. Arsenals, Aircraft, and Light Metals

On May 13, 1946 the Commission adopted a policy to the effect that, with certain exceptions, facilities in Army and Navy arsenals, all aircraft plants and establishments, and all light metals plants and establishments should be made available for reparations claim (Appendix 14).

2. Machine Tools, Sulphuric Acid, and Shipbuilding

On May 23, 1946 the Commission approved a policy decision providing for interim removals in the machine tool, sulphuric acid, and shipbuilding industries (Appendix 15). Under this policy all installations of the Japanese machine tool industry, except that portion required for the production of a "balanced type-size aggregate" of 27,000 units annually were to be made immediately available for reparations claim. Subject to certain specified limitations, all Japanese capacity for the production of sulphuric acid in excess of 3.5 million metric tons annually was likewise to be made immediately available for reparations claim. All naval shipbuilding facilities, and those remaining shipbuilding facilities in excess of that required to build 150,000 gross tons annually and to service a merchant fleet of 3,000,000 gross tons, were to be made available for claim, subject to certain specified limitations.

3. Ball and Roller Bearings

On May 29, 1946 the Commission approved a policy making available for reparations claim all ball and roller bearing capacity in Japan in excess of 32.5 million yen per year, computed on a basis of 1943-1944 average prices (Appendix 16).

4. Iron and Steel, Thermal Electric Power, and Soda Ash, Chlorine and Caustic Soda

On June 12, 1946 a policy was approved providing for interim removals in the iron and steel, thermal electric power, and soda ash, chlorine, and caustic soda industries (Appendix 17). With certain specified limitations, these policies, when carried out, would leave Japan with facilities for an annual production of 3.5 million metric tons of steel ingot, 2.0 million tons of pig iron, 2.1 million thermal-electrically generated kilowatts of power, 75,000 metric tons of chlorine, 82,500 metric tons of caustic soda in electrolytic plants, and 630,000 metric tons of soda ash.

5. Privately-Owned Munitions

On June 20, 1946 the Commission approved a policy that all privately-owned munitions plants, with certain exceptions, should be made available for reparations claim (Appendix 18).

6. Synthetic Oil and Synthetic Rubber

On September 12, 1946 the Commission approved a policy to the effect that all facilities in the synthetic oil and synthetic



rubber industries should be made available for claim, subject to the condition that synthetic oil plants designated for actual or potential conversion to the manufacture of sulphate of ammonia and fertilizers should be retained in operation until the supply of nitrogen from other sources became adequate (Appendix 19).

#### 7. Steel Rolling Industry

On December 6, 1946 a policy was approved making available for reparations claim all steel rolling capacity in excess of that required to produce a "balanced annual output" of 2,775,000 metric tons of rolled steel products (Appendix 20). This policy decision was accompanied by another approved on the same date (Appendix 21) authorizing the Supreme Commander to retain in Japan until June 30, 1947 certain electric steel furnace capacity together with the rolling mills integrated with it. The Supreme Commander had indicated to the Commission that these furnaces were temporarily required because of a current coal shortage. If at any time before June 30, 1947 the Supreme Commander should consider that in order to meet the needs of the occupation an extension of this retention policy was necessary, the Far Eastern Commission declared that it would review the situation. On 26 June 1947 the Commission extended this retention policy temporarily for a period of one month until 31 July 1947, (Appendix 22) while considering a request from the Supreme Commander, in view of the continuing coal shortage in Japan, for an extension of the provisions of the policy for an additional full year.

#### Reparations in Relation to Dissolution of the "Zaibatsu"

A policy relating to the selection of specific plants within these industries covered under the terms of the interim removal program was adopted by the Commission on May 13, 1946 (Appendix 23) preliminary to a broader statement on selection of plants for reparations set forth immediately below. This policy required that the general objective of dissolving the so-called "Zaibatsu" industrial and financial monopoly should be one of the criteria employed in the selection of specific plants.

#### Selection of Plants for Reparations Removals, Destruction or Retention in Japan

The Commission on May 22, 1947 approved a policy decision establishing in broader terms the criteria for selection of plants for reparations (Appendix 24). Security and industrial disarmament requirements were emphasized, so that facilities employed in primary and secondary war industries should be removed in preference to other facilities. A fair balance should be sought, the policy declared, between the general preferences of reparations claimants for modern, integrated, and efficient equipment, and the legitimate needs of the Japanese peacetime economy for similar equipment. Occupation policies of dissolving large industrial and banking corporations, already referred to above constituted another criterion. Consistent with the above standards, an order of preference in the selection of plants was indicated, so that the property of the "Zaibatsu" and other large industrial and financial concerns would be selected first, followed by plants and equipment owned by other Japanese, the Japanese Government and by Axis Nationals and Governments, and finally by plants and equipment owned by nationals and Governments of neutral countries. Under the terms of the Commission's decision, property of nationals of Members of the United Nations was to receive special treatment in accordance with another policy decision. (See Page 23 below, and Appendix 43).



### Delivery of Reparations Goods

Another step in the direction of a final settlement of reparations was taken by the Commission on February 13, 1947 when a policy was approved providing that "the Japanese Government should bear all costs connected with dismantling, packing, transporting to a port in Japan for waterborne craft or for airborne craft, handling and loading on board the craft at that port", of all reparations goods subsequently allocated for delivery to claimant countries. The total costs thus sustained by the Japanese were to be divided up and added to the reparations accounts of the various recipient countries in proportion to their national percentage shares of reparations goods from Japan, with the proviso, however, that the addition of these costs "should not affect the distribution of reparations received by claimant countries". In other words, the addition of these delivery costs was not to reduce the actual amount of goods delivered as reparations. Title to the reparations goods would pass to the recipient country when the goods were delivered on board at the designated port, the policy provided, and the responsibility of arranging for their further transportation from Japan would rest upon the recipient country (Appendix 25).

### Division of Reparations Shares

Progress has been made toward determining the various national percentage shares of reparations goods. The Commission on May 8, 1947 approved a policy entitled Division of Reparations Shares, comprising certain paragraphs extracted from the draft of the proposed statement of Basic Post-Surrender Policy for Japan (See Appendix 5) which set forth in broad terms the criteria to be used in determining shares for each country (Appendix 26). Under the terms of this policy, the shares of particular countries in the total settlement of reparations from Japan were to be determined on a "broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression". The policy further provided that reparations should be "in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living". The policy expressly provided, furthermore, that these references to reparations should be "without prejudice to the views of Governments on the overseas assets issue."

At the present time the Commission is proceeding with discussions looking toward final agreement as to specific shares, determined on the basis of this broad policy.

### Restitution of Looted Property

Closely related to reparations is the problem of recovering and returning to the original owners property which had been looted by the Japanese during the war and the identity and original ownership of which could be clearly established. On July 18, 1946 the Commission approved a policy requiring the restitution of specified categories of identifiable property looted from occupied countries and of ships found in Japanese waters which had been seized or sunk by the Japanese (Appendix 27). This policy established the principle that the fact that the Japanese had made payment "should be disregarded unless there is conclusive evidence that fraud or duress did not take place."



On October 10, 1946 this policy was amended, in response to a request from the Supreme Commander for clarification of the paragraph dealing with ships damaged or sunk, to provide that the deadline of December 31, 1946 should not apply in certain cases to the repairing and returning of damaged ships (Appendix 28).

The Commission is currently considering revisions of this policy which would liberalize the standards of identification and expand the categories of looted objects. Separate consideration is also being given to a policy for replacing cultural objects looted by the Japanese from occupied areas and subsequently lost or destroyed.

#### Restitution of Property Confiscated Within Japan

A further policy of the Commission, which sets forth on an interim basis certain principles to be used by the Supreme Commander in making restitution to nationals of any of the United Nations of any identifiable property which had been located in Japan prior "to the outbreak of hostilities between their government and the Government of Japan", and which was looted or confiscated by the Japanese, was adopted on March 6, 1947 (Appendix 29). As an interim measure this policy made provision only for natural persons present in Japan, or juridical persons "where the holders of a controlling interest are nationals of Members of the United Nations now resident in Japan", or charitable and religious institutions financed primarily by non-Japanese funds. It was stipulated, however, that the right to restitution did not constitute permission "to operate properties where the Supreme Commander for the Allied Powers considers the operations of such property injurious to the occupying forces or to the purposes of the occupation." On the other hand, the Supreme Commander was authorized to operate any properties which, "upon consultation with the Allied Council for Japan in accordance with the Terms of Reference of the Allied Council for Japan" he considered "to be beneficial to the occupying forces and/or the accomplishment of the purposes of the occupation" without awaiting the restitution of title or the transfer of possession of such properties, provided that "in such cases compensation for the use of the property should be paid for the account of the owner."

#### D. JAPANESE ECONOMIC PROBLEMS

Establishing policies which will make possible in Japan an economy capable of sustaining the various political reforms contemplated by the Potsdam Declaration but which would not enable Japan to rearm for war has constituted another major part of the Commission's work.

#### Determination of the Peaceful Needs of Japan

On this basis, therefore, it was obvious that the level fixed for Japan's post-war economic life should be one that would insure that Japan was industrially disarmed and at the same time would make it possible for her to maintain a viable economy. Before any determination could be taken on specific levels to be prescribed for individual industries, it was necessary first to reach some over-all decision establishing in general terms the basis on which a viable peacetime Japanese economy should be built. A policy decision covering this subject was approved by the Commission on January 23, 1947, establishing the principle that the "peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930-1934." (Appendix 29). In order to determine the extent of industrial capacity which would be required to permit this 1930-34 standard, the Commission selected the statistical year "1950" as an early normal post-war year - in terms of population growth, etc. - on the basis of which specific Japanese post-war peacetime needs could be projected.



In estimating the nature and size of the industrial structure within the 1930-34 level, account should be taken of such factors as technological developments, the balance of payments, and employment. The Commission's policy further provided that acceptance by the Commission of this level "should not be interpreted to mean acceptance in advance of a specific level for any particular industry."

The Commission is currently proceeding with a consideration of the next step in this task, namely, determining the exact levels to be fixed for specific industries, and in that connection is also considering the subject of the reduction of industrial war potential.

#### Inter-Allied Trade Board

World trade, particularly for a country like Japan which is deficient in natural resources, is an important factor in a healthy economic life. The Potsdam Declaration provided that the Japanese should eventually be permitted to participate in world trade, and the Commission has accordingly devoted its attention to the form that such trade should take. Because many of the problems involved are of a specialized or technical nature the establishment of a special body concerned with Japan's world trade was decided upon as a first step. On October 10, 1946, the Commission approved as a policy decision the Terms of Reference for an Inter-Allied Trade Board for Japan, to be composed of representatives of all of the nations which are members of the Far Eastern Commission (Appendix 31). Within a broad framework of policies on trade subsequently to be laid down by the Commission, the function of the Board was to be to consult with and advise the United States Government as to the disposition of exports from Japan and the procurement of imports required for Japan. Although the Board in general was to function independently, under the provisions of its Terms of Reference "all recommendations of the Board involving matters of policy shall be subject to the approval of the Far Eastern Commission."

The first meeting of the Board was held on October 24, 1946. Mr. Roswell H. Whitman, United States member, was elected Chairman. The Board accepted the offer of the Secretary General of the Far Eastern Commission to have the Commission Secretariat provide necessary services, and Mr. Donald G. Badger of Australia, Economic Secretary of the Commission, was designated by the Secretary General to serve as Secretary to the Trade Board.

To date the Board has been concerned primarily with the allocation of Japanese textile exports, the marketing of Japanese raw silk, and the problems of reopening Japan to private trade.

#### Sources of Japanese Imports and Destination of Japanese Exports

In furtherance of the trade program for Japan, the Far Eastern Commission on May 8, 1947 approved two policy decisions setting forth the criteria that should govern the conduct of Japanese world trade - the first entitled "Sources of Japanese Imports" (Appendix 32); and the second "Destination of Japanese Exports" (Appendix 33).

The primary objective of the Japanese import program, it was declared, should be to "minimize the cost and difficulty of procurement," with particular attention being paid to price, other terms of purchase, and assurance of meeting scheduled requirements. The needs of countries other than Japan should be duly considered where commodities in world short supply are involved. In the procurement of commodities in world surplus, the policy said, account should be taken of other relevant factors



such as "the policy said, interests of all Members of the United Nations, including any new trade situations" and "pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic interests of the countries concerned." The United States responsibility for the prevention of such disease or unrest as would endanger the occupation is also recognized.

The primary object of the export program, the Commission declared, should be to "maximize the proceeds", with consideration being given to "price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export". Commercial exports are to be made "only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports". The interests of all Members of the United Nations are to be considered, and "the Inter-Allied Trade Board may recommend individual treatment for different types of exports", just as it may do in the case of imports. The principles in accordance with which foreign exchange is to be considered usable, and by which prices should be fixed are also set forth in this policy decision.

#### Allied Trade Representatives

In providing for imports into and exports from Japan, General MacArthur had for some time been assisted by a group of trade specialists representing the various countries comprising the Far Eastern Commission, who worked with the Supreme Commander pursuant to arrangements informally worked out earlier in the Commission. These trade representatives advised the Supreme Commander's headquarters as to the needs and interests of their respective nations in connection with specific Japanese exports and imports, and assumed any other duties that arose in connection with delivering and paying for goods in question. Because of a desire within the Commission to formalize the duties of these representatives, the Commission on March 13, 1947 approved a policy decision covering the functions of Allied Trade Representatives in Japan (Appendix 34). This decision, which detailed the functions already informally accepted by the Commission, was specifically designated as an interim policy, subject to review in the light of experience.

#### Food Supply for Japan

In view of the extensive food shortage and desperate conditions prevailing in most of the territories devastated by the Japanese, the Commission on April 25, 1946 adopted a policy providing that, "except to the extent that the Supreme Commander for the Allied Powers, with the advice of the Allied Council for Japan, determines that imports are essential immediately for the safety of the occupation forces, no imports shall be permitted which will have the effect of giving to the Japanese a priority or preferential treatment over the requirements of the peoples of any Allied Power or liberated Area." (Appendix 35).

Included in this policy was a request to the United States Government to review immediately the food import program for Japan in consultation with the various international food allocating authorities.

In expressing his concurrence in the policy, the United States Representative stated for the record that the principles adopted by the Commission were in full accord with those upon which the United States had, in the past, acted in supplying food to Japan.

This decision of the Far Eastern Commission was duly communicated to the United States Government. The United States Government, as the Government immediately responsible



for applying policy to the allotment of food to meet requisitions from the Supreme Commander in Japan, accepted this decision as a guide to it in determining amounts of food to be supplied Japan, and at the same time communicated a copy to the Supreme Commander, not as a directive but for his information as to the policy which would govern the United States as well as the other Governments participating in the Far Eastern Commission in the allotment of food supplies.

#### Short Period Economic Controls

In further recognition of world-wide economic shortages, the Commission on February 27, 1947 approved a policy decision requiring the Japanese to help as far as possible in supplying goods needed in areas which had been deprived of them because of Japanese aggression (Appendix 36). Production of goods required for export by Japan was to be increased, while consumption by Japan of textiles and other necessary consumer goods was to be curtailed. In the case of textiles, consumption in Japan was, with certain exceptions, not to exceed 2 1/2 pounds per person annually. Because of the emergency nature of the policy, provision was made for its termination automatically on December 31, 1947, unless extended by the Commission.

Another subject within the economic field to which consideration is still being given is the subject of agrarian reform, although as yet no policy decision has been reached. This subject is being considered from both its economic and political aspects.

#### F. STRENGTHENING OF DEMOCRATIC TENDENCIES

The Potsdam Declaration provided for "strengthening of democratic tendencies" in Japan, and much of the Commission's work has been directed to this end, especially in constitutional reform.

#### Trade Unions

In addition, two formal policy decisions covering aspects of this subject in the field of political and social reform have been adopted. The first, entitled "Principles for Japanese Trade Unions" was approved on December 6, 1946. (Appendix 37). In accordance with this policy, Japanese workers are to be encouraged to form themselves into trade unions. Discrimination against employees because of union membership is forbidden, and the passage of appropriate legislation to guarantee the right of workers to participate in trade union activity is required. Strikes or other work stoppages may be prohibited in accordance with the terms of this policy only where such stoppage would "directly prejudice the objectives or needs of the occupation." Also guaranteed was the right of trade unions to participate in political activities and to support political parties, and encouragement was given to "organized participation by trade unions and their officials in the democratization process in Japan", with the qualification, however, that such participation should not hinder the principal responsibility of unions to organize for the protection of union members and union interests.

The Commission's trade union policy also provided that "the Japanese should be free to choose the form of organization of their unions" with emphasis being placed on the importance of a solid local basis for future trade union activity. The formation of trade unions was to be a process of democratic self-expression and initiative; trade union officials and standing committees were to be elected by the workers by secret ballot and democratic methods. Trade union organizations should be protected against spying activities by the police and other Government agencies. Undemocratic workers' organizations, such as the "Patriotic Industrial Associations" should be dissolved,



and no person subject to "purge" directives should be allowed to hold office in a trade union.

Revision of the Japanese educational system is the second specific subject within the general field of "democratic tendencies" on which the Commission has adopted a formal policy decision. On March 27, 1947 a policy was approved providing in detail standards and principles for the revision of the traditional Japanese educational system (Appendix 38). One of these principles specified that "education should be looked upon as the pursuit of truth, as a preparation for life in a democratic nation, and as a training for the social and political responsibilities which freedom entails." The Commission's decision provided certain guiding objectives for education, among them "the dignity and worth of the individual", and an emphasis upon the "inter-dependent character of international life". Equal opportunity for both sexes was to be provided at all levels of education. Teachers with records as exponents of ultra-nationalistic and militaristic ideas were to be excluded from educational activity, and provision was made for the issuance of new textbooks from which the objectionable doctrines of militarism, Emperor-worship and State Shintoism would be expunged. The Commission policy also provided that the Japanese Government should exercise such control over the educational system as would insure the achievement of the objectives of the occupation, particularly the reforms called for by this policy decision; but subject to this provision and to the maintenance of standards prescribed by the Government, responsibility for the administration of educational establishments should in due time be decentralized. Provision was made in regard to the difficult problem of finance: "In order that educational standards in poor districts should not be lowered by the inability of some local bodies to provide sufficient finance from local revenue, finance for education should come for the most part from the national government, which should be responsible for the maintenance of an adequate level of education throughout Japan. Local and private bodies should be encouraged to supplement those funds provided by the national government."

#### F. WAR CRIMES

Shortly after the surrender of Japan a United States policy directive was sent to General MacArthur providing for the apprehension, trial, and punishment of war criminals both within Japan and in areas previously dominated by the Japanese. This directive accorded with a provision of the Potsdam Declaration specifying that "stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners." Because of the international nature of the problem of war criminals, the Far Eastern Commission decided that any policy dealing with the subject ought more appropriately to be an Allied rather than a unilateral United States policy. Using the United States directives as the basis of its consideration, therefore the Commission formulated a policy decision relative to war criminals, which was approved on April 3, 1946 (Appendix 39).

In the Commission's policy the term "war crimes" was defined to include: (a) "planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements and assurances or participation in a common plan or conspiracy for the accomplishment of any of the foregoing;" (b) "violations of the laws or customs of war," including deportation as slave labor of civilian population, murder or ill-treatment of prisoners of war, improper treatment of hostages, and wanton destruction of cities; (c) "murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population before or during the war," or prosecution on political, racial, or religious grounds.



Any of these offenses was declared punishable if committed since or in the period immediately preceding the Mukden Incident of September 18, 1931. The function of the Supreme Commander with respect to these trials was carefully defined, and procedures providing for the arrest and detention of suspects and gathering of information relating to the alleged crimes were detailed.

The Commission policy differed in several significant respects from the original United States directive. In the first place, the International Military Tribunal for the Far East already set up in Tokyo to try accused war criminals was enlarged to include a judge nominated by each nation represented on the Far Eastern Commission; this meant the addition to the Tribunal of judges representing the Philippines and India. Also, judges were to be nominated for each international court by each state represented on the Far Eastern Commission, and not by the Supreme Commander. Finally, the responsibility of the Supreme Commander to carry out the judgments of the tribunal, as well as his power to approve, reduce, or alter sentences imposed, was made subject to consultation on these points with the Allied Council for Japan and with representatives in Japan of other nations who were members of the Far Eastern Commission but were not represented on the Council.

Apart from those major war criminals whose indictments were based on offenses of an international scope, the policy decision also provided for the establishment of national military courts to deal with persons who were suspected of war crimes committed in or against the nation concerned and who were not held for trial by an international military tribunal. Such courts could be set up by the military command of any nation participating in the occupation of areas previously dominated by Japan. Where such suspected war criminals were known to be within the territorial limits of another military command, they might be extradited, subject to certain conditions, to the military court of the nation by which they were accused of war crimes.

#### Property of War Criminals

The Commission's decision had also required that "military commanders should take under their control, pending subsequent decisions as to its eventual disposition, property, real and personal, found in areas of their respective jurisdiction and owned or controlled by persons taken into custody,...." The Supreme Commander in March 1947 requested instructions as to the disposition of impounded and blocked property, and therefore the Commission on June 12, 1947 adopted a policy (Appendix 40) to govern the disposition of such property. Property of convicted war criminals under the Commission's decision, was to be forfeited if so ordered by a tribunal, and in the absence of an order was to be returned to the owner or to his legal heirs, unless subject to other occupation policy directives requiring impounding, forfeiture, or restitution. Property forfeited or fines levied were to be made available for occupation costs. Property of accused persons who were acquitted or who died before completion of trial was to be returned to them or to their legal heirs, except where otherwise provided by occupation policy directives.

#### G. ALIENS IN JAPAN

In formulating policy for the treatment of non-Japanese nationals in Japan, the Commission used another United States directive as the basis of its consideration. The Commission's policy decision was adopted on June 5, 1946 and was entitled "Aliens in Japan" (Appendix 41). It defined the status and determined the treatment to be accorded non-Japanese in Japan. Under the terms of the Commission's policy a distinction in status was made between the nationals of Members of the United Nations,



neutral nationals, and Axis nationals other than Japanese, with special provisions for treatment being set out for each category. In addition, special principles governing the treatment of Formosans and Koreans in Japan were prescribed, including their repatriation and the protection of their property. Prisoners of non-Japanese nationality detained solely on political, racial or religious grounds were ordered released.

#### Japanese Taxation of Aliens

The Commission on July 18, 1946 approved a policy providing that "no Japanese taxation should discriminate against aliens" and that no capital levy should be made by the Japanese with respect to property inside or outside Japan owned by nationals of Members of the United Nations (Appendix 42).

#### Legal Jurisdiction Over Aliens

In order to anticipate and provide for the contingency that United Nations nationals resident in Japan might be made subject to the jurisdiction of Japanese courts during the period of the occupation, the Commission on August 15, 1946 approved a policy limiting the extent of Japanese legal authority in this regard (Appendix 43). By the terms of the Commission's policy "the Supreme Commander for the Allied Powers should provide that no criminal jurisdiction of any sort should be exercised by Japanese courts with respect to nationals of Members of the United Nations," but that such criminal jurisdiction will be exercised by Allied military courts. Japanese courts should exercise no civil jurisdiction over nationals of Members of the United Nations attached to or accompanying the armed forces, it was provided, and decisions in civil cases affecting other nationals of Members of the United Nations should be reviewed by the Supreme Commander, who was given authority to revise these decisions or to take any other action considered necessary in order to protect the interests of these nationals.

#### Destruction or Removal of United Nations Property in Japan

In order to protect as far as possible the property of nationals of Members of the United Nations from the effects of the reparations program, a policy was approved on April 24, 1947 providing that United Nations property which is subject to destruction pursuant to Commission policy decisions should be destroyed irrespective of the nationality of its owner, but that United Nations owners should be entitled to full compensation for the value of their interest at the time of destruction (Appendix 44). United Nations property which is subject to removal in accordance with Commission policies, however, was not to be selected for removal so long as Japanese-owned industrial facilities within the same category were available. If such property should nevertheless be made available for reparations, the Government of the owner was to be given reasonable opportunity to remove the property as part of its own share of reparations, and in addition the Japanese Government was to compensate the owner in yen.

#### H. DISARMAMENT

Those sections of the Commission's Basic Post-Surrender Policy for Japan relating to disarmament (See Appendix 5) stipulated that "Japan is not to have any army, navy, airforce, secret police organization, or any civil aviation, or gendarmerie, but may have adequate civilian police forces." All military equipment was to be surrendered and high military officials were to be taken into custody and held for future disposition. Active exponents of militarism and anti-democratic practices were to be excluded from public office and from teaching positions. The policy further provided that future production of military equipment was to be prohibited and that



"Japan shall be restricted to the maintenance of those industries which will sustain the level of economy and standard of living fixed in accordance with principles determined by the Far Eastern Commission and consistent with the Potsdam Declaration."

A more detailed statement of these general principles is still under consideration by the Commission as a specific policy decision on the subject of disarmament and the control of future Japanese military activity; but no final agreement has so far been reached.

#### Japanese Atomic Research

All Japanese research and activity in the field of atomic energy were forbidden by the Commission "for the time being" in a policy decision adopted on January 30, 1947 (Appendix 45), except that "the mining, processing and refining of radioactive materials in Japan for authorized purposes, such as radium for medical uses, should be permitted only those instances specifically approved by the Supreme Commander for the Allied Powers and under his surveillance." At the same time the Commission took cognizance of discussions under way within the United Nations on the subject of atomic energy control by providing that in the field of atomic energy research, Japan should eventually be governed by "such decisions by the United Nations on international control of atomic energy as are applicable," and by "additional restrictive policies established for the disarmament and control of Japan."



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FEC-215/10RESTRICTEDFEC-215/102 July 1947FAR EASTERN COMMISSIONTEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES:  
ERRATA IN FEC-215/9Note by the Secretary General

1. The enclosure, errata in the text of FEC-215/9, is circulated herewith for the information of the Far Eastern Commission. Members are requested to make the changes indicated in their copies of FEC-215/9.

2. The final wording of the Commission rosters to be included in FEC-215/9 will be based upon replies of delegations to a recent communication from the Secretary General on the current composition of each delegation.

3. If the Commission approves, a roster of Inter-Allied Trade Board personnel will be included either in the text or the Appendices at the appropriate place (see page 17 of FEC-215/9).

NELSON T. JOHNSON  
Secretary General

FEC-215/10



RESTRICTEDE N C L O S U R ETEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIES:  
ERRATA IN FEC-215/9

## 1. Cover page:

- a. para. 2: delete and insert the following:

"The Steering Committee recommends to the Far Eastern Commission that it authorize the Secretary General to publish the text of the report (FEC-215/9) as the Secretary General's report on Commission activities. By approving this motion of authorization to the Secretary General, representatives do not necessarily commit themselves to endorsement of all or any part of the Secretary General's report."

- b. para. 4, line 6: delete "page 7" and insert "page 14"

insert following sentence at end of para:

"The proposed press release to accompany the text of the Basic Post-Surrender Policy for Japan, set forth on pages 8 and 9 of the enclosure, has also been included subject to its approval by the Commission."

## 2. Page 1:

- a. line 2: delete comma after "1945"  
b. line 7: for "was" read "were"  
c. para. 2, line 6: delete apostrophe after "forwarded"

## 3. Page 2:

- a. para. 3, line 5: delete "to be" after "are"

## 4. Page 4:

- a. para. 1, line 11: for "appendix" read "Appendix"

## 5. Page 6:

- a. line 2 of "Subjects for consideration" for Committee No. 3: for "Local Government" read "local government"  
b. 6th line from bottom in "Subjects for consideration" for Committee No. 4: for "pres" read "press"



RESTRICTED

## 6. Page 7, under "Secretariat":

- a. para. 2, line 4: before "agreed" insert "has"
- b. para. 3, line 5: after "Japan", for comma substitute semicolon  
line 6: after "governments", for comma substitute semicolon  
line 7: after "consultations", for comma substitute semicolon  
line 8: after "procedure", for comma substitute semicolon

## 7. Page 8:

- a. para. 1, line 1: for "initial" read "Initial"; for "statement" read "Statement"
- b. para. 3, line 2: after "ago" insert comma

## 8. Page 9:

- a. para. 3, 7th line from bottom: for "throught" read "thought"
- b. para. 4, 6th line from bottom: for "dissolustion" read "dissolution"

## 9. Page 10:

- a. para. 3, line 5: for "attantion" read "attention"  
3rd line from bottom: after "declared" insert comma
- b. para. 4, 4th line from bottom: after "but" insert "in the"

## 10. Page 11:

- a. para. 2, line 10: after "majority" insert comma  
line 11: after "Minister" insert comma
- b. para. 4, line 4: after "decision" insert comma  
line 5: after "Principles" insert comma
- c. para. 5, line 3: after "Constitution" insert comma; delete "which" and insert "after it"
- d. para. 6, line 5: for "menaing" read "meaning"

## 11. Page 12:

- a. para. 3, 2nd line from bottom: before "policy decision" insert "text of the"



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## 12. Page 14:

- a. para. 2, 4th line from bottom: for "31 July 1947" read "July 31, 1947"
- b. para. 3, line 2: for "these" read "those"  
line 4: for "a" read "the"
- c. para. 4, line 12: after "above" insert comma  
line 16: substitute semicolon for comma after "first"  
line 18: substitute semicolon for comma after "Governments"  
last line: for "page 23" read "page 22"; for "Appendix 43" read "Appendix 44"

## 13. Page 15:

- a. line 2: after "1947" insert comma
- b. for "approwed" read "approved"
- c. para. 2, line 4: delete "the" and insert "a preliminary"  
line 5: delete "proposed statement of"

## 14. Page 16:

- a. para. 5: delete first sentence and insert the following:  
"In practical terms, the achievement of this objective entails the fixing of specific production levels for various Japanese industries."  
b. para. 5, line 5: delete "specific"  
line 6: after "industries" insert "however,"

## 15. Page 17:

- a. line 3: for "developments" read "development"
- b. para. 6, line 4: for "sources" read "Sources"

## 16. Page 18:

- a. line 1: delete "policy said,"
- b. para. 2, line 3: for "pruchasing" read "purchasing"
- c. para. 3, 3rd line from bottom: delete comma after "the"
- d. para. 4, line 1: delete "In view" and insert "Because"  
last line: for "Area" read "area"

## 17. Page 19:

- a. para. 5, line 4: after "Trade Unions" insert comma
- b. para. 6, last line: after "Associations" insert comma



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## 18. Page 20:

- a. para. 3, 3rd line from bottom: after "therefore" insert comma
- b. para. 4, line 3: after "aggression", for "of" read "or"  
line 7: for "population" read "populations"

## 19. Page 21:

- a. para. 2, line 3: after "Far East" insert comma  
line 4: after "criminals" insert comma
- b. para. 4, line 10: after "criminals" insert comma

## 20. Page 22:

- a. para. 3, line 11: for "will" read "should"
- b. para. 4, 6th line from bottom: for "cateogry" read "category"

## 21. Page 23:

- a. para. 3, line 6: after "only" insert "in"

## 22. Page 24:

- a. No. 24: delete "The" before "Selection"
- No. 32: delete "The" before "Sources"
- No. 33: delete "The" before "Destination"



FEC-215/11FEC-RESTRICTEDFEC-215/117 July 1947FAR EASTERN COMMISSIONTEXT OF PUBLIC REPORT ON COMMISSION ACTIVITIESNote by the Secretary General

1. The enclosure, a reprint of FEC-215/9, incorporating the errata set forth in FEC-215/10, is circulated herewith for the consideration of the Far Eastern Commission.
2. The Steering Committee recommends to the Far Eastern Commission that it authorize the Secretary General to publish the text of the report (FEC-215/11) as the Secretary General's report on Commission activities. By approving this motion of authorization to the Secretary General, representatives on the Commission do not necessarily commit themselves to endorsement of all or any part of the Secretary General's report.
3. The title of the enclosure is the title under which it is proposed to issue the Secretary General's report, and members will note that it differs from the titles of the 215 series, including this cover page.
4. The summary of the Commission policy decision on Temporary Extension of the Far Eastern Commission policy on Temporary Retention of Electric Steel Furnaces (FEC-239/2), approved at the sixty-third Far Eastern Commission meeting on 26 June 1947, has been included in the second paragraph on page 14, although the text of that policy has not so far been approved for release to the press. The proposed press release to accompany the text of the Basic Post-Surrender Policy for Japan, set forth on pages 8 and 9 of the enclosure, has also been included subject to its approval by the Commission.
5. With reference to the inclusion of summaries of such decisions as the Commission may approve subsequent to its final authorization on the enclosure, it is recommended that such summaries be submitted separately to the Commission by the Secretary General and then, if practicable, be included in the text of the report prior to its actual publication.
6. In the event that the Commission authorizes the enclosure, it is the intention of the Secretary General to prepare his report in mimeographed form, including both the text shown herein and the documents indicated as appendices, and to release this document to delegations on the Commission and to the press at the earliest practicable time. Member Governments will then be free to make such arrangements as they desire for having the report further reproduced in their own countries. Tentative plans for a printed version to be reproduced by the Department of State have already been made by the Secretary General, and it is anticipated that a number of copies of this printed United States edition will also be available to member Governments shortly after the release of the mimeographed Commission edition.

NELSON T. JOHNSON  
Secretary General

FEC-215/11



REPORT BY THE SECRETARY GENERAL ON THE  
ACTIVITIES OF THE FAR EASTERN COMMISSION

(February 26, 1946 - )

PREFACE

From its beginning the control of Japan has been an Allied responsibility. It was to the Allied Powers that the Japanese surrendered on August 14, 1945. General MacArthur formally accepted that surrender on September 2, 1945 as Supreme Commander for the Allied Powers. Since February 26, 1946 the task of formulating Allied policies under which the Japanese were to fulfill the obligations imposed upon them by the Terms of Surrender has been carried out by the Far Eastern Commission, an inter-Allied body composed of representatives of eleven nations and meeting regularly in Washington.

Welcoming the members of the Far Eastern Commission at their first meeting, the United States Secretary of State, James F. Byrnes, outlined in broad terms the responsibility that had been entrusted to the Commission by the Moscow Agreement of Foreign Ministers. "Peace in the Pacific," he said "is an essential cornerstone to a stable world structure. The guidance of Japan to a position of peaceful association with other nations is therefore a task of major responsibility. That responsibility now belongs to you of the Far Eastern Commission .... The Terms of Reference agreed to last December in Moscow placed the final and ultimate responsibility for formulating the policies and principles upon which the peace and security of the Pacific may well be based, in your hands."

As the occupation forces under General MacArthur's command have carried on their work in Japan, the Far Eastern Commission in Washington has been engaged in formulating Allied policy. The following summary describing the structure of the Commission and giving an account of its activities has been prepared by the Secretary General of the Commission in the hope that it will acquaint the public at large with the work of an important international organization concerned with the formulation of principles for the control of Japan.

NELSON T. JOHNSON  
Secretary General

Washington, D. C.

\_\_\_\_\_, 1947



## I. HISTORY AND BACKGROUND

### Japanese Surrender

The first official Japanese surrender offer, made in response to the Potsdam Declaration of July 26, 1945 (Appendix 1), came on August 10, 1945. Acceptance of this offer entailed the appointment of a Supreme Commander to receive the surrender on behalf of the Allied Powers, with the understanding that from the moment of surrender the authority of the Japanese Emperor and the Japanese State were to be subject to the Supreme Commander for the Allied Powers. On August 14, 1945 General Douglas MacArthur was designated Supreme Commander. On September 2, 1945, acting for the Republic of China, the United Kingdom, the Union of Soviet Socialist Republics, and the United States, and in the interests of the other United Nations at war with Japan, General MacArthur formally accepted the surrender of Japan on board the United States battleship Missouri. Representatives of the following nine nations also signed the instrument of surrender with General MacArthur: Australia, Canada, China, France, the Netherlands, New Zealand, the Union of Soviet Socialist Republics, the United Kingdom, and the United States.

Occupation forces which first went ashore under General MacArthur's leadership were in the main United States troops, and the policy directives under which the Supreme Commander began enforcing Japanese fulfillment of the surrender terms were issued to him by the United States Government. A statement of United States Initial Post-Surrender Policy for Japan was forwarded in substance to General MacArthur by radio on August 29, 1945 and following formal approval by the President, was dispatched by special messenger on September 6. Further directives covering specific policy matters not included in the basic statement were subsequently forwarded through the channels of the United States Government as the occasion required.

### Far Eastern Advisory Commission

Growing out of negotiations originally begun on August 21, 1945, a Far Eastern Advisory Commission was convened in Washington on October 30, 1945, for the purpose of making "recommendations" on the "formulation of policies, principles, and standards by which the fulfillment by Japan of its obligations under the instrument of surrender may be determined." The Commission met regularly over the next two months. It was composed of representatives of Australia, Canada, China, France, the Netherlands, New Zealand, the Philippines, the United Kingdom, and the United States. The Soviet Union declined the proposal to take part in the Far Eastern Advisory Commission because of its purely advisory character. In December 1945 the Advisory Commission undertook a trip to Japan and returned to Washington in February 1946.

### Establishment of the Far Eastern Commission

At the Moscow Meeting of Foreign Ministers in December 1945 further negotiations between the United States, the Soviet Union, and the United Kingdom were conducted on the subject of greater Allied participation in the control of Japan during the occupation, and with the concurrence of China the three Foreign Ministers on December 27, 1945 issued a communique establishing Terms of Reference for a Far Eastern Commission to replace the Far Eastern Advisory Commission. (Appendix 2). The Moscow Agreement was made known one day after the Advisory Commission had left Washington on its trip to Japan. Accordingly upon this body's return to Washington the Far Eastern Commission came into being, consisting of representatives of those Powers



which had been members of the Advisory Commission, and a Soviet representative. Headquarters were established in the former Japanese Embassy in Washington, and the first meeting of the Far Eastern Commission was held there on February 26, 1946.

#### Terms of Reference

Under its Terms of Reference the Far Eastern Commission has two principal functions: first, to formulate "the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished"; and second, "to review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." In addition, the Commission is empowered "to consider such other matters as may be assigned to it by agreement among the participating Governments." Making recommendations with regard to either the conduct of military operations or territorial adjustments, however, is specifically excluded.

The Terms of Reference provide that the Commission should "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Policy decisions of the Commission are transmitted to the United States Government, and the United States Government is then made responsible for preparing directives in accordance with these decisions and transmitting the directives to the Supreme Commander for his guidance. As sole executive authority for the Allied Powers in Japan, the Supreme Commander is charged with the implementation of the directives prepared in accordance with Commission policy decisions.

The Commission may take action by a majority vote, provided the representatives of the United States, the United Kingdom, the Soviet Union and China all concur in the action taken.

The Terms of Reference stipulate, however, that the "United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission; provided that any directives dealing with fundamental changes in the Japanese constitutional structure or in the regime of control, or dealing with a change in the Japanese Government as a whole will be issued only following consultation and following the attainment of agreement in the Far Eastern Commission."

While the main seat of the Commission is in Washington, the Terms of Reference authorize it to meet in Tokyo or in any other place it may desire. The Commission is authorized to make such arrangements through the Chairman as may be practicable for "consultation" with the Supreme Commander.

No time limit is placed upon the functioning of the Commission by the Terms of Reference. The Commission "shall cease to function when a decision to that effect is taken" in accordance with the voting procedure described above. Prior to concluding its functions, however, the Commission is directed by the Terms of Reference to transfer such functions as may appropriately be transferred to "any interim or permanent security organization of which the participating governments are members."

#### Allied Council for Japan

The Moscow Agreement which established the Terms of Reference of the Far Eastern Commission also established Terms of Reference for an Allied Council for Japan, which was to have the function of "consulting with and advising the Supreme Commander in regard to the implementation of the Terms of Surrender, the occupation



and control of Japan, and of directives supplementary thereto." The seat of the Allied Council for Japan was to be in Tokyo. The Chairman of the Council would be either the Supreme Commander himself or his Deputy. In addition, the membership would include representatives of China, the Soviet Union; and a member representing jointly the United Kingdom, Australia, New Zealand, and India.

Reference to the Allied Council is made in the Terms of Reference of the Far Eastern Commission as follows: "The Commission in its activities will proceed from the fact that there has been formed an Allied Council for Japan ..." The Terms of Reference of the Allied Council include the following provision with reference to the Far Eastern Commission: "If, regarding the implementation of policy decisions of the Far Eastern Commission on questions concerning a change in the regime of control, fundamental changes in the Japanese constitutional structure, and a change in the Japanese Government as a whole, a member of the Council disagrees with the Supreme Commander (or his Deputy), the Supreme Commander will withhold the issuance of orders on these questions pending agreement thereon in the Far Eastern Commission."



## II. ORGANIZATION OF THE COMMISSION

### Commission

The Far Eastern Commission is composed of representatives of the eleven nations referred to in the Terms of Reference. Major General Frank R. McCoy, United States Army (Retired), the United States Representative, who serves with the personal rank of Ambassador, was unanimously elected Chairman of the Commission at its first meeting. In most cases the representatives of the other countries are the Chiefs of Mission of those countries in Washington. A list of representatives and their alternates follows in alphabetical order, and a complete roster of the personnel of each national delegation on the Commission will be found in the Appendix (Appendix 3).

Australia	Ambassador Norman J. O. Makin Alternate: Major J. Plimsoll
Canada	Ambassador Hume Wrong Alternate: Mr. Ralph E. Collins
China	Ambassador V. K. Wellington Koo Alternate: Dr. Shao-hwa Tan
France	Ambassador Paul E. Maggiar, Special Ambassador of the Republic of France to the Far Eastern Commission Alternate: Mr. Francis Lacoste
India	Ambassador M. Asaf Ali Alternate: Mr. B. R. Sen
Netherlands	<b>Mr. O. Reuchlin</b> Alternate: Dr. A. D. A. de Kat Angolino
New Zealand	Sir Carl Borendsen, New Zealand Minister to the United States Alternate: Mr. G. R. Powles
Philippines	Ambassador Carlos P. Romulo, Permanent Representative of the Republic of the Philippines to the United Nations and on the Far Eastern Commission Alternate: Mr. F. C. Rodriguez
Union of Soviet Socialist Republics	Ambassador Nikolai V. Novikov Alternate: Mr. S. K. Tsarapkin
United Kingdom	Sir George Sanson, His Britannic Majesty's Minister to the British Embassy in Washington Alternate: Mr. H. A. Graves
United States	Major General Frank R. McCoy, U. S. A. (Ret) Alternate: Major General John H. Hilldring, Assistant Secretary of State for Occupied Areas

A list of both present and former representatives on the Far Eastern Commission with their dates of service will be found in the Appendix (Appendix 4).