

occurred a police mobbing of the workers of a steel manufacturing plant in Hiroshima. I have in mind the reports of Jiji Press of June 14 and Kyodo of June 15 to the effect that about 2,000 policemen were mobilized against the workers of the Hiroshima plant of the Japan Steel Manufacturing Company who gathered to protest the intention of the management to discharge 622 workers from the plant. The police subjected them to brutal mobbing: nine workers were seriously injured and 325 others slightly; twenty union members, workers of this plant, were arrested.

"Neither General MacArthur's attempt to deny these facts and to picture them as 'fantastic exaggerations' nor his absolutely unfounded, rude attacks on the Soviet Union can conceal the fact which is clear for everyone that the United States authorities in Japan are encouraging the illegal actions of the present Japanese Government and police agencies which are seeking to prevent by force the democratization of Japan.

"I believe that the Far Eastern Commission should take into consideration the additional facts adduced by me which show that the Japanese Government and the United States occupation authorities violate the provisions and principles set forth in the Potsdam Declaration and policy decisions of the Far Eastern Commission in respect to the democratization of Japan. I hope that members of the Far Eastern Commission will give appropriate attention to the Soviet proposal in FEC-318/22 and will support this proposal."

(Mr. Makin had assumed the Australian seat during the above statement.)

GEN. MCCOY: May we have copies of your statement, Mr. Ambassador, please, for circulation?

MR. PANYUSHKIN: I will give it to the Secretary General.

GEN. ROMULO: Mr. Chairman, for a point of inquiry: the chair started this morning by saying that we were in a somewhat procedural dilemma, that the chair did not know what question to put to the Commission--whether it was the Australian or the Soviet Union's proposal. Now our Soviet delegate here began to speak on his proposal. What is the next step for the Commission to take now?

GEN. MCCOY: I take it that the Soviet representative wishes to have the Commission discuss this statement of his, that is, his primary statement and this statement this morning which goes into many particulars with which we are uninformed. I would feel that we couldn't act on this important subject without thorough consideration and possibly, since we have two important papers on the subject of labor before us, that, following this particularized statement, the members of the Commission would like to have copies to study and consider before further discussion. I'm not prepared to discuss this statement until I have an opportunity to examine it and consider it.

What are your wishes, gentlemen?

GEN. ROMULO: Mr. Chairman, is it not true that the Soviet Union's proposal has been defeated in committee and that it was the Australian proposal that was approved by the committee, and that therefore having been defeated in the committee the Soviet proposal is brought up before us, but that the Australian paper is what is before the Commission now? Am I right there?

GEN. MCCOY: Yes. But I take it also that the discussion that was had in the working committee--there was no particular discussion in the Steering Committee because they felt it had been thoroughly discussed and considered in the working committee and rejected at that level. However, this statement goes into many things that have happened since the working committee has had an opportunity--many new points--many new incidents that have not been considered by the working committee. And as you will remember since that time there

have been the laws themselves circulated, and the amendments, and I think two analyses, one that the Soviet representative refers to as coming from the Labor Office of SCAP, which I'm not sure was the case, but there was an analysis that came from SCAP which was circulated. Since that there has been a more full analysis that I think was prepared by the Secretariat and that, I think, has been circulated.

This is "An Analysis of Recent Changes in Japanese Labor Legislation prepared from information contained in the Labor letter of the 30th of April 1949", yes, "issued by the Labor Division of the Economic and Scientific Section of SCAP, circulated for the information of the Commission".

"Attention is invited to the fact the enclosure is a somewhat expanded form of the brief analysis circulated to Commission members at the 157th meeting in June".

That is also before you. So that it has gone far beyond the original statement of the Soviet Ambassador and many incidents have occurred since, and they are all before you I think for your consideration.

It seems to me that the Soviet representative is quite within his rights to ask consideration of his statement of this morning together with the two analyses and the incidents which have been circulated, both on behalf of the Soviet representative in the Advisory Council and the reply of General MacArthur. It puts the case in this particular statement of the Soviet representative in the light of continuing consideration, and I would ask that on behalf of the Commission.

Is there any discussion desired this morning as a result of this statement of the Ambassador?

MR. MAKIN: I think it desirable, Mr. Chairman, that your own advice be followed in this matter, and that is that time should be given for an opportunity to examine and consider the statement.

GEN. MCCOY: If that is the wish of the Commission, I will then proceed to the Australian paper. I believe you had some statement you wished to make this morning?

MR. MAKIN: Sir, I would ask that that also be held over so that I can have the opportunity to make whatever preparations are essential to the consideration of that particular paper.

GEN. MCCOY: If there is no objection, both papers will continue to be on the agenda for continuing consideration.

ITEM 6 - JAPANESE REPARATIONS AND LEVEL OF INDUSTRY (FEC-340, /1, /2, /3, /4, /5)

GEN. MCCOY: Item 6 is before you, gentlemen. FEC-340 is a comprehensive statement on the subject of reparations and level of industry, submitted by the United States representative on the 12th of May. Subsequent papers in the series are: a Philippine statement of the 19th of May, a Chinese statement of the 26th of May; both of these statements were given to the press. At the last session I called attention to the fact that the State Department had also issued a statement which has been circulated to you. There was a second Philippine statement on the 26th of May and a New Zealand statement and inquiry of the 2nd of June which I am not yet able to reply to in particular. It is being considered by my Government.

Are there any further statements on that subject this morning?

(No response)

GEN. MCCOY: There seems to be none and the item will be continued on the agenda.

ITEM 7 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32; /35, /37)

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

ITEM 8 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

ITEM 9 - REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/54 /6, /7, /8, /9, /10)

GEN. MCCOY: Items 7, 8 and 9 are subject of any statement or comment--there are none on the part of the United States.

If there are no further statements on those particular items, items 7, 8 and 9, we will proceed to Item 10.

ITEM 10- REPLACEMENT OF LOST CULTURAL OBJECTS (FEC-272/19; /20, 272 series)

GEN. MCCOY: FEC-272/19 is a proposed policy decision approved and forwarded by the Steering Committee on the 14th of June by a vote of 8 in favor to 1 opposed with 2 abstentions. FEC-272/20 shows amendments proposed at the 157th meeting by the Soviet representative.

Is it your desire to discuss this new subject this morning or to take action on the Soviet amendments?

DR. LEE: Mr. Chairman, my colleague on the Steering Committee has informed me that the Soviet amendments have been extensively and thoroughly discussed in the Steering Committee. Since they have been re-introduced in the Commission for the purpose of clarifying my own understanding I should be very grateful to the Soviet Ambassador if he would throw some light on the purport and the scope of the amendment made by his delegation, particularly with reference to the problem of ownership. My inquiry is connected with paragraph 3. The Soviet delegation wishes to amend that paragraph.

(Mr. Makin, the Australian representative, departed the meeting and Mr. Bullock assumed his seat as alternate.)

GEN. MCCOY: The paper in question is FEC-272/19, Replacement of Lost Cultural Objects, as approved and forwarded by the Steering Committee. At the 157th meeting the Soviet representative submitted the following amendments to the proposed policy decision as in the basic paper, FEC-272/19. The amendments were: a delete paragraph 3 in its entirety and substitute:

"3. The Japanese Government should replace cultural objects which were in national and public use."

Have you any comments on that, Mr. Ambassador?

MR. PANYUSHKIN: It would be much easier for me because, as Dr. Lee said here, these amendments have been thoroughly discussed in the Steering Committee. In introducing the amendment to paragraph 3 the Soviet delegation thought it necessary to make a certain principle for the replacement of lost cultural objects and in doing so the Soviet delegation considered that it was necessary to replace the cultural objects not on the basis of their ownership but on the basis of their use, that is those cultural objects which were in national and public use should be replaced. On the basis of this principle we introduced our amendment and asked that paragraph 3 be substituted by the new wording suggested in our amendment. That's all I can say.

GEN. MCCOY: Have you any comment on that as representing China?

DR. LEE: Offhand I agree with the interpretation of the Soviet delegate but, offhand, I think the original proposal may be more specific than the Soviet amendment which is quite broad.

MR. PANYUSHKIN: I believe that in spite of its shortness the Soviet wording is also specific. But if we judge by the fact that the original wording is longer than the Soviet proposal, which is only three lines, then perhaps it might be said that the original proposal is more concrete. But I don't believe so.

GEN. MCCOY: Is there any further comment on this proposed amendment?

(No response)

GEN. MCCOY: Do you wish to have it considered further or are you ready to vote on the subject?

DR. LEE: It is up to the Commission.

GEN. MCCOY: Is the Commission ready to vote on the first Soviet amendment?

MR. PANYUSHKIN: Mr. Chairman, as regards the Soviet delegation, it is ready to take part in a vote on the Soviet amendments as well as on the original paper.

GEN. ROMULO: The Philippines are ready to vote, Mr. Chairman.

MR. JOHNSON: Mr. Chairman, the quest is the proposal contained in FEC-272/20, which proposes that paragraph 3 of SC-272/19 be deleted in its entirety and that there be substituted for that paragraph the words:

"3. The Japanese Government should replace cultural objects which were in national and public use."

MR. BULLOCK: Against.

MR. COLLINS: Against.

DR. LEE: Against.

MR. DARIDAN: Against.

MR. BANERJI: Against.

MR. REUHLIN: Against.

MR. CORNER: No.

GEN. ROMULO: No.

MR. PANYUSHKIN: In favor.

MR. FORD: Against.

GEN. MCCOY: Abstain.

MR. JOHNSON: The tally, Mr. Chairman, is 1 in favor, 9 opposed, 1 abstention. The amendment is lost because of no majority.

GEN. MCCOY: The next amendment: b, delete paragraph 7 g.

"7g. Items required by the Supreme Commander for the Allied Powers to accomplish the objectives of the occupation particularly with respect to the program of democratization and education of the Japanese...".

GEN. MCCOY: Have you any further comment or explanation of that amendment?

MR. PANYUSHKIN: At the last meeting, Mr. Chairman, I gave explanations why the Soviet delegation introduced this amendment.

GEN. MCCOY: I don't remember that. Will somebody refresh me?

MR. PANYUSHKIN: Mr. Chairman, the Soviet delegation considers that subparagraphs a and b of paragraph 7 are quite sufficient to protect the interests of the Japanese people.

(Mr. Daridan, the French representative, departed the meeting and Mr. Winckler assumed his seat as alternate.)

GEN. MCCOY: I find a statement already made by the Soviet Ambassador at the last meeting that he remarked--it stands in the record: "The second amendment was introduced because in the Soviet view those limitations which were set forth in paragraphs 7 a and 7 b were quite sufficient to protect the interests of the Japanese people. Therefore there was no necessity for retaining paragraph 7 c in the paper".

Have you any comment on that this morning?

DR. LEE: With reference to the second amendment of the Soviet delegation, the Chinese delegation does not have a strong view and the paper as a whole would be equally acceptable to the Chinese delegation with or without 7 c.

GEN. MCCOY: Are there any comments from other delegates?

(No response)

GEN. MCCOY: Is there any member present who sat on the committee and remembers the reason for the action of the committee in rejecting that amendment?

MR. COLLINS: Mr. Chairman, I was on the committee at the time and I remember the reason that I had, at least, in rejecting it, and that was that my Government felt that this was a useful provision and could see no real advantage in deleting it and simply preferred that it should be left in.

GEN. MCCOY: Are you ready for a vote, gentlemen?

GEN. ROMULO: My Government, Mr. Chairman, also feels that paragraph g should remain.

MR. BULLOCK: Mr. Chairman, we also feel that paragraph g is a very desirable provision in this paper and we would be unable to agree with its deletion.

GEN. ROMULO: I am prepared to vote on this amendment.

GEN. MCCOY: If there is no other comment, the Secretary General will poll the Commission, on the second amendment proposed by the Soviet representative.

MR. JOHNSON: Mr. Chairman, the question is an amendment to FEC-272/19 by deletion of paragraph 7 g.

MR. BULLOCK: Against.

MR. COLLINS: Against.

DR. LEE: Abstain.

MR. WINCKLER: Abstain.

MR. BANERJI: Against.

MR. REUCHLIN: Abstain.

MR. CORNER: Against.

GEN. ROMULO: No.

MR. PANYUSHKIN: In favor.

MR. FORD: Against.

GEN. MCCOY: Abstain.

MR. JOHNSON: Mr. Chairman, the vote is 1 in favor, 6 opposed, and 4 abstentions. The amendment is lost because of no majority.

GEN. MCCOY: That leaves the paper before you, gentlemen, as sent forward by the Steering Committee.

Is it the wish of the Chinese representative to vote on the paper this morning or have it retained on the agenda for further discussion?

DR. LEE: I would prefer to leave that to the desire of the Commission.

GEN. MCCOY: There has been no discussion at this level and I am ready to hear any representative. Possibly you may wish to start the discussion, Mr. Lee.

DR. LEE: I have made my position quite clear during the 157th meeting of the Commission and, of course, I am ready and prepared to see the paper adopted. But if the majority opinion of the Commission is to have a vote taken at the next meeting I will have no objection to it. Perhaps the Chairman will take a survey of the general opinion of the Commission.

GEN. ROMULO: Mr. Chairman, it would seem that this question has been fully and adequately discussed in the committee and that, having voted on the amendments, the Commission can vote on the whole paper today.

MR. BULLOCK: Mr. Chairman, speaking for our own delegation, I would feel that there would be nothing further that our delegation could discuss in connection with this paper. It has been before the Commission now for a very long period of time. It is a paper which we are able to support as it now stands. It's not a paper which my Government would benefit from at all, but that is not the point. We feel that in justice to the countries which were looted by the Japanese, in justice to those countries we would be prepared to support their desire for a paper of this nature, and having said that, I feel there is nothing further that our delegation could add.

MR. PANYUSHKIN: Mr. Chairman, I quite agree with the Philippine and Australian representatives that there would be no useful purpose in postponing final voting on the original paper since all the amendments have been voted on. Thus all the members are ready to take part in a vote.

GEN. MCCOY: As the other members have stated, this has been a matter of long and continuing consideration in the working committee and in the Steering Committee. I find that great concern has been exercised in the discussions on the subject of the paper and a

very earnest desire to find some way of meeting the situation. There has been a most sympathetic understanding of the Chinese position and wishes. But my Government has, after giving most earnest and sympathetic consideration under the circumstances, stated its position, that this is a subject that cannot be decided here but must be left for the consideration of the peace conference. So that I would be prepared to vote and the United States position is such that my vote would be cast against the paper.

DR. LEE: Mr. Chairman, since the majority wish of the Commission is in favor of taking a vote on this paper, I wish to make a few more remarks on this subject by way of clarifying the position of the Chinese delegation.

"A little over three years ago, the first proposed policy on the subject was introduced by the Chinese delegation and was designed to provide limited replacement for certain cultural objects either removed or destroyed by the Japanese during the period of hostilities. Today the Commission is to vote on it after prolonged consideration and careful study. The program as embodied in the paper is not the creation of one delegation; it is the result of joint efforts and the crystalization of considered views of all the delegations assembled here. The purpose of the paper is a just one.

"As we look back on the three-year period when the paper was being discussed, we cannot fail to recall that it was by no means an easy task that the paper reaches this final stage. There are such problems as defining the term 'cultural objects', delimiting the type or types of cultural objects which should be considered eligible for replacement from Japan, and exempting categories of cultural objects in Japan from being used for replacement.

"On one or two occasions we seemed to have been confronted with insurmountable impasse, but after we have learned to argue

with patience, differ with respect for the opinions of others and at all times maintain open-hearted sincerity, the Steering Committee finally agreed upon this proposed policy after the viewpoints of all concerned have been considered. Perhaps no one of the delegations may find all that it wished to see embodied in this proposed policy, but we should agree, I am sure, that the paper contains all the essential features for a workable and balanced program.

"Cultural objects are treasured in China, as everywhere, for their priceless value. From them one derives spiritual inspiration and to which one has as well as sentimental attachment. They constitute in part the spiritual heritage of a nation. In this sense they are different from other material belongings. They are landmarks of the progress and evolution of our civilization, and are therefore expressions of our common bonds. Houses burned can be re-erected; factories damaged can be rebuilt; equipment and facilities destroyed can be restored. But compensation for cultural objects lost or destroyed can only in a measure be made by the replacement of cultural objects of approximately equivalent character and cultural value. Simple justice requires a program of cultural replacement.

"The peoples in many lands are anxiously waiting for a policy decision of this kind. We believe their legitimate aspiration and reasonable hopes should be met by the approval of the paper."

GEN. MCCOY: Is there any further comment on the paper before voting, gentlemen?

(No response)

GEN. MCCOY: If not, I will ask the Secretary General to poll the Commission.

MR. JOHNSON: Mr. Chairman, the question is voting upon FEC-227/19.

MR. BULLOCK: In favor.

MR. COLLINS: In favor.

DR. LEE: In favor.

MR. WINCKLER: In favor.

MR. BANERJI: For.

MR. REUHLIN: In favor.

MR. CORNER: Yes.

GEN. ROMULO: In favor.

MR. PANYUSHKIN: Abstain.

MR. FORD: In favor.

GEN. MCCOY: Against.

MR. JOHNSON: The tally, Mr. Chairman, is 9 in favor, 1 opposed and 1 abstention, the one vote in opposition composing of a veto. The motion is lost.

ITEM 11- ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: Is there any comment on this subject this morning?

(No response)

GEN. MCCOY: If not, it will remain on the agenda.

ITEM 12- SECRETARY GENERAL'S PROPOSAL FOR A SUMMER SCHEDULE FOR 1949
(FEC-006/4)

GEN. MCCOY: There was a proposal on the part of the Secretary General for a summer schedule for 1949, basing it on our previous habits. The Chinese representative expressed certain reservations concerning the proposed summer schedule. The Philippine representative supported the proposal. Is there anything further on that this

morning?

DR. LEE: Mr. Chairman, I wish to make my position clear. When I spoke last time on the subject of the summer recess as proposed by the Secretary General I actually desired to prevent the possible impression that the Far Eastern Commission was becoming increasingly inactive and to see that no important business of the Commission would suffer from too long an interruption. I had, naturally, in mind such a paper as the Japanese Reparations and Level of Industry on which, apart from my own and the Philippine delegation, the other delegations have not yet indicated their position, and the Japanese Participation in International Relations over which several delegations have expressed some concern. I am sure that the members of the Commission will not want to go away on vacation feeling that there was outstanding work still unaccomplished. However, since there are five weeks between now and the start of the proposed recess, it seems to me that special efforts should be made during this present period to enable the Commission to complete its action on some of the important items on its agenda, or at least to reach some sort of conclusion regarding them.

Now, I am not opposed to the proposed idea of having a summer recess--I am all for it. I wish to point out that if we can obtain some tangible results from the discussion of important problems before the Commission we will be happier and we will enjoy all the more our vacation.

MR. BULLOCK: Mr. Chairman, I speak on this subject with some diffidence because I myself have just returned from a three weeks vacation and therefore will not be probably taking a vacation myself in August, nor have I received any instructions from my Government on this particular question having not yet had time to refer it to my Government. But I do know that in past years our own Government had some doubts as to the impression which might be created, which the Chinese representative has just referred to, that the closing down

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GEN. ROMULO: I asked for the question, Mr. Chairman.

GEN. MCCOY: Will you poll the Commission, please?

MR. JOHNSON: The question, Mr. Chairman, is the proposed summer recess contained in FEC-006/4.

MR. BULLOCK: Abstain.

MR. COLLINS: In favor.

DR. LEE: Abstain.

MR. WINCKLER: In favor.

MR. BANERJI: In favor.

MR. REUCHLIN: In favor.

MR. CORNER: Yes.

GEN. ROMULO: In favor.

MR. PANYUSHKIN: No objections.

MR. FORD: In favor.

GEN. MCCOY: In favor.

MR. JOHNSON: Mr. Chairman, the tally is 9 in favor with 2 abstentions. The proposal is carried.

MR. PANYUSHKIN: Mr. Chairman, when I said I have no objections it meant in favor.

MR. JOHNSON: I have you in favor, Mr. Ambassador.

GEN. MCCOY: I am glad the Philippine delegate forced us to a decision on this matter.

GEN. ROMULO: Yes, unless there is a veto. (Laughter)

GEN. MCCOY: I was disposed to let it be before you to work it-self out but I'm glad--

GEN. ROMULO: Unless there is an interim directive. (Laughter)

ITEM 13- OTHER BUSINESS

GEN. MCCOY: Is there any new business, gentlemen, or other business before us this morning?

DR. LEE: Mr. Chairman, before we adjourn, I wish, on behalf of the Chinese delegation, to express our thanks to the members of the

Commission who supported the paper on the replacement of cultural objects. We particularly appreciate that in view of the fact that the Chinese people attach so much importance to the subject and we regret that the United States delegation did not see its way clear to share the majority view of the Commission. But we hope that some day the United States delegation will reconsider its position and go along with us.

GEN. MCCOY: Gentlemen, we stand adjourned.

(The meeting adjourned at 12:05 P.M.)

CONFIDENTIAL

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FAR EASTERN COMMISSIONTranscript of 159th Meeting of the Far Eastern CommissionHeld in Main Conference Room, 2516 Massachusetts Avenue, N.W.Thursday, June 30, 1949

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

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CONFIDENTIALFAR EASTERN COMMISSION

Transcript of 159th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Thursday, June 30, 1949

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. W. K. Lee	(China)
Mr. J. Daridan	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. F. Corner	(New Zealand)
His Excellency General C. P. Romulo	(Philippines)
Mr. V. I. Bazykin	(U.S.S.R.)
Mr. J. F. Ford	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

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

(The 159th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 30 June 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen. Our session is open.

ITEM 1 - CORRECTION AND APPROVAL OF PROVISIONAL MINUTES OF 158th MEETING

GEN. MCCOY: The minutes of the last meeting are before you for the usual consideration.

Have you any corrections, Mr. Secretary General?

MR. JOHNSON: No, sir.

GEN. MCCOY: The Secretary General has had no corrections on your part reported to him. Are there any from the table?

(No corrections indicated)

GEN. MCCOY: If not, the minutes of the last meeting will be handled as usual.

ITEM 2 - ELECTION OF DEPUTY CHAIRMAN OF COMMITTEE NO. 5: WAR CRIMINALS (FEC-206/39)

GEN. MCCOY: The paper forwarded by the Steering Committee is a recommendation unanimously approved on the 28th of June, that Colonel Vicente Umali be elected Deputy Chairman of Committee No. 5, vice Mr. Jovellanos. If it meets with your wishes, that will be the unanimous action of the Commission approving the unanimous action of the Steering Committee.

ITEM 3 - TRADE-MARKS, TRADE NAMES AND MARKING OF MERCHANDISE IN JAPAN (FEC-332/9; 332 series)

GEN. MCCOY: This is a new paper that has been before our working committee for some time and the Steering Committee, and is a proposed policy decision approved and forwarded by the Steering Committee at its last meeting by a vote of 8 in favor to 1 opposed with 2 abstentions. That's rather a queer vote, that is, 8 in favor, 1 opposed. No, 8 in favor of forwarding the paper to 1 opposed with 2 abstentions.

There was an amendment of the United States that was proposed and that was a queer vote from my point of view, in the sense that it apparently was not acceptable but without any particular concern or interest shown in the subject in the Steering Committee. And I would, in view of that fact, like to have the amendment considered here and propose the amendment considered in the Steering Committee to the pending paper on "Trade-Marks, Trade Names and Marking of Merchandise in Japan, FEC-332/9."

The amendment would delete the second sentence in paragraph 6 of the paper which reads:

"Steps should also be taken to assure that wherever it is practicable to do so goods which are produced in Japan and exported are clearly marked to show their Japanese origin."

MR. DARIDAN: Mr. Chairman, the instructions I have received from my Government concerning this paper are to vote for the paper as a whole just as it is and just as it has been forwarded by the working committee. So if any delegation would insist this morning in a vote I would be obliged to abstain. But if the Commission can accept a postponement of the vote for a week I could ask instructions from my Government and I am quite sure that I could vote next week.

GEN. MCCOY: Well I would submit this amendment on the part of the United States and give you a certain background in the sense of the action in the Steering Committee where this same amendment was offered by the United States member and was lost by a vote of 1 in favor, 1 opposed, and 9 abstentions.

This amendment was first submitted by the United States as a compromise proposal in the working committee. The United States member had opposed the inclusion in the paper of paragraphs 6 and 7 on the ground that these paragraphs were not germane to the main subject of the paper. The two paragraphs dealt with the marking of goods; the main subject of the paper was the registration and the restoration of trade-marks. In the Steering Committee, however, the

United States member stated that his Government had reconsidered its position and in deference to the views of most of the other members of the Committee would approve the inclusion of the paragraphs and requested in return that the other members would agree to the deletion of the second sentence of paragraph 6. When this United States amendment was presented in the Steering Committee two of the members at once expressed their appreciation of the spirit of compromise shown by the United States. No one in the Steering Committee has spoken against the United States amendment.

The objection of the United States to the sentence which it proposes to delete is that it constitutes a needless discrimination against Japanese exports. The sentence provides that wherever it is practicable Japanese exports should be clearly marked to show their Japanese origin. This provision is needless since any state has, naturally, an undisputed right to pass its own legislation to require that imports be marked to show the country of origin, and I believe that has been the custom heretofore involving international trade. I think my own country has passed some such law and I think the Philippines has probably.

GEN. ROMULO: I beg your pardon: what law was that?

GEN. MCCOY: I was just making an aside that in previous times there was provision made by a good many governments to insist on the marking of imports showing the country of origin.

GEN. ROMULO: Yes.

GEN. MCCOY: So that this paper follows that international habit. The provision would be discriminatory against Japan since it would subject Japan to restrictions which are not warranted by any general international treaty or convention. These international agreements do contain stipulations against false or deceitful marking of exports similar to provisions in paragraphs 6 and 7, but no requirement that all exports of any country should be marked to show their origin. To require Japan to mark all of its exports to show their Japanese

origin, no matter to what country they may be going and no matter whether the importing country wishes the requirement or not, would be to place a requirement on Japan, a handicap on its trade which the countries of the world in their international conventions have refused to place upon themselves.

This is before you for the first time for your consideration, and I would be very glad to know your wishes this morning as to its consideration or if anybody wishes to discuss it further, either the United States amendment or the paper itself.

MR. FORD: Mr. Chairman, we have not yet final instructions on the United States amendment. We think we should like to have an opportunity of examining it a little further, and I would suggest that the paper be referred back to the Steering Committee where we could do that.

GEN. MCCOY: What are your wishes, gentlemen?

GEN. ROMULO: Mr. Chairman, the Philippines advocated the retention of paragraphs 6 and 7 in the committee level. It favors, however, the United States amendment because it feels that the first sentence of paragraph 6 as well as of paragraph 7 clearly indicate that the aim desired to be achieved in the sentence desired to be eliminated is achieved in the first sentence of paragraphs 6 and 7. It is for this reason that, while the Philippine delegation believes that paragraphs 6 and 7 should remain, the United States amendment can be favored, since the two paragraphs without the second sentence of paragraph 6 carry out the aim desired to be achieved in the sentence to be deleted as proposed for deletion by the American delegation.

MR. BANERJI: Mr. Chairman, we have not yet received our final instructions on this paper and also not on the United States amendment. So I would like the postponement of the vote if it is proposed today. I would also support for this purpose Mr. Ford's suggestion to refer the paper back to the Steering Committee for a detailed discussion of the United States amendment.

MR. CORNER: Mr. Chairman, I would also support further delay in the consideration of this paper and a reference back to the Steering Committee in order that I can put the matter again to my Government. At present I am under firm instructions to oppose the deletion of the sentence in question from paragraph 6 because my Government has been concerned at the very bad record of the Japanese in this matter of marking of goods in pre-war years.

As to the point that has been raised by the United States delegation that the paragraphs in question are not germane to a paper which deals only with trade-marks, I would agree that that could possibly be so although the heading of the paper does cover both trade-marks and marking of merchandise. But the suggestion was made earlier that if the United States delegation considered that to be the case they might well support the breaking of the paper into two: have one paper on trade-marks, about which there was little disagreement, and have a second paper, which could be considered further, on the matter of merchandise. That could perhaps be done in the Steering Committee.

On the second point, that to include such a sentence would be an undue discrimination against Japan, I would point out that there by no means is any conclusive argument. It is a fact that there is precedent for including in treaties with enemy countries and in arrangements with enemy countries provisions which do not apply to the countries actually making the treaties. For instance, in the treaties of peace with the satellite countries certain provisions concerning guarantees of human rights were included at the time of the drafting of these clauses. An argument was put forward that such provisions should not be included because in the case of the states making the treaties, for instance, the United Kingdom or France or other countries, such guarantees of human rights were not required. However, the other argument was that certain countries had a bad record in the past in these matters and therefore advantage

should be taken while it was possible to endeavor to correct those practices in the future. I put that forward only as a precedent and not as a definite argument.

In the meantime I shall ask my Government to reconsider this. But I would point out that they have no particular interest in the trade-marks part of this paper although they have supported it all the way along because other countries do have a definite interest. It is this one particular piece of the paper which does concern them greatly.

GEN. MCCOY: Are there any other remarks this morning?

(No response)

GEN. MCCOY: Am I interpreting the wish of the Commission correctly in referring the paper with the United States amendment to the Steering Committee for further consideration pending the receipt of instructions from your Governments?

(No response)

GEN. MCCOY: If there is no objection, that will be done.

(No objection indicated)

ITEM 4 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339
FEC-339/2, /3, /5, /6, /7)

GEN. MCCOY: Item 4 is still before us. I believe this paper is being considered by Committee No. 4.

Is there any comment at this level this morning?

(No response)

GEN. MCCOY: There seems to be none. We will keep item 4 on the agenda.

ITEM 5 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, /1, /2, /3, /4, /5, /6)

GEN. MCCOY: Item 5 is also before you for any comment.

(No response)

GEN. MCCOY: There seems to be none, and it will also remain on the agenda.

ITEM 6 - LABOR POLICY IN JAPAN (FEC-318/20, /22)

GEN. MCCOY: I think you are familiar with the history of the two papers before us. At the last meeting I brought up the point of procedure in handling these papers and in the course of our discussion I did not make a ruling for the reason that the papers were still both under discussion and it seemed to me that until we reached a proper state of mind as to voting it was not necessary to make a ruling, although I indicated, I think, that in view of the fact that the Soviet paper was not a substitution or an amendment, the paper sent up by the Steering Committee would have prior consideration in the sense of voting. Speaking for the United States, I am not prepared to make any statement on either paper or discuss them as representing the United States. But both papers are before you for the purpose of discussion if any of you desire to follow up our last meeting.

At the last meeting there was a statement by the Soviet representative in which he made certain specific charges and comments on the whole subject of labor legislation in Japan. That has been circulated since the last meeting and if any member wishes to discuss the paper now since they have had it for a week, I would be prepared to listen to the comments or any discussion on the subject.

Has the Soviet representative anything further this morning on the subject?

MR. BAZYKIN: Mr. Chairman, I would like to hear the opinions of other representatives in respect to the statement made at the last meeting of the Far Eastern Commission.

GEN. MCCOY: Do you care to ask any questions? There seems to be no discussion desired on the part of other members.

MR. BAZYKIN: Mr. Chairman, in the last statement of the Soviet representative concrete facts were adduced and I believe that the members of this Commission ought to express their opinion on those

facts--either to agree or not with those facts.

GEN. MCCOY: There seems to be no desire this morning for discussion on the subject.

Is there any discussion desired on the paper forwarded by the Steering Committee on the 31st of May? That was a proposal by the Australian representative. Have you any further remarks this morning?

MR. BULLOCK: I have no further remarks this morning, Mr. Chairman.

GEN. MCCOY: There being no discussion desired this morning, both papers will remain on the agenda.

ITEM 7 - JAPANESE REPARATIONS AND LEVEL OF INDUSTRY (FEC-340, /1, /2, /3, /4, /5)

GEN. MCCOY: Is there any further comment this morning on Item 7? The agenda shows that there was a Philippine statement of the 19th of May; a Chinese statement of the 26th of May; a second Philippine statement on the 26th of May; a New Zealand statement and inquiry of the 2nd of June--I am not yet informed as to your inquiry but it is being prepared and I will hope to present it shortly--there was also a press release of the United States Department of State on the 10th of June. That brings us more or less up-to-date on that subject.

Is there any comment this morning on Item 7?

(No response)

GEN. MCCOY: There seems to be none. It will remain on the agenda.

ITEM 8 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD JAPANESE INDUSTRY (FEC-242/32; /35, /37)

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

ITEM 9 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

ITEM 10- REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; /6, /7, /8, /9, /10)

GEN. MCCOY: The United States has no remarks on Items 8, 9 and 10.

ITEM 11- ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: On the 24th of February the Commission agreed to retain this subject on its agenda while referring the various papers in the 329 series as well as the views expressed up to that time to Committee No. 2. The only action at the Commission level since the reference has been a statement submitted by the Soviet representative on the 3rd of May.

Is there any comment this morning at this level?

(No response)

GEN. MCCOY: There seems to be none. We will proceed to "Other Business", gentlemen.

ITEM 12- OTHER BUSINESS

GEN. MCCOY: Have you anything, Mr. Secretary General, to bring before the Commission?

MR. JOHNSON: No, sir.

GEN. ROMULO: I move to adjourn, Mr. Chairman.

GEN. MCCOY: There seems to be no other business before us.

The Commission stands adjourned.

(The meeting adjourned at 11:05 A.M.)

CONFIDENTIAL

160

FAR EASTERN COMMISSION

Transcript of 160th Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.
Wednesday, July 13, 1949

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

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Wednesday, July 13, 1949

Representatives Present

Major General Frank R. McCoy, Chairman	(United States)
Mr. H. W. Bullock	(Australia)
Mr. R. E. Collins	(Canada)
His Excellency Dr. W. K. Lee	(China)
Mr. J. C. Winckler	(France)
Mr. S. N. Banerji	(India)
Mr. O. Reuchlin	(Netherlands)
Mr. F. Corner	(New Zealand)
His Excellency General C. P. Romulo	(Philippines)
His Excellency Mr. A. S. Panyushkin	(U.S.S.R.)
Mr. J. F. Ford	(United Kingdom)

Secretary General

Mr. Nelson T. Johnson

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

(The 160th meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:30 A.M., 13 July 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Good morning, gentlemen. The session is open for consideration of the agenda of the morning.

MR. WINCKLER: Mr. Chairman, on behalf of the French delegation I want to thank you for the decision you have taken to change the date of the meeting of the Commission on account of Bastille Day. I want to thank you for that, and I want to tell you and the members of the Commission that this gesture has been deeply appreciated.

GEN. MCCOY: Well we all like to take part in the national celebrations. The whole Commission was queried on the subject, so that it was a very general feeling that we should celebrate with you.

ITEM 1 - CORRECTION AND APPROVAL OF PROVISIONAL MINUTES OF 159th MEETING

GEN. MCCOY: Your usual action is asked for the consideration of the minutes of the last meeting. The Secretary General tells me that there have been no corrections taken up with the Secretariat. Are there any comments from the table.

(No corrections indicated)

GEN. MCCOY: Apparently not, and the minutes will be made of record in the usual way.

ITEM 2 - DEPUTY CHAIRMAN OF COMMITTEE NO. 7: DISARMAMENT OF JAPAN
(FEC-206/42)

GEN. MCCOY: At the meeting of the Steering Committee on the 5th of July the recommendation of the Secretary General was approved that Mr. Sergei Suzdalev be elected to serve as Deputy Chairman of Committee No. 7 in place of Admiral Ramishvili. If there is no objection on the part of any member, that recommendation will be accepted by the Commission and we welcome Mr. Suzdalev as the Deputy Chairman of Committee No. 7.

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ITEM 3 - TRADE-MARKS, TRADE NAMES AND MARKING OF MERCHANDISE IN JAPAN
(FEC-332/11, 332 series)

GEN. MCCOY: Item 3 is a new paper that has been given very thorough consideration in the working committee and in the Steering Committee, entitled Trade-Marks, Trade Names and Marking of Merchandise in Japan, of the 332 series, this paper being /11. It is a proposed policy decision forwarded by the Steering Committee. It will be recalled that the Commission returned a previous draft of this paper, FEC-332/9, to the Steering Committee on the 30th of June for the purpose of considering the United States amendment which was subsequently approved by the Committee. Four delegations reserved their positions in the vote to approve and forward this paper, that is, France, India, New Zealand, and the USSR.

Is there any discussion desired this morning on this paper? Apparently the matter was thoroughly considered. Is it the desire of the Commission that we vote on the paper this morning?

MR. BANERJI: Mr. Chairman, I was one of those members who couldn't vote for the approval of this paper in the Steering Committee owing to lack of instructions. That was in the Steering Committee and my position is still the same this morning. So I would be grateful if the vote would be postponed for a week.

GEN. MCCOY: Is there any comment, gentlemen, or any further discussion of the paper desired this morning?

(No response)

GEN. MCCOY: If not, the Commission will accept the suggestion of the Indian delegate and it will be kept on the agenda for further consideration.

ITEM 4 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339,
FEC-339/2, /3, /5, /6, /7)

GEN. MCCOY: Is there any comment this morning on Item 4? This paper is still before Committee No. 4 and has also been retained on the agenda at the wish of the Commission for any discussion that may

be desired from time to time.

(No response)

GEN. MCCOY: There seems to be none.

ITEM 5 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOM-
MUNICATIONS (FEC-334, /1, /2, /3, /4, /5, /6)

GEN. MCCOY: There has been no discussion of this paper recently.

Is there any desired this morning?

(No response)

GEN. MCCOY: Is it your wish that this be continued on the
agenda?

GEN. ROMULO: Yes, sir.

GEN. MCCOY: It will be continued on the agenda.

ITEM 6 - LABOR POLICY IN JAPAN (FEC-318/20, FEC-318/22)

GEN. MCCOY: You will remember that FEC-318/20 was a proposed policy decision approved by the Steering Committee and was forwarded by a vote of 6 in favor, 1 opposed, with 4 abstentions. On the 2nd of June the Soviet representative re-introduced the proposal shown in FEC-318/22, which had been formerly considered and rejected by the Joint Committee on Labor Policy in Japan and by the Steering Committee. At the 158th meeting, that is the meeting of June 23rd, the Soviet representative made a lengthy statement in support of his proposal.

Is there any comment this morning on this statement of the Soviet representative?

(No response)

GEN. MCCOY: Speaking for the United States, I have had occasion to have these particular incidents or particular statements of the Ambassador considered by my Government and an able, I think, this morning to give a more clear picture of what has been happening in Japan. There has been a good deal of so-called labor trouble there--so-called, I specify, because most of it hasn't anything to do with the rights of labor but is purely a subversive lot of actions and an attempt to overthrow the present government of Japan and a direct attack on the occupation of Japan--subversive throughout--and this memorandum and the specific replies I think will show you that.

"At the meeting of the Commission on June 23 the Soviet member made a series of sweeping, misleading charges against the manner in which SCAP and the Japanese Government are handling the labor situation in Japan."

And they are handling it as I am sure that you would wish any responsible government to do and keep peace and order. The actions against that peace and order are purely subversive and efforts at creating continuous disorder.

"The Soviet member specifically denounced the revisions of the

Japanese labor laws enacted at the last Diet session and the action taken by the Japanese authorities in coping with the recent labor demonstrations at the Tokyo Municipal Assembly Building on May 30 and at the Hiroshima plant of the Japan Steel Company on June 12. It has not been--nor will it be--the practice of my Government to answer charges of this nature which are so clearly of the propaganda variety. However, in order that this Commission may have the full benefit of the facts, there is being circulated to the members of the Commission a memorandum prepared by my Government analyzing each of the specific charges made by the Soviet member as they relate to the revisions of the Japanese labor laws.

"I wish to point out at this time that the revisions of the Japanese labor laws enacted in the last Diet session are a direct implementation of FEC-045/5 (Principles for Japanese Trade Unions) which was issued after the original labor laws were enacted. In line with FEC-045/5, the revisions of the laws have strengthened the democratic character of Japanese trade unions through such measures as ensuring that the unions observe direct secret elections, annual general meetings, open financial reports, and protection of individual members against discrimination within the union. Special emphasis was placed on the practical workability of administrative procedures so as to preclude a breakdown which would prevent peaceful settlement of labor disputes. In many instances labor's interests have been further clarified and the rights of individual workers--individual workers--safeguarded.

"The Soviet representative has attempted to associate the revisions of these labor laws with the incidents at Tokyo and Hiroshima. However, in neither incident were any labor laws involved and in the Tokyo case no trade union issues of any kind were at stake.

"These and other recent incidents of the same nature have been characterized by certain features of disturbing implication. Seizing upon any pretext whatsoever, lawless elements have organized demonstrations for the purpose of exerting mass pressure to intimidate Government authorities and others into doing the bidding of the demonstrators. The participants in these affairs have also sought to provoke the authorities into acts of force which could then be denounced as 'repressive measures', 'police brutality' or, to quote the Soviet member's phrase, 'brutal mobbing by the police'. In contrast to the acts of violence committed by the demonstrators--including illegal seizures, intimidation and bodily attacks on company officials--the Japanese authorities have exercised care and restraint. Police have been used only when necessary to clear public buildings so that governmental functions could go on, to protect property and maintain order. Arrests have been made only where demonstrators resisted or even attacked policemen. In the Tokyo incident police action was not taken until after five hours of continued disruption of the Tokyo Municipal Assembly proceedings by a militant mob. At Hiroshima, there was no resort to police action until 48 hours after the steel plant had been illegally seized by the demonstrators.

"It appears to us that these cases of mob violence are not designed to protect the rights of labor or to advance democratic tendencies, despite the use of democratic phrases by Soviet representatives here and in the Allied Council for Japan. On the contrary, it is clear to us that this is a centrally-directed campaign to create fear, social unrest, confusion and disorder, which is intended to undermine the authority of the Government, in the hope of creating a condition favorable to the aggrandizement of their political power.

"It would appear to my Government that the primary and central issue raised by the Soviet member at the June 23 meeting of the Commission is whether the legitimate rights and interests of the Japanese people are to be protected by duly-constituted authority or to be placed at the mercy of a lawless few."

Now this is on the record.

Mr. Secretary General, is this ready to be circulated?

MR. JOHNSON: Yes, sir.

GEN. MCCOY: This memorandum (quoted above) will now be circulated for your information and the more specific memorandum in reply to the Soviet specific statements will also be circulated for your information.

(Above-cited memorandums were circulated to representatives.)

MR. PANYUSHKIN: Mr. Chairman, at the nearest meeting I'll try to answer your today's statement more fully, but today I would like to make a statement on Item 6 of the agenda. To some extent this statement will answer your today's statement, but I repeat that I reserve my right to answer your today's statement more fully.

Mr. Chairman: "The Soviet delegation raised the question of the violation by General MacArthur of the provisions of the Potsdam Declaration and the policy decisions of the Far Eastern Commission 'Basic Post-Surrender Policy for Japan' and 'Principles for Japanese Trade Unions' as far back as September 16, 1948.

"Despite the fact that this question has been on the agenda of the Far Eastern Commission for more than ten months it has not been properly discussed up till now, nor has a positive decision been arrived at.

"As is known, the direct violation of these decisions by General MacArthur was expressed in the fact that in his letter of July 22, 1948, to the Japanese Government he demanded that the workers of government enterprises and institutions be

forbidden to conclude collective agreements and to resort to strikes. This anti-democratic measure was reflected in the revised 'National Public Service Law' and in the 'Public Corporations Labor Relations Law', adopted by the Japanese Diet on November 30 and December 11, 1948, respectively.

"The Soviet delegation in its statements on this question, notably in its statement of March 3, 1949, and in its subsequent statements, has adduced facts showing that the above-mentioned laws, depriving a considerable part of the Japanese workers of their elementary rights to defend their vital interests, constitute a direct violation of the above-mentioned provisions of the Potsdam Declaration and the policy decisions of the Far Eastern Commission.

"The fact that the Far Eastern Commission has not been able up till now to come to a decision on this question is due primarily to the position maintained by the United States delegation which, in defending the illegal measures of General MacArthur, attempts by all possible means to hamper the adoption of a decision by the Commission although all the delegations, with the exception of the United States delegation, share the point of view that the provisions of the policy decision 'Principles for Japanese Trade Unions' should be applied in an equal manner both to workers in private enterprises and to workers in Japanese government enterprises.

"As is known, the question was not confined merely to the revision of labor legislation concerning workers in government enterprises and institutions in Japan. On December 10, 1948, the United States Government, by a unilateral act, ignoring the Far Eastern Commission, issued an interim directive on the so-called 'economic stabilization', authorizing General MacArthur to take 'whatever measures' necessary to achieve financial and

monetary stability. Having brought the Japanese economy to a state of total collapse, as is openly acknowledged by certain members of General MacArthur's Headquarters, for example, in the article published in the April, 1949, issue of magazine FORTUNE, the United States authorities have decided to attempt to 'stabilize' it by means of such measures as are clearly in contradiction to the policy, established by the Far Eastern Commission. Thus, for instance, Part IV of the policy decision of the Far Eastern Commission 'Basic Post-Surrender Policy for Japan' specifically emphasizes the necessity of encouraging only such forms of economic activity as are 'deemed likely to strengthen the democratic forces in Japan', whereas the measures for 'economic stabilization' being carried out in Japan not only do not further the strengthening of democratic forces, but, on the contrary, are directly aimed against the democratic forces in Japan.

"Among such measures there are first of all the new revisions of the labor legislation. As is known, on February 14, 1949, the Japanese Government, with the approval of General MacArthur's Headquarters, published the drafts for revision of the 'Trade Union Law' and the 'Labor Relations Adjustment Law' which were adopted by the Japanese Diet on May 22. In its statement on the Far Eastern Commission on June 23, 1949, the Soviet delegation adduced concrete examples which showed why these new laws were contrary to the policy decisions of the Far Eastern Commission.

"As a result of these new revisions of labor laws there has been created in Japan a situation such that workers both in government and in private enterprises may not only be discharged from their jobs for participation in any form of labor conflict, but may be subjected to the most severe repressive measures including judicial persecution and imprisonment. For the violation of these new laws workers may be imprisoned

for a term of one year and fined up to ¥100,000, that is, a sum which constitutes more than the annual income of a Japanese worker.

"In their formal statements the Japanese ministers have explained the necessity of carrying out these new revisions of labor laws by the demands of the United States occupation authorities in respect to the implementation of the United States program for 'economic stabilization'. As is known, at the basis of this program there lies the discontinuance of work in the so-called 'unprofitable' enterprises and the mass discharge of workers which measure is openly utilized for expelling from enterprises the leaders and active members of trade unions and progressively-minded elements in general.

"It should be noted that in carrying out in Japan such a policy as is contrary to the decisions of the Far Eastern Commission, the United States Government continues to hinder the adoption of a policy decision on the level of economic life in Japan which could actually foster the strengthening of the peaceful post-war economy of Japan.

"Without adopting measures for the actual stabilization of the peaceful Japanese economy, the United States occupation authorities and the Japanese Government, under the guise of carrying out 'economic stabilization', have actually launched a campaign against the democratic forces in Japan and have introduced a system of police arbitrariness, using police repressive measures on a wide scale, encouraging the brutal mobbing by the police of the participants in meetings and demonstrations, arresting and imprisoning tens and hundreds of Japanese workers, leaders of trade unions, and progressively-minded people.

"I shall cite only a few examples of repressive measures which have been taken in Japan lately. On May 30th in Tokyo

2000 policemen dispersed a peaceful demonstration which had gathered before the Tokyo Metropolitan Assembly Hall, wounding and injuring hundreds of the participants in this demonstration. One of the participants in the demonstration was killed by the police.

"On June 14th the police mobbed the workers of the steel manufacturing plant in Hiroshima who were protesting the discharge of 622 workers from the plant. Nine workers were seriously injured and 325 workers slightly.

"On June 17th in Kamo (the Niigata Prefecture) 103 workers of the plant belonging to the Tokyo Shibaura Electric Company were arrested, among them 67 women.

"On June 18th in Urawa several students were arrested for participating in a demonstration against the prohibition of the political activities of students.

"On June 19th, 27 workers of the Wakamoto Pharmaceutical factory in Tokyo were arrested.

"This is a list, which is far from complete, of the reprisals to which the Japanese workers and other democratic elements of Japan are subjected.

"It is natural that these acts should arouse just indignation and protests on the part of Japanese workers and all the progressive elements of Japan.

"It is clear that such reprisals could not have taken place if they had not been directly encouraged by the United States occupation authorities. In his recent statements General MacArthur openly speaks in favor of further increasing the pressure on the progressive elements of Japan.

"The Soviet delegation is of the opinion that the Far Eastern Commission cannot but draw its attention to such a situation. The Soviet delegation believes that the Far Eastern

Commission should adopt a decision on this important question without further delay."

GEN. MCCOY: Is there any comment, gentlemen, on the statement before you? It is now being circulated in English.

(Copies of the above Soviet statement were circulated to representatives.)

MR. BULLOCK: Mr. Chairman, I don't wish to comment in any detail on the Soviet statement this morning, or perhaps at any time, but I would like to say that I am, and I am sure the rest of the Commission is, extremely grateful to the United States for having prepared this analysis of these charges which are constantly being made in this Commission by the Soviet representative. Of course, never, at any time, has my delegation been associated with those charges. But the Soviet representative does continue to confuse this whole issue in the Commission and I think that the United States delegation has done a very great service to the Commission in answering these charges and analyzing them one by one.

I might add, incidentally, that this whole problem has become extremely confused in this Commission. There is an entirely separate problem which, as we all know, we have tried to work on--a question of policy which we have tried to work on in this Commission now for the last twelve months and that relates only, of course, to one particular aspect of policy, that is, of course, this question of the long-term rights of government workers. But that, of course, has absolutely nothing to do with the question of repressive measures by the Japanese police or revision of trade union laws at all; it is an entirely separate problem. But it becomes increasingly difficult to concentrate on that particular problem, it seems to me, when the Soviet representative keeps on injecting entirely new issues into this whole question. I mean, we heard this morning a statement which relates to economic stabilization, the revised trade union laws,--the repressive measures of the Japanese police, and a whole

conglomeration of things, and I would just like to say again that I am at least grateful to the United States for making some attempt to throw light on this whole problem so that we will not continue to be confused by these charges.

MR. PANYUSHKIN: Mr. Chairman, I have a question to ask the Australian representative. Are there Australian occupation forces in Japan?

MR. BULLOCK: Mr. Chairman, yes. Might I ask the Soviet representative what is the relevance of that inquiry?

GEN. MCCOY: Where are they stationed, Mr. Bullock?

MR. BULLOCK: I am not entirely sure at the moment, Mr. Chairman.

GEN. MCCOY: Is it not a fact that they are at Hiroshima?

MR. BULLOCK: They were at Hiroshima at one point. I believe they still are, but I'm just not informed of the present disposition of them.

MR. PANYUSHKIN: The Australian representative said that the Soviet delegation confuses the issue, but I believe that, on the contrary, the Australian representative is confusing the issue. You are confusing this issue and the United States delegation has taken under protection the illegal actions.

Now it might be said why you are confusing this issue. When on June 14th there was police mobbing of the workers of the steel manufacturing plant in Hiroshima, Australian occupation troops were ordered to come to that plant. Perhaps in order to confuse this issue you are trying to take this question from one person to another. If the members of this Commission had some courage they would say that this question is confused by the United States delegation and the Australian delegation and some other delegations, and would say that from the very beginning the Soviet delegation has been trying to make this question clear and that the Soviet delegation has been trying to ensure that the provisions of the Potsdam

Declaration and the policy decisions of the Far Eastern Commission be carried out in Japan.

GEN. MCCOY: Are there any other comments this morning?

(No response)

GEN. MCCOY: If not, we have before us another statement of the Soviet Ambassador and the analysis of facts in Japan which are before you for your consideration.

ITEM 7 - JAPANESE REPARATIONS AND LEVEL OF INDUSTRY (FNC-340, /1, /2, /3, /4, /5)

GEN. ROMULO: Mr. Chairman: "The United States Department of State, in a statement of 10 June 1949, replying to the Philippine and Chinese representatives on the Far Eastern Commission who had expressed disagreement with the United States position on the problem of Japanese reparations, made the following observation: 'These statements appear to this Government to be based on a number of serious misconceptions both as to United States policies toward Japan and the fundamental nature of the Japanese problem'.

"I believe it only fair to state that if there had been any misconceptions as to United States policies toward Japan, they arose not out of prejudice in our minds but rather as a reaction to the uncertainty that has hindered the efforts of the Commission during the past two years. If the discussion that has taken place in the Commission has served no other useful purpose, it has at least brought into focus a number of agreed facts and principles.

"Accordingly, the Philippine Government is pleased to take note of the following declarations contained in the statement of the United States State Department of 10 June 1949:

1. that 'Japan has been completely disarmed and the United States is determined that its war-making capacity shall not be permitted to re-emerge';

2. that it is not true 'that the United States feels greater concern for the welfare of its late enemy than for the just reparations claims of its Allies';

3. that 'there are...elements in Japan which seek to take advantage of their country's plight for their own benefit';

4. that, by inference, the United States would welcome any 'measures to enable the Japanese better to help themselves', short of compelling the Allies to abstain from further reparations;

5. that the Philippines, like any of the Allied countries, continues to have 'the authority...to claim reparations' and 'the right and responsibility to submit its own reparations claims'; and

6. that the United States has 'absolutely no intention of forming or allowing the formation of any national defense force for Japan'.

"To the extent that it has made these affirmations, the United States statement has contributed a certain measure of clarification which is most welcome. However, with all due respect, the Philippine Government is constrained to state that it cannot accept certain interpretations of established policy set forth in that statement.

"In particular, the Philippine Government takes exception to the United States interpretation of paragraph 11 of the Potsdam Declaration to the effect that it gives first priority to a self-sustaining Japanese economy, and second to reparations. We consider this interpretation to be an after-thought. The Potsdam Declaration was punitive in spirit and intent, and understandably so, since it was promulgated in the heat of the conflict. It was a call issued by the principal Allied Powers,

then at the threshold of imminent and certain victory, upon the Japanese Government to surrender unconditionally and avoid further useless destruction of life and property. It was, to be sure, a demand for the enemy's surrender radically different in character from similar proclamations issued by less gallant victors. Despite the magnanimous spirit of that Declaration, it was nonetheless a statement of the victors' terms. The concern for Japanese economic revival was a generous and humane consideration, but it was not and could not have been the primary one. The primary consideration at that time was properly the determination to make Japan pay for her criminal act of aggression, and this was to be done by depriving her of her overseas territories, by destroying her war-making capacity, and by exacting from her just reparations in kind.

"It would be a patent distortion of the stern purpose of the Allies to suggest at this late day that paragraph 11 of the Potsdam Declaration gives Japanese industrial recovery priority over reparations. Since reparations were destined to be a primary course of assistance in the economic reconstruction of the countries devastated by Japan, that would have been like saying, in a document laying down the terms for the unconditional surrender of the enemy, that Japanese industrial recovery would take precedence over the economic rehabilitation of the Allies. That would be a logical absurdity.

"Let us examine the language of paragraph 11. The word 'permit' occurs twice in that paragraph, but in two quite different senses. Japan's right to maintain certain industries is carefully qualified by the first use of the word in the first part of the sentence: 'Japan shall be permitted...'—meaning, the Allies would grant Japan the privilege of maintaining such industries. No such permissive meaning attaches to the use of the same word in the clause: 'and permit the exaction of just

reparations in kind'. Here it means, simply, in order to enable Japan to pay reparations in kind. The grant of the privilege of maintaining certain industries was an act of generosity and, hence, permissive with respect to Japan. The right of reparations, on the other hand, was subject to no such permissive qualification; it was a right that inhered in the victorious powers under the iron laws of war.

"Under this interpretation, if the United States wishes to relinquish her reparations claims against Japan, nobody can stop her. But her decision to do so would be an individual act of self-denial which it would be unfair to ask the devastated Allies like the Philippines to emulate. The United States can be as magnanimous towards Japan as she pleases; she has reasons of her own for choosing such a course, and she can afford it. But the Philippines is not so fortunate; with the best will in the world we must confess that we have not the means to match America's unprecedented gesture of renunciation.

"The United States has pointed out that the Allies 'must bear their proportionate measure of sacrifice' for the sake of a peaceful, democratic and self-supporting Japan. Although we continue to share in the stated objective, we must emphatically declare that we cannot share in the means proposed. The call for further sacrifice cannot possibly apply to the Philippines, although it may apply to countries that suffered little or no direct damage or to those which, having suffered such damage, have in substantial part recovered their losses through the seizure of considerable war booty or valuable territories. It cannot possibly be suggested that the Philippines, which suffered such utter devastation in the struggle against Japan, must now again bear its 'proportionate measure of sacrifice' for the sake of Japan. Our share of that sacrifice is minus zero.

"It is a truism to say that economic want is the enemy of peace and democracy. That would be true not only in Japan but everywhere else including the Philippines. The United States considers herself committed to a peaceful, democratic and self-supporting Japan. Because of the special ties between the United States and the Philippines and the special character of their alliance in the war against Japan, one may wonder whether the concern for the survival of a peaceful, democratic and self-supporting Philippine Republic is not at least equally deserving of consideration.

"Many of the Allies are not themselves self-supporting and the consequent menace to their internal order and democratic institutions is fully as grave as that which is said to confront Japan. Is it demanded that the victims of Japanese aggression, if confronted by the choice of their own self-sufficiency and the self-sufficiency of Japan, should nobly renounce their interests for the sake of Japan?

"A more reasonable proposal would be to declare that Japanese economic recovery can only be achieved within the total framework of a reviving Far Eastern economy. It is true, as the State Department has asserted, that 'the programs of democratization and reform prescribed by the Far Eastern Commission for Japan could succeed only in a tolerable economic environment'. But it is evident that such an environment cannot be created for Japan under hothouse conditions, but only in the context and milieu of the Far Eastern economy as a whole. Any attempt to develop Japanese economy independently of the countries of Southeast Asia would be short-sighted and unwise, and the Philippines, for one, is determined not to revert to its pre-war position, with all the attendant risks, as mere supplier of raw materials to Japan and dumping ground for its cheap manufactured

products. If this aspiration is unreasonable, we would like to know why.

"The United States has disavowed any intention of showing greater concern for the welfare of its late enemy than for its Allies. However, its latest statement contains no hint whatever of its intention to prove the contrary. It was completely silent on the representations of the Philippine Government to the effect that the expected reparations from Japan form an essential part of the Philippine economic rehabilitation program, and that we need reparations or their equivalent to enable us to develop a modest industrial base before Japanese industrial power has a chance to fully re-establish itself and menace us once more.

"The United States statement was also silent on the argument that Japan is being treated, in the matter of reparations, altogether too leniently as compared to Germany, to the disadvantage of those countries that have claims against her and none against the latter. Yet, we have reason to believe that Japan's economic conditions are not as critical as those of Germany. We have the authority of General MacArthur for the statement that Japan has achieved a greater post-war economic recovery, largely by her own efforts, than many European nations, and that Japanese production has doubled in two years while Japanese exports for the same period are about to be quadrupled.

"In the face of these facts, we are asked to abstain from Japanese reparations even while the occupying powers in Germany other than the United States continue to exact reparations and are still transferring industrial plants from their respective zones of occupation including the Ruhr.

"Nor did the United States statement make any reference to the argument that the Philippines has a preferential claim to reparations as one of the worst devastated countries in the war

against Japan. There is an established obligation that must be satisfied, and the concern over the economic difficulties of Japan, whether real or fancied, cannot cancel that obligation. We maintain that Philippine entitlement to reparations is infeasible, and that such entitlement would stand as a matter of simple justice even if the concept of a punitive peace were discarded. Japan must pay in some acceptable form for the damage she has wrought in the Philippines. If it is now suggested that Japan be relieved of this obligation, then we have a right to know by whom the outstanding obligation shall be assumed and by what means it is to be satisfied.

"The United States State Department in its reply denies that the United States implicitly agreed in the Philippine Rehabilitation Act that it would undertake to act as agent for the Philippines to collect reparations from Japan at least to the extent of the balance of the war damage claims not paid for by the United States. The term 'agent' was used in our previous statement in a special technical sense. The relationship suggested arose from the special ties between the United States and the Philippines in the unusual circumstances obtaining at the time of the passage of the Rehabilitation Act, before the Philippines became independent, and the reference was not to the ordinary kind of agency involving profit but rather to an agency involving moral trust.

"It was implicit in the Rehabilitation Act that the United States would not allow the discontinuance of Japanese reparations to the Philippines until the Philippine war damage claims are paid in full; on the contrary, that the United States would cooperate to the fullest extent with the Philippines in securing reparations from Japan to rehabilitate its economy.

"The discussions of the bill in the congressional committee

hearings,"--and, Mr. Chairman, as Resident Commissioner of the Philippines at that time I was present in all of them-- "and particularly a letter of the State Department itself in connection with the reparations aspects of the bill, give additional support to this contention. The State Department letter referred to was submitted to the House Committee on Insular Affairs and set forth its views in connection with Section 106 of the Act (see page 143 of the hearings of said Committee). That letter stated in connection with Section 106:

'...It may be assumed that the Philippine Government, with the support of the United States, will be able to secure a fair share of reparations, including probably all the industrial equipment of the type available for reparations which the Philippine economy can absorb...' (Emphasis supplied).

"Another excerpt from the discussions of Section 106 of the House Committee which makes clear this implicit intention of Congress appears in a statement of Mr. McNutt, the then United States High Commissioner to the Philippines. In connection with an amendment of Section 106 proposed by him (which was adopted by the Committee and by Congress and is now the present Section 106 (b) of the Act), he stated (page 76):

'Now the reason for the suggested amendment is this: The amounts so authorized to be appropriated, or surplus materials to be utilized, under this act are recognized as insufficient to fully rehabilitate the Philippines from losses and damages incurred in the war. It appears that this Section 106 was to provide for full rehabilitation, provided sufficient reparations and indemnity could be obtained from the Japanese Government and the Japanese people. (Emphasis supplied).

"Congress accepted this proposed amendment, and it is therefore clear that it agreed with Commissioner McNatt that the purpose of Section 106 was to provide for full rehabilitation of the Philippines by means of reparations and indemnity, both physical assets and money and bullion, sufficient to cover the balance of the war damage claims not paid for out of the Treasury of the United States. In such an intention, there is necessarily implied an undertaking by the United States to assist the Philippines in obtaining sufficient reparations to cover the unpaid balance of its war damage claims.

"The Philippine Government has acted in its own behalf within the Far Eastern Commission in respect of its own reparations claims precisely because the Rehabilitation Act did not purport to settle completely the question of war damage to Philippine property. The enactment resulted from the peculiar relationship between the United States and the Philippines, and it sought to provide a means whereby the young Republic, which had been created by American magnanimity, would be able to secure the equivalent of immediate partial reparations instead of awaiting protracted settlement by an international commission.

"As early as 21 May 1947, the NEW YORK TIMES reported that the United States had claimed the greatest share of reparations from Japan with the stipulation that it would keep none of the proceeds but would distribute them among the Philippines and other ravaged countries, and in consequence of which the percentage share of reparations allotted to the Philippines would be decreased proportionately. On 6 November 1947, General McCoy declared in a statement to the Commission on behalf of the United States Government: 'The United States Government proposes that if the Commission will accept the schedule now

submitted by the United States, the United States Government will relinquish 18 of the 28% which it claims, and will allot this 18% as a fund to be distributed by the other States among themselves in any proportion which they deem advisable'.

"It, therefore, appears that the principle of agency as a moral trust arising from the American solicitude for the Philippines and other war-devastated countries, which was implicit in the reference to reparations in the Rehabilitation Act of 1946, was subsequently re-affirmed in an official United States statement before the Commission in 1947.

"In conclusion, the Philippine Government desires to request the United States Government to define in clearer terms the exact extent of its decision to discontinue reparations. It is important to the interests of the Philippine Government that it be made a matter of record at the present time whether or not this discontinuance is intended merely as a temporary suspension of reparations until a later date, either before or after the Japanese peace treaty is concluded, since it is an established rule of international law that a sovereign State has an inherent right to reparations of which it cannot be deprived by another State. Finally, the Philippine Government desires to be informed whether the United States Government contemplates a compensatory formula either as an interim measure before the peace treaty is signed or as final settlement in lieu of reparations in kind."

Thank you, Mr. Chairman. And I thank the members of the Commission for their indulgence in listening to such a long statement, which I must say I have released to the press as the United States State Department statement was also released to the press. Thank you, sir.

GEN. MCCOY: The statement will be brought to the attention of my Government.

GEN. ROMULO: Thank you.

GEN. MCCOY: Is there any other comment on this item 7?

MR. PANYUSHKIN: Mr. Chairman, I have a question. It is not clear from the statement made by the United States delegation on May 12, 1949, whether the United States Government had in mind only the rescission of its interim directive of April 4, 1947, regarding advance transfers of Japanese reparations and the withdrawal of its proposal of November 6, 1947, on reparations shares, in order to leave the question of reparations from Japan open pending the conclusion of the peace treaty, or whether the United States Government had in mind to predetermine the final repudiation of the exaction of reparations from Japan in general. The Soviet delegation would like to receive clarification on this point.

GEN. MCCOY: I will consider that question. I'm not prepared to reply this morning. Is there any other comment, gentlemen?

ITEM 8 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32, /35, /37)

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

ITEM 9 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

ITEM 10- REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5, /6, /7, /8, /9, /10)

(There was no discussion of the above-listed items.)

ITEM 11- ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: This item continues on the agenda and has already been considered this morning. Is there anything else on that subject this morning?

(No response)

GEN. MCCOY: There seems to be none.

ITEM 12- OTHER BUSINESS

GEN. MCCOY: Is there any new business? Have you anything, Mr. Secretary General?

MR. JOHNSON: No, sir.

GEN. MCCOY: Is there is no objection, we stand adjourned.

(The meeting adjourned at 11:45 A.M.)

CONFIDENTIAL

FAR EASTERN COMMISSION

Transcript of 161st Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, July 21, 1949

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

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FAR EASTERN COMMISSION

Transcript of 161st Meeting of the Far Eastern Commission
Held in Main Conference Room, 2516 Massachusetts Avenue, N.W.

Thursday, July 21, 1949

Representatives Present

- | | |
|--|------------------|
| Major General Frank R. McCoy, Chairman | (United States) |
| His Excellency Mr. N. J. O. Makin | (Australia) |
| Mr. R. E. Collins | (Canada) |
| His Excellency Dr. W. K. Lee | (China) |
| Mr. J. C. Winckler | (France) |
| Mr. S. N. Banerji | (India) |
| Mr. G. J. Jobsis | (Netherlands) |
| Mr. F. Corner | (New Zealand) |
| Mr. Emilio Abello | (Philippines) |
| His Excellency Mr. A. S. Panyushkin | (U.S.S.R.) |
| Mr. J. F. Ford | (United Kingdom) |

Secretary General

Mr. Nelson T. Johnson

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

(The 161st meeting of the Far Eastern Commission, 2516 Massachusetts Avenue, N.W., Washington, convened at 10:35 A.M., 21 July 1949, Major General Frank R. McCoy, Chairman.)

GEN. MCCOY: Gentlemen, we seem to be here and I welcome you and say good morning. The session is open for the transaction of our usual business.

ITEM 1 - CORRECTION AND APPROVAL OF THE PROVISIONAL MINUTES OF THE 160th MEETING

GEN. MCCOY: We will have your comments or corrections for the minutes of the morning, that is the minutes of the last meeting.

MR. JOHNSON: I have two corrections, Mr. Chairman.

GEN. MCCOY: The Secretary General has two corrections that have been presented to him.

MR. JOHNSON: The Soviet delegation, Mr. Chairman, requests the following changes:

On page 4, paragraph 25, in the middle of the second line, the word "decision" should be plural: "decisions".

On page 6, paragraph 41, eighth line, the second word "policy" should be "police". And in the same paragraph, at the end of the eleventh line, insert the word "by" between the words "and" and "the", so that it will read: "and by the Australian delegation".

GEN. MCCOY: Are there any other comments or corrections, gentlemen, about the minutes?

(No response)

GEN. MCCOY: If not, the minutes will be made of record in the usual way.

ITEM 2 - TRADE-MARKS, TRADE NAMES AND MARKING OF MERCHANDISE IN JAPAN
(FEC-332/11, 332 series)

GEN. MCCOY: The Steering Committee has sent up the trade-marks paper--"Trade-Marks, Trade Names and Marking of Merchandise in Japan" of the 332 series. FEC-332/11 is a proposed policy decision. It will

be recalled that the Commission returned a previous draft of this paper, FEC-332/9, to the Steering Committee on the 30th of June for the purpose of considering a United States amendment which was subsequently approved by the Committee. At that time four delegations reserved their positions in the Steering Committee and the paper is now before the Commission. It has been thoroughly discussed in previous meetings and I think it is well-understood and is now in such shape that I hope it will be acceptable to all my colleagues.

I might remark that this paper is drafted in a sense to meet the well-known misconduct of the Japanese in regard to such matters before the war, and I think it's important in that respect that it commits the Japanese Government now to an enlightened policy and one that is in general use amongst other nations.

Is there any discussion this morning on the paper?

MR. BANERJI: Mr. Chairman, I am sorry. I haven't received my final instructions yet on this paper and should be glad if it would be postponed for another week.

GEN. MCCOY: If there is no objection, in view of the statement of the Indian representative final action on this paper will be deferred until next week.

ITEM 3 - JAPANESE PARTICIPATION IN INTERNATIONAL RELATIONS (FEC-339, FEC-339/2, /3, /5, /6, /7, /8)

GEN. MCCOY: There is nothing new from the point of view of the Commission on Item 3 as far as I know. It is now being considered in the working committee. If there is no discussion on Item 3, we will proceed to Item 4.

ITEM 4 - JAPANESE MEMBERSHIP IN INTERNATIONAL CONVENTION OF TELECOMMUNICATIONS (FEC-334, /1, /2, /3, /4, /5, /6)

GEN. MCCOY: You are all familiar with this item. There is a paper being circulated this morning with the latest information from the point of view of the international convention in Geneva.

ITEM 5 - LABOR POLICY IN JAPAN (PEC-318/20, /22, /24, /25, /26)

GEN. MCCOY: If you remember--I don't think I need follow through this continuing action on the labor policy in Japan--it's of course of great importance and many of the problems connected with it are complex in character. So that my country has been-- although apparently taking a long time in this Commission to discuss the matter--I think it's a test of our international cooperation here, where we have permitted the thorough discussion of the action of the Supreme Commander in Japan and also have had patient and tolerant consideration of the wishes of my colleagues as expressed by one of them in the Australian paper, which, you will remember, is before the Commission for final action. I would think probably it would be well to have the final consideration of both the papers, one sent up by the Steering Committee and the action requested by the Soviet Ambassador and his statements and the two replies of the United States Government to his charges. There was also circulated at the last meeting a very careful analysis of the laws as we were able to do at this distance and I hope that that will receive your full consideration.

Is there any comment by any other member this morning on either the Soviet statements or the proposed policy decision known as the Australian paper.

(Thru: Interpreter):
MR. PANYUSHKIN, Mr. Chairman, this morning I would like to make a statement in respect to the United States Government analysis presented at the last meeting together with your statement. In order to save the time of the representatives the Ambassador asked me to read the English text of the statement.

(The Soviet translator proceeded to read the following statement in English.)

"The United States delegation in its statement of July 13, 1949, attempts to deny the analysis of the revised laws made by

the Soviet delegation in its statement of June 23, 1949. The United States delegation has made its analysis of the revised laws which it has submitted to the Far Eastern Commission in document FEC-318/24 with its statement of July 13, 1949.

"Since I do not consider it necessary to refute the 'arguments' of the United States representative given in his statement of July 12 as they do not in the slightest degree reflect the actual state of affairs, I intend today only to refer to the 'analysis' made in document FEC-318/24.

"As regards this United States 'analysis', the Soviet delegation considers it necessary to state the following:

a. Revised Labor Relations Adjustment Law

"1. The United States Government does not deny the fact that the Prime Minister of Japan has received the right to include additional enterprises in the category of 'public utilities' enterprises in order to restrict the rights of the workers in such enterprises in regard to acts connected with labor disputes.

"The substance of the United States arguments is the assertion that this right, given to the Prime Minister, is limited to those enterprises 'the stoppage of which will seriously affect the national economy or seriously endanger the daily life of the general public' and may be exercised only with approval of the Diet.

"The fact that the Prime Minister has received the right to designate any enterprise or any industry as coming under the category of 'public utilities' enterprises and declare labor conflicts by the workers in such enterprises as illegal has not been denied by these arguments. The United States references to the requirement of further approval of the Prime Minister's decision by the Diet or to the provision that labor conflicts are forbidden only for a thirty-day period do not change the situation.

"2. Without denying the fact that a very important provision prohibiting the employer from discharging workers or discriminating against them for taking part in labor conflicts has been deleted from the Labor Relations Adjustment Law, the United States Government tries to justify the deletion of this provision by references to the assertion that this has been done in order to remove 'special protection from illegal or violent strike actions'.

"However, experience shows that both the United States occupation authorities and the Japanese Government, not to mention the employers, declare all strikes in Japan to be illegal. As a result of the revision of the National Public Service Law, the adoption of the Public Corporations Labor Relations Law and the revision of the Trade Union and the Labor Relations Adjustment Laws, the Japanese Government and the employers may declare any strike to be illegal and resort to repressive measures against the workers participating in the strike.

"3. The introduction of additional provisions prohibiting workers from engaging in labor conflicts during a period established for the settlement of the differences with the employer in respect to the interpretation of the agreements reached, as well as a number of other restrictive provisions, are justified by the United States Government by the necessity to 'prevent continuous dispute tactics' and to 'assist the achievement and maintenance of stable labor-management agreements'.

"The references to such a 'necessity' do not deny but, on the contrary, confirm the fact that new provisions aimed at limiting the workers' rights to take part in labor conflicts have been included in the revised Labor Relations Adjustment Law.

"Besides, the Soviet delegation had in mind not only Article 37 of the revised Labor Relations Adjustment Law, to which

the United States Government has referred, but also three new paragraphs, added in Article 26, providing that in case disagreement arises over interpretation of the agreement reached by the workers and the employer, the workers shall be denied the right to resort to strike within a period established for the settlement of a dispute question.

"4. The United States Government's assertion that there is, allegedly, no provision in the Labor Relations Adjustment Law providing for penalizing workers by a fine of up to 100,000 yen for their participation in labor disputes does not correspond to actual facts. One can be convinced of this even by those articles of the law which have been cited by the United States Government in confirmation of its assertion.

"Thus, for example, Article 39 of the revised Labor Relations Adjustment Law reads:

'In case there is a contravention as under Article 37, the employer or his organization or the laborers' organization or other persons or organization who are responsible for such contravention shall be subject to a fine not exceeding 100,000 yen'.

"Since Article 37 deals with the prohibition of labor disputes in 'public utilities' enterprises, it is natural that the penalty measures, provided for in Article 39, are first of all directed against labor organizations or their representatives, not excluding individual workers as well. The provisions of the second paragraph of Article 39 even more clearly define the possibility of applying this penalty measure to the individual representatives of labor organizations.

"It is also impossible to agree with the assertion of the United States Government that such a fine, when applicable to a labor organization as a whole, is, allegedly, not onerous. Such

a fine is certainly onerous even for a labor organization as a whole not to mention individual workers or representatives of a labor organization.

"The Soviet delegation is of the opinion that irrespective of the penalty measure itself, it is wrong as a matter of principle to regard a labor dispute between workers and employers as a crime subject to punishment. Therefore the penalty measures provided by this law for workers or their trade union organizations for participation in labor disputes cannot be considered justified in the least respect.

"Thus, the examples adduced by the Soviet delegation in its statement of June 23, 1949, in confirmation of the fact that the revised Labor Relations Adjustment Law is in contradiction to the policy decision FEC-045/5, notably to paragraph 5 of this decision, are not in the slightest degree refuted by the United States Government.

b. The Revised Trade Union Law

"1. The Soviet delegation considers that as a result of the incorporation into this law of new provisions regarding the structure and functions of labor relations committees, the subordination of the Central Labor Relations Committee directly to the Labor Minister and the granting to the former of the right to modify and reject the decisions of local labor relations committees as well as the granting to labor relations committees of the right to control the activities of trade unions and to determine the question of their 'constitutionality', these labor relations committees have actually been transformed into agencies of government control over the activities of trade unions. The arguments of the United States Government to the effect that these committees are 'operationally independent' are absolutely unfounded.

"As is known, according to the new law a trade union organization cannot be registered and its activities cannot be considered lawful until it receives an appropriate certificate from the labor relations committee regarding the verification of its 'constitutionality'.

"Under such a system these committees cannot be in the least degree independent and cannot 'operate under conditions assuring the protection of the interests of the workers' as is provided for in paragraph 4 of the policy decision FEC-045/5.

"2. The prohibition of certain categories of workers from joining trade unions is not restricted only to supervisory employees, as the United States Government asserts.

"It is known, that in practice the employers include in this category drivers, telephone operators, junior employees, cooks, maids, typists and workers of other professions who are prohibited from joining trade unions under the pretext that they represent the interests of employers and, allegedly, may cause 'employer domination of the workers' organizations' or under other pretexts.

"The prohibition of these and other categories of workers from joining trade unions is in contradiction to paragraph 2 of the policy decision of the Far Eastern Commission -045/5 which states:

'The freedom of workers to join trade unions should be provided for by law'.

"3. The assertion of the United States Government to the effect that none of the provisions in this law regarding penalties are applicable to workers of trade unions but, allegedly, are applicable only to government officials or employers is refuted by the United States delegation itself, which, for example, quotes Article 30 of the law which provides that the

representatives of trade unions shall be liable to a large fine for failure to submit to the labor relations committee different kinds of reports and papers belonging to the trade union.

"It can be seen from the examples which I have cited that the revised 'Trade Union Law' and the 'Labor Relations Adjustment Law' are in contradiction to the policy decision of the Far Eastern Commission -045/5.

"The Soviet delegation draws the attention of the Far Eastern Commission to the fact that even the official judiciary agency of Japan--Attorney General's Office--has recognized that the revision of these laws constituted a violation of the Japanese constitution which provides that the right of workers to organize and to bargain with the employer and act collectively is guaranteed (Article 28 of the Constitution). I have in mind the opinion of that office in respect to the proposed amendments to the labor laws mentioned above which was reported by the Japanese agency JIJI PRESS on March 9, 1949.

"However, the United States delegation, contrary to all the facts, tries to picture the situation in such a manner as if the revision of the Trade Union Law and the Labor Relations Adjustment Law was, allegedly, made on the basis of the policy decision FEC-045/5 in order to bring the above-mentioned laws, which were adopted prior to the approval of FEC-045/5, in line with this decision. This argument is far from the truth and is clearly calculated to mislead the Far Eastern Commission and public opinion. As is known, the policy decision set forth in FEC-045/5 was adopted by the Far Eastern Commission on December 6, 1946, and General MacArthur's directive of July 22, 1948, on the revision of the National Public Service Law was the first measure taken by the United States occupation authorities after the adoption of the aforesaid decision. As a result of carrying

out this legislative measure the workers in government enterprises and institutions have been deprived of their right to bargain collectively and to resort to strikes which measure not only was not in conformity with the policy decision FEC-045/5, but was clearly in contradiction to this decision as well as to the Potsdam Declaration and other decisions of the Far Eastern Commission in respect to the democratization of Japan.

"Even the official representative of the United States Government--Assistant Secretary of Labor John W. Gibson--recognized at a press conference on February 7, 1949, that the revised National Public Service Law prohibiting the workers in government enterprises and institutions from bargaining collectively and resorting to strikes 'went too far' (NEW YORK HERALD TRIBUNE of February 8, 1949).

"As regards the revision of the Trade Union and the Labor Relations Adjustment Laws, the Soviet delegation, in its statement of July 13, 1949, pointed out that these revisions were necessitated by the implementation of the United States program of 'economic stabilization'.

"This is confirmed even by official representatives of the Japanese Government. For instance, Labor Minister Suzuki stated in the Lower House of the Japanese Diet on April 30, 1949, that the Japanese Government was revising labor laws along the lines of the 'economic stabilization' program. Prime Minister Yoshida, in his statement of January 6, 1949, in Osaka said that 'strikes might be allowed only in wealthy nations, but not in this impoverished nation'.

"The Soviet delegation deems it necessary to point out once again that the only reason for the so-called 'disorders' in Japan, about which General MacArthur speaks so much and General McCoy repeats so often, is the so-called United States program

of 'economic stabilization', the implementation of which has necessitated the revision of Japanese labor legislation. In carrying out this program in Japan the United States occupation authorities and the Japanese Government are closing, on a mass scale 'unprofitable' enterprises, are depriving them of their democratic rights, thus creating 'disorders' in Japan the responsibility for which they attempt to shift to someone else.

"The Soviet delegation has noted, in its statement of July 13, 1949, that the mass discharge of workers is openly utilized for expelling from enterprises the leaders and active members of trade unions and progressively-minded elements in general. Now we have new confirmations of this. Thus, for instance, according to the NEW YORK TIMES report of July 19, 1949, at least ten per cent of the 83,000 dismissed railway workers are leaders and active members of trade unions.

"The Soviet delegation states its criticism of such a policy of the United States in Japan because this policy is in contradiction to the Potsdam Declaration, the policy decisions of the Far Eastern Commission, and the national interests of Japan. The Soviet delegation is of the opinion that the United States delegation, in its statement of July 13, 1949, has not in any way refuted the fact that the labor policy being pursued by both the United States occupation authorities in Japan and the Japanese Government is in contradiction to the Potsdam Declaration and the policy decisions of the Far Eastern Commission.

"The Soviet delegation confirms its statements on the labor question and believes that the Far Eastern Commission should adopt a decision on this important question without any further delay."

GEN. MCCOY: Gentlemen, the latest statement of the Soviet representative is before you for your consideration. Are there any

comments this morning?

(No response)

GEN. MCCOY: There seem to be none. I assume that you will desire to consider this statement, and if there is no objection final action on this paper will also be deferred until next week.

ITEM 6 - JAPANESE REPARATIONS AND LEVEL OF INDUSTRY (FEC-340, /1, /2, /3, /4, /5, /6)

MR. PANYUSHKIN: Mr. Chairman, I have a question in regard to Item 6.

At the last meeting I asked for clarification in respect to your statement of May 12th. Would it be possible to receive the answer this morning?

GEN. MCCOY: I have received no reply on the part of my Government. I don't care to make any comments myself.

ITEMS 7 - a LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY (FEC-242/32; /35, /37)

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

ITEM 8 - REPORT OF COMMITTEE NO. 1 TO THE FAR EASTERN COMMISSION REGARDING DIVISION OF REPARATIONS SHARES (FEC-219/25, 219 series)

ITEM 9 - REPARATIONS REMOVALS: ACCESSORY FACILITIES, BUILDINGS, TECHNICAL DATA (FEC-299/5; /6, /7, /8, /9, /10)

ITEM 10 - ECONOMIC STABILIZATION IN JAPAN

GEN. MCCOY: Any comments on Items 7, 8, 9, and 10?

(No response)

GEN. MCCOY: Are there any comments on the part of any of my colleagues this morning?

(No response)

ITEM 11- OTHER BUSINESS

GEN. MCCOY: Is there any other business this morning which you wish to bring before the Commission? If not, the meeting is adjourned.

(The meeting adjourned at 11:05 A.M.)