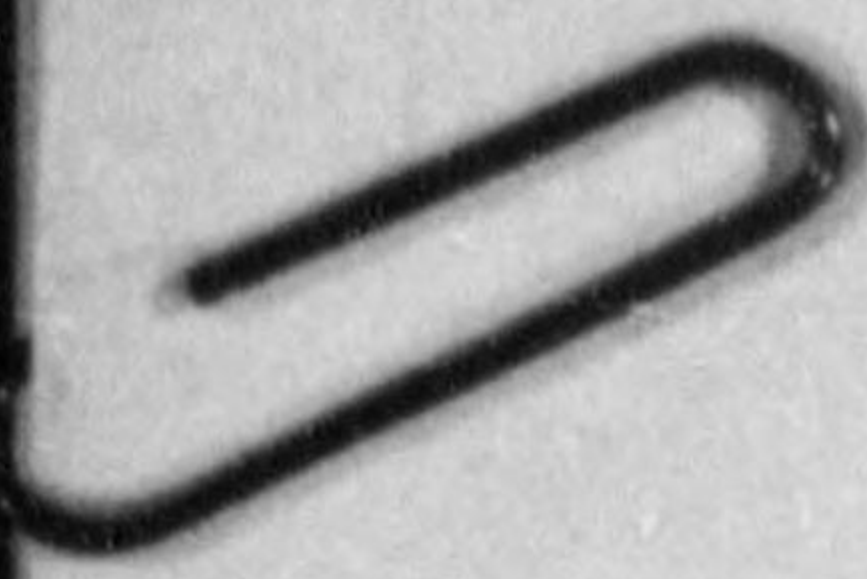


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740.00119 CONTROL(JAPAN)/ 1-148 --- 4-3048



Reading A-S
WTR

DEPARTMENT OF STATE
ASSISTANT SECRETARY

This Document must be Returned
to the RM/R Central Files

January 2, 1948

U - Mr. Lovett:

This is the editorial I mentioned
to you this morning in regard to General
MacArthur's New Year's statement.

C.E.S.
C. E. S.

State Dept.
A-S
Saltzman

RM/R
Inal. <i>f</i>
Rev. <i>f</i>
Cat. <i>CS</i>

ASSISTANT SECRETARY
A-S
JAN 5 1948
MR. SALTZMAN
DEPARTMENT OF STATE

740.00119 CONTROL
(JAPAN) / 1-248

740.00119 Control
CJC (Japan) / 1-248

①

1/13/5

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The item identified below has been withdrawn from this file:

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USSR / 1948
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5 July 1978
Date
[Signature]

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1/13/5

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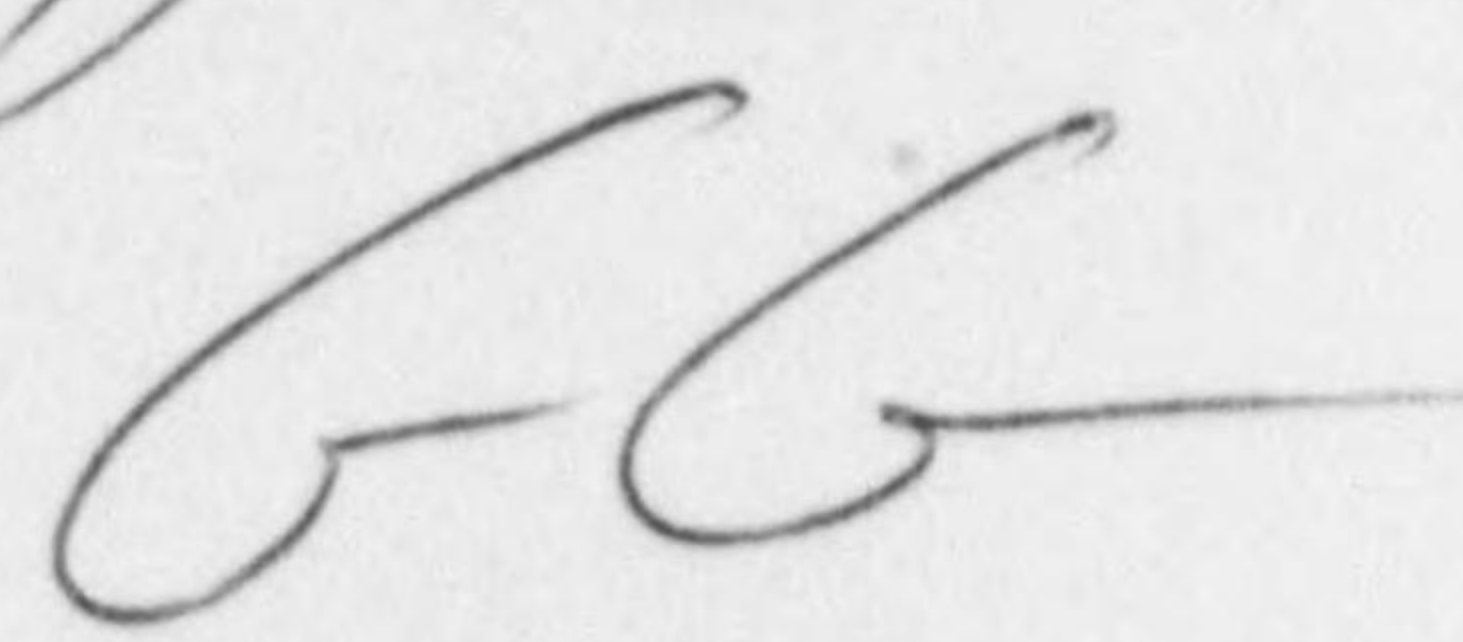
File Designation 740.00119 CONTROL
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- Security-Classified Information
- Otherwise Restricted Information

USSR / 1948
Authority

5 July 1978
Date


Washington Star

12-31-47

MacArthur Denies His Policies in Japan Lead to Socialism

By the Associated Press

TOKYO, Dec. 31.—Gen. MacArthur in a New Year's statement today defended his economic policies in Japan against American critics who had charged they led toward socialism.

Allied economic policy, he declared, "has required the breaking up" of a Japanese system under which "a minority of feudal families" owned and controlled most of Japan's commerce, industry and natural resources. This feudal system, he said, "was, indeed, so complete a monopoly as to be in effect a form of socialism in private hands."

The statement was his first public answer to charges in the United States that his policies were leading toward socialization of Japan. Senatorial demands for an investigation of occupation policy had been heard in Washington in the wake of the blasts of the critics.

Sees Incentive Provided.

Only through dissolution of Japan's feudal economic system, the statement insisted, "could the way be cleared for the emergence of an economy conducive to the well-being of the people—an economy embodying the principle of private capitalism based upon free competitive enterprise—an economy which long experience has demonstrated alone provides maximum incentive to development of those fundamental requirements to human progress—individual initiative and individual energy."

There has been criticism in Japan, as well as in America, of Allied economic measures, including the recently passed law to decentralize industries in which economic power was excessively concentrated.

Gen. MacArthur's statement reminded the Japanese they are responsible for the success or failure of their country's political and economic rebuilding.

No Longer Totalitarian.

Gen. MacArthur noted "encouraging progress" toward political reform, and said the government "has ceased to be totalitarian and has become representative. * * *

"Every Japanese citizen can now for the first time do what he wants and go where he wants and say what he wants, within the liberal laws of his land. * * * This is liberty. Yet inherent in it are its obligations to act with decorum and self-restraint, and become acutely conscious of responsibilities which a free society imposes upon its every segment."

JAN 2 1948

New York Herald Tribune

MacArthur's Statement

General Douglas MacArthur has made a vigorous and admirable defense of American economic policies in Japan in his New Year's statement. The statement is an excellent answer to charges that American policies are leading to socialization of Japanese industry. These charges, of course, are absurd. The truth is that General MacArthur has gone not one step in the direction of socialism in trying to carry out the orders on economic policy he has received from Washington. He merely has attempted to begin the job of creating a free enterprise system in a country where none existed before.

The reason he was instructed to encourage free enterprise was that American political aims could be achieved in Japan only after breaking up the great family monopolies. These monopolies gave a tiny minority of the Japanese control of most of their country's commerce, industry and resources. There could be no hope of a healthy political democracy in Japan as long as an economic oligarchy, feudal in character, controlled the living conditions of most of the inhabitants of the Japanese islands.

It also should be recalled that the industrial feudalists condemned by General MacArthur were close allies of the militarists and the great landlords of pre-war Japan. They bear a major share of the responsibility for the attack on Pearl Harbor and the Pacific war. Not only that, they have done their utmost since the war to sabotage all major reforms in Japan.

There certainly is no justification for a charge that General MacArthur has been too severe in dealing with the Zaibatsu families who dominate Japanese industry. There would be more justification, indeed, for inquiring whether he has been critical enough. For that reason it is highly encouraging to read the general's New Year's statement, in which he so firmly condemns the family monopolies in Japan and indicates his determination to destroy them. On this issue he is undoubtedly in the right and his critics, to put it mildly, seem to be unaware of what is happening in Japan today and of what happened there prior to Pearl Harbor.

740,00112 CONTROL
JAPAN / 1-248

ASSISTANT SECRETARY
A-S
JAN 5 1948
MR. SALTZMAN
DEPARTMENT OF STATE

~~SECRET~~

THE STATE-ARMY-NAVY-AIR FORCE COORDINATING COMMITTEE
WASHINGTON, D. C.

SANA-5880
8 January 1948

*bell
file*

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Reduction in the United Kingdom Contingent
of the British Commonwealth Occupation
Force.

The following has been received from the Joint Chiefs
of Staff:

"a. The Joint Chiefs of Staff have reviewed the
communication of 24 November 1947 from the Australian
Ambassador to the Acting Secretary of State which re-
quests agreement to reduction of the United Kingdom
component of the British Commonwealth Occupation
Force, in accordance with the provisions of paragraph
3b of the MacArthur-Northcott Agreement. The
Australian request was transmitted informally to the
Department of the Army asking for the necessary in-
formation on which to base a reply.

"b. The Joint Chiefs of Staff have no objection
to the action proposed by the Australian Ambassador.

"c. When the Department of State has replied to
the Australian note, the Department of the Army will
inform General MacArthur accordingly."

It is requested that the SANACC Secretariat be advised
when the Department of State has replied to the Australian
note.

For the State-Army-Navy-Air Force Coordinating Committee:

for *Charles E. Saltzman*
CHARLES E. SALTZMAN,
Chairman

DC/R
Anal *KW*
Rev.
Cot *JP*

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E.O. 11652, Sec. 3(E) and 5(D) or (E)
Authority *NND 760035*
By *CD/SR* NARS, Date *22 AUG 1975*

~~SECRET~~

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SECRET FILE
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December 4, 1947.

MEMORANDUM

To: Colonel Taylor, Army Department Liaison Officer.
From: Mr. J. K. Penfield, Deputy Director,
Office of Far Eastern Affairs, Department of State.
Subject: British Commonwealth Occupation Force in Japan.

There is attached a copy of note no. 452/47 of November 24 from the Australian Embassy regarding a proposal by the British Government "to make substantial reductions forthwith in the United Kingdom Contingent of the British Commonwealth Occupation Force in Japan".

It would be appreciated if you would give us the necessary information upon which to base a reply.

Enclosure:

From Australian Embassy,
note no. 452/47,
November 24, 1947.

RAY
NA:RAFearey/hhc

File 740.00119 Contingent (Japan) / 1-848

Per file

In reply refer to
NA

JAN 14 1948

MEMORANDUM FOR THE SECRETARY, SANACC
FROM THE STATE MEMBER

SUBJECT: Reduction in the United Kingdom Contingent of the British Commonwealth Occupation Force.

11-2447

In accordance with your request in SANA-5880, January 8, 1948, that you be advised when the Department of State has replied to the Australian note of November 24, 1947, on the above subject, you are informed that the Australian Embassy has been formally advised in a note dated January 14, 1948, that the United States Government has no objection to the United Kingdom proposal for reduction of the British Commonwealth Occupation Force in Japan.

C. V. HULICK

for Charles E. Saltzman
State Department Member
State-Army-Navy-Air Force
Coordinating Committee

Document Must Be Returned to
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740.00119 CONTROL (JAPAN)
/1-848

JAN 14 1948
CR 2K

RAJ
NA:RAFearey:cb
January 9, 1948

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BC *[Signature]*

A.S. *[Signature]*

A true copy
the signed copy
is CR/2K
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740.00119 Control (Japan) /1-848

UNITED STATES POLITICAL ADVISER FOR JAPAN

DIVISION OF NORTHWEST ASIAN AFFAIRS

JAN 19 1948

DEPARTMENT OF STATE

No. 24

RESTRICTED

Tokyo, January 9, 1948.

Subject: Forty-ninth Meeting of the Allied Council for Japan, January 7, 1948.

Office of FAR EASTERN AFFAIRS JAN 23 1948 DIRECTOR Department of State

740.00119 CONTROL (JAPAN) / 1-948

The Honorable The Secretary of State, Washington.

Sir:

I have the honor to refer to this Mission's despatch No. 1480 of December 29, 1947 and previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the forty-ninth meeting of the Council held on January 7, 1948.

1/2/

The Acting Soviet member referred (page 1 et seq.) to my rejection of the subject "A Report by the Chairman of the Allied Council on the Progress of Demilitarization and Disarmament of Japan" which he had proposed for discussion. He then described a call he had made upon me at my request during which he was informed of the reasons for rejection of the proposed subject (this Mission's despatch No. 6 of January 2, 1948 on the subject "Agenda Item Proposed by the Soviet Member for the Forty-ninth Meeting of the Allied Council for Japan"), and objected strenuously to the rejection of the proposed subject as a violation of the terms of reference of the Council and insinuated that there was indicated thereby a desire to conceal facts. He concluded by insisting that the subject be placed on the Agenda of the next meeting of the Council.

FE A-S-2 BC EE FC OE

In response, I pointed out (page 3 et seq.) that the information requested by the Acting Soviet Member had already been made public, that the progress made in demilitarizing Japan has been and is being reported to the Far Eastern Commission, and that ample information is already available to the Acting Soviet Member. I referred briefly to the fifteenth meeting of the Council on September 18, 1946 at which the Soviet Member refused to furnish similar information concerning the disposition of Japanese war material surrendered to the Soviet Army. Reference was also made to recent press reports regarding the alleged use by the Chinese Communist Army of surrendered Japanese Army equipment.

OD DC/R FK EUC 09D

I submitted that the proposed subject could not be construed as consulting or advising with the Supreme Commander for the Allied Powers under the terms of reference of the Allied Council, but appeared to arise from a desire either to engage in acrimonious discussion or to obtain an intelligence report. With regard to the latter, I invited attention to previous discussion at the fortieth meeting of the Council indicating that General Headquarters would no longer compile special reports in special form.

CS/A

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JAN 28 1948

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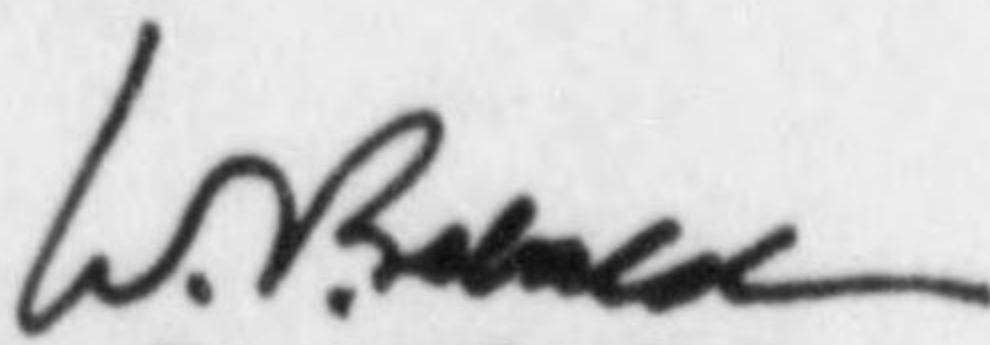
AD

Tokyo's No. 24,
January 9, 1948.

- 2 -

In response to a request by the Acting Soviet Member for an expression of opinion from the other Members of the Council, the Chinese Member replied that he preferred to leave the matter to the Chairman's discretion. The British Commonwealth Member expressed the hope that no limitation will be placed on the capacity of any Member to bring before the Council any topic for discussion so long as it is within the terms of reference and is framed in simple appropriate terms.

Respectfully yours,


W. J. Sebald
Acting Political Adviser

Enclosures: *cm*

1. Agenda, forty-ninth meeting, Allied Council for Japan, January 7, 1948 (five copies).
2. Corrected Verbatim Minutes, forty-ninth meeting, Allied Council for Japan, January 7, 1948 (five copies).

Original and *✓* valid to the Department.
Copies to: American Embassy, London,
American Embassy, Nanking,
American Embassy, Moscow,
American Embassy, Canberra,
American Embassy, New Delhi,
American Legation, Wellington.

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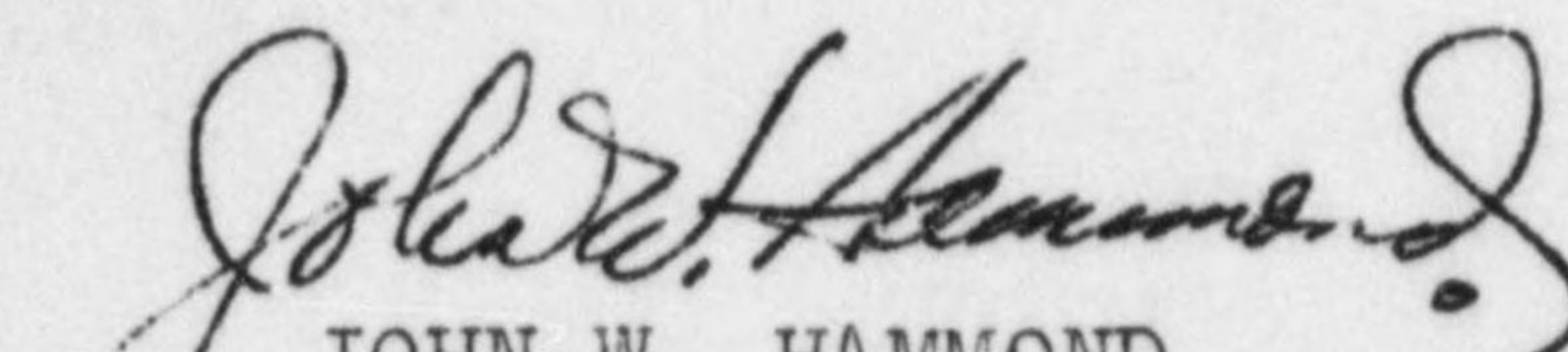
49-107

AGENDA
for the
FORTY-NINTH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo,
Wednesday, 7 January 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE
FORTY-EIGHTH MEETING (1 Session, Numbered 48-1224).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:


JOHN W. HAMMOND
Colonel, Infantry
Acting Secretary-General

2 January 1948

49-107

CORRECTED
VERBATIM MINUTES
of the
FORTY-NINTH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 7 January 1948, at 1000 Hours

MEMBERS PRESENT

Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States

His Excellency General Shang Chen, Member for China

Mr. Patrick Shaw, Member representing jointly the United Kingdom,
Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
8 January 1948

THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Forty-eighth Meeting have been circulated among the Members, and in the absence of objection (Pause) are approved.

Are there any procedural matters?

SOVIET INTERPRETER: Yes, sir. GENERAL KISLENKO would like to say a few words on a procedural matter.

MAJOR GENERAL KISLENKO: MR. CHAIRMAN, Gentlemen: On December 31, 1947, in accordance with the present rules of procedure, I requested that the Secretary-General of the Allied Council include into the Agenda of the meeting of the Council scheduled for January 7 as a subject for discussion: "The Disarmament and Demilitarization of Japan." In the proposed draft of Agenda, likewise in accordance with the rules of procedure, I pointed out a number of items about which I and, as I believe, the other Members of this Council would like to receive information concerning the disarmament and demilitarization of Japan.

In particular, I put a number of questions on the armaments available in Japan herself on the day of the surrender and the armaments destroyed by the end of 1947; the extent of destruction of coast defense works, and demilitarization of military naval bases; number of airfields available in Japan on the day of the surrender, and the present state; the number of war plants, dockyards and arsenals available in Japan on the day of the surrender, the number of installations destroyed or dismantled by the end of 1947, the number of enterprises deleted by General Headquarters by the end of 1947 from the general list of enterprises to be removed on account of reparations, and reasons for their deletion; as well as similar questions.

On the same day, I was invited by MR. SEBALD, CHAIRMAN of this Council, to call on him. MR. SEBALD told me that he had instructed

the Secretary-General of the Council not to include the above-mentioned subject into the Agenda, and that no information whatever would be furnished to the Members of the Council on that subject. MR. SEBALD attempted to explain his one-sided reasons by absolutely unfounded arguments to the effect that I allegedly misuse the Allied Council, and moreover, that I probably proposed that that subject be included into the Agenda of the Council in order to obtain an allegedly "full intelligence study" of this subject.

MR. SEBALD also expressed his fears that the discussion of the disarmament and demilitarization of Japan at the Allied Council might cause an acrimonious discussion.

As a matter of fact, in spite and in violation of Article 1 of the Terms of Reference which, as it is well known, accords the Allied Council for Japan the right to consult and advise the SUPREME COMMANDER on matters pertaining to the implementation of the Terms of Surrender, Occupation and Control of Japan, as well as Article 5, concerning the consultation of the SUPREME COMMANDER with the Council on essential matters, MR. SEBALD attempted to question the right of the Members of this Council to submit subjects for discussion at the Council.

I deem it my duty to bring to the knowledge of the Council this wrong action on the part of MR. SEBALD, the action grossly violating the rights of the Members of the Allied Council, and one which actually aims at shutting the Council out of the discussion of essential matters pertaining to the Terms of Surrender, Occupation and Control of Japan.

The refusal to include into the Agenda of the Allied Council the discussion of the state of disarmament and demilitarization of Japan as well as the refusal to supply the Members of the Allied Council with information on this subject under the above-mentioned

pretext, gives me the right to suppose that in the disarmament and demilitarization of Japan there are facts which in MR. SEBALD's opinion should be concealed from the Allied Council and from the public at large. I emphatically protest against such an arbitrary action on the part of MR. SEBALD and insist that the subject of "Disarmament and Demilitarization of Japan" should be placed on the Agenda of the next meeting of this Council.

That is all, sir.

THE CHAIRMAN: In order that we may know what we are talking about, I would like to read the proposed subject for discussion which forms the basis of the ACTING SOVIET MEMBER's statement. The proposed subject reads: "Report by the Chairman of the Allied Council on the Progress of the Demilitarization and Disarmament of Japan." Under 5, "Scope of Information Desired," are ten questions asking a considerable amount of detailed information.

I do not propose at this meeting to engage in argumentation concerning the rights of the action which I have taken, but I will limit myself to a few observations.

With reference to the subject which it is desired, or which it was desired, to place on the Agenda, full facts have already been made public.

SOVIET INTERPRETER: Would you mind repeating that, sir?

THE CHAIRMAN (Repeating): With reference to the subject which it was desired to place on the Agenda, full facts have already been made public. (Continuing) They have been reported to the Far Eastern Commission, and full progress reports have been and are being made to the Far Eastern Commission. The SOVIET MEMBER has been supplied with two copies of the Final Report of Progress on the Demobilization of the Japanese Armed Forces, dated 31 December 1946. This report runs into many hundreds of pages.

It is felt that the Soviet representatives, both here and on the Far Eastern Commission, are in full possession of all the facts contained in the proposed agenda item. Furthermore, monthly summaries and other special reports, many press releases, and other information have been made public and are available to the SOVIET MEMBER.

In connection with this subject, at the Fifteenth Meeting of the Council, held on September 18, 1946, the SOVIET MEMBER was requested to furnish information concerning the amount of war material, including such items as rifles, machine guns, cannons, airplanes, uniforms, et cetera, which was captured by the Soviet Army in Manchuria when the Kwantung Army surrendered. At that time it was made clear by the then CHAIRMAN that no comprehensive report concerning the disposition of Japanese war material could be made until information was received from the relevant Soviet authorities.

The SOVIET MEMBER at that time stated that the report had been made public, and referred to a communique issued by the Soviet Information Bureau on September 12, 1945. Reference to this communique indicated that the report was most superficial and was worded in broad terms in the usual sense of war communiqués of which many hundreds were issued during the course of World War II.

I am unable to understand the SOVIET MEMBER's reasoning in this regard. If the failure to furnish information with regard to the destruction or disposition of war material on the part of the Soviet Army is right, why should the refusal of this Headquarters to furnish a report, in special form on the same subject, be wrong?

It is interesting to note that recent press reports strongly suggest that a considerable quantity of arms and munitions

captured by the Soviet forces in Manchuria when the Kwantung Army surrendered have found their way into the hands of the Chinese Communist Army.

It is clear that information on the subject of the destruction and disposition of Japanese arms in Manchuria would materially assist in clarifying these press reports, and also enable this Headquarters to make a final comprehensive compilation of the disposition of all Japanese war materials and armaments.

I may as well make it clear that this Headquarters refuses to be placed in a position of having the SOVIET MEMBER act as both judge and jury as is proposed in the instant case. I must refuse to accede to dictation on the part of the ACTING SOVIET MEMBER as to what subject I, as CHAIRMAN, should make to this Council.

It is obvious from the "Scope of Information Desired" that the SOVIET MEMBER intends to call the tune to which I, as CHAIRMAN, am asked to dance. I must categorically refuse to comply with such a suggestion.

A reading of the Terms of Reference, as set forth in the Moscow Communique, fails to give the slightest hint that this Council was formed to be a forum of discussion for any subject which may occur to any of the Members. The Council was formed for the, and I quote, "purpose of consulting with and advising the SUPREME COMMANDER in regard to the implementation of the Terms of Surrender, the Occupation and Control of Japan, and of directives supplementary thereto." I am unable to find any suggestion in the proposed subject which might be construed as consulting with or advising the SUPREME COMMANDER.

As the ACTING SOVIET MEMBER has stated in his remarks, this appears to me to be an attempt to use the Council as a means to have prepared a staff intelligence study. It was already indicated

in the Thirty-eighth Meeting of the Council held on August 7, 1947 that General Headquarters must henceforth discontinue the compilation of detailed information in special form except in cases of appropriate need. I am unable to find any appropriate need in the proposed subject for discussion.

With reference to the ACTING SOVIET MEMBER's remark that this is in violation of the Moscow Agreement, I can only paraphrase SECRETARY MARSHALL's statement made at a meeting of the Council of Foreign Ministers on December 4, 1947. At that meeting, SECRETARY MARSHALL said:

"It is not the intention of the Government of the United States to repudiate any of its international commitments, including the Moscow Agreement. But, it is likewise not the intention of the Government of the United States to allow any agreement to be distorted to accomplish purposes which most certainly were not the intentions of the original signatories."

As the SOVIET MEMBER is aware, I have previously indicated, particularly in the Fortieth Meeting of the Council held on September 3, 1947, that in my opinion the Council is being misused by the ACTING SOVIET MEMBER. It has also been indicated quite clearly that the Council has no authority to make rules of procedure which bind either the SUPREME COMMANDER or General Headquarters. And further, it was indicated that General Headquarters is discontinuing the compilation of special reports in special form.

It is not clear to me what the purpose was for proposing to place this subject on the Agenda. The wording of the subject indicated to me that its purpose probably was to raise criticism, to seek information or, possibly, to engage in acrimonious discussion. I consider such discussion unseemly and undignified.

I have said before that it is high time that the misuse of

this Council be discontinued. I have tried hard to make this Council a constructive body, but apparently I have failed.

In conclusion, I would say that there is no attempt to prevent placing on the Agenda any subject which is designed to be helpful and constructive in accordance with the Terms of Reference of the Council.

2. MAJOR GENERAL KISLENKO: MR. CHAIRMAN, I have placed this subject on the Agenda of the Council because I have no information on this matter, and I believe that General Headquarters has no right to deprive me of the possibility of hearing a report on the subject. It is quite possible that the Far Eastern Commission has this information, but I have not got it. Even if I had full information on the subject, it should not preclude this subject from being discussed at the meeting of the Council. If everything is, as MR. CHAIRMAN says, in accordance with the full information provided and published, there should be no fear of placing that subject on the Agenda of this Council.

The reference made by MR. CHAIRMAN to the fact of not providing information on the part of the Soviet Union with regard to the war materials in Manchuria has no bearing whatsoever upon the subject placed by me on the Agenda of this Council, that is to say, the demilitarization and disarmament of Japan. I must say that MR. CHAIRMAN mixed up here two incompatible things. I mean that MR. CHAIRMAN demanded information with regard to the territory which is not within the purview of the Allied Council for Japan.

The repetition by MR. CHAIRMAN of the slanderous assertion with regard to the war materials captured in Manchuria allegedly being turned over to the Chinese Communist Army is nothing but an attempt to divert the attention of this Council from the wrong action of MR. CHAIRMAN in not placing the subject proposed by me

on the Agenda of the Council.

As far as the remark of MR. CHAIRMAN is concerned that I am trying to dictate to him and, as MR. CHAIRMAN puts it, I am trying to call the tune and make the CHAIRMAN dance to it, I must say emphatically that it seems that the situation is just the reverse. I must repeat that the failure of MR. CHAIRMAN to place this subject on the Agenda is an attempt to prevent Members of this Council from discussing an important matter, the discussion of which is provided in the Terms of Reference and to discuss which the Members of this Council have full right. I must repeat that I categorically insist that this subject be placed on the Agenda of the next meeting of this Council.

THE CHAIRMAN: Is that all?

MAJOR GENERAL KISLENKO: Yes.

THE CHAIRMAN: I do not think we are getting anywhere. We are just talking in circles. I have made my position very clear. There has been no attempt to rule out discussion. The ACTING SOVIET MEMBER is at perfect liberty to discuss any subject he wishes at this Council.

MAJOR GENERAL KISLENKO: In this case, MR. CHAIRMAN, I would like to know the opinions of other Members of this Council.

THE CHAIRMAN: I would like to finish what I started saying. There has been reference made to concealment. There is nothing even smacking of concealment of this subject. You cannot conceal something which is already public. I would like to ask one question. Does the ACTING SOVIET MEMBER deny that the Kwantung Army was part of the Japanese Army?

MAJOR GENERAL KISLENKO: I must repeat what I have already said, sir, that this question has no bearing upon the problem of the demilitarization and disarmament of Japan proper.

THE CHAIRMAN: That is a matter of opinion. The ACTING

SOVIET MEMBER has said that he personally has no information. In reply I would like to say that the ACTING SOVIET MEMBER has a considerable staff, and I am surprised that he has no information on this subject. The ACTING SOVIET MEMBER has asked for the opinion of the other Members. I personally think that further discussion on this subject would lead nowhere. However, if he wishes to call upon the BRITISH COMMONWEALTH MEMBER and the CHINESE MEMBER, I have no objection.

MAJOR GENERAL KISLENKO: Yes, sir, I would like to know their opinions.

THE CHAIRMAN: GENERAL SHANG.

GENERAL SHANG: MR. CHAIRMAN, as I have not been informed beforehand, I have no comment to make at present. However, I would suggest that this matter be left to the discretion of the CHAIRMAN.

THE CHAIRMAN: Thank you. MR. SHAW.

MR. SHAW: MR. CHAIRMAN, I do not see much point in going back to the question of the availability of information to Members of the Council. That question was discussed three or four months ago. I personally have found that on any particular topic on which I have required information I was able to obtain as much as I could properly digest. On the other hand, I would like to say that I would not like to see any limitation on the capacity of any Member of the Council to bring forward any topic for discussion provided always that it falls within the Terms of Reference of the Council and provided, I suggest, that it is framed in a simple and appropriate form. That is all, MR. SEBALD.

THE CHAIRMAN: Thank you, MR. SHAW.

GENERAL KISLENKO, do you have any further remarks?

MAJOR GENERAL KISLENKO: No, sir.

THE CHAIRMAN: We have no item under official matters. The meeting is, therefore, adjourned.

(The meeting was adjourned at 1047 hours.)

- - -

JAN 10 1948

740.00119 CONTROL (JAPAN) / 1-1048

SECRET

No. 4

To the *United States*
Acting Political Adviser for Japan,
Tokyo.

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

Enclosures:

- 1. SANACC 92/5, copy no. 44. - 894.111/6-2547
- 2. SANACC 348/4, copy no. 44.
- 3. SANACC 356/1, copy no. 44. - 894.61/6-1847
- 4. Memorandum for holders of SWNCC 108/1, copy no. 45.

[Handwritten signatures]

A true copy of the signed original.

SECRET

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[Handwritten signature]
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JAN 8 1948 P.M.
JAN 9 1948

Mr. Kanida Dong
DRAFT Managing Director

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Sino-Siam Commercial Company, Ltd.
1452/62 Songwad Road, Post Box 312
Bangkok, Siam

My dear Mr Dong:
Gentlemen:

addressed to

This will acknowledge receipt of your letter of January 14, 1943 to the Under Secretary of State for Foreign ~~_____~~ requesting permission for ~~representatives~~ ^{two} representatives of your firm to visit Japan.

According to the ^{present time} procedure which exists at the ^{time} for obtaining such a permission ^{to visit Japan,} requires that you present your request initially at the Siamese Foreign Office in ~~Siam~~ Bangkok.

FM 740.00119
cont'd

Sincerely yours,

D.L. Newbold

DS

Note: Suggest we send copy of this to Embassy. I obtained this information from Mr. O'Brien of the Div. of Protective Services, Dept, who added that E (1) Gen. MacArthur had recently disapproved quite a few Siamese requests, and (2) that if they were Chinese nationals (the merchants) it would go through the Chinese after the Foreign Office got it. In any case, not much can be done with their request, even in Bangkok, until the Siamese possess a recognized govt.

19ppm/1-14-48

Clear through
CP + OE (?)

GLN
Also send copy to Scott at Blk.

司公限有業商暹中 SINO-SIAM COMMERCIAL CO., LTD.

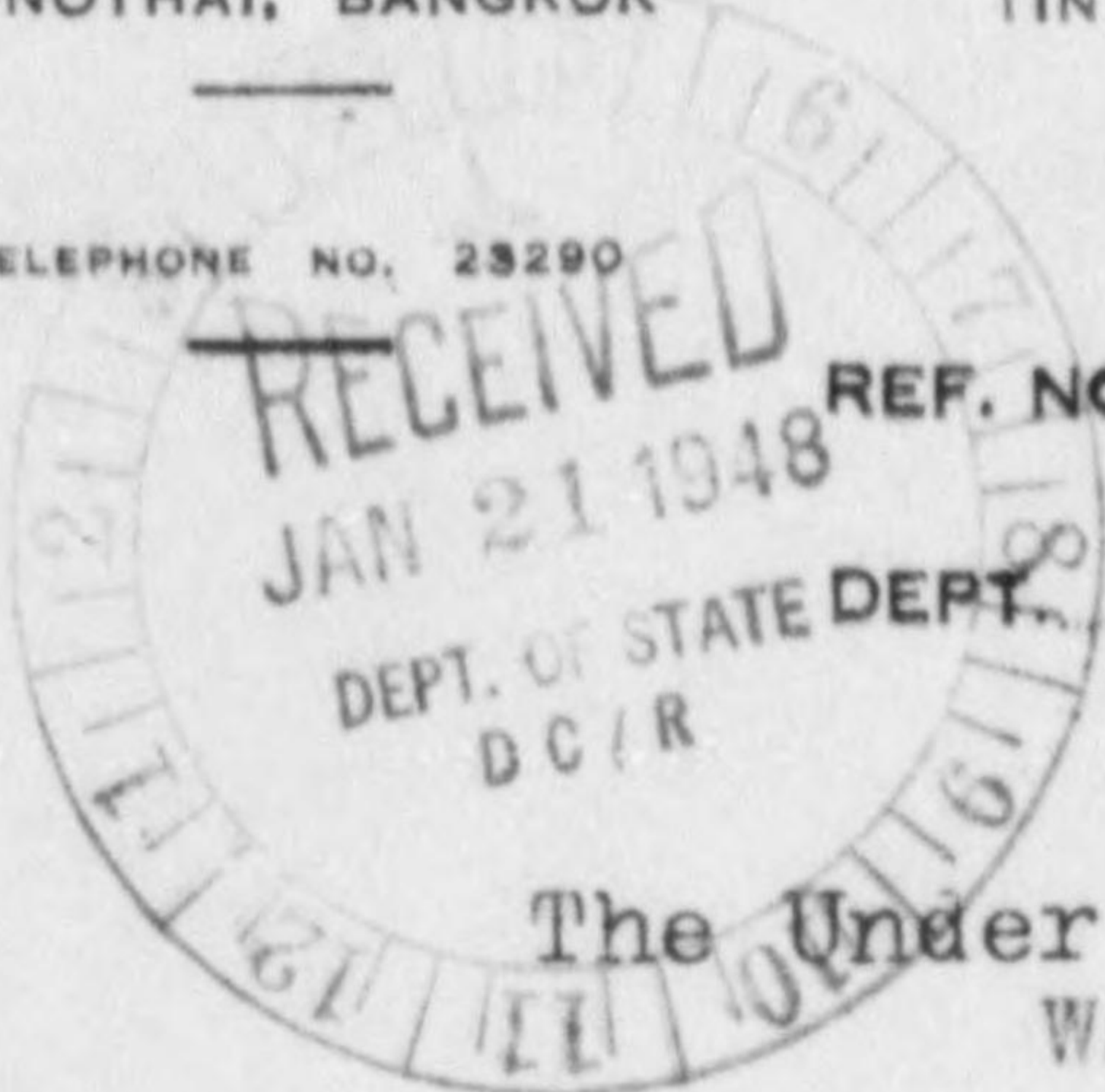
TELEGRAMS & CABLES:
"SINOTHAI, BANGKOK"

CONTRACTORS TO H. S. M. GOVERNMENT
GENERAL MERCHANTS, ENGINEERS, IMPORTERS & EXPORTERS
TIN MINE RICE & SAW MILLS OWNERS, FOREST CONCESSIONAIRES
1452/62, SONGWAD ROAD, POST BOX 312

CODES
A. B. C. 5TH. EDITION (FIVE LETTER)
BENTLEY'S COMPLETE PHRASE
BENTLEY'S SECOND EDITION
ACME COMMODITY & PHRASE
PRIVATE

TELEPHONE NO. 23290

BANGKOK, SIAM.



REF. NO. 685/47

By Airmail

Bangkok, 14th January, 1948.

The Under Secretary of State for foreign Affairs,
Washington D.C.
U.S.A.

Regt 11498

Sir,

We are informed that the Occupation authority in Japan is now permitting foreign merchants to visit Japan. We have for some time the intention of sending 2 of our representatives, one of whom would probably be the signatory of this letter, solely on commercial purposes.

We have formally applied to your Embassy in Bangkok, through Mr. James T. Scott, the Commercial Attache, who advises us to make a direct communication with you.

692.9431

We are well known to your local representatives as well as leading importers and exporters in the States, and had in the past done a considerable transaction both of import and Export with those in the States, and as to our standing and reliability, we beg to refer you to your commercial Attache of the local Embassy and the leading Banks in Bangkok and in New York.

We beg most respectfully to apply for the due permission for our representatives to visit Japan for about a period of 6 months.

Trusting to receive you kind consideration.

We are, Sir

Yours faithfully,
SINO-SIAM COMMERCIAL CO., LTD.

Manida Wong
Managing Director

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DIVISION OF SOUTHEAST
ASIAN AFFAIRS
JAN 23 1948
OFFICE OF FAR
EASTERN AFFAIRS
DEPARTMENT OF STATE

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司公限有業商暹中
SINO-SIAM COMMERCIAL CO., LTD.
No. 1452/62, SONGWAD ROAD.
P. O. Box 312
BANGKOK SIAM

By Airmail

Registered

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The Under Secretary of State for foreign Affairs
WASHINGTON, D.C.
U. S. A.

BY AIR MAIL
PAR AVION
VIA AEREA

THAILAND BANGKOK G.P.O.
R 1498

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050



MAR 3 1948

In reply refer to
SEA 740.00119 Control
(Japan)/1-1448

My dear Mr. Dong:

This will acknowledge receipt of your letter of January 14, 1948 addressed to the Under Secretary of State requesting permission for two representatives of your firm to visit Japan.

According to the procedure which exists at the present time for obtaining permission to visit Japan, it will be necessary for you to present your request initially at the Siamese Foreign Office in Bangkok.

Sincerely yours,

William S. B. Lacy
Acting Chief
Division of Southeast Asian Affairs

Mr. Manida Dong,
Managing Director,
Sino-Siam Commercial Co., Ltd.,
1452/62 Songwad Road, Post Box 312,
Bangkok, Siam.

A true copy of the original.

SEA:GLNewbold:ccp 2/11/48
CH
FEB 27 1948 P.M.
MAR 1 1948 P.M.
MAR 2 1948
CP
CTW
DS NA
(O'Brien)

SEA 740.00119 Control (Japan) 1-1448

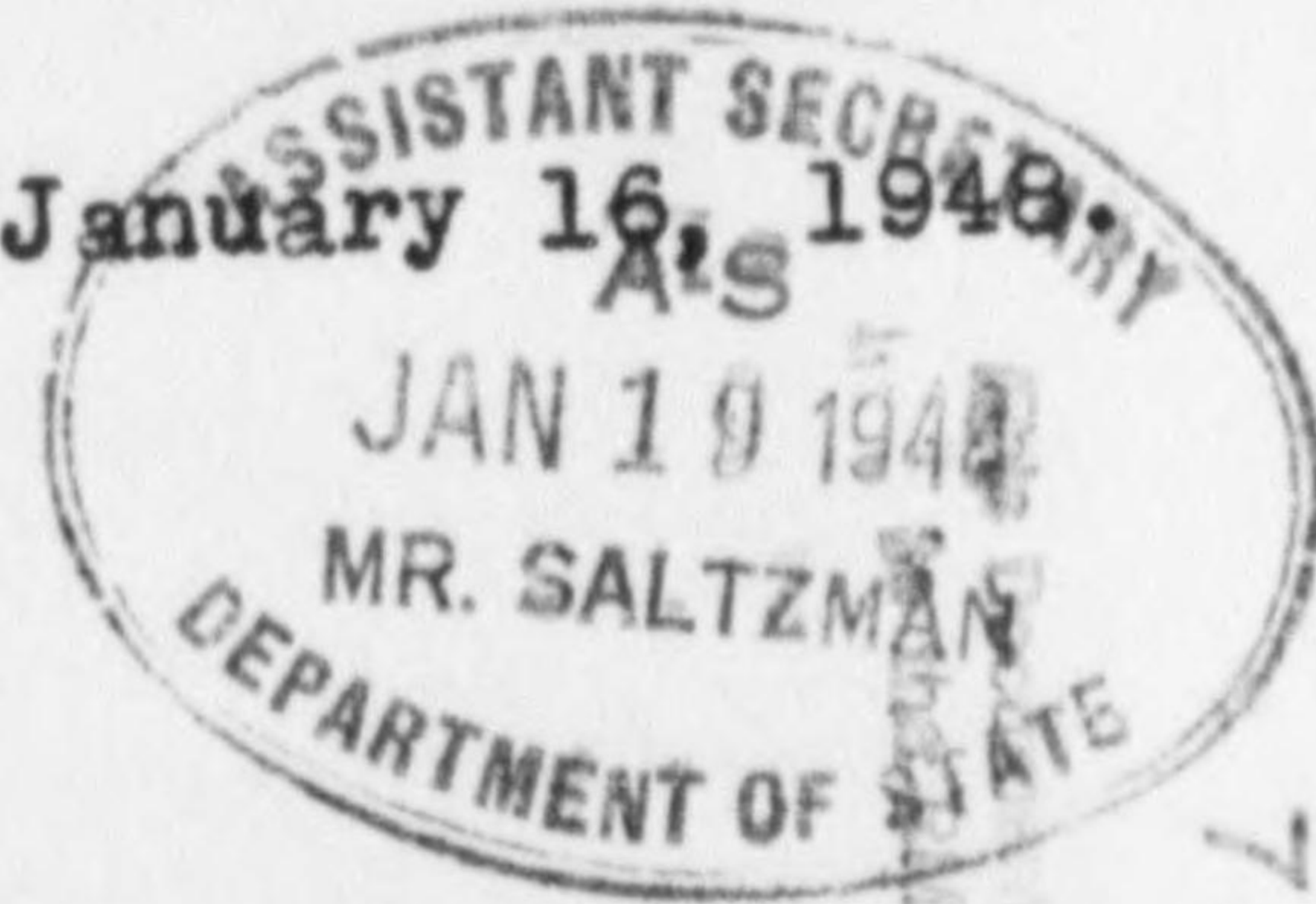
STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT
SECRET

TO : A-S - Mr. Saltzman

DATE: January 16, 1948

FROM : FE - Mr. Butterworth *hws*



SUBJECT: Modification of Purge Restrictions in Japan.

1. I have for some time been disturbed over the lengths to which the purge has been carried in Japan and the consequences which such a sweeping proscription is reported to have had on Japanese economic revival and governmental efficiency. More than two years after surrender substantial additional numbers of Japanese are still being purged every week, and no procedures have been established to make possible the clearing and re-entry into positions of responsibility in Japanese public and economic life of the substantial proportion of purgees who it is doubtful were by any reasonable interpretation of the phrase "active exponents of militant nationalism and aggression", but who might make a material contribution to the development of a peacefully inclined and effective Japanese government and to the revival of Japanese economy.

2. As you know, the basic directives on Japan provided for the exclusion from public office and from "positions of important responsibility or influence in industry, finance, commerce or agriculture" of "active exponents of militant nationalism and aggression". In implementing these provisions, however, practically all persons who held positions of responsibility in Japanese government, industry, finance and the press from about 1930 on have been excluded from such positions under the occupation, largely without relation, it has appeared, to whether they actively sponsored a military course or merely occupied positions of an entrepreneurial or professional nature and did not resign or otherwise go out of their way to oppose the military regime.

3. The result, according to a wide variety of sources, is that large numbers of Japanese whose qualifications are essentially technical (business entrepreneurs and experienced public officials), Japanese who made the wheels of industry and government go 'round before and during the war but who did not initiate or actively sponsor military policies, and who indeed frequently, covertly or overtly, opposed those policies, have been excluded from positions of responsibility and their talents wasted. In SCAP's report "Two Years of the Occupation" it is stated that in the period from January 1946 to July 1947 2,748 Japanese were barred and removed from public office and from

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State Dept.
Northeast Asian
Affairs Division
From Fearey

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responsible business and press positions, 20,000 persons resigned their positions in order to escape screening, and 183,000 former career military officers, plus an undetermined number of former government officials who have not held or sought public office during the occupation, were automatically barred or removed. The Department's Division of Research for the Far East considers on the basis of other SCAP and official Japanese reports that the first figure may have been considerably understated. The economic purge alone is reliably reported to have run to over two thousand persons, not to mention the political and press purges, and, as the above-mentioned SCAP report indicates, about ten persons resign their positions to escape removal for every one actually removed. The Japanese Government announced on December 10 that 4,752 persons had been purged up to that time by the Central Screening Committee and 2,213 persons by local screening committees (CINCPAC's C57502, December 22). The telegram at Appendix "A" has been prepared, and either has been or it is expected shortly will be sent to SCAP, in order to obtain complete, detailed and up-to-date purge statistics.

4. The theory on which the purge program is understood to have been based is that all of Japan's former leaders were in some degree tarred with the same brush and that all must be removed so that entirely new leadership with an entirely new outlook may be enabled to take their place. While perhaps desirable in principle, this theory of an entirely new leadership, carried to the lengths it has been carried, is subject to certain very definite disadvantages which must be weighed in the balance of present and prospective circumstances:

(A) First, it is doubtful whether Japan now has, or for some time to come will have, capable new leaders to replace the old. I am not speaking here of the top leaders who actually did conceive and initiate Japan's course of aggression and who should be removed in any circumstances, but of the much larger number of persons who were not in this group but who occupied important positions because of their professional and business abilities. This class of persons was never as numerous in Japan as in other modern, technically advanced countries, largely because of the country's comparatively recent modernization and autocratic social structure, and they cannot be replaced except over a long period of time, too long to wait.

(B) It would be directly in accordance with Japanese character if the many Japanese who held positions of importance before and during the war who adapted themselves to, but were not active exponents of, war policies and who are capable

men

*at the
head of the
staff in
reference*
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men in the prime of life, were to become as loyal and valuable servants of a new and democratic Japan, now that this course appears in Japan's and their own interest, as they were of the old Japan. On the other hand, if such an outstanding group, many of whom, particularly in the business world, were distinctly pro-American before the war and all of whom are anti-Communist, are excluded from positions of responsibility in government, business, education and the press, they are likely to become embittered toward our occupation policies and toward the United States, becoming our enemies where they might have been our friends.

(C) The purge, in the extreme form in which it appears to have been executed, seems inconsistent in letter and in spirit with the provisions of SCAP's "Bill of Rights" directive of October 4, 1945 and with the civil rights provisions of the new Japanese Constitution. Penalization of the large numbers of purgees whose only crime was to serve their country in time of war would not seem to be the best illustration we might be providing the Japanese of the benefits of impartial justice and respect for personal rights.

5. The consequences for Japanese economic revival and the efficiency of Japanese governmental administration of the loss of capable personnel due to what may have been the unduly sweeping nature of the purge cannot of course be accurately estimated. One cannot help but suspect, however, from the number of professionally qualified Japanese administrators and business entrepreneurs who have been purged, from the known concentration of top-flight administrative and entrepreneurial ability in a relatively small number of people in Japan, and from the fumbling performance of Japanese governmental and business administration during the past two years, that the loss has been heavy. Mr. Corwin Edwards, former head of the Zaibatsu Mission to Japan, while on consultation here in the Department two months ago stated that he believed the economic purge had been far too sweeping and was exerting a deleterious effect on recovery. In this connection, it is not always realized that the "Zaibatsu purge", recommended by the Zaibatsu Mission as satisfactory for the purposes of its program, comprised only about 150-200 persons

as a

1/ This is not to imply that this performance has been solely or even primarily attributable to the purge, but that the purge has had a significant contributory effect.

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It will be surprising

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as a maximum, and that the "economic purge", so-called, was drawn up by the Government Section of SCAP, not the Economic and Scientific Section, as part of the Government Section's general purge program.

6. In its consideration of the purge problem the Working Group on the Japanese Treaty has concluded, for much the same reasons as have been advanced in this memorandum, that the purge should come to an end with the signing of the treaty (except for approximately 60 former Zaibatsu family members bearing the family names) and, unless the Japanese Government should of its own volition decide otherwise, former purgees should be relieved of all disabilities. The Council of Ambassadors would, however, have the right to exclude from public office, much more narrowly defined than at present, such limited numbers of persons, not in office at the time of signing of the treaty, as the Council might designate. It would seem advisable, considering that this or some similar formula may be accepted for the treaty and that the peace conference may be held in the near future, that a review of the purge program be undertaken within the Department as soon as possible. If it should be decided that the purge has indeed gone too far, measures for its relaxation should be promptly considered. It would obviously be undesirable to enforce the purge in its present form right up to the signing of the treaty if the intention is to terminate it entirely with the treaty.

7. Should relaxation of current purge regulations be decided, there are certain steps to this end which could be carried out in such a way as not to appear to constitute a reversal of earlier SCAP orders but which would accomplish the desired result. Among these steps, to be applied singly or in combination, would be the following:

(a) SCAP or the Japanese Government might establish an appeals procedure under which purgees desirous of occupying a prohibited position could have their cases reviewed, and, where it could not be shown that they had been "active exponents of militant nationalism and aggression" in the literal sense of the term, ~~to~~ be relieved of all disabilities.

(b) Another means would be to make re-eligible for all governmental, business and press positions whole

categories

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categories of persons who had been purged by reason of holding relatively harmless positions (for example prefectural and local Imperial Rule Assistance Association heads, or officers, up to a certain level, of "financial and development organizations involved in Japanese expansion").

(c) A third method would be to reduce the number of positions from which purgees were excluded so as to leave only the more important posts.

(d) Finally, SCAP or the Japanese Government might on their own initiative reexamine the cases of less culpable purgees who it was believed because of their special capabilities might fill useful roles in Japanese public or business life.

8. Indications are that the Department of the Army, which is keenly interested in economic revival, would support a proposal for modification of the purge if study of the problem should indicate that the purge was hampering, or might come to hamper recovery.

9. In the light of the above considerations, I would recommend that we be prepared on receipt of the answer to the telegram at "Appendix A" and the report of the State Department mission to Japan recommended in my memorandum of December 31 to the Secretary, to set up a working group in the Department to study the question of whether the purge has been carried too far, and, if so, whether modification may not be desirable. If it is concluded that modification would be advisable, I would suggest that a paper containing definite recommendations on the subject be prepared in the Department for submission to SANACC.

10. The Division of Occupied Areas Economic Affairs has been consulted in the matter and, as indicated in the attached memorandum, concurs in the above recommendation.

bwi3

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APPENDIX "A"

Draft Telegram to SCAP

Following detailed purge statistics requested to supplement and bring nearer to date more broadly categorized figures appearing in Monthly Summaries, "Two Years of the Occupation" and Japanese Government's public announcement reported in CINCFE's C57502 Dec 22. Best estimates based on figures already available preferred where procurement latest official figures would involve delay.

1. Numbers of persons (a) removed and (b) excluded from principal categories of public office listed in Imperial Ordinance of February 27, 1946.
2. Numbers of persons (a) removed and (b) excluded from public office under each repeat each of 12 categories of public office listed in Appendix II of Imperial Ordinance No. 1 of 1947. Number of persons removed or excluded from local offices not essential if difficult to obtain.
3. To extent possible, numbers of persons (a) removed and (b) excluded from public office under each repeat each of 7 categories and principal sub-categories of undesirable persons listed in Appendix I of Cabinet and Home Ministry Ordinance of February 27, 1946 and in Appendix I of Imperial Ordinance No. 1 of 1947.
4. Estimate of numbers of persons who have resigned from each repeat each category of public office to avoid possible removal.
5. Estimate of numbers of persons in each repeat each category of undesirable persons who have been or will be excluded under provisional purge prescribed by Cabinet Ordinance No. 119, July 2, 1947.
6. Total numbers of persons (a) removed and (b) excluded from public office to date.

Especially desire your best estimate, necessarily approximate, of numbers of persons who have been or will be removed or excluded who fall within each repeat each of four categories defined as follows:

- A. Japanese who in government capacities conceived, initiated and actively sponsored war policies.
- B. Japanese who occupied important government positions and who helped to implement the policies initiated by the persons defined in "A" above, but who served in essentially professional capacities on the basis of their professional skill and experience within an overall policy framework determined by others.
- C. Japanese

- 2 -

- C. Japanese business and financial leaders who (a) actively sponsored war policies, or (b) moved in highest business and financial circles, in close contact with government leaders, furnishing overall direction and cohesion to Japanese economy.
- D. Japanese who occupied important positions in the economy but who acted in essentially entrepreneurial-administrative capacities at a somewhat lower level in the business and financial hierarchy than the persons defined in "C" and who were more closely connected with the initiation and actual direction of productive enterprises.

Inform soonest estimated time required compile and submit above data.

NA:RAF/hhc



UNITED STATES POLITICAL ADVISER
FOR JAPAN

Am/R

Tokyo, January 17, 1948.

Document Must Be Returned to
HM/R
Central
Files

PERSONAL and CONFIDENTIAL

Dear Niles:

Further to my recent letter on the subject of German houses in Tokyo, there is now enclosed in triplicate a list of desirable properties in Tokyo, Yokohama, Kobe, Karuizawa, and Hakone. I doubt that the Department would be willing to go to bat on houses in Karuizawa and Hakone but it would be useful to have a summer place, particularly if it were possible to acquire the property without cash outlay.

John Allison and I have talked over this proposition at some length and John agrees with me that it would be most desirable to attempt to obtain some of the houses in question, at least in Tokyo, Yokohama, and Kobe. One stumbling block in the SANACC paper might be the requirement that SCAP bear in mind the necessity for acquiring foreign exchange in his liquidation of German assets in Japan. In order to acquire the houses it would, of course, be essential that the United States accept assets in kind rather than money. But by doing so, Japan would not, of course, gain any foreign exchange. On the other hand, it appears to be an impractical proposition to sell houses in Japan for foreign exchange unless the purchasers are American business interests such as National City Bank, Pan-Am, or other companies.

Once again, unless something is done soon to acquire desirable houses for the future Embassy staff, I am afraid that when the Occupation ends we will find ourselves living under canvas as there simply will be no desirable houses available; in addition, we will be up against severe competition on the part of other missions to acquire property for Embassies, Legations, and members of their staffs. Under the then situation, as I envisage it now, it would take many months indeed to construct new houses and even this could be done only at prohibitive expenses.

Sincerely yours,

Enclosure:

List of Houses, in triplicate.

Bill
W. J. Sebald

Niles W. Bond, Esquire,
Asst. Chief, Division of Northeast Asian Affairs,
Department of State,
Washington 25, D.C.

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CONFIDENTIAL

16 January 1948

MEMORANDUM TO: Mr. SEBALD, DS.

FROM: Brig. Gen. P. H. Tansey, CPC

SUBJECT: German Dwellings in Japan Vested by German
External Property Commission

1. The following is a list of German dwellings requested by Mr. Sebald in conversation with Mr. Wilson, CPC/FP on 12 Jan 48, with comment on available descriptive information:

a. Properties currently on Procurement Demand and used by Occupation Personnel. All metropolitan areas having been combed very extensively, it may be assumed that these properties are the most desirable, particularly in view of the extensive rehabilitation performed thereon to prepare them for occupancy:

TOKYO

- (1) U.S. House 845, Herman Bosch, former owner. Inokashira 343/2, Muro Mitake-machi (Near Kichijoji). Property description unavailable, however, property is small and far from center of Tokyo.
- (2) U.S. House 338, Otto Burmeister, former owner. 522, 8-chome, Kamimeguro, Meguro-ku, Tokyo. Two story concrete, stucco construction, western style. Central heating system. 3 bedrooms, dining room and drawing room. Garage on premises. House: 2,654 sq. ft. Land: 1,662 sq. ft.
- (3) U.S. House 337, Rudolf Hillman, former owner. 522, 8-chome, Kamimeguro, Meguro-ku, Tokyo. Western style, frame dwelling. Japanese style servants' quarters attached. Spacious living room, large study, dining room, kitchen and 3 bedrooms. Central heating system. Two modern style bathrooms. Bath for servants. House: 5,760 sq. ft. Land: 12,420 sq. ft.
- (4) U.S. House 429, Kurt Meissner, former owner, 5861 Kaneke-machi oi machi, Shinagawa-ku, Tokyo. Modern, two-story western style, stucco and stone, masonry dwelling. 15 rooms including 2 baths, lavatory, and kitchen. Central heating system. House: 6,352 sq. ft. Land: 19,172 sq. ft. (Released from PD & leased to Pan American Airways).

CONFIDENTIAL

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- (5) U.S. House 234, Otto Stolle, former owner. 1513, 1-chome, Magomenishi-machi, Omori-ku, Tokyo. Three story stucco dwelling. Western style rooms include 2 living rooms, dining room, solarium, pantry, kitchen, bath, 4 bedrooms, 2-car garage and storeroom. Central heating system. House: 2,039 sq. ft. Land: 3,105 sq. ft.
- (6) U.S. House 139, National Socialist Party, former owner. 35 Honmura-cho, Azabu-ku, Tokyo. Two story western style, stucco dwelling with living room, dining room, solarium, kitchen, lavatory, 3 bedrooms, bath with Japanese style servants' quarters, and toilet. House: 3475 sq. ft. Land: 6420 sq. ft.
- (7) U.S. House 272, Peter Metzger, former owner. 60 5-chome, Gotanda, Shinagawa-ku, Tokyo. Two story, western style stucco dwelling consisting of living room, dining room, solarium, kitchen, lavatory, bath, 3 bedrooms, servants' room and Japanese style bedroom and bath for servants. Central heating system. House: 2,950 sq. ft. Land: 3,081 sq. ft.

YOKOHAMA

- (1) U.S. House 9-419-A, Jann Christians, former owner. 156 3-chome, Hongo-cho, Naka-ku, Yokohama. Two story, frame, western style dwelling. Garage and servants' quarters attached. House: 3,610 sq. ft. House built on rented land - 10,192 sq. ft.
- (2) U.S. House 9-42, Herman Schreiner, former owner. 152 Yamate-cho, Naka-ku, Yokohama. Two story, stucco, western style dwelling. House: 5,080 sq. ft. Land: 7,865 sq. ft.
- (3) U.S. House 12-5, Helm Gomei Kaisha, former owner. 370 Motomachi, Honmaku, Yokohama. Two story, stucco, western style dwelling. House: 3,154 sq. ft. Land: 38,664 sq. ft.
- (4) U.S. House 12-3, Helm Gomei Kaisha, former owner. 381 Motomachi, Honmaku, Yokohama. Two story, frame, western style dwelling. House: 4,546 sq. ft. Land: 7,236 sq. ft.

CONFIDENTIAL

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- (5) U.S. House 9-33-A, Helm Gomei Kaisha, former owner. Two story, western style dwelling. House: 2,678 sq. ft. Land: 8,568 sq. ft.
- (6) U.S. House 11-25, Dr. R. Sonderhoff, former owner. 19 Kazodai, Naka-ku, Yokohama. Two story, concrete, western style residence. House: 4,560 sq. ft. Land: 31,000 sq. ft.
- (7) U.S. House 9-40, Karl Krayner, former owner. Two story, brick, western style residence. House: 3,000 sq. ft. Land: 60,000 sq. ft.

KOBE

- (1) U.S. House, Werner Westphalen, former owner. 3/8, 2-chome, Kitanocho, Ikuta-ku, Kobe. (Residence currently in use of Diplomatic Sec.)
- (2) U.S. House, Georg Beutner, former owner. 4/19 Nagaminomiya, Ohishi, Nada-ku, Kobe. Two story, western style, tile roof, frame dwelling consisting of living room, drawing room, solarium, kitchen, bath, Japanese bath, servants' room, three bedrooms and lavatory. House: 2,942.25 sq. ft. Land: 3,581 sq. ft.
- (3) U.S. House, Elise Juchheim, former owner. 249/13 Moyodani, Uyeno-dori, Naka-ku, Kobe. Two story, western style, stucco dwelling consisting of drawing room, dining room, kitchen, servants' room, 2 bedrooms, bath. House: 1,380 sq. ft. Land: 3,078 sq. ft.
- (4) U.S. House, Elise Juchheim, former owner. 249/14 Inogodani, Uyeno-dori, Nada-ku, Kobe. Two story, western style stucco dwelling consisting of living room, dining room, servants' room, kitchen, 3 bedrooms, bath. House: 2,103 sq. ft. Land: 3,078 sq. ft.

b. Properties not on Procurement Demand but suitable for use with slight rehabilitation:

TOKYO

- (1) Estate of N. Philipsen, former owner. 1364 1-chome, Higashi, Magome-machi, Omori-ku, Tokyo. Two story, frame, western style house. House: 2,628 sq. ft. House built on rented land - 10,080 sq. ft.

CONFIDENTIAL

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- (2) Walter Theiss, former owner. 206.4 chome, Denenchofu. Two story, frame, western style, dwelling consisting of living room, dining room, kitchen, downstairs lavatory & toilet, 2 bedrooms, toilet and Japanese style bath. House: 1,800 sq. ft. Land: 3,000 sq. ft.
- (3) Schmidt-Shoten Ltd., former owner. 26-2 Shinonomachi, Yotsuya. Two story stucco & frame, western style dwelling. House: 3,924 sq. ft. Land: 3,100 sq. ft.

YOKOHAMA

- (1) Johannes Koelln, former owner. 253 Menzaku, Honmoku.

KOBE

- (1) Annemarie Kuenkele, former owner. 3 Suwayama 5 chome, Yamamoto-dori. House: 3,211 sq. ft. Land: 13,284 sq. ft.
- (2) Fritz Z. Rapp, former owner. Higashi Tanumi 299/300 Azayamati-dori.
- (3) Kurt Jung, former owner. 2241 Nishi Tarumi House: 3,708 sq. ft. Land: 25,888 sq. ft.

c. Properties suitable for use as summer homes:

KARUIZAWA

- (1) 1181 Karuizawa. Emilie Etter, former owner. Two story, frame dwelling consisting of seven western and four Japanese style rooms. Japanese bath. Tea house on property. House: 3,024 sq. ft. Land: 36,429 sq. ft.
- (2) 1290 Karuizawa, Walter Fritzke, former owner. Two story, frame dwelling consisting of seven western and one Japanese style rooms. Japanese bath. House: 1,911 sq. ft. Land: 22,087.72 sq. ft.
- (3) 1415 Karuisawa, Kaethe Lange, former owner. Two story, frame dwelling consisting of nine western and two Japanese style rooms. Japanese bath. House: 2,520 sq. ft. Land: 31,310 sq. ft.
- (4) 931 Karuizawa, Richard Helm, former owner. Two story, frame dwelling consisting of eight

CONFIDENTIAL

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western style rooms. Japanese bath. House:
1,641 sq. ft. Land: 16,549 sq. ft.

- (5) 1294 Karuizawa, K. Zehender, former owner.
Two story, frame dwelling consisting of eight
western and two Japanese style rooms. Japanese
bath. House: 1,904 sq. ft. Land: 38,639 sq. ft.

HAKONE

- (1) 326 Oshikawa, Hakone-machi, Hakone. Karl
Kramer, former owner.
- (2) 169 Hakone, Schmidt-Shoten, former owner.

Attention is invited to the fact that there
is increasing activity on the part of Eighth
U.S. Army Special Services Section in the
procurement of summer homes for occupation
use. Although CPC has received no notice of
such action, some of the properties in the
Karuizawa and Hakone areas may be procured
for the 1948 summer season.

PATRICK H. TANSEY
Brig Gen, USA
Custodian

CONFIDENTIAL

STANDARD FORM NO. 64

SECRET

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Hamilton
Mr. Butterworth
Mr. Board

TO : FE Mr. Butterworth

DATE: January 22, 1948

FROM : A-S Mr. Saltzman *CS*

SUBJECT: Modification of Purge Restrictions in Japan.

I agree with the recommendation in your memorandum of January 16 that, on receipt of the information now being requested, a State Department working group be set up to study the desirability of modifying the purge program in Japan.

Sorry for delay in answering this.

Was any progress made in discussion with Kennan and Thorpe about someone going to Japan to look into economic reform and other matters?

CS.

Document must be returned to the RM/R Central Files

740.00119 CONTROL (JAPAN) 71-2248

*State Dept
A-S
From Saltzman*

RM/R
Anal <i>7</i>
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at <i>[Signature]</i>

SECRET

SECRET FILE

*748536's Control
(Japan) 71-2248*

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: Feb. 5, 1948.

TO : ~~NWB~~
JKP

FROM : MG *mg*

SUBJECT: Attached.

There being nothing on the agenda of the 50th meeting of the ACJ held on January 21, 1948, the meeting was adjourned after approval of the 49th meeting's minutes.

[No subject has been on the ACJ agenda since education was discussed on November 26, 1947.]

UNITED STATES POLITICAL DIVISION OF
FOR JAPAN/NORTHEAST ASIAN AFFAIRS

FEB - 4 1948

DEPARTMENT OF STATE
Tokyo, January 23, 1948.

No. 49

UNCLASSIFIED

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DEPARTMENT OF STATE

1948 JAN 23 AM 11 39

Subject: Fiftieth Meeting of the Allied Council
for Japan, January 21, 1948.

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 24 of January 9, 1948 and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the fiftieth meeting of the Council held on January 21, 1948.

As there were neither procedural nor official matters on the Agenda, there was no discussion and the meeting adjourned after approval of the minutes of the forty-ninth meeting.

Enclosures:

1. Five copies of Agenda, Fiftieth Meeting of the Allied Council for Japan, January 21, 1948.
2. Five copies of the Corrected Verbatim Minutes, Fiftieth Meeting of the Allied Council for Japan, January 21, 1948.

Original and ozalid to the Department

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

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Enclosure No. 1 to Despatch No. 49 dated January 23, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Fiftieth Meeting of the Allied Council for Japan, January 21, 1948".

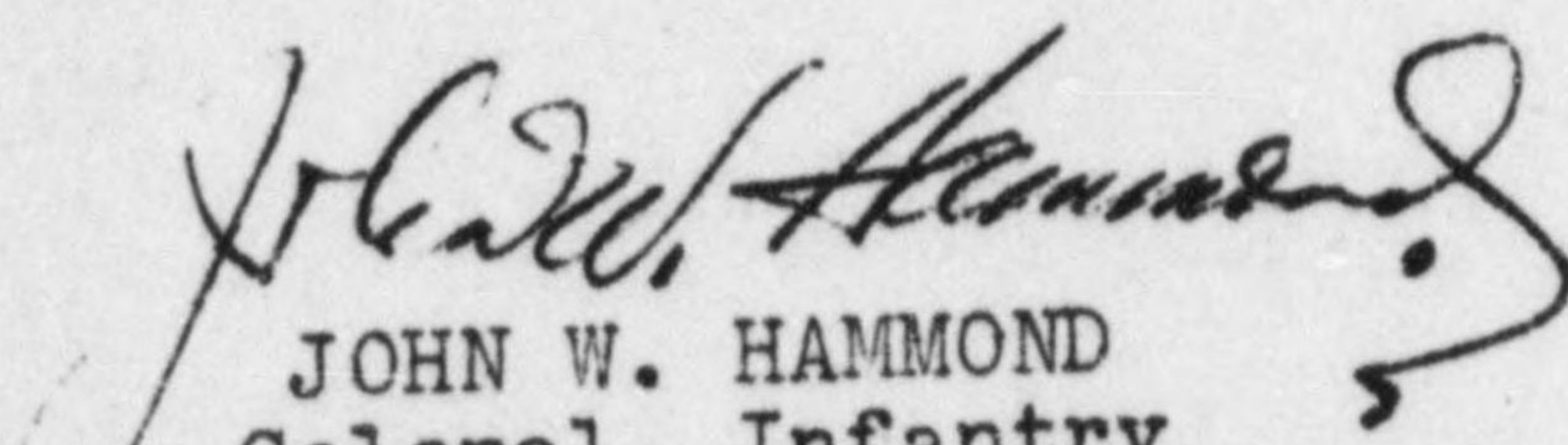
50-121

AGENDA
for the
FIFTIETH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 21 January 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE FORTY-NINTH MEETING (1 Session, numbered 49-107).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:


JOHN W. HAMMOND
Colonel, Infantry
Acting Secretary-General

16 January 1948

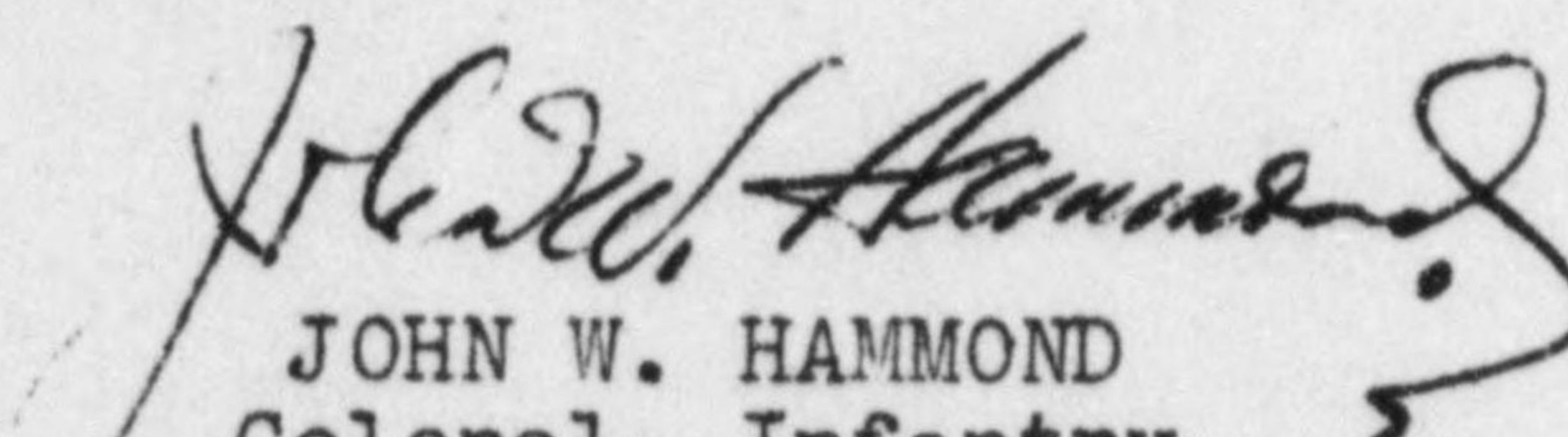
50-121

AGENDA
for the
FIFTIETH MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 21 January 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE
FORTY-NINTH MEETING (1 Session, numbered 49-107).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:


JOHN W. HAMMOND
Colonel, Infantry
Acting Secretary-General

16 January 1948

Enclosure No. 2 to Despatch No. 49 dated January 23, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Fiftieth Meeting of the Allied Council for Japan, January 21, 1948".

50-121

CORRECTED
VERBATIM MINUTES
of the
FIFTIETH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 21 January 1948, at 1000 Hours

MEMBERS PRESENT

Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States

His Excellency General Shang Chen, Member for China

Mr. Patrick Shaw, Member representing jointly the United Kingdom,
Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
21 January 1948

THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Forty-ninth Meeting have been circulated among the Members and in the absence of objection (Pause) are approved.

Are there any procedural matters? (Pause)

There are no official matters on the agenda. In the absence of further business, the meeting is adjourned.

(The meeting adjourned at 1001 hours.)

50-121

CORRECTED
VERBATIM MINUTES
of the
FIFTIETH MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 21 January 1948, at 1000 Hours

MEMBERS PRESENT

Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States

His Excellency General Shang Chen, Member for China

Mr. Patrick Shaw, Member representing jointly the United Kingdom,
Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
21 January 1948

THE CHAIRMAN: The meeting will please come to order.

The Corrected Verbatim Minutes of the Forty-ninth Meeting have been circulated among the Members and in the absence of objection (Pause) are approved.

Are there any procedural matters? (Pause)

There are no official matters on the agenda. In the absence of further business, the meeting is adjourned.

(The meeting adjourned at 1001 hours.)

STATES POLITICAL ADVISER FOR JAPAN

See covering despatch for summary of SCAPIN 1775/1.

Tokyo, January 26, 1948. DIVISION OF NORTHEAST ASIAN AFFAIRS

FEB 9 - 1948 DEPARTMENT OF STATE

FEB 13 1948 DEPARTMENT OF STATE

RECEIVED DEPARTMENT OF STATE

1948 FEB 13 PM 2 16

DC/M FACILITIES BRANCH

Subject: Correction of Plans of the Japanese Government for Reduction of Governmental Expenditures.

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 1292 of September 22, 1947 transmitting copies of a directive concerning reduction of governmental expenditures. There are now enclosed five copies of a directive issued by this Headquarters (SCAPIN 1775/1 of January 13, 1948) containing comment with regard to plans presented by the Japanese Government in compliance with instructions given in the above mentioned directive.

The Japanese Government is forbidden generally to use supplemental rations (over and above rations allowed to all workers) to obtain labor for construction on projects of the Occupation forces. The instruction is given that official prices must be established for all items and must be fully publicized. In order to prevent payment of amounts in excess of legally established prices procedures must be promulgated for avoiding undue delay in processing legitimate claims for payment. In addition, the Japanese Government is reminded that, if it is impossible to supply Occupation needs otherwise, materials may be seized and paid for at legal prices in accordance with governmental ordinances.

Enclosure:

General Headquarters, SCAP, directive (SCAPIN 1775/1 of January 13, 1948) concerning reduction of Governmental expenditures (five copies).

Original and ozalid to the Department

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W.A.

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UNITED STATES POLITICAL ADVISER
FOR JAPAN

No. 54

UNCLASSIFIED

DIVISION OF OCCUPIED AREA AFFAIRS
Tokyo, January 26, 1948.

FEB 9 - 1948
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DIVISION OF
NORTHEAST ASIAN AFFAIRS
FEB 13 1948
DEPARTMENT OF STATE

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1948 FEB 13 PM 2 16

DC/M
FACILITIES BRANCH

Subject: Correction of Plans of the Japanese Government
for Reduction of Governmental Expenditures.

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740.00119 CONTROL (JAPAN) / 1-2448

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 1292 of September 22, 1947 transmitting copies of a directive concerning reduction of governmental expenditures. There are now enclosed five copies of a directive issued by this Headquarters (SCAPIN 1775/1 of January 13, 1948) containing comment with regard to plans presented by the Japanese Government in compliance with instructions given in the above mentioned directive.

The Japanese Government is forbidden generally to use supplemental rations (over and above rations allowed to all workers) to obtain labor for construction on projects of the Occupation forces. The instruction is given that official prices must be established for all items and must be fully publicized. In order to prevent payment of amounts in excess of legally established prices procedures must be promulgated for avoiding undue delay in processing legitimate claims for payment. In addition, the Japanese Government is reminded that, if it is impossible to supply Occupation needs otherwise, materials may be seized and paid for at legal prices in accordance with governmental ordinances.

Enclosure: *ATT*

General Headquarters,
SCAP, directive (SCAPIN
1775/1 of January 13,
1948) concerning reduction
of Governmental expenditures
(five copies).

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Cat.	<i>ms</i>
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Enclosure to Despatch No. 54 dated January 24, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Correction of Plans of the Japanese Government for Reduction of Governmental Expenditures".

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

AG 091.3 (13 Jan 48)ESS/FI
(SCAPIN 1775/1)

APO 500
13 January 1948

MEMORANDUM FOR: JAPANESE GOVERNMENT
THROUGH: Central Liaison Office, Tokyo
SUBJECT: Reduction of Governmental Expenditures

1. References are:

a. Memorandum from the Japanese Government, CLO 8717, 7 November 1947, subject: Request in regard to the Memorandum on Reduction of Governmental Expenditures.

b. Memorandum for the Japanese Government, file AG 120.01 (12 Sep 47)ESS/FI, SCAPIN 1775, 12 September 1947, subject: Reduction of Governmental Expenditures.

c. Memorandum for the Japanese Government, file AG 004.06 (19 Dec 47)GD, SCAPIN 1832, 19 December 1947, subject: Shortage of Japanese Laborers.

2. The steps taken or to be taken, as outlined in section 2 of the inclosure to reference 1 a above to insure compliance with the memorandum on reduction of governmental expenditures (SCAPIN 1775) referred to above are generally satisfactory with the exceptions noted below:

a. The general use of special supplemental rations, over and above the rations allowed to all workers of the types concerned, to obtain labor for construction on Occupation Force projects is not authorized.

b. In addition to establishing and publicizing prevailing rates of wages, official prices must be established for all items possible and such prices must be publicized to the fullest extent.

c. Specific procedures for the prompt audit of vouchers, without undue delay in processing legitimate claims for payment, to prevent the payment of amounts in excess of those permitted by SCAPIN 1775 must be developed and promulgated by the Japanese Government.

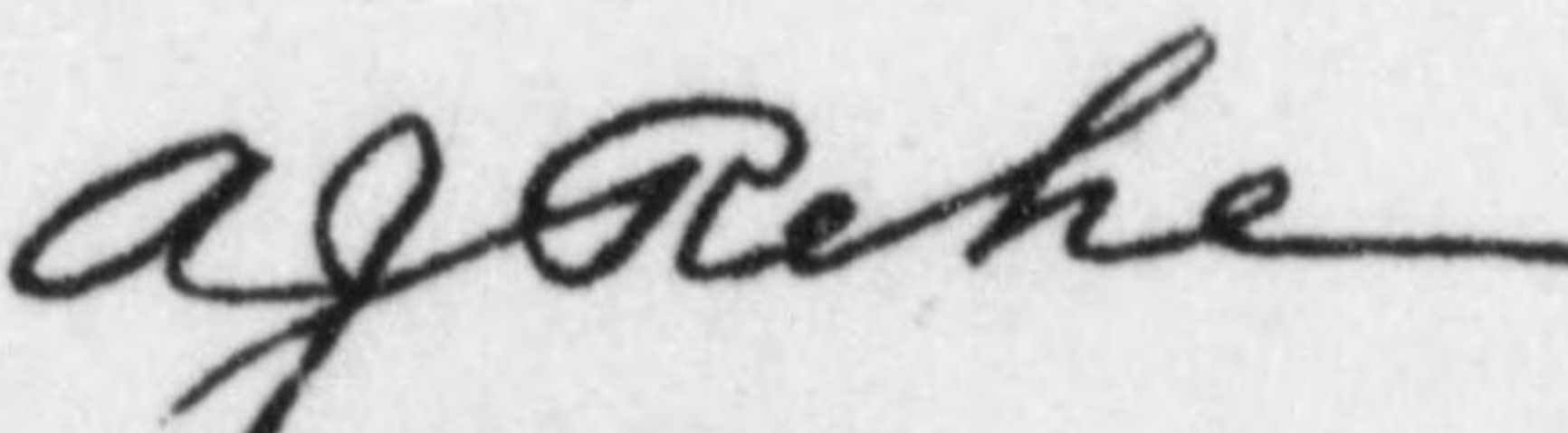
BASIC: Memo to JG, dtd 13 Jan 48, subj: Reduction of Governmental Expenditures. (SCAPIN 1775/1)

3. The provisions of SCAPIN 1775 have been called to the attention of all units of the Occupation Forces. While it may be true that conformance with the memorandum will make it more difficult for the Japanese Government to obtain materials not in stocks, the requirement for obtaining goods only at legal prices cannot be accepted as an excuse for failure to obtain the materials required by the Occupation Forces. The Japanese Government is required to meet Occupation Force requirements, even though obtaining the required materials may upon occasion require the seizure, with compensation at legal prices, by the Japanese Government of materials not otherwise available at legal prices as has previously been provided under Imperial Ordinance No. 88, 27 February 1946, and Ministry of Commerce and Industry Ordinance No. 49, 21 November 1946.

4. Every effort has been made and is continuing to be made by General Headquarters to keep Occupation Force demands to a minimum. Through establishment of forecasting procedures of estimated requirements, establishment of the Special Procurement Board and expansion of its functions and by other means, estimates of requirements, including the furnishing of specifications in advance of contracts and establishment of realistic completion dates for construction projects, have been and will continue to be furnished. In addition, Procurement Demands for construction have over an appreciable time been accompanied by engineering estimates indicating the scope of the project. However, there can be no commitment for the Occupation Forces to give three months' advance notice of construction programs or materials requirements or not to make changes in specifications and plans for those relatively few instances where emergency or changed conditions dictate less notice on such changes.

5. Direct communication between the Ministry of Finance, the Economic Stabilization Board, and the Special Procurement Board and interested staff sections of General Headquarters, Supreme Commander for the Allied Powers, for the implementation of this memorandum is hereby authorized.

FOR THE SUPREME COMMANDER:

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

*Can
1/26/48*

26 January 1948

Dear General Noce:

SANACC 236/51 (U.S. Policy with Respect to Definition of Japanese Occupation Costs and the Priority to be Accorded their Repayment) has been introduced into the Far Eastern Commission as FEC 288. The United States representation in the Far Eastern Commission probably will require very full information on amounts and types of costs which the United States Government has borne in connection with the occupation of Japan, if other FEC countries are to be persuaded to approve our proposals.

*740.00119
FEAC*

It is my understanding that the Department of the Army has in its possession full reports on occupation costs for Japan incurred by the United States between the Japanese surrender and September 1947. Can the Department of the Army make this data available for use by the U.S. Delegation to the Far Eastern Commission? The fullest possible information is desired, in particular, regarding expenditures incurred for imports into Japan to prevent disease and unrest and to accomplish the purposes of the occupation and regarding expenditures for maintenance and repatriation of civilians and Japanese military personnel including expenses incurred in returning Japanese nationals to Japan, removal of foreign nationals from Japan, and transfer from points outside of Japan of persons displaced by Japanese aggression. FEC 288 proposes that repayment for these two types of expenditures should constitute first and second priority charges against certain specified Japanese assets. All of the FEC countries, including the United States, will be expected, shortly, to table estimates of such costs.

An FEC classification of "confidential" could be given to any data which the Department of the Army supplies for use in the Far Eastern Commission.

Sincerely yours,

Charles E. Saltzman
Assistant Secretary of State
for Occupied Areas

DOB NE Unit
Area *VE*
Re *2B*
Cat *2B*
Major General Daniel Noce
Chief, Civil Affairs Division
3B-929, The Pentagon
Washington 25, D. C.

740.00119 CONTROL (JAPAN)
/1-2648

JAN 27 1948

CS/A

*740.00119 Control (Japan)
1-2648*

JAN 27 1948

FEC:RWBarnett:evc 1/26/48

PKM
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A-S

460

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: 1-29-48

TO : A-S: Mr. O'Sullivan
FROM : ADO: Mr. Schuler
SUBJECT: Draft Cable to SCAP on SWNCC 348

Herewith proposed draft cable to SCAP designed to permit immediate implementation by SCAP of interchange of persons program. Clearances have been obtained as noted. This was read by General McCoy and approved by him.

AD: E. Kroll

NA FE OE

740.00119 Central (Japan) 11-2948

2/3/48

95-67

Feb. 17, 1948

Lt. Col. Laux, Executive Officer, CAD

B. O'Sullivan, A-S, X 3613 o4 3719

Draft cable to SCAP re Interchange of
Persons between Japan and other Countries

SWNCC 348 states U.S. policy concerning interchange of persons between Japan and other countries. The substance of the paper has been before FEC since June 1947. Its adoption within the near future now appears unlikely.

General MacArthur, in CM-IN 5558 of August 31, 1947 indicated that he did not intend to implement SWNCC 348 without appropriate instructions. In an analagous problem, i.e. Travel of Japanese Commercial Representatives, General MacArthur was advised by cable that the subject matter was considered within his authority as SCAP; and that it would be appropriate for him in his discretion to institute a travel program without specific directive.

Since the subject of SWNCC 348 also involves travel control matters within the executive powers of SCAP, this Department has drafted the attached message for dispatch by the Army to General MacArthur, in order to advise him that this government considers that the action taken with respect to travel of commercial representatives could also be appropriately taken with respect to cultural interchange.

This matter has been discussed with Mr. Fahey of your division. It would be appreciated if I were advised of the views of the Army Department in this matter as soon as possible.

Attachment

Cable (draft) for dispatch to SCAP

A-S:BO'Sullivan:oe

AS 3567

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : ADO - Mr. Schuler

DATE: November 21, 1947

FROM : A-S - Mr. O'Sullivan *BOJ*

SUBJECT: SWNCC 348

Attached is a hasty draft of a cable to CINCFE along the lines developed yesterday in our discussion of SWNCC 348.

I have no pride of authorship, and am sure that revision will improve it. Do you agree that clearance with Whitman is particularly desirable in view of his "business man" project?

The cable is drafted so as to request CINCFE's comments, because his last message leaves doubt as to what his reaction would be if we should merely transmit SWNCC 348 via the Snow formula without prior notice.

Attachment:
Draft cable to CINCFE
on SWNCC 348.

AS 2849

GIC OCCUPIED AREAS DIVISION
(AOO)

NOV 24 1947

DEPARTMENT OF STATE

740.00119 Central Japan/11-247

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: January 30, 1948

TO : NA - Mr. Bond

FROM : FBO - Mr. King

SUBJECT:

*Foreign Service
Building office*

Many thanks for your memorandum of January 27 regarding the Mission property in Seoul and the German properties in Japan.

We have been trying for a long time to secure German and Japanese property in various parts of the world with, unfortunately, little success due to complexities beyond our understanding.

A similar situation pertains to the use of valid assets in former enemy countries, more particularly Japan. We will continue to pursue this entirely logical and desirable means of meeting the housing needs of the Service, to say nothing of recovering assets for the tax-payer. (I hope to be in touch with you shortly on the two subject projects. In the meantime, would appreciate any information that may come to your attention on the problem).

cc: Sebald

DMR

*XR
740.00113 P.W.*

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CONTROL (JAPAN)
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(Japan) /1-3048*



UNITED STATES POLITICAL ADVISER
FOR JAPAN

DIVISION OF
NORTHEAST ASIAN AFFAIRS
FEB 11 1948
DEPARTMENT OF STATE

Handwritten initials and marks

No. 76

Tokyo, February 5, 1948.

UNCLASSIFIED

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DEPARTMENT OF STATE

1948 FEB 11 AM 9 12

FACILITIES BRANCH

Subject: Fifty-first Meeting of the Allied Council
for Japan, February 4, 1948.

Handwritten notes:
740.00119 Control
(Japan) 11-2348
see file for a-2

740.00119 CONTROL (JAPAN) /2-548

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 49 of January 23, 1948 and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures five copies each of the Agenda and Corrected Verbatim Minutes of the fifty-first meeting of the Council held on February 4, 1948.

As there were neither procedural nor official matters on the Agenda, there was no discussion and the meeting adjourned after approval of the minutes of the fiftieth meeting.

Enclosures: *all*

1. Five copies of Agenda, fifty-first meeting of the Allied Council for Japan, February 4, 1948.
2. Five copies of the Corrected Verbatim Minutes, fifty-first meeting of the Allied Council for Japan, February 4, 1948.

Original and *o*zald to the Department

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

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Enclosure No. 1 to Despatch No. 76 dated February 3, 1948 from the United States Political Adviser for Japan entitled "Fifty-first Meeting of the Allied Council for Japan, February 4, 1948".

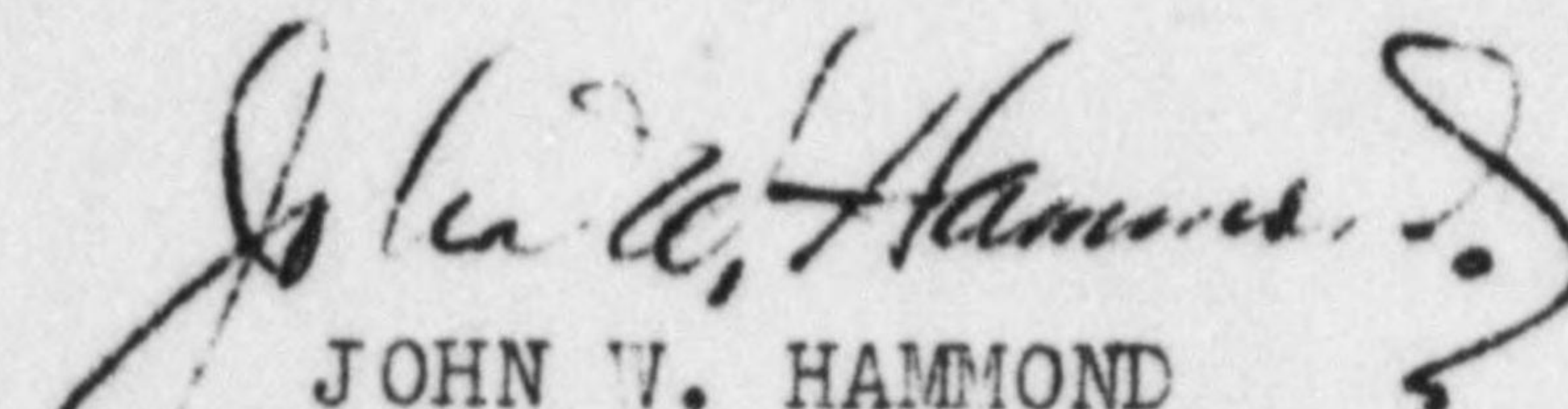
51-204

AGENDA
for the
FIFTY-FIRST MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 4 February 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE FIFTIETH MEETING (1 Session, numbered 50-121).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:


JOHN V. HAMMOND
Colonel, Infantry
Acting Secretary-General

30 January 1948

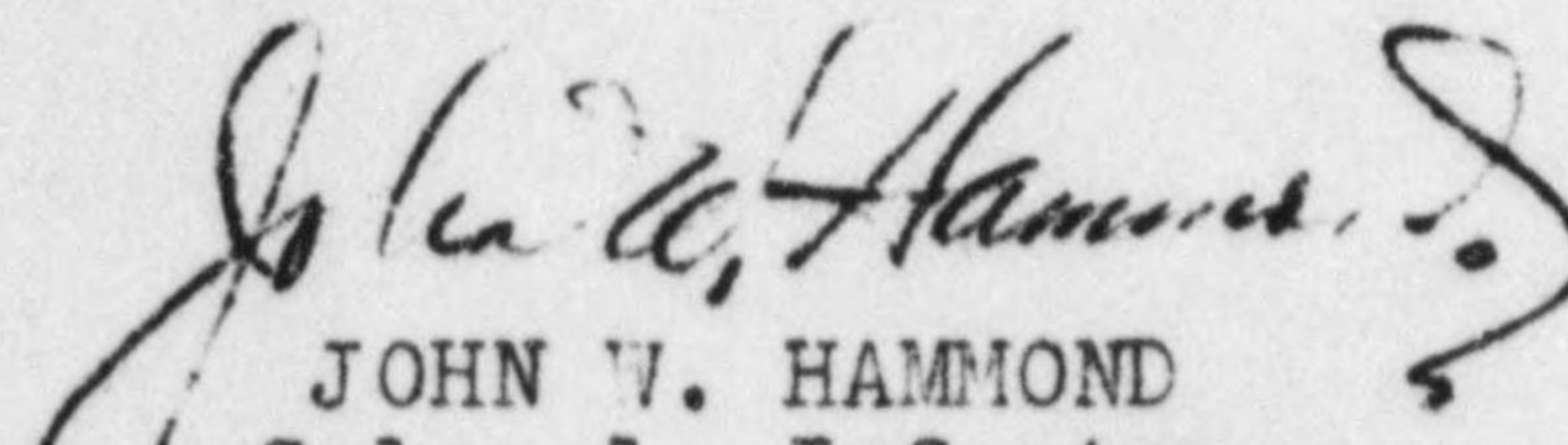
51-204

AGENDA
for the
FIFTY-FIRST MEETING
ALLIED COUNCIL FOR JAPAN

To be held in the Meiji Building, Tokyo
Wednesday, 4 February 1948, at 1000 Hours

- I APPROVAL OF THE CORRECTED VERBATIM MINUTES OF THE FIFTIETH MEETING (1 Session, numbered 50-121).
- II PROCEDURAL MATTERS
None held over or submitted as subjects for this Agenda.
- III OFFICIAL MATTERS
None held over or submitted as subjects for this Agenda.

By Direction of the Chairman:


JOHN W. HAMMOND
Colonel, Infantry
Acting Secretary-General

30 January 1948

Enclosure No. 2 to Despatch No. 76 dated February 5, 1948 from the United States Political Adviser for Japan entitled "Fifty-first Meeting of the Allied Council for Japan, February 4, 1948".

51-204

CORRECTED
VERBATIM MINUTES
of the
FIFTY-FIRST MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 4 February 1948, at 1000 Hours

MEMBERS PRESENT

Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States

His Excellency General Shang Chen, Member for China

Mr. Thomas W. Eckersley, representing the Member for the United
Kingdom, Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
4 February 1948

THE CHAIRMAN: The meeting will please come to order.
The Corrected Verbatim Minutes of the Fiftieth Meeting
have been circulated among the Members and in the absence of
objection (Pause) are approved.

Are there any procedural matters? (Pause)

As there are no official matters on the agenda, that would
appear to conclude the business of the day. The meeting is
adjourned.

(The meeting adjourned at 1001 hours.)

51-204

CORRECTED
VERBATIM MINUTES
of the
FIFTY-FIRST MEETING
ALLIED COUNCIL FOR JAPAN

Meiji Building, Tokyo, Wednesday, 4 February 1948, at 1000 Hours

MEMBERS PRESENT

Mr. William J. Sebald, Deputy for the Supreme Commander, Chairman,
and Member for the United States

His Excellency General Shang Chen, Member for China

Mr. Thomas W. Eckersley, representing the Member for the United
Kingdom, Australia, New Zealand and India

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

ACTING
SECRETARY-GENERAL

Colonel John W. Hammond

Office of the Secretariat
Allied Council for Japan
4 February 1948

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Are there any procedural matters? (Pause)

As there are no official matters on the agenda, that would appear to conclude the business of the day. The meeting is adjourned.

(The meeting adjourned at 1001 hours.)

STANDARD FORM NO. 64

RESTRICTED

Office Memorandum • UNITED STATES GOVERNMENT

DATE: February 5, 1948

TO : A-S/SJK (55)

FROM : OE - Mr. Whitman

SUBJECT: SCAP-Sterling Area Trade Agreement.

In C-58099, 21 January 1948, SCAP concurred in certain deletions to the proposed SCAP - Sterling Area Trade Agreement which had been suggested by the British. He requested, however, that we consult with the British Embassy on the rate of conversion for sterling balances to dollars, suggesting that the rate registered with the International Monetary Fund be used for this purpose rather than the ~~current~~ official buying and selling rates for sterling against dollars which had been previously proposed. SCAP, in a memorandum of December 18, 1947, had made this proposal to the British Liaison Mission in Tokyo, in connection with the interim SCAP-Sterling Area Agreement which has been in effect for some time.

The U.K. Treasury Representative in Washington stated that he considered conversion of sterling to dollars should be in accordance with established banking practices, but he had no objection to SCAP reaching agreement on this point with the U.K. Liaison Mission.

Inasmuch as there is already in effect an interim SCAP - Sterling Area Agreement, and since the final agreement can be best effected by amending the interim agreement, the attached cable proposes that SCAP finalize the matter with the U.K. Liaison Mission in Japan.

Request despatch through CAD.



OE:OJMcD ^{o j m}lar mid:mw

RESTRICTED

740.00 119 Control (Japan) / 2-548

STANDARD FORM NO. 64

RESTRICTED*Office Memorandum* • UNITED STATES GOVERNMENT

TO : A-S/SJK

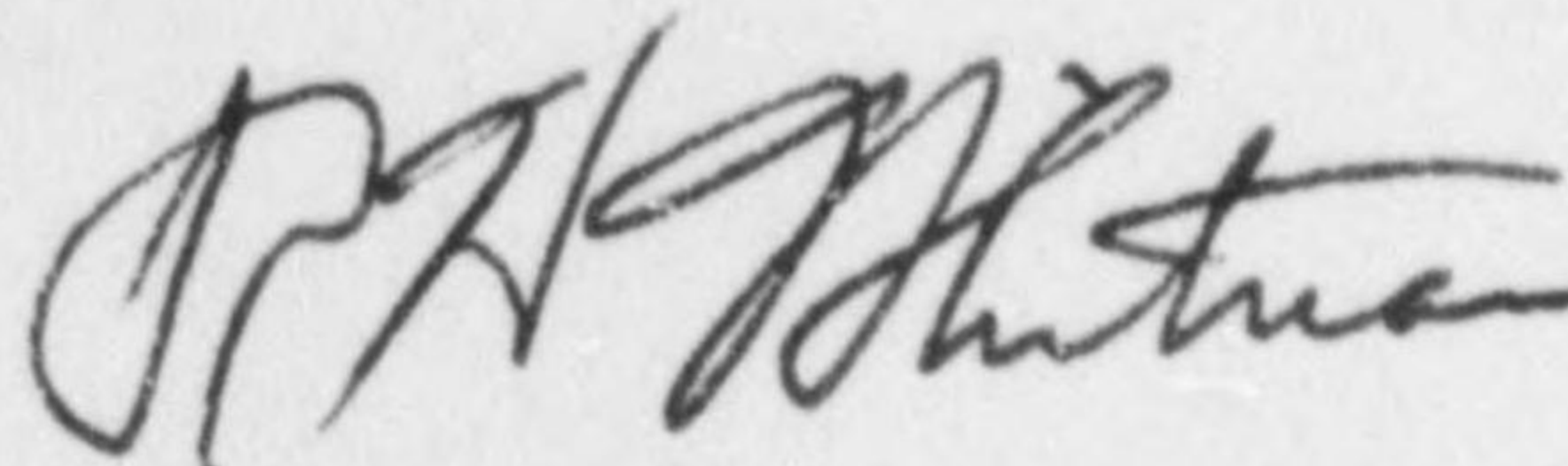
DATE: October 21, 1947

FROM : OE - Mr. Whitman

SUBJECT: Draft Cable to SCAP re Proposed U.K.-SCAP Sterling
Area Trade Agreement.

U.K. Treasury Delegation in Washington has informally communicated its acceptance of the Aide Memoire of August 26, 1947, containing the proposed U.K.-SCAP Trade Agreement, with the exceptions noted in the attached cable. These exceptions are not considered material, but are hereby communicated to SCAP for his views.

Request dispatch through CAD.



OE:OJMcDiarmid:mw

RESTRICTED

2284

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: August 26, 1947

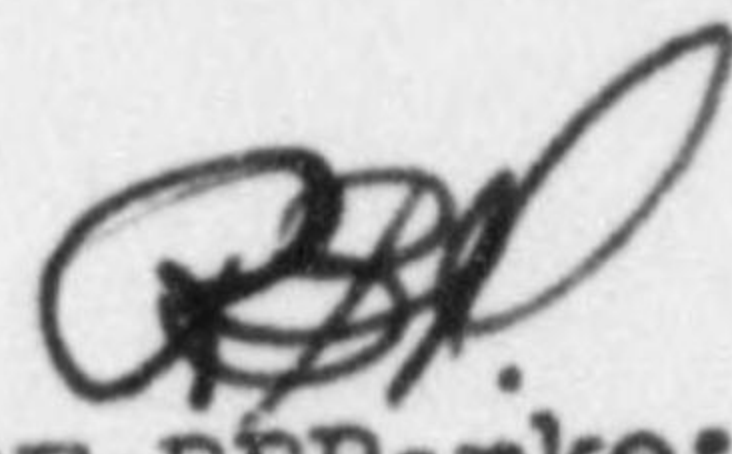
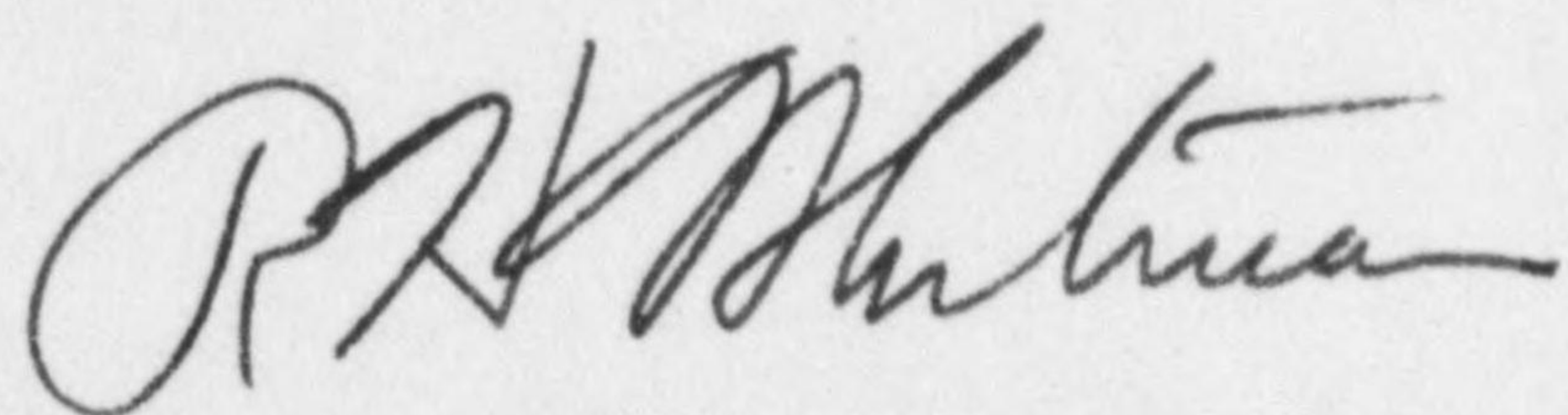
TO : A-H - JK/Sec.

FROM : OE - Mr. Whitman

SUBJECT: Draft cable to SCAP re: Proposed UK-SCAP Sterling Trade Arrangement.

The State Department over the past several months has conducted informal negotiations with the United Kingdom Treasury Delegation in Washington with a view to arriving at a mutually acceptable arrangement for the handling of payments arising out of trade between Japan and countries in the Sterling Area. In the course of these negotiations the Department has consulted with Treasury, War, SCAP, and Agriculture. On August 26, 1947 an Aide-Memoire setting forth an arrangement acceptable to SCAP and this Government was handed to Sir Gordon Munro, Minister Financial Counselor of the British Embassy, represented by Mr. Allan Christelow, U.K. Treasury Delegation.

The attached draft cable is designed to inform SCAP of the arrangement set forth in the Aide-Memoire, which it is believed will be acceptable also to the British Government, and thus enable SCAP to prepare for its implementation upon being advised of its acceptance.


OE:RBP Parke:mrr 8/26/47

RESTRICTED

2833

STANDARD FORM NO. 64

RESTRICTED

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-H - General Hilldring

FROM : A-H - C. C. Hilliard *cc.*

SUBJECT: Amounts Collected by Occupation Courts.

DATE: July 23, 1947

Submitted herewith, with recommendation for your approval, is draft cable to SCAP on the above subject.

Background information is as follows: In connection with consideration which is now being given by the Far Eastern Commission to FEC 241/1 (SWNCC 347/2/D), questions have been raised by members of the Commission in regard to the amounts collected by occupation courts. The purpose of the enclosed draft cable is to obtain information from SCAP in order to be able to reply to the above mentioned questions.

The enclosed draft cable has the concurrence of the War Department (Lt. Col. Hendrick, CAD).

Attachment.

*Phoned to Hendrick
7/23 8:40
ark*

RESTRICTED

ak2491

February 6, 1948

U - Mr. Lovett

Subject: Japanese Reparations

1. Under Secretary Draper in a December letter suggested that the U. S. representative at the FEC be instructed to hold up action on the U. S. level of industry proposal, pending receipt and consideration of the report of Overseas Consultants. In reply you dispatched to him on January 13th a letter in which you rejected this suggestion but indicated the willingness of the Department of State to consider any factual evidence submitted by Overseas Consultants, Inc., on the adequacy of the industrial capacities to be retained in Japan, under the provisions of the SWNCC approved paper now before the FEC.
2. On January 12th Under Secretary Draper sent a second letter, which crossed your reply, again urging that action in the FEC be held up in order to consider the report of Overseas Consultants, Inc.
3. There is attached a reply to this letter which repeats the basic position contained in your letter of January 13th. It goes one step further, however, by agreeing to ask General McCoy to keep the State Department informed of the progress of the U. S. level of industry proposal in order that, if by any chance FEC action seems possible before the report of Overseas Consultants has been received and considered, the State Department may review the situation and determine what instructions to General McCoy are at that time appropriate.
4. The report of Overseas Consultants is due about February 15th. Under Secretary Draper has stated that Mr. Strike has indicated in conversation with him that it will recommend substantial changes in the present U. S. level of industry proposal designed to decrease the amount of equipment which would be available for reparations.
5. Should the Overseas Consultants, Inc. report contain recommendations for substantial changes in the levels of industrial retentions, the Government may be confronted with a serious problem which will have to be solved promptly in order to determine a firm position in FEC.

In order

740.00119 Central (Japan) / 2.6 48

-2-

In order that you may be acquainted in advance with the issues involved I am attaching three memoranda: The first is a brief history of (Tab B) action to date on Japanese reparations; the second is a statement (Tab C) from Mr. Thorp of the principles which have been followed, the position in which we now find ourselves, and the reasons why he believes that substantial amendments in the present U. S. position should be accepted only if backed up by overwhelming factual evidence; the third is a bar chart (Tab D) and table showing the comparative industrial retention levels set for major industries in the several policy decisions or recommendations on this subject.

6. I should like to suggest that some time prior to the initiation of detailed discussion with the Department of the Army on the recommendations of Overseas Consultants, it may be desirable to have a conference with you to reach full agreement on the general State Department line. In addition to myself, I should like to suggest that Mr. Thorp, Mr. Butterworth, and Mr. Martin should participate.

Charles E. Saltzman

Attachments

A-S:PPClaxton;br;hjh

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE INCOMING TELEGRAM

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Office of FAR EASTERN AFFAIRS FEB 7 1948 DIRECTOR Department of State

Miss Scott of the Bulletin informed Feb 10 BAY

DIVISION OF NORTHEAST ASIAN AFFAIRS

FEB - 9 1948

DEPARTMENT OF STATE

Control 2100

Rec'd February 7, 1948 7:43 a. m.

740.00119 CONTROL (JAPAN)/2-748

- Action: FE Info: AS OCD CIA FC DCR

Table with columns for routing: Action, FE, Info, UN, CA, SA, FI, SEA. Includes handwritten 'NA' and 'RESTRICTED'.

FROM: Tokyo TO: Secretary of State NO: C-58460 February 7 FROM SCAP TO DEPT OF ARMY, FOR CSUSA

Reference number 29, February 4, 5 p. m. from State Department relative publication SWNCC 52/7. No objection.

JMS:AEW

FEB 26 1948

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NA INCOMING TELEGRAM NORTHEAST ASIAN AFFAIRS

DIVISION OF NORTHEAST ASIAN AFFAIRS

Noted

FEB 10 1948

Origin: FE
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DEPARTMENT OF STATE

Rec'd February 9, 1948
7:05 p.m.

FEB 10 1948
FAD EASTERN AFFAIRS
Department of State

FROM: SCAP Tokyo Japan
TO: Dept of Army for CSUSA
NO: C-58460

7 February 1948

Reference nr Dept's 29 Feb 4, 5 p.m. Relative publication SWNCC 52/7. No objection.

NOTE: 29 1s CM IN 811 (5 Feb 48) PO

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CM IN 1295 (7 Feb 48)

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FEB 24 1948

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DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

2776

FROM

LONDON

DATED February 9, 1948

RECD. February 17, 1948
8:57 a.m.

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UNCLASSIFIED

Secretary of State,
Washington

A-344, February 9, 1948

Following questions and answers in regard to a visit by General MacArthur to this country exchanged in House of Commons on February 5, 1948:

Mr. William Teeling (Conservative M.P. for Brighton) asked the Prime Minister whether he will consider inviting General MacArthur to visit this country, as did General Eisenhower, in order to express this nation's gratitude for his personal interest in our Forces during their service under him in Japan.

Mr. Attlee (Prime Minister): "His Majesty's Government in the United Kingdom are very appreciative of all that General MacArthur has done for our forces in Japan, and we should welcome a visit from this illustrious Allied Commander whenever his duties permit."

Mr. Teeling: "Does the Prime Minister realise how much pleasure that will give to all those who took part with General MacArthur in his campaign in the Far East, and all who have watched with great interest what he has done in the recent past to develop the present position in Japan?"

GALLMAN

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

EFDrumright/wg
2/6/48

FEB 19 1948

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OFFICE OF EUROPEAN AFFAIRS
MESSAGE CENTER

1948 FEB 16 AM 10:17

740.00119 CONTROL (JAPAN)/2-948

HH



No. 27

UNCLASSIFIED
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DIVISION OF
NORTHEAST ASIAN AFFAIRS

American Legation, Wellington, New Zealand
February 10, 1948

DEPARTMENT OF STATE

Subject: Criticism of SCAP by New Zealand
War Crimes Prosecutor

RECEIVED
DEPARTMENT OF STATE

The Honorable
The Secretary of State,
Washington.

I have the honor to enclose a report, published in the Taranaki Herald (New Plymouth) on February 4, 1948, of an address given by Mr. (formerly Brigadier) R. H. QUILLIAM, who was New Zealand's military prosecutor at the Tokyo War Criminals' trials. Mr. Quilliam, in addressing the Rotary Club of New Plymouth, declared that General MacArthur has surrounded himself with a staff which "is most incompetent for the job they are doing".

By way of contrast, Sir Carl Berendsen, New Zealand Minister to Washington and representative on the Far Eastern Commission, told the press on his recent return to the Dominion that he considered the occupation force and the military government were, on the whole, "doing a very good job".

Lieutenant General H.C.H. Robertson, Commander-in-Chief of the British Commonwealth Occupation Force, now in New Zealand, has avoided either praise or blame of the Supreme Commander in his press interviews, but he has declared that the best-informed observers agree that liberal elements in Japan are growing and that the longer the occupation troops remain in Japan the more chance there will be for these elements to attain permanent strength.

Respectfully yours,

John S. Service

John S. Service
Charge d'Affaires ad interim

Enclosure:

- 1. Copy of Mr. Quilliam's speech as reported by Taranaki Herald (New Plymouth), February 4, 1948

File No. 800/711
Armistead M. Lee/CH

To Department in original and hectograph
Copy to Political Adviser, Tokyo

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DEPARTMENT OF STATE

740.00119 Control (Japan)
2-1048

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UNCLASSIFIED

Enclosure No.1 to despatch no. 27 dated February 10, 1948
from the American Legation at Wellington, New Zealand on the
subject CRITICISM OF SCAP BY NEW ZEALAND WAR CRIMES PROSECUTOR

Source: Taranaki Herald (New Plymouth) Feb.3,1948

(Note: The following are selected paragraphs published by the
paper from Mr. Quilliam's address and give no indication
as to continuity)

//
Mr. Quilliam said he wanted the parents of the boys in Japan
to know they were not wasting their time; they were doing a good
job there and their conduct and discipline were impressing the
Japanese people. "There are many temptations for troops in Japan
and some troops give way to them, but not the New Zealanders.
They do their job well and they think about its importance."
He said he was particularly impressed with the education of the
officers on the subject of the occupation. "They are talking
about policy, how we should treat Japan, and how long the occu-
pation should last."

✓
"The Emperor renounced his divinity; it was taken up by Gen-
eral MacArthur. He has taken up the atmosphere of a god." Mr.
Quilliam said that every day, seven days a week, a crowd of G.I.s.
and British soldiers on leave and hundreds of Japanese would wait
to see General MacArthur leave his office for lunch.

✓
"He has surrounded himself with a staff which, I think, are
most incompetent for the job they are doing," said Mr. Quilliam.
"They might be excellent soldiers, but for the job of civil ad-
ministration they are hopeless." They were the most rigid of-
ficialdom he had had the misfortune to deal with. He thought of
complaints he had made about officialdom in New Zealand, but it
was nothing compared to what he had encountered in the US adminis-
tration.

Mr. Vernon Bartlett, noted British politician and journalist,
had told him that General MacArthur, in a conversation with Mr.
Bartlett, had expressed the opinion that the many conversions to
Christianity now going on were genuine and that Japan would be a
Christian nation in ten years. Mr. Bartlett had doubted this and
had asked for Mr. Quilliam's opinion. Mr. Quilliam had referred
him to a missionary who had been in Japan before the war and who
knew the people well. His opinion was that complete conversion
in ten years was impossible. Some conversions were genuine but a
lot of Japanese realized that it was expedient to be a Christian
in Japan today. "From my own dealings with the Japanese and from
reading the documents we unearthed, I feel the missionary has not
overstated the position."

The Japanese had a great idea of saving face; they carried it
to extraordinary lengths. They could be bowled out in a lie, but
they would still not admit it and would hold that two totally in-
consistent statements could stand side by side. Mr. Quilliam

hoped

UNCLASSIFIED

Page 2 of Enclosure No.1 to Despatch No. 27 dated February 10, 1948
from the American Legation, Wellington, New Zealand

hoped that Rotary would be very careful in re-forming clubs in Japan and that they would not accept them too quickly.

Japan was a country of contradictions and he was a bold man who would lay down anything in positive terms about the Japanese. After his close association with the Japanese for 21 months, he came away feeling that he knew less about them than he had before.

✓ People who lived in Japan went Japanese. They did not lose their nationality or patriotism, but they saw only the virtues of the Japanese. The senior military attache attached to the British Embassy was reporting up to December 7, 1941 that there would be ✓ no war. He conscientiously believed that. That he could be so misled showed how hard it was to understand the people.

UNCLASSIFIED

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: March 4, 1948.

TO : JMA
FROM : RAF
SUBJECT: Attached Despatch.

This despatch from Jack Service in New Zealand describes a conversation with the Assistant Secretary of External Affairs regarding the difficulty New Zealand is having maintaining its contingent of the BCOF. The Assistant Secretary suggests (see last paragraph) that if the U.S. Government considers it important that New Zealand not withdraw its forces, some public statement to that effect by the U.S. would be desirable if those elements in the New Zealand Government advocating withdrawal are not to prevail.

Agree
Copies of the despatch have been sent to POLAD and to the Army Dept. and I suppose they will take any necessary steps without further prompting by State. We might keep the matter in mind, however, until Kennan returns and if it is decided we do want to maintain approximately the present occupation force in Japan for any length of time, we might consider the idea of such a statement with the Army.

NA:RAF/hhc



No. 29

CONFIDENTIAL
DIVISION OF
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DEPARTMENT OF STATE

Wellington, New Zealand, February 11, 1948

DC/L
NA/AC
DC/LA

Subject: Request for American Support of Maintenance of New Zealand Occupation Forces in Japan.

The Honorable
The Secretary of State,
Washington.

Sir:

1/ I have the honor to transmit a memorandum of a conversation with Mr. Foss SHANAHAN on February 10, in which Mr. Shanahan outlines the difficulties now facing the New Zealand Government in reaching a decision on the maintenance of New Zealand occupation forces in Japan, and suggests informally that it may be of assistance to the New Zealand Government to have an expression of American interest in the continuation of such forces.

Mr. Shanahan, in addition to his duties as Assistant Secretary of External Affairs, acts as Secretary to the Cabinet, and Secretary to the Chiefs of Staff Committee.

Respectfully yours,

J. S. Service
John S. Service
Charge d'Affaires ad interim

Enclosure: *at*

Memorandum of Conversation with Mr. Foss Shanahan.

File No. 800/820
John S. Service/drm

Original and hectograph to Department; one copy to the United States Political Adviser, Tokyo, Japan; one copy to the United States Military Attache, Wellington.

DEPARTMENT OF STATE
1948 MAR 8 PM 4 28
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Routing slip with handwritten initials and numbers: *22*, *22*, *22*

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action
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DIVISION OF SOUTHEAST
ASIAN AFFAIRS
FEB 19 1948
OFFICE OF FAR
EASTERN AFFAIRS
DEPARTMENT OF STATE

DR

CONFIDENTIAL

Enclosure to Despatch No. 29 dated February 11, 1948 from the American Legation, Wellington, New Zealand, on the subject of REQUEST FOR AMERICAN SUPPORT OF MAINTENANCE OF NEW ZEALAND OCCUPATION FORCES IN JAPAN.

MEMORANDUM OF CONVERSATION:February 10, 1948.

Participants: Foss Shanahan, Assistant Secretary of External Affairs.

John S. Service, Chargé d'Affaires ad interim.

Subject: New Zealand Occupation Forces in Japan.

On the previous day I had telephoned Mr. SHANAHAN to ask if he could give me any information on the results of Lieutenant-General C.H. ROBERTSON'S discussions with the New Zealand Government concerning the maintenance of New Zealand occupation forces in Japan. Mr. Shanahan had replied that he hoped to give me some information in the near future which he thought would be of interest to the United States Government. Today by telephone he requested that I call on him. I did so at 4:00 p.m.

* * * * *

Mr. Shanahan started by saying that General Robertson felt strongly that continued maintenance of New Zealand units in the occupation forces in Japan was desirable. His desire to present his views directly to Mr. FRASER and the New Zealand Cabinet was one of the major reasons for his present trip to this country. General Robertson had spoken highly of the work that had been done by the New Zealand units. He admitted that the original objective of the occupation, the disarming of the Japanese forces, had been achieved, but emphasized that there remained important occupational duties in assisting the military government teams and in carrying out such functions as exercising a check on the carrying out of SCAP directives (such as those requiring revision of school text books). The withdrawal of most of the United Kingdom and Indian units had required General Robertson to spread his British Commonwealth forces very thin. The New Zealanders were at present responsible for the highly important prefecture of Yamaguchi. If the New Zealanders were withdrawn he would have only Australians left, and would be forced to seek American help in the garrisoning and supervision of the British Commonwealth sector. General Robertson also believed there were important prestige considerations, and political reasons connected with the drafting of the Peace Treaty with Japan, to justify continuation of New Zealand forces.

Mr. Shanahan stated that the New Zealand Government agreed in principle with General Robertson, but found itself faced with a number of practical difficulties. The ground forces in Japan were a separate force especially recruited on a short term basis for this service. The force had no place in the presently planned permanent New Zealand military organization which would consist only of a small cadre of highly trained professional officers and a territorial force in New Zealand. Some months ago, it had been

assumed

CONFIDENTIAL

Enclosure to
Despatch No. 29,
February 11, 1948
Wellington, N.Z.

CONFIDENTIAL

-2-

assumed that a peace treaty with Japan would be concluded in early 1948. The term of enlistment of most of the men now in Japan is due to expire about July, 1948, when it was expected that military occupation could be concluded. All these factors had provided the background for the Prime Minister's decision, as stated to an American UP Representative in November, 1947,* that the New Zealand forces would be withdrawn by July.

Now it is obvious that a treaty will not be concluded by July, 1948, and that some form of military occupation will probably have to continue. The New Zealand Air Force Squadron in Japan is a part of the regular Air Force organization and can be stationed in Japan as well as in New Zealand. It is equipped, however, with old equipment (Corsairs) which are due to be "expended" by late 1948.** The New Zealand Government is willing to leave the squadron in Japan until that time. It will then be faced with the problem of re-equipment. As an interim measure the Air Force in New Zealand has standardized on Mosquitos. There are serious doubts, however, whether this plane, because of its wood construction and the great extremes of temperature and humidity in Japan, will be suitable for service in that country. There appear at present to be no other planes available without recourse to the United States, which the present dollar situation makes impossible. The conclusion, however, on this point, is that the Air Force Squadron (strength about 200 men) will remain in Japan until late 1948.

The situation as regards ground forces is more difficult, and no definite decision has yet been reached by the Cabinet. Present thinking is that it may be possible to continue to maintain a battalion in Japan. This would mean a reduction from the present approximately 2,400 men to about 900. The force would be recruited in much the same way and have the same character as the present force.

There is, however, strong opposition to this plan, based on a number of arguments:

1. The

* See despatch No. 912, November 19, 1947, Page 54.

** I am informed, however, by our Military Air Attaché that the statement that equipment of the New Zealand Squadron will be expended by the end of 1948 is extremely conservative. Actually it has sufficient spare parts in Japan to continue, with careful management, until the end of 1949. Additional planes and parts now in storage in New Zealand could be sent to Japan to enable the Squadron to continue a further year -- until the end of 1950.

CONFIDENTIAL

Enclosure to Des-
patch No. 29, Feb-
ruary 11, 1948,
Wellington, N.Z.

CONFIDENTIAL

-3-

1. The occupation is an American show and the British forces have been discriminated against.
2. It is a heavy expense of indefinite duration and not likely to be reimbursed by Japan.
3. The occupation now serves no important purpose, the disarmament of Japan having been completed.
4. New Zealand is suffering a severe shortage of labor which is handicapping its drive to increase production to aid Britain, and to develop important local industries. At the same time this shortage gives the militant Labor Unions a stranglehold on the country and has encouraged them toward irresponsibility.

(Mr. Shanahan emphasized that he was not expressing personal opinions, but merely attempting to summarize some of the arguments being advanced.)

The fairly strong opposition to the maintenance of the occupation force in Japan makes the Government's position difficult, and in view of the narrow Parliamentary majority of the Government, forces its decision to be a highly political one.

I asked Mr. Shanahan whether the agreement for British participation in the occupation of Japan did not require six months notice of withdrawal. He confirmed this, but stated that it applied only to withdrawal of the British forces as a whole and not to parts of it, such as the New Zealand units. In the present case he understood that the Australian Government expected to continue to maintain its forces in Japan as long as the occupation lasted, so that in this way the British Commonwealth Force could be said to continue. He felt, however, that as the United States had an interest in the matter, it was only fair for the New Zealand Government to keep the American Government informed of its intentions as far in advance as possible.

At this point Mr. Shanahan stated that the "official" part of his conversation was concluded, and that what he would next say was to be regarded as informal and "off the cuff".

He wondered whether the United States considered the maintenance of New Zealand forces in Japan as being important. If so, he thought that it might be of assistance to the New Zealand Government in its present situation if the American Government would express its desires. This could be done either directly to the Government or by some form of publicity. He indicated that publicity might be more helpful because of the political factors involved. Mr. Shanahan declined to go into further detail, but merely repeated that it would be helpful to the New Zealand Government to have an expression from us of the necessity of continuing the military occupation of Japan, and of the importance and desirability of continued New Zealand participation.

I made no comment, except to thank Mr. Shanahan for the information he had given me, and to promise that I would inform the Department of State.

J.S.S. *J.S.S.*

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FILE NO.

740.00119 CONTROL (JAPAN)/2-1148
DESP. 29 FROM WELLINGTON

OCT 14 1948

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No. 29

MAR 3 1948

American Legation

Wellington, New Zealand, February 11, 1948

Subject: Request for American Support of Maintenance of New Zealand Occupation Forces in Japan.

Recd.
Feb. 17

The Honorable
The Secretary of State,
Washington.

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Sir:

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1/

I have the honor to transmit a memorandum of a conversation with Mr. Foss SHANAHAN on February 10, in which Mr. Shanahan outlines the difficulties now facing the New Zealand Government in reaching a decision on the maintenance of New Zealand occupation forces in Japan, and suggests informally that it may be of assistance to the New Zealand Government to have an expression of American interest in the continuation of such forces.

ARMY
NAVY
CIA

Mr. Shanahan, in addition to his duties as Assistant Secretary of External Affairs, acts as Secretary to the Cabinet, and Secretary to the Chiefs of Staff Committee.

O-O-O

Respectfully yours,

John S. Service
Chargé d'Affaires ad interim

Enclosure:

Memorandum of Conversation with Mr. Foss Shanahan.

File No. 800/820
John S. Service/arm

Original and hectograph to Department; one copy to the United States Political Adviser, Tokyo, Japan; one copy to the United States Military Attaché, Wellington.

CONFIDENTIAL

740. 80119 Control (Japan)/2-1148

CONFIDENTIAL

Enclosure to Despatch No. 29 dated February 11, 1948 from the American Legation, Wellington, New Zealand, on the subject of REQUEST FOR AMERICAN SUPPORT OF MAINTENANCE OF NEW ZEALAND OCCUPATION FORCES IN JAPAN.

MEMORANDUM OF CONVERSATION:February 10, 1948.

Participants: Foss Shanahan, Assistant Secretary of External Affairs.

John S. Service, Charge d'Affaires ad interim.

Subject: New Zealand Occupation Forces in Japan.

On the previous day I had telephoned Mr. SHANAHAN to ask if he could give me any information on the results of Lieutenant-General C.H. ROBERTSON'S discussions with the New Zealand Government concerning the maintenance of New Zealand occupation forces in Japan. Mr. Shanahan had replied that he hoped to give me some information in the near future which he thought would be of interest to the United States Government. Today by telephone he requested that I call on him. I did so at 4:00 p.m.

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Enclosure to
Despatch No. 29,
February 11, 1948
Wellington, N.Z.

CONFIDENTIAL

-2-

assumed that a peace treaty with Japan would be concluded in early 1948. The term of enlistment of most of the men now in Japan is due to expire about July, 1948, when it was expected that military occupation could be concluded. All these factors had provided the background for the Prime Minister's decision, as stated to an American U.S. Representative in November, 1947,* that the New Zealand forces would be withdrawn by July.

Now it is obvious that a treaty will not be concluded by July, 1948, and that some form of military occupation will probably have to continue. The New Zealand Air Force Squadron in Japan is a part of the regular Air Force organization and can be stationed in Japan as well as in New Zealand. It is equipped, however, with old equipment (Corsairs) which are due to be "expedited" by late 1948.** The New Zealand Government is willing to leave the squadron in Japan until that time. It will then be faced with the problem of re-equipment. As an interim measure the Air Force in New Zealand has standardized on Mosquitos. There are serious doubts, however, whether this plane, because of its wood construction and the great extremes of temperature and humidity in Japan, will be suitable for service in that country. There appear at present to be no other planes available without recourse to the United States, which the present dollar situation makes impossible. The conclusion, however, on this point, is that the Air Force Squadron (strength about 200 men) will remain in Japan until late 1948.

The situation as regards ground forces is more difficult, and no definite decision has yet been reached by the Cabinet. Present thinking is that it may be possible to continue to maintain a battalion in Japan. This would mean a reduction from the present approximately 2,400 men to about 900. The force would be recruited in much the same way as have the same character as the present force.

There is, however, strong opposition to this plan, based on a number of arguments:

1. The

* See despatch No. 912, November 19, 1947, Page 5/.

** I am informed, however, by our Military Air Attaché that the statement that equipment of the New Zealand Squadron will be expended by the end of 1948 is extremely conservative. Actually it has sufficient spare parts in Japan to continue, with careful management, until the end of 1949. Additional planes and parts now in storage in New Zealand could be sent to Japan to enable the Squadron to continue a further year -- until the end of 1950.

CONFIDENTIAL

Enclosure to Des-
patch No. 29, Feb-
ruary 11, 1948,
Wellington, N.Z.

CONFIDENTIAL

-3-

1. The occupation is an American show and the British forces have been discriminated against.
2. It is a heavy expense of indefinite duration and not likely to be reimbursed by Japan.
3. The occupation now serves no important purpose, the disarmament of Japan having been completed.
4. New Zealand is suffering a severe shortage of labor which is handicapping its drive to increase production to aid Britain, and to develop important local industries. At the same time this shortage gives the militant Labor Unions a stranglehold on the country and has encouraged them toward irresponsibility.

(Mr. Shanahan emphasized that he was not expressing personal opinions, but merely attempting to summarize some of the arguments being advanced.)

The fairly strong opposition to the maintenance of the occupation force in Japan makes the Government's position difficult, and in view of the narrow Parliamentary majority of the Government, forces its decision to be a highly political one.

I asked Mr. Shanahan whether the agreement for British participation in the occupation of Japan did not require six months notice of withdrawal. He confirmed this, but stated that it applied only to withdrawal of the British forces as a whole and not to parts of it, such as the New Zealand units. In the present case he understood that the Australian Government expected to continue to maintain its forces in Japan as long as the occupation lasted, so that in this way the British Commonwealth Force could be said to continue. He felt, however, that as the United States had an interest in the matter, it was only fair for the New Zealand Government to keep the American Government informed of its intentions as far in advance as possible.

At this point Mr. Shanahan stated that the "official" part of his conversation was concluded, and that what he would next say was to be regarded as informal and "off the cuff".

He wondered whether the United States considered the maintenance of New Zealand forces in Japan as being important. If so, he thought that it might be of assistance to the New Zealand Government in its present situation if the American Government would express its desires. This could be done either directly to the Government or by some form of publicity. He indicated that publicity might be more helpful because of the political factors involved. Mr. Shanahan declined to go into further detail, but merely repeated that it would be helpful to the New Zealand Government to have an expression from us of the necessity of continuing the military occupation of Japan, and of the importance and desirability of continued New Zealand participation.

I made no comment, except to thank Mr. Shanahan for the information he had given me, and to promise that I would inform the Department of State.

J.S.S.

CONFIDENTIAL

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DIVISION OF NORTHEAST ASIAN AFFAIRS

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DEPARTMENT OF STATE FEB 16 1948

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Control 4312

Rec'd February 14, 1948
6:29 a.m.

FROM: Tokyo
TO : Secretary of State
NO : 33, February 13.

Office of FAR EASTERN AFFAIRS
FEB 14 1948
DIRECTOR
Department of State

Reference Department's unclassified instruction 615, December 22, 1947. Accreditation of Carlos Hounie Fleurquin as Uruguayan diplomatic agent in Japan has been accepted by SCAP per letter from this mission to Fleurquin of this date. Despatch follows.

SEBALD

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740.00119 CONTROL (JAPAN)/2-1348

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DIVISION OF
NORTHEAST ASIAN AFFAIRS
UNITED STATES POLITICAL ADVISER
FOR JAPAN - 1948

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Tokyo, February 13, 1948

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DOCUMENT
FACILITIES BRANCH

Subject: Accreditation of Mr. Carlos Hounie FLEURQUIN as
Uruguayan Diplomatic Agent.

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740.00119 Control (Japan) 2-1345
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The Acting Political Adviser has the honor to refer to the Department's unclassified instruction Number 615 of December 22, 1947, and to this Mission's telegram Number 33 of February 13, 1948, concerning the accreditation of Mr. Carlos Hounie FLEURQUIN as Uruguayan Diplomatic Agent in Japan.

As stated in this Mission's telegram under reference, Mr. Fleurquin's accreditation has been accepted by the Supreme Commander for the Allied Powers and Mr. Fleurquin has been so advised by this Mission's letter of this date, a copy of which is attached.

Enclosure: *encl*

Copy of letter to Mr. Fleurquin, February 13, 1948.

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Enclosure to
Tokyo's No. 99
February 13, 1948

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Diplomatic Section

Tokyo, February 13, 1948

Carlos Hounie Fleurquin, Esquire,
Commercial Delegate of Uruguay,
Tokyo.

Sir:

The Department of State has forwarded to this Section a copy of a letter from the Embassy of Uruguay at Washington to the Secretary of State, a copy of which is attached, informing the latter of the desire of the Government of Uruguay to accredit you before the Supreme Commander for the Allied Powers in Japan as Diplomatic Agent of Uruguay.

I am pleased to inform you that the Supreme Commander accepts your accreditation as requested by the Government of Uruguay, and hereby recognizes you as Uruguayan Diplomatic Agent in Japan.

Very truly yours,

W. J. SEBALD
Chief,
Diplomatic Section.

Enclosure:

Copy of letter.

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COPY



UNITED STATES POLITICAL ADVISER FOR JAPAN

No. 100

Tokyo, February 13, 1948.
NORTHEAST ASIAN AFFAIRS

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AFFAIRS BRANCH

Subject: Exchange of Correspondence with the Acting Soviet Member of the Allied Council for Japan Concerning Alleged Non-delivery of Publications.

740.00119 CONTROL (JAPAN)

/2-1348

740.00119 Control (CP)
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The Acting Political Adviser has the honor to enclose copy of an undated memorandum informally presented to the Acting Chief of this Mission (in his capacity as Chairman of the Allied Council for Japan) by Mr. Nikolai I. Generalov, Political Adviser to the Acting Soviet Member, on January 26, 1948. It is alleged therein that certain publications are no longer furnished the Acting Soviet Member and that this constitutes an act of discrimination on the part of this Headquarters.

There is also enclosed copy of a reply dated February 7, 1948 from the Chairman of the Allied Council in which there are listed publications regularly furnished the Acting Soviet Member. He is reminded that in a conference on January 12, 1948, it was explained that delay in delivery of Japanese magazines of which complaint was made was occasioned by a lack of personnel in Headquarters Eighth Army to process requests for such publications. In addition he is informed that as he is receiving other reports and publications on the same or broader basis as Diplomatic Missions in Tokyo, his reference to discrimination is not understood.

Enclosures: *act*

1. Copy of an undated memorandum from the Office of the Acting Soviet Member, Allied Council for Japan, alleging non-delivery of publications.
2. Letter from the Chairman, Allied Council for Japan, February 7, 1948, listing publications regularly submitted to the Acting Soviet Member.

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Enclosure No. 1 to Despatch No. 100 dated February 13, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Exchange of Correspondence with the Acting Soviet Member of the Allied Council for Japan Concerning Alleged Non-delivery of Publications".

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(COPY)

Memo

During the last period of time, the Office of the Soviet Member of the Allied Council for Japan has systematically not been receiving a number of publications for information.

For example:

1. The monthly release "Japanese Economic Statistics" issued by Economic and Scientific Section, GHQ has not been delivered since August, 1947. Last time, we received number 98 dated April, 1947.
2. The delivery of the magazine "Weekly Summary" issued by Natural Resources Section, GHQ was suspended in August, 1947 /Last time we received number 98 dated August 30, 1947/.
3. The deliveries of a series of other publications issued by Natural Resources Section, GHQ on various branches of industry /coal, metals, forestry, fisheries and so on/ have been also discontinued.

All these publications were formerly delivered regularly.

4. Moreover, in view of the fact that the Japanese editors have not received appropriate instructions from GHQ, the deliveries of all the magazines published in Japan have been discontinued as of January, 1948 whereas we filed a request for it with GHQ as far back as July 24, 1947.

Incidentally, we understand that all the foregoing magazines and publications have been hitherto delivered regularly to the other members of the Allied Council.

Our repeated inquiries on this subject at Liaison Section, GHQ have failed to bring any positive results.

In the light of the facts stated above, it becomes quite clear that this state of affairs can be regarded only as discrimination toward the Member of the Allied Council from the USSR.

In view of the numerous statements made by spokesmen of GHQ to the effect that all the representatives of the Allied Powers in Japan are treated without any discrimination, as well as in the light of the statement made by Mr. Sebald at the meeting of the Allied Council held on January 7, 1948 to the effect that GHQ supplies all the members of the Allied Council for Japan with full information and with publications for public information, the foregoing actions on the part of GHQ surprise us even more as they obviously run counter to these official statements.

In view of the above, I would like to request Mr. Sebald to take necessary steps to eliminate this abnormal situation to which I just referred at the earliest date.

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Enclosure No. 2 to Despatch No. 100 dated February 13, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Exchange of Correspondence with the Acting Soviet Member of the Allied Council for Japan Concerning Alleged Non-Delivery of Publications".

(COPY)

ALLIED COUNCIL FOR JAPAN
TOKYO

Office of the Member
for
The United States of America

Tokyo, February 7, 1948

Dear General Kislenco:

Reference is made to a memorandum handed to me on January 26, 1948 by Mr. Generalov of your staff. The memorandum concerns certain publications which the Acting Soviet Member desires to receive through this Headquarters.

In compliance with previous requests, it is understood that the Acting Soviet Member (as well as all Diplomatic Missions in Japan) received the following publications from the Foreign Liaison Division of the G-2 Section of this Headquarters:

"Press Analysis" prepared by the Civil Information and Education Section, two copies daily;

"Prefectural Press Analysis" prepared by the Civil Information and Education Section, two copies of each issue;

"Publication Analysis" published by the Civil Information and Education Section, two copies of each issue;

"Summation of Non-Military Activities in Japan" prepared by the Statistics and Reports Section, two copies monthly;

Press releases prepared by the Public Information Office, one copy each of three daily issues;

"SCAPINS" (Directives to the Japanese Government) issued by the Adjutant General, two copies of each;

"Index to SCAPINS" issued by the Adjutant General, two copies quarterly;

"Weekly Summary" prepared by the Natural Resources Section, two copies weekly;

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Encl. 2 to
Tokyo's 100
Feb. 13, 1948

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Special reports prepared by the Natural Resources Section, two copies of each;

"Digest of a Weekly Report of Communicable Diseases" prepared by the Public Health and Welfare Section, one copy weekly.

In addition it is my understanding that the Acting Soviet Member receives from the Acting Secretary-General of the Allied Council for Japan the following publications:

"Summation of Non-Military Activities in Japan", four copies monthly;

"Summation of United States Military Government Activities in Korea" prepared by the Statistics and Reports Section, one copy monthly;

"SCAPINS" (directives to the Japanese Government) issued by the Adjutant General, one copy of each;

"Press Translations and Summaries" prepared by the Allied Translator and Interpreter Section, one copy daily;

Special reports prepared by the Natural Resources Section, one copy of each;

"Special Reports" prepared by the Civil Information and Education Section, one copy of each;

"Official Gazette" prepared by the Japanese Government, two copies of each issue;

"Official Gazette Extra" prepared by the Japanese Government, two copies of each issue;

"Central Labor Report" (in Japanese) prepared by the Central Labor College, one copy monthly.

Five copies of the publication "Japanese Economic Statistics", prepared by the Economic and Scientific Section of this Headquarters, were delivered by the Acting Secretary-General of the Allied Council for Japan to a representative of the Acting Soviet Member and a receipt signed therefor, on each of the following dates:

Copy No. 11 - August 21, 1947
Copy No. 12 - October 8, 1947
Copy No. 13 - November 12, 1947
Copy No. 14 - December 5, 1947
Copy No. 15 - January 16, 1948
Copy No. 16 - January 30, 1948.

With regard to the distribution of Japanese magazines, reference is made to the Acting Soviet Member's "Forecast of Supplies Necessary for a total of Two Semi-Annual Periods" June 26, 1947. It is understood that Headquarters, United States Eighth Army, has approved the "Forecast" and that Japanese publications named therein will be made available to the Office of the Acting Soviet Member in the near future.

The reference

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Encl. 2 to
Tokyo's 100
Feb. 13, 1948

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The reference to discrimination contained in the memorandum referred to above is not understood as it is quite clear that your Office is receiving all reports on the same (and in some cases on a broader) basis as the foreign missions in Tokyo. The reason for the delay in receiving Japanese newspapers and magazines has already been explained to your representative at a meeting arranged by the Foreign Liaison Division of the G-2 Section of this Headquarters, held on January 12, 1948 and it is believed that no further delays will arise in this regard.

Sincerely yours,

W. J. Sebald
Chairman

Major General A. P. Kislenko,
Acting Soviet Member,
Allied Council for Japan,
Tokyo.

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For recording and grading
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No. 21

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AMERICAN CONSULATE GENERAL

Shanghai, China, February 16, 1943.

DOR

SUBJECT: Occupation Policy in Japan Criticized

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DEPARTMENT OF STATE

740.00119 CONTROL (JAPAN) / 2-1648

DIVISION OF CHINESE AFFAIRS
MAR - 4 1948
DEPARTMENT OF STATE
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THE HONORABLE

J. LEIGHTON STUART,
AMERICAN AMBASSADOR,
NANKING.

SIR:

I have the honor to report that the local press continues to show marked interest in all developments related to American occupation of Japan.

In addition to the economic rehabilitation aspects, which have been reported separately, the Shanghai papers have given full play to the Catholic criticism of the textbook entitled "History of Western Civilization", printing many press association despatches thereon.

Today's CHINA DAILY TRIBUNE, a Shanghai paper closely connected with the Chinese Ministry of Information, carries an editorial on this subject. It points out the limitations of state education where state textbooks are used and expresses the fear that Japanese students will get a one-sided point of view from textbooks edited by "a board of chaplains" such as that established. "This might," it continues, "become dangerous as tending to foster in the Japanese mind a suspicion of all publications issued under Allied authority or encouragement." Stating that the original intention of the occupation authorities was "to instil in the minds of the people commonly accepted notions of what is generally called 'democracy', which includes, we presume, a conception of brotherhood and tolerance as the great goal of moral effort," it warns, "but care needs to be exercised that the acceptance of 'democracy' should come naturally. It cannot be forced along the lines of views of few men who have fixed ideas of their own."

The editorial closes with the statement, "Surely the best form education can take is to teach those things

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necessary to enable everyone to do that which every person of good sense and responsible feeling ought to do - judge every issue on its merits without reference to any pre-conceived or prejudiced opinion."

Respectfully yours,

John M. Cabot

File No. 800
Edgartof

Original and copy to Embassy, Hanking.
Hectograph and copy to Department.
Copy to Political Adviser, SCAP.

UNCLASSIFIED

Soviet effort to
secure discussion of
Cabinet change was
pretty much dropped
of.

Soviet member
presented copy of a
petition from 15
labor unions regarding
alleged unjustified arrest
of 46 workers.